

Right of renewal and rent review - Destination Coromandel Trust

TO	Thames Community Board
FROM	Jan McNeil - Property Officer
DATE	20 September 2018
SUBJECT	Right of renewal and rent review - Destination Coromandel Trust

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 at part 200 Mary Street, Thames.

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 2015 in accordance with the following abridged Thames Community Board resolution 8 September 2014;

Resolved

That the Thames Community Board:

1. *Receives the report.*
2. *.....*
3. *Makes long term tenancy available to the Thames i-SITE within a reconfigured ticketing office.*
4. *Delegates to the Thames Community Board Chair and Area Manager to negotiate a tenancy agreement with Thames i-SITE Committee and Destination Coromandel.*
5. *.....*
6. *.....*

Moved/Seconded By: *Simpson/Cassidy*

In a letter dated 12 June 2018 (**Attachment A**), and in accordance with the lease, DCT has requested a renewal of the lease for a further term of three 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.

However the 'Leases and Licence to occupy Policy' (Policy) has been reviewed and came into effect on 1 July 2018. Under the Policy DCT are considered to be a 'Category B - Community Organisation' group as they are a registered charity, incorporated under the Charitable Trust Act 1957 on 8 December 2011 (**Attachment B**).

The right of renewal and rent review was reported to the Board at their meeting of 9 July 2018; however the matter was deferred in accordance with the following resolution;

Resolved

That the Thames Community Board:

1. Receives the 'Right of renewal and rent review - Destination Coromandel Trust' report, dated 15 June 2018.
2. Requests staff to prepare a report outlining the total capital spend on the Thames Civic Centre refit (with its specific costs); the total rental payments received to date and credited to the Thames Halls activity with proposed options to recommend to Council.

Moved/seconded by: Simpson/Veal

The Thames Community Manager prepared and presented a report to the Board at their meeting 20 August 2018, with the resolution being confirmed at the Council meeting on 18 September 2018;

Resolved

That the Thames-Coromandel District Council

1. Receives the Thames Community Board minutes for the meeting held on the 20 August 2018.
2. Replaces \$266,216 (the total capital expenditure to modify the Thames Civic Centre less the three years' of commercial lease revenue) of the Thames Local Consolidated Depreciation reserves from district funding (to be loan funded with operational costs from the 2018/19 surplus/deficit) now that the commercial lease revenue was no longer available given the Council Leases and Licences to Occupy Policy had changed.

Moved/seconded by: Christie/Simpson

As the funding matter has now been resolved to the Board's satisfaction, the right of renewal and rent review may now proceed.

3 Issue

DCT has confirmed they wish to exercise their first lease right of renewal with the rent review due on renewal. Recommendation to Council 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, which was approved during the Long Term Plan process.

Rent Review

The current rent paid by DCT is \$18,800.00 plus GST per annum. The rent was due for review to market rent on 1 July 2018, however as outlined above a new Policy came into effect on 1 July 2018. In accordance with the new Policy, and the fact that DCT was incorporated under the Charitable Trust Act 1957 on 8 December 2011 (**Attachment B**), it is the Property Team's view that DCT meets the criteria of 'Category B - Community Organisation' group and qualifies for an annual rental of \$350.00 plus 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 Thames Community Board:

1. Receives the 'Right of renewal and rent review - Destination Coromandel Trust' report, dated 20 September 2018.
2. Recommends to Council to approve a right of renewal of lease between the Thames-Coromandel District Council and Destination Coromandel Trust for a further term of three years, effective 1 July 2018 to 30 June 2021.
3. Recommends to Council to approve the annual rent to decrease from \$18,800.00 plus GST per annum to \$350.00 plus GST per annum, in accordance with the Lease and Licences to Occupy Policy, effective from 1 July 2018.

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](#)

Attachment B