

## 9. SOUTH BRIGHTON MOTOR CAMP- ASSIGNMENT OF LEASE

<b>General Manager responsible:</b>	General Manager Community Services
<b>Officer responsible:</b>	Community and Recreation Manager
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### PURPOSE OF REPORT

1. The purpose of this report is to request the Board's approval under delegated authority to assign the lease of the South Brighton Motor Camp.

### EXECUTIVE SUMMARY

2. The lease of South Brighton Motor Camp which runs until 1 September 2011, including one final right of renewal in 2007, provides for a right of assignment the consent to which the Lessor shall not unreasonably withhold. The present lessee has conditionally sold the business with settlement set for 1 August 2005. The proposed purchaser is a company registered in Christchurch as Lyndom Holdings Limited. The current lessee has met the lease obligations and staff have carried out a check of the credibility/suitability of the proposed purchaser Company and its Directors/Shareholders and see no grounds on the information provided to withhold consent to the assignment.

### FINANCIAL AND LEGAL CONSIDERATIONS

3. South Brighton Domain is held by Council as a recreation reserve, subject to the provisions of the Reserves Act 1977 with the lease issued under Section 54 (1)(a) of that Act. The Board has delegated authority as a local issue to approve the assignment, as the lease assignment clause provides that consent shall not unreasonably be withheld. There are no financial considerations for Council. The vendor and purchaser are to meet all the costs of the assignment.

### STAFF RECOMMENDATIONS

It is recommended that the Board acting under delegated authority give the consent of Council to the assignment of the lease of the South Brighton Motor Camp from the estate of Gary Gaynor and June Barns to Lyndom Holdings Limited with effect from 1 August 2005 subject to:

- (a) A deed of Assignment being executed between the parties in normal customary manner.
- (b) The personal guarantee of the directors and shareholders, Dominic Brownin and Lynda Elizabeth Pilling being given to pay the rent and observe and perform the conditions of the lease.
- (c) The vendor and purchaser meeting all costs of the assignment of the lease as agreed between the parties.

### CHAIRPERSON'S RECOMMENDATIONS

That the abovementioned recommendations be adopted.

## **BACKGROUND ON SOUTH BRIGHTON MOTOR CAMP –ASSIGNMENT OF LEASE**

4. The present lessee Garry Gaynor (deceased) and June Barns acquired this lease by assignment on 30 August 1995 and have been the lessee and camp manager since that time. Mr Gaynor passed away in January this year after a long period of illness and the camp has been run by June Barns with the assistance of casual employees and family, with the camp business having been placed on the market over a sustained period. The business has now been conditionally sold and the Lessee's solicitor has made application to assign the lease from the estate of Garry Gaynor and June Barns to Dominic Brownin and Lynda Elizabeth Pilling who intend purchasing the business under their nominee company, Lyndom Holdings Limited having its registered office at Christchurch. Settlement is set down for 1 August 2005.

The camp lease commenced 1 September 1992 and is for a term of 19 years including all renewal rights to finally expire 1 September 2011.

5. **Particulars of Proposed Purchaser (Assignee)**

Dominic Brownin and Lynda Pilling are the sole directors and equal shareholders of the nominee purchasing Company, Lyndom Holdings Limited. The purchasers who are seeking a lifestyle change will reside on site and take on direct management with the assistance of casual staff. They have no children and will purchase the business for cash with no recourse to borrowing. It is understood they have spent a considerable amount of time in New Zealand visiting camping grounds and have thoroughly researched the South Brighton Camp business.

Dominic Brownin has a background and qualifications in mechanical and production engineering with business experience in the UK having operated his own IT business. Lynda Pilling holds a Bachelor of Science degree in Environmental Science from the UK and brings senior business experience in mobile management, business analysis, and the hotel industry in the UK. Both Dominic and Lynda have been approved by the New Zealand Immigration Service as a resident of New Zealand under the Skilled Migrant Category and evidence of this has been sighted. The applicant intends being present at the Board meeting.

6. **Inspection**

Council staff have made an inspection of the camp and have identified and agreed with the Lessee some painting and a few items of general maintenance to be attended to prior to settlement. Ownership of the Lessor and Lessee' improvements has also been verified.

## **OPTIONS**

7. There are no options apart from the status quo (which means declining the application) and as there are no reasonable grounds staff have identified to not approve assignment, to do so is unreasonably withholding the Landlords consent, contradicting the Council's obligation under the lease assignment clause.