

8. ASSIGNMENT OF LEASES - RENTAL CARS LIMITED TO MOTOKA RENTALS LIMITED

General Manager responsible:	General Manager City Environment, DDI 941-8656
Officer responsible:	Transport and City Streets Manager
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PURPOSE OF REPORT

1. The purpose of this report is to seek the Board's recommendation to the Council to approve the assignment of a Deed of Lease over part of the Property located at 33 Lichfield Street from Rental Cars Ltd to Motoka Rentals Ltd.

EXECUTIVE SUMMARY

2. The Council is obliged to consider and then consent to an assignment under of the Deed of Lease, which is covered in the background section of this report.

FINANCIAL AND LEGAL CONSIDERATIONS

3. Rental Cars Ltd (Assignor) and Motoka Rentals Ltd (Assignee) have fulfilled their contractual obligations to the Council. The consent to an assignment of a lease cannot be arbitrarily or unreasonably withheld.

STAFF RECOMMENDATIONS

That the Board recommend that:

1. Council agrees to the assignment of the Deed of Lease between Rental Cars Ltd and Motoka Rentals Ltd situated at 33 Lichfield Street.
2. Rental Cars Ltd and Motoka Rentals Ltd meet all costs associated with the assignment of the lease.

CHAIRPERSON'S RECOMMENDATION

That the staff recommendations be adopted.

BACKGROUND

4. In February 2000 the Council entered into an agreement to lease with Rental Cars Ltd for part of the building situated at 33 Lichfield Street.
5. The lease is for an area of 114m² being part Lot 1 DP53502 as contained in the Certificate of Title 33A/150, part of the Lichfield car park building.
6. The initial term of the lease was from 1 March 2000 for three years, three months and 21 days with two further terms each of five years, ie 22 June 2003 until 21 June 2008 with the final expiry date being 21 June 2013.
7. The current tenant, Rental Cars Ltd has requested that the Council consent to an assignment of the lease agreement to Motoka Rentals Ltd. Although the lease itself does not contain assignment provisions it can be implied by virtue of clause 36 of the Auckland District Law Society lease that assignment provisions apply and the landlord is required to consent to an assignment if:
 - (a) The proposed assignee (Motoka Rentals Ltd) is respectable, responsible and has the financial resources to meet the tenant's commitments under the lease;
 - (b) All rent has been paid and there are not other breaches of the tenant's covenants under the lease at the date of assignment;
 - (c) The assignee enters into a Deed of Covenant in a form acceptable to the Council;
 - (d) Where the assignee is a company, the company's obligations are guaranteed by the principal shareholder of that company, if required by the Council, the directors of the company;
 - (e) The assignee pays the Council's costs and disbursements in respect of the preparation and stamping of any Deed of Covenant of guarantee.

The assignor has fulfilled its obligation under the lease to satisfy the above assignment conditions.

8. In support of the assignment of lease, Dollar Thrifty Automotive Group Inc (the USA based master licensor of the Thrifty car business) have sufficient confidence in the relevant business knowledge of the shareholder and employees of Motoka Rentals Ltd to approve the transfer of the master licence from Rental Cars Ltd to Motoka Rentals Ltd.
9. In summary:
 - The assignee Motoka Rentals Limited is a New Zealand registered company.
 - The shareholders are Neil Francis MacKay and Keith Marshall.
 - The Capital for the project is being raised through a secured loan from the ANZ Bank.