

10. 7. 2008

**REPORT BY THE CHAIRPERSON OF THE
SPREYDON/HEATHCOTE COMMUNITY BOARD
17 JUNE 2008**

PART A - MATTERS REQUIRING A COUNCIL DECISION

1. SIGN OF THE TAKAHE – LEASE



General Manager responsible:	General Manager City Environment, DDI: 941 8608
Officer responsible:	Transport & Greenspace Unit Manager
Author:	Bill Binns, Property Consultant

PURPOSE OF REPORT

1. The purpose of this report is to seek the Council's approval for the:
 - (a) Surrender of the existing lease with Summit Dining Limited.
 - (b) Entering into a new lease with Bowin Holdings Limited.
 - (c) Corporate Support Manager to be given delegated authority to approve the new lease.

EXECUTIVE SUMMARY

2. The current tenant (Summit Dining Limited) has decided to move on and rather than assign the lease to a specific party they decided to tender the remainder of the term of the lease. (Six years with the lease expiring on 30 June 2014.)
3. A director of Summit Dining Limited has advised that a successful tender has been found (Bowin Holdings Limited) who he feels meets the Council's criteria.
4. As the existing lease has only six years to run, the Property Consultancy Manager is suggesting that the current lease is surrendered by Summit Dining and a new lease entered into with Bowin Holdings Limited.
5. The reason behind this suggestion is twofold:
 - (a) In the normal course of events the existing lease would expire on 30 June 2014. At that point the Council would tender a new lease which would cost the Council time and money. By tendering the lease Summit have saved the Council this expense and this meets the Council's objective in terms of publicly notifying that a lease is available.
 - (b) With the surrender of the current lease the Council is in a position to review the terms and conditions and make appropriate changes. By engaging in this process the lease would be updated to meet current commercial conditions.
6. The successful tenderer is Bowin Holdings Limited whose directors are Joanna Unwin and Mark Bouvet who have experience in marketing, promotional campaigns, tourism and operating a restaurant. On checks carried out by staff the directors would meet the requirements under the terms and conditions set out in the current Auckland District Law Society Deed of Lease. The Directors will also provide personal guarantees.
7. It is proposed that once agreement is reached the Council will enter into a lease on the following terms:
 - (a) A term of six years with a right of renewal for a further six years.
 - (b) Rent reviews will be carried out every three years.
 - (c) A base rent will be \$60,000 per annum plus GST (the minimum rental) or 6 per cent of the tenant's gross sales plus GST, whichever is the greater.

FINANCIAL IMPLICATIONS

8. The Revenue from the rental will remain unchanged from current levels.

Do the Recommendations of this Report Align with 2006-16 LTCCP budgets?

9. Yes the recommendations are in alignment with the budget.

LEGAL CONSIDERATIONS

10. The first consideration is that Summit Dining Limited meet all of its obligations before the surrendering of the lease. Second, that Bowin Holdings Limited agree to the terms and conditions of the new lease.

Have you considered the legal implications of the issue under consideration?

11. Provided that the provisions in 10 are met all implications have been considered.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

12. Yes.

Do the recommendations of this report support a level of service or project in the 2006 LTCCP?

13. Yes.

ALIGNMENT WITH STRATEGIES

14. Yes.

Do the recommendations align with the Council's strategies?

15. Yes.

CONSULTATION FULFILMENT

16. Not applicable.

STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Consents to the surrender of the existing lease with Summit Dining Limited provided that they have met all their company's obligations under the lease.
- (b) Agrees to a new lease to replace the surrendered one, on terms and conditions negotiated between the Council and Bowin Holdings Limited
- (c) That personal guarantees be provided by the shareholders and directors of Bowin Holdings Limited.
- (d) That Summit Dining Limited and Bowin Holdings Limited meet all costs associated with the lease surrender and drawing up the new lease.
- (e) That the Corporate Support Manager be given delegate authority to approve the new lease.

BOARD RECOMMENDATION

That the Council adopt the staff recommendation subject to noting the following:

The Spreydon/Heathcote Community Board regards the Sign of the Takahe building as an iconic landmark restaurant which is of vital importance to the community and that this should be a guiding principle.