

## 11. ASSIGNMENT OF CHRISTCHURCH TRAMWAY LICENCE AGREEMENT AND LEASE OF TRAM SHED

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| <b>General Manager responsible:</b> | General Manager City Environment                     |
| <b>Officer responsible:</b>         | Angus Smith, Acting Facility Assets Manager          |
| <b>Author:</b>                      | Bill Binns, Property & Leasing Adviser, DDI 941-8504 |

### PURPOSE OF REPORT

1. The purpose of this report is to seek the Council's consent to the assignment of the Christchurch Tramway Licence Agreement and the lease of the Tram Shed from Christchurch Tramway Limited, Armada Tourism Limited and Armada Holdings Limited (James Boulton and Martin Paul Mongan) to The Wood Scenic Line Ltd trading as The Wood Tramway Limited, who on settlement will trade as The Christchurch Tramway Limited.

### EXECUTIVE SUMMARY

2. The Assignee's Solicitor, Sue Foley of Templeton Lawyers, has provided information on the directors/shareholders of The Wood Scenic Line Limited. They will guarantee the company's obligations under the lease. The directors/shareholders (Messrs Michael Esposito, Paolo Giovanni (John) Esposito and Anthony Romano) have extensive business experience being involved in managing Brightwater Ltd, Gazing Performance and Calvin Klein Europe respectively.
3. The assignment provisions of this lease are in typical terms of the Auckland District Law Society Deed of Lease, as required by the Council for an assignment. The assignees have met the provisions of Clause 35 dealing with the assignment of the lease. The vendor and assignee will meet all costs of the assignment of the lease.

### FINANCIAL AND LEGAL CONSIDERATIONS

4. The Facility Assets Unit has relied on the information provided by the Assignee's solicitor, who has provided information on the capital arrangements of The Wood Scenic Line Ltd. A business plan has been provided which sets out in detail the financial performance for the next 12 months. The present staff at Christchurch Tramway Limited are to be retained.

### STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Consents to the assignment of the licence and lease of the Christchurch Tramway Licence Agreement and Tram Shed Lease from the Christchurch Tramway Limited, Armada Tourism Limited and Armada Holdings Limited to The Wood Scenic Line Limited trading on settlement 31 March 2005 as Christchurch Tramway Limited.
- (b) That a Deed of Covenant to observe and perform the terms and conditions of the lease and licence agreements be entered into between the Council and the assignee.
- (b) Requires personal guarantees to be provided Michael Esposito, John Esposito and Anthony Romano as the shareholders and directors of the assignee company.
- (c) That the vendor and purchaser meet all costs of the assignment of the licence and lease as agreed between the parties.

### BACKGROUND

5. The tram service commenced on 4 February 1995, the 2.5 km loop line having been constructed by the Council between 1991 and 1994 and the line leased to Christchurch Tramway Limited as operator. The tram route linked Cathedral Square, the Arts Centre and other features of particular interest to visitors, in the central city, north of Cathedral Square. Armada Tourism purchased the business in 2001 and has transformed the operation into one of Christchurch's "must see" attractions. Armada Tourism's owners (Messrs Martin Mongan and Jim Boulton) have decided to move on and allow new owners to take the attraction to the next level of success.