

APPENDIX A

Lease development between Council and Australian Skate Company

A. Process for developing a new lease with Australian Skate Company

1. The review of the existing agreement and development of a new lease agreement, using Council's standard lease documentation, to capture the conversion of Sullivan Stadium to an indoor ice rink and agreed terms and conditions.
2. Consultation with Leisure Services and Australian Skate Company, providing them with the opportunity to review and comment on the draft lease agreement.
3. Initial report to Council to commence the statutory process detailing the proposed terms and conditions of the draft lease agreement.
4. Statutory process – Under the *Local Government Act 1989*, advertise intention to enter into a lease (Section 190), and provide for submissions (Section 223).
5. Report to Council with Outcome of Section 223 process and seek approval to enter into new lease agreement.
6. Finalise new lease agreement with Australian Skate Company.

B. New lease – specific to conversion of Sullivan Stadium to an indoor ice rink

Council has standard lease and licence agreements that apply to the various use types of its properties. Council's standard lease has been developed by Council's legal advisors in conjunction with Leisure Services, Facilities Maintenance and Properties units. The lease to Australian Skate Company has been developed using the standard lease and has been modified to incorporate the conditions relating to the conversion of Sullivan Stadium to an indoor ice rink with all costs to be borne by Australian Skate Company.

C. Australian Skate Company lease terms and conditions

The following 'in principle' terms and conditions have been agreed to by all parties:

- **Term of Lease**

Ten years with a right to renew the lease for two further terms of five years (up to 20 years total).

The lease provides a date for which the tenant is required to notify Council of their intention to exercise (take up) the option (being not earlier than 6 months or later than 3 months, before the end of the Term).

If Australian Skate Company is in breach of their lease at the time of the option date, they may not be given the option to renew the lease for a further term.

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- **Rent**

Rent charges will apply. The rent fee has been set at \$150,000 per annum (excluding GST) with options for CPI increases and profit sharing arrangements on an annual basis.

- **Bank Guarantee**

It is proposed that the lease include a requirement for Australian Skate Company to deliver to Council, and prior to the commencement of the conversion works, a bank guarantee to the value of \$500,000.00 (which is approximately 25% of the project). This bank guarantee will guard against the risk of non-completion of the works. Officers will seek legal advice on whether this security of tenure is appropriate in this instance.

- **Permitted Use**

The provision of an indoor ice rink and hockey centre is the future intended use of the property.



**DAREBIN
CITY COUNCIL**

**NOTICE OF
INTENTION TO LEASE**

Darebin City Council (Council) gives notice under section 190 of the Local Government Act 1989 (Act) of its intention to enter into a lease with Australian Skate Company (ASC) Pty Ltd for the redevelopment of Council's stadium located at Sullivan Reserve, Blake Street, Reservoir from a skate rink to an indoor ice rink and for the stadium, on completion of the redevelopment, to be used for the provision of an indoor ice rink (Reference Number TAT46546);

The principal terms of the lease will be:

1. ASC to undertake all works and pay all costs associated with the redevelopment and conversion of Sullivan Stadium to an indoor ice rink.
2. Prior to the commencement of the redevelopment and conversion works, ASC deliver to Council a bank guarantee to the value of \$500,000 or another value as determined by Council's legal advisor.
3. A term of 10 years, with the option of 2 further terms of 5 years.
4. A commencement rent of \$150,000.00 (excluding GST) per annum with options for CPI increases and profit sharing arrangements on an annual basis.
5. To occupy and use the premises as an indoor ice rink and hockey centre.

Any person may make a submission on the proposal.

In accordance with section 223 of the Act, any person wishing to make a submission in relation to Council's proposal must do so in writing by no later than Thursday, 18 February 2016.

Submissions quoting any of the above reference numbers should be addressed to:

**Chief Executive
Darebin City Council
PO Box 91
PRESTON VIC 3072**

A person making a submission is entitled to request in the submission that they wish to appear in person, or to be represented by a person specified in the submission, in support of the submission at a meeting of the Council or its Committee on a date, time and place to be determined by the Council. All submissions will be considered in accordance with section 223 of the Act.

**Rasiah Dev
Chief Executive**