

## 9.3 Option to Renew Lease - Gulgong Preschool Incorporated

REPORT BY THE PROPERTY OFFICER  
TO 03 NOVEMBER 2021 ORDINARY MEETING  
GOV400088, P233550

### RECOMMENDATION

#### That Council:

1. **receive the report by the Property Officer on the Option to Renew Lease - Gulgong Preschool Incorporated; and**
2. **delegate authority to the General Manager to negotiate with Gulgong Preschool Incorporated to determine the basis for calculating rent for the period 1 November 2020 to 31 October 2025.**

### Executive summary

The purpose of this Report is to seek Council's authority for the General Manager to negotiate the basis for calculating rent and the amount of rent to be paid by Gulgong Preschool Incorporated (the Preschool) for the lease of Council's property at 67 Medley Street, Gulgong for the period from 1 November 2020 to 31 October 2025.

### Disclosure of Interest

Chief Executive Officer - non-pecuniary interest.

### Detailed report

Council entered into a lease agreement with the Preschool to occupy Council's premises at 67 Medley Street, Gulgong for a term of 5 years commencing on 1 November 2015 with 2 options to renew, each for a period of 5 years.

The initial term ended on 31 October 2020 and the Preschool exercised its option to renew the agreement for the 1st option to renew period from 1 November 2020 to 31 October 2025. The request is appended as Attachment 1. The preschool is currently operating onsite on holdover provisions that were in the lease that ended on 1 October 2020.

Given that the Lease allows for the rent to be reviewed on renewal of lease and in compliance with Council's Leasing and Licencing of Council Property Policy, Council engaged a professional rent valuation company to assess market rent for the preschool. A rental assessment was conducted and the report is appended as Attachment 2 to this Report (Confidential section).

The Preschool was advised of the rent valuation and they requested for rent negotiation. A letter from the Preschool is appended as Attachment 3 (Confidential report).

A confidential attachment has been provided with this report that sets out the investigations that were completed regarding the rental negotiation. At this point the information is confidential as the public release of this information may prejudice this or other negotiations over rental. The information is appended to this report as Attachment 4 (Confidential report).

It is therefore recommended that Council delegates authority to the General Manager to negotiate with the Preschool executive to determine a basis for calculating the initial rent and supplementary rent for subsequent years rent for the period 30/10/2020 to 1/11/2025.

## Community Plan implications

<b>Theme</b>	<b>Good Governance</b>
Goal	An effective and efficient organisation
Strategy	Prudently manage risks association with all Council activities

## Strategic implications

### Council Strategies

Community Plan.

### Council Policies

Leasing and Licencing of Council Property.

### Legislation

Not Applicable.

## Financial implications

Not Applicable.

## Associated Risks

Nil.

LILIAN MUKWEWA MUTYIRI  
PROPERTY OFFICER

13 October 2021

*Attachments:*

1. Request to renew lease. (separately attached)
2. Herron Todd White rent assessment report. (separately attached)
3. Gulgong preschool rent negotiation letter. (separately attached)
4. Gulgong preschool rent investigations information. (Confidential - separately attached)

APPROVED FOR SUBMISSION:

BRAD CAM  
GENERAL MANAGER