

Chelsworth Pavilion Redevelopment and Lease Agreement

Draft Key Terms of Lease

At the Council meeting on 30 October 2023, Council resolved subject to the statutory process, under the Local Government Act 2020, that the terms and conditions of the proposed lease in general remain the same as the existing lease with the following new key terms and modifications endorsed for inclusion:

- Tenure - 30 years plus 2 x 5-year options (total 40 years)
- Rental – \$12,000 per year (plus annual increase of 4%)
- Repairs and maintenance remain the responsibility of IGS, currently \$400,000 pa.
- Removal of current obligation on IGS to install a fourth tennis court and multi court.
- Review of role, purpose, and membership of the Chelsworth Park Reference Group – remove reference from the lease and establish as an advisory committee to Council.
- Removal of current obligation for IGS to contribute \$6,000 per year to a sinking fund, having regard to the proposed increase in rental.
- Removal of Council receiving 50% of sporting club fees and charges for ground and pavilion use.
- The tenant acknowledges and agrees that public access to Chelsworth Park (other than the new pavilions to be constructed by IGS) must be maintained at all times during the term and further terms and that IGS will not erect any fences or other obstructions on or around the premises to prevent such public access.

The draft key terms have been developed considering costs and benefits as well as information gathered on use, need, allocations, maintenance, operations, and rental income, to understand project value and help determine fair and reasonable proposed lease terms.

The table below summarises the two leases and their components:

	Current Lease	Proposed Lease
Term	30 years (20 + 5 +5)	40 years (30 + 5 +5)
Capital Investment	\$1,000,000	\$14,000,000
Ground Maintenance	\$400,000 p.a.*	\$400,000 p.a.*
Tenant Club Fees	\$12,500 (50% of \$25,000)	\$0
Rental	Yr. 1 – 20: \$1 p.a. Yr. 21 – 30: \$50,000 p.a. Indexed @ 4%	\$12,000 p.a. indexed @4%
Sinking Fund (Minor Maint.)	\$6,000 p.a.	\$0 p.a.
Total Value	\$18,481,366	\$31,140,306

The 40 years that is proposed is essentially an additional 20 years from the expiration of the existing lease in 2044 (if the last 10-year option in the current lease is exercised).