

<b>Report on</b>	Earls Project – Lease of Council owned Lands situated at Railway Park, Dungannon to STEP
<b>Date of Meeting</b>	Thursday 7 <sup>th</sup> February 2019
<b>Reporting Officer</b>	Claire McNally, Council Solicitor
<b>Contact Officer</b>	Claire McNally

<b>Is this report restricted for confidential business?</b>	Yes	
If 'Yes', confirm below the exempt information category relied upon	No	x

<b>1.0</b>	<b>Purpose of Report</b>
1.1	To update Members on the terms of the transaction regarding lands situated at Railway Park, Dungannon (“the Lands”) that forms part of the Earls Project; and
1.2	To seek Members’ approval to enter in to the Lease with South Tyrone Enterprise Programme (“STEP”) on the terms contained herein.
<b>2.0</b>	<b>Background</b>
2.1	The Earls Project which is a European Peace III Funded Project was initiated by the former Dungannon & South Tyrone Borough Council and commenced in late 2014.
2.2	In July 2015 the Council resolved that officer’s progress with the transfers/arrangements of various pieces of land in relation to the Earls Project.
2.3	In taking this Programme forward, a number of land transactions that had been previously approved by the Council in principle are now being progressed with more detail with a view to completing same. One of those land transactions is the Lease of lands at the Junction to STEP (refer to Appendix B for location).
<b>3.0</b>	<b>Main Report</b>
3.1	Council approval was previously obtained in July 2015 in relation to the principle of entering in to a lease of Council owned lands situated at Railway Park, Dungannon to STEP. Since then, there have been a number of iterations of the Lease that have come before Council for consideration and approval obtained on draft terms in October 2015 and July 2017. The terms of this Lease have been further discussed and considered in detail with various amendments being suggested by both parties and this is the version appended to this Report.
3.2	One of the main changes to the terms of the draft Lease from what was previously before the Council relates to the term. Previously it was agreed that the term should be for a period of 25 years with an option for STEP to renew for a further 25 years, effectively providing STEP with a 50 year lease. One of the reasons why a minimum 25 year term was included was to accord with the Collaboration Agreement with the funder and the requirements therein. STEP has since advised that for a number of reasons, including the fact that it has charitable status and their unforeseen capital investment in the building, that they would require a minimum 99 year Lease. LPS’ advices have been sought and they have confirmed that this would make no difference to the valuation of nominal rent.

3.3	<p>Agreement at officer level has been reached and a final draft of the Lease is provided at Appendix A. In summary, the key terms of the draft Lease includes:-</p> <ul style="list-style-type: none"> <li>• 99 year term;</li> <li>• Yearly rent of £1;</li> <li>• To use the Premises only as a shared community space and not to use the Premises for any commercial purposes or for any purposes designed to generate a profit, with the exception of social economy projects and the Café;</li> <li>• Not to assign, sublet or otherwise part with the possession of the Premises or any part thereof without the Council's consent;</li> <li>• The Council can terminate the lease in various circumstances including; if STEP becomes insolvent or if there is any change to STEP's constitution, objects or articles of association;</li> <li>• To indemnify and keep indemnified the Council from and against all claims and demands however arising;</li> <li>• To insure and henceforth keep insured to the full value thereof all buildings erections and fixtures of an insurable nature;</li> <li>• To permit the general public to access the Premises, on reasonable notice and subject to availability, for all such activities as are considered by STEP acting reasonably, not to be detrimental to STEP's use of the Premises.</li> </ul>
4.0	<b>Other Considerations</b>
4.1	<p><b><u>Financial &amp; Human Resources Implications</u></b></p> <p>Financial: The Council will be responsible for their own legal costs and LPS' fees.</p> <p>Human: Officer time in discussing terms of lease and agreeing lease map etc.</p>
4.2	<p><b><u>Equality and Good Relations Implications</u></b></p> <p>N/A</p>
4.3	<p><b><u>Risk Management Implications</u></b></p> <p>N/A</p>
5.0	<b>Recommendation(s)</b>
5.1	That Members approve the revised Lease and Lease Map as per Appendices A and B.
6.0	<b>Documents Attached &amp; References</b>
6.1	Appendix A – Draft Lease between Mid Ulster District Council and South Tyrone Enterprise Programme in relation to lands situated at Railway Park, Dungannon; and
6.2	Appendix B – Draft Lease Map.