

PSF/12/3181

4 August 2022

Paul Cammack
Director of Places to Play
Tennis Australia
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Richmond Victoria
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By email: PCammack@Tennis.com.au

Dear Paul,

HEADS OF AGREEMENT

Premises at: Dendy Park Tennis Centre

Proposed Lease: Bayside City Council ("Council") to Tennis Australia Limited. ("Tenant")

Council proposes the following Heads of Agreement for a Lease and License for your review and approval.

This Heads of Agreement and the Lease are subject to and conditional upon:

1. **Council redevelopment design approval;**
2. **Approval by Council (it being acknowledged that these Heads of Agreement have been prepared by a Council officer, and formal Council approval is required);**
3. **Council, as landlord, undertaking a community engagement process in accordance with Council's community engagement policy pursuant to section 115(4) of the *Local Government Act 2020* and subsequently resolving to enter into the lease pursuant to section 115 of that Act;**
4. **Approval by Council to apply the relevant policy and/or policies.**

It is the intention of the parties that, upon the tenant's acceptance of the terms set out in this Heads of Agreement, the tenant will be legally bound and the terms of this Heads of Agreement will amount to an enforceable agreement between the parties, subject only to the approvals and conditions referred to above.

1 Landlord

Bayside City Council of 76 Royal Avenue, Sandringham Victoria 3191

2 Tenant

Tennis Australia Limited of Melbourne Park, Olympic Boulevard, Melbourne Victoria 3000.

3 Premises

As identified in the attached lease plan titled: *Preliminary Lease Plan*

4 Term

7 years

5 Commencement Date

19th October 2022

6 Option/s for Further Term/s

2 further terms of 7 years each at the option of the tenant

7 Commencing Annual Rent

\$25,000

8 Rent Commencement Date

The Commencement Date of the Lease

9 Rent Review

The rent shall increase in accordance with the following table

	Rent Per Annum	Total rent for period
Years 1 – 7	\$25,000	\$175,000
Years 8 – 14	\$60,000	\$420,000
Years 15 – 21	\$86,430	\$605,000

10 Additional rental

Further to the annual rental, 5% of all membership subscription fees will be returned to Council as an annual payment.

11 Outgoings, Services, Rates and Taxes

The rent is net of outgoings, which are to be paid by the tenant.

12 Permitted Use

All general purposes associated with the playing of tennis, court hire, coaching, food and beverage and other associated social activities and its amenities.

13 Hours of Use

24 hours per day, 7 days per week (365 days per year)

Building and Court lighting 7am-10:30pm

Building only 7am-11pm

Subject to the restrictions of any planning permits.

14 Make Good

At the end of the lease, the tenant is required to vacate the Premises leaving them clean, in good repair and in the condition required by the lease.

15 Liquor Licensing

Council will grant approval for the Tenant to apply for a new Liquor License to reflect the new leased area.

16 Insurance

The Tenant is responsible for:

1. Obtaining Public Liability insurance (min \$20m) in the Tenant's name
2. Obtaining Contents insurance in the Tenant's name
3. Paying the apportioned Building insurance amount upon receipt of an invoice as issued by the Landlord (annually)

17 Subletting

It is acknowledged that the Tenant will sublet part/s of the premises to facilitate an effective management model that includes agreed ongoing activity of Dendy Park Tennis Club

18 Tenant's works

Any Tenant's works must be carried out in accordance with the terms of the Lease and all Laws and Requirements.

Any proposed lighting to be installed as part of the Tenant's works must comply with Council's *Wildlife Friendly Lighting Policy 2021*.

Plans for any proposed works must be submitted to Council for its approval.

All maintenance items will be the Tenant's responsibility excluding structural items relating to the premises.

All maintenance relating to environmental sustainability items is the responsibility of the Tenant.

Fitout of internal fixtures i.e. furniture, storage systems will be at the Tenant's cost.

19 Landlord's Use of Premises

The Tenant must not withhold consent to the Landlord's use of the Premises or part of the Premises as a venue for Landlord sponsored functions as reasonably agreed with the Tenant (or its designated site operator).

20 Lease Documentation

- 20.1 The Lease to be entered into by the parties will be in the form of Council's standard form of Lease amended to reflect the terms set out in these Heads of Agreement.

- 20.2 The Lease will be a Ground Lease and all improvements on the Premises will be owned by the Tenant at the commencement of the Lease and the ownership of all improvements on the Premises will revert to Council upon termination of the lease.
- 20.3 The Lease documentation is to be prepared by Council or Council's lawyers.
- 20.4 In the event of any inconsistency between the terms of these Heads of Agreement and the formal Lease, the formal Lease document/s shall prevail.

21 Legal Costs

Each party to bear its own costs.

22 Project Capital Investment

The project includes proposed phased development with Phase 1 being required as a key element of the lease, with phase 1b and 2 subject to further funding. Other phases to replace 1b and 2 may be considered by Council in the event that full funding is not obtained.

STAGE	Development Elements	Partner/Other Funding
1	Up to 8 Clay courts; pavilion refurbishment; LED court lighting	\$2.55 million
1b	New court surfaces – new game formats	\$1.5 million
2	Remaining court surfaces; landscaping; further environmental initiatives; pavilion extension	\$2.6 million

23 Additional community benefits

- 23.1 20% Bayside resident membership and court hire fee reduction.
- 23.2 2 courts to be available for public hire through 'book a court' hire.
- 23.3 Dendy Park Tennis Club will be supported with ongoing access in accordance with the agreed HOA between Tennis Australia (or its designated site operator) and Dendy Park Tennis Club.
- 23.4 Maximum of 10 courts used for commercial coaching during peak times providing greater court access to members and general community

24 Advertising

- 24.1 Any installation of signage or advertising at the Premises will be considered a Tenant's work during the Term and will require Landlord consent (including any required application for planning permission).
- 24.2 The Landlord may in its discretion place conditions on any consent for advertising which may include (without limitation) a requirement that the Tenant pay 5% of any gross income generated by that advertising to the Landlord.

Please confirm the tenant's agreement to the terms set out in these Heads of Agreement by signing the enclosed copy, and returning it to Jason Stubbs, Manager Commercial Services, Bayside City Council.

If you have any questions or would like to discuss the contents of this agreement, please contact Jason Stubbs direct by telephone 9599 4390 or email: jstubbs@bayside.vic.gov.au.

Regards,

Jason Stubbs
Manager Commercial Services

Tennis Australia Limited agrees to the above terms and conditions.

DocuSigned by:

043663014265466.....

Tom Larner, Chief Tennis Officer, Tennis Australia Limited

22 August 2022 | 16:35:12 AEST
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Date

Enc. Preliminary Lease Plan – Tennis Australia

Preliminary Lease Plan – Tennis Australia

