

Date: October 9, 1996

SUBJECT: DENMAN GARDEN INN RESTAURANT - LEASE ASSIGNMENT

RECOMMENDATION:

A. THAT the Board consent to the assignment of the Denman Garden Inn Restaurant from the Denman Garden Inn Ltd. to Mr. Edward Chin, subject to Mr. Chin entering into a form of assignment acceptable to the Director of Legal Services.

B. THAT no legal rights shall arise hereby and none shall arise thereafter until the execution of the contemplated documents.

BACKGROUND

The Denman Garden Inn opened in 1976 and is located adjacent to the West End Community Centre.

On June 27, 1977 the Board approved the assignment of the lease to Mr. Tom Chung, the present operator. The initial lease was for a period of ten years with a five year option to renew. On July 7, 1986 the Board approved a rent of 7% of gross sales (excluding liquor) for the five year renewal term.

On December 10, 1990 the Board approved a new lease, commencing August 1, 1991 and expiring December 31, 1995, which included a renewal option for a further five years to December 31, 2000.

On October 23, 1995 the Board approved a five year lease renewal for the Denman Garden Inn Restaurant for the period of January 1, 1996 to December 31, 2000.

The rent for the lease period remained at 7% of the total gross revenue, excluding liquor, to be paid monthly, by the 15th day of the following month.

In addition, a payment in lieu of property taxes was to be phased in and charged at the rate of 50¢/sq. ft for the first year, .75¢/sq. ft. for the second year, \$1.00/sq. ft. for the third year, \$1.25/sq. ft. for the fourth year and \$1.50/sq. ft. for the final year.

DISCUSSION

A letter has been received from Mr. Rocky Chung, one of the owners of the Denman Garden Inn Restaurant (Appendix I) requesting that the Board assign

the lease to Mr. Edward Chin. According to the lease the lessee cannot assign its leasehold interest in the premises without the written consent of the lessor, which consent the lessor may not unreasonably withhold.

Staff have met with Mr. Chin and received satisfactory business and bank references as to his capabilities in operating a restaurant.

The West End Community Association has been advised of this assignment request and Mr. Chin will be introduced to their Board on November 5, 1996.

As mentioned in Mr. Chung's letter, Mr. Chin has agreed to maintain similar operating hours and style of service that reflects the current business, as well as keep a close association with the West End Community Centre and its patrons.

JUSTIFICATION

The prospective new operator of the Denman Garden Inn Restaurant, Mr. Edward Chin, has the experience and qualifications to operate the restaurant at the West End Community Centre.

Prepared by:
Administrative and Revenue Services Division
Board of Parks and Recreation
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PJ/jab