

Re: Lease of Municipal Land
Lots 20 and 21, Block 9, D.L. 122, Group 1, Plan 1308
Northwest Corner of Pender Street and Alpha Avenue

Following is a report from the Land Agent regarding a request from Mr. A.W. McLeod, Real Estate Manager for McDonald's Restaurants Lands Ltd., for a renewal of a lease involving the subject Municipal property:

" On the 1st of May, 1968, the Municipality entered into a lease of the above described property (see attached sketch) with McCan Franchises Ltd. for the purpose of providing parking facilities to the McDonald's Restaurant situated at 4572 East Hastings Street, Burnaby, on the following basic terms:

- (a) An annual rental of \$1,000. plus all annual taxes and local improvements charges.
- (b) The Lessee to have an option to renew the lease for a further period of five years at a re-negotiated annual rental, plus all annual taxes and local improvements charges.
- (c) Provision whereby the lease may be cancelled by either party on a twelve months notice.
- (d) Improvements to the lots by the Lessee to be subject to the approval of the Planning Director and the Municipal Engineer.
- (e) All improvements made on the property become the property of the Corporation of Burnaby upon termination of the lease.

We are now in receipt of a letter requesting renewal of said lease for a further term of ten years (copy attached).

Recommendation:

That we renew the said lease with the following amendments:

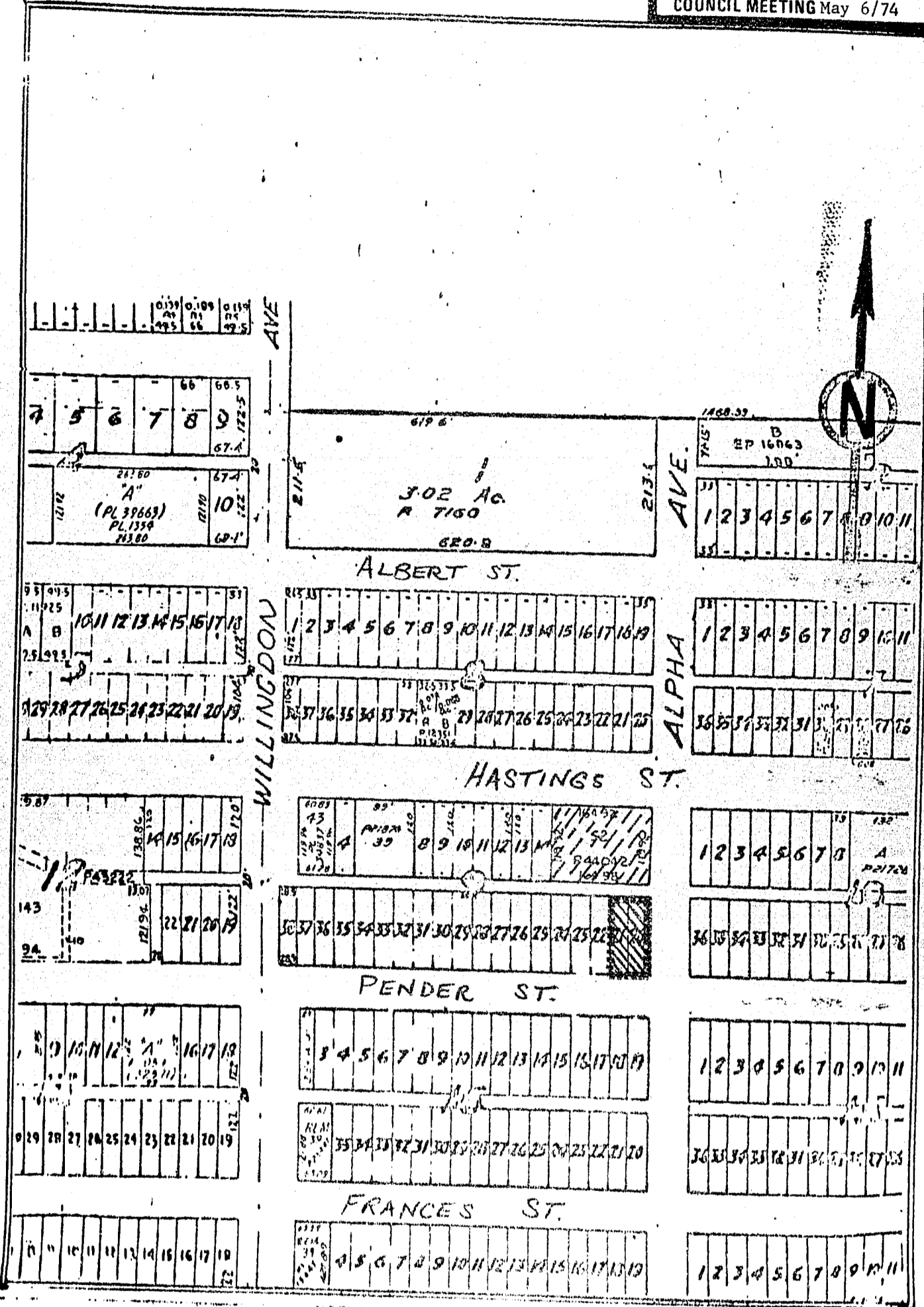
- (1) An annual rental rate of \$3,675.00 retroactive to the expiry date of the original lease, plus annual taxes and local improvement charges, for a period of five years.
- (2) The Lessee to have an option to renew the lease for a further period of three years at a re-negotiated annual rental, plus all annual taxes and local improvements.

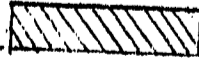
All other terms and conditions as contained in the original lease of May 1968."

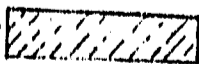
The proposed five year renewal period is based on the option that was agreed upon when the original contract was negotiated in 1968. We are, therefore, obliged to honor this commitment (five year renewal period) although from a purely economic point, it would be in our best interest to have a lease period that is of shorter duration. The shorter term would enable us to make proper adjustments to the rate on the basis of prevailing market values, and it is for this reason that the option for subsequent renewal is for a period of only three years.

RECOMMENDATION:

- THAT Council approve renewal of the lease subject to the following conditions:
1. An annual rental rate of \$3,675.00 retroactive to the expiry date of the original lease, plus annual taxes and local improvement charges, for a period of five years; and
 2. The Lessee to have an option to renew the lease for a further period of three years at a re-negotiated annual rental, plus all annual taxes and local improvements; and
 3. All other terms and conditions as contained in the original lease to remain unchanged.



 SUBJECT

 Mc DONALD'S RESTAURANT

ITEM 19
MANAGER'S REPORT NO. 35
COUNCIL MEETING May 6/74



April 17, 1974

Burnaby Land Agent,
4949 Canada Way,
Burnaby, B.C.

Attention: Mr. Grist

Dear Mr. Grist:

Re: Lots 20 & 21, Block 9, D. L. 122, Plan 1308,
McDonald's Restaurants Lands Ltd.

With reference to our conversation of April 16th, 1974, please be advised that we wish to enter into a further lease with a term of 10 years. The annual rental during years 1 to 5 inclusive to be set prior to signature with a rental revision at the end of the fifth year for years 6 to 10 inclusive. The new rate is to be negotiated or settled by binding arbitration.

Should any further information be required, please contact the writer at your convenience.

Yours truly,

McDonald's Restaurants of Western
Canada Ltd.,

A handwritten signature in cursive script that reads "A. W. McLeod".

A. W. McLeod,
Real Estate Manager.

AM/jw

McDonald's Restaurants of Western Canada Ltd.

8875 LOUGHNEE HIGHWAY • BURNABY, B.C., V8A 1X8 • (604) 836-8141

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APR 23 1974
Corporation of Burnaby
Lands Department