



POLICY FOR THE GRANTING OF NEW SUBLEASES ON TE PUKA 106 C NIKAO, AVARUA

1. INTRODUCTION

In 2006 CICC leased the whole of Te Puka 106C to the CICC Corporation for 60 years from 1 January 2006. In doing so the CICC recognized that many tenants in Tepuka had existing subleases from Government and may not want to enter into the new lease but preferred to continue on their existing subleases from Government. There are two sublease arrangements:

- (a) Sublease based on a 1956 Lease to the Government for 60 years which expired this year 2016.
- (b) Sublease based on a 1969 Lease to Government for 60 years and it has 12 years to run, i.e. expires in 2028.

In 1999, Government surrendered both of the above leases back to the CICC. Thus the two blocks of lands are now back in the hands of the CICC.

2. CICC CORPORATION

Between 2006 and 2008 the CICC Corporation approached all sublessees of Te Puka offering them a new sublease for 60 years from 1 January 2006 based on the new terms and conditions set out in the new proposed sublease. Many agreed to enter into the new sublease and now own their own properties under the new sublease.

However, some decided not to take up the new sublease offered by the CICC. Now that the 1956 subleases have expired, by law their land and all fixtures (houses and all improvements thereon) have reverted back to the CICC. They are now the property of the CICC Corporation. The CICC will take steps to re-lease these properties or assume ownership of these properties and rent it out in order to receive much needed funds for church purposes. However, there are less than five in this category.

In addition, some of the owners of sections under the 1969 subleases with only 12 years to run have realised that it is time to seek a new extended lease and have approached the CICC to approve a new sublease based on the old formula above.

3. NEW SUBLEASE FORMAT

The following is the new sublease arrangement based on a format approved by the Executive Council in 2008:

1. All new subleases will require valuation of both the land and improvements to determine the goodwill payable in the granting of the new sublease. It is for those who wish to take a new sublease to provide a valuation of the property they wish to sublease by a recognised valuer to the CICC Te Puka Lands Committee and to make and offer to sublease the land on a goodwill based on the valuation.
2. The Te Puka Committee shall decide whether to accept the valuation and recommend the granting of a new sublease or to seek their own independent valuation so that after obtaining their own valuation, negotiations will take place between the parties as to the amount of goodwill to be paid.

It is important that the following are noted and understood:

- (i) The 1969 sub leases remain valid until they expire in 2028.
- (ii) When the leases expire, the land and any building or fixture thereupon reverts back to the CICC. Ownership by the lessee of these assets will cease.

3. All the terms of the sublease shall be the same as for all subleases on Te Puka. They are as follows:
 - (a) All subleases commence from 1 January 2006 for sixty years on the same terms and conditions adopted for all subleases on Te Puka. This means if, for example a 1969 sublessee wants to renew this year 2016 instead of 2028 when the new sublease runs out, he/she will get the balance of the 60 year term from 1 January 2006.
 - (b) The annual rent shall be adjusted to be the same as the annual rent payable by all other sublessees in Te Puka.
 - (c) That the terms and conditions for the new sublease shall be the same for all other subleases on Te Puka.

4. The Te Puka Lands Committee shall make their recommendation to the Executive Council to approve or not approve the proposal. The decision of the Executive Committee shall be final.

5. In making their recommendations to the Executive Council, the Te Puka Lands Committee is required to follow the principles below:
 - (a) Priority be given to a member or members (spouse, sons daughters or siblings) of the family of previous sublessees over the same sections of land unless their record of complying with the terms of the previous lease was unsatisfactory.
 - (b) Subject to the above, priority be granted to the following class of persons:
 - (i) Members of the Nikao branch of the CICC who have no Rarotonga connections to lands.
 - (ii) Pastors of the CICC who have no lands on Rarotonga or are not married or related to persons with lands on Rarotonga.
 - (iii) Others that the Executive may decide based on valid reasons.

6. Above all, the Executive Council should prayerfully decide on all recommendations as dealing with lands has the potential for corruption when members are exposed to high value properties and able to make decisions which would have the potential for self enrichment. That is, they cannot make deals amongst themselves and drop the price and give it to each other or to relatives and friends. They must follow the procedure carefully. It would be disastrous for the Church if it is shown that backroom deals have been made by the Executive Council contrary to the recommendations of the Te Puka Lands Committee.

7. The Te Puka Lands Committee, comprising of the following:
 - (a) CICC Treasurer
 - (b) CICC General Secretary who will act as the committee's secretary
 - (c) A CICC member with land tenure & valuation background

will work with the CICC Legal Adviser in considering and dealing with all transactions and sale or disposal of the Te Puka lands.

Approved by the CICC Executive Council in its meeting on Thursday 27 October 2016.