



STAFF REPORT: SUMMARY OF CHANGES

Ordinance: O-33-25

Title: Market House Lease

Date: October 27, 2025

STAFF REPORT: SUMMARY OF CHANGES

Below is a summary of changes between the currently in effect Market House Lease (*Current Lease*), the first draft of the new lease attached to O-33-2025 entitled "O-33-25 Market House Lease – July 2025" (*First Draft of New Lease*), and the revised draft of the new lease attached to O-33-25 entitled "O-33-25 Market House Lease – REVISED October 2025" (*Revised Draft of New Lease*).

Section 2b, Initial Renewal Term (July 1, 2038-June 30, 2043):

- *Current Lease*: No requirement for Tenant investment in order to renew, and renewal is at Tenant's unilateral choice (no City involvement).
- *First Draft of New Lease*: No requirement for Tenant investment in order to renew, and renewal is at Tenant's unilateral choice (no City involvement).
- *Revised Draft of New Lease*: Tenant must expend \$100,000.00 on the leased space during the Initial Term (i.e. first 5 years of Lease) in order to renew lease for first additional renewal period. The \$100,000.00 expenditures cannot be deducted from the Performance Rent unless tied to City-agreed upon capital expenditures.

Section 2c, Additional Renewal Terms (July 1, 2043-June 30, 2048 / July 1, 2048-June 30, 2053):

- *Current Lease*: 1 additional 5-year renewal term at Tenant's unilateral choice (no City involvement), plus unlimited additional 5-year renewal terms (after first renewal term) with mutual agreement.
- *First Draft of New Lease*: 3 additional 5-year renewal terms at Tenant's unilateral choice (no City involvement).
- *Revised Draft of New Lease*: Initial Renewal Term requires \$100,000.00 investment (see above), and any Additional Renewal Terms beyond Initial Renewal Term are limited to 2 additional 5-year terms that require mutual agreement.

Section 2g, Written Documentation: NEW final language in *Revised Draft of New Lease* only that requires any renewal or material change to be documented in signed written documentation.

Section 6 a, Security Deposit Amount:

- *Current Lease:* \$8,000.00
- *First Draft of New Lease:* \$10,000.00
- *Revised Draft of New Lease:* \$15,000.00

Section 6b, Basic Rent Amount:

- *Current Lease:* \$8,400.00/month (includes prior escalations)
- *First Draft of New Lease:* \$10,000.00/month
- *Revised Draft of New Lease:* \$11,000.00/month

Section 6b, Basic Rent Escalation:

- *Current Lease:* 5% escalation of Basic Rent every renewal period (i.e. 5% every 5 years).
- *First Draft of New Lease:* 5% escalation of Basic Rent every renewal period (i.e. 5% every 5 years).
- *Revised Draft of New Lease:* 10% escalation of Basic Rent every renewal period (i.e. 10% every 5 years).

Section 6c, Performance Rent Amount:

- *Current Lease:* 2% of amounts over \$1,500,000.00
- *First Draft of New Lease:* 1% of amounts over \$1,500,000.00
- *Revised Draft of New Lease:* 1% of amounts over \$2,000,000.00

Section 6c, Performance Rent Baseline Escalation:

- *Current Lease:* No escalation of Performance Rent Baseline.
- *First Draft of New Lease:* No escalation of Performance Rent Baseline.
- *Revised Draft of New Lease:* 5% escalation of Performance Rent Baseline (i.e. \$2,000,000) every renewal period (i.e. 5% every 5 years). \$100,000.00 expenditures by Tenant to initially renew the Lease cannot be deducted from Performance Rent unless tied to City-agreed upon capital expenditures.

Section 26, Reporting; City Council Meeting or Work Session:

- *Current Lease:* City may request that Tenant attend a City Council meeting or work session annually.
- *First Draft of New Lease:* City may request that Tenant attend a City Council meeting or work session annually.
- *Revised Draft of New Lease:* City to request and obtain annual reports from Tenant. City may also request that Tenant attend a City Council meeting or work session annually.

Prepared by: Ashley Leonard, Assistant City Attorney