

Staff Report

O-22-15

Amended and Restated Lease of Third-Party Property by the City: 145 Gorman Street, KDBA, LLC as Landlord

Ordinance ___-15 would authorize the City to continue leasing third-party property at 145 Gorman Street from KDBA, LLC for the purpose of City offices.

The City's current lease with KDBA, LLC for 145 Gorman Street was executed March, 2006 and will expire on July 1, 2016. The current lease did not go to City Council for review, as City Council approval was not required.

This Amended and Restated Lease, pursuant to Ordinance ___-15, is a renegotiation of the current lease to change material terms and conditions, and to extend the lease through June 30, 2030.

This Amended and Restated Lease would have a rental rate of \$18.57 per square rate (negotiated down from \$24.29 per square foot), and would eliminate provisions of the current lease that were not favorable to the City such as the following:

- No payment of late fees for any late City rent – paragraph 5(c-d).
- No payment of interest for any late City payments – paragraphs 5(c-d) and 16.
- Switched from a calendar year to a fiscal year for statements/payments – paragraph 5(f)(i-ii).
- KDBA now required to provide documentation for any invoices it sends to the City for utilities, repairs, signs, etc. – paragraphs 8, 16 and 21.
- Added a cure period if City should fail to make repairs in timely manner – paragraph 15(a).
- City rent and other payments are now subject to appropriation – paragraph 12.
- Hold-over rent is now 100% of the Basic Rent, instead of 200% - paragraph 23.
- No more waiver of governmental immunities – paragraph 29.

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