

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON, WISCONSIN

Resolution No. 4332

Authorizing the CDA to execute a lease with Board of Regents of the University of Wisconsin System for office space at The Village on Park.

Presented June 13, 2019

Referred _____

Reported Back _____

Adopted June 13, 2019

Placed on File _____

Moved By Sheri Carter

Seconded By Claude Gilmore

Yeas 5 Nays 0 Abstain 1

Rules Suspended _____

WHEREAS, the Community Development Authority of the City of Madison ("CDA") is the owner of The Village on Park, located at 2300 South Park Street (the "Property") ; and

WHEREAS, the Property is improved with a commercial building known as The Village on Park (the "Building"); and

WHEREAS, the CDA and the Board of Regents of the University of Wisconsin System have negotiated the below terms and conditions to a lease (the "Lease") which provides for office space located in the Building.

NOW, THEREFORE, BE IT RESOLVED that the CDA hereby authorizes the execution of a lease agreement with the Board of Regents of the University of Wisconsin System for office space at The Village on Park substantially per the following general terms and conditions:

1. Leased Premises: Ground level space in the Building consisting of approximately 12,902 square feet of rentable area as shown as the Leased Premises in the attached Exhibit A (the "Leased Premises").
2. Building: The Village on Park mall in its entirety (the "Building").
3. Landlord: Community Development Authority of the City of Madison (the "CDA")
4. Tenant: The Board of Regents of the University of Wisconsin System (the "Lessee")
5. Use: Lessee shall be permitted to use the Leased Premises for general office and potential storage purposes.

Upon approval of the CDA's property management team, Lessee may be permitted to use the Building's community room, for up to ten (10) hours per calendar month at no charge. Lessee shall provide a minimum of three (3) days' notice to the CDA's property management team of its desire to use the community room, which is subject to availability.

6. Initial Term: Commencing on January 1, 2020 (the "Lease Commencement Date") and ending on December 31, 2024 (the "Initial Lease Term").
7. Renewal Option: The Lease may be renewed for two (2) subsequent five (5) year terms (individually referred to as "Renewal Term 1," "Renewal Term 2" and

collectively referred to as the “Renewal Terms”) as further described below in the Base Rent section. During the Tenant’s approval process, they may want to modify the number and/or duration of the renewal periods; if so, the monthly base rent during the revised renewal periods shall be adjusted on a cumulative three (3) percent increase of the prior calendar year. However, any revised renewal term shall not exceed 15 years in total.

The Initial Lease Term and Renewal Terms (if applicable) collectively is defined as the “Lease Term”.

The Lessee shall provide the CDA written notice of its request to renew the Lease no later than one hundred eighty days (180) days prior to the expiration of the Initial Lease Term or current Renewal Term.

8. Base Rent:

Base Rent shall be payable according to the following schedule during the Initial Term:

<u>Months</u>	<u>Monthly Rent</u>
1 – 12	\$18,964.72
13 – 24	\$19,533.66
25 – 36	\$20,119.67
37 – 48	\$20,723.26
49 – 60	\$21,344.96

Base Rent during Renewal Term 1 if exercised:

<u>Months</u>	<u>Monthly Rent</u>
61 – 72	\$21,985.31
73 – 84	\$22,644.87
85 – 96	\$23,324.22
97 – 108	\$24,023.94
109 – 120	\$24,744.66

Base Rent during Renewal Term 2 if exercised:

<u>Months</u>	<u>Monthly Rent</u>
121 – 132	\$25,487.00
133 – 144	\$26,251.61
145 – 156	\$27,039.16
157 – 168	\$27,850.33
169 – 180	\$28,685.84

The Base Rent rate shall include taxes or Payment In Lieu of Taxes (PILOT), special assessments, and the following operating expenses related to the below areas. “Common Areas” is defined as the exterior parking area, sidewalks, alley, driveway and all other areas or improvements, which may be provided by Lessor for the common use or benefit of occupants of the Property.

a. Common Area Maintenance (CAM): includes insurance; repairs and maintenance of base building systems (fire alarm, electrical, sprinkler systems); landscaping; security; repairs and maintenance of paving; snow removal; waste and recycling costs; management and administration; and

utility expenses (electric, water, storm water, sewer and urban forestry); and

b. Leased Premises: window frames; exterior door; foundation; roof; sub-flooring; structural portions of the walls; water; storm water and urban forestry; maintenance expenses related to the HVAC units; gas expenses; trash removal (however, Lessee or its janitorial service shall remove any trash to the CDA's bins located in the alley) and electric expenses to run the HVAC units that are on the CDA's house meter.

9. Lessee's Expenses:

Lessee shall be responsible for following in-suite expenses for the Leased Premises: electrical usage (lights and outlets) which are separately metered and paid directly by the Lessee to MG&E; personal property and liability insurance; ; janitorial; internet installation and monthly charges; telephone lines; interior doors, door locks, and door operating devices. The CDA shall provide, at Lessee's expense, in-suite janitorial services for the Leased Premises per the scope of work approved by Lessee (the "Janitorial Scope"), and bill back Lessee on a monthly basis. The CDA will provide Lessee in writing with various scope options and related costs, and Lessee will inform the CDA in writing prior to the Lease Commencement Date which Janitorial Scope it would like to proceed with during the Initial Term. The Lessee has the right to change the Janitorial Scope at any time in writing or cease this in-suite service during the Lease Term.

In addition, Lessee shall keep every part thereof and any fixtures, facilities or equipment contained within the Leased Premises in good condition and repair, including but not limited to electrical, lighting and plumbing systems. The CDA shall provide, at Lessee's expense, in-suite electrical, lighting or plumbing services for the Leased Premises if Lessee needs said services during the Lease Term from the Property's management company at the current hourly tenant rate plus materials.

10. Condition of Leased Premises:

The CDA will deliver the Leased Premises on the Lease Commencement Date as follows: all carpeting will be professionally cleaned, and the walls painted in rooms that need it.

11. Landlord Allowance:

The CDA will provide Lessee with a tenant improvement allowance in the amount of Twenty Thousand Dollars (\$20,000.00) (the "Landlord Allowance") that can be applied towards one of the following: (i) improvements in the Lease Premises that are approved by the CDA in writing; (ii) Base Rent or the (iii) approved exterior signs.

12. Current Lease:

In the event the Lessee receives all approvals from the University of Wisconsin to execute the Lease, and Lessee would like to terminate its space use agreement (UW lease number 285-742) for the leased premises at 2312 South Park Street ("Current Lease"), which expires on October 31, 2020 then it shall notify the CDA in writing before the Lease Commencement Date.

13. Approvals:

If the CDA Board approves this resolution, then the CDA and Lessee will incorporate the terms of this resolution into Lessee's standard lease form (the "SLF"). The SLF needs to be reviewed by the City of Madison's

Attorney, Real Estate and Finance offices. The parties shall use best efforts to negotiate any revisions to the SLF by June 28, 2019 in order for the Lessee to submit the final lease to the Board of Regents of the University of Wisconsin System's (the "BOR") at the September 2019 BOR meeting. Throughout this period, the CDA retains the right to market the Leased Premises to third parties. The CDA shall have the right to execute a lease with a third party beginning on November 1, 2019.

14. Assignment and Subletting: Lessee shall neither sublease the Leased Premises, or any portion thereof, nor assign its interest in the Lease without the CDA's prior written consent, which consent the CDA may withhold in its sole discretion.
15. Leasing Commission: In the event the Lease is executed, then the CDA will reimburse Plato Commercial Real Estate, LLC ("Plato") for Two Thousand Dollars (\$2,000) in connection with time and marketing expenses related to the Leased Premises.
16. Signage: Lessee may place a sign on the exterior of the Leased Premises and a panel on the monument sign situated at the corner of South Park Street and Hughes Street at its cost. Any signage needs to conform to the City of Madison sign zoning standards.

BE IT RESOLVED that the Chair and Deputy Director of the CDA are hereby authorized to execute, deliver and record the Lease agreement, and to take such other actions as shall be necessary or desirable to accomplish the purposes of this Resolution in a lease form approved by the City Attorney.

EXHIBIT A

LEASED PREMISES

