



Legislation Text

File #: 01939, **Version:** 1

Fiscal Note

Loss in revenue to the General Fund equal to one month's rent is estimated to be \$1,100.

Title

Authorizing the Mayor and City Clerk to execute a Lease Termination Agreement providing for the early termination of the lease with The Collins House, Inc. pertaining to 704 East Gorham Street.

Body

PREAMBLE

The City of Madison ("City") and The Collins House Inc. ("Lessee") are parties to that certain lease dated August 22, 1985, as amended by Addendum to Lease Agreement dated July 12, 1989, and by Amendment to Lease dated November 3, 2004 (the "Lease"), pertaining to the land and building located at 704 East Gorham Street, commonly known as The Collins House Bed and Breakfast. The original term of the Lease was for the period commencing September 1, 1985 and expiring August 31, 2005. In 2004 the City and the Lessee entered into negotiations for a new lease that would allow for an additional 10-year term, require the Lessee to perform approximately \$96,000 in repair projects, and provide for a rent credit to the Lessee for such repair costs amortized over the term of the lease. During the negotiations for the new lease, the Lessee expressed an interest in the purchase of the building and ground lease of the land. Resolution No. 61936, ID Number 36879, adopted October 5, 2004, authorized a 6-month extension of the existing Lease term to allow the City time to consider the Lessee's request for either a new lease or purchase/ground lease of the building and land. By Amendment to Lease dated November 3, 2004, the Lease term was extended to February 28, 2006. During the past year, the City and the Lessee have had numerous discussions regarding a possible sale/ground lease scenario. In January 2005, the City obtained an appraisal of the property from the D.L. Evans Company, Inc., which appraisal established purchase and lease values of the property as a single-family residence and as a bed and breakfast establishment. In June Real Estate staff presented to the Lessee a letter of intent outlining the terms of a potential sale of the building and ground lease of the land, with the sale price and lease rates based on the values established in the appraisal for a bed and breakfast establishment. By letter dated July 11, 2005, the Lessee notified Real Estate staff of its election to not pursue the purchase/ground lease of the property. The Lessee will be ceasing its business operations at the premises at the end of this year and has requested that the Lease be terminated one (1) month early (i.e., on January 31, 2006 rather than February 28, 2006).

NOW, THEREFORE, BE IT RESOLVED that Mayor and City Clerk are hereby authorized to execute a Lease Termination Agreement pertaining to the lease dated August 22, 1985, as amended July 12, 1989, and November 3, 2004 (the "Lease") with The Collins House, Inc. for the land and building located at 704 East Gorham Street and more fully described below (the "Leased Premises"), on the following terms and conditions:

1. Article II of the Lease is amended to provide that the Lease shall terminate effective at midnight on January 31, 2006 (the "Termination Date")
2. Article IV of the Lease is amended to provide that the Lessee's report of 2005 gross sales and payment of applicable percentage rent, if any, shall be due on or before the Termination Date.
3. All other provisions of the Lease shall remain in full force and effect.

LEGAL DESCRIPTION OF LEASED PREMISES

Lot 1 of Certified Survey Map No. 4607, recorded in Volume 20 of Certified Surveys, Pages 140-142 as Document No. 1872436 in the Dane County Register of Deeds Office.

Also,

A parcel of land located in that portion of the right of way of North Blount Street which is Northwest of the Northwest right of way line of East Gorham Street, more particularly described as follows:

Beginning at the most Southerly corner of Lot 1 of Certified Survey Map No. 4607, said point of beginning being also the point of intersection of the Northwesterly right of way line of East Gorham Street and the Northeasterly right of way line of North Blount Street; thence Southwesterly along the Southwesterly prolongation of said Northwesterly right of way line of East Gorham Street to a point in said North Blount Street right of way which is 15 feet distant, as measured at right angles, from said Northeasterly right of way line of North Blount Street; thence Northwesterly along a line which is 15 feet distant from and parallel to said Northeasterly right of way line of North Blount Street, said right of way line being coterminous with the Southwesterly line of said Lot 1 of Certified Survey Map No. 4607, to a point which is 15 feet distant from the most Westerly corner of said Lot 1; thence Northeasterly along a line which extends Northeasterly at right angles to said Westerly corner of Lot 1; thence Southeasterly along the Southwesterly line of said Lot 1 to the point of beginning.