



Legislation Text

File #: 72629, **Version:** 1

Fiscal Note

The original 20-year lease with Art + Literature Laboratory, Inc. was projected to generate \$1.8 million of revenue for the City. As a result of COVID-related revenue reductions, the City agreed in February 2021 to delay rent increases resulting in a total revenue reduction to the City of approximately \$121,000 over the course of the 20-year lease (First Amendment). This Second Amendment to the lease will further reduce total revenue to the City over the course of the 20-year lease by an additional approximately \$316,000. In exchange for this reduction, Art + Literature Laboratory, Inc. agrees to make approximately \$478,000 of new tenant improvements to the space beyond what was contemplated at the time the original lease was executed. As the owner of the property, the City will benefit from some of these new tenant improvements to the building should Art + Literature Laboratory, Inc. vacate the space a future date. Monthly rent is being deposited into the General Land Acquisition Fund.

Title

Authorizing the City's execution of a Second Amendment to Lease with Art + Literature Laboratory, Inc. to amend the terms and conditions set forth for the use of the commercial space in the City-owned South Livingston Street Garage, located at 111 S. Livingston Street.

Body

WHEREAS, the Lessee and the City are parties to that certain Lease dated November 12, 2019 and recorded November 14, 2019 as Document No. 5540391 ("Lease"), amended by that certain First Amendment to Lease, dated February 4, 2021 and recorded on March 29, 2021 as Document No. 5710224 ("First Amendment"), both recorded in the office of the Dane County Register of Deeds; and

WHEREAS, the Lease pertains to a 2-story commercial space situated within a portion of the City-owned South Livingston Street Garage located at 111 S. Livingston Street, Madison, Wisconsin ("Property"), which is legally described as follows:

Lot 1, Certified Survey Map No. 14589, recorded in the Office of the Dane County Register of Deeds in Volume 101 of Certified Survey Maps, Pages 45-53, as Document No. 5351213.

WHEREAS, the Lease allows the Lessee to occupy and use the commercial space ("Leased Premises") to operate a non-profit arts center; and

WHEREAS, the Lessee obtained a Certificate of Occupancy on July 22, 2020 for the Leased Premises, which sets forth a Commencement Date of August 1, 2020, per the conditions of the Lease; and

WHEREAS, the Lessee would like to invest capital into the Leased Premises through additional Lessee Improvements, as defined in the Lease, by constructing the items listed in the Second Amendment to Lease attached hereto; and

WHEREAS, the City recognizes the benefit and necessity of the additional improvements to the Property and the community, and agrees to amend the rent schedule in the Lease to facilitate the cost to construct the additional Lessee Improvements; and

WHEREAS, the proposed amendments to the Lease conditions will 1) revise the rent schedule, as shown in the proposed rent schedule, attached hereto, and 2) identify the Lessee Improvements and condition that their

completion shall be within 24 months from the date of lease amendment execution.

NOW THEREFORE, BE IT RESOLVED that the that the Mayor and City Clerk are authorized to execute a Second Amendment to Lease with Art + Literature Laboratory, Inc., materially on the terms and conditions contained in the lease amendment attached hereto, on a form approved by the City Attorney's office; and

BE IT FURTHER RESOLVED that the Mayor and City Clerk are hereby authorized to execute any and all additional documents that may be required to complete the actions contemplated in this resolution.