

COBURG CITY COUNCIL



TOPIC: Revised Addendum to the Real Estate Lease Agreement for Property Located at 91430 Stallings Lane, Eugene Oregon

Meeting Date: November 8, 2022

Staff Contact: Anne Heath, City Administrator

Contact: 541-682-7871, anne.heath@ci.coburg.or.us

REQUESTED COUNCIL ACTION:

Approval of Revised Addendum

Suggested Motion: I move to approve the revised addendum to the Real Estate Lease Agreement, signed October 29, 2020 with Joseph and Theresa Morneau for the property located at 91430 Stallings Lane, Eugene, Oregon.

BACKGROUND

On September 8, 2020, the City Council approved the purchase of the property at 91430 Stallings Lane, Eugene, Oregon. The purchase was for developing an additional well site for the Water Department. Part of this purchase had a contingency that the current owners Joe and Terry Morneau would have the opportunity to retain their Mobile Home and remain on the property for the extent of their natural lives for an annual lease of \$500.00. If they choose to move, then they must remove their mobile home within 30 days.

As the City pays off the property in full, the lease agreement will become active. Staff requested that legal review the lease agreement before it becomes formally active. During their review, legal did point out issues that they felt could be better clarified. Additionally, Joseph Morneau asked for areas to be clarified as well.

The attached revised addendum to the agreement has been agreed upon by both parties. If approved by City Council, the addendum will be signed and will take effect upon the full pay-off of the property (Under a separate tab).

DETAILS OF THE REVISED ADDENDUM

- Clarification that the lease includes the use of a small outbuilding that the Lessee may use for storage. The ownership of this building will remain with the City and the City will oversee the maintenance of the building. This is essentially a shed that is utilized for

farm equipment such as tractors, lawn mowers, etc. There is minimal maintenance required with the exception of a future roof replacement.

- Electrical services will need to split at the time of the well development. It is the City's intention to isolate the electricity to the Mobile home and the Lessee will have the responsibility to pay for that electrical service. Until that time, the current circuit serves the entire property and the Lessee is paying the bill.
- There is currently a caretaker in the historic farmhouse on the property. This is allowed by the original agreement. However, at the time that the lease takes effect, the caretaker will need to vacate or fall under an agreement with the City. The City has notified the person living in the house, and they have indicated that may need to stay through February 1, due to their inability to get into their new home until that date. Therefore, there will be a separate short-term agreement with the City and the person living in the farmhouse between January 1, 2022 and February 1, 2023. The City has made them aware that we prefer that it not be extended past February 1, 2023.
- Lease agreement payments will commence on July 15, 2023 per the original agreement. While a pro-rating was considered, the lease is only \$500 per year, and the Lessee will be continuing the insurance on the whole property through December 31, 2022.
- Clarification language was added regarding when the lease termination and who remains on the property in the event of the death of one of the Morneaus or the divorce of the couple.
- Clarification language was added about who could live in the mobile home and a unavailability of a sublease of the mobile home.

BUDGET / FINANCIAL IMPACT

The lease revenue derived from the area hosting the mobile home is minimal and will be budgeted in the FY 2023-24 budget.

RECOMMENDATION AND ALTERNATIVES

Staff recommends that the Council approve the Revised Addendum

The alternative is not approve the addendum the lease remains as written. However, this is not what legal has recommended.

PUBLIC NOTICE/INVOLVEMENT

N/A

NEXT STEPS

Staff will work with the Joseph and Theresa Morneau to sign the approved document. Lease will commence upon the pay-off of the property.

ATTACHMENTS

- A. Proposed revised Addendum
 - B. Real Estate Lease Agreement signed October 29, 2020
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REVIEWED THROUGH

City Attorney
Public Works Director
City Recorder

Revised Addendum

Parties: Joseph and Theresa Morneau (Lessees)
City of Coburg (Lessor)

Property: 91430 Stallings Lane, Eugene, OR 97408
Map and Tax Lot #16-03-29-00-03100

Date: November ____, 2022

Recitals

- A. Lessor and Lessees are parties to the Real Estate Lease Agreement, signed October 29, 2020.
- B. The Real Estate Lease Agreement, Section 20.1 provided: “An Addendum signed by both the Lessor and the Lessee is attached, and if attached becomes a part of this Lease Agreement.” The Addendum that was attached to the Lease Agreement was not signed by the Parties.
- C. At the time the Lease Agreement was signed, there was an expectation that the Property would be fully paid off by the Lessor on December 31, 2022. The Property will now be paid off in full by November 30, 2022.
- D. The parties wish to memorialize this change and replace the Addendum attached to the original Lease Agreement with this Revised Addendum.

NOW, THEREFORE, the parties agree as follows:

Agreement

- 1. Consistent with Section 1.2 of the Real Estate Lease Agreement, beginning November 1, 2022, the Lease Area shall be the area contained within the red dashed area shown in Exhibit A. The lease of this area includes Lessee’s use of the outbuilding located on the property within the red dashed area.
- 2. Notwithstanding Section 3.2(a) of the Real Estate Lease Agreement, ownership and all maintenance of the outbuilding contained within the red dashed area will be the responsibility of Lessor.
- 3. The Lessees shall maintain an insurance policy of not less than \$1,000,000 covering the mobile home and the contents of the outbuilding, including personal injury to the Lessees and/or anyone visiting them, for the duration of the lease. Lessor shall be included as an additional insured on Lessees’ insurance policy.
- 4. Consistent with Section 8.1 of the Real Estate Lease Agreement, Lessees shall be responsible to pay the electrical service to the mobile home only. Lessor will cover all

other electrical service to the property. Lessees shall be responsible to pay for Natural Gas service to the mobile home.

5. All caretakers on the property shall vacate no later than December 31, 2022. Any caretakers remaining after that date must have a separate agreement with Lessor.
6. Notwithstanding Sections 1 and 2 of the Real Estate Lease Agreement, rental payments shall begin July 15, 2023.
7. Notwithstanding Section 3.2(i) of the Real Estate Lease Agreement, Lessees shall pay insurance for the property, including the property within the blue dashed area, through December 31, 2022. Beginning January 1, 2023 Lessees shall pay insurance consistent with Section 7 of the Lease Agreement.
8. Consistent with Section 1.1, the Real Estate Lease Agreement shall terminate on the date of the second Lessee's death, or the date the Lessees move from the property, whichever occurs first.
9. Consistent with Section 1.1, the Real Estate Lease Agreement is between the Lessees and the Lessor and shall not be extended to any other person. However, Lessees may allow another person or persons to live with Lessees in the mobile home for companionship or caretaking, but are not permitted to sublease the mobile home.
10. In the event of a divorce of the Lessees, one of the Lessees may continue as the sole Lessee.

LESSOR:

By: _____

Title: _____

By: _____

Title: _____

Date: _____

Address: _____

Zip: _____

Phone: _____

Fax: _____

LESSEES:

By: _____

Title: _____

By: _____

Title: _____

Date: _____

Address: _____

Zip: _____

Phone: _____

Fax: _____