



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 06/28/2022

ITEM NO: 2

DATE: June 23, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Authorize the Town Manager to Execute a Second Amendment to the Lease Agreement with Los Gatos Museum Association (LGMA) to Extend the Council Consideration Date in Section 7.2 of the First Amendment.

RECOMMENDATION:

Authorize the Town Manager to execute a second amendment to the lease agreement with Los Gatos Museum Association (LGMA) to extend the Council consideration date in Section 7.2 of the First Amendment.

BACKGROUND:

On April 21, 2020, the Town Council approved a First Amendment to the Lease Agreement with LGMA (Attachment 1), also known as New Museum Los Gatos (NUMU), to minimize and/or eliminate utility and rent obligations. In exchange for the elimination of utility payments and outstanding obligations, NUMU was willing to accelerate rent payments, provide in-kind services for residents of Los Gatos, and reconfigure the lower level of their staff office area for use by Town employees.

DISCUSSION:

The First Amendment included the following stipulation in Section 7.2 of the Agreement:

7.2 Past Utilities Due. Lessee acknowledges that pursuant to the terms of the Lease before this Amendment, that there is due and owing to the Town the sum of \$24,417.58 for utilities and operating expenses under this Paragraph. If Lessee performs satisfactorily pursuant to the Agreement and this Amendment, Town Council, in its own and sole discretion, shall consider, prior to July 2022, whether to waive the amount past due. Until such time as Council makes a determination, no amount shall be due from the

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Finance Director

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SUBJECT: 2nd Amendment NUMU Lease Agreement

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DISCUSSION (continued):

Lessee to the Town for the above referenced amount.

Due to the adverse effects on NUMU's operations associated with COVID-19 health mitigation restrictions, it is not practical at this time for Council to ascertain "If Lessee performs satisfactorily" under this Section. As such, staff recommends amending the agreement and extending the consideration period to prior to July 2024 (Attachment 2).

CONCLUSION:

Execution of the Second Amendment will provide Council sufficient time to determine if NUMU has met its obligations under Section 7.2 and if the outstanding sum of \$24,417.58 should be waived.

FISCAL IMPACT:

None.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. First Amendment
2. Draft Second Amendment