



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 03/05/2024

ITEM NO: 14

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DATE: February 26, 2024  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Send a Letter to Tait Firehouse, LLC to Terminate the Lease for 4 Tait Avenue

**RECOMMENDATION:**

Authorize the Town Manager to send a letter to Tait Firehouse, LLC to terminate the lease for 4 Tait Avenue.

**BACKGROUND:**

In March 2019, the Town Council authorized an Exclusive Negotiating Agreement with Imwalle Asset Management, LLC, to help guide the negotiations of a Master Lease Agreement. On August 4, 2020, the Town Council authorized the Town Manager to execute a long term lease agreement with Tait Firehouse, LLC for the property located at 4 Tait Avenue (Attachment 1). While Tait Firehouse, LLC is a unique entity, Imwalle Asset Management, LLC is the master tenant.

The decision to enter into a long term lease was predicated on the fact that the approach would allow the property to remain in Town control, maintain the historic value of the property, require no monetary resources from the Town, and ultimately provide an annual revenue stream to the Town. In addition, the Tait property requires significant upgrades to meet the Americans with Disabilities Act and the master tenant would take on those obligations.

On February 7, 2023, the Town Council authorized a First Amendment (Attachment 2) to the lease to modify the provisions which stipulate that if lease up has not occurred within certain time periods, either party can terminate the leases. The modification extended the deadline for the master tenant to find a subtenant to January 1, 2024. Even though the First Amendment

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

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PAGE 2 OF 3

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BACKGROUND (continued):

was not executed due to missing documents from the master tenant, the Town honored the one-year extension.

On December 22, 2023, Jim Foley (on behalf of Tait Firehouse, LLC) contacted the Town to request an additional six-month extension to secure tenants. He explained that he has been trying to secure tenants in a challenging economic environment and expects to find a subtenant acceptable to the Town in the next six months. The Town has also been contacted by the American Legion for a joint use with the Veterans Foundation as well as other parties interested in the property.

The Town Council met in closed session on February 13, 2024 and the reportable action under the Brown Act was direction to terminate the lease for 4 Tait.

DISCUSSION:

Given Council's direction, the Council is now being asked during the regular open session to act to authorize the Town Manager to send a letter of termination to Tait Firehouse, LLC.

CONCLUSION AND NEXT STEPS:

The action associated with this agenda item provides the Council with flexibility as to how it would like to manage the asset. Staff is in the process of obtaining an appraisal and evaluating other next steps.

At the second meeting in March, staff intends to bring a Resolution for Council consideration affirming that due to the property's size and location, it is exempt from the Surplus Lands Act.

In a future open session item, the Town Council will initiate the process to sell and/or lease the property. The Council is not being asked to make a sale or lease decision with this agenda item.

COORDINATION:

The preparation of this report was coordinated with the Town Attorney and Community Development Director.

FISCAL IMPACT:

There is no fiscal impact associated with the action of this item. At a later date, when Council determines the disposition of the property, the fiscal implications of that action will be disclosed.

PAGE 3 OF 3

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ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Master Lease with Tait Firehouse, LLC
2. First Amendment