



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/07/2023

ITEM NO: 11

DATE: February 1, 2023
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Authorize the Town Manager to Execute First Amendments to the Master Lease Agreements with Tait Firehouse, LLC and Forbes Mill, LLC

RECOMMENDATION:

Authorize the Town Manager to execute First Amendments to the Master Lease Agreements with Tait Firehouse, LLC and Forbes Mill, LLC.

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 long term lease agreements with Tait Firehouse LLC for the property located at 4 Tait Avenue (Attachment 1) and Forbes Mill LLC for the property located at 75 Church Street (Attachment 2). The decision was predicated on the fact that the proposal would allow the properties to remain in Town control, maintain the historic value of the properties, require no monetary resources from the Town, and ultimately provide an annual revenue stream to the Town.

DISCUSSION:

Since the completion of the lease agreements, the economic impacts on the commercial real estate market associated with the pandemic significantly disrupted initial lease up plans. There are provisions in the leases which stipulate that if lease up has not occurred within certain time periods either party can terminate the leases.

Given the unanticipated complexities of the commercial real estate market, staff recommends amending the lease agreements to extend these terms for an additional year. If at the conclusion of the extension period, the properties have not been leased then Council can

PREPARED BY: Arn Andrews
Assistant Town Manager

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

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SUBJECT: First Amendment Forbes Tait Lease Agreements

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DISCUSSION (continued):

reconsider options for the two properties at that time. Attachments 3 and 4 contain the proposed First Amendments and the specific language within the lease agreements to be amended. Deleted language is illustrated by ~~striketrough~~ and language additions and illustrated in red.

COORDINATION:

This report was coordinated with the Town Manager and Town Attorney.

FISCAL IMPACT:

None.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Tait Firehouse Lease Agreement
2. Forbes Mill Lease Agreement
3. First Amendment to Tait Lease Agreement
4. First Amendment to Forbes Lease Agreement