



STAFF REPORT

DATE: September 17, 2019

CONSENT

AGENDA ITEM: Scholastic Equipment Lease Extension

SUBMITTED BY: Kristina Handt, City Administrator

BACKGROUND:

When the City purchased the Brookfield building in April, it assumed the leases of current tenants. Although the EDA took over the ownership the building the leases stayed with the City. The last time rent amounts were adjusted was January 1, 2017.

ISSUE BEFORE COUNCIL:

Should the City Council approve the lease agreement extension with Scholastic Equipment Company (SEC)?

PROPOSAL:

Included in your packet is a lease agreement extension for SEC. Their current lease expires 3/31/20. The proposal would provide an extension until the end of 2021 unless they give a 3 month notice to cancel. The new rent amount is \$880/month with is consistent with other current leases.

FISCAL IMPACT:

Increase in revenue forecast of \$18,480 for April 2020-December 2021.

OPTIONS:

- 1) Approve the lease extension agreement with SEC
- 2) Amend and then approve the lease extension agreement with SEC
- 3) Do not approve the lease extension agreement with SEC

RECOMMENDATION:

If removed from the consent agenda:

“Motion to approve the lease extension agreement with SEC.”

ATTACHMENTS:

- SEC Lease Extension Agreement



LEASE EXTENSION AGREEMENT

This Lease Extension Agreement, made this _____ day of _____, 2019, by and between the City of Lake Elmo (hereafter called "Landlord") and Scholastic Equipment Company, LLC, a Minnesota Limited Liability Company ("hereafter called "Tenant").

WITNESSES:

1. The Landlord and Tenant agree that the Tenant's present Lease assumed by the Landlord on April 25, 2018 (dated January 22, 2014) shall be extended for an additional term through and including the 31st day of December 2021.
2. All of the terms and conditions of the said existing Lease shall remain except for:
 - a) Rent to be paid by the Tenant to the Landlord shall increase to \$880 per month, effective April 1, 2020.
 - b) Effective April 1, 2020 the Tenant has the option to cancel the lease early upon a 3 month notice to the Landlord.

LANDLORD

City of Lake Elmo

Mike Pearson, Mayor

Julie Johnson, City Clerk

Date: _____

TENANT

Scholastic Equipment Company, LLC

By: _____

Its: _____

Date: _____