



Legislation Text

File #: 18-0620 CRA, Version: 1

TO: CRA Board of Commissioners
FROM: Christine Tibbs, Assistant Director
THROUGH: Renée A. Jadusingh, Esq., CRA Executive Director
DATE: July 28, 2020

FIRST AMENDMENT TO COMMERCIAL LEASE AGREEMENT - 135 NW 5 AVENUE, UNIT C5 (UPPER CUTZ)

Recommended Action:

Approve the First Amendment to the Commercial Lease Agreement for Upper Cutz located at 135 NW 5th Avenue, Unit C5 to amend certain lease terms and extend the lease.

Background:

The CRA executed a Commercial Lease Agreement ("Agreement") with Upper Cutz Barbershop and Salon, Inc. ("Upper Cutz") on October 3, 2017, after accepting their proposal to lease the CRA-owned commercial space at 135 NW 5th Avenue, Unit C5, located in the West Settlers Building, a mixed use condominium property consisting of four (4) residential units and two (2) ground floor commercial units. The term of the Agreement is set to expire on September 30, 2020 unless the parties agree to extend the term of the Agreement.

On June 2, 2020, the CRA received a letter from Upper Cutz with a request to extend the Agreement for an additional ten (10) year term. Per the Agreement, "the parties may agree to extend the term of the lease for two (2) additional one (1) year terms upon the execution of a written amendment" to the Agreement.

During the three (3) year term of the Agreement, Upper Cutz has been a tenant in good standing, and has complied with the terms and provisions of the Agreement. Moreover, the CRA is focused on revitalizing the West Settlers area and encouraging business activity on the Historic 5th Avenue corridor. As such, CRA staff is amenable to amending the terms and provisions of the Agreement to allow for a longer term.

The First Amendment to the Agreement has been prepared with the following terms and provisions:

- **Term:** Five (5) year lease term; commencing on October 1, 2020, and terminating on September 30, 2025.
- **Monthly Base Rent:** \$1060 (inclusive of \$402/month condominium fees) to be paid on the first day of the month beginning on October 1, 2020, and ending on September 30, 2021. Each anniversary date thereafter, the monthly base rent will be automatically increased by six percent (6%); the Monthly Base Rent for the subsequent years shall be as follows:
 - o **October 1, 2021 to September 30, 2022:** \$1,123.60 Monthly Base Rent (including condominium fees)
 - o **October 1, 2022 to September 30, 2023:** \$1,191.02 Monthly Base Rent (including condominium fees)
 - o **October 1, 2023 to September 30, 2024:** \$1,262.48 Monthly Base Rent (including

- condominium fees)
- **October 1, 2024 to September 30, 2025:** \$1,338.23 Monthly Base Rent (including condominium fees)
- **Use of Premise:** Premises to be used for barbershop and related salon services only.
- **Additional Conditions:** West Settler's Condominium Declaration of Restrictions and Rules will be incorporated into the lease.

At this time, CRA staff is recommending the approval of the First Amendment to the Commercial Lease Agreement.

Attachments: Exhibit A - First Amendment to the Commercial Lease Agreement; Exhibit B - Commercial Lease Agreement

CRA Attorney Review:

The CRA Attorney prepared and reviewed the First Amendment to the Commercial Lease Agreement.

Finance Review:

N/A

Funding Source/Financial Impact:

N/A

Timing of Request:

Timing sensitivity due to expiration of current lease on September 30, 2020.