

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 09-18

For the Purpose of Authorizing a Rent Adjustment for the Period of November 1, 2009 through October 31, 2014 for the New Theater Building Land Lease with the First Congregational Church

WHEREAS, the Portland Center for the Performing Arts ("PCPA"), one of the Commission's facilities, leases the land underlying the New Theater Building from the First Congregational Church ("Church") pursuant to a 99-year ground lease agreement dated November 1, 1984 between the City of Portland and the First Congregational Church entitled "Ground Lease, Parking Rights Agreement and Agreement to Lease Space" ("Ground Lease"), wherein the PCPA has been assigned the City's rights as to the lease rights for the New Theater Building, and wherein the Church subleases back a small portion of the leased space ("Church Space"); and

WHEREAS, the Ground Lease provides for a periodic rental rate adjustment every five (5) years on each November 1 of each calendar year of the Term when such calendar year ends in a "9" or a "4;" for both the Lease from the Church to PCPA and also from PCPA to the Church for the subleased Church Space;; and

WHEREAS, rather than go through the costly appraisal process provided for in the Ground Lease, legal counsel for the PCPA and the Church have negotiated a nominal net increase for this five-year term of \$50/month from PCPA to the Church, which does not break down the gross rental increase from the PCPA to the Church or the gross increase from the Church to the PCPA for the Church Space, but instead the parties agreed to a net nominal increase of \$50/month from the PCPA to the Church, which represents an increase of .00394% for the upcoming five years; and

WHEREAS, this results in a net payment from PCPA to the Church of \$11,234.50 per month after sublease set-off; and

WHEREAS, Staff recommends that the Commission approve this nominal rental increase;

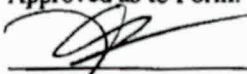
BE IT THEREFORE RESOLVED AS FOLLOWS:


1. The Metropolitan Exposition-Recreation Commission approves the rental adjustment of \$50/month for an annual gross rent of \$152,600, which results in a gross payment from PCPA to the Church of \$12,717 per month prior to sublease setoff;
2. The Metropolitan Exposition-Recreation Commission authorizes the MERC Interim General Manager to execute a lease amendment consistent with this resolution, in a form approved by legal counsel.

Passed by the Commission on November 4, 2009.


Chair

Approved as to Form:


Alison Kean Campbell,
Deputy Metro Attorney


Secretary-Treasurer

MERC STAFF REPORT

Agenda item: For the purpose of Authorizing a Rent Adjustment for the period of November 1, 2009 through October 31, 2014 for the Antoinette Hatfield Hall Land Lease with the First Congregational Church.

Resolution No.: 09-18

Date: November 4, 2009

Presented by: Robyn Williams

Background:

The land on which Hatfield Hall was constructed was leased for 99 years beginning November 1, 1984. The original ground lease agreement was between the City of Portland and the Church, and the City assigned all its rights and obligations regarding this lease via the December 18, 1989 Agreement Regarding Consolidation of Regional Convention, Trade, Spectator and Performing Arts Facilities Owned and operated by the City of Portland and the Metropolitan Service District.

The Lease Agreement provides that the rent shall be adjusted at 5 year intervals on each November 1 when the calendar year ends in a "9" or a "4". The rental rate for the land is required to be based on Fair Market Value of the 20,000/sf site and the Fair Rate of Return. In addition it is provided that First Congregational Church shall lease back the identified 3000/sf Church Space in Hatfield Hall (located at the corner of Broadway and Madison).

Legal Counsel for PCPA and the Church have negotiated a nominal increase for this five-year term of \$50/month net increase, which results in a gross payment of \$12,717 per month prior to sublease setoff and a net monthly payment of \$11,234.50 after sublease setoff.

Fiscal Impact:

The adopted PCPA budget for FY10 provides for annual rent at \$135,000. Actual expense will be \$134,614.

Recommendation:

Staff recommends that the Commission approve Resolution No. 09-18 for the purpose of Authorizing a Rent Adjustment for the period of November 1, 2009 through October 31, 2014 for the Antoinette Hatfield Hall Land Lease with the First Congregational Church