

Legislation Text

File #: BILL NO. 17-177, **Version:** 1

AN ORDINANCE APPROVING A SPACE LEASE AND PUBLIC SERVICE AGREEMENT TERMINATION BY AND BETWEEN CERNER PROPERTIES, INC, THE LEE'S SUMMIT R-VII SCHOOL DISTRICT, AND THE CITY OF LEE'S SUMMIT, MISSOURI.
(NOTE: First reading done on August 10, 2017.)

Issue/Request:

AN ORDINANCE APPROVING A SPACE LEASE AND PUBLIC SERVICE AGREEMENT TERMINATION BY AND BETWEEN CERNER PROPERTIES, INC, THE LEE'S SUMMIT R-VII SCHOOL DISTRICT, AND THE CITY OF LEE'S SUMMIT, MISSOURI.

Key Issues:

This ordinance will approve the termination of both the Summit Technology Center Lease (the "Lease"), as amended, between the City and Townsend Summit, LLC ("Townsend") and the Summit Technology Center Public Service Agreement (the "PSA"), as amended, between the City and the Lee's Summit R-VII School District (the "School District").

The termination provides that the City and the School District agree to vacate the area leased within the North Building and that the Lease, as amended, and the PSA, as amended, are of no further force and effect, except that the provisions governing the payment of rent and other expenses will survive for the purpose of making final accountings and payments.

Proposed City Council Motion:

MOTION: AN ORDINANCE APPROVING A SPACE LEASE AND PUBLIC SERVICE AGREEMENT TERMINATION BY AND BETWEEN CERNER PROPERTIES, INC, THE LEE'S SUMMIT R-VII SCHOOL DISTRICT, AND THE CITY OF LEE'S SUMMIT, MISSOURI - I move for second reading.

Background:

On June 17, 1999, the City Council passed Ordinance No. 4801, which approved the Summit Technology Center Lease (the "Lease") between the City of Lee's Summit (the "City") and Townsend Summit, LLC ("Townsend"). Pursuant to the Lease, Townsend leased to the City approximately 22,316 square feet of space within the property described on Exhibit A to the attached Space Lease and Public Service Agreement Termination (the "North Building").

On June 17, 1999, the City Council passed Ordinance No. 4802, which approved the Summit Technology Center Public Service Agreement (the "PSA") between the City and the Lee's Summit R-VII School District (the "School District"). Pursuant to the PSA, the City made available for use by the School District the 22,316 feet of space leased by the City from Townsend in the North Building; and

On May 5, 2005, the City Council passed Ordinance No. 5943, which approved the First Amendment to the Lease (the "First Lease Amendment"), amending the insurance requirements with respect to the Lease.

On June 21, 2007, the City Council passed Ordinance No. 6437, which approved the Second Amendment to the Lease (the "Second Lease Amendment") in which Townsend leased an additional 22,372 square feet of space within the North Building to the City. On June 21, 2007, the City Council approved the Amendment to the Public Service Agreement (the "PSA Amendment") through the adoption of Ordinance No. 6436, in which the City made available for use by the School District the additional 22,372 square feet of space leased by the City from Townsend in the North Building

Cerner Properties, Inc. ("Cerner") is the successor in interest of Townsend to the North Building.

The Lease provides for payment of Annual Base Rent (as defined in the Lease) on or before the 15th day of December each year and for Additional Rent (as defined in the Lease) consisting of Tenant's Expense Contribution (as defined in the Lease). The PSA provides that the School District is to pay the portion of the annual Tenant's Expense Contribution under the Lease when the Tenant's Expense Contributions when added to the Annual Base Rent exceeds the total of \$325,000 (the "School District Contribution").

The attached Space Lease and Public Service Agreement Termination will terminate the Lease, as amended, and the PSA, as amended, allow for final payments under the Lease and the PSA, and release and discharge all the parties from any further obligations under the Lease, as amended, and the PSA, as amended.

With the construction and opening of the Missouri Innovation Campus, the School District no longer occupies the leasable space and has moved it's programming and operations to the Missouri Innovation Campus building.

Presenter:

Rich Wood, Gilmore & Bell, P.C.
City Staff

Recommendation: Staff recommends approval of the ordinance.