CITY OF STOUGHTON, 381 E. MAIN STREET, STOUGHTON, WISCONSIN

RESOLUTION OF THE COMMON COUNCIL

Authorizing and Directing the proper City Official(s) to enter into the First Renewal Period for the Agreement for a Leaseback Addendum to Amendment and Extension of Real Estate Lease

Committee Action:	Finance Committee meets February 13, 2018
Fiscal Impact:	Annual lease of $127,751 (2018); $130,945 (2019); $134,873 (2020); TBD (2021-2023)

File Number:	R-20-2018	**Date Introduced:**	February 13, 2018

WHEREAS, an agreement was made by and between the City of Stoughton (City) and Stoughton Electric Utility (Utility), as a further amendment to the parties' Real Estate Lease, which was effective January 1, 1995; and

WHEREAS, the Leaseback Addendum to Amendment and Extension of Real Estate Lease Agreement between the City of Stoughton and Stoughton Electric Utility commenced March 1, 1998 and expires on February 28, 2018; and

WHEREAS, the City of Stoughton has the right to renew the term of the Lease for two (2) consecutive periods of five (5) years each; and

WHEREAS, at least three (3) months prior to the expiration of the Initial Term of the Leaseback, or the first Renewal Period, the City shall notify the Utility as provided in the Leaseback Agreement of its election to exercise its option to renew the term of the Leaseback for the first or second Renewal period; and

WHEREAS, the Renewal Period shall be broken down into one three-year subterm effective March 1, 2018 through February 28, 2021 and one two-year subterm effective March 1, 2021 through February 28, 2023; and

WHEREAS, the Base Rent shall be adjusted for each subterm using the same methodology as is used in the City of Stoughton – Stoughton Electric Utility Real Estate Lease (using the CPI-U for the Madison area for the prior three years or three percent per year, whichever method results in a larger rate increase), so the Base Rent adjustment under the Leaseback Agreement and the Utility's rent adjustment under the Lease shall be the same at all times and subterms; and

WHEREAS, the CPI-U for 2015 - 0.12%, for 2016 – 1.26%, and for 2017 – 2.13% whereby the three (3%) percent per year increase will be utilized for the Base Rent adjustment under the Leaseback Agreement and the Utility's rent adjustment under the Lease for the subterm effective March 1, 2018 through February 28, 2021. The Base Rent shall be recalculated in a similar

manner for the subterm effective March 1, 2021 through February 28, 2023 and communicated to the Utility prior to March 1, 2021.

NOW THEREFORE BE IT RESOLVED that the Common Council of the City of Stoughton authorizes and directs the proper city official(s) to enter into the First Renewal Period for the Agreement for a Leaseback Addendum to Amendment and Extension of Real Estate Lease for a period of five (5) years effective March 1, 2018.

Council Action: ☑ **Adopted** ☐ **Failed** **Vote** 11-0

Mayoral Action: ☑ **Accept** ☐ **Veto**

Donna Olson 2-13-18

Donna Olson, Mayor Date

Council Action: _____ ☐ **Override** **Vote** _____

First Renewal Period as outlined in R-20-2018 Accepted by Stoughton Electric Utility.

Robert P. Kardasz — MARCH 2, 2018

Robert Kardasz — Date