



Finance, Audit, Insurance, and Real Property Committee

Replace 47 Outdated Secondary Use Agreements

Item 7-9

January 9, 2024

Overview of Replacing Outdated Agreements

Subject

- Authorize the negotiation and execution of 47 secondary use agreements (leases, licenses, permits) to replace the existing outdated terms.

Purpose

- Replace outdated agreements with new agreements that include Metropolitan's current standard terms and language.

Service Area & CRA Map



Portfolio Data



Outdated Terms

- Below-market Rates
- Lack of Insurance Requirements
- Inadequate Insurance Amounts
- Lack of Annual Rent Increase
- Holdover Tenancy Status
- Outdated Liability, Environmental and Paramount Rights Provisions

Key Provisions

- Mutually compatible uses subject to Metropolitan's paramount right
- Fair Market License Fee
- Modified Fair Market License Fee based on mutual benefits or shared site expenses
- Annual Fee Increase of 4-5%
- Current Liability and Insurance Terms
- Base Term of 5 Years
- Optional Extensions of 5-25 Years
- Reappraisal of License Fee every 5 Years

Board Options

Option No. 1

- Authorize the General Manager to negotiate and execute 47 license agreements.

Option No. 2

- Authorize the General Manager to negotiate and execute license agreements at fair market value (FMV) and resubmit to the Board any license agreements at less than FMV.

Option No. 3

- Do not authorize the negotiation and execution of 47 license agreements.

Board Options

Staff Recommendation

- Option No. 1

