



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

BILL NO. 070906

Introduced October 25, 2007

Councilmember Savage

**Referred to the
Committee on Public Property and Public Works**

AN ORDINANCE

Authorizing the Commissioner of Public Property, on behalf of the City of Philadelphia, to enter into an agreement to sublease from the Philadelphia Municipal Authority a certain building located at 229 W. Allegheny Avenue, under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Commissioner of Public Property, on behalf of the City of Philadelphia, is hereby authorized to enter into an agreement to sublease from the Philadelphia Municipal Authority a building located at 229 W. Allegheny Avenue. The terms of the sublease shall be substantially in accordance with the Term Sheet attached hereto as Exhibit A and incorporated herein by reference.

SECTION 2. The City Solicitor is hereby authorized to review and to approve all instruments and documents necessary to effectuate this Ordinance, which instruments and documents shall contain such terms and conditions as the City Solicitor shall deem necessary and proper to protect the interests of the City of Philadelphia and carry out the purpose of this Ordinance.

City of Philadelphia

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EXHIBIT "A"

ALLEGHENY EMERGENCY HOUSING

TERM SHEET

BUILDING: 229 W. Allegheny Avenue, Philadelphia, PA 19133; A single-story, 9,013 square foot building.

TENANT: The Philadelphia Municipal Authority

SUBTENANT: The City of Philadelphia

SUBTENANT USES: Facility for use by the Office of Supportive Housing (OSH).

BUILDING SIZE AND DESCRIPTION: A single-story, 9,013 square foot building

SUBTENANT SPACE REQUIREMENT: Subtenant will sublease and occupy the entire building.

LEASE TERM AND RENEWALS: Ten (10) years

Tenant shall have two (2) five (5) year Options to Renew the lease upon nine (9) months prior written notice. The triple net Rental Rate for the Renewal Period shall be equal to Fair Market Value. Under any method of determining the Renewal Rate, Tenant concessions will be established and in the event the Renewal Rate is determined using a Fair Market Value comparison, Landlord agrees to re-carpet and repaint the Demised Premises.

SUBTENANT OCCUPANCY DATE: Fiscal Year 2009

RENT: \$19.00/RSF – triple net with \$.25/RSF annual increases

UTILITIES, TAXES INSURANCE: Tenant to pay its pro-rata share of Building Operating Expenses (BOE) including Real Estate Taxes, Common Area Maintenance (CAM) and Utility costs, a total BOE estimate shall be approved by Tenant before proceeding towards a lease document. CAM includes landscape & lawn, snow & ice removal, parking lot, trash removal, water & management, common painting and repairs but excluding capital costs.

DEMISED PREMISES: The entire building and grounds

**LEASE COMMENCEMENT
DATE:**

The commencement date is projected to be delivered six (6) months from the date Landlord and Tenant fully execute a binding lease agreement and Zoning/Building Permit Approval. Landlord shall provide written notice to Tenant not less than sixty (60) days prior to the actual substantial completion date of the Building and Tenant Improvements. Notwithstanding the projected occupancy date, Landlord will agree to "milestone" dates (that will be acceptable to both parties) in the Lease that document Landlord's progress in completing the Building and Tenant Improvements.

ZONING:

Landlord shall be responsible for all applicable zoning for the predetermined use of the premises (Men's Shelter with Accessory & Administrative Offices).

**SUBLEASING
AND ASSIGNMENT:**

Tenant shall have the right to sublease a portion of the Demised Premises or assign the lease in its entirety to the City of Philadelphia or any agency, office or department within or associated with the City of Philadelphia (as such shall be defined in the lease document) upon providing Landlord with prior notice and a copy of the related sublease or assignment document with a corporate representation as to the relationship of the parties. Tenant shall also have the right to sublease any or all of the Demised Premises subject to obtaining Landlord's prior written consent and approval, which consent shall not be unreasonably withheld or delayed. Tenant shall retain any profits derived from the subleasing. In addition, if Tenant desires to sublease more than 50% of the Demised Premises to an entity other than a related party, Landlord will have the right of recapture.

**LANDLORD
IMPROVEMENTS:**

Landlord shall be responsible for all costs associated with bringing the Premises to an "air conditioned shell" condition prior to or simultaneous with Landlord's construction of the Tenant Improvements. Such Landlord charges shall include, but not be limited to, installing a sprinkler system, other building standard fire/life safety and code improvements based upon Tenant's partition layout, floors ready for Tenant finishes, installation of the building standard window coverings and providing all necessary HVAC and power to the Demised Premises. Landlord shall state all aspects (quality/quantity) of Landlord Improvements such as ceiling finish, light fixtures,

building signage (interior/exterior), security system. Tenant understands Landlord has used SRK architects to help further define the Tenant's requirements for improvements and the Demised Premises and will not proceed any further without a Lease Agreement.

**TENANT
IMPROVEMENTS:**

Landlord shall provide the Demised Premises with a turnkey build-out of the Tenant Improvements per Tenant's approved space plans and outline specifications the scope of which will have been documented and submitted by SRK Architects and approved by Landlord. Landlord shall be responsible for the construction of Landlord's Core Shell Improvements and Tenant Improvements.

PURCHASE OPTION:

Tenant shall have the Right of First Option to purchase the entire Building in the event it is ever to be sold. Landlord shall provide Tenant a one time option to purchase the building at a 6% capitalization rate of the then current NOI with no discount for vacancy.

ADA COMPLIANCE:

The Demised Premises shall be designed and constructed to incorporate any and all ADA compliance items within the Demised Premises. Landlord, at its sole expense, shall be responsible for bringing the Building and any public areas into compliance with ADA on the date of Lease Commencement.

ACCESS TO PREMISES:

Access to the Premises shall be granted twenty-four (24) hours daily

SECURITY DEPOSIT:

No security deposit shall be required.

SECURITY:

The Building shall have twenty-four (24) hour/seven days per week perimeter electronic access (card-key) control system with actual card-key readers installed at all entry doors as a part of the base building. Tenant will be provided with one (1) card-key per employee up to a ratio of five (5) per 1,000 RSF. Tenant shall be permitted to install its own additional Security System for its Demised Premises, provided that at all times, Landlord shall have access to the Demised Premises.

PARKING:

Tenant shall have the right to available parking spaces based on city zoning code. All parking shall be provided at no additional cost to the Tenant.

SIGNAGE:

Landlord shall provide Tenant with building signage facing Allegheny Avenue and façade signage as permitted by local zoning ordinances on the front of The Building. All signage shall be subject to Landlord's reasonable approval, shall not exceed three feet in height and shall be at Landlord's sole cost not to exceed \$10,000.

NON-DISTURBANCE

AGREEMENT:

Concurrently with the execution of the lease, Landlord will provide Tenant with Non-Disturbance Agreements in a form reasonably acceptable to Tenant from any ground lessors, mortgage holders or lien holders of Landlord then in existence. Landlord shall, in the future, endeavor to provide Tenant with Non-Disturbance Agreements in a form acceptable to Tenant from any ground lessors, mortgage holders or lien holders of Landlord who later come into existence at any time after lease execution during the Initial Lease Term or any subsequent Renewal Option periods.