

RESOLUTION NO. 06-16

**AUTHORIZING TERMS FOR GROUND LEASE OF CITY-OWNED LEASEHOLD
PARCEL AT 570 MUNRAS AVENUE (APN# 000-58-018) TO FOOTHILL PARTNERS
INC., A CALIFORNIA CORPORATION**

WHEREAS the City acquired that certain parcel of land, Assessor's Parcel No. 000-58-018 – 570 Munras Avenue in 1980; and,

WHEREAS the current Lease expires April 30, 2006; and,

WHEREAS Foothill Partners Inc. agrees to the Basic Ground Lease Provisions attached hereto to this Resolution as "Exhibit A" as a condition of obtaining a long-term Ground Lease for a multi-tenant downtown retail development consisting of a remodeling the existing building, to be anchored by a 12,000± square foot Trader Joe's Grocery Store, and 10,000± square feet of retail stores, and a new 3,600± square foot retail building, and associated parking.


THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF MONTEREY does hereby authorize terms for said lease, subject to compliance with the Basic Ground Lease Provisions as outlined in and attached hereto and incorporated herewith, as "Exhibit A".

BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTEREY that the Mayor is hereby authorized to execute the necessary documents to effect the transaction.

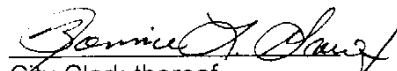
PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY on the 7th day of February 2006, by the following vote:

AYES:	3	COUNCILMEMBERS:	DOWNEY, HAFERMAN, ROBERSON
NOES:	0	COUNCILMEMBERS:	
ABSENT:	1	COUNCILMEMBERS:	ALBERT
ABSTAIN:	1	COUNCILMEMBERS:	DELLA SALA

APPROVED:


Mayor of said City

ATTEST:


City Clerk thereof

**CITY OF MONTEREY
570 MUNRAS AVENUE**

EXHIBIT "A"

SUMMARY of GROUND LEASE PROVISIONS

Tenant:	Foothill Partners, LLC, or a to-be-determined entity	
Premises:	570 Munras Avenue; Lot Size: 75,000± square feet, or 1.722 acres	
Improvements:	21,075± square foot Building, parking lot, landscaping & street access	
Permitted Use:	Trader Joe's Grocery Store, retail & restaurant tenants. Tenant at all times, if feasible, to provide a grocery store, acceptable to the City, of not less than 12,000 square feet, subject to prior written approval of the City Council. City reserves right to approve all subleases.	
Development:	Tenant remodel of existing building must include a 12,000 square foot Trader Joe's Grocery Store, plus 10,000 square feet of retail; construct a new building of 3,600± square foot. Reconfigured parking lot subject to approval by the City.	
Effective Date:	Upon approval & execution by the City Council.	
Initial Term:	Twenty-five (25) years.	
Options:	Eight (8), Five (5) year terms.	
Term Commencement:	May 1, 2006	
Early Termination:	Tenant and/or City may elect to terminate the lease if all discretionary entitlements and a building permit have not been secured by December 31, 2006.	
Minimum Rent:	Years 1 - 10	\$250,000 annually,
	Years 11 - 15	\$300,000
	Years 16 - 20	\$330,000
	Years 21 - 25	\$363,000
Participation Rent:	20% of the Net Operating Income in excess of an 11% unleveraged return on costs to Tenant.	
Rent Commencement:	May 1, 2006; \$8,333.33 per month until issuance of remodeling permit(s) for the existing 22,000± building.	
Option Rent:	Years 26 -30	Fair Market Value, for property with a grocery store requirement;
	Years 31 - 35	10% increase on Year 30 minimum rent;
	Years 36 - 40	10% increase on Year 35 minimum rent;
	Years 41 - 45	10% increase on Year 40 minimum rent;
	Years 46 - 50	10% increase on Year 45 minimum rent;
	Years 51 - 55	Fair Market Value, for property with a grocery store requirement;
	Years 56 - 60	10% increase on Year 55 minimum rent;
	Years 61 - 65	10% increase on Year 60 minimum rent.
Net, Net, Net:	Lease is Absolute Net to City.	
Operating Expenses:	Tenant responsible for all operating costs of Property.	
Assignment-Sublease:	Subject to the City's prior approval and written consent.	
Acceptance of Premises:	Tenant accepts premises "As Is" subject to Tenant's inspection of the premises, review of ALTA survey and environmental assessment report. The cost of such surveys and reports to be borne equally by Tenant and the City.	
Insurance:	City of Monterey requirements.	
Hold Harmless:	Tenant to hold harmless and defend the City, its officers, employees, employees, assigns, etc.	
State Parks Lease:	City to lease State Park's parcel and assign its rights under the lease to Tenant.	