

Date: October 23, 2024

To: Governing Body, Public Works and Utilities Committee, Quality of Life Committee, Finance Committee, and Economic Development Advisory Committee

From: Daniel Hernandez, Metropolitan Redevelopment Agency Director

Via: Randy Randall, Interim Community Development Director

Subject: **Lease Summary**
in connection with the Disposition and Development Agreement (DDA) by and between the City of Santa Fe and Aspect QOZB, LLC

A summary of terms provided in the Lease Agreement by and between the City of Santa Fe (“City”) and Aspect QOZB, LLC (“Developer”) are outlined below:

Lease Term

- The Lease becomes effective on the date that the approved DDA goes into effect, which will be 45 days after the Ordinance is approved, unless a referendum is held. If a referendum is held and a majority of voters vote to approve the Ordinance, the effective date shall be the date the election results are certified. If a referendum is held and a majority of voters vote to disapprove the Ordinance, the Ordinance shall not be effective, and the Lease will not start.
- This Lease expires 10 years following the Lease Commencement Date (“Term”).
- If the Developer elects to acquire the portion of property associated with any Phase upon completion of an applicable Phase pursuant to the terms of the DDA, then upon the closing of the conveyance of such Phase, the Lease terminates with respect to such portion of property that has been conveyed to the Developer.
- The Lease terminates in its entirety upon the earlier of (a) the expiration of the Term, (b) Developer’s default under the terms of the DDA or the Lease, (c) upon the City’s conveyance of all of the Property to Developer pursuant to the terms of the DDA, or (d) Developer’s termination of the DDA as permitted under the DDA.

Lease Payments

- Developer is required to pay to the City the total base rent of \$300,000.00 during the 10-year term of the Lease, payable in annual installments of \$30,000.00.

If Developer fails to pay Rent when due exceeding notice and cure periods, then interest accrues at the rate of 18% per year on the amount due and unpaid, compounded monthly, so long as the amount remains unpaid.

Triple Net Lease

The Lease is a triple net lease, meaning that Developer will pay rent, utilities, and all operating expenses for the Property.

- The Lease is made on an “as is, where is” condition of property basis, and the City is not responsible for any repairs or maintenance of the Property.