

Background

The City of Calgary purchased the Property (7.97 acres total) in 1998 with an existing lease with DaimlerChrysler Canada Inc. ("Daimler") in place. In 2001 November, Council authorized Administration to enter into a new lease which was to commence on 2003 August 1, with Daimler, which had an initial term of 10 years, with 2 options to renew at 5 years each so long as the Property was not required for transportation purposes. The lease rate was \$525,000.00 per annum for the first 10 year term, increased to \$550,000.00 per annum in 2013 August, and increased again in 2020 with ongoing step-ups to our current rate of \$671,000.00.

In 2007 August, Daimler was amalgamated with Chrysler Canada Ltd. to create Chrysler Canada Inc. Renfrew had been a subtenant of Chrysler Canada Inc, and its predecessor, Daimler, since 1988. On 2011 October, Renfrew expressed its interest in leasing the Property directly as the tenant and Chrysler Canada Inc. agreed that Renfrew and The City should negotiate directly and enter into the landlord/tenant relationship that is now in place.

In 2020 February, a lease renewal was exercised for the Second Renewal Term, and the Lease was amended with the addition of an option for a Third Renewal Term for 5 further years, which option could be exercised by the Tenant. The lease rates were established for the Second and Third Renewal terms. The Lease Renewal and Amending Agreement further provided for a reduction in the rent for the leased premises for three months per year, due to The City's snow dump site causing run off onto the Property and flooding approximately one acre of the leased premises. The monthly rent is accordingly reduced for April, May and June of each year to reflect the loss of use of 1 acre of the Property during these months. Therefore, the Tenant only pays 87% (6.97 acres / 7.97 acres) of the rent during these three months, that would otherwise be payable.

Previous Council Direction

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
2020 February 24	UCS2020-0128	Proposed Lease Amendment Renewal and extension of existing Lease
2004 February 03	LAS2004-36	Proposed Amendment to Previously Authorized Lease Extension of the existing Lease.
2001 October 30	LA2001-242	Proposed Lease Approval to proceed with a new Lease.