

Recommendations

- (1) That the Infrastructure and Planning Committee recommend that Council authorize the proposed amendments to the Lease:
 - (a) The third option to renew contained in the lease in favour of Renfrew Chrysler Inc. (the "Tenant") be deleted and replaced by the renewal of the term of the lease by The City of Calgary (the "Landlord") to the Tenant for a term of Ten (10) years commencing on 2023 August 01 (the "Third Renewal Term"). All other terms, conditions and covenants contained in the Lease shall apply to the Third Renewal Term except for the following:
 - (i) The annual Consideration payable by the Tenant to the Landlord for the Third Renewal Term shall be \$693,000.00 plus GST from August 1 2023 to July 31, 2024, and for each further year of the Third Renewal Term shall be established by multiplying the annual Consideration payable for the immediately preceding year by a fraction, the numerator of which is the Canadian Consumer Price Index, provided by Statistics Canada, for the year in question and the denominator of which is the Consumer Price Index for the immediately preceding year. The Landlord shall determine the annual Consideration payable for each further year of the Third Renewal Term and shall communicate it to the Tenant in writing when it is available. Notwithstanding the foregoing, the annual Consideration payable for any year of the Third Renewal Term shall not be less than the Consideration payable for the immediately preceding year.

Commencing on April 1, 2024, the monthly Consideration as set out above shall be reduced for April, May and June for each year of the Third Renewal Term to an amount determined in accordance with the following formula: $\text{Monthly Consideration} \times 6.97/7.97$.
 - (ii) there shall be no tenant improvement allowance to be paid by The City of Calgary;
 - (iii) there shall be no rent free fixturing period;
 - (b) there shall be four (4) further options to renew the Lease at the expiry of the Third Renewal Term for an additional five (5) years each so long as the Property is not required for municipal purposes on the same terms, conditions and covenants as contained in the Lease, including the Consideration payable for each year of the renewal terms shall be as determined in accordance with Recommendation 1(a)(i) (and the reduction in Consideration for the months of April, May and June of each year of the renewal term in accordance with Recommendation 1(a)(i) shall be provided to the Tenant) and provided further that:
 - (i) there shall be no tenant improvement allowance to be paid by The City of Calgary;
 - (ii) there shall be no rent free fixturing period;
 - (c) Each party shall have the right to terminate the term of the Lease during the Third Renewal Term and any further renewal term by providing thirty-six (36) months' written notice to the other party.

- (d) If the right of early termination is exercised by Landlord during the Third Renewal Term, the Landlord shall pay to the Tenant the remaining straight-line amortized value of all improvements made to the Property by the Tenant during the Third Renewal Term, which improvements shall not exceed two million two hundred fifty thousand (\$2,250,000) dollars. The amount expended by the Tenant on improvements to the Property during the Third Renewal Term shall be provided by the Tenant, with supporting documentation, to the Landlord and shall be acceptable to the Landlord, acting reasonably.
- (e) The Tenant shall repay the COVID related rent abatement to the Landlord in equal monthly installments over the 36 months, commencing on 2023 May 01.
 - (i) If either party terminates the Third Renewal Term in accordance with Recommendation 1(c), the COVID related rental abatement repayment shall continue and be paid in full in accordance with Recommendation 1(e).