



Lease Amendment for Prioria Robotics and New Lease for SharpSpring Power District Catalyst Building

City Commission Meeting
December 17, 2015

Legislative File ID #150626

Project History

- CRA led project to renovate 22,000 sq ft vacant warehouse in the Power District and retain local tech company
- City financed the \$2.2mm renovations from General Fund Undesignated Reserves and CRA managed the project
- Prioria Robotics moved in February 2013 with seven year lease
- Catalyst to spur redevelopment in the Power District
 - Accompanies many other significant infrastructure improvements
 - Private sector activity in the surrounding areas increasing rapidly



Prioria Robotics Status

- Recently facing short term financial difficulties
- Have taken significant and immediate steps to reduce cash expenditures
- Largest expense is building lease
- Actions to date
- Future plans



Proposed Lease Amendments

- Prioria Robotics has requested the City's assistance in reducing their expenditures during its rebuilding phase
- Requesting to reduce square footage from 22,000 sq ft to approximately 11,000 sq ft
 - Current base rent is \$14.58 sq ft and with taxes totals \$16.30 sq ft
- Requesting repayment plan for their back due rent over three years
- City Attorney is drafting lease amendments and Budget/Finance has proposed a repayment structure
- Prioria will be in default if 30 days late with payment per current lease



Repayment of Past Due Rent

- Six months of past due rent totals \$179,307.72
- Rent payments repay the \$2.2mm expenditure from the General Fund Undesignated Reserves (GFUR) for construction of the building
- Recommend repayment of the past due amount over three years with 4% interest
- Reduction in square footage will involve temporary shortfall in expected repayments until tenant is secured for vacated areas

Prospects for the Space

- Highly desirable, finished space in excellent location
- 2,200 sq ft stand alone space + approximately 9,000 sq ft which can be divided to suit as needed
- Have shown the space to several prospects over the last few weeks with strong interest from several
- One prospective tenant requested the upstairs space for immediate occupancy
- Was about to close on another deal when they were notified of this opportunity



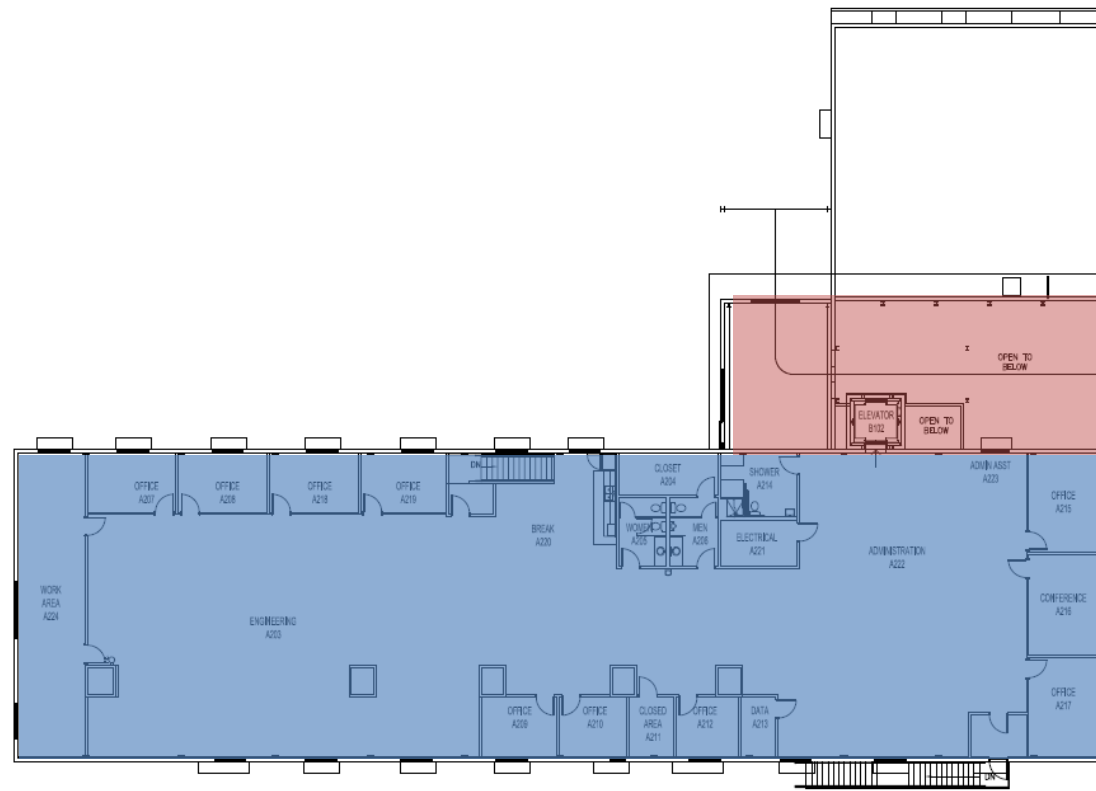
SharpSpring

- Former tenant of CRA office building
- Outgrew the space and moved the Firestone Building
- Publicly traded company with 80 employees and is expanding to 100
- Seeking large enough space to accommodate all of the employees in one location
- Proposes renting the second floor and sharing the common areas of lobby and conference room on the ground floor
- Requesting additional parking nearby



SharpSpring Proposed Lease Terms

- Upstairs space approximately plus ½ of shared common space is approximately 11,000 sq ft
- Requesting three year term
- Requesting same lease rate as Prioria pays (3% annual increases each February)
- Specify maintenance responsibilities



Recommendation

City Manager to City Commission:

- 1) Authorize City Manager to negotiate and execute a modification to the lease agreement with Prioria Robotics, reducing the rental area to approximately 11,000 sq ft for the remainder of the lease term, subject to approval as to form and legality by the City Attorney and
- 2) Authorize City Manager to negotiate and execute an agreement for repayment of the back due rental amount, subject to approval as to form and legality by the City Attorney
- 3) Authorize City Manager to negotiate and execute a lease agreement with SharpSpring, LLC, subject to approval as to form and legality by the City Attorney