

## MEMORANDUM

To: Members of the City Commission

From: Jack Redmon, Acting City Manager

Date: August 2, 2018

Subject: Consider Approval of Sublease Agreement with Marshall Economic Development Corporation (MEDCO) for Space in the Business Development Center

---

We are requesting approval to enter into a sublease agreement with Marshall Economic Development Corporation (MEDCO) for first floor space in the Business Development Center (BDC).

This space will house the City Municipal Court offices while the current location at 303 W. Burleson under goes renovations.

The agreement will also allow us to relocate the Greater Marshall Chamber of Commerce to a permanent location inside the BDC. The Chamber's current lease agreement with the City for space at the Visual Art Center will expire October 31, 2018. Relocating Chamber offices will allow us to explore future opportunities for the Visual Art Center.

It is my recommendation that the Commission approve this sublease agreement.

## **SUBLEASE AGREEMENT**

The City of Marshall (hereinafter "City") and the Marshall Economic Development Corporation (hereinafter "Medco") are desirous to enter into a Sublease agreement for a portion of the real property located at 110 S. Bolivar Street, Marshall, Texas and further known as the Business Development Center (hereinafter "BDC"). The City is the rightful owner of the BDC and Medco is the manager by virtue of the Agreement between City of Marshall and Marshall Economic Development Corporation dated January 1, 2002 ("the Agreement"). The City is the proposed tenant.

Whereas, the parties have agreed to the following terms as part of their Sublease Agreement between them beginning August 9, 2018:

1. This sublease is for a term of one year. It will automatically renew for an additional one year term on August 1 of each year unless the City notifies Medco in writing of its desire to terminate this Sublease sixty (60) days in advance of the renewal date. This Sublease is limited to the first floor premises of the BDC except Suite 102, which will not be included (the "Subleased Property").

2. The annual rent shall be zero dollars (\$0). Rather, the consideration for this Sublease shall be the new obligations of the City set out greater detail below.

3. The parties will split the monthly operating utilities of the entire BDC building, being both floors and appurtenances connecting services to the building in its entirety, on a 50/50 basis. These include electricity, gas, water, sewer, and trash service. Medco will be on the account holder for each utility and will invoice the City for its portion of the utilities on a monthly basis. Medco will also provide copies of the respective utility bills. Payment must be made within thirty (30) days of invoice.

4. The City will maintain, repair, replace, and provide custodial services to the entirety of the Subleased Property at its sole cost and expense. This also includes the mechanical systems, plumbing, heating, A/C, phone, and internet hardware.

5. The property shall be open to the public only during the hours of 7:00 a.m. till 5:00 p.m. Monday through Friday. The facility has an automated locking system. Access outside of the above time frame shall be provided by secure key fobs assigned to each tenant; Medco shall provide all key fobs to the City at \$15 per fob. The Marshall Chamber of Commerce, a current City tenant, has a private entrance to its office space. The Chamber's use of the private entrance outside of the public time frame above shall not allow the public to access any portion of the property not occupied by the Chamber. The Chamber will also be provided fobs at \$15 per fob.

6. The City of Marshall and its tenant the Chamber of Commerce will provide their own liability insurance to cover damage to any equipment, furniture or furnishings in the case of damage

for any reason.

7. The City may make modifications and/or changes to the physical characteristics of the property at its sole expense, including design and repair, so long as it does not interfere with existing Medco tenants.

8. Medco is authorized to sublet any portion of the BDC not covered by this Sublease to any person or party without any further action on Medco or the City's behalf. All rental payments from lessees of Medco shall be the sole property of Medco as per the Agreement between City of Marshall and Marshall Economic Development Corporation dated January 1, 2002 ("the Agreement"), unless the Agreement is terminated per Section 9.

9. In the event the general public's use and access of the Subleased Property results in the loss of a paying tenant or sub-lessee of Medco or the City's occupancy or public traffic becomes a financial or managerial burden to Medco, Medco reserves the right to unilaterally terminate the Agreement immediately and turn over all the management responsibilities of the entire building, including the right to collect rent and the obligation to pay expenses, to the City. After termination, Medco shall have no further obligations under the Agreement and will be relieved of its obligation of managerial duties of the BDC. The decision to terminate shall be solely within the discretion of Medco without recourse whatsoever by the City.

Effective August 9, 2018

---

Jack Redmon, City Manager, City of Marshall  
Acting solely in his official capacity

---

Donna Maisal, Executive Director, Medco  
Acting solely in her official capacity

