



City of San Antonio

Agenda Memorandum

File Number:18-4851

Agenda Item Number: 11.

Agenda Date: 10/18/2018

In Control: City Council A Session

DEPARTMENT: Center City Development and Operations Department

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT: Magik Theater Lease

SUMMARY:

An Ordinance authorizing a new lease agreement between the City of San Antonio and The Magik Theater, a Texas non-profit corporation for the continued use of the real property located at 418 S. Alamo St (Building #225) within Hemisfair, for a twenty year term with two additional 10 year renewal terms in City Council District 1.

BACKGROUND INFORMATION:

The Magik Theater Lease Agreement was originally authorized by Ordinance 86014, dated May 8, 1997 and subsequently amended on three occasions resulting in a lease term of twenty years. Since this time, the Magik Theatre has operated at Beethoven Hall in Hemisfair Park and has offered year-round performances for school children and the general public.

Since the 20 year term of the lease expired in June of 2017 and The Magik Theater has been operating on a month to month basis with the City without a rental payment requirement. Being responsible for the maintenance of the facility The Magik Theater has been seeking philanthropic donations to improve operations, maintenance, and capital needs of Beethoven Hall. In order to attract substantial donations to improve the Beethoven Hall, donors are requiring The Magik Theater have a long term lease in place.

ISSUE:

This ordinance authorizes a new 20 year lease agreement with The Magik Theater with two additional 10 year renewal terms. In lieu of rent, The Magik Theater shall be responsible for managing and paying for all maintenance costs, repair costs, and capital improvement costs necessary during term, as well as delivering a Capital Improvement Plan and Building Needs Assessment every 5 years.

ALTERNATIVES:

City Council can elect not to approve the lease; however, The Magik Theater will not be able to effectively seek philanthropic donations to improve operations, maintenance, and capital needs of Beethoven Hall.

FISCAL IMPACT:

This ordinance authorizes a 20 year lease with two 10 year renewal options with The Magik Theater. Under the terms of the lease The Magik Theater will continue to not pay a rent fee, but will assume all responsibilities of the maintaining and providing capital investment needs to the building. The City agrees to continue to incur the San Antonio Water System chilled water expenses for the premises during the first seven years of the lease as a percentage of expenses. The Magik Theater will reimburse the City for chilled water expenses by the following schedule:

- Year one a rate of 15% of Chilled Water Expenses
- Year two a rate of 30% of Chilled Water Expenses
- Year three a rate of 45% of Chilled Water Expenses
- Year four a rate of 60% of Chilled Water Expenses
- Year five a rate of 75% of Chilled Water Expenses
- Year six a rate of 90% of Chilled Water Expenses
- Year seven a rate of 100% of Chilled Water Expenses

The Magik Theater will become the San Antonio Water System customer of record for Chilled Water after year 7. The City may waive the reimbursement requirement in the event the amount of reimbursement exceeds the net increase change in cash from the prior fiscal year, as documented in the Audited Financial Statements. At no time shall the reimbursement for Chilled Water Expenses to the City of San Antonio cause the Tenant to have a Net Change In Cash of zero or a decrease from the prior fiscal year, as documented in the Tenant's Audited Financial Statements. Reimbursements for chilled water expense will be deposited into the Community and Visitors Facilities Fund.

RECOMMENDATION:

Staff recommends an Ordinance authorizing a new lease agreement between the City of San Antonio and The Magik Theater, a Texas non-profit corporation for the continued use of the real property located at 418 S. Alamo St (Building #225) within Hemisfair, for a twenty year term with two additional 10 year renewal terms in City Council District 1.