

AGENDA



Recommendation for Council Action

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| Austin City Council | Item ID | 49456 | Agenda Number | 38. |
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| Meeting Date: | 9/17/2015 | Department: | Parks and Recreation |
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Subject

Approve the negotiation and execution of agreements terminating the master lease agreement, the sublease agreement, and the restrictive covenant between the City and the State Theater Company with respect to property located at 719 Congress Avenue (District 9).

Amount and Source of Funding

Fiscal Note

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| Purchasing Language: | |
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| Prior Council Action: | |
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| For More Information: | Laura Esparza, (512) 974-4001 |
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| Council Committee, Boards and Commission Action: | The item was approved by the Parks and Recreation Board on August 25, 2015 on a vote of 7-0-2 with Board Member Casias and Vice-Chair DePalma abstaining. |
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| MBE / WBE: | |
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| Related Items: | |
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Additional Backup Information

The State Theater is owned by the State Theater Company, formerly Live Oak Productions. In 1998, the City entered into several agreements, including a Master Lease Agreement, a Sublease Agreement, and a Restrictive Covenant with the State Theater Company. These agreements were components of a plan to renovate and operate the State Theater as a performing arts facility. Under the Master Lease Agreement, the City leased the facility from the State Theater, enabling the use of proceeds. The City later subleased the property back to the State Theater Company for it to serve as project manager for the renovations and as a subsequent facility manager. The Restrictive Covenant restricts the use of the property to primarily a performing arts facility.

These agreements were executed in 1998 and expire in February 2018. Neither the City nor the State Theater Company has an interest in continuing their contractual relationship and wish to terminate the agreements through contractual amendments.

Termination of the agreements would facilitate the State Theater Company's purchase of an adjacent building at 721 Congress Avenue, which is currently unoccupied and in disrepair. Moreover, leakage from the roof is causing damage to the State Theater and purchase of the building would mitigate additional damage.

The State Theater Company plans to continue the operation and maintenance of the State Theater as a facility for performing arts and as a venue for arts incubator programs.

Termination will be effective upon State Theater's purchase of adjacent property or upon agreement expiration, whichever occurs first.