

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: September 4, 2007

SUBJECT: Chamber of Commerce Building Lease

ATTACHMENTS: No

SUMMARY OF REQUEST:

Henderson County owns, and leases to the Chamber of Commerce, their current facility located at 330 North King Street. The current lease expires in February of 2008, and the Chamber has requested an extension of that lease through February of 2010 under the current rent-free arrangement while the group makes ready a yet to be located or constructed facility.

Property tax records indicate that the building is comprised of 4,240 square feet, equally divided into 2120 upper and lower sections. The value of the structure is estimated to be \$315,000. Assuming a \$10-\$12 per square foot fair market resale value, the annual value of the County's contribution to the Chamber is probably between \$42,000 and \$51,000. A two-year lease would then be somewhere between \$80,000 to \$100,000.

One of the options available to the Board would be to draft a two-year agreement that would entail the Chamber beginning to pay the fair market value, perhaps in phases. One scenario would see the Chamber begin paying 50% of fair market value beginning in February of 2008, 75% in February 2009 and then 100% beginning in February 2010 should they fail to relocate as planned.

Staff proposes the following options for the Board's consideration:

- I. Continue to provide the current space rent-free to the Chamber of Commerce until the point in time that they are ready to relocate.
- II. Renew the lease effective February 2008 through February 2010 at market rate.
- III. Renegotiate the lease effective February 2008 through February 2010 at less than market rate.
- IV. Renegotiate with a phased-in approach to begin at some amount less than the market value, graduated over time to full market value.

BOARD ACTION REQUESTED:

The Board is requested to consider the proposed options, and provide direction to Staff.

Suggested Motion:

No motion suggested.