

**VII. STANDING COMMITTEES****B. Finance, Audit and Facilities Committee**Metropolitan Tract – 5<sup>th</sup> Avenue Theatre Association Lease ExtensionRECOMMENDED ACTION:

It is the recommendation of the administration that the Board of Regents authorize the President or his designee to execute an agreement with the 5<sup>th</sup> Avenue Theatre Association to extend their lease in the Skinner Building located on the Metropolitan Tract.

BACKGROUND:

The 5<sup>th</sup> Avenue Theatre Association currently leases the theatre and related space in the Skinner Building from Unico Properties, LLC (under its master lease with the University) through 2014. The Theatre Association has requested a lease extension of 20 years in order to ensure long term occupancy of the Theatre and to support its capital campaign and facilities investment. The lease extension must be signed by the University because it applies after the expiration of the Unico master lease.

The 5<sup>th</sup> Avenue Theatre is located in the historic 1926 Skinner Building in an ornate Imperial Chinese-inspired hall which seats 2,100 patrons. The Theatre Association is privately funded and is responsible for any improvements to the space during its lease term. The Theatre Association is embarking on a capital campaign to raise funds for expansion and relocation of support spaces (dressing rooms, prop storage, etc.) and enhancement of performance areas. This is advantageous for the building because the support space will move out of marketable office space on upper floors to the basement where space is in less demand. A 20 year lease extension has been negotiated to facilitate this move and renovation. The viability and longevity of the Theatre Association in this space is an asset to the Metropolitan Tract and the community.

Annual rent to be paid by the Theatre Association during the extension term will be approximately \$450,000 for the theatre and the support space increasing over the 20 year term. Annual rent prior to the lease extension is approximately \$330,000.

The 5<sup>th</sup> Avenue Theatre Association lease extension is recommended for approval by the Executive Vice President and the Director of Real Estate.