To the Honorable Council  
City of Norfolk, Virginia  
October 23, 2018

From: Nikki Riddick, Director  
Department of General Services

Subject: Second lease amendment between the City of Norfolk and The Muddy Paw Grooming and Retail Store, LLC for property located at 400 Granby Street

Reviewed: 
Michael G. Goldsmith, Deputy City Manager

Approved: 
Douglas L. Smith, City Manager

Item Number: R-6

I. Recommendation: Adopt Ordinance

II. Applicant: The Muddy Paw Grooming and Retail Store, LLC  
400 Granby Street, Suite B  
Norfolk, VA 23510

III. Description:  
This agenda item is an ordinance to authorize a second lease amendment between the City of Norfolk (the “City”) and The Muddy Paw Grooming and Retail Store, LLC (“Muddy Paws”) for the property located at 400 Granby Street, Suite B.

IV. Analysis  
• Muddy Paws is requesting an amendment to the lease for the City space they currently rent at 400 Granby Street, Suite B.  
• There is one remaining year of the original three-year lease, set to terminate on December 31, 2018; there are two additional renewal terms available for Muddy Paws to exercise.  
• This amendment will allow for a fixed rental rate for the remaining third year of the lease at $2,058.33/month; the two available renewal terms will also have fixed monthly rental rates of $2,120.08 and $2,183.69, respectively. This will allow Muddy Paws to better accommodate the monthly financial obligation to the City as their business continues to grow in downtown Norfolk.

V. Financial Impact

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost Details</th>
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<tbody>
<tr>
<td>Monthly Rent</td>
<td>$2,058.33 (third year); $2,120.08 (first renewal term); $2,183.69 (second renewal term).</td>
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<td>Liability insurance</td>
<td>The City will be named as an additional insured in the amount of $1,000,000 per occurrence; therefore, there should be no financial risk to the City.</td>
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VI. Environmental
N/A

VII. Community Outreach/Notification
Public notification for this agenda item was conducted through the City’s agenda notification process.

VIII. Board/Commission Action
N/A

IX. Coordination/Outreach
This letter and ordinance have been coordinated with the Department of General Services — Office of Real Estate and the City Attorney’s Office.

Supporting Material from the City Attorney’s Office:
- Ordinance
- Exhibit A – Second Lease Amendment
ORDINANCE No.

AN ORDINANCE APPROVING A SECOND AMENDMENT TO LEASE BETWEEN THE CITY OF NORFOLK, AS LANDLORD, AND THE MUDDY PAW GROOMING AND RETAIL STORE, LLC, AS TENANT, AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE SECOND AMENDMENT TO LEASE ON BEHALF OF THE CITY OF NORFOLK.

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1: - That the Second Amendment to Lease between the City of Norfolk ("Landlord") and The Muddy Paw Grooming and Retail Store, LLC ("Tenant"), a copy of which is attached hereto as Exhibit A, is hereby approved.

Section 2: - That the City Manager and other proper officers of the City are authorized to execute the Second Amendment to Lease for and on behalf of the City, and to do all things necessary and proper to carry out its terms.

Section 3: - That this ordinance shall be in effect from and after the date of its adoption.
SECOND AMENDMENT TO LEASE
(Suite North B – Granby Municipal Building)

THIS SECOND AMENDMENT TO LEASE is entered into as of the ___ day of _____________, 2018, by and between the CITY OF NORFOLK, a municipal corporation of the Commonwealth of Virginia ("Landlord"), and THE MUDDY PAW GROOMING AND RETAIL STORE, LLC a Virginia limited liability company ("Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant entered into that certain Lease Agreement dated December 14, 2015, as amended by that certain Amendment to Lease dated March 23, 2016 (together, the "Lease") for premises known as North B in the Granby Municipal Building located at 400 Granby Street in the City of Norfolk;

WHEREAS, Landlord and Tenant desire to amend the lease in accordance with the terms and conditions set forth herein.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows

1. Right to Terminate. During the initial term and any exercised renewal term, either party shall have the right to terminate the Lease upon ninety (90) days’ prior written notice to the other party.

2. Base Rent. Section 2.2 of the lease is deleted in its entirety and the following is inserted in its stead:

"Third Lease Year: Rent Escalation. Base Rent during the third Lease Year shall be Twenty-Four Thousand Seven Hundred and 00/100 Dollars ($24,700.00) annually ($2,058.33 per month). In the event Tenant exercises its option to extend the term of this Lease, Base Rent during the first renewal term shall be Twenty-Five Thousand Four Hundred Forty-One and 00/100 ($25,441.00) annually ($2,120.08 per month) and Base Rent during the second renewal term shall be Twenty-Six Thousand Two Hundred Four and 23/100 ($26,204.23) annually ($2,183.69 per month)."

3. Modification. Except as expressly modified hereby, all terms and conditions of the Lease shall remain in full force and effect.

[SIGNATURE PAGES TO FOLLOW]
WITNESS the following signatures and seals:

LANDLORD:

CITY OF NORFOLK,
a municipal corporation of the Commonwealth of Virginia

By: ___________________________
Name: Douglas L. Smith
Title: City Manager

Attest:

______________________________
City Clerk

Approved as to content:

______________________________
Director, Department of General Services

Approved as to form and correctness:

______________________________
Assistant City Attorney

[SIGNATURES CONTINUE ON NEXT PAGE]
TENANT:

THE MUDDY PAW GROOMING AND RETAIL STORE, LLC

By: __________________________ (SEAL)
Name: __________________________
Title: __________________________