

1 CITY OF SANTA FE, NEW MEXICO

2 ORDINANCE 2023-9

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4  
5 AN ORDINANCE

6 APPROVING A LEASE AGREEMENT BETWEEN THE CITY OF SANTA FE AND  
7 SPECIFICA, LLC, FOR THE LEASE OF CITY-OWNED BUILDING AND  
8 IMPROVEMENTS LOCATED AT 500 MARKET STREET WITHIN THE RAILYARD  
9 WITHIN THE CITY AND COUNTY OF SANTA FE, NEW MEXICO TO EXPAND ITS  
10 BIOTECHNOLOGICAL COMPANY.

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12 BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:

13 Section 1. The City of Santa Fe hereby approves a certain lease agreement entered into  
14 between the City of Santa Fe and Specifica, LLC, which is attached hereto as **Exhibit A** and made  
15 part hereof, for building and improvements located at 500 Market Street, Santa Fe, New Mexico, for  
16 an initial term of five (5) years with four (4) "Option Terms", with the first (1<sup>st</sup>) such Option Term  
17 commencing on the day after the expiration of the initial term of the Lease Agreement and expiring  
18 on July 31, 2031, and the other three (3) Option Terms of five (5) years each, for an approximate  
19 possible total of twenty-three (23) years ("Lease Agreement").

20 Section 2. This Ordinance shall be effective forty-five days after the date of adoption,  
21 unless a referendum is held pursuant to NMSA 1978, Section 3-54-1.

22 Section 3. Specific terms of the Lease Agreement:

23 A. **Property to be Leased.** The property to be leased is comprised of 11,108 square feet of  
24 Premises and 1,546 square feet of Common Area of 500 Market Street, Suite 200, Santa  
25 Fe, NM, 87505. The Total Leasable Square Footage includes the calculation of the

1 Lessees pro-rata share of the central core of the common areas, totaling 11,908 sq. ft. for  
2 the purposes of calculating the rent.

3 B. **Lessee.** SPECIFICA LLC, a Delaware limited liability company that is a rapidly  
4 growing biotechnology company, c/o Kenneth K. Sharples, CEO.

5 C. **The purpose for the municipality entering into the lease.** The purpose is to support the  
6 economic growth of Santa Fe businesses and the utilization of the Railyard according to  
7 the City's priorities for that property.

8 D. **Term of the Lease.** Lease Commencement Date is August 1, 2023. The term of the  
9 Lease Agreement consists of an "Initial Term" of five (5) years commencing on the  
10 Commencement Date, with four (4) "Option Terms", with the first (1<sup>st</sup>) such Option Term  
11 commencing on the day after the expiration of the initial term of the Lease Agreement  
12 and expiring on July 31, 2031, and the other three (3) Option Terms being for five (5)  
13 years each, unless sooner terminated in accordance with the terms of this Lease  
14 Agreement.

15 E. **Base Rent.** Lessee's Monthly Rent is \$18,854.33 for Premises and for Common Area  
16 pro-rata share, due on the Rent Commencement Date, and thereafter due in full on the  
17 first day of each month during the Term without notice or demand and without deduction  
18 or offset for any cause whatsoever; the total annual rent is \$226,252 (\$19/sf/year), based  
19 on the August 1, 2022, Market Rent Appraisal conducted by Michael Dry, MAI with  
20 Hippauf, Dry & Connelly. The Rent increases annually based on the Rent Schedule  
21 included in the Lease Agreement. The "Rent Commencement Date" and the date that  
22 monthly Rent is thereafter due in full, is the first day of the month following the date that  
23 the Certificate of Occupancy is issued ("CO Date") for the Premises following the  
24 completion of the TI Project (as hereinafter defined), but no later than June 1, 2024.  
25 Lessee is required to pay its portion of the Common Area Maintenance fees required

1 under the Condominium Declaration Agreement.

2 F. **Compensation for Displacement of City Offices.** On June 30, 2023, the Lease requires  
3 Lessee to pay the City the one-time cost of Five Hundred Thousand Dollars and No Cents  
4 (\$500,000.00) to cover the costs of moving the City offices and to lease alternative  
5 premises.

6 G. **Use of the Premises.** The Lease limits the use of the Premises to biomedical research,  
7 laboratory work, administrative office, and other uses permitted by applicable zoning.

8 H. **Rights Granted.** The Lease provides the Lessee with the Right of First Offer to lease the  
9 remaining rentable area in Unit 2 and the Right of First Refusal to purchase the Premises  
10 if the City receives an offer or chooses to list the Premises for Sale.

11 **Section 4.** This Ordinance shall be published as required by NMSA 1978, Sections 3-  
12 17-3 and 3-54-1.

13 **Section 5.** This ordinance shall become effective forty-five (45) days after its adoption,  
14 unless a referendum election is held pursuant to NMSA 1978, Section 3-54-1.

15 **Section 6.** The Mayor will execute the lease agreement after the effective date of this  
16 ordinance.

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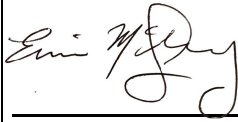
19 \_\_\_\_\_  
20 ALAN WEBBER, MAYOR

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22 ATTEST:

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25 KRISTINE MIHELIC, CITY CLERK

1 APPROVED AS TO FORM:

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4 ERIN K. MCSHERRY, CITY ATTORNEY

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*Bill No. 2023-9*

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*Legislation/2023/Ordinances/2023-9 (O) Specifica Lease*