



To: Northfield City Council

From: Northfield Hospital + Clinics Administration

Date: August 30, 2017

Re: **Clinic Lease Agreement**

The Northfield City Council is asked to approve a Commercial Lease for clinic space at 700 Division Street, Northfield, MN, between Northfield Hospital + Clinics and Astrup Properties, LLC (Sterling Pharmacy).

NH+C plans to add a downtown clinic in the Sterling Pharmacy building. This clinic would provide easy access, no appointment services at more convenient hours (into the evening and on weekends).

Patients are seeking out healthcare organizations who provide convenient access, hours, and locations. Locating a clinic in the Sterling building will allow us to offer such convenience along with adding a pharmacy component.

This is space NH+C previously leased for home health and hospice services. That lease ended when those services relocated to another NH+C building. The Sterling building would go through a significant remodel as part of this proposal. The remodeling will provide a shared entrance with the ability to secure each area independently. NH+C plans to share the clinic side of the building with HealthFinders, sharing the waiting and registration areas while providing separate offices and exam rooms. Sharing space with HealthFinders will allow for better coordination of medical services for underserved individuals.

The lease calls for an initial 5-year term at a fair market rate of \$18/sq. ft. and is triple net in nature. Extended terms are available for two-year periods at market rate, not to exceed more than a 2% increase. It would also allow NH+C to sublease space to HealthFinders.

If the lease is approved, Sterling will begin the building remodel with an estimated completion in early 2018.