



# City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Economic Development

To: City Council

From: City Manager & Staff

Council Meeting Date: June 7, 2021

Re: Report: Notice of assignment of lease by International Business Machines Corporation (IBM) to an affiliate for city owned property at 2810 LeMone Industrial Boulevard.

## Executive Summary

IBM has provided written notice of their intent to assign their lease interest in 2810 LeMone Industrial Boulevard to an affiliate as part of a reorganization.

## Discussion

IBM has provided the attached letter to the City of Columbia that provides written notice that IBM is planning a reorganization, and will be assigning their interest in the lease of 2810 LeMone Industrial Boulevard to an affiliate. This is allowable under section 14.01 (b) of the original 2010 lease that was assumed by the City on May 24, 2010.

Based on information received from IBM, they are planning a legal and structural separation of its managed infrastructure services from IBM to a new public company named Kyndryl. This separation will occur in two phases where IBM will first assign this lease to their wholly owned affiliate entity (New Co), and the assignment will then automatically transfer to the independent, publicly-traded divestiture entity Kyndryl. The steps and timetable are further outlined in the written notice.

IBM acknowledges that they are to remain on the lease from a liability perspective.

## Fiscal Impact

Short-Term Impact: None

Long-Term Impact: None

## Strategic & Comprehensive Plan Impact

### Strategic Plan Impacts:

Primary Impact: Economy, Secondary Impact: Infrastructure, Tertiary Impact: Not Applicable

### Comprehensive Plan Impacts:

Primary Impact: Economic Development, Secondary Impact: Infrastructure, Tertiary Impact: Livable & Sustainable Communities

## Legislative History

Date	Action
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12/07/2020	R157-20 Amendment to property management agreement with Wilgate-LDC Management, LLC re: establishment of an IBM office and technical support facility located on City-owned property at 2810 LeMone Industrial Boulevard.
08/17/2020	R 99-20 Authorizing a third amendment to lease with International Business Machines Corporation (IBM) for property located at 2810 LeMone Industrial Boulevard.
05/24/2010	B122-10A Authorizing a Funding and Property Transfer Agreement with Columbia Area Jobs Foundation in connection with the establishment of an IBM office and technical support facility in Columbia; authorizing the City Manager to waive certain contingencies in the agreement and to terminate the agreement if all contingencies are not waived or met; authorizing the City Manager to approve the final form of various documents, subject to certain provisos; appropriating funds; and fixing the time when this ordinance shall become effective.

## Suggested Council Action

No action necessary, the report is for information only.