

Business Operations
Ofelia San Pedro, Deputy Superintendent

SUBJECT: AUTHORIZATION TO EXECUTE A LEASE AGREEMENT WITH GOLDEN GLADES ASSOC., LLP, FOR USE OF 10,121 SQUARE FEET OF OFFICE SPACE, LOCATED AT 1515 NW 167 STREET, FOR REGION CENTER II

COMMITTEE: FACILITIES AND CONSTRUCTION REFORM

Since April 1991, the School Board (Board) has leased 7,625 square feet of office space within the Golden Glades Office Park, located at 1515 NW 167 Street (see location map), for Region Center II (Region), from Golden Glades Assoc., LLP (Landlord). The District is in its last renewal option period and the lease agreement will expire on April 19, 2006. The Region has indicated a continuing need for office space in this approximate geographic area. In addition, due to the need to provide a Parent Resource Center, the Region has also requested that additional space be leased to address its current and long-term space and operational requirements.

In light of the foregoing, staff contacted the Landlord, who agreed to extend the term of the existing lease, and advised that an additional 1,960 square feet of office space is also available within the same complex for use by the Region (see location map). The Landlord further advised that the Region has been using an additional 536 square feet of space within the existing premises, consisting of hallways and restrooms. This area was initially shared with another tenant, but has been used exclusively by the Region, rent free, for the past several years. As such, any extension of the lease beyond its current expiration date will reflect a total of 8,161 square feet, rather than 7,625.

In order to facilitate the Region's continued occupancy of the space, the Landlord has requested that a new lease agreement be executed to incorporate the additional 1,960 square feet of office space, for a total lease area of 10,121 square feet. The District will continue occupying the 8,161 square foot premises under the existing agreement, which will be canceled effective with the commencement of the new lease agreement for the 10,121 square foot space. Additionally, the Landlord will not begin charging rent on the 536 square foot area noted above until April 20, 2006.

The District currently pays \$17.55 per square foot for the existing 7,625 square foot premises. The rental rate for the new lease agreement will remain at \$17.55 per square foot for the period ending April 19, 2006, and will increase each year thereafter by 4%. Staff conducted a search of available office space for lease within the vicinity of the Golden Glades Office Park and verified that the new rental rate of \$17.55 per square foot is consistent with current market rates for the area (see enclosed market analysis).

The proposed new lease agreement will include, substantially, the following terms and conditions:

- the lease shall be for a total of 10,121 square feet of office space. This includes the 8,161 square feet of office space currently used by the District, plus an additional 1,960 square feet;
- the term of the new lease shall commence upon the date the tenant improvements for the 1,960 square foot space are completed and the Certificate of Occupancy for such space is issued by Miami-Dade County and/or the appropriate governmental agency (Lease Commencement Date), and shall end on April 30, 2011, with no renewal options. However, payment of rent on the 536 square foot area noted above shall not commence until April 20, 2006;
- the rental rate for the term ending April 19, 2006 shall remain at \$17.55 per square foot, and shall be in a total amount not to exceed \$168,217 (depending upon the Lease Commencement Date). This amount is exclusive of costs for data and telephone-related improvements, relocation or purchasing of furniture and equipment and other such items;
- the rental rate for each additional year of the term shall be adjusted annually by 4%, starting on April 20, 2006, until the end of the lease term;
- in addition to rent, the District shall pay \$1.50 per square foot (\$1,265.13 monthly) as its pro-rata share of electricity costs. The District's prorata share shall be based on the actual electricity costs, but shall be capped at \$2 per square foot (in a total annual amount not to exceed \$20,242) for the period ending on April 19, 2006. This annual cap will increase each lease year thereafter by 5%. Payment of electricity on the 1,960 square foot space shall begin on the Lease Commencement Date. However, the Landlord will not begin charging electricity on the 8,161 square foot area until April 20, 2006;
- the Landlord shall modify the new lease area (1,960 square feet) to meet the Region's operational needs. The work, which includes hiring an architect, constructing interior walls, painting, new flooring, air-conditioning, lighting and ceiling grid and tiles, is estimated to cost between \$32 and \$35 per square foot (\$62,720 - \$68,600). The landlord shall pay \$15 per square foot (\$29,400) for the work, with the District paying the balance (estimated between \$33,320 and \$39,200), but in no event shall the District's share exceed \$20 per square foot (\$39,200). However, in the event total construction costs exceed \$35 per square foot, the Landlord reserves the right to cancel the lease agreement for the 1,960 square foot area, without penalty to either party. In such event, the new lease agreement for the 10,121 square foot area will become null and void and the District will continue occupying the 8,161 square foot premises under the existing agreement until its expiration on April 19, 2006;

- the Landlord shall modify the existing 8,161 square foot area by installing new flooring and painting all walls, at the Landlord's sole cost and expense;
- except in the event of damage or destruction or default by Landlord, the District shall not be permitted to cancel this lease for the twelve month period following the Lease Commencement Date. The District shall have the right to cancel the lease at any other time with 180 days prior written notice;
- in the event the lease is canceled by the District, for reasons other than Landlord's default or damage and destruction, the District shall reimburse the Landlord for the remaining portion of the Landlord's out-of-pocket costs for tenant improvements to both the 1,960 square foot area (\$29,400) and the 8,161 square foot space (\$36,000), for a total of \$65,400, as amortized equally over a 60 month (5 year) period from the Lease Commencement Date. The District shall also pay the Landlord an early cancellation rent penalty of \$29,550, as amortized over a 60 month (5 year) period from the Lease Commencement Date;
- the Landlord shall not be permitted to cancel the lease at any time unless the District defaults and fails to cure such default;
- in the event all or portions of the demised premises or the Golden Glades Office Park should be destroyed or so damaged by fire, windstorm or other casualty to the extent the District is unable to use the facility, as determined by the District's Department of Safety, the Landlord is to repair or render these areas tenantable within 90 days from the date of destruction or damage, or such other period of time as may be mutually agreed upon. In the event the Landlord does not render the facility tenantable in the stipulated time frame, the District shall have the right to immediately cancel the lease without penalty;
- during all times that the demised premises, or a portion thereof, is rendered non-tenantable due to damage or destruction, the District's obligations under the lease, including payment of rent and electricity, shall be proportionately abated;
- the Landlord shall provide, at its cost and expense, all maintenance, repairs and custodial services to the demised premises and building common areas;
- the Landlord shall provide all utilities, including, without limitation, electricity, water, sewer and trash removal services. All utility charges shall be the Landlord's responsibility, with the exception of electricity, as noted above;
- the Landlord shall provide 50 non-reserved parking spaces for District use;
- the Landlord shall indemnify and hold the Board harmless from all liability which may arise as a result of the Landlord's negligence, actions or failure to act under the terms of the lease agreement;

- the Board shall indemnify and hold the Landlord harmless, to the extent of the limitations included within Florida Statutes, from all liability which may arise as a result of the Board's negligence, actions or failure to act under the terms of the lease agreement; and
- the Superintendent of Schools shall be the party designated by the Board to grant or deny all approvals required by this lease agreement, or to cancel this lease agreement.

The Region II Superintendent, Associate Superintendent for Region Operations and Deputy Superintendent for Curriculum and Instruction recommend entering into the proposed lease agreement. The proposed lease agreement will be reviewed by the School Board Attorney's Office and the Office of Risk and Benefits Management prior to its execution.

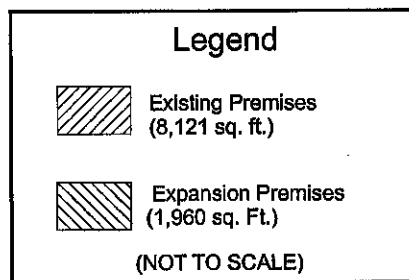
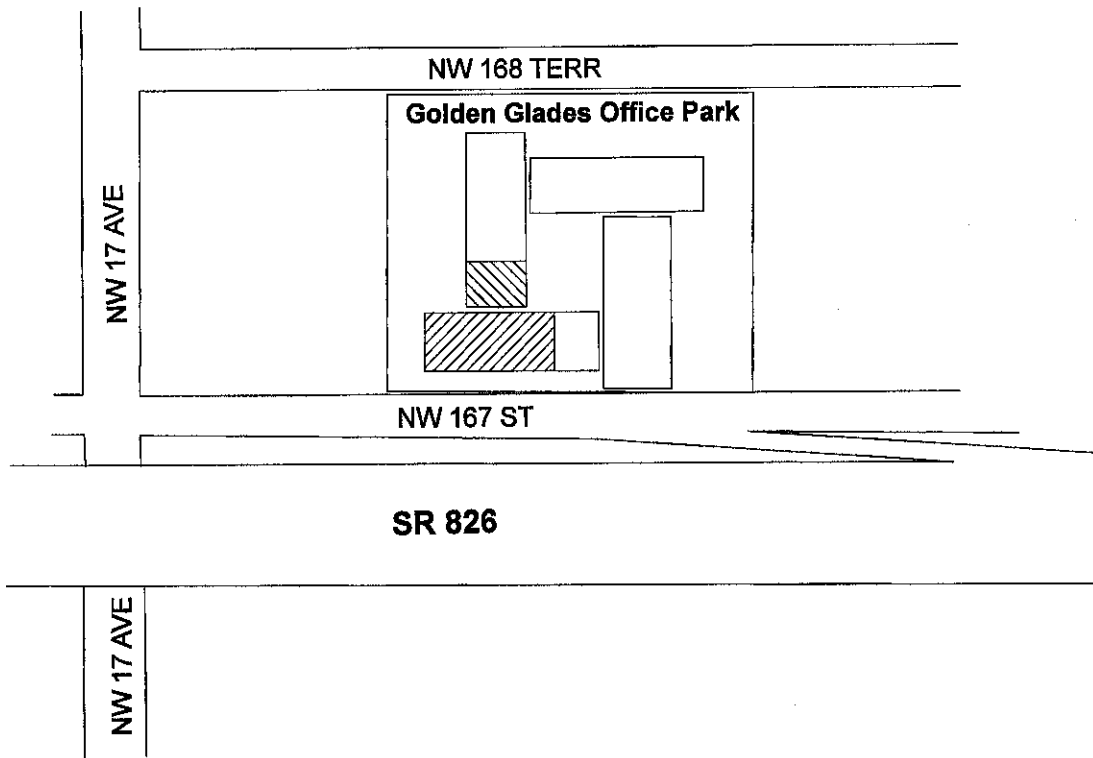
RECOMMENDED:

That The School Board of Miami-Dade County, Florida, authorize the Superintendent or his designee to:

- 1) execute a lease agreement with Golden Glades Assoc., LLP, for use of 10,121 square feet of office space, located at 1515 NW 167 Avenue, for Region Center II, substantially in conformance with the terms and conditions set forth above, including a one-time payment not to exceed \$39,200 for tenant improvements, and an annual rental rate not to exceed \$168,217, and electricity costs in an amount not to exceed \$20,242, for the term ending April 19, 2006; and
- 2) cancel the existing lease agreement with Golden Glades Assoc., LLP, effective with the completion of the tenant improvements for the 1,960 square foot area and issuance of the Certificate of Occupancy for same.

MCA:rr

LOCATION MAP



OFFICE SPACE MARKET SEARCH

Property Address	Available Square Footage	Rental Rate (per square foot)	Lease Type/Other Costs
NE 163 St & NE 7 Ave. (warehouse space that can be build out for offices)	10,000	\$12.50, plus CAM estimated at \$5.50/sf, utilities and build- out costs	triple net; space requires complete build-out, with cost of same to be added to rental rate
1559 NE 164 Street	12,300	\$16, plus build out costs which would be added to rental rate	full service; space requires complete build-out, with cost of same to be added to rental rate
801 NE 163 Street	3,800	\$17.50	full service
NE 163 St. & NE 15 Ave.	limited	\$24.50	full service
NE 163 St. & NE 8 Ave.	less than 10,000	\$24.50	full service