

Office of School Facilities
Jaime G. Torrens, Chief Facilities Officer

SUBJECT: THAT THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA AUTHORIZE THE SUPERINTENDENT TO FINALIZE NEGOTIATIONS AND EXECUTE AMENDMENTS TO THE FOLLOWING LEASE AGREEMENTS FOR USE BY THE DESIGN AND ARCHITECTURE SENIOR HIGH SCHOOL:

- 1) DACRA DESIGN 4141, LLC, FOR OFFICE SPACE, AND**
- 2) MCCRORY DESIGN ASSOCIATES (DEL.), LLC, FOR PARKING SPACES**

COMMITTEE: FACILITIES AND CONSTRUCTION REFORM

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

Background

The Board currently leases 14,344 square feet of office space within the Mid II Office Building located at 4141 NE 2 Avenue, Miami, from Dacra Design 4141, LLC (Dacra), for classrooms, an exercise room, and exhibit gallery (lease area) for the adjacent Design and Architecture Senior High School (DASH). In addition, the Board also leases 25 parking spaces located at 3720-3750 Biscayne Boulevard from McCrory Design Associates (Del.), LLC (McCrory), for DASH staff parking (see location map). Both lease facilities are owned by the same landlord.

The agreement with Dacra was to expire on April 30, 2011, and the agreement with McCrory on May 9, 2011. However, given the lack of suitable alternate Board-owned facilities, limited size of the school, high student demand and unique program offerings, the landlord was approached with a request to extend the term of both lease agreements. The landlord agreed to extend the term of the leases to June 30, 2011, subject to the District agreeing to include a provision in any new office space lease to relocate from the 14,344 square foot lease area currently occupied by DASH to an alternate location within the same Mid II Office Building, upon reasonable notice from the landlord. This will allow the landlord to make substantive renovations to the building interior and consolidate showroom space, while still providing the school with continued use of a comparable lease area. The general area of the alternate lease space has been identified, and is acceptable to School Operations.

The Board, at its meeting of April 13, 2011, authorized the Superintendent to finalize negotiations and execute an extension of the existing lease agreements with Dacra and McCrory through June 30, 2011, under the same terms and conditions then in effect, and those extensions are now in place.

Proposed Amendments to Lease Agreements with Dacra and McCrory

Staff has met with the landlord on several occasions to negotiate proposed successor agreements for both leases, including a timeline for the proposed relocation of the office space and financial responsibility for building-out the interior improvements. It is recommended that the existing lease agreements with Dacra for 14,344 square feet of office space, and with McCrory for 25 staff parking spaces be amended under, substantially, the following terms and conditions:

Dacra

- The current lease agreement for 14,344 square feet of office space shall be extended from July 1, 2011 through June 30, 2014;
- One 3-year renewal (July 1, 2014 through June 30, 2017), at the mutual agreement of the parties on 60 days' notice, under the same terms and conditions, except that rent shall increase on July 1, 2014, July 1, 2015 and July 1, 2016 by the Consumer Price Index (CPI), not to exceed 5%;
- The rental rate for the period of July 1, 2011 through June 30, 2012 will remain unchanged at \$20,341.08 per month (\$17.02 per square foot);
- The rental rate for the period of July 1, 2012 through June 30, 2013 will increase by 3%, and the rental rate for the period of July 1, 2013 through June 30, 2014 will increase by 4%;
- The District's share of Common Area Maintenance (CAM) for the period of July 1, 2011 through June 30, 2012 will remain unchanged at \$7,877.56 per month (\$6.60 per square foot), which amount is subject to adjustment based on the landlord's reconciliation of CAM for the previous year as provided to the District, subject to the District's confirmation that such reconciliation conforms to the requirements of the lease agreement. This cost will be recalculated for 2012-2013 and 2013-2014 based on the actual CAM expenses paid by the landlord for that particular year;
- The existing demised premises will continue to be occupied and used by DASH, with the exception of approximately 153 square feet, which shall revert back to the landlord. At such time as the demised premises is reduced, the rental shall be proportionately reduced;
- At the option of the landlord, and with a minimum of 120 days notice, DASH will relocate to alternate lease space within the same building, with said relocation to only take place during the summer when school is not in session;
- The landlord and the District shall each have the right to cancel the agreement as of June 30 of any calendar year by giving at least 120 days prior written notice to the other. In addition, either party may cancel the agreement if the other party defaults and fails to cure the default;
- At the request of the landlord, the District shall deliver an estoppel letter and a subordination, nondisturbance and attornment agreement in the form required by the landlord's lender, and acceptable to the School Board Attorney's Office;
- The alternate lease space shall be designed in compliance with District Design Criteria and State Requirements For Educational Facilities; and
- The Landlord shall generate construction drawings, secure all permits and construct the alternate lease space at landlord's expense.

The following terms and conditions of the Dacra Agreement will remain unchanged:

- the District shall retain responsibility for all custodial/maintenance services within the lease area;
- DASH staff shall continue to have use of 10 unreserved parking spaces, at no additional cost; and
- the District shall retain responsibility for all utilities serving the lease area.

McCrorry

- The current lease agreement for 25 staff parking spaces shall be extended from July 1, 2011 through June 30, 2014;
- One 3-year renewal (July 1, 2014 through June 30, 2017) , at the mutual agreement of the parties on 60 days' notice, under the same terms and conditions, except that rent shall increase on July 1, 2014, July 1, 2015 and July 1, 2016 by the Consumer Price Index (CPI), not to exceed 5%;
- The rental rate for the period of July 1, 2011 through June 30, 2012 will remain unchanged at \$743.50 per month (\$29.74 per parking space);
- The rental rate for the period of July 1, 2012 through June 30, 2013 will increase by 3%, and the rental rate for the period of July 1, 2013 through June 30, 2014 will increase by 4%; and
- The cancellation provision shall be modified from the current 30 days, to allow either party to cancel the lease agreement with 90 days advance notice.

The principal of DASH and Region II Superintendent recommend entering into the proposed lease amendments. The amendments will be reviewed by the Office of Risk and Benefits Management and the School Board Attorney's Office prior to their execution.

RECOMMENDED: That The School Board of Miami-Dade County, Florida authorize the Superintendent to finalize negotiations and execute amendments to the following lease agreements for use by the Design and Architecture Senior High School, for the period of July 1, 2011 through June 30, 2014, under the terms and conditions noted above:

- 1) Dacra Design 4141, LLC, for office space, and
- 2) McCrorry Design Associates (Del.), LLC, for parking spaces.

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LOCATION MAP

