

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

SUBJECT: AUTHORIZE THE SUPERINTENDENT TO FINALIZE NEGOTIATIONS AND EXECUTE AN AMENDMENT TO THE LEASE AGREEMENT BETWEEN THE SCHOOL BOARD AND ARBAS REALTY TRUST, FORMERLY KNOWN AS R.K. ASSOCIATES, FOR CLASSROOM SPACE USED AS AN ANNEX TO AVENTURA WATERWAYS K-8 CENTER, LOCATED AT 850 IVES DAIRY ROAD, MIAMI, FLORIDA 33179

COMMITTEE: FACILITIES AND CONSTRUCTION

**LINK TO STRATEGIC
BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS
PRACTICES**

Background

Since November 2005, the Board has utilized retail storefront space within the California Club Shopping Mall for use as classroom space, under a Lease Agreement with Arbas Realty Trust (formerly known as R.K. Associates) ("Agreement"). The facility, located at 850 Ives Dairy Road, consists of 55,800 square feet of indoor space, which was fully built-out by the District. In addition to the classroom space, there is an outdoor patio area of 5,252 square feet, for a total usable area of 61,052 square feet. Leasing of the facility has provided interim relief for Highland Oaks Middle School and Dr. Michael M. Krop Senior High School, while permanent capacity was being built, and currently as interim relief for Aventura Waterways K-8 Center, pending construction of additional capacity at Madie Ives Elementary School and Virginia A. Boone/Highland Oaks Elementary School. The current term of the Agreement will expire on June 30, 2016.

The original terms of the Agreement provided the District with the option to renew the term for three additional five-year periods beginning November 1, 2010, during which the rental rate was to be adjusted by 5% over each previous year. In 2010, staff contacted the landlord, and negotiated an amendment to the Agreement to significantly reduce the rental rate. The amendment included no rent for the period of November 1, 2010 through June 30, 2011 (a total of eight months), and significantly reduced rent for the period of July 1, 2011 through June 30, 2013. In 2013, staff again contacted the landlord, and negotiated an extension of the Agreement through June 30, 2016, with rent during that period at an amount significantly below market rate. The net savings to the District for the period of November 2010 through June 2016, compared to the rental rate originally called for in the Agreement, totals \$4,660,457. The current annual rental rate is \$900,000 (\$16.12/square foot).

The landlord has again been contacted and indicated a desire to work collaboratively with the District in establishing a lease rate for the next three years under favorable terms and conditions. Terms of the proposed amendment include an annual rent for the period of July 1, 2016 through June 30, 2017 at \$945,000 (\$16.93/square foot); annual rent for the period of July 1, 2017 through June 30, 2018 at \$992,250 (\$17.78/square foot); and annual rent for the period of July 1, 2018 through June 30, 2019 at \$1,041,862 (\$18.67/square foot).

Proposed Lease Amendment

The Deputy Superintendent/Chief Operating Officer, School Operations, recommends amending the Agreement to extend the term for an additional three year period (July 1, 2016 through June 30, 2019). The Agreement will be further amended to include additional terms and conditions that conform to current legal and risk management criteria and Board Policy. Accordingly, it is recommended that the Agreement be amended to provide, substantially, the following terms and conditions:

- the current term of the Agreement, which expires on June 30, 2016, will be extended for the three year period ending June 30, 2019;
- the District will not be permitted to cancel or terminate the Agreement before June 30, 2019, other than in the event of Damage or Destruction, or in the event of an uncured default on the part of the landlord;
- the District shall have no options to renew the Agreement beyond June 30, 2019, unless the Agreement is subsequently amended by mutual agreement of the parties; and
- the total rental obligation on the part of the District during the proposed three year extension shall be as detailed above.

All other terms and conditions of the Agreement will remain unchanged, including:

- the District will pay all utility charges and retain responsibility for routine maintenance and custodial services for the facility;
- in the event that the applicable Florida Statute is amended to provide that any facility, or portion thereof, which is leased for use as a traditional public school, is exempt from ad valorem or other taxes, the rental amount due under this Agreement shall be reduced by the amount of the exempted ad valorem or other taxes assessed to the property, as prorated for the period of the District's occupancy. This rent reduction does not apply, however, to any abatement and/or reduction of taxes that is independent of any tax exemption specifically pertaining to the use of the property as a public school;
- the landlord shall maintain and repair the parking lots and walking surfaces, exterior lighting and the structural elements of the building, including the roof; and

- the District will have use of 125 parking spaces within the parking area.

The proposed Amendment has been reviewed by the School Board Attorney's Office and Office of Risk and Benefits Management for legal sufficiency and risk management issues, respectively, and found to be in compliance.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida, authorize the Superintendent to finalize negotiations and execute an amendment to the Lease Agreement between the School Board and Arbas Realty Trust, formerly known as R.K. Associates, for classroom space used as an annex to Aventura Waterways K-8 Center, located at 850 Ives Dairy Road, Miami, Florida 33179, to extend the term of the Lease Agreement from July 1, 2016 to June 30, 2019, including an annual rental rate of \$945,000 for the period of July 1, 2016 through June 30, 2017, \$992,250 for the period of July 1, 2017 through June 30, 2018, and \$1,041,862 for the period of July 1, 2018 through June 30, 2019, and under, substantially, the terms and conditions noted above.

MAL: