

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

**SUBJECT: THAT THE SCHOOL BOARD AUTHORIZE THE SUPERINTENDENT TO FINALIZE NEGOTIATIONS AND EXECUTE AN AMENDMENT TO THE LEASE AGREEMENT BETWEEN THE BOARD AND 1150 ASSOCIATES, LTD, FOR THE YOUNG WOMEN'S PREPARATORY ACADEMY, LOCATED AT 1150 SW 1 STREET, MIAMI, FLORIDA 33130, IN ORDER TO EXTEND THE PURCHASE OPTION DATE, AND TO MODIFY THE CANCELLATION PROVISION**

**COMMITTEE: FACILITIES AND CONSTRUCTION**

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

Background

Since October 2006, the Board has leased a building and grounds located at 1150 SW 1 Street, Miami 33130, from 1150 Associates, LTD ("Landlord"), to operate the Young Women's Preparatory Academy ("School"). The facility was formerly utilized as an office building, and was retrofitted for School use, with all building systems replaced or upgraded by the District. The facility consists of a three story building containing 37,587 square feet, and 136 parking spaces on a 1.33 acre parcel. A 40 year recertification was satisfactorily completed on the building in April 2016.

The Lease Agreement includes an option for the Board to purchase the facility at a fixed price of Fifteen Million Dollars (\$15,000,000), provided the Board exercises this option prior to July 6, 2016 ("Purchase Option Date") and closes prior to October 6, 2016. In accordance with the lease agreement, beginning on October 6 of each subsequent year, the purchase price increases by 10% annually.

Current analysis of options

District staff is currently exploring options and alternatives, and compiling information necessary to make a recommendation to the Board, including securing District commissioned appraisals. Treasury Management has explored the possible issuance of a Certificate of Participation to fund the purchase price, and has secured a recommendation from the Treasury Advisory Committee. The School Site Planning and Construction Committee ("SSPCC") met on this issue on May 18, 2016, and staff is

currently updating the appraisals to address questions raised at that meeting. The SSPCC is scheduled to reconvene later this month.

Given the need to complete the above referenced economic analysis, convene a meeting of the SSPCC, and bring a full report to the Board, staff approached the Landlord with a request to extend the Purchase Option Date to August 12, 2016, without impacting the purchase price of \$15,000,000. The Landlord has agreed to do so, provided the Board extends the Closing Date to June 1, 2017, and agrees to modify the cancellation provision of the Lease Agreement.

#### Proposed lease amendment

The Chief Facilities Officer and the Deputy Superintendent/Chief Operating Officer, School Operations, recommend that the Board authorize the Superintendent to finalize negotiations and execute a lease amendment to provide, substantially, the following terms and conditions:

- The Purchase Option Date is extended to August 12, 2016;
- As long as the Purchase Option is exercised by the Board on or prior to August 12, 2016:
  - o the purchase price will remain at \$15,000,000;
  - o a nonrefundable good faith deposit of \$1,500,000 will accompany the Purchase Option Notice;
  - o the Real Estate Closing will take place on June 1, 2017 or later, at the Board's sole option; and
  - o the Lease Agreement will continue in full force and effect up to the date of the Real Estate Closing, including a rental rate increase of 4% as of October 6, 2016, payment of ad valorem taxes, etc (as per the current Lease Agreement);
- In exchange for extending the Purchase Option Date to August 12, 2016, the cancellation provision of the Lease Agreement will be amended such that the District may not cancel the Lease Agreement for a period of eight years. Thereafter, the District may cancel the Lease Agreement with one year's advance notice;
- If the purchase option is not exercised by the Board on or prior to August 12, 2016:
  - o the Lease Agreement will continue in full force and effect, with October 6 of each year as the anniversary date used to increase the rental rate by 4%, as in prior years; and
  - o the purchase price of the building will increase by an additional 10% each anniversary date thereafter, as currently provided in the Agreement.

Upon completion of due diligence activities and review by the SSPCC, staff will bring to the Board a report detailing the Board's options, as well as a recommendation for further action, if any.

**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 Board and 1150 Associates, LTD, for the Young Women's Preparatory Academy, located at 1150 SW 1 Street, Miami, Florida 33130, in order to extend the Purchase Option date, and to modify the cancellation provision under, substantially, the terms and conditions noted above.

MAL: