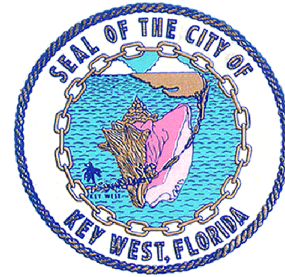


# Executive Summary



**TO:** City Commission

**CC:** Bogdan Vitas

**FR:** Mark Finigan  
Marilyn Wilbarger, RPA, CCIM

**DT:** December 23, 2013

**RE:** Third Amendment to the Lease for City Offices at Habana Plaza

## **ACTION STATEMENT**

This is a request to approve the third amendment to the city lease for space at 3100 - 3140 Flagler Avenue in Habana Plaza.

## **HISTORY**

In April of 2010 the City signed an agreement to lease space at Habana Plaza for the temporary re-location of administrative offices while a new city hall could be completed.

### **Term:**

The original lease called for the city to occupy the premises for a minimum of two years or until March of 2013.

The first amendment to the lease addressed space re-locations within the property and extended the term until December 2013. The first amendment also provided for two one year extensions of the lease.

The second lease amendment expanded and re-located space in Suite 4 from 931 square feet to 1451 to accommodate the IT training room and the customer service functions with no changes to the term.

The proposed third amendment will extend the lease term for three years beginning January 1, 2014 and expiring December 31, 2016. The amendment also provides for an early termination on any date on or before February 1, 2016.

### **Demised Premises:**

The original lease premises consisted of 26,458 square feet  
Per 1<sup>st</sup> Amendment 24, 271 square feet  
Per 2<sup>nd</sup> amendment 24,793 square feet  
Per 3<sup>rd</sup> Amendment 24,793 square feet

### **Rent**

The rent per the original lease was \$12.00 per square foot with annual 3.5% increases after 18 months and a renewal increase that would equate to a rate of \$13.49 for 2014.

Pursuant to the third amendment the base rent effective January 2014 will be \$12.77 per square foot with a rent credit equal to one month's rent for December 2014, 2015 and 2016 as shown below.

<b>Period of Term</b>	<b>Annual Base Rent Per Square Foot</b>	<b>Monthly Base Rent*</b>
January 1, 2014 - November 30, 2014	\$12.77	\$26,383.88
December 1, 2014 - December 31, 2014	-----	abated**
January 1, 2015 - November 30, 2015	\$13.15	\$27,168.99
December 1, 2015 - December 31, 2015	-----	abated**
January 1, 2016 - November 30, 2016	\$13.54	\$27,974.77
December 1, 2016 - December 31, 2016	-----	abated**

The effective rate will be \$11.71 with the rent abatement. In the event of an early termination the rent credit for the final year will be pro-rated by the number of months the city occupies the space.

**Common Area Maintenance:**

The City will agree to accept the charges of \$5.25 per square foot as the actual costs for common area maintenance for 2012 and going forward any increase in expenses will not exceed .25 per square foot, per year.

**Construction Costs:**

Construction reimbursement payments were fully paid as of December 2013 and the City will have no further obligation for reimbursement of improvements.

**FINANCIAL STATEMENT:**

The original projected and amended annual rental costs are presented for comparison purposes as follows:

**1. Original Lease Rental Costs - 2010**

26,458 sf. @ \$12.00 psf	\$317,496
NNN charges @ \$4.75	\$125,675
26,458 sf @ \$2.00 psf improvement costs	\$52,916
<b>Total Annual Rent</b>	<b>\$496,087</b>

**2. First Amendment Rental Costs – 2011**

24,271 sf. @ \$12.00 psf	\$291,252
NNN charges @ \$4.75	\$115,287
24,271 sf. improvement costs	\$49,513
<b>Total Annual Rent</b>	<b>\$456,052</b>

**3. Second Amendment Rental Costs 2012/2013**

24,793 sf. @ \$12.85 psf	\$318,590
NNN charges @ \$5.50*	\$136,361
24,793 sf. improvement costs	\$50,577
<b>Total Annual Rent</b>	<b>\$505,528</b>

\*Maximum increase allowed

**4. Third Amendment Rental Costs – 2014**

24,793 sf. @ \$11.71 psf	\$290,326
NNN charges @ \$5.75 *	\$142,560
<b>Total Annual Rent</b>	<b>\$432,886</b>

\*Maximum increase allowed

**RECOMMENDATION:**

Staff believes that the amended terms will serve the city well and recommends approval of the lease amendment as proposed.

**ATTACHMENTS:**

Lease Amendments

Lease