



Interoffice Memorandum

APPROVED
BY ORANGE COUNTY BOARD
OF COUNTY COMMISSIONERS
DEC 02 2014 CAS/KH

REAL ESTATE MANAGEMENT ITEM 1

DATE: November 13, 2014

TO: Mayor Teresa Jacobs
and the
Board of County Commissioners

FROM: Ann Caswell, Acting Manager 
Real Estate Management Division

CONTACT PERSON: **Ann Caswell., Acting Manager**

DIVISION: **Real Estate Management**
Phone: 836-7082

ACTION REQUESTED: APPROVAL AND EXECUTION OF SECOND AMENDMENT TO LEASE AGREEMENT BETWEEN 701 SOUTH LLC, SUCCESSOR IN INTEREST TO BRANCH BANKING AND TRUST COMPANY, SUCCESSOR IN INTEREST TO GREEN CONSTITUTION, LLC, SUCCESSOR IN INTEREST TO 701 SOUTH INVESTMENTS, LLC AND ORANGE COUNTY AND DELEGATION OF AUTHORITY TO THE REAL ESTATE MANAGEMENT DIVISION TO EXERCISE RENEWAL OPTIONS, IF NEEDED, FOR OFFICE SPACE

PROJECT: Housing and Community Development Lease Renewal
701 East South Street, Suites 100, 200, and 300
Orlando, Florida

District 5

PURPOSE: To continue to provide office space for Housing and Community Development Division.

ITEM: Second Amendment to Lease Agreement
Cost: Year 1 - \$12,302.28 per month
Year 2 - \$12,546.40 per month
Year 3 - \$12,796.94 per month
Year 4 - \$13,053.91 per month
Year 5 - \$13,317.29 per month
Size: 7,709 square feet
Term: 5 years
Options: Two, 5-year renewals

BUDGET: Account No.: 7702-068-9436-3620 – 20.0%
7700-068-7861-3620 – 20.0%
7709-068-7940-3620 – 20.0%
0001-068-1730-3620 – 20.0%
1232-068-1739-3620 – 20.0%

APPROVALS: Real Estate Management Division
County Attorney's Office
Housing and Community Development Division
Risk Management Division

REMARKS: Orange County currently leases 7,709 square feet of space in the building located at 701 East South Street, under a Lease Agreement approved by the Board of County Commissioners (BCC) on June 15, 2004, as amended by that certain First Amendment to Lease Agreement approved by the BCC on November 2, 2009. Housing and Community Development's Housing Rehabilitation, Development, and Planning Sections operate at this location.

This action will extend the lease term for five (5) additional years; commencing on December 10, 2014, and terminating on December 9, 2019. The County has two (2) remaining five (5) year renewal options; the Right of First Refusal for Expansion Space; and the Right of First Refusal to Purchase the Property should the owner decide to sell.

Additionally, the owner has agreed to perform certain repair and maintenance operations to ensure safety and enhance the continued occupancy for the County employees assigned to the location.

All other terms and conditions of the Lease remain in full force and effect.

A file labeled "BCC Agenda Backup" containing a copy of this agenda item and all supporting documentation is in the top drawer of the BCC file cabinet in the supply room adjacent to Commissioner Thompson's office.

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701 SOUTH LLC
AND
ORANGE COUNTY, FLORIDA

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT ("Second Amendment") is made and entered by and between 701 SOUTH LLC, a Florida limited liability company ("Lessor"), as successor in interest to BRANCH BANKING AND TRUST COMPANY, as successor in interest to GREEN CONSTITUTION, LLC, a Florida limited liability company, as successor in interest to 701 SOUTH INVESTMENTS, LLC, a Florida limited liability company, and ORANGE COUNTY, a chartered county and political subdivision of the State of Florida ("Lessee").

RECITALS:

WHEREAS, Lessor and Lessee entered into that certain Lease Agreement approved by the Board of County Commissioners on June 15, 2004, as amended by that certain First Amendment to Lease Agreement approved by the Board of County Commissioners on November 3, 2009 (collectively, "Lease,"); and

WHEREAS, Lessor warrants that, pursuant to the Lease, Lessee is now in possession of that certain space consisting of 7,709 square feet located within the building at 701 E. South Street, Orlando, Florida, Suites 100, 200 and 300 ("Leased Premises"); and

WHEREAS, Lessor and Lessee warrant that the Lease is valid and presently in full force and effect, with no defaults thereunder; and

WHEREAS, Lessee and Lessor have agreed to extend the Lease, as well as modify certain terms in the Lease as set forth herein; and

WHEREAS, Lessor and Lessee hereby confirm and ratify, except as modified below, all of the terms, conditions and covenants in the Lease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows;

1. Recitals. The forgoing recitals are true and correct, and are hereby incorporated in by reference.

2. Term. The term of the Lease shall be renewed for one (1) additional term of five (5) years commencing on December 10, 2014, and terminating on December 9, 2019 (“Renewal Term”).
3. Rent; Adjustments. The rents due and payable from Lessee to Lessor during the Renewal Term shall be nineteen dollars and fifteen cents per square foot (\$19.15/SF) for the first year of the Renewal Term, due and payable monthly on the tenth day of each calendar month, and shall increase annually by two percent (2%) on the expiration of each successive yearly period. The rental rates are for full service, and include base rent and all operating expenses. The rent schedule for the renewal term is set forth in **EXHIBIT A**, which is attached to this Second Amendment and incorporated herein by reference.
4. Tenant Improvements; Landlord Improvements; Condition of Premises. Lessee agrees to accept the property in its current “AS-IS, WHERE-IS” condition. Lessee acknowledges that there shall be no tenant improvement allowance for the existing Leased Premises during the Renewal Term. Lessor hereby agrees to provide a remedy to the current drainage issues affecting the parking lot for the Leased Premises at Lessor’s expense. Additionally, Lessor shall have the exterior stairwell of the building professionally pressure washed twice per year, at Lessor’s expense.
5. Option to Lease Remaining Space. Lessor and Lessee acknowledge that there is additional rentable space in the lower level of the building located at 701 E. South Street, Orlando, FL that is currently occupied. Until such time as Lessor enters a written lease agreement with a future prospective lessee for the lower space, Lessee will have the option to expand into such space upon the current tenant’s vacation, provided that Lessee gives 120 days written notice to Lessor. After the current tenant vacates the expansion space, Lessee shall have a right of first refusal to lease said space under the terms and conditions set forth herein. If Lessee so elects to occupy that space, Lessee agrees to lease the entire lower space from Lessor at the then current rate per square foot applicable to the Leased Premises set forth in **EXHIBIT A** pursuant to the terms of a further written amendment.
6. Tenant Improvements for Lower Space. In the event Lessee elects to occupy the lower space pursuant to this Second Amendment and the above-mentioned further written amendment, Lessor shall provide Lessee with a tenant improvement allowance of two dollars per square foot (\$2/SF) for every year of the remaining Renewal Term and any subsequent expansion term(s).
7. Optional Extension Term(s); Right to Purchase. Lessor and Lessee agree that Lessee shall have two five-year options to renew this Lease. The rate for the first year of each renewal period will be equal to the rate for the immediately-preceding yearly period. The rate for subsequent years shall escalate annually by two percent (2%) per year. Lessor and Lessee agree that Lessee’s right of first refusal to purchase the property containing the Leased Premises upon Lessor’s election to sell the property, as set forth in Paragraph 30 of the Lease, is hereby restated and affirmed.

8. Compliance. Lessor understands that Lessee has government mandated requirements for approving leases. Lessor acknowledges and agrees to comply with the legal requirements for lease execution applicable to lessee.
9. Brokers; Indemnity. Lessor and Lessee represent and warrant to each other that they have not dealt with any real estate broker, finder or other person with respect to this Second Amendment in any manner, except CBRE, Inc. (“Lessee’s Broker”). Lessor shall pay five thousand dollars (\$5,000.00) of Lessee’s Commission to Lessee’s Broker with respect to this Second Amendment. Lessor shall be in no way responsible for payment of any additional commissions or monies to Lessee’s broker. Lessor shall be solely responsible for Lessor’s brokerage obligations to Jeff Bloom. It is further disclosed to Lessor that Lessee’s Broker will be sharing a portion of its fee in the referenced transaction with Lessee.
10. Modification; Conflict. Except as modified herein, all other terms and conditions of the Lease remain in full force and effect. In the event of any conflict between terms of this Second Amendment and the Lease, the terms of this Second Amendment shall control.
11. Headings; Drafting. The headings of this Second Amendment are for convenience only, and do not contain or modify any of the provisions contained herein. This Second Amendment is the product of arms-length negotiation between Lessor and Lessee, each of whom have had the opportunity to consult counsel of their respective choice, and its terms shall not be construed against any party as the drafter.

SPACE INTENTIONALLY LEFT BLANK –SIGNATURES FOLLOW

IN WITNESS WHEREOF, Lessor and Lessee have caused this instrument to be executed by their respective officers and parties thereunto duly authorized.

Witnesses:

Carol W. Campbell
Printed Name Carol W. Campbell

Jonathan Squires
Printed Name Jonathan Squires

LESSOR:
701 SOUTH IEC

Robert L. Harding
By: Robert L. Harding, its Manager

LESSEE:
ORANGE COUNTY, FLORIDA
By: Board of County Commissioners

By: *Teresa Jacobs*
Teresa Jacobs
County Mayor

ATTEST:
Martha O. Haynie, Orange County Comptroller
As Clerk of the Board of County Commissioners

By: *Barbara Snell*
for Deputy Clerk

Date: DEC 02 2014



**EXHIBIT "A" TO SECOND AMENDMENT TO LEASE
RENT SCHEDULE**

Total Square Footage – 7,709

MONTHS	RENT/SF	ANNUAL RENT	MONTHLY RENT
1-12	\$19.15	\$147,627.36	\$12,302.28
13-24	\$19.53	\$150,556.80	\$12,546.40
25-36	\$19.92	\$153,563.28	\$12,796.94
37-48	\$20.32	\$156,646.92	\$13,053.91
49-60	\$20.73	\$159,807.48	\$13,317.29

All rates above are for full service and include base rental and all operating expenses.