



Travis County Commissioners Court Agenda Request

Meeting Date: September 3, 2013

Prepared By/Phone Number: John Carr, 854-4772

Dept. Head: Roger El Khoury, M.S., P.E., Director, FMD, 854-4579

County Executive: Leslie Browder, Planning and Budget, 854-9106

Sponsoring Court Members: County Judge Samuel T. Biscoe

Roger El Khoury
HB

AGENDA LANGUAGE:

Consider and take appropriate action regarding the Second Amendment to the lease with Texas Charter Schools Association at 700 Lavaca.

BACKGROUND/SUMMARY OF REQUEST:

Texas Charter Schools Association, a Texas non-profit corporation (Tenant) has indicated their interest in exercising the option to extend the lease for space on the ninth floor for a five year additional term as allowed in the lease. There will not be an option to extend after this new five year term expires. The Tenant is leasing 7,607 square feet of space at Suite 930. The proposed Second Amendment to the lease agreement between Travis County and Tenant is at Exhibit One.

STAFF RECOMMENDATIONS:

Facilities Management Department (FMD) recommends approval of the Second Amendment to the lease between Travis County and Texas Charter Schools Association.

ISSUES AND OPPORTUNITIES:

Approval of this amendment will allow the Tenant to remain in Suite 930 for a final five year term which would start on April 1, 2014 and expire on March 31, 2019. Rent will increase by \$0.75 per rentable square foot for each 12 month period of the amendment after the initial year. The rates were set by negotiation between our real estate broker and the Tenant.

FISCAL IMPACT AND SOURCE OF FUNDING:

Annual rent for the first 12 month period would be \$167,354.00. Total for the 5 year period would be \$893,822.50.

ATTACHMENTS/EXHIBITS:
Second Amendment to Lease Agreement

REQUIRED AUTHORIZATIONS:
Christopher Gilmore, County Attorney's Office, 854-9455.

**SECOND AMENDMENT TO LEASE AGREEMENT
BETWEEN
TRAVIS COUNTY
AND
TEXAS CHARTER SCHOOLS ASSOCIATION**

AGREEMENT (this "Second Amendment") made effective the _____ of _____ 2013 between TRAVIS COUNTY, a political subdivision of the State of Texas, ("Landlord") and Texas Charter Schools Association, a Texas non-profit corporation ("Tenant").

Preliminary Statement

- A. Whereas, Travis Realty Corporation and Tenant entered into that certain lease agreement dated December 22, 2008 ("Original Lease") and amended by first amendment dated August 17, 2010 (the "First Amendment") pursuant to which Tenant leased approximately 7,607 square feet of Rentable Area in Suite 930, as defined in the Lease ("Premises") in that certain building locally known as 700 Lavaca, formerly The Chase Building, ("Building"), located at 700 Lavaca Street, Austin, Texas 78701; and
- B. Whereas, The Original Lease and the First Amendment are collectively referred to herein as the "Lease;" and
- C. Whereas, Travis Realty Corporation sold the Building to Travis County; and
- D. Whereas, Tenant desires to exercise Paragraph 44 of the Lease, Option to Renew; and the Parties desire to otherwise modify the Lease, all as more particularly set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the Premises and the mutual undertakings of the parties, it is agreed as follows:

- 1. **Renewal Term:** Landlord and Tenant hereby extend the Lease for an additional five (5) year term. Such extended term will commence April 1, 2014 and expire on March 31, 2019.
- 2. **Fixed Minimum Rent:** As part of the consideration for the execution of this Second Amendment, beginning on April 1, 2014 and continuing for the duration of the Term, Tenant covenants, agrees and promises to pay Fixed Minimum Rent for the Premises as follows:

<u>Year</u>	<u>Per Rentable Sq. Ft</u>	<u>Per Period</u>	<u>Per Month</u>
4/01/2014 – 3/31/2015	\$22.00	\$167,354.00	\$13,946.17
4/01/2015 – 3/31/2016	\$22.75	\$173,059.25	\$14,421.60

4/01/2016 – 3/31/2017	\$23.50	\$178,764.50	\$14,897.04
4/01/2017 – 3/31/2018	\$24.25	\$184,469.75	\$15,372.48
4/01/2018 – 3/31/2019	\$25.00	\$190,175.00	\$15,847.92

(a) Tenant promises to pay Landlord the Fixed Minimum Rent in advance, without demand, on the first day of each calendar month commencing on April 1, 2014 and continuing until the expiration of the term on March 31, 2019, and in accordance with the terms of the Lease, as such are applicable to the payment of Fixed Minimum Rent there under.

(b) Tenant shall also pay to Landlord Tenant's Prorata Share of Operating Expenses ("Additional Rent"), as such is payable pursuant to the terms of the Lease.

3. **Option to Renew:** Landlord and Tenant acknowledge and agree that all rights of Tenant under Paragraph 44 of the Lease are now utilized, and Tenant will have no further options to renew under the Lease. Neither Landlord nor Tenant may unilaterally extend the term of the Lease after March 31, 2019.
4. **Leaschold Improvements:** In connection with the Second Amendment to Lease, Tenant accept Premises in "as is" condition.
5. **Broker:** Tenant represents and warrants that if it has had dealings or negotiations with any broker or agent in connection with the consummation of this Second Amendment it shall be responsible for those costs. Tenant agrees to indemnify, defend and hold harmless Landlord from and against any loss, cost or liability "including without limitation attorney's fees, disbursements and court costs", for any compensation, commissions or fees claimed by any broker or agent with respect to this Second Amendment or the negotiation thereof, if such claim or claims by any such broker or agent are based in whole or in part on dealings with Tenant or its representatives.
6. **Successors and Assigns:** This Second Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
7. **Capitalized Terms:** All capitalized terms not defined herein shall have the same meanings given to such terms in the Lease.
8. **Lease Terms:** Except as expressly amended hereby, the Lease and all of the terms, covenants and conditions of the Lease are hereby confirmed and shall remain and continue in full force and effect.
9. **No Oral Modifications:** This Second Amendment may not be modified or terminated orally and along with the Original Lease and the First Amendment, constitute the entire agreement between the parties with respect to the subject matter hereof. It is acknowledged that no officer, agent, employee, or representative of County has any authority to change the scope of this Second Amendment unless expressly granted that authority by the Commissioners Court of Travis County.

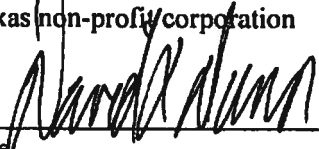
10. **Release:** As a material inducement for Landlord and Tenant to enter into this Second Amendment, Landlord and Tenant each acknowledges that, as of the effective date of this Second Amendment, Landlord and Tenant have fully performed their respective obligations under the Lease; and Landlord and Tenant have no claims against each other by virtue of any matter whatsoever arising out of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Second Amendment as of the day and year first above written.

TRAVIS COUNTY

By: _____
Name: Samuel T. Biscoe
Title: County Judge

TEXAS CHARTER SCHOOLS
ASSOCIATION
a Texas non-profit corporation

By:  _____
Name: _____
Title: _____