



Travis County Commissioners Court Agenda Request

Meeting Date: December 16, 2014

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

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

County Executive: Leroy Nelms, Acting County Executive, PBO, 854-9106

Sponsoring Court Members: Commissioner Davis, Precinct One

AGENDA LANGUAGE:

Consider and take appropriate action on request to approve the first amendment to the lease agreement between Travis County and the Housing Authority of Travis County for space located at 502 East Highland Mall Boulevard in Austin, Texas.

BACKGROUND/SUMMARY OF REQUEST:

On May 30, 2012, the Commissioners Court entered into a lease agreement between Travis County (Landlord) and the Housing Authority of Travis County, Texas (Tenant) for space located at 502 East Highland Mall Boulevard. Under the original lease, the Tenant occupies 6,459 square feet of non-shared area and 1,730 square feet of shared area at the County owned facility. The Tenant pays a basic rent plus additional expenses as specified in the lease. The term for the original lease will terminate on May 31, 2015.

The Tenant has requested an extension of the original lease for two additional years plus one option year, with the term starting on June 1, 2015. Facilities Management Department (FMD) negotiated the business terms with the Tenant for the extension, with the basic rent increasing by 3% from the current lease for each year of the extension. The basic rent will therefore be \$10.57 per SF for the non-shared space and \$5.28 per SF for the shared space, starting on June 1, 2015. The second year basic rent would increase to \$10.89 per SF for the non-shared space and \$5.44 per SF for the shared space and then increase again for the option year to \$11.22 per SF for the non-shared space and \$5.60 per SF for the shared space. The Tenant will also continue to pay the additional expenses as specified in the base lease.

STAFF RECOMMENDATIONS:

The Facilities Management Department recommends approval of the first amendment to the lease agreement between Travis County and the Housing Authority of Travis County for space located at 502 East Highland Mall Boulevard in Austin, Texas.

ISSUES AND OPPORTUNITIES:

FMD coordinated with Chris Gilmore, County Attorney's Office on the first amendment to the lease which is at Attachment One. There are no financial or legal issues that would impact approval of this lease amendment.

FISCAL IMPACT AND SOURCE OF FUNDING:

\$77,406.03 annualized revenue from rent starting July 1, 2015.

ATTACHMENTS/EXHIBITS:

First Amendment to Lease Agreement

REQUIRED AUTHORIZATIONS:

Christopher Gilmore, County Attorney's Office

FIRST AMENDMENT TO LEASE AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

THIS FIRST AMENDMENT TO LEASE AGREEMENT (the "First Amendment") is made and entered into by and between **Travis County**, a political subdivision of the State of Texas ("Landlord") and **Housing Authority of Travis County, Texas**, an independent, government funded agency ("Tenant") (collectively the "Parties").

A. Landlord and Tenant are parties to that certain Lease Agreement (the "Lease") dated on or about May 30, 2012 pursuant to which Tenant leased approximately 6,459 of non-shared net rentable square feet ("Non-shared Space") on the first floor of that office building located at 502 East Highland Mall Boulevard, Austin, Texas 78752 (the "Building") and approximately 1,730 of shared rentable square feet ("Shared Space") on the first floor of the Building to be shared with Landlord, and 36 non-reserved parking spaces in the parking lot located adjacent to the Building (the "Parking Lot") (collectively, the non-shared and shared square feet in the Building and the Parking Lot comprise "Premises") situated on real property in Travis County, Texas.

B. Tenant desires to exercise Paragraph 29.0 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:

1. **Renewal Term:** Landlord and Tenant hereby extend the Lease for an additional two-year term. Such extended term will commence on June 1, 2015 and expire on May 31, 2017.
2. Effective June 1, 2015, Paragraph 3.1 is amended to add the following language:

Rent. In consideration of this Lease, Tenant agrees to pay Landlord basic rent ("Base Rent") in equal monthly installments as set out in the following schedule:

YEAR	SQ. FT. x RATE (PSF) non-shared area	SQ. FT. x RATE (PSF) shared area	ANNUAL BASE RENT	MONTHLY BASE RENT
Year 1	\$10.57 x 6,459 sq. ft.	\$5.28 x 1,730 sq. ft.	\$77,406.03	\$6,450.50

Year 2	\$10.89 x 6,459 sq. ft.	\$5.44 x 1,730 sq. ft.	\$79,749.71	\$6,645.81
Year 3 option	\$11.22 x 6,459 sq. ft.	\$5.60 x 1,730 sq. ft.	\$82,157.98	\$6,846.50

Tenant shall pay Landlord one monthly Base Rent installment on or before the first day of the first full month payable, and continuing thereafter on or before the first day of each succeeding month during the Lease Term. Rent for any fractional month during the Lease Term, or as a result of early termination by Tenant as provided herein, shall be prorated based on one three hundred sixty-fifth (1/365) of the current annual base rent for each day of the partial month this Lease is in effect.

3. **Option to Renew:** Landlord and Tenant acknowledge and agree that Tenant shall have one additional one-year term to renew under the Lease. Neither Landlord nor Tenant may unilaterally extend the term of the Lease after May 31, 2018.

4. **Leasehold Improvements:** In connection with the First Amendment to Lease, Tenant accepts 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 the First 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 the First 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 First 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 First Amendment may not be modified or terminated orally and along with the Original Lease, 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 the First Amendment unless expressly granted that authority by the Commissioners Court of Travis County.

10. Release: As material inducement for Landlord and Tenant to enter into this First Amendment, Tenant each acknowledges that, as of the Effective Date of the First Amendment, Tenant has 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 First Amendment effective as the later date of signing as indicated below ("Effective Date").

TENANT:

HOUSING AUTHORITY OF TRAVIS COUNTY, TEXAS

By: 

Marvin G. Wrenn
Chairman of the Board of Commissioners

Date: 12/5/2014

LANDLORD:

TRAVIS COUNTY, TEXAS

By: _____

Samuel T. Biscoe
Travis County Judge

Date: _____