

**Leon County
Board of County Commissioners
Cover Sheet for Agenda #4**

May 12, 2015

To:	Honorable Chairman and Members of the Board
From:	Vincent S. Long, County Administrator
Title:	Adoption of Resolution Approving Lease Amendment with YMCA to Extend Term of Lease at Lake Jackson Town Center at Huntington

County Administrator Review and Approval:	Vincent S. Long, County Administrator
Department/Division Review and Approval:	Alan Rosenzweig, Deputy County Administrator Tony Park, P.E., Director of Public Works Tom Brantley, P.E., Director of Facilities Management
Lead Staff/ Project Team:	Graham Stewart, Real Estate Manager Dan Rigo, Assistant County Attorney

Fiscal Impact:

This item has no current fiscal impact; however, if approved, the Lease amendment would extend the term of the lease 120 days beyond the May 31, 2015 expiration date. The YMCA has requested this time to provide a modification to the lease to address the outstanding delinquent payments due the County of \$81,574; this amount does not include any additional rental payments being missed during

the 120-day extension. The monthly rental payment is \$5,317.

Staff Recommendation:

Option #1: Adopt the Resolution (Attachment #1) approving the Lease Amendment with the YMCA (Attachment #2) to extend the term for 120 days beyond the May 31, 2015 expiration date.

Option #2 Accept the YMCA's request to provide the County with a proposed new Lease that presents a satisfactory solution to eliminate or significantly reduce the YMCA's rent arrearages within the 120 extension period.

Report and Discussion

Background:

The YMCA was an existing tenant in its current premises at the time the County purchased the Lake Jackson Town Center at Huntington in October 2009, and was assigned the lease as part of the purchase. Since that time, the YMCA has continually had difficulty in keeping its rent payments current, and the County has worked with the YMCA to address the rent arrearages and allow them to accrue while maintaining its occupancy of the premises:

- In June 2012, a new three-year Lease was agreed upon, which recognized YMCA's past due rent arrearages of \$16,205; the rent arrearages were brought current through a credit from the County for CAM overcharges (\$13, 978) and a one-time payment of the balance (\$2,227).
- By May 2013, past due rent arrearages had again accumulated and, after directing staff to renegotiate the Lease (Attachment #3), the Board in September 2013 approved a modified Lease that acknowledged the rent arrearages (\$62,787) and provided for the Lease to continue on a month-to-month basis for the remaining 20 months of the term through its expiration in May 2015 (Attachment #4); the rent arrearages would be forgiven at the expiration, or earlier termination, of the Lease, provided that the YMCA satisfied the terms and conditions of the Lease.
- In March 2014, the Board considered and approved a Lease Amendment (Attachment #5) that granted YMCA's request to forgive the rent arrearages that had accumulated in 2013 (\$26,007) to allow the YMCA to obtain additional financing to fund renovations to the premises

Analysis:

In September 2014, additional rent arrearages began to accumulate when the YMCA stopped making rent due to continuing financial difficulties. Since the approval of the Lease Amendment in March 2014, an additional \$36,307 in rent arrearages has accumulated. Subsequent to the September 2013 Lease modification, staff has continually marketed the YMCA space, and, in those 19 months, there has been one inquiry about the space; but, it has not been shown to any prospective tenants.

The current Lease, as modified in September 2013, expires on May 31, 2015, with no continuation periods remaining. Staff has been meeting with the CEO of the YMCA since October 2014 to attempt to collect past due rent arrearages. In February 2015, the YMCA was advised, in writing, of the upcoming lease expiration. Subsequently, this issue was addressed during a YMCA Board meeting in March 2015; and, the YMCA Board voted to attempt to negotiate a new lease with the County and to develop a plan to payback past due rent arrearages and remain in the premises.

On April 14, 2015, staff met with the YMCA to discuss the Lease expiration and rent arrearages. At this meeting, the YMCA announced that it is currently working on a proposal for a new Lease that will remedy the past due financial obligations. However, the YMCA has asked for more time to further develop its proposal. By letter dated April 14, 2015, the YMCA has asked staff for a 90-day extension of the current lease to complete a proposal that would be presented to the Board during the June 23, 2015 meeting (Attachment #6). Staff has increased the extension period to 120 days in order to allow for the Board to consider a proposed new Lease in September.

Options:

1. Adopt the Resolution (Attachment #1) approving the Lease Amendment with the YMCA (Attachment #2) to extend the term for 120 days beyond the May 31, 2015 expiration date.
2. Accept the YMCA's request to provide the County with a proposed new Lease that presents a satisfactory solution to eliminate or significantly reduce the YMCA's rent arrearages within the 120 extension period.
3. Do not adopt the Resolution approving the Lease Amendment with the YMCA to extend the term for 120 days beyond the May 31, 2015 expiration date, and inform the YMCA that it will be expected to vacate the premises at the expiration and to pay the rent arrearages in accordance with the terms of the Lease.
4. Board direction.

Recommendation:

Option #1 and #2.

Attachments:

1. [Resolution pursuant to Fla. Stat. §125.38 approving Lease Amendment with YMCA to extend term of lease](#)
2. [Second Amendment to Lease Agreement](#)
3. [Agenda Item #13 \(without attachments\) from the May 14, 2013 regular Board meeting](#)
4. [Agenda Item #20 \(without attachments\) from the September 10, 2013 regular Board meeting](#)
5. [Agenda Item #7 \(without attachments\) from the March 11, 2014 regular Board meeting](#)
6. [Letter dated April 14, 2015 requesting a 90-day lease extension](#)

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