

**1. Discussion Objective:**

**Work Session Date: June 17, 2013**

To inform the Town Council on the progress of negotiations for an extension of the Town hall lease.

**2. Submitter of Information:**

- Council
- Town Staff
- Town Attorney

**3. Estimated Time for this item: Thirty minutes (30 min.)**

**5. Background:**

- The current Lease for our Town Hall facility expires this year
- The lease provided for an automatic two year extension if the Town notified the property owner by a specified date. That notification was accomplished and our right of extension is preserved.
- The leasing agent inquired if the Town would be interested in renting the entire building and Town Council instructed staff to explore that option along with a longer lease period, 5 to 10 years.
- Town staff provided the leasing agent with information about expected interior build out cost to enable the agent to prepare an option for build out allowance. That was provided to the agent on April 9, 2013.
- A lease proposal was received on May 22, 2013 and a copy is attached for your review.
- The Town Manager does not recommend accepting this initial proposal as it is seen as unacceptable both financially and as to general lease terms.
- The offered lease periods are as the Town desires and that is a positive as we move forward.
- The Town Manager will work together with the Town Attorney to prepare a recommended lease, including all terms and conditions, none of which will lessen the rights and benefits of that which currently exists.

Town Manager	Town Attorney	Finance Director	Public Works Director	Community Development Director	Parks & Recreation Director	Town Clerk
						

# GRAMERCY PROPERTY TRUST

May 22, 2013

Mr. Terry Stewart  
Town Manager  
Town of Fort Myers Beach  
2523 Estero Boulevard  
Fort Myers Beach, FL 33931

Re: Town of Fort Myers Beach  
Lease Expansion and Extension  
2523 Estero Boulevard

Dear Terry,

Pursuant to recent conversations regarding the potential expansion of your existing Premises and extension of your Lease term in the Building, I am pleased to be able to submit the enclosed proposal for the Town of Fort Myers Beach to consider.

We have reviewed the memo from your facilities team that was provided to us and have taken that into account for the purposes of this offer to you; however we believe that a significant amount of the work is tenant specific and thus we would look to the Town to fund those costs in any proposed transaction.

As you will see, we are offering two options for term length to give you the most flexibility in your decision making process.

Lease Term:

Option A: Sixty three (63) months.  
Option B: One hundred twenty six (126) months.

Premises

Approximately 12,588 rentable square feet, consisting of Tenant's current 6,815 rentable square foot Premises and the remaining vacant space in the Building (the "Expansion Area") which is 5,773 rentable square feet.

Term Commencement:

Both terms offered would commence once Tenant's construction of the Expansion Area is completed, however Landlord will require an "outside date" for commencement to be mutually agreed upon as a provision of the Lease.

Initial Base Rent:

Option A: \$16.00 per rentable square foot, net of janitorial service.

Option B: \$15.50 per rentable square foot, net of janitorial service.

Rent Escalations

The base rent shall be subject to annual escalations of 3.0% throughout the lease term.

Rent Abatement

Option A: Tenant will be provided with rent abatement of three (3) months' worth of the Expansion Area base rent at time of Lease commencement.

Option B: Tenant will be provided with rent abatement of six (6) months' worth of the Expansion Area base rent at time of Lease commencement.

Landlord's Base Building Work

Option A: Landlord will provide an allowance equal to \$10.00 per rentable square foot of the Expansion Area (for a total of \$57,330.00) to be used towards replacement of the HVAC unit servicing the space as well as any ADA upgrades necessary for Tenant's expansion.

Option B: Landlord will provide an allowance equal to \$15.00 per rentable square foot of the Expansion Area (for a total of \$86,595.00) to be used towards replacement of the HVAC unit servicing the space as well as any ADA upgrades necessary for Tenant's expansion.

Condition of Premises:

Tenant will accept the existing Premises in as-is condition and will be responsible for all costs associated with construction of Tenant's plan for the Expansion Area as well as any retrofit of the existing Premises.

Brokerage Commission:

Tenant acknowledges that it is not working with a real estate and agrees to indemnify Landlord against any claims made for any fees by any third party brokers regarding this proposed renewal.

Disclaimer:

This proposal is contingent upon errors, omissions, withdrawal without notice, space availability, review of current financial statements, and ownership approval. The Landlord reserves the right of final approval for all terms and conditions offered in this proposal. This proposal shall not be valid or binding upon owner unless and until owner shall have executed a lease and a fully executed copy of the lease has been delivered to Tenant.

Terry, the Town of Fort Myers is a valued Tenant and thus we look forward to working with you on a deal that accommodates your needs for the foreseeable future. Hopefully I have addressed all necessary points in this proposal, however please do not hesitate to reach out to me with any questions. Thank you for your consideration.

Sincerely,

GRAMERCY PROPERTY TRUST

A handwritten signature in black ink, appearing to read 'R. Eiseman', followed by a long horizontal line extending to the right.

Richard L. Eiseman  
Vice President  
National Leasing Director