

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #124 (2008-2009)

December 15, 2008

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: AMENDMENT TO ASD EDUCATION CENTER LEASE

ASD Goal: Ensure public accountability through the wise use of financial resources, and effective communication with students, staff, parents, community and government at all levels.

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the superintendent to amend the existing lease with Boniface Center, LLC, adjusting the current space occupied by the District Administration known as the ASD Education Center to the net rentable square feet of approximately 122,672 in accordance with Building Owners and Managers Association (BOMA) standards; adding the existing Highland Tech space of approximately 21,890 net rentable square feet effective upon the expiration or earlier termination of Highland Tech's lease; exercising the second renewal option for the five-year period commencing July 1, 2015; providing for a \$100,000 allowance from the District's lessor; and adding a requirement that the lessor provide an on-site property manager for the space leased by the District, on a half-time basis.

PERTINENT FACTS:

In 2004, the district leased over 103,000 square feet of office space for its administrative offices at multiple locations. To attain efficiencies of operation and to better serve the public, the district attempted on several occasions to consolidate the administrative offices. The first two attempts were bond propositions to support the purchase of a facility, that were included in the 2003 and 2004 Municipal elections. Neither of the bond propositions passed. The third attempt was the issuance of a Request for Proposal (RFP) for the lease of office space issued in April 2004. All responses received in that solicitation significantly exceeded the available funding and, therefore, no award was made. On December 13, 2004, ASD Memorandum #118 2004-2005, the board authorized the administration, after a Solicitation for Letters of Interest process, to enter into a five year lease, with three additional five-year options to renew, with Boniface Center, LLC for approximately 65,159 square feet of administrative space,

consolidating all district leased office spaces, with the exception of the DeBarr Administration Building. This space is identified in the lease documents as the Original Premises.

On April 10, 2006, ASD Memorandum #244 2005-2006, the board authorized the administration to amend the lease to add additional space to the lease to permit the consolidation of the district's DeBarr administration building offices to the ASD Education Center after an additional Solicitation for Letters of Interest process. Pursuant to the amendment, Boniface Center, LLC furnished approximately 48,000 square feet of additional office space to the district on a cost neutral basis for the remainder of the term of the district's lease for the DeBarr administration building. As part of the amendment, Boniface Center, LLC agreed to pay the district's relocation costs, obtain the termination of the DeBarr administration building lease, and the district agreed to exercise the first option to renew the Education Center lease. This additional space is identified as the Relocation Space in the lease documents.

The proposed Second Amendment to the lease defines the leased space as a total of approximately 122,672 square feet in accordance with BOMA standards with the Original Premises comprising approximately 65,758 net rentable square feet and the Relocation Space comprising approximately 56,914 net rentable square feet. The lease documents provide that the square footage would be determined in accordance with BOMA standards. The lease documents also provide that the parties would execute an addendum after completion of the build-out of the Relocation Space, and measurement of the space by an architect, to confirm the size of the Relocation Space.

The proposed Second Amendment also would add to the Education Center lease the space currently leased by Highland Tech (21,890 net rentable square feet), upon the expiration or earlier termination of Highland Tech's lease. The current expiration date of Highland Tech's lease is June 30, 2013. The Second Amendment also would have the district exercise its second option to renew the Education Center lease for the five-year period commencing July 1, 2015. The lease provides for one additional five-year option period, commencing July 1, 2020. Finally, as part of the Second Amendment, Boniface Center, LLC would agree to provide the district an allowance of \$100,000 when the district leases the Highland Tech space that the district may use in its sole discretion for expenses to relocate to the Highland Tech space or to refurbish any of the space occupied by the district. The district's lessor also has agreed to add a requirement to the lease that the lessor provide an on-site property manager on a half-time basis for the space leased by the district.

CC/GV/PC/ah

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