

CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number: _____

Meeting Type: Regular

Meeting Date: Nov 13, 2014

Action Requested By: General Services

Agenda Type: Resolution

Subject Matter:

Modification to the existing Lease with DCSC LLC. for 2227 Drake Avenue Suite 25, 26, and 27.

Exact Wording for the Agenda:

"Modification Number One to Lease Agreement Between DCSC, LLC. And the City of Huntsville, Alabama for Lease of the Property located at 2227 Drake Avenue Suite #27 Huntsville, Alabama 35805, as approved by Resolution Number 14-210 on March 13, 2014"

Note: If amendment, Please state title and number of the original

Item to be considered for: Action

Unanimous Consent Required: No

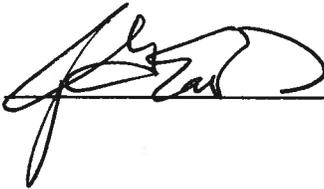
Briefly state why the action is required; why it is recommended; what council action will provide, allow and accomplish and; any other information that might be helpful.

This lease modification is required to clear up actual square footage, dates that the lease payments are due, and clears up the "Build-Out requirements.

Associated Cost: _____

Budgeted Item: _____

MAYOR RECOMMENDS OR CONCURS: Yes

Department Head:  _____

Date: 10/30

ROUTING SLIP CONTRACTS AND AGREEMENTS

Originating Department: General Services

Council Meeting Date: 11/13/2014

Department Contact: Barry Crumrine

Phone # 256-427-5670

Contract or Agreement: Agreement between the City of Huntsville and DCSC, LLC for Lease of 2227 D...

Document Name: Modification No. 1 to Lease Between DCSC, LLC and the City of Huntsville

City Obligation Amount:

Total Project Budget:

Uncommitted Account Balance:

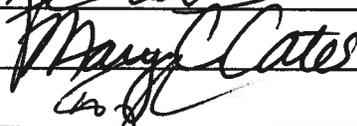
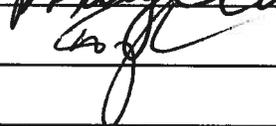
Account Number:

Procurement Agreements

<u>Select...</u>	<u>Select...</u>
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Grant-Funded Agreements

<u>Select...</u>	Grant Name: <input type="text"/>
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Department	Signature	Date
1) Originating		
2) Legal		<u>11/13/2014</u>
3) Finance <i>CC</i>		<u>11/13</u>
4) Originating		
5) Copy Distribution		
a. Mayor's office (1 copies)		
b. Clerk-Treasurer (Original & 2 copies)		

*See
note*

RESOLUTION NO. 14-_____

BE IT RESOLVED by the City Council of the City of Huntsville, Alabama, that the Mayor be, and he is hereby authorized to enter into a Lease Agreement between the City of Huntsville and DCSC. LLC, on behalf of the City of Huntsville, a municipal corporation in the State of Alabama, which said agreement, is substantially in words and figures similar to that certain document attached hereto and identified as "Modification Number One to Lease Agreement Between DCSC, LLC. And the City of Huntsville, Alabama for Lease of the Property located at 2227 Drake Avenue Suite #27 Huntsville, Alabama 35805, as approved by Resolution Number 14-210 on March 13, 2014", consisting of seven (7) pages and the date of November 13, 2014, appearing with the signature of the President or President Pro Tem of the City Council, and an executed copy of said document being permanently kept on file in the Office of the City Clerk-Treasurer of the City of Huntsville, Alabama.

ADOPTED this the 13th day of November, 2014.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 13th day of November, 2014.

Mayor of the City of Huntsville,
Alabama

STATE OF ALABAMA)
COUNTY OF MADISON)

**MODIFICATION NO. 1
TO LEASE AGREEMENT BETWEEN
DCSC, LLC. AND THE
CITY OF HUNTSVILLE,
ALABAMA FOR LEASE OF
THE PROPERTY LOCATED AT
2227 DRAKE AVENUE SUITE #27
HUNTSVILLE, ALABAMA 35805
As Approved by Resolution No. 14-210
on March 13, 2014.**

MODIFICATION NO. 1 TO LEASE AGREEMENT

By Mutual Agreement of the Parties, this Modification No. 1 is hereby made to that certain Lease Agreement referenced above that was entered into and executed as of the 13th day of March, 2014 (the "Effective Date") by and between the DCSC, LLC (hereinafter "Lessor") and the City of Huntsville, Alabama (hereinafter "Lessee").

WITNESSETH

Whereas it is in the best interest of the parties to clarify and correct the address of the suite number of the leased premises, to more specifically identify the occupancy availability date of the leased premises, and to supplement and modify as necessary other lease provisions in order to more precisely state the agreement between the parties.

Now Therefore, let it be said that for good and valuable consideration, the parties do hereby mutually agree to modify the above referenced lease agreement as follows:

1. Paragraph 1. **PREMISES**. shall be modified to reflect the premises as 2227 Drake Avenue Suites # 26 and #25 instead of Suite # 27. The language describing the square footage of the premises as "consisting of approximately 4,550 square feet " set forth in line 4 of this paragraph 1. shall be deleted and replaced with "consisting of approximately 4,200 square feet of Suite # 26 and 1,600 square feet of the adjacent Suite # 25." The total square footage of the lease premises is intended to be approximately 5,800 square feet.
2. Paragraph 2. **TERM**. shall be modified by replacing the second sentence in the paragraph with the following sentence: "The parties acknowledge and agree that the goal for Leased Premises to be ready for occupancy is June 2014, but no later than August 8, 2014 as time is of the essence."
3. Paragraph 3. **RENT**. Shall be modified by replacing the next to last sentence in the paragraph with the following sentence: "The rent is due on the eighth (8th) day of each month and delinquent on the fifteenth (15th) day of each month. "

4. Paragraph 4. **BUILD-OUT OF PREMISES BY LESSOR.** shall be modified by replacing the second sentence in its entirety with the following:

“For the initial three year term of the Lease, the monthly rental amount set forth in Paragraph 3. **RENT** includes as part of that stated rental amount, the sum of forty thousand dollars (\$40,000), which serves as payment for the cost of build-out and renovation by the Lessor that is required for the Lessee’s occupancy and use of the premises for the intended purpose. “

Additionally, with regards to Exhibit A of the Lease Agreement, the parties acknowledge and agree that the layout and finish levels and other requirements as previously described in Exhibit A attached to the original Lease agreement have been modified and are, at the time of this modification, as described in that certain Memorandum of Understanding between the City’s Director of General Services Department and the Lessor on Friday, June 23, 2014, including its Attachment A, both of which are attached hereto as Exhibit 1.

5. The parties mutually agree that the showers located in the public restrooms in Suite # 26 will be fully functional within four weeks after August 8, 2014 and shall be completed to full functionality by the Lessor on a non-interference in occupancy and use of the Premises by the Lessee.
6. The parties mutually agree that all costs related to performance of the original lease to date shall be borne by the Lessor, DCSC, LLC without additional compensation from the City, the Lessee.
7. The parties agree that the rental amounts set forth in the original lease in Paragraph 3. **RENT** shall remain unchanged and shall be the monthly rental for the entire Premises of approximately 5,800 square feet.
8. The parties mutually agree that the 1,600 square feet in Suite # 25 shall be furnished to the City “as is” for the initial term of the lease but may be renovated as may be mutually agreed upon by the parties by use of the \$20,000 set forth in Paragraph 4. for future alterations or renovations during the option period, in the event that the Lessee exercises the option to extend the lease for an additional three (3) years.
9. The parties agree that any minor work in the Premises after August 8, 2014 shall be completed in accordance with the MOU included herein as Exhibit 1.
10. The parties do mutually agree that for the purposes of paragraph 2. **TERM** above that the “Occupancy Date” for this lease agreement is August 8, 2014.
11. All other terms and conditions of the original lease remain unchanged.

ATTEST:

LESSEE:

THE CITY OF HUNTSVILLE, ALABAMA

Charles E. Hagood
Clerk-Treasurer
City of Huntsville, Alabama

By: _____
Tommy Battle,
Mayor, the City of Huntsville, Alabama

STATE OF ALABAMA)
)
COUNTY OF MADISON)

I, the undersigned, a notary public in and for said County, in said State, hereby certify that Tommy Battle and Charles E. Hagood, whose names as Mayor and City Clerk-Treasurer of the City of Huntsville, a municipal corporation, are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they, in their capacity as such officers, executed the same with full authority for and as the act of said corporation on the day the same bears day.

GIVEN under my hand and official seal this the ____ day of _____, 2014.

Notary Public
My Commission Expires: _____

ATTEST:

LESSOR:
DCSC, LLC.

Jeff Fears

By: Douglas Tipton
Douglas Tipton,
Member, DCSC, LLC

STATE OF ALABAMA)
)
COUNTY OF MADISON)

I, the undersigned, a notary public in and for said County, in said State, hereby certify that Douglas Tipton and _____, whose names as

Member and _____ of DCSC, LLC, an Alabama limited liability corporation, are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they, in their capacity as such officers, executed the same with full authority for and as the act of said corporation on the day the same bears day.

GIVEN under my hand and official seal this the 27th day of October, 2014.

Patricia Celozak White

Notary Public

My Commission Expires:

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: Feb 14, 2015
BONDED THRU NOTARY PUBLIC UNDERWRITERS



HUNTSVILLE

Tommy Battle
Mayor

Jeff Easter
Director, General Services Department
615 Washington Street
Huntsville, AL 35801

June 23, 2014

DCSC, LLC
2227 Drake Avenue
Huntsville, AL 35805

**Subject: Memorandum of Understanding
City of Huntsville Resolution 14-210
Proposed Lease Modifications**

Dear Mr. Tipton,

Please let this service as a Memorandum of Understanding (MOU) for proposed changes to the current lease agreement between DCSC, LLC and the City of Huntsville dated March 13, 2014. Both parties agree to use this document and information to execute a formal modification to be passed by the Huntsville City Council.

Specifically, the current lease remains whole and intact except for the proposed acknowledgements and modifications identified below.

DCSC, LLC Responsibility:

- (1) Substitute Suite 27, as identified in the lease, with Suite 26 and add an additional 1,600 square feet of Suite 25. The total new area will be approximately 5,800 square feet.
- (2) Renovate Suite 26 to the same finish levels/requirements as listed in Exhibit A of the lease as supplemented by the City and DCSC in accordance with the Agreement.

The Star of Alabama

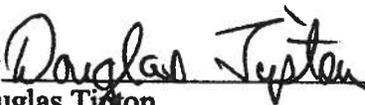
- (3) Attachment "A" of this MOU will be the guide for wall and door placement for Suite 26. Attachment "A" does not replace Exhibit A, rather is to be used as a supplement.
- (4) DCSC, LLC acknowledges that time is of the essence and understands the completion and occupancy date will be August 1, 2014.
- (5) No increase in rent as listed in paragraph 3 which will include the additional 1,600 square feet of Suite 25 at no charge.
- (6) The showers located in the public restrooms will be fully functional within four weeks after August 1, 2014.
- (7) DCSC, LLC will absorb all costs related to executing the original lease to date unless the City fails to perform as listed below.

City of Huntsville Responsibility:

- (1) Let this MOU act as a notice to proceed so DCSC, LLC can begin work.
- (2) Acknowledges that Suite 25 will not be renovated prior to August 1, 2014 and will be turned over to the City "as is".
- (3) Will pay full rental amounts specified in the lease agreement of \$5,202.00 per month for the initial term, Years 1-3 as listed for the total 5,800 square feet of space (4200 renovated and finished and 1600 "as is". For Option years 4-6, the per month rental amount for the 5800 square feet will be \$4,365.00 as presently set forth in the original lease agreement, which includes an additional \$20,000 in future renovations built into the per month lease price.
- (4) Will cooperate with DCSC, LLC during the renovation to achieve the August 1, 2014 deadline. Cooperation by the City would not include anything that cost the City additional money or resources.
- (5) The City will allow DCSC, LLC to perform minor work in the new space after August 1, 2014. Such work will be done after hours or other times that the City gives approval. The City reserves the right to determine if the work qualifies as minor work and if said work impacts the City or CareHere operations.

In addition to the items listed above, both parties agree to work together in a timely manner to draft the final written lease modification to be presented to the Huntsville City Council.

By: 
 Jeff Easter,
 Director, General Services
 City of Huntsville

By: 
 Douglas Tipton,
 Member, DCSC, LLC

Date: 6/23/14

Date: 23-JUN-2014

Attachment "A"

1. Add operable privacy screens shall be installed in each exam room.
2. Owner has the option to install hardwood floors in the offices:
3. Install chair rail and paint similar to previously installed rail.

