



DDA ACTION SUMMARY SHEET

MEETING DATE: May 21, 2024

TOPIC Office Lease Agreement

BACKGROUND BRIEF:

The present office lease expires on June 30, 2024. Our landlord, Nick Schillace, has provided a letter and new proposed lease agreement seeking a new five year term with a small adjustment in rent to \$1250/month.

FINANCIAL IMPACT:

There is a sense that the Dda offices may move to the Lumber Yard Project within that 5 year term. As such, we discussed with the Landlord a shorter lease with an option to renew. He is open to that, but would ask for a higher rent rate. His initial suggestion was \$1400/month (but had to review it).

The per square foot rate offered in the five year lease is \$12.50, which is very competitive for the downtown. Even at \$14/sq ft in a shorter lease the space cost is competitive to other similar offices in the downtown. I would like to have us counter with a lease I would prepare that would set an initial 2 year term, with two renewals, and the following rent Schedule:

Years 1-2	\$14/sqft
Years 2-4	\$16.50/sqft
Years 4-6	\$20/sqft

I am assuming this runs through council, so the Motion seeks to give me the authority to finish the lease based on a not to exceed rate structure and pass to a council agenda.

RECOMMENDED MOTION:

To Authorize the DDA Director to negotiate and approve a final lease agreement for the DDA Office at 118 N. Broadway, Lake Orion MI 48362, at an initial monthly rent rate not to exceed \$15/square foot, maintaining all other terms of maintenance, insurance and use. Upon the Director's approval, the lease contract may be referred for all other necessary approvals, including Village Council.