

Bird and Morgan Lease Renewal

Presentation to the Board of Education
Tuesday, June 16, 2015

Current Lease Agreement



- Term: July 1, 2013 - June 30, 2019 (six years)
- Payments:
 - Rent: annual payment of \$325,000, paid quarterly
 - Capital Improvements: Payment negotiable, but understood to be based on the net local share of any capital project agreed upon by the parties (currently \$242,108 on 2002 Bird-Morgan debt, plus \$226,624 on 2011 Bird-Morgan debt)

Current Lease Agreement



- Other Major Provisions:

- Option to renew for 10 years after June 30, 2019
- BOCES operates and maintains the facility and pays for the cost of operations, including necessary maintenance and repairs resulting from program and operations
- BOCES insures its property (contents) on premises; ER insures the land and buildings
- ER can use premises with written request to BOCES as long as there is no conflict with BOCES' use, and in accordance with BOCES' terms and conditions for outside groups
- ER can use gyms free of charge up to 100 hours annually

Successor Lease Agreement



- Term:
 - July 1, 2019 - June 30, 2024 (five years)
 - Option to renew for five years (July 1, 2024 - June 30, 2029)
- Payments:
 - Rent: annual payment of \$70,000, paid quarterly
 - Capital Improvements: Payment negotiable, but understood to be based on the net local share of any capital project agreed upon by the parties

Successor Lease Agreement



- Other Major Provisions:

- 400 hours of gym use (defined as four 100-hour blocks) free of charge
- BOCES operates and maintains the facility and pays for the cost of operations, including necessary maintenance and repairs resulting from program and operations
- BOCES insures its property (contents) on premises; ER insures the land and buildings
- ER can rent excess classroom space, if any, from BOCES at its current classroom rental rate
- ER can use premises with written request to BOCES as long as there is no conflict with BOCES' use, and in accordance with BOCES' terms and conditions for outside groups

Changes included in Successor Lease Agreement



- Term:

- Approval of successor agreement now ensures occupancy through June 30, 2024, with possible renewal through June 30, 2029

- Amount:

- Rent: \$255,000 per year less, but necessary to keep BOCES as tenant (BOCES capital budget limited)
- Capital Improvements: negotiable, but still understood BOCES cost based on new local share

Changes included in Successor Lease Agreement



- Other Major Provision Changes:
 - ER's use of gyms increased from 100 hours to 400 hours annually
 - ER can lease back available space, if needed

Benefits of Leasing Bird and Morgan

- Keeps an educational institution in an educational facility
- Preserves the neighborhood and surrounding community
- No cost to ER to maintain the facility
- Provides mechanism to improve and upgrade facility for \$0 local share to taxpayers



Costs/Benefits of the New Lease



- Costs:
 - Reduced lease payment to ER
- Benefits:
 - Extends the term for current tenant by five (and possibly 10) years, out to 2029
 - ER gains 300% increase in use of gyms at no charge
 - ER gains opportunity to lease back available classroom space - provides a safety valve if enrollment and/or program expands beyond PK-12 complex capacity.