



Howard County

Internal Memorandum

Subject: Testimony & Fiscal Impact Statement
Council Bill No. ___- 2017, an Act pursuant to Section 612 of the Howard County Charter, approving a Lease Agreement between Howard County, Maryland and Merritt-HR, LLC, a Maryland limited liability company, for 13,500 square feet of warehouse space located at 9515 Gerwig Lane, Suites 113 and 115, Columbia, Maryland, to be used by the Howard County Board of Elections; authorizing the County Executive to enter into the Agreement and to make changes to the Agreement before executing it, under certain conditions; and generally relating to a multiyear lease of certain premises by Howard County.

To: Lonnie R. Robbins,
Chief Administrative Officer

From: James M. Irvin, Director
Department of Public Works

Date: October 20, 2017

The Department of Public Works has been designated coordinator for preparation of testimony relative to approval of an amendment for the leased space

Merritt-HR, LLC, a Maryland limited liability company, (the “Landlord”), by deed dated December 12, 1997 and recorded among the Land Records of Howard County, Maryland at Liber 4142, page 210, is the current owner of approximately 11.98 acres of real property shown as Parcel 386 on Tax Map 42 and on Plat Number 6725 as Buildable Parcel A-3, as recorded in the Land Records of Howard County and improved with an industrial/warehouse building known as 9515 Gerwig Lane(the “Property”).

The County would like to lease a portion of the Property comprising approximately 13,500 square feet of leasable space which is all of suites 113 and 115 (collectively, the “Leased Premises”)

The County wishes to lease the Leased Premises for a term of 7 years and six months, with the initial term expiring on September 30, 2025 but with 1 (1) optional extension term of three (3) years

The 7 year schedule starts at a base rental rate of \$9.20/square foot, and then escalates 3% yearly and continues every twelve-month period thereafter. Also, the landlord has agreed that the first month of rent will be abated in full (see chart below).

Period	Base Rent	Monthly Based on 13,500 square feet	Annual Based on 13,500 square feet
Year 1 (one month of rent abatement)	\$9.20 per square foot	\$10,350	\$113,850 (indicates only 11 months of payment because of abatement)
Year 2	\$9.48 per square foot	\$10,665	\$127,980
Year 3	\$9.76 per square foot	\$10,980	\$131,760
Year 4	\$10.05 per square foot	\$11,306.25	\$135,675
Year 5	\$10.35 per square foot	\$11,643.75	\$139,725
Year 6	\$10.66 per square foot	\$11,992.50	\$143,910
Year 7	\$10.98 per square foot	\$12,352.50	\$148,230
Year 7.5	\$11.31 per square foot	\$12,723.75	Payments monthly until lease end date

Representatives of this department will be present at the public hearing to answer any questions or concerns. If you require any further information concerning this matter or have any additional questions, please do not hesitate to contact me at your convenience.

cc: Jennifer Sager
 File