



Howard County
Internal Memorandum

Subject: Testimony & Fiscal Impact Statement
Council Bill No. ____ - 2018, an Act pursuant to Section 612 of the Howard County Charter, approving a Lease Agreement between Howard County, Maryland and MSCI 2006-IQ11 Warwick Way, LLC, a Delaware limited liability company, for 26,200 square feet of office space located at 2201 Warwick Way, Marriottsville, Maryland, to be used by the Howard County Department of Fire and Rescue Services; 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: January 31, 2018

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

MSCI 2006-IQ11 Warwick Way, LLC, a Delaware limited liability company, (the "Landlord"), by deed dated April 11, 2017 and recorded among the Land Records of Howard County, Maryland at Liber 17547, page 486, is the current owner of approximately 4.041 acres of real property shown as Parcel 424 on Tax Map 16 and as Buildable Parcel C on Plat Number 14268 as recorded in the Land Records of Howard County and improved with a two-story building known as 2201 Warwick Way and a three-story building known as 2205 Warwick Way (the "Property").

The County would like to lease all of the building known as 2201 Warwick Way comprising approximately 26,200 square feet of leasable space and, as an inducement to the County entering into the Lease, the Landlord has agreed the County shall have the exclusive beneficial use of the lower level space in the building know as 2201 Warwick Way at no additional charge for the lease term and any extension periods (collectively, the "Leased Premises")

The County wishes to lease the Leased Premises for a term of 10 years and six months, with two (2) optional extension terms of five (5) years each.

The 10-year schedule starts at a base rental rate of \$17.75/square foot, and then escalates 2.5% yearly and continues every twelve-month period thereafter. Also, the landlord has agreed that the first 18 months of rent will be abated at 50% of the monthly rate— see chart below.

Period	Base Rent	Monthly Based on 26,200 square feet	Annual Based on 26,200 square feet
Year 1 (rent is abated by 50% for all of year 1)	\$17.75 per square foot x 0.5 (abatement) = \$8.875	\$19,377.08	\$232,525
Year 2 (rent is abated by 50% for the first 6 months of year 2)	\$18.19 per square foot x 0.75 (6 months of abatement at 50%) = \$13.65	\$29,792.27	\$357,507
Year 3	\$18.65 per square foot	\$40,716.10	\$488,593
Year 4	\$19.11 per square foot	\$41,734.00	\$500,808
Year 5	\$19.59 per square foot	\$42,777.35	\$513,328
Year 6	\$20.08 per square foot	\$43,846.78	\$526,161
Year 7	\$20.58 per square foot	\$44,942.95	\$539,315
Year 8	\$21.10 per square foot	\$46,066.53	\$552,798
Year 9	\$21.63 per square foot	\$47,218.19	\$566,618
Year 10	\$22.17 per square foot	\$48,398.64	\$580,784
Year 10.5 ending 10 years and six months from commencement date (i.e. 6 months)	\$22.72 per square foot	\$49,608.61	\$297,652

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