

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

Meeting Date: June 19, 2012

[] Consent [X] Regular
[] Ordinance [] Public Hearing
[] Workshop

Department: Facilities Development & Operations
Submitted On Behalf Of: Tourist Development Council

I. EXECUTIVE BRIEF

Motion and Title: Staff requests Board direction regarding options to accommodate the interim facilities requirements of the Tourist Development Council (TDC) and related agencies of Convention & Visitors Bureau, Sports Commission, and the Film & Television Commission.

Summary: At the March 27th Workshop, the Board concluded the Airport Center was the preferred location for meeting the TDC and related agencies' long term space needs, and directed Staff to attempt to negotiate a five (5) year extension of TDC's existing lease at Regions Financial Tower at a reduced rate to meet TDC's interim needs. Regions Financial Tower submitted a proposal which would save TDC roughly \$93,000 over a five (5) year extension. Staff believes that Regions Financial Tower has not provided a sufficient rental reduction. Staff believes that there are acceptable alternatives which would save TDC as much as \$420,000 over the same five (5) year period, even taking into account the move costs. The Board's options are to: 1) accept Regions proposed terms; 2) make a counter offer; or 3) direct Staff to conduct a Request for Proposal process to find alternate leased space for the period from August 2014 through 2019. **(TDC&FDO/PREM) Countywide (DW)**

Background & Policy Issues: At a March 27, 2012 Workshop, two facility options were discussed: the Airport Center 2 Building or the Government Center. In order to renovate the Airport Center Building for the TDC it would require the County to budget \$11.32M in ad valorem funding to complete the renovation for the remainder of the space. At this time not only does the County not have the funding, there is no anticipated County need for five years. As such, Staff recommended the option to renovate 20,000 square feet of the Government Center for the TDC and its related agencies as it; 1) results in the most savings to the TDC, 2) does not require additional ad valorem appropriations, 3) has a higher level of community amenities and demonstrates close partnership/collaboration with government, 4) is close to restaurants, hotels, Convention Center, major cultural attractions, and the opportunity to showcase the waterfront, and 5) the opportunity for foot traffic.

After much discussion, it was the Board's opinion that:

- the Airport Center presented the best long term option for a variety of reasons including; unique identity, prominent tourism location (Airport), and opportunity for a co-located Visitor's Center in the future, and
- Staff should identify options for reducing TDC's rental payments over the next 5-7 years (3-5 years from the expiration of current lease at 1555 Palm Beach Lakes Blvd.) until such time that the Airport Center is likely to be renovated for County purposes.

Background and Policy Issues –Continued on Page 3

Attachments:

1. March 27, 2012 Workshop Item
2. Region's Financial Tower Landlord Rent Reduction Proposal
3. Regions Financial Tower Rent Calculations
4. Rental Comparison: Regions vs. Other Space

Recommended by: Reet Amy Wolf
Department Director

6/15/12
Date

Approved by: [Signature]
Deputy County Administrator

6/12/12
Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2012	2013	2014	2015	2016
Capital Expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Operating Costs	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
External Revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Program Income (County)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
In-Kind Match (County)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET FISCAL IMPACT	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

ADDITIONAL FTE
POSITIONS (Cumulative)

Is Item Included in Current Budget?

Yes X No

Budget Account No: Fund _____ Department _____ Unit _____ Object _____
Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

~~*No Fiscal Impact from this Item. Fiscal Impact will be reported when a contract is approved.~~

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Development & Control Comments:

OFMB

Contract Dev. and Control
65-12 Wheeler

B. Legal Sufficiency:

Assistant County Attorney

C. Other Department Review:

Page 3
Background and Policy Issues (Cont'd)

With regard to the latter and in order to avoid a double move associated with an interim private leased space, the Board specifically directed Staff to negotiate a reduced rental rate to remain at Regions Financial Tower until the Airport Center building can be renovated 5-7 years from now. In the event that the Landlord was unwilling to commence negotiations or the negotiations were unsuccessful, Staff was to return to the Board with further options.

Discussions with Landlord of 1555 Palm Beach Lakes Boulevard

At the March 27, 2012 workshop it was discussed that an effective rate of \$20/s.f. was reasonable for comparable privately-owned leased space. However, taking into account the costs of relocation (moves, infrastructure and tenant improvements) which would be avoided if the TDC remained at Regions Financial Tower until Airport Center was ready, the target rate for the negotiations became \$22/s.f.

On April 24, 2012, the Landlord proposed a reduction from the current rental rate of \$24.50 /s.f. to a new rate of \$23.80/s.f. The new rate would not be effective until the start of the proposed extension in August of 2014 and would also be subject to 2% annual increases starting in 2015. The Landlord also proposed two months of free rent. The net effect of these three changes is that over a five year extension, the total rent would be roughly \$50,000 less than that which would be payable under the current lease terms.

Staff did not believe this reduction was material or consistent with the Board's direction. As a result, Staff advised the Landlord that this proposal would result in Staff not being able to recommend the extension and Staff would be seeking further direction on how to proceed. That correspondence was sent to the BCC on May 14, 2012. Following the email to the BCC, the Landlord contacted Staff with a clarification to the proposal which would result in savings of \$93,500 over the five year term. Attachment 3 identifies the savings over the 5 year extension.

It remains Staff's position that the savings are far less than what the Board contemplated. We informed the landlord that Staff would proceed with this item. Staff also reminded the Landlord of the target rate.

For comparison purposes, Staff identified alternative space that is available for an initial rate of \$19/sf, with three (3) months free rent and four percent (4%) annual increases. On those terms, the County would save approximately \$330,000 over and above the \$93,000 savings at the Regions Financial Tower as reflected in Attachment 4. The total savings compared to the existing lease would be approximately \$420,000

Options for the Short Term (August 2014 Thru 2017-2019)

Other than remaining at Regions Financial Tower, the only other short term option is to conduct an RFP for a 5 year lease. In order for the RFP to maximize rental savings over a five year term, the RFP will likely have to contain key requirements or specifications which:

- maintain the square footage at its current or reduced level;
- locate the leased facility on an existing County fiber path to maintain speed of communications;
- limit finish improvements/modifications to only the public areas; and
- provide for flexibility in the configuration of space to limit the amount of tenant improvements required.

Further, if this option is to be chosen, Staff and the TDC would prepare the specifications for inclusion in an RFP to be issued in March or April of 2013 for award in late summer of 2013. This timing is more appropriate as typically landlords are not in a position to commit space for an occupancy date of greater than a year away from the start of a lease.

Even though on the face of this recommendation it seems to imply that a decision does not need to be made today with regard to the issuance of an RFP – it does. There are only two practical ways to maximize the rental rate reduction over the next 5-7 years; 1) secure an acceptable rate reduction package from the existing landlord, or 2) commit to the RFP at this time. Either would need to be done now. To delay will only strengthen the Landlord's negotiating position, reducing the probability of obtaining further savings during the extension period.

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
WORKSHOP SUMMARY**

Meeting Date: March 27, 2012 (11:00 AM)

**Department: Facilities Development & Operations
Tourist Development Council**

I. EXECUTIVE BRIEF

Title: Long term facilities plan for the Tourist Development Council (TDC) and related agencies of Convention & Visitors Bureau (CVB), Sports Commission (SC), and the Film & Television Commission (FTV).

Summary: On January 24, 2012, the Board directed Staff to set a workshop to discuss the issue of the TDC and related agencies moving into one of two County-owned buildings at the end of the term of TDC's current lease at 1555 Palm Beach Lakes Blvd where the TDC and agencies have been located since 1992. This effort is the culmination of 1 ½ years of efforts to implement the TDC and Board's joint direction to reduce the TDC's facilities expenditures and redirect the savings into marketing efforts where the return on every dollar investing in marketing results in \$177 of direct economic impact, translating to \$26,550,000 in annual expenditures and 2352 new tourism and hospitality jobs. In addition to saving money for the TDC and its agencies, the relocation into County owned space would reduce the expenses to the County associated with the assets in which it has already invested. The two facility options are the Airport Center 2 Building or the Government Center. In order to renovate the Airport Center Building for the TDC it will require the County to budget \$11.32M in ad valorem funding to complete the renovation for the remainder of the space. At this time not only can Staff not recommend Airport Center due to budget challenges but there is no anticipated County need for five years. County Staff recommends the option to renovate 20,000 square feet of the Government Center for the TDC and its related agencies as it; 1) results in the most savings to the TDC, 2) does not require additional ad valorem appropriations, 3) has a higher level of community amenities and demonstrates close partnership/collaboration with government, 4) is close to restaurants, hotels, Convention Center, major cultural attractions, and the opportunity to showcase the waterfront, and 5) the opportunity for foot traffic. The TDC agencies (CVB and SC) have raised concerns regarding relocating to the Government Center and would like to discuss the options of issuing an RFP for leased space. Due to the pending expiration of the existing lease in June 2014 and the time required to implement any of the options, Staff requires direction from the Board at the Workshop to; 1) continue its efforts to relocate TDC to the Government Center, 2) Airport Center, or 3) initiate a Request for Proposals for long term leased space. **(TDC&FDO/PREM) Countywide (DW)**

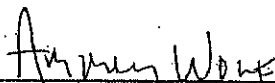
Background & Policy Issues:

Beginning on Page 3

Attachments:

1. October 19, 2010 Board Item - TDC Relocation
2. Chronology of Communication Regarding Pending TDC Relocation
3. Project Budget for Airport Center Renovations
4. Project Budget for Government Center Renovations
5. 15 Year Estimated Costs for Airport Center and Government Center (5A and 5B)
6. Comparison Summary of TDC Relocation Costs
7. E-Mail from the Film and Television Commission dated March 19, 2012
8. Letter and Resolution of the CVB dated March 19 and March 13, 2012 respectively.
9. Letter from Sports Commission dated March 12, 2012

Recommended By:


Department Director

3/20/12
Date

Approved By:

Deputy County Administrator

Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2012	2013	2014	2015
Capital Expenditures	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____
NET FISCAL IMPACT				
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____
Is Item Included in Current Budget:	Yes _____	No _____		
Budget Account No:	Fund	Dept	Unit	Object

B. Recommended Sources of Funds/Summary of Fiscal Impact:

The wide range of financial implications of this item to both the TDC (1st Cent) and to the General Fund over the next 17 years are discussed in the background and policy issues section.

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development Comments:

OFMB

Contract Development and Control

B. Legal Sufficiency:

Assistant County Attorney

C. Other Department Review:

Department Director

This summary is not to be used as a basis for payment.

Background & Policy Issues

The effort to develop a long term facility strategy for the TDC has been an effort on-going for approximately 15 years as it is a long standing County policy to utilize government owned space in all long term facility strategy. As a point of reference, over the last 20 years TDC has spent \$9M dollars in lease payments with nothing to show for it and is now contemplating committing to another long term lease. During this period, the County has consistently presented owned options to the TDC beginning with; 1) constructing space within the Convention Center for this purpose, 2) the 1916 Courthouse, 3) Airport Center, and 4) Government Center. The TDC has consistently indicated rejected these offers for variety of reasons. What is most interesting is that the same spaces which were rejected 10 years ago are now considered "prime County-owned sites." Including the Airport Center where the CVB's viewpoint on the desirability of space has changed in less than two years.

It was not until funding was limited in 2010, that the County's and TDC desires united. On October 19, 2010, the Board considered an item which extended the TDC and related agencies' lease at Regions Financial Tower located at 1555 Palm Beach Lakes Blvd (1555 Lease) for a period of three (3) years until July 14, 2014 (Attachment 1). The extension of the 1555 Lease was to provide sufficient time to develop and implement a program to relocate TDC into County-owned space. When presented with the options of preparing an RFP for a long term leased option and an owned option and the Board both indicated that now was the time to plan for the move to owned space. Since that time, FDO Staff in conjunction with TDC has been pursuing a relocation of TDC into one of two County-owned buildings (Airport Center and Government Center) which were within the site selection area identified by the TDC. Attachment 2 is a chronology of communications, discussions and meetings within the TDC and its agencies regarding the relocation into County-owned space.

Space Planning Assumptions

In order to facilitate that relocation to either location, TDC estimated its staffing and space needs through 2020. Based on those staffing projections, a space program was developed which resulted in a range of space required between 15,000-21,000 square feet (sf) if the agencies continued with individual lobbies and common spaces. That high end reduces to 19,300 sf if the agencies shared lobbies, waiting, and common spaces. For planning purposes, the TDC decided to use 20,000 sf for the comparison of both buildings. This is the high end of the range but splits the difference on the sharing of common spaces. It was also indicated that any option needed the ability to grow into additional space or take less space as may be required in the future. While the space required for, or costs associated with, a Visitor's Center are not specifically included, the ability to develop and operate a Visitor's Center is critical to the decision making process. Both the Airport Center and the Government Center are able to meet these requirements with the Visitor's Center ultimately being located in the 1916 Historic Courthouse if the Government Center option is chosen.

Project Renovation Projects

Renovation Project - Airport Center. The project details of the Airport Center renovation are included as Attachment 3. The summary points of the Airport Center renovation project area are as follows.

- This is a 60,000 sf building of which 20,000 sf will be allocated to TDC agencies and the remainder of the 40,000 sf to General Government. While it is expected that there will be a future need for the space, Staff does not anticipate the space being required for a minimum of 5-7 years.
- The cost estimate to improve the entire building is \$13,706,000 including construction costs, soft costs, contingency, furniture and equipment. The project cost to TDC is \$5,071,875 and the cost to general government \$8,634,125. The construction costs are based on the actual costs incurred to renovate the Airport Center #1 building adjusted for inflation at the projected commencement date.
- All costs are equally split between TDC and General Government based on square footage or percentage of lump sum cost basis except for two specific lines items (interior finishes and furniture) which reflect a higher level of finishes or quality of furniture than the County standard.

Renovation Project - Government Center. The project details of the Government Center renovation are included as Attachment 4. The summary points of the Government Center renovation project are as follows.

- This is 20,000 sf in a 225,000 sf building that will be allocated to TDC. At this point, it is not known whether all the space will be on one floor (4th Floor) or split between two floors. That decision would not be made until further programming is completed. The existing ISS staff and functions currently occupying this space would be relocated to the Four Points Building.

- The cost estimate to improve the 20,000 sf for TDC is \$3,915,000. The same assumptions as to premium finishes and modular furniture were applied. In this case, it was assumed that the existing telephone equipment is used with programming revisions and minor set replacement. The costs are based on two separate renovations projects completed in the Government Center on the 5th and 3rd floors.
- The Board Room is included in the overall square footage of 20,000sf and can be located in either the Government Center or the 1916 Courthouse at the same cost.

Comparison of Relocation Options
Project Costs Only

Option #1 – Airport Center				Option #2 – Government Center			
		TDC	General Gov't			TDC	General Gov't
Project costs		\$5,071,875	\$11,318,300			\$3,915,000	\$2,827,000

When these project budgets were presented the following were the most frequently asked questions.

1. *Will these renovation projects be advertised and bid to potentially lower the prices?*
Yes, either project would likely be awarded to a competitively selected construction manager under annual contract who is required to publically bid all subcontracted work.
2. *Why is the cost to renovate higher at Airport Center than Government Center?*
The starting condition of the Airport Center building is significantly worse than the Government Center and therefore requires additional systems replacement and costs to get it to the identical condition.
3. *Is there 24/7 security at both buildings?*
Yes.
4. *Is there 24/7 access at both buildings?*
Yes.
5. *What are the parking arrangements at Government Center?*
Agency Heads will be provided space in the Government Center Parking Garage. Agency employees will be put on the list for assignment in the downtown lots identical to that for other County and State employees. There is no charge to any employee. A day pass scenario will be worked out for the Board members to provide parking at no cost. Visitors would have to pay.
6. *Do our visitors have to go through security at the Government Center?*
Yes, as long as the screening policy is in effect. If the board room is moved to the 1916 Courthouse, no screening for entering that building would be required.

Operating

The approach to operating and maintaining the space was also considered. The primary operating and maintenance tasks would be performed by FDO and ISS and include; building maintenance, grounds maintenance, custodial, pest control, fire prevention equipment and alarm, elevator maintenance, security, audio/visual equipment maintenance and services, security, parking, electricity, water/sewer, garbage, cable service, maintenance of telephone equipment and telephone services, and maintenance of the data infrastructure. The costs for these services are paid to the County three years in arrears through the indirect costs allocation plan.

Due to the indirect cost allocation plan being charged three years in arrears, the TDC would experience no operating costs their first two years in either facility. The numbers used in the later estimate of operating expenses are based on current costs to tenants of each of the buildings. It is likely that the costs will actually reduce as they are charged in arrears and over the last 4 the expenses have been reduced based on budget cuts. There is no way to lock these in as they are based on actual and have to be calculated annually, but for the purposes of this comparison it would decrease or increase the same at each facility.

Combined Cost Analysis and Comparison

The 17 year project and operating assumptions and costs associated with the two options (Option #1 – Airport Center and Option #2 – Government Center) are shown in Attachments 5A and 5B respectively.

In Option #1 the project costs on behalf of the TDC in the amount of \$5,071,875 are to be paid from the 1st Cent Reserves. The TDC and its agencies will replenish the 1st Cent Reserves from its operating budget in over a period of 15, 20 or 30 years pursuant to a schedule that would be recommended by the TDC at a later date. **It is critical to note that a decision to relocate the TDC to Airport Center at this time will require the issuance of \$11,318,300 in bonds that had not been budgeted or planned for expenditure in the upcoming years.**

In Option #2 the project costs on behalf of the TDC in the amount of \$3,915,000 are again to be paid from the 1st Cent Reserves with a replenishment plan approved by the TDC at a later date. The costs to General Government to implement Option #2 are \$2,827,000 are also from the Public Building Improvement Fund (ad valorem), but in this case are from an existing appropriation. So in addition to requiring significantly less ad valorem expenditures to implement, this Option uses already allocated funding, eliminating the need for additional budget.

Attachment 6 reflects cost comparison of 17 years of occupancy at the Airport Center (Option #1) and at the Government Center (Option #2).

**Comparison of TDC Relocation Options
Summary 2012-2028**

Option #1 – Airport Center				Option #2 – Government Center		
Costs		TDC	General Gov't		TDC	General Gov't
Without Operating		\$5,071,875	\$11,318,300		\$3,915,000	\$2,827,000
With Operating		\$8,927,475	\$19,022,300		\$6,226,200	\$2,827,000

If you look at the more expensive option for TDC (Option #1), TDC will pay the same amount it paid for the same period in leased space, but then be done. In leased space the 15-20 years comes and goes and the entire costs paid again for the next 15-20 years.

Facilities Options Conclusion

- The Government Center space is a better facilities value than Airport Center for identical space.
- The Government Center has lower operating costs than Airport Center.
- Both options have opportunities for a Visitors Center in the future.
- Both options can include signage on the Airport Center building.
- The “neighborhood” and amenities including views, shopping and restaurants are by far better at the Government Center.
- The Government Center option requires no additional appropriation of ad valorem funding.
- The location of the TDC Board Room in the 1916 Courthouse will also serve to enhance use of the 1916 Courthouse by the public and the Film Commission and offer opportunities for revenue generation.

Impact of Savings to the County

The impact of the cost savings from rental payments being re-directed into marketing efforts also needs to be considered. For every dollar invested in marketing the return on investment is \$177 in visitor spending. In the first two years, savings of over \$300,000 annually is projected and approximately \$150,000 annually thereafter. If a conservative annual savings of \$150,000 is realized from the relocation, the following direct economic impact is projected.

Direct Economic Impact from Investment of Rent Savings in Marketing

Direct Economic Impact	Value
Annual Expenditures Generated from Marketing	\$26,550,000
Annual Increase in Visitors	200,000
New Tourism & Hospitality Jobs	2352

The threshold question is whether all the tangible benefits of an owned space, particularly the Government Center, are outweighed by the “independence factor.” Staff will argue that the location of the TDC and related offices do not directly correlate to the performance of the TDC and its agencies. The TDC and its agencies have been performing exceptionally from their current location which has arguably the same level of desired location characteristics as the Airport Center and less than the Government Center. The TDC and related agencies receive relatively few clients at its offices, and instead meet clients at the various tourism related venues, destinations and facilities that they are selling. The primary purpose of the space is for staff offices and for the agencies’ board and committee meetings – of which a greater number should be held at the tourism, sports and hospitality venues in the future regardless of the office space chosen.

The FTV is in support of the move to the Government Center (Attachment 7) and the CVB and the SC have both indicated that they would prefer that a Request For Proposals (RFP) for a long term lease of private space be issued (Attachments 8 and 9). Certainly, the Board has the option to issue a RFP. However, direction to pursue a RFP for a long term lease would be completely inconsistent with; 1) the Board’s existing policy regarding ownership vs. lease, 2) real estate practices of private sector businesses with numerous real estate assets, and 3) the opinion of formal and ad hoc citizen review bodies such as Real Estate Assets Task Force, Tax Watch, etc.

Further, Staff does not support the issuance of a RFP as a “test” since: 1) the likely financial results of the RFP are already known, 2) the time taken to “test” the market will result in the TDC requiring another extension at its current location, and 3) will result in space with the same location characteristics as the Airport Center and Government Center.

In terms of the likely results of a RFP, it is PREM’s opinion that space at approximately \$20/sf could be obtained in a long term lease scenario. While that is \$3-\$4/sf less than the current rate at 1555 Lease, over the 17 year term results in costs equal to the Airport Center option, which are obviously greater than the Government Center option. So, while some savings will be realized at the end of the 15 year term, the TDC will start over again for the third time on its \$9M in payments with no asset to show for it.

In terms of time, it will take 3-4 months to prepare the RFP for issuance, most of which is time and decisions that Staff has been encouraging the TDC to make over the last year but with marginal success. Afterwards, the RFP will need to be on the street for 2-3 months to provide the respondents sufficient time to learn the requirements and price the required improvements. The selection and award of a long term lease in this economy is likely to take 3-4, in total the process will take almost a year. If the Board were to decide that it wanted to move into owned space after the RFP, the 1555 Lease would need to be extended for a year resulting in a loss of \$150,000 in savings and an equal amount of Staff time. These are the identical considerations that the TDC and the Board were faced with in October 2010 when the TDC and the Board made the decision to not pursue a long term lease solution for TDC’s facilities and instead work on a program for moving TDC into County owned space.

Attachment 2

REGIONS FINANCIAL TOWER

1555 Palm Beach Lakes Boulevard Ste.1100

West Palm Beach, FL 33401

Phone: (561)686-1555 Fax: (561)686- 5553

April 24, 2012

Palm Beach County
Facilities Development & Operations Dept.
Property and Real Estate Management Division,
Attn: Ross Hering
Delivered Via Email: rhering@pbcgov.org

Ross,

I am pleased to present you with the following proposal for Palm Beach County Tourist Development Council. As you well know, Region's Financial Tower offers many amenities such as 24 hour a day security inside as well as a second guard during regular business hours patrolling the property. Surveillance cameras are also allocated around the parking garage and at the entrances to the building. An Access Control System is utilized for after hour access. Other services provided are onsite owners and management. A gym and Café are located within the building and these are just a few of the amenities that will be difficult to find at any of the other locations. Please review the following proposal and if you have any questions feel free to give me a call.

TENANT:	Palm Beach County Tourist Development Council
BUILDING:	Regions Financial Tower
LANDLORD:	Regions Financial Tower LLLP
DEMISED PREMISES:	8 th and 9 th Floors, 19,700 RSF
LEASE TERM:	Five (5) years
BASE RENT:	\$23.80 per rentable square foot for year one of the lease with 2% annual increases. Base rent is inclusive of real estate taxes, insurance, building operating expenses.
LEASE START:	August 1, 2014

Note: This offering is subject to errors, omissions, prior sale/lease, or withdrawal without notice.

PARKING: Parking spaces shall be allotted at 4 spaces per 1,000 rentable square feet. Parking charges will be as follows;
14 Reserved Spaces @ \$20 per space.
34 Undercover Spaces @ \$0 per space.
20 Roof Spaces @ \$0 per space.

BUILDING SIGNAGE: Landlord shall provide signage in the first floor directory. Tenant shall provide door signage conforming to Landlord's building standards, at Landlord's expense.

HVAC: Air Conditioning and heat, including maintenance and repair Monday through Friday (8:00 am -6:00 pm). After hours HVAC billed at the rate of \$20/hr.; (subject to reasonable increase over the term of the Lease when actual cost of service to Lessor increases). Computer room to be air conditioned 24 hours per day, 365 days per year at no additional charge.

TENANT IMPROVEMENT: Lessor has agreed to perform the following tenant improvements: Re-paint all painted surfaces, touch-up wood stained surfaces. Re-place all carpet to match existing quality. Tenant will be required to move computers and furniture during installation.

SECURITY DEPOSIT: Waived

DISCLOSURE: In this transaction, Deitz Realty (licensed Real Estate broker) represents the Landlord exclusively and shall receive its compensation from the Landlord. Tenant shall indemnify landlord from any claims of other brokerage firms relating to this transaction

If you have any questions, please feel free to contact my office.

Sincerely,

Andrew Deitz
Property Manager

Agreed to: _____

Title: _____

Date: _____

Attachment 3

Regions Financial Tower Rent Calculations
(5/17/2012)

Fiscal Year	Current/Constant Rent	Proposed Rent	<Savings>
2012	\$ 161,146.00	\$ 161,146.00	\$ 0.00
2013	\$ 483,438.00	\$ 483,438.00	\$ 0.00
2014	\$ 483,438.00	\$ 402,865.00	<\$80,573.00>
2015	\$ 483,438.00	\$ 468,860.00	<\$14,578.00>
2016	\$ 483,438.00	\$ 470,436.04	<\$13,001.96>
2017	\$ 483,438.00	\$ 479,924.86	<\$ 3,513.14>
2018	\$ 483,438.00	\$ 489,610.64	\$ 6,172.64
2019	\$ 402,865.00	\$ 414,849.20	\$11,984.20
TOTALS:	<u>\$3,464,639.00</u>	<u>\$3,371,129.74</u>	<u><\$93,509.26></u>

TDC Rent Comparison (office only, no parking spaces included)

(5/31/2012)

Fiscal Year	Regions/Current Site (19,700 SF, \$24.54/SF, exp 7/31/14; then 5 year extension to 7/31/19, \$23.80/SF, 1st 2 months free, 2% yearly increases)	Best Private (eff 8/1/14 for 5 yrs to 7/31/19, 19,700 SF, \$19.00/SF, 1st 3 months free, 4% yearly, increases, \$51,000 moving costs at start of lease)	Savings/(<Costs>)
2012 (June to Sept)	\$ 161,146	\$ 161,146	\$ -0-
2013	\$ 483,438	\$ 483,438	\$ -0-
2014	\$ 402,865	\$ 402,865	\$ -0-
<i>Moving Costs</i>	<i>n/a</i>	\$ 51,000	<\$ 51,000>
2015	\$ 468,860	\$ 345,604	\$123,256
2016	\$ 470,436	\$ 391,866	\$ 78,570
2017	\$ 479,925	\$ 407,527	\$ 72,398
2018	\$ 489,611	\$ 423,780	\$ 65,831
2019	\$ 414,849	\$ 364,778	\$ 50,071
TOTAL	<u>\$3,371,130</u>	<u>\$3,032,004</u>	<u>\$339,126</u>