



## ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item  
April 24, 2010**

**DATE:** April 14, 2010

**SUBJECT:** Approval of First Extension to a Deed of Lease, between CESC Square L.L.C., Landlord, and the County Board of Arlington County, Virginia, Tenant, for a Period of One Year, for the BRAC Transition Office at 1638 B Crystal Square Arcade, Arlington, VA (RPC Number 34020249).

**C. M. RECOMMENDATIONS:**

1. Approve the First Extension of a Deed of Lease, between CESC Square L.L.C., Landlord, and the County Board of Arlington County, Virginia, Tenant, for a Period of One Year, for the First Extended Term, for the BRAC Transition Office at 1638 B Crystal Square Arcade, Arlington, VA (RPC Number 34020249).
2. Authorize the Real Estate Bureau Chief, or his designee, to execute and deliver to the Landlord on behalf of the County Board, a Renewal Option Notice, for a Period of One Year, for the First Extended Term, for the BRAC Transition Office to Deed of Lease dated August 23, 2007 ("Lease"), between CESC Square L.L.C. ("Landlord"), and The County Board of Arlington County, Virginia, ("County Board" or "Tenant") and to execute all related documents, subject to approval as to form by the County Attorney.

**ISSUE:** As a part of the lease renewal process, the County Board is being requested to approve and authorize the execution of a Renewal Option Notice (see Exhibit A) to extend the term of the Lease for the BRAC Transition Office for an additional year. The deadline date for the County to exercise its option to renew the Lease for the First Extended Term is April 30, 2010.

**SUMMARY:** By authorizing the issuance and delivery of the Renewal Option Notice, the Lease would be extended for a one (1) year lease term, for Arlington Economic Development ("AED") staff and programs to continue occupying 1,564 square feet of office space at 1638 B Crystal Square Arcade to address the impact resulting from the 2005 Base Realignment and Closure Commission ("BRAC") actions.

**BACKGROUND:** The County originally entered into the Lease for AED's BRAC Transition Office on August 23, 2007. If the Lease is not renewed, then the Lease shall expire on October 31, 2010.

County Manager: BMD/MJS

County Attorney: BAC/SAM

18.

Staff: Linda DePersis, DES-Real Estate Bureau and Andrea Morris, AED

The original three year lease term was fully supported by grant funds from the Virginia National Defense Industrial Authority of the Commonwealth of Virginia ("VNDIA"). VNDIA is the primary state source for assisting communities that are adversely impacted by U.S. Department of Defense program changes, including base closures or realignments, base expansions, and contract or program cancellations.

**DISCUSSION:** The exercise of the renewal option, per Section 48 of the Lease ("Renewal Option"), will allow the County to continue to operate its BRAC Transition office for another year. Some of the pertinent provisions of the Renewal Option section of the Lease are as follows:

- If the County chooses to exercise its renewal rights, then the County must send a written notice affirmatively exercising its renewal option to the Landlord six (6) months prior to the then current Lease expiration date.
- Under the terms of the Lease, once the renewal notice for the First Extended Term is received by the Landlord, the County would then continue to occupy the space from November 1, 2010 through October 31, 2011.
- Base rent increases, by 3 percent per square foot per annum, to the total of \$29,053.43 during the First Extended Term. Furthermore, the County is required to pay for its pro rata share of increases of the common area maintenance fee and real estate taxes, approximately \$25,100 during the First Extended Term.
- At least six (6) months prior to the termination of the First Extended Term, the County has the right to extend the Lease term, for one (1) additional year, by sending a renewal notice to the Landlord. If the County chooses to extend the Lease term for the Second Extended Term, then staff would continue to occupy the space from November 1, 2011 through October 31, 2012.

**FISCAL IMPACT:** Funds will be appropriated to pay for the lease obligations through FY 2011. The department of Economic Development at budget adoption will allocate appropriated funds to the lease obligation or apply carryover anticipated from unspent FY 2010 VNDIA grant funding which supports the BRAC Transition Center. The County has permission from VNDIA to reallocate grant funds supporting the Transition Center's operating equipment and operating supplies to lease related expenses. VNDIA has also indicated that staff may request an extension of time in which to spend grant funds. The County also has assurances from the Department of Defense, Office of Economic Adjustment that when additional grant funds for the Transition Center are applied for, they will be available for lease expenses beyond June 2011.

**EXHIBIT A**



DEPARTMENT OF ENVIRONMENTAL SERVICES  
Engineering and Capital Projects Division  
Real Estate Bureau, 2100 Clarendon Blvd., Suite 800, Arlington, VA 22201  
TEL 703-228-3688 FAX 703-228-3789 www.idepersis@arlingtonva.us

April 26, 2010

Hand-Delivered and  
Certified Mail, Return  
Receipt Requested

CESC Square L.L. C.  
c/o Vornado/Charles E. Smith L.P.  
2345 Crystal Drive, Suite 1000  
Arlington, Virginia 22202  
Attn: Mr. Patrick Tyrrell, Chief Operating Officer

Re: Notice of Election of Option to Renew the Deed of Lease dated August 23, 2007 ("Lease") between CESC Square L.L.C., as Landlord, and The County Board of Arlington County, Virginia, as Tenant ("County"), for 1638 B Crystal Square Arcade, Arlington, Virginia 22202

Dear Mr. Tyrrell:

Pursuant to Section 48 of the Deed of Lease, the County is hereby exercising its option to renew its Lease for an additional one (1) year term for the County/Arlington Economic Development's BRAC Transition office 1638 B Crystal Square Arcade, Arlington, Virginia 22202.

The First Extended Term shall commence on November 1, 2010 and shall expire on October 31, 2011. Base Rent shall be increased by 3% to the total of \$29,053.43 for the First Extended Term.

If you should have any questions, please call Linda DePersis. Her telephone number is 703-228-3688. Thank you.

Sincerely,

Uri Arkin  
Real Estate Bureau Chief

cc: AED-Andrea Morris and Mike Goodrich

