

Office of School Facilities
Jaime G. Torrens, Chief Facilities Officer

SUBJECT: THAT THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, MODIFY CERTAIN PROVISIONS OF THE SUBLEASE AGREEMENT AND COOPERATION AGREEMENT WITH NKMIA, LLC, A DELAWARE LIMITED LIABILITY COMPANY, IN CONNECTION WITH A FASHION AND DESIGN COMPLEX ALIGNED WITH THE DESIGN AND ARCHITECTURE SENIOR HIGH SCHOOL FASHION DESIGN PROGRAM, TO BE LOCATED ON COUNTY-OWNED LAND, AT 1175 N.W. SOUTH RIVER DRIVE, MIAMI, FLORIDA 33136

COMMITTEE: FACILITIES AND CONSTRUCTION

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At its meeting of January 17, 2018, the Board authorized the Superintendent to execute a Sublease Agreement ("Sublease Agreement") and a Cooperation Agreement ("Cooperation Agreement") with NKMIA, LLC, a Delaware limited liability company ("NKMIA"), in connection with a fashion and design complex aligned with the Design and Architecture Senior High School ("DASH") fashion design program, to be located on County-owned land, at 1175 N.W. South River Drive, Miami, Florida 33136 ("Fashion Complex"). The educational component of the Fashion Complex was originally proposed as a freestanding 3-story building housing the DASH fashion design program ("Fashion School"), adjacent to the NKMIA headquarter building. Subsequent to Board action, key District staff visited both the Fashion Institute of Technology, Parsons/The New School and the Naeem Khan Studios in New York City to further evaluate optimum educational facility space in fashion industry related instructional settings as well as actual industry space.

The common element among the three facilities was the allocation of large/open instructional and work spaces, which could best be accomplished by adding a fourth floor to the Fashion School building. The additional floor will increase the leased area from approximately 26,580 gross square feet to approximately 34,580 gross square feet. NKMIA has indicated a willingness to incorporate the additional space, if approved by the Board. In order to assure continuity of the collaboration on a more sustainable basis, NKMIA has asked that in lieu of six 10-year extensions at \$1 per year, there be one 20-year extension instead, solely at the Board's option and still at the same rate of \$1 per year. The proposed modifications to the Sublease Agreement are as follows:

- the Demised Area of the Fashion School building will be expanded from approximately 26,580 gross square feet to approximately 34,580 gross square feet;
- the Board, at its sole option, shall have the right to extend the term for one (1) twenty (20) year extension period. Rent during the option period shall be at \$1 per year;
- during the extension periods only, in the event NKMIA acquires ownership of the Fashion Complex from the County, the Board shall reimburse NKMIA for the Board's proportionate share of ad valorem taxes assessed on the Fashion Complex, and paid by NKMIA, if any;
- in the event the Parties wish to extend the term of the Sublease Agreement past year 40, terms and conditions would be negotiated by the Parties at that time; and
- the rental rate shall remain the same as previously approved (\$35 per square foot for the first year, inclusive of parking), or \$1,210,300 annually, with annual adjustments of 3% in years two (2) through twenty (20).

The Office of Treasury Management has confirmed that the lease cost over the initial twenty (20) year term and subsequent 20-year renewal at \$1/year, continues to be financially viable based on the anticipated 400 FTE to be generated by the fashion design program. District staff recommend entering into the Sublease Agreement with the modifications detailed above, and that any modifications to the Cooperation Agreement necessary to comport with the proposed modifications to the Sublease Agreement also be approved as a part of this Board action.

The final version of the Sublease Agreement and Cooperation Agreement will be reviewed by the School Board Attorney's Office and the Office of Risk and Benefits Management for legal sufficiency and risk management issues, respectively, prior to execution by the Parties.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, modify certain provisions of the Sublease Agreement and Cooperation Agreement with NKMIA, LLC, a Delaware limited liability company, in connection with a fashion and design complex aligned with the Design And Architecture Senior High School fashion design program, to be located on County-owned land, at 1175 N.W. South River Drive, Miami, Florida 33136, under, substantially, the terms and conditions noted above.

JGT:arc