

TO: Mayor via City Secretary

REQUEST FOR COUNCIL ACTION

<b>SUBJECT:</b> Lease Agreement with Option to Purchase between the City of Houston and Management Accountability Corporation for the Housing and Community Development Department.	<b>Page</b> 1 of 1	<b>Agenda Item</b>
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<b>FROM (Department or other point of origin):</b> General Services Department	<b>Origination Date</b>	<b>Agenda Date</b>
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<b>DIRECTOR'S SIGNATURE:</b> Scott Minnix <i>11/10/15</i> <i>Scott Minnix</i>	<b>Council District affected:</b> B
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<b>For additional information contact:</b> Jacquelyn L. Nisby <i>JLN</i> <b>Phone:</b> 832-393-8023	<b>Date and identification of prior authorizing Council action:</b>
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**RECOMMENDATION:** Approve and authorize a Lease Agreement with Option to Purchase between the City of Houston and Management Accountability Corporation, a Texas nonprofit corporation (Tenant), for the facility located at 2903 Jensen Drive for the Housing and Community Development Department.

<b>Amount and Source of Funding:</b> Revenue	<b>Finance Budget:</b>
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**SPECIFIC EXPLANATION:** The General Services Department recommends approval of a Lease Agreement with Option to Purchase with Management Accountability Corporation (MAC), Tenant, for 148,674 square feet of land and a 27,200 square foot warehouse building located at 2903 Jensen Drive. The Victory Preparatory School, previously known as Benji Special Education Academy, has operated a charter school out of this lease space since 1998, serving students, of the Fifth Ward Community, from pre-kindergarten through 12<sup>th</sup> grade. MAC took over the school charter on October 15, 2010.

The proposed Lease Agreement will commence on the first day of the month immediately following the date the Lease is countersigned by the City Controller and provides for a five-year lease term with an option to purchase, beginning at a monthly rental of \$1,775.77, with a 3% annual increase. MAC may exercise the option to purchase the property at the purchase price then in effect, by providing written notice at any time prior to the expiration of the lease. If purchased, MAC shall enter into a Land Development Agreement, under which it must further develop the property for educational purposes and allow for public access to the Track and Field Facility, located on the property, for a minimum of ten years following the date of sale.

The 3% rental and purchase price escalations are as listed below:

Months	Monthly Rental	Annual Rental	Purchase Price
1 - 12	\$1,775.77	\$21,309.24	\$532,732.81
13 - 24	\$1,829.05	\$21,948.54	\$548,714.79
25 - 36	\$1,883.92	\$22,606.99	\$565,176.23
37 - 48	\$1,940.43	\$23,285.20	\$582,131.52
49 - 60	\$1,998.65	\$23,983.75	\$599,595.47

MAC is responsible for maintenance, utilities, janitorial and security services, taxes and insurance.

SM:HB:JLN:CF:cf  
xc: Marta Crinejo, Anna Russell, Jacquelyn L. Nisby

REQUIRED AUTHORIZATION

CUIC ID# 25 17

<b>General Services Department:</b> <i>Richard Valle</i> Humberto Bautista, P. E. Assistant Director	<b>Housing and Community Development Department:</b> <i>Shirley Scott</i> <i>For Neal Rackleff</i> Neal Rackleff, Director
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