

## On BASE 109956

**DATE:** November 18, 2024

**TO:** Board of Acquisition and Contract

**FROM:** Sherlita Amler, MD  
Commissioner of Health

**RE:** Resolution authorizing a lease agreement with MG Martine SPE LLC, for the leasing of approximately 57,266 square feet of office space at 11 Martine Avenue, White Plains, NY, to be utilized by the Department of Health, for a period of 11 years and 4 months, commencing upon substantial completion of Landlord's Work, estimated to occur on or around April 1, 2025, with the County having the option to extend the term of the lease by two additional five-year renewal terms.

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Transmitted herewith for your Honorable Board's consideration is a resolution authorizing the County of Westchester ("County"), acting by and through its Department of Health ("DOH" or "Department"), to enter into a lease agreement ("Lease") with MG MARTINE SPE LLC (the "Landlord"), in order for DOH to lease approximately 57,266 square feet of space comprised of the contiguous 12<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> floors on the building ("Building") located at 11 Martine Avenue, White Plains, New York, which space includes the ground floor entry lobby of the Building that exclusively serves such floors, plus 4,000 square feet gross rentable storage space (2,000 square feet in the garage area, and another 2,000 square feet to be determined by the parties) along with 229 reserved parking spaces in the parking garage adjacent to the Building, inclusive of 40 electric vehicle charging stations, allocated for use by County employees and invitees (collectively the "Leased Premises" or "Premises"), for general office use or any uses ancillary to DOH's business and for any other lawful purposes. The Leased Premises will be occupied by County and will replace space currently being leased by the County at 145 Huguenot Avenue, New Rochelle and at 10 County Center, White Plains, as well as other space occupied by the Department at County property such as the County Airport and property located at 25 Moore Avenue, Mount Kisco.

Prior to occupancy of the Premises by DOH, the Landlord will renovate the Leased Premises in accordance with plans approved by the County and a certain work letter attached to the Lease as Exhibit C, setting forth the County's minimum requirements and specifications (the "Landlord's Work"). The Landlord's Work will commence no later than 30 days from receipt of all approvals and will be completed within 270 days thereafter, subject to Tenant's Delay and Force Majeure (as defined in the Lease). The 270-day period may be extended by the number of days corresponding to Tenant's Delay and Force Majeure, if any. In the event the Landlord fails to complete the Landlord's Work within 270 days following the execution of the Lease, Landlord will pay the County a rent credit equivalent to two (2) gross days for each and every day of delay following said 270-day period, subject to Tenant's Delays and Force Majeure. In the event the Landlord's Work is not completed within 365 days following the date the Lease is executed, the County will have the right to either terminate the Lease or to complete Landlord's Work, at Landlord's sole cost and expense.

The initial term of the Lease will be for a period of 11 years and 4 months (the "Initial Term"), commencing on the date the Landlord's Work (as defined below) is "Substantially Complete," e.g.: the date the County's authorized representative provides written notice of acceptance of the Premises, with Landlord's Work completed (the "Commencement Date"), estimated to be April 1, 2025, with the County having the option to extend the Initial Term by two (2) additional five-year periods (the "Extended Terms"), upon advance written notice to the Landlord.

The fixed basic rent for the Initial Term and each of the Extended Terms, will be paid in equal monthly installments, as set forth below, noting that there is a 2.5% annual increase over the rent paid during the immediately preceding year ("Fixed Basic Rent"):

| <b>Initial Term</b>         | <b>Annual Rate</b> | <b>Monthly Installments</b> | <b>Annual Per Sq. Ft. Rent</b> |
|-----------------------------|--------------------|-----------------------------|--------------------------------|
| Month 1 through Month 12    | \$1,775,246.00     | \$147,937.17                | \$31.00                        |
| Month 13 through Month 24   | \$1,819,627.15     | \$151,635.60                | \$31.78                        |
| Month 25 through Month 36   | \$1,865,117.83     | \$155,426.49                | \$32.57                        |
| Month 37 through Month 48   | \$1,911,745.78     | \$159,312.15                | \$33.38                        |
| Month 49 through Month 60   | \$1,959,539.43     | \$163,294.95                | \$34.22                        |
| Month 61 through Month 72   | \$2,008,527.92     | \$167,377.33                | \$35.07                        |
| Month 73 through Month 84   | \$2,058,741.42     | \$171,561.76                | \$35.95                        |
| Month 85 through Month 96   | \$2,110,209.65     | \$175,850.80                | \$36.85                        |
| Month 97 through Month 108  | \$2,162,964.89     | \$180,247.07                | \$37.77                        |
| Month 109 through Month 120 | \$2,217,039.01     | \$184,753.25                | \$38.71                        |
| Month 121 through Month 132 | \$2,272,464.99     | \$189,372.06                | \$39.68                        |
| Month 133 through Month 136 | \$2,329,276.62     | \$194,106.38                | \$40.67                        |
| <b>First Extended Term</b>  | <b>Annual Rate</b> | <b>Monthly Installments</b> | <b>Annual Per Sq. Ft. Rent</b> |
| Month 137 through Month 148 | \$2,329,276.62     | \$194,106.38                | \$40.67                        |
| Month 149 through Month 160 | \$2,387,508.54     | \$198,959.04                | \$41.69                        |
| Month 161 through Month 172 | \$2,447,196.25     | \$203,933.02                | \$42.73                        |
| Month 173 through Month 184 | \$2,508,376.16     | \$209,031.35                | \$43.80                        |
| Month 185 through Month 196 | \$2,571,085.56     | \$214,257.13                | \$44.93                        |
| <b>Second Extended Term</b> | <b>Annual Rate</b> | <b>Monthly Installments</b> | <b>Annual Per Sq. Ft. Rent</b> |
| Month 197 through Month 208 | \$2,635,362.70     | \$219,613.56                | \$46.05                        |
| Month 209 through Month 220 | \$2,701,246.77     | \$225,103.90                | \$47.20                        |
| Month 221 through Month 232 | \$2,768,777.94     | \$230,731.50                | \$48.38                        |
| Month 233 through Month 244 | \$2,837,997.40     | \$236,499.78                | \$49.59                        |
| Month 245 through Month 256 | \$2,908,947.34     | \$242,412.28                | \$50.83                        |

Pursuant to the Lease, the Landlord agreed to a rent concession to be applied to the Fixed Basic Rent for the first 16 months of the Initial Term in an amount of \$17,513.15 per month. The County will pay the first full monthly installment of Fixed Basic Rent and Parking Space charge, within 30 days from the date the Lease is executed. In addition, if the Commencement Date is not the first day of a month, the County will pay the prorated monthly installment of Fixed Basic Rent and Parking Space charge due with respect to such partial month, within 15 days from the Commencement Date.

The County will also pay for operating costs, expenses and fees, including utility costs (measured by a separate meter or sub-meter), such as electricity, water, sewer, gas, heating, ventilating, air conditioning and other utilities, and including applicable fuel surcharges and sales or use taxes related thereto, parking fees, operating costs including, personal property taxes, if applicable, maintenance fees, maintenance and repair costs, tools and other equipment, trash removal, lawn care, snow removal, all fire and other insurance costs, of the Building, sidewalks, and certain, but not all "Related Facilities" that benefit the Building, as well as applicable real estate taxes, as additional rent, as follows: (i) 100% of the operating costs attributable to Commercial Portion of the Building, which is comprised of the entirety of the Premises, and (ii) 21.96% of the operating costs attributable to both the Commercial Portion and Residential Portion of the Building, based on the total square footage of the Premises as it relates to the total square footage of the Building (i.e., 57,266/260,628 x 100).

In addition, pursuant to the Lease, the County will pay an annual parking fee of \$137,400.00, which reflects the monthly cost of \$50.00 per month for each parking space (229 in total, inclusive of 40 electric vehicle charging stations, subject to a 2.5% annual increase over the immediately preceding year. The County will have the right to increase or reduce the number of parking spaces, and the annual parking fee will be adjusted accordingly. The garage will be open 24x7. The County will have exclusive access to 40 electric vehicle charging stations, and will only be responsible for the electricity charges in connection therewith. Landlord will maintain and repair the 40 electric vehicle charging stations, at its sole cost and expense. In addition, the County will have the right to relinquish up to 20% of the required electric vehicle charging stations, for use by other tenants or invitees of the Building, provided the County is not required to pay for the electricity charges related thereto and the County may revoke its decision to relinquish such electric vehicle charging stations at any time, after the giving of notice to the Landlord of such election.

The proposed Lease will serve a public purpose by consolidating separate DOH offices into one space, creating synergies and improving efficiencies in the operation of various DOH programs for the benefit of the residents of Westchester County.

The goal and objective of the proposed Lease is to consolidate separate DOH offices into one space.

The goal and objective of the proposed Lease is in the best interests of the County in terms of fiscal responsibility, as DOH will be able to save time and costs in connection with the operation of DOH programs.

The goal and objective of the proposed Lease will be tracked and monitored by the staff of the Department.

As a lease, the proposed Lease is exempt from the Westchester County Procurement Policy pursuant to Section 3(b) thereof. Notwithstanding the foregoing to the contrary, the County solicited proposals from office property owners for the lease of office space by the Department to provide its executive and administrative offices along with any other ancillary uses as deemed necessary for its operations. The Department determined that the proposed Lease was the most advantageous proposal for the County due to, among other considerations, its proximity to the Westchester County main building located at 148 Martine Avenue, White Plains and most efficient utilization of space.

I respectfully recommend the adoption of the attached Resolution.

Attachment

SA/cmc

## RESOLUTION

UPON A COMMUNICATION FROM THE COMMISSIONER OF HEALTH, BE IT HEREBY

**RESOLVED,** that the County of Westchester (the “County”), acting by and through its Department of Health (“DOH”), is hereby authorized to enter into a lease agreement (“Lease”) with MG MARTINE SPE LLC (the “Landlord”), in order to lease approximately 57,266 square feet of space comprised of the contiguous 12<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> floors on the building (“Building”) located at 11 Martine Avenue, White Plains, New York, which includes the ground floor entry lobby of the Building that exclusively serves such floors, plus 4,000 square feet gross rentable storage space (2,000 square feet in the garage area, and another 2,000 square feet to be determined by the parties) along with 229 reserved parking spaces, inclusive of 40 electric vehicle charging stations (collectively the “Leased Premises” or “Premises”), for general office use or any uses ancillary to the DOH’s business and for any other lawful purposes. The initial term of the Lease will be for a period of 11 years and 4 months, commencing on the date the Landlord’s Work (as defined below) is “Substantially Complete,” with the County having the option to extend the Initial Term by two (2) additional five-year periods (the “Extended Terms”); and be it further

**RESOLVED,** that prior to occupancy of the Premises by DOH, the Landlord shall renovate the Leased Premises in accordance with plans approved by the County and a certain work letter attached to the Lease as Exhibit C, setting forth the County’s minimum requirements and specifications (the “Landlord’s Work”), such work to commence no later than 30 days from receipt of all approvals and to be completed within 270 days thereafter, subject to Tenant’s Delay and Force Majeure (as defined in the Lease), or Landlord shall pay the County a rent credit equivalent to two (2) gross days for each and every day of delay following said 270-day period in completing the Landlord’s Work, and, in the event the Landlord’s Work is not completed within 365 days following the date the Lease is executed, the County shall have the right to either terminate the Lease or to complete Landlord’s Work, at Landlord’s sole cost and expense; and be it further

**RESOLVED,** that the County shall pay fixed basic rent for the Initial Term and each of the Extended Terms, in equal monthly installments, as set forth below, which reflects a 2.5% annual increase over the rent paid during the immediately preceding year (“Fixed Basic Rent”):

| Initial Term                | Annual Rate    | Monthly Installments | Annual Per Sq. Ft. Rent |
|-----------------------------|----------------|----------------------|-------------------------|
| Month 1 through Month 12    | \$1,775,246.00 | \$147,937.17         | \$31.00                 |
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| Month 61 through Month 72   | \$2,008,527.92 | \$167,377.33         | \$35.07                 |
| Month 73 through Month 84   | \$2,058,741.12 | \$171,561.76         | \$35.95                 |
| Month 85 through Month 96   | \$2,110,209.65 | \$175,850.80         | \$36.85                 |
| Month 97 through Month 108  | \$2,162,964.89 | \$180,247.07         | \$37.77                 |
| Month 109 through Month 120 | \$2,217,039.01 | \$184,753.25         | \$38.71                 |
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| <b>First Extended Term</b>  | <b>Annual Rate</b> | <b>Monthly Installments</b> | <b>Annual Per Sq. Ft. Rent</b> |
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and be it further;

**RESOLVED**, that there shall be a rent concession to be applied to the Fixed Basic Rent for the first 16 months of the Initial Term in an amount of \$17,513.15 per month; and be it further

**RESOLVED**, that the County shall pay an annual parking fee of \$137,400.00, which reflects the monthly cost of \$50.00 per month for each parking space (229 in total, inclusive of 40 electric vehicle charging stations, subject to a 2.5% annual increase over the immediately preceding year; and be it further

**RESOLVED**, that, the County shall pay the first full monthly installment of Fixed Basic Rent and Parking Space charge within 30 days from the date the Lease is executed, and be it further

**RESOLVED**, if the Commencement Date is not the first day of a month, the County will pay the prorated monthly installment of Fixed Basic Rent and Parking Space charge due with respect to such partial month, within 15 days from the Commencement Date; and be it further

**RESOLVED**, that the County shall pay 100% of the operating costs attributable to the Commercial Portion of the Building, which is comprised of the entirety of the Premises, and 21.96% of the operating costs attributable to both the Commercial Portion and Residential Portion of the Building; and be it further

**RESOLVED**, that the Lease is subject to appropriations; and

**RESOLVED**, that this Lease is also subject to further financial analysis of the impact of any New York State Budget (the "State Budget") proposed and adopted during the term of this Lease. The County shall retain the right, upon the occurrence of any release by the Governor of a proposed State Budget and/or the adoption of a State Budget or any amendments thereto, and for a reasonable period of time after such release(s) or adoption(s), to conduct an analysis of the impacts of any such State Budget on County finances. After such analysis, the County shall retain the right to either terminate this Lease or to renegotiate the amounts and rates approved herein. If the County subsequently offers to

pay a reduced amount to the Landlord, then the Landlord shall have the right to terminate this Lease upon reasonable prior written notice; and be it further

**RESOLVED**, that the County Executive or his duly authorized designee is hereby authorized to execute and deliver all instruments approved as to form and substance by the County Attorney as are necessary and appropriate to effectuate the purposes hereof.

Lease Agreement

| Account to be Charged/credited | Fund | Dept | Major Program, Program & Phase Or Unit | Object/ Sub Object | Trust Account | Dollars               |
|--------------------------------|------|------|--|--------------------|---------------|-----------------------|
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$1,405,714.65 (2025) |
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$2,019,541.00 (2026) |
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$2,220,603.14 (2027) |
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$2,301,163.77 (2028) |
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$2,383,932.17 (2029) |
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$2,468,907.13 (2030) |
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$2,556,169.04 (2031) |
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$2,645,779.96 (2032) |
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$2,737,803.64 (2033) |
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$2,832,305.57 (2034) |
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$2,929,353.04 (2035) |
|                                | 101  | 46   | 3300-3338                              | 4320               |               | \$1,876,662.64 (2036) |

Budget Funding Year(s) 2025-2036 Start Date 4/1/2025 End Date 7/31/2036  
 (must match resolution)

Funding Source Tax Dollars \$28,377,955.75  
 State Aid \_\_\_\_\_  
 Federal Aid \_\_\_\_\_  
\$28,377,955.75  
 (must match resolution) Other \_\_\_\_\_

APPROVED BOARD OF ACQUISITION & CONTRACT ADMINISTRATION SECRETARY

APPROVED BOARD OF ACQUISITION & CONTRACT - 11/20/2024 - RAYMOND SCULKY, SECRETARY