

REQUIRED MOTION

MAYOR AND CITY COUNCIL HAGERSTOWN, MARYLAND

Date: November 22, 2022

TOPIC: **Approval of a Motion: Letter of Intent with Maryland State Departments of Labor and Education for the City of Hagerstown property located at 2-6 N Potomac St, Hagerstown, Maryland.**

Charter Amendment	—
Code Amendment	—
Ordinance	—
Resolution	—
Other	<u>X</u>

MOTION: I hereby move that the Mayor and City Council to approve the attached Letter of Intent for rental space with Maryland State Departments of Labor and Education at the City of Hagerstown property located at 2-6 North Potomac Street in Hagerstown, MD. The approval provides that the City Administrator and/or the City Attorney may make administrative and non-substantive edits to the attached Letter of Intent if necessary prior to execution.

DATE OF INTRODUCTION:	N/A
DATE OF PASSAGE:	11/22/2022
EFFECTIVE DATE:	11/22/2022



CITY OF HAGERSTOWN, MARYLAND

Department of Community and Economic Development

November 22, 2022

Maryland Department of Labor

1100 North Eutaw Street

Baltimore, MD 21201

Maryland State Department of Education

Division of Rehabilitation Services

2301 Argonne Drive

Baltimore, MD 21218

RE: Letter of Intent – 2-6 N Potomac St, Hagerstown, MD 21740 – Improvements and Lease

Dear Sir or Madam:

The Maryland Department of Labor and the Maryland State Department of Education – Division of Rehabilitation Services have expressed interest in leasing commercial space at 2-6 North Potomac Street in Hagerstown from the City of Hagerstown. However, both departments requested improvements to the space. In order to move forward with those improvements while lease negotiations continue, the City presents this Letter of Intent. If acceptable to your department, please sign below and note that in doing so **you are binding your department to reimburse certain costs to the City even if your department does not lease the space.**



CITY OF HAGERSTOWN, MARYLAND

Department of Community and Economic Development

General Terms:

1. Location and size of premises: 2-6 N Potomac St, Hagerstown, MD 21740, consisting of approximately 11,400 square feet of commercial space (not including additions below).
2. Tenants: Maryland Department of Labor and Maryland State Department of Education – Division of Rehabilitation Services
3. Landlord: City of Hagerstown.
4. Lease term: 10 years, commencing February 1, 2023 with one (1) five year option to renew.
5. Rent: \$15.50 per square foot.
6. Landlord agrees to perform architectural and engineering work based on drawings provided by Department of General Services. This amount will be reimbursed to the City over the first year in the form of additional rent.
7. Tenant will pay for buildout of requests as outlined by the drawings provided by Department of General Services (attached). This amount is not expected to exceed \$200,000. Tenant shall have no claim for reimbursement for these expenses and Tenant shall have no ownership interest in any of the improvements paid for by Tenant.
8. If a lease does not materialize by January 31, 2023, the cost of services paid by the Landlord for architectural and engineering services will be reimbursed by the Tenants within 30 days of the Landlord requesting payment.
9. Binding effect: This Letter of Intent obligates Tenant to reimburse Landlord in full for professional services paid by Landlord even if Tenant does not lease the space.
10. Acceptance: If you agree to the above-mentioned terms, please sign this Letter of Intent and return the duplicate copy within twenty (20) business days after delivery.



CITY OF HAGERSTOWN, MARYLAND

Department of Community and Economic Development

Sincerely,

Emily Keller

Mayor

City of Hagerstown

Acceptance:

Tenant Signature

Maryland Department of Labor

Date

Tenant Signature

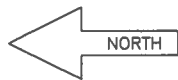
Maryland State Department of Education –

Division of Rehabilitation Services

Date

Draft + 3/18/2022

#16



NORTH POTOMAC ST.

PARADISE

- Replace all carpet tiles in DORS Area
- New offices should have carpet tiles
- Paint all walls in DORS Area / Labor
- Offices 16+17 and Lactation Room (15)

14 N. Potomac St.
Nagerstown, MD 21746



CITY OF HAGERSTOWN, MARYLAND

Department of Community and Economic Development

TO: Scott Nicewarner, City Administrator

FROM: Doug Reaser, Business Development Specialist

DATE: November 2, 2022

RE: **Review of Letter of Intent – Department of Labor and Education**

Staff will attend the November 8, 2022 Mayor & Council Work Session to review a letter of intent with the state of Maryland.

Background

Maryland Department of Labor currently leases approximately 11,140 square feet located at 2-6 N Potomac (Elizabeth Hager Center) from the City.

- Current lease runs through January 31, 2023.
- Current rent is \$167,100 per year (\$15/ft)

Letter of Intent

The state is looking to consolidate both the Department of Labor and Division of Rehabilitation Services (DORS) into one location at 2-6 N Potomac. DORS has asked for additional office space and accessibility features on the first floor of Elizabeth Hager Center (see attached concept). They've requested architectural drawings without a guarantee of lease in place and staff have asked for a letter of intent to be executed in advance of proceeding with this service. The business points of the agreement include:

- Lease term shall be for 10 years
- Rent per square foot shall increase to \$15.50/ft
- City will pay for architectural/engineering services. These fees will be recouped over the first year of the lease as additional rent.
- Tenant will pay for buildout of requests from the Department of General Services concept drawing. The amount is not expected to exceed \$200,000.
- If no lease materializes by January 31, 2023, the cost of services paid by the City for architectural and engineering services will be reimbursed by the state within 30 days of a request.
- The letter of intent does include a binding effect for the cost of services that are paid.

Staff seek direction from Mayor and Council on proceeding with the letter of intent.

Attachments: Letter of Intent, Department of General Services Concept Drawing, Lease

c. Jill Thompson

STATE OF MARYLAND SUPPLEMENTAL LEASE AGREEMENT DGS Form 680-3A	Supplemental Agreement No: One (1)	Date Prepared: March 9, 2017
	To Lease Dated: January 29, 2007	
Address of Premises: 2-6 North Potomac Street First Floor Hagerstown, Maryland 21740		

THIS SUPPLEMENTAL LEASE AGREEMENT, is made and entered into this ____ day of _____ 2017 by and between the Mayor and City Council of Hagerstown hereinafter called the Lessor, and the State of Maryland, hereinafter called the Lessee, to the use of the Department of Labor, Licensing and Regulation, and Employment and Training.

WHEREAS, by a Lease Agreement dated January 29, 2007 (hereinafter “Lease”), the Demised Premises contain 11,140 net usable square feet of space, more or less, to be used for the following purpose: administrative office and public contact; and,

WHEREAS, the Lease was for a ten (10) year term commencing on August 1, 2007; and

WHEREAS, per paragraph 9.1 of the Lease, the parties hereto desire to exercise the option to renew for an additional term of five (5) years;

NOW, THEREFORE, the parties for the considerations hereinafter mentioned covenant and agree that the Lease is amended as set forth herein effective upon Board of Public Works approval:

1. Section 1.3 of the Lease is hereby amended to read as follows:

The term of the lease is five (5) years and zero (0) months (“Original Term”) and shall commence on August 1, 2017 (“Commencement Date”) The Original Term and any Renewal Term(s) (as hereinafter defined in Section 1.3) shall hereinafter collectively be referred to as the “Term”.

2. Section 1.4.1 of the Lease is hereby amended to read as follows:

The Rent payment due by Lessee to Lessor for the Demised Premises is One Hundred Sixty-Seven Thousand One Hundred Dollars and Zero Cents (\$167,100.00) per annum, payable in equal monthly installments of Thirteen Thousand Nine Hundred Twenty-Five Dollars and Zero Cents (\$13,925.00). The Lessor’s Federal Tax Identification Number is 30-001292.

3. Section 32 of the Lease is hereby amended to read as follows:

Lessor’s Work. Lessor will provide the following work at Lessor’s expense.

1. Replace cracked tiles.
2. Replace worn carpet throughout. Carpet to be selected by Lessee.
3. Remove wallpaper in bathrooms. Prepare walls for repaint. Paint walls in bathrooms.

4. Page 1 of the Lease under the Person to contact in Lessor’s Office is amended as:

Randy Gray, Department of Community & Economic Development
Phone: 301-797-6409
E-mail: rgray@hagerstownmd.org

- Also, be advised that Section 31 of the original lease is updated to say

Lessor: Director of Department of Community & Economic Development
14 N. Potomac Street, Suite 200-A
Hagerstown, MD 21740

5. All other terms and conditions of the Lease shall remain in full force and effect.

(SIGNATURES ON NEXT PAGE FOLLOWING)

IN WITNESS WHEREOF, the parties subscribed their names as of the above date.

ATTEST

LESSOR: MAYOR AND CITY COUNCIL

William C. Spradlin

BY:

Robert E. Bruchey, II (SEAL)
Mayor 4/20/17

ATTEST

LESSEE: The State of Maryland Department of
Labor, Licensing and Regulation –
Employment and Training Division

John Spindler

BY:

Kelly Schulz (SEAL)
Kelly Schulz, Secretary

CERTIFICATION BY BOARD OF PUBLIC WORKS

Execution of the above Supplemental Lease Agreement #1 is hereby authorized and approved by
the Board of Public Works at a meeting held July 5, 2017 Item 8 -LT.

Robert S. Smith

Office of Real Estate

This Supplemental Lease Agreement #1 is hereby approved for Form and Legal Sufficiency by
William C. Spradlin, Jr. Assistant Attorney General, on Aug 15, 2017

William C. Spradlin, Jr.

Assistant Attorney General

ADDENDUM "A"

AFFIDAVIT
(State as Lessee -Intergovernmental Lease)
(Revised 8/96)

A. AUTHORIZED REPRESENTATIVE

I HEREBY AFFIRM THAT:

I am the (title) _____ and the duly authorized representative of (governmental entity) and that I possess the legal authority to make this Affidavit on behalf the governmental entity for which I am acting.

B. AFFIRMATION REGARDING BRIBERY CONVICTIONS

I FURTHER AFFIRM THAT: to the best of my knowledge, information, and belief, neither the above entity [as defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland], nor any of its officials, officers, agencies or employees directly involved in obtaining or performing contracts with public bodies [as defined in Section 16-101(f) of the State Finance and Procurement Article of the Annotated Code of Maryland], has been convicted of, or has had probation before judgment imposed pursuant to Article 27, Section 641 of the Annotated Code of Maryland, or has pleaded nolo contendere to a charge of bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows [indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the entity]:

C. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT: to the best of my knowledge, information and belief, neither the above entity, nor any of its officials, officers, agencies or employees directly involved in obtaining or performing contracts with public bodies, has:

- (a) Been convicted under state or federal statute of a criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract, fraud, embezzlement, theft, forgery, falsification or destruction of records, or receiving stolen property;
- (b) Been convicted of any criminal violation of a state or federal antitrust statute;
- (c) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §§ 1961, et seq. or the Mail Fraud Act, 18 U.S.C. §§1341, et seq. for acts arising out of the submission of bids or proposals for a public or private contract;
- (d) Been convicted of a violation of the State Minority Business Enterprise Law, Section 14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;
- (e) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsection (a), (b), (c) or (d) above;
- (f) Been found civilly liable under a state or federal anti-trust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract;
- (g) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described above, except as follows [indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved, and their current positions and responsibilities with the business, and the status of any debarment]:

D. SUB-CONTRACT AFFIRMATION

I FURTHER AFFIRM THAT: to the best of my knowledge, information and belief, neither the above entity nor any of its officials, officers, agencies or employees has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

E. ACKNOWLEDGEMENT

I ACKNOWLEDGE THAT THIS AFFIDAVIT is to be furnished to the State of Maryland and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of a bid or proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, and any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

DATE: June 29 2017

BY:

RE Bruchey
Authorized Representative and Affiant)

Robert E. Bruchey, II Mayor
Printed or Typed Name

DGS OFFICE OF REAL ESTATE
Lease Management and Procurement

File #: 4018

Hagerstown, Washington COUNTY

AGENCY: DLLR - Employment & Training Division LOCATION: 2-6 North Potomac Street, Hagerstown

Agency Contact: Charles Hunt Back Up Agency Contact: Lescoe Brunson
E-Mail Address: charles.hunt@maryland.gov E-Mail Address: lescoe.brunson@maryland.gov
Telephone: 301-600-2193 Telephone: 410-767-2198
Cell Telephone: N/A Cell Telephone: 240-422-2695
Pager Number: N/A Pager Number: N/A
Fax Number: N/A Fax Number: 410-333-5175

LANDLORD CONTACT INFORMATION

Agency: Public Works Department
Owner Company Name: City of Hagerstown
Address: 51 West Memorial Boulevard
Management Company Name: City of Hagerstown
Address: 1 East Franklin Street, City Hall

Primary Contact: Eric B Deike Secondary Contact: Erik Kline
Office Phone: (301) 739-8577 x 178 Office Phone: (301) 739-8577 x 177
Home Phone: _____ Home Phone: _____
Cell Phone: (301) 964-0192 Cell Phone: (240) 675-3748
Pager: _____ Pager: _____
E-Mail: edeike@hagerstownmd.org E-Mail: ekline@hagerstownmd.org
Fax Number: _____ Fax Number: (301) 791-6761