

FORM APPROVED COUNTY COUNSEL
 BY: *[Signature]* DATE: 11/10/14
 GREGORY P. PRIAMOS

**SUBMITTAL TO THE BOARD OF SUPERVISORS
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

566
 A



SUBMITTAL DATE:
 November 25, 2014

FROM: Economic Development Agency/Facilities Management

SUBJECT: First Amendment to Lease, Economic Development Agency, Murrieta, 5-year lease extension, CEQA Exempt, District 3/District 3, [\$3,438,191 total] [\$662,379 annually]; 100% Federal

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities; and
2. Approve the attached First Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County.

BACKGROUND:

Summary
 (Commences on Page 2)

[Signature]

Robert Field
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 273,308	\$ 662,379	\$ 3,438,191	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: Workforce Investment Act Funds – 100% Federal Funds				Budget Adjustment: No	
				For Fiscal Year: 2014/15-2019/20	

C.E.O. RECOMMENDATION:

APPROVE
 BY: *[Signature]*
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: *[Signature]*
 Esteban Hernandez

- A-30
- 4/5 Vote
- Positions Added
- Change Order

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency/Facilities Management

FORM 11: First Amendment to Lease, Economic Development Agency, Murrieta, 5-year lease extension, CEQA Exempt, District 3/District 3 [\$3,438,191 annually] [\$662,379 annually] 100% Federal

DATE: November 25, 2014

PAGE: 2 of 3

BACKGROUND:

Summary

The County of Riverside has been under lease at this location since February, 2010. The Economic Development Agency (EDA) Workforce Division has operated its Workforce Development Center (WDC) serving the needs of the southwest area providing a variety of job search, skill development and training services. The economic climate continues to support the need for services, and this First Amendment to Lease extends the lease 5 years. The Lessor will provide carpet and paint upgrades to the office at its expense. In addition, the negotiated rent has been reduced.

Lessor: SP Silverhawk, LLC
Two Greenwich Plaza
Greenwich, CT 06830

Premises Location: 30135 Technology Drive
Murrieta, CA 92653

Size: 26,105 square feet.

Rent:	<u>Current</u>	<u>New</u>
	\$2.01 per sq.ft. modified gross	\$1.90 per sq.ft. modified gross
	\$52,386.82 per month	\$49,599.50 per month
	\$628,641.84 per year	\$595,194.00 per year

Term: Extended 5 years commencing February 1, 2015, and ending January 31, 2020.

Rent Adjustment: 2.5% annually.

Utilities: County pays electric, Lessor to pay all other utilities.

Custodial: Included in rent.

Interior/Exterior Maintenance: Included in rent.

Improvements: Lessor, at Lessor's sole cost, will paint and replace flooring within the premises.

Termination: For reduced federal funding or if federal funding becomes unavailable with 120 days' advance notice.

Impact on Citizens and Businesses

This Workforce Development and Training Center will continue to serve the southwest county by providing job placement assistance and training.

(Continued)

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FORM 11: First Amendment to Lease, Economic Development Agency, Murrieta, 5-year lease extension, CEQA Exempt, District 3/District 3 [\$3,438,191 annually] [\$662,379 annually] 100% Federal

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PAGE: 3 of 3

SUPPLEMENTAL:

Additional Fiscal Information

See attached Exhibits A, B, & C

EDA WDC will budget these costs in FY2014/15 and will reimburse EDA for all lease costs on a monthly basis.

Contract History and Price Reasonableness

This is a 5-year lease extension. The lease rate is competitive based on the current real estate market.

Attachments:

Exhibits A, B & C

Amendment

Exhibit A

FY 2014/15

EDA WDC Lease Cost Analysis

20135 Technology Drive, Murrieta, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 26,105 SQFT

Approximate Cost per SQFT (July - Jan) \$ 2.01

Approximate Cost per SQFT (Feb - June) - 1st Amendment \$ 1.90

Lease Cost per Month (July - Jan) \$ 52,386.82

Lease Cost per Month (Feb - June) - 1st Amendment \$ 49,599.50

Total Lease Cost (July - Jan) \$ 366,707.74

Total Lease Cost (Feb - June) - 1st Amendment \$ 247,997.50

Total Estimated Lease Cost for FY 2014/15 \$ 614,705.24

Estimated Additional Costs:

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs per Month (July - Jan) \$ 21,928.20

Estimated Utility Costs per Month (Feb - June) - 1st Amendment \$ 15,663.00

Total Estimated Utility Cost \$ 37,591.20

RCIT \$ -

Tenant Improvement \$ -

EDA Lease Management Fee - 3.89% \$ 14,264.93

EDA Lease Management Fee - 3.89% \$ 9,647.10

Total EDA Lease Management Fee \$ 23,912.03

TOTAL ESTIMATED COST FOR FY 2014/15 \$ 676,208.47

Amount Previously approved in previous Agreement \$ 402,900.87

Amount of FY14/15 for 1st Amendment \$ 273,307.60

TOTAL COUNTY COST 0.00% \$ -

Exhibit B

FY 2015/16

EDA WDC Lease Cost Analysis

20135 Technology Drive, Murrieta, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	26,105 SQFT		
Approximate Cost per SQFT (July - Jan) - 1st Amendment	\$	1.90	
Approximate Cost per SQFT (Feb - June) - 1st Amendment	\$	1.95	
Lease Cost per Month (July - Jan) - 1st Amendment		\$	49,599.50
Lease Cost per Month (Feb - June) - 1st Amendment		\$	50,839.49
Total Lease Cost (July - Jan) - 1st Amendment		\$	347,196.50
Total Lease Cost (Feb - June) - 1st Amendment		\$	254,197.44
Total Estimated Lease Cost for FY 2015/16		\$	601,393.94

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - Jan)		\$	<u>3,132.60</u>
Total Estimated Utility Cost		\$	37,591.20
RCIT		\$	-
Tenant Improvement		\$	-
EDA Lease Management Fee - 3.89%		\$	<u>23,394.22</u>
TOTAL ESTIMATED COST FOR FY 2015/16		\$	<u>662,379.36</u>
TOTAL COUNTY COST 0.00%		\$	-

Exhibit C

FY 2016/17 to FY 2019/20
EDA WDC Lease Cost Analysis
20135 Technology Drive, Murrieta, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:

26,105 SQFT

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Approximate Cost per SQFT (July - Jan) - 1st Amendment	\$ 1.95	\$ 2.00	\$ 2.05	\$ 2.10
Approximate Cost per SQFT (Feb - June) - 1st Amendment	\$ 2.00	\$ 2.05	\$ 2.10	\$ -
Lease Cost per Month (July - Jan) - 1st Amendment	\$ 50,839.49	\$ 52,110.47	\$ 53,413.24	\$ 54,748.57
Lease Cost per Month (Feb - June) - 1st Amendment	\$ 52,110.47	\$ 53,413.24	\$ 54,748.57	\$ -
Total Lease Cost (July - Jan) - 1st Amendment	\$ 355,876.41	\$ 364,773.32	\$ 373,892.66	\$ 383,239.97
Total Lease Cost (Feb - June) - 1st Amendment	\$ 260,552.37	\$ 267,066.18	\$ 273,742.84	\$ -
Total Estimated Lease Cost for FY 2016/17 to FY 2019/20	\$ 616,428.79	\$ 631,839.51	\$ 647,635.49	\$ 383,239.97

Estimated Additional Costs:

Utility Cost per Square Foot	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month (July - Jan)	\$ 3,132.60	\$ 3,132.60	\$ 3,132.60	\$ 3,132.60
Total Estimated Utility Cost	\$ 37,591.20	\$ 37,591.20	\$ 37,591.20	\$ 21,928.20
RCIT	\$ -	\$ -	\$ -	\$ -
Tenant Improvement	\$ -	\$ -	\$ -	\$ -
EDA Lease Management Fee - 3.89%	\$ 23,979.08	\$ 24,578.56	\$ 25,193.02	\$ 14,908.03
TOTAL ESTIMATED COST FOR FY 2016/17 to FY 2019/20	\$ 677,999.07	\$ 694,009.26	\$ 710,419.71	\$ 420,076.21
TOTAL COUNTY COST 0.00%	\$ -	\$ -	\$ -	\$ -

F11: Cost - Total Cost \$ 3,438,191.21
F11: Net County Cost - Total Cost \$ -

1 **FIRST AMENDMENT TO LEASE**

2 (Economic Development Agency,

3 30135 Technology Drive, Murrieta, California)

4
5 This FIRST AMENDMENT to Lease ("First Amendment") is made as of
6 _____, 2014, by and between the **COUNTY OF RIVERSIDE**, a political
7 subdivision of the State of California ("County"), as Lessee, and **SP SILVERHAWK,**
8 **L.L.C., a Delaware limited liability company**, successor in interest to Jeffrey
9 Granger, in his capacity as Receiver for the Receivership Estate of SPCP Group V,
10 L.L.C., v. RCI SILVERHAWK 13, L.L.C., a California limited liability company,
11 ("Lessor") and sometimes collectively referred to as the Parties.

12 **1. Recitals**

13 a. SP Silverhawk, L.L.C., Lessor, and County, entered into that
14 certain Lease dated October 6, 2009, ("Original Lease") pertaining to the premises
15 located at 30135 Technology Drive, Murrieta, California, as more particularly described
16 in the Lease.

17 b. The Original Lease, as amended, shall hereafter be referred to as
18 the "Lease."

19 c. County and Lessor desire to further amend the Lease by extending
20 the term, modifying the rent, and including future tenant improvements.

21 **NOW, THEREFORE**, for good and valuable consideration the receipt and
22 adequacy of which is hereby acknowledged, the parties agree as follows:

23 **2. Term.** Section 4.1 of the Lease shall be amended as follows:

24 The term of this Lease shall be extended for a period of five (5) years
25 commencing February 1, 2015, and expiring January 31, 2020 (the "Extension Term").

26 **3. Rent.** Section 5 of the Lease shall be amended as follows:

27 **5.1 Rent.** Commencing February 1, 2015, County shall pay the sum of
28 \$49,599.50 per month to Lessor as rent for the Leased Premises, payable, in advance,

1 on the first day of the month or soon thereafter as a warrant can be issued in the
2 normal course of County's business.

3 **5.2 Percentage Increase.** Notwithstanding the provisions of Section 4.1
4 herein, commencing February 1, 2016, the monthly rent shall be increased on each
5 anniversary of this First Amendment to Lease by an amount equal to two and ½
6 percent (2.5%) of such monthly rental for the preceding Lease year.

7 **4. Improvements by Lessor.** Section 11 of the Lease shall be amended to
8 add subsection 11.1.9 as follows:

9 **11.1.9 Additional Improvements by Lessor during the extended term.**

10 Lessor, at its total cost and expense, not subject to reimbursement by County, shall
11 install carpet tiles in all sections currently carpeted and replace hard-surface flooring
12 where needed. Lessor's responsibility shall include lifting of workstations utilizing
13 furniture jacks, removal of existing carpet, installation of carpet tiles as specified and
14 selected by County and new top set base. In addition, Lessor shall repaint the interior
15 premises, color selected by County. County's responsibility shall include packing of
16 files, moving of files and stand-alone office furniture and removal of art, etc. on walls.
17 All work stated herein shall be completed in phases, after hours or on weekends. Work
18 to commence within sixty (60) days upon County's request during the extended term.

19 **5. First Amendment to Prevail.** The provisions of this First Amendment
20 shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore
21 amended, and shall supplement the remaining provisions thereof. Unless defined
22 herein or the context requires otherwise, all capitalized terms herein shall have the
23 meaning defined in the Lease, as heretofore amended.

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1 **6. Notices.** Section 19.18 of the Lease is hereby amended by changing the
2 Notification Addresses of the parties to read as follows:

3 County's Notification Address:

4 County of Riverside
5 Economic Development Agency
6 Attn.: Deputy Director of Real Estate
7 3403 Tenth Street, Suite 400
8 Riverside, CA 92501

9 Lessor's Notification Address:

10 SP Silverhawk, LLC
11 Attn.: Andrew Scott
12 Two Greenwich Plaza, Suite 100
13 Greenwich, CT 06830

14 **7. Miscellaneous.** Except as amended or modified herein, all the terms of
15 the Lease shall remain in full force and effect and shall apply with the same force and
16 effect. If any provisions of this Amendment or the Lease shall be determined to be
17 illegal or unenforceable, such determination shall not affect any other provision of the
18 Lease and all such other provisions shall remain in full force and effect. The language
19 in all parts of the Lease shall be construed according to its normal and usual meaning
20 and not strictly for or against either Lessor or Lessee. Neither this Amendment, nor the
21 Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded
22 by Lessee.

23 **8. Successor and Assigns.** This First Amendment shall inure to the
24 benefit of the Parties' successors and /or assigns.

25 **9. Effective Date.** This First Amendment to Lease shall not be binding or
26 consummated until its approval by the County's Board of Supervisors and fully
27 executed by the Parties.

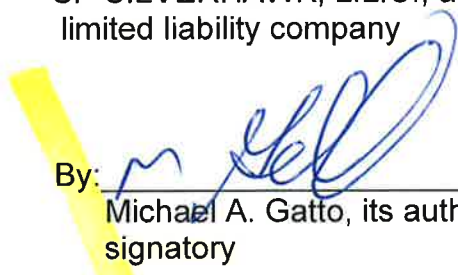
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1 **IN WITNESS WHEREOF**, the Parties have executed this Amendment as of the date
2 first written above.

3 LESSEE:
4 COUNTY OF RIVERSIDE

LESSOR:
SP SILVERHAWK, L.L.C., a Delaware
limited liability company

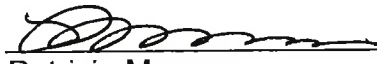
7 By: _____
8 Jeff Stone, Chairman
Board of Supervisors

By:  _____
Michael A. Gatto, its authorized
signatory

10 ATTEST:
11 Kecia Harper-Ihem
Clerk of the Board

12 By: _____
13 Deputy

15 APPROVED AS TO FORM:
Gregory P. Priamos, County Counsel

16 By:  _____
17 Patricia Munroe
18 Deputy County Counsel

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AS