

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

516



FORM APPROVED COUNTY COUNSEL  
BY: *[Signature]* 11/24/13  
DATE: PATRICIA MUNROE  
Departmental Concurrence

**FROM:** Economic Development Agency/Facilities Management

**SUBMITTAL DATE:**  
November 20, 2013

**SUBJECT:** Second Amendment to Lease – O'Reilly Public Relations, Five Year Lease Renewal, CEQA Exempt, District 2, [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Ratify the attached Second Amendment to Lease;
2. Authorize the Chairman of the Board to execute the same on behalf of the County; and
3. Find that the leasing of the building and improvements are exempt from CEQA pursuant to CEQA guidelines section 15601 (b) (3) as it can be seen with certainty that there is no possibility the activity in question may have a significant effect on the environment; and section 15301, Class 1, as the project involves negligible or no expansion of an existing use or alterations.

**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)
<b>COST</b>	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0	

**SOURCE OF FUNDS:** Revenue Lease

**Budget Adjustment:** No  
**For Fiscal Year:** 2013/14

**C.E.O. RECOMMENDATION:**

APPROVE

BY:

*[Signature: Rohini Dasika]*  
Rohini Dasika

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley  
Nays: None  
Absent: None  
Date: December 3, 2013  
xc: EDA VII IO: Sr

Kecia Harper-Ihem  
Clerk of the Board  
By: *[Signature]*  
Deputy

Prev. Agn. Ref.: 3-18 of 6/9/09

District: 2/2

Agenda Number:

**3-9**

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

**BACKGROUND:**  
**Summary**

The O'Reilly Public Relations Company, tenant, currently occupies Riverside Centre, a County owned facility pursuant to the terms of their current lease agreement. The original lease agreement is a full service gross lease agreement which includes all facility expenses including maintenance, custodial, utilities and property taxes. Since this is a County owned facility, property taxes are not payable by the County however a possessory interest tax is assessed and collected by the Tax Collector on entities which occupy County facilities. The possessory interest tax payments are billed annually by the Tax Collector and they are not a part of the rental billed by County to the Tenant. This lease amendment provides the necessary modifications to delete the property tax payment requirements and require the tenant to pay the possessory interest tax.

The current rental paid by the tenant is \$2.38 per square foot which excludes the possessory interest tax payment. This payment is estimated to be approximately \$.30 per square foot, which when added to the current rental equates to a total estimated monthly rental of \$2.68 per square foot. An analysis of the market rates in downtown Class A office buildings resulted in the market rate of comparable space to be approximately \$2.30 - \$2.40 per square foot, which includes payment of taxes, therefore a downward adjustment in tenant's base rent is necessary to bring the rent in line with comparable market rents. The new base rental rate recommended is \$2.00 per square foot, which when added to the estimated possessory interest tax amount of \$.30 per square foot, equates to a total rental of \$2.30 per square foot. In addition to the tax language changes and adjustment of the rent, this amendment provides one option to extend the lease for a period of five years.

Pursuant to the California Environmental Quality Act (CEQA), the Lease was reviewed and determined to be categorically exempt from CEQA under CEQA Guidelines 15301, Class 1 – Existing Facilities. The proposed project, the Lease, is the letting of property involving existing facilities and no expansion of an existing use will occur.

The terms of the lease amendment are set forth in the summary below:

<b>Lessor:</b>	County of Riverside 3403 10 <sup>th</sup> Street, Suite 400 Riverside, California 92501	
<b>Premises Location:</b>	3403 10 <sup>th</sup> Street, Suite 110 Riverside, California 92501	
<b>Size:</b>	4,452 square feet	
<b>Rent:</b>	<b>Current</b>	<b>New</b>
	\$2.38 per sq. ft.	\$2.00 per sq. ft.
	\$10,595.76 per month	\$8,904.00 per month
	\$127,149.12 per year	\$106,848.00 per year
<b>Possessory Interest Tax:</b>	In addition to the new rent Lessee to pay Possessory Interest Tax to be billed by Tax Collector and estimated to be approximately \$.30 per square foot.	
<b>Term:</b>	Extended five years effective August 1, 2013, expires July 31, 2018	

(Continued)

**BACKGROUND:**  
**Summary (continued)**

Option to Extend: One additional five year option to renew the lease.  
Rental Adjustment: Rent to be increased 3% annually during the Option Term.  
Custodial: Provided by County  
Maintenance: Provided by County  
Utilities: Provided by County

The attached Second Amendment to Lease has been reviewed and approved by County Counsel as to legal form.

**Impact on Residents and Businesses**

An impact on private residents or private businesses is not expected.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

The Economic Development Agency anticipated the lease extension and budgeted the revenue in FY 2013/2014.

**Contract History and Price Reasonableness**

This lease commenced in 2006 and was extended in 2009 on the same terms. Since this time, there has been no renegotiation of the lease rate or its terms. During this period, market lease rates have declined; therefore the rental rate has been renegotiated as stated above.

Attachment:  
Second Amendment to Lease

1 **SECOND AMENDMENT TO LEASE**

2  
3 **THIS SECOND AMENDMENT TO LEASE** (Second Amendment), dated as of  
4 December 3, 2013, is entered into by and between the **COUNTY OF**  
5 **RIVERSIDE**, a political subdivision of the State of California, Lessor, as successor in  
6 interest to Riverside Centre Associates, L.P., a California limited partnership, and  
7 **O'REILLY PUBLIC RELATIONS, INC.**, a Nevada corporation, Lessee, sometimes  
8 collectively referred to as the "Parties."

9 **RECITALS**

10 a. Lessor and Lessee have entered into that certain Lease dated April 1,  
11 2006 and its subsequent amendment (collectively referred to as the Original Lease)  
12 pursuant to which Lessor has agreed to lease to Lessee and Lessee has agreed to  
13 lease from Lessor that certain building located at 3403 10<sup>th</sup> Street, Suite 110, Riverside  
14 (the Building), as more particularly described in the Lease (the Original Premises).

15 b. The amendment of the Original Lease is summarized as follows:

16 1. The First Amendment to lease dated June 9, 2009 by and between  
17 the County of Riverside as successor in interest to Riverside Centre Associates, L.P.,  
18 Lessor, and O'Reilly Public Relations, Inc., a Nevada corporation, Lessee, deleting  
19 operating expense provisions, modifying the monthly rent, and including a termination  
20 provision.

21 The Parties now desire to amend the Original Lease referred to as  
22 "Lease."

23 **NOW THEREFORE**, for good and valuable consideration the receipt and  
24 adequacy of which is hereby acknowledged, the Parties agree as follows:

25 1. **LEASE TERM EXTENSION.** The Lease Term as set forth in  
26 Section 2.6 of the Lease is hereby extended and shall expire on July 31, 2018 (the  
27 Lease Term Extension).  
28

1           2.     **BASE RENT.** The Base Rent shall be modified to \$8,904.00 per  
2 month commencing August 1, 2013.

3           3.     **OPTION TO EXTEND; OPTION NOTICING REQUIREMENTS.**  
4 Section 36.1 of Section 6 of the Lease Addendum is hereby deleted and the following  
5 Section substituted:

6           "Section 36.1 Subject to the provisions thereof, Tenant shall be entitled  
7 to one (1) five year option (an Extension Option) to extend the Term for one additional  
8 period of five (5) years (an Option Term). The Option Term shall commence August 1,  
9 2018 and shall expire July 30, 2023. The Extension Option shall be exercised only by  
10 written notice delivered to Landlord (Tenant's Notice of Exercise of Option) not less  
11 than six (6) months and not more than twelve (12) months prior to the expiration of the  
12 Lease Term. If Tenant fails to deliver to Landlord written notice of the exercise of the  
13 Option within the prescribed time period, the Extension Option shall lapse, and there  
14 shall be no further right to extend the term of the Lease."

15           4.     **LEASE TERMS AND CONDITIONS DURING OPTION TERM.**  
16 Section 36.3 of Section 6 of the Lease Addendum is hereby deleted and the following  
17 Section substituted:

18           "36.3 All terms and conditions of the Lease (other than the provisions of  
19 this amendment and related changes to paragraph 36) shall apply to and during each  
20 Option Term, except that the rent shall be adjusted as set forth in Section 5 of this  
21 Second Amendment to Lease."

22           5.     **OPTION TERM RENT AND RENTAL ADJUSTMENTS.** Section  
23 36.5 of Section 6 of the Lease Addendum is hereby deleted and the following language  
24 substituted:

25           "Section 36.5 For the Option Term, the Rent to be paid shall be three  
26 (3%) percent greater than the monthly rent paid in the last year of the Lease Term  
27 Extension, thereafter increased three (3%) percent annually increases thereafter during  
28 the Option Term.

1           6.     OTHER TAXES.    The language in Section 7 of the Lease is  
2 hereby deleted and the following language substituted:

3           "Tenant shall be responsible for payment of the annual Possessory  
4 Interest Tax levied on the premises upon assessment and billing by the County  
5 Assessor's office and Tax Collector's office. The Possessory Interest Tax shall be paid  
6 by Tenant directly to the County Tax Collector. Failure to pay shall result in fines or  
7 fees levied by the Tax Collector's office. In addition Tenant shall be responsible to pay,  
8 or cause to be paid, before delinquency, any and all taxes levied or assessed against  
9 Tenant's personal property or trade fixtures."

10           7.     NOTICES.    The Landlord's name and address in Section 2.19 of  
11 the Lease shall be deleted and the following language substituted:

12                     LANDLORD  
13                     County of Riverside/EDA  
14                     Real Estate Division  
15                     3403 10<sup>th</sup> Street, Suite 400  
16                     Riverside, California 92501

17           8.     SECOND AMENDMENT TO PREVAIL.   The provisions of this  
18 Second Amendment shall prevail over any inconsistency or conflicting provisions of the  
19 Lease. Any capitalized terms shall have the meaning defined in the Lease, unless  
20 defined herein or context requires otherwise.

21           9.     MISCELLANEOUS.   Except as amended or modified herein, all  
22 terms of the Lease shall remain in full force and effect. If any provisions of this  
23 Amendment shall be determined to be illegal or unenforceable, such determination  
24 shall not affect any other provision of the Lease. Neither this Amendment nor the  
25 Lease shall be recorded by the Lessee.

26           10.    EFFECTIVE DATE.   This Second Amendment to Lease shall not  
27 be binding or consummated until its approval by the Riverside County Board of  
28 Supervisors and fully executed by the Parties.

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

3  
4 LESSOR:

LESSEE:

5 COUNTY OF RIVERSIDE

O'REILLY PUBLIC RELATIONS, INC.  
a Nevada corporation

6  
7 By: 

By: 

8 John J. Benoit, Chairman  
Board of Supervisors

Patrick J. O'Reilly, President/CEO

9  
10 ATTEST:

11 Kecia Harper-Ihem  
Clerk of the Board

12  
13 By: 

Deputy

14 APPROVED AS TO FORM:

15 Pamela J. Walls  
County Counsel

16  
17 By: 

18 Patricia Munroe  
Deputy County Counsel

19  
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**Riverside County Board of Supervisors  
Request to Speak**

Submit request to Clerk of Board (right of podium),  
Speakers are entitled to three (3) minutes, subject  
Board Rules listed on the reverse side of this form.

**SPEAKER'S NAME:** GARRY GRANT

**Address:** \_\_\_\_\_  
(only if follow-up mail response requested)

**City:** PERRIS, **Zip:** \_\_\_\_\_

**Phone #:** \_\_\_\_\_

**Date:** DEC 3RD 07 **Agenda #** 3-9

**PLEASE STATE YOUR POSITION BELOW:**

**Position on "Regular" (non-appealed) Agenda Item:**

**Support**       **Oppose**       **Neutral**

**Note:** If you are here for an agenda item that is filed  
for "Appeal", please state separately your position on  
the appeal below:

**Support**       **Oppose**       **Neutral**

**I give my 3 minutes to:** \_\_\_\_\_



## **BOARD RULES**

### **Requests to Address Board on "Agenda" Items:**

You may request to be heard on a published agenda item. Requests to be heard must be submitted to the Clerk of the Board before the scheduled meeting time.

### **Requests to Address Board on items that are "NOT" on the Agenda:**

Notwithstanding any other provisions of these rules, member of the public shall have the right to address the Board during the mid-morning "Oral Communications" segment of the published agenda. Said purpose for address must pertain to issues which are under the direct jurisdiction of the Board of Supervisors. YOUR TIME WILL BE LIMITED TO THREE (3) MINUTES.

### **Power Point Presentations/Printed Material:**

Speakers who intend to conduct a formalized Power Point presentation or provide printed material must notify the Clerk of the Board's Office by 12 noon on the Monday preceding the Tuesday Board meeting, insuring that the Clerk's Office has sufficient copies of all printed materials and at least one (1) copy of the Power Point CD. Copies of printed material given to the Clerk (by Monday noon deadline) will be provided to each Supervisor. If you have the need to use the overhead "Elmo" projector at the Board meeting, please insure your material is clear and with proper contrast, notifying the Clerk well ahead of the meeting, of your intent to use the Elmo.

### **Individual Speaker Limits:**

**Individual speakers are limited to a maximum of three (3) minutes.** Please step up to the podium when the Chairman calls your name and begin speaking immediately. Pull the microphone to your mouth so that the Board, audience, and audio recording system hear you clearly. Once you start speaking, the "green" podium light will light. The "yellow" light will come on when you have one (1) minute remaining. When you have 30 seconds remaining, the "yellow" light will begin flash, indicating you must quickly wrap up your comments. Your time is up when the "red" light flashes. The Chairman adheres to a strict three (3) minutes per speaker. **Note: If you intend to give your time to a "Group/Organized Presentation", please state so clearly at the very bottom of the reverse side of this form.**

### **Group/Organized Presentations:**

Group/organized presentations with more than one (1) speaker will be limited to nine (9) minutes at the Chairman's discretion. The organizer of the presentation will automatically receive the first three (3) minutes, with the remaining six (6) minutes relinquished by other speakers, as requested by them on a completed "Request to Speak" form, and clearly indicated at the front bottom of the form.

### **Addressing the Board & Acknowledgement by Chairman:**

The Chairman will determine what order the speakers will address the Board, and will call on all speakers in pairs. The first speaker should immediately step to the podium and begin addressing the Board. The second speaker should take up a position in one of the chamber aisles in order to quickly step up to the podium after the preceding speaker. This is to afford an efficient and timely Board meeting, giving all attendees the opportunity to make their case. Speakers are prohibited from making personal attacks, and/or using coarse, crude, profane or vulgar language while speaking to the Board members, staff, the general public and/or meeting participants. Such behavior, at the discretion of the Board Chairman may result in removal from the Board Chambers by Sheriff Deputies.

**Riverside County Board of Supervisors  
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Speakers are entitled to three (3) minutes, subject  
to Board Rules listed on the reverse side of this form.

**SPEAKER'S NAME:** Paul Jacobs

**Address:** \_\_\_\_\_  
(only if follow-up mail response requested)

**City:** Temecula **Zip:** \_\_\_\_\_

**Phone #:** \_\_\_\_\_

**Date:** 12/3/13 **Agenda #** 3-9

**PLEASE STATE YOUR POSITION BELOW:**

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**Support**       **Oppose**       **Neutral**

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