

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



ITEM: 3.21
(ID # 24007)

MEETING DATE:
Tuesday, April 30, 2024

FROM : FACILITIES MANAGEMENT:

SUBJECT: FACILITIES MANAGEMENT, REAL ESTATE DIVISION (FM-RE): Ratification and Approval of the First Amendment to Lease with DBP 1-3 LLC, a Washington Limited Liability Company, successor in interest to Grinnel Properties LLC, Ten-Year Lease. California Environmental Quality Act (CEQA) Exempt pursuant to State CEQA Guidelines Sections 15301 and 15061(b)(3); District 4. [\$5,441,587 Total Cost - Department Budgets: Fund 20000 - Transportation 44%; Fund 10000 - Code Enforcement 30%; Fund 20250 - Building & Safety 5%; Fund 10000 - Planning 5%; Fund 20200 - Counter Services 16%] (Clerk to file Notice of Exemption)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301, Class 1 - Existing Facilities Exemption, and Section 15061(b)(3), "Common Sense" Exemption;
2. Ratify and Approve the attached First Amendment to Lease with DBP 1-3 LLC, a Washington Limited Liability Company, and authorize the Chair of the Board to execute the same on behalf of the County;
3. Authorize the Director of Facilities Management, or designee, to execute any other documents and administer all actions necessary to complete this transaction; and
4. Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk and the State Clearinghouse within five (5) working days of approval by the Board.

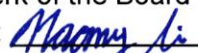
ACTION:Policy, CIP


Rose Salgado, Director of Facilities Management 4/19/2024

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: April 30, 2024
xc: FM-RE, Recorder/State Clearinghouse

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$158,584	\$1,082,086	\$5,441,587	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: Department Budgets: Fund 20000 - Transportation 44%; Fund 10000 - Code Enforcement 30%; Fund 20250 - Building & Safety 5%; Fund 10000 - Planning 5%; Fund 20200 - Counter Services 16%			Budget Adjustment: No	
			For Fiscal Year: 23/24-33/34	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Transportation and Land Management Agency (TLMA) has been under lease at 77-588 El Duna Court, Suites H and I, Palm Desert since July 16, 2013. This location and office continue to meet the needs of TLMA in providing Planning and Code Enforcement services for the desert region. Given the area growth since 2013, services being provided have increased along with associated staffing, and additional office space is needed. This First Amendment to Lease (First Amendment) represents a request to expand the premises 5,000 square feet and extend the lease ten (10) years. Included are tenant improvements within the expansion space to be completed by Lessor and reimbursed upon completion by the County.

Pursuant to the California Environmental Quality Act (CEQA), the First Amendment was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15301, Class 1 - Existing Facilities Exemption, and Section 15061(b)(3), "Common Sense" Exemption. The proposed project, the First Amendment, is the letting of property involving existing facilities and no expansion of an existing use will occur.

This First Amendment is summarized below:

Lessor: DBP 1-3 LLC
c/o Investco LLC
1302 Puyallup Street
Sumner, WA 98390

Premises Location: 77-588 El Duna Court, Suites H and I
Palm Desert, CA 92563

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Size: Currently 10,000 square feet. Increases 5,000 square feet for a total of 15,000 square feet upon completion of tenant improvements. Estimated to be July, 2024.

Rent:

<u>Current</u>	<u>New</u>
\$1.34 per sq. ft.	\$2.01 per sq. ft.
\$13,439.16 per month	\$20,100.00 per month
\$161,269.92 per year	\$241,200.00 per year

Term: Ten years, commencing April 1, 2024.

Rent Adjustment: 3.5% annual increases commencing April 1, 2025

Option to Extend: None

Option to Terminate: None

Utilities: County pays for all utilities. Lessor pays for trash removal.

Custodial Services: Provided by Lessor

Maintenance: Provided by Lessor

Tenant Improvements: Total project not to exceed \$786,714.00. County to reimburse Lessor not to exceed \$636,714.00.

Tenant Improvement Allowance: \$150,000.00 provided by Lessor

RCIT: \$42,735.00

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

Impact on Residents and Businesses

This facility will continue to provide a satellite location for various TLMA Divisions and Services. The continued occupancy of this facility provides a positive economic impact to area residents and businesses.

SUPPLEMENTAL:

Additional Fiscal Information

See attached Exhibits A, B, & C.

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TLMA has budgeted these costs in FY 23/24-33/34 and will reimburse Facilities Management, Real Estate Division for all lease costs on a monthly basis. Additional NCC is not requested for this item.

Contract History and Price Reasonableness

This is a ten-year renewal. This contract has been in place since July 16, 2013 and the new rate is in line with current market rates.

ATTACHMENTS:

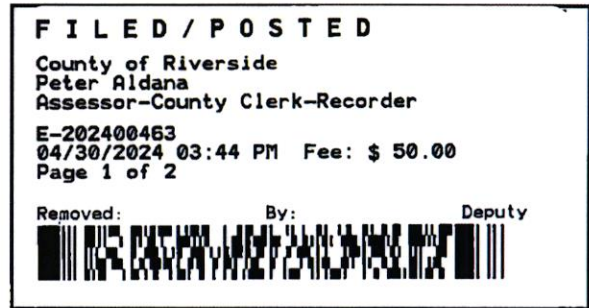
- First Amendment to Lease
- Exhibits A, B & C
- Notice of Exemption
- Aerial Map

SC:sc/02092024/PD020/30.XXX


Veronica Santillan, Principal Management Analyst 4/23/2024


Aaron Gettis, Chief of Deputy County Counsel 4/22/2024

County of Riverside
Facilities Management
3450 14th Street, Riverside, CA 92501



NOTICE OF EXEMPTION

February 27, 2024

Project Name: Transportation Land Management Agency (TLMA), First Amendment to the Lease Agreement with DBP 1-3 LLC, Palm Desert

Project Number: FM042550002000

Project Location: 77-588 El Duna Court, Suites H and I, west of west of El Viento Road, Palm Desert, California, 92211; Assessor's Parcel Number (APN) 626-420-051

Description of Project: TLMA has been under lease at 77-588 El Duna Court, Suites H and I, Palm Desert since July 16, 2013. This location and office continue to meet the needs of TLMA with providing its planning and code enforcement services for the desert region. Given the area growth since 2013, services being provided have increased along with associated staffing, and additional office space is needed. This First Amendment to Lease (First Amendment) represents a request to expand the allocation of existing building space by 5,000 square feet and extend the lease ten years. Tenant improvements are included within the expansion space to accommodate the additional allocated space and are to be completed by Lessor and reimbursed upon completion by the County. Approval of the First Amendment to the Lease Agreement is identified as the proposed project under the California Environmental Quality Act (CEQA). The proposed project would involve the use of space within an existing light industrial building. No expansion of the footprint or increase in capacity of use would occur as a result of the First Amendment. The operation of the facility will result in the use of an existing building and no additional direct or indirect physical environmental impacts are anticipated.

Name of Public Agency Approving Project: Riverside County

Name of Person or Agency Carrying Out Project: Riverside County Facilities Management

Exempt Status: State CEQA Guidelines Section 15301, Class 1, Existing Facilities Exemption; Section 15061(b) (3), General Rule or "Common Sense" Exemption. Codified under California Code of Regulations Title 14, Article 5, Section 15061.

Reasons Why Project is Exempt: The proposed project is categorically exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The project will not cause an impact to an environmental resource of hazardous or critical concern nor would the project involve unusual circumstances that could potentially have a significant effect on the environment. The project would not result in impacts to scenic highways, hazardous waste sites, historic resources, or other sensitive natural environments, or have a cumulative effect to the environment. No significant environmental impacts are anticipated to occur with the First Amendment to the Lease Agreement and interior tenant improvements.

FIRST AMENDMENT TO LEASE

77588 El Duna Court

Palm Desert, CA 92211

This **FIRST AMENDMENT TO LEASE** ("First Amendment") dated as of April 1, 2024 ("Effective Date"), is entered into by and between **DBP 1-3 L.L.C.**, a Washington limited liability company, as successor in interest to Grinnell Properties LLC, ("Lessor"), and the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), sometimes collectively referred to as the "Parties".

RECITALS

a. **Grinnell Properties LLC**, as lessor ("Grinnell"), and County, as lessee, entered into that certain Lease dated July 16, 2013 ("Lease") whereby Grinnell agreed to lease to County, and County agreed to lease from Grinnell, that certain premises commonly known as Suites H and I (the "Original Premises") within the building located at 77588 El Duna Court, Palm Desert, California ("the Building"), as more particularly described in the Lease.

b. The Lease expired on September 30, 2023, and County is a holdover tenant (i.e., month-to-month tenant) pursuant to Section 4.4 of the Lease.

c. County and Lessor desire to amend the Lease with this First Amendment to extend the term period, expand the Original Premises, clarify the Parties' responsibilities with respect to certain tenant improvements, amend the rental amount, and modify the Lease in certain other particulars, as more particularly set forth in this First Amendment.

AGREEMENT

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

1. **Term.** The Original Term of the Lease shall be extended for a period of 120 months commencing on the Effective Date, and the new Expiration Date shall therefore be midnight on the last day of the 120th month following the Effective Date (the "Extension Term"). All references in the Lease and this First Amendment to the Original Term and the Expiration Date shall have the meanings ascribed to them in the Lease,

as modified hereby. The Parties acknowledge that County has no right or option to further extend or renew the Original Term of the Lease.

2. Premises Clarification. The Parties acknowledge and agree that County has been occupying Suite H of the Building pursuant to the terms of the Lease, and that Suite I (as referenced in Section 2.2 of the Lease) no longer exists as part of the Building. Without limiting the foregoing, the Parties further acknowledge and agree that Suite H of the Building consists of approximately 10,000 square feet.

3. Expansion Premises. As of the Expansion Date (as defined below), the Original Premises shall be expanded to cover that certain adjacent premises within the Building commonly known as Suite G and consisting of approximately 5,000 square feet of space (the "Expansion Space"). The Expansion Space, together with the Original Premises, total approximately 15,000 square feet of space within the Building. On and after the Expansion Date, any and all references to the "Premises" under the Lease shall include both the Original Premises and the Expansion Space, and the floor plan contained in Exhibit B of the Lease shall be replaced with Exhibit A attached to this First Amendment. Except as otherwise provided herein, County shall accept possession of the Expansion Space in its current "AS-IS, WHERE IS, WITH ALL FAULTS" condition. As used herein, the term "Expansion Date" shall mean the date on which Lessor, or its project manager, notifies County in writing that the Tenant Improvements (as defined in the Work Letter attached hereto as Exhibit B) are substantially complete (as defined in the Work Letter), except for punch list items. County shall acknowledge to Lessor in writing within 5 business days of the Expansion Date that County accepts the Expansion Space in its then condition or notify Lessor in writing of any deficiencies. If County fails to provide the above notice within such 5-business day period, County shall be deemed to have accepted the Expansion Space in its then condition and in accordance with this Section 3. Lessor's obligation and/or liability to County for deficiencies shall be strictly limited to the correction of the noted deficiencies, which correction shall be made only to the extent of compliance with the "Approved Plans" of the Work Letter attached hereto as Exhibit B. No later than 10 days after written demand is made therefor by Lessor of County, County shall execute and deliver to Lessor a commencement date certification confirming the Expansion Date in a form reasonably acceptable to Lessor.

4. Rent. During the Extension Term, monthly rent shall be as follows:

Months	PSF*	SF	Monthly Rent**
April 1, 2024 – 1 day immediately preceding the Expansion Date	\$2.01	10,000	\$20,100.00
Expansion Date – March 31, 2025	\$2.03	15,000	\$30,450.00
April 1, 2025 – March 31, 2026	\$2.10	15,000	\$31,515.75
April 1, 2026 – March 31, 2027	\$2.17	15,000	\$32,618.80
April 1, 2027 - March 31, 2028	\$2.25	15,000	\$33,760.46
April 1, 2028 - March 31, 2029	\$2.33	15,000	\$34,942.08
April 1, 2029 - March 31, 2030	\$2.41	15,000	\$36,165.05
April 1, 2030 - March 31, 2031	\$2.50	15,000	\$37,430.82
April 1, 2031 - March 31, 2032	\$2.58	15,000	\$38,740.90
April 1, 2032 - March 31, 2033	\$2.67	15,000	\$40,096.84
April 1, 2033 – March 31, 2034	\$2.77	15,000	\$41,500.22

*The amounts in this column are rounded amounts, provided for information purposes only.

**Notwithstanding anything to the contrary contained in Section 5.2 of the Lease, the monthly rent for the Original Premises and the Expansion Space shall be increased on each anniversary of the Effective Date by an amount equal to 3.5% of the monthly rent payable immediately prior to the applicable anniversary date.

In addition to monthly rent as set forth in this Section 3, except for standard office janitorial and refuse collection (which shall be a Lessor responsibility), County shall continue to pay for all utility services (including any metering and/or submetering costs associated therewith), including, without limitation, water, gas, electricity, heat, light, power, internet, telephone, sewer, sprinkler and other utilities and services required by County in connection with its use of the Premises.

5. Percentage Increase. The Parties agree that Section 5.2 of the Lease is hereby deleted, and shall hereafter be of no force and effect, having been replaced by provisions of section 3 of this First Amendment.

6. Tenant Improvements. Lessor shall commence and pursue to completion the Tenant Improvements set forth in the Work Letter attached hereto as Exhibit B as soon as reasonably possible after the Effective Date.

7. Parking. Notwithstanding Section 2.2 of the Lease to the contrary, from and after the Expansion Date, County shall be entitled to use up to 30 unreserved parking spaces in common with other lessees.

8. Early Termination Right. The Parties agree that Section 6.2 of the Lease is hereby deleted, and shall hereafter be of no force and effect.

9. Holdover. Section 4.4 of the Lease is hereby deleted, and shall be replaced with the following:

“4.4 Holding Over. If County retains possession of the Premises after the termination of the lease term, unless otherwise agreed in writing, such possession will be subject to immediate termination by Lessor at any time, and all of the other terms and provisions of this Lease will be applicable during such holdover period, except that County will pay to Lessor from time to time, upon demand, as rent for the holdover period, an amount equal to 130% of the rent in effect on the Expiration Date. All other payments hereunder shall continue under the terms of this Lease. In addition, County will be liable for all damages incurred by Lessor, including, without limitation, all costs incurred by Lessor if Lessor is unable to timely deliver possession of the Premises to a new lessee or to timely perform improvements for a new lessee, and all claims made against Lessor by any succeeding lessee, as a result of such holding over. No holding over by County, whether with or without consent of Lessor, shall operate to extend the term of the Lease except as otherwise provided, and this Section 4.4 shall not be construed as consent for County to retain possession of the Premises.”

10. Signs. Notwithstanding anything to the contrary contained in the Lease, County will not make any changes to the exterior of the Premises, install any exterior lights, decorations, balloons, flags, pennants, banners, or painting, or erect or install any signs, windows or door lettering, placards, or advertising media of any type which can be viewed from the exterior of the Premises, without Lessor's prior written consent, which

consent may be withheld in Lessor's sole discretion. Upon surrender or vacation of the Premises, County shall have removed all signs and repair, paint, and/or replace the Building fascia surface to which its signs are attached. County shall obtain all applicable governmental permits and approvals for sign and exterior treatments after first obtaining Lessor's written consent for the same.

11. Notice. All notices to Lessor and County shall be provided, in writing, in the manner stipulated in the Lease to the following addresses:

County's Notification Address:

County of Riverside
Facilities Management
Real Estate Division
3450 14th Street, Suite 200
Riverside, CA 92501
Attention: Deputy Director of Real Estate
Telephone: (951) 955-4820
Other Inquiries: FM-Leasing@rivco.org

Lessor's Notification Address:

c/o Taragon SW
77885 Las Montanas Road, Suite C
Palm Desert, CA 92211

With a copy to:

c/o Investco L.L.C.
1302 Puyallup Street, Suite A
Sumner, WA 98390
Attention: Legal Department

12. Condition of the Original Premises. County acknowledges that it currently occupies the Original Premises and that to the best of County's knowledge, the Original Premises are in good order and satisfactory condition. Subject to Lessor's obligations under this First Amendment, County accepts the Original Premises in its 'AS-IS, WHERE IS, WITH ALL FAULTS' condition and without any representation, warranties, or any obligations on the part of Lessor to perform any alterations, repairs, or improvements to the Original Premises, except as otherwise expressly provided in this First Amendment.

13. Capitalized Terms. FIRST AMENDMENT TO PREVAIL. Unless defined herein or the context requires otherwise, all capitalized terms herein shall have the meaning defined in the Lease, as heretofore amended. The provisions of this First Amendment shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall supplement the remaining provisions thereof.

14. Miscellaneous. Except as amended or modified herein, all the terms of the Lease shall remain in full force and effect and shall apply with the same force and effect. If any provisions of this First Amendment or the Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of the Lease (including this First Amendment) and all such other provisions shall remain in full force and effect. The language in all parts of the Lease shall be construed according to its normal and usual meaning and not strictly for or against either Lessor or County. Neither this First Amendment, nor the Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded by County.

15. Effective Date. This First Amendment shall not be binding or consummated until its approval by the Riverside County Board of Supervisors and fully executed by the Parties.

16. Authority. Each Party hereto represents and warrants that it has the full power, authority, and legal right to execute and deliver this First Amendment on behalf of such Party and that this First Amendment constitutes the legal, valid, and binding obligations of such Party, its heirs, representatives, successors, and assigns, enforceable against such Party or Parties in accordance with its terms.

17. Counterparts. To facilitate execution of this First Amendment, this First Amendment may be executed in one or more counterparts as may be convenient or required, and an executed copy of this First Amendment delivered electronically by e-mail shall have the effect of an original, executed instrument, provided that fully executed original counterparts shall nevertheless be required.

18. Brokers. Each Party represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, and such Party agrees to indemnify and hold the other Party harmless from and against any claims by any other broker,

agent or other person claiming a commission or other form of compensation by virtue of having dealt with such Party with regard to this leasing transaction.

(SIGNATURE ON NEXT PAGE)

In Witness Whereof, the Parties have executed this First Amendment as of the date first written above.

COUNTY:


County of Riverside, a political subdivision of the State of California

By: 
Chuck Washington, Chair
Board of Supervisors

LESSOR:

DBP 1-3 L.L.C.,
a Washington limited liability company

By: Tarragon SW, a Washington corporation
Its: Manager

By: 
Name: Alessandra Allen
Its: Vice President and Portfolio Manager


ATTEST:

Kimberly A. Rector
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:

Minh C. Tran
COUNTY COUNSEL

By: 
Braden Holly
Deputy County Counsel

HR:il/04152024/PD020/40.058

EXHIBIT A
PREMISES PLAN

ORIGINAL PREMISES

SUITE H (~10,000 SF)

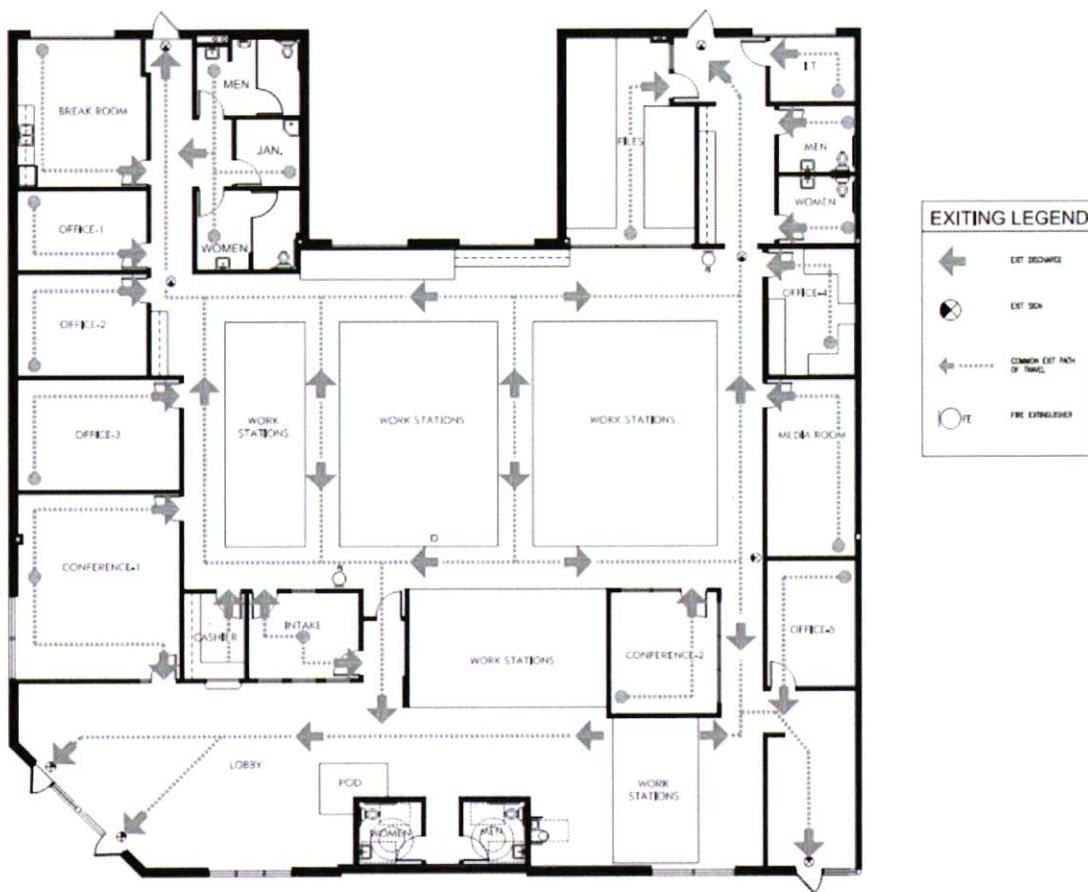


EXHIBIT A (Continued)

PREMISES PLAN

EXPANSION PREMISES

DEPICTION OF SUITE G (~5,000 SF)

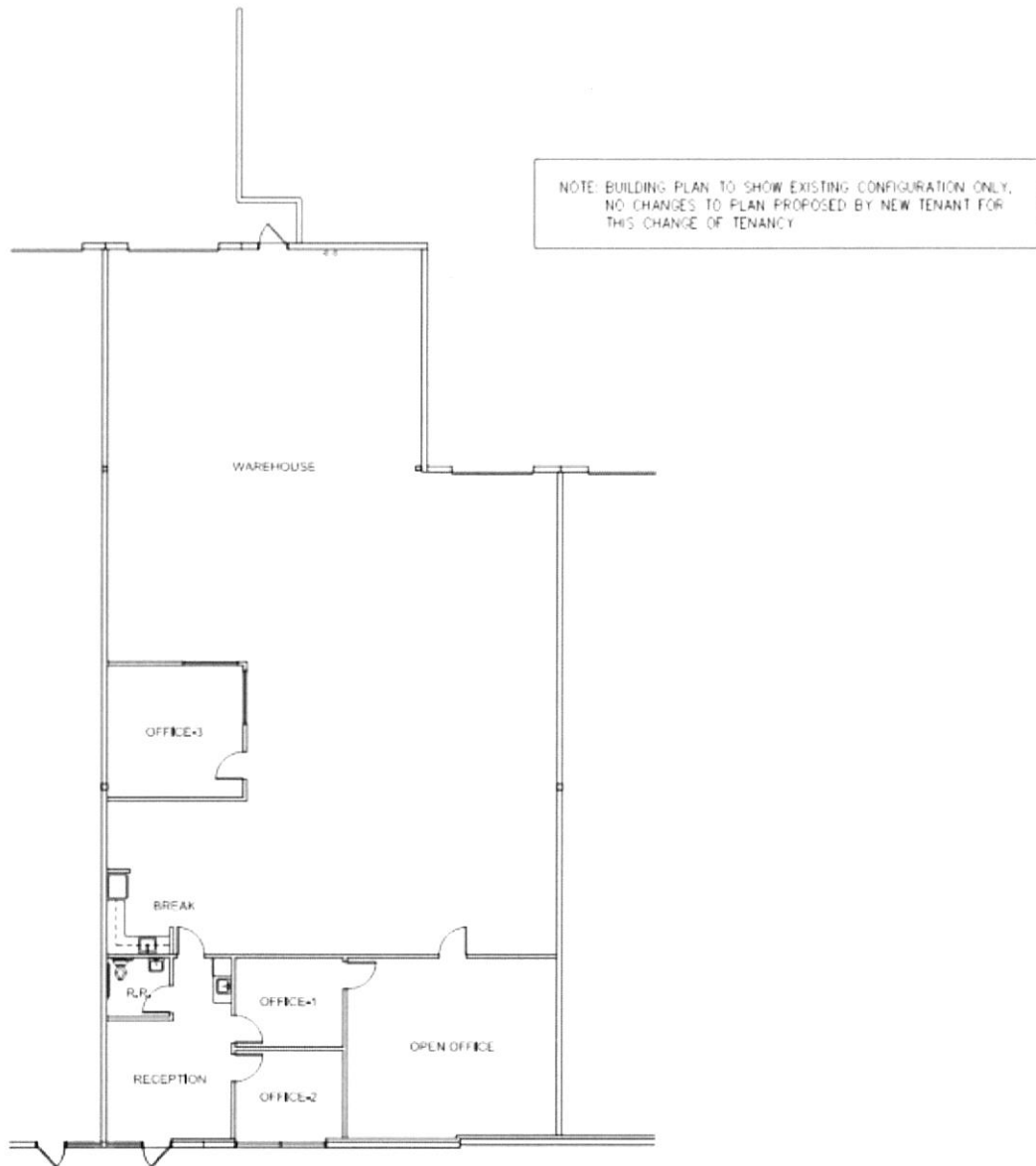


EXHIBIT B

WORK LETTER AGREEMENT

1. TERMS OF AGREEMENT

1.1 Terms of Agreement. The terms of this Work Letter Agreement (“**Agreement**”) shall be part of that certain First Amendment to Lease (“**First Amendment**”) entered into between the Parties concurrently herewith, and all undefined terms in this Agreement shall be as defined in the Lease, as modified by the First Amendment.

1.2 Conflict. In the event of a conflict between this Agreement and the remaining provisions of the Lease (as modified by the First Amendment), the remaining provisions of the Lease (as modified by the First Amendment) shall control.

1.3 Construction Representatives. County hereby appoints _____ to act on its behalf and represent its interests with respect to all matters requiring County action in this Exhibit. County may change its representative at any time upon not less than 5 business days’ advance written notice to Lessor. Neither County nor County’s representative shall be authorized to direct Lessor’s contractors in the performance of the Tenant Improvements defined below. All matters requiring the consent, authorization or other actions by County with respect to matters set forth in this Exhibit shall be in writing and signed by the aforementioned person. No consent, authorization, or other action by County with respect to the matters set forth in this Exhibit shall bind County unless in writing and signed by the aforementioned person. Lessor hereby appoints Steven Chaffee to act on its behalf and represent its interests with respect to all matters requiring Lessor action in this Exhibit. Lessor may change its representative at any time upon not less than 5 business days’ advance written notice to County. All matters requiring the consent, authorization, or other actions by Lessor with respect to matters set forth in this Exhibit shall be in writing and signed by the aforementioned person. No consent, authorization, or other action by Lessor with respect to the matters set forth in this Exhibit shall bind Lessor unless in writing and signed by the aforementioned person.

2. AS-IS CONDITION

2.1 Lessor’s Work. Except for the Tenant Improvements described in this Agreement, County shall take the Expansion Space in its “as is” condition.

3. TENANT IMPROVEMENTS

3.1 The term "**Tenant Improvements**" shall mean those improvements that Lessor is obligated to construct in the Expansion Space pursuant to plans and specifications developed in accordance with this Agreement. The general scope of the Tenant Improvements and the estimated budget for the Tenant Improvements are shown on Schedule 1 attached hereto. The Parties acknowledge and agree that the scope and the estimated budget for the Tenant Improvements shown on Schedule 1 are preliminary in nature and are for informational purposes only, and the

Parties further acknowledge and agree that the final scope and budget for the Tenant Improvements will be agreed upon by the Parties as more particularly set forth in Section 4 below.

3.2 The term "**Tenant Improvement Costs**" shall include but not be limited to all sums (1) paid to contractors for labor and materials furnished in connection with construction of the Tenant Improvements pursuant to this Agreement, including the cost of general conditions; (2) all costs, expenses, payments, fees, and charges whatsoever paid or incurred by Lessor to or at the direction of any city, county, or other governmental authority or agency which are required to be paid by Lessor in order to obtain all necessary governmental permits, licenses, inspections and approvals relating to the construction of the Tenant Improvements and the use and occupancy of the Expansion Space, including without limitation all in lieu fees and utility fees; (3) engineering and architectural fees for services required in connection with the design and construction of the Tenant Improvements; (4) premiums, if any, for course of construction insurance and for payment and completion bonds relating only to construction of the Tenant Improvements; (5) costs to modify or upgrade base Building systems and improvements triggered by the Tenant Improvements; (6) sales taxes; (7) as-built record documentation; (8) construction and project management costs to be paid to Tarragon SW, as more particularly shown on Schedule 1 attached hereto; and (9) any contractor fees. For purposes of Section 3.2(8) above, construction and project management costs to be paid to Tarragon SW shall mean the sum of the following: (i) 10% fee for the first \$100,000 of the Tenant Improvements Costs (but exclusive of the construction/project management costs); (ii) 8% fee for the portion of the Tenant Improvements Costs (but exclusive of the construction/project management costs) totaling \$100,001 - \$250,000; and (iii) 6% fee for any portion of the Tenant Improvements Costs (but exclusive of the construction/project management costs) exceeding \$250,001. For illustration purposes only, based on the total estimated costs of \$641,240 for the Tenant Improvements as shown on Schedule 1, construction and project management costs would total \$45,474 (i.e., \$10,000 for the first \$100,000 (10%), \$12,000 for \$100,001 - \$250,000 (8%), and \$23,474 for the portion of the costs exceeding \$250,001 (6%)). County shall be solely responsible for all costs for acquisition and installation of removable trade fixtures, equipment, workstations or other furniture, moving costs, costs to acquire and install cabling and inventory, costs to acquire or fabricate signage, and "branding" requirements.

4. PROCEDURE AND TIME SCHEDULES.

4.1 Floor Plans; Approval of Plans.

4.1.1 Floor Plan. Promptly after the Effective Date, Lessor will retain a space planner/architect to conduct an initial field survey of the Expansion Space to prepare the initial floor plan for the buildout of the Tenant Improvements ("Floor Plan"). In connection therewith, Lessor shall also prepare a list of questions regarding the specifications and overall design requirements required by Lessor to complete the Floor Plan ("Open Items"). Upon receipt of the Open Items, County shall have ten (10) business days to review and provide written requirements for the design and specifications of the Tenant Improvements, along with a complete set of written answers to the Open Items. Lessor shall be entitled, in all respects, to rely upon information so supplied by County and County's vendors. In the event County fails to respond to Lessor's Open Items request within the 10-business day period set forth above, the Expansion Date shall be moved

up by the same number of days that elapse between the expiration of the 10-business day period and the date County fully complies with the Open Items request. Promptly after receiving responses to the Open Items and any additional items required by Lessor to prepare and complete the Floor Plan, Lessor shall cause its space planner/architect to furnish to County for County's approval the Floor Plan sufficient to convey the architectural design of the Expansion Space, including, without limitation, final location of partitions, doors, ceiling devices, and final specifications for materials and finishes, electrical devices, electrical loads, heat loads, extraordinary floor loads, special equipment and all other requirements. Within 5 business days after County's receipt of the Floor Plan, County shall approve or disapprove the same, which approval shall not be unreasonably withheld; provided, however, that County may disapprove the Floor Plan only if County delivers to Lessor, within such 5-business day period, specific changes proposed by County that are reasonably required by County for the purpose of obtaining approval. If County fails to approve or disapprove the Floor Plan within the 5-business day period following its receipt of the Floor Plan, the Floor Plan shall be deemed approved. If County shall timely disapprove of any portion of the Floor Plan within such 5-business day period, Lessor shall within 10 business days after receipt of such disapproval, submit to County, for County's approval, a redesign of the Floor Plan, incorporating the revisions required by County. If the redesign of the Floor Plan is not approved by County within 5 business days following County's receipt of the same, without limiting anything set forth in Section 4.6 below, then at Lessor's election, Lessor shall have the right (but not the obligation) to terminate the Lease with respect to the Expansion Space, and neither party shall have any further rights or obligations with respect to the Expansion Space (including any payment of Lessor's Cost Responsibility or rights in the First Amendment tied to or arising out the Expansion Space), and the rent due under the First Amendment shall not be increased to account for the Expansion Space.

4.1.2 Preliminary Plans. Upon the approval or deemed approval of the Floor Plan as set forth in Section 4.1.1 above, Lessor shall prepare and submit to County for County's approval the plans, specifications and working drawings ("**Preliminary Plans**") for the Tenant Improvements to be constructed on the Expansion Space. County shall have 10 business days thereafter to indicate its approval or disapproval of the Preliminary Plans to Lessor in writing; provided, however, that County may disapprove the Preliminary Plans only if County delivers to Lessor, within such 10-business day period, specific changes proposed by County that are reasonably required by County for the purpose of obtaining approval. County's approval of the Preliminary Plans shall not be unreasonably withheld, conditioned, or delayed. If County fails to approve or disapprove the Preliminary Plans within the 10-business day period following its receipt of the Preliminary Plans, the Preliminary Plans shall be deemed approved. If County shall timely disapprove of any portion of the Preliminary Plans within such 10-business day period, Lessor shall within 15 business days after receipt of such disapproval, submit to County, for County's approval, a redesign of the Preliminary Plans, incorporating the revisions required by County. If the redesign of the Preliminary Plans is not approved by County within 10 business days following County's receipt of the same, without limiting anything set forth in Section 4.6 below, then at Lessor's election, Lessor shall have the right (but not the obligation) to terminate the Lease with respect to the Expansion Space, and neither party shall have any further rights or obligations with respect to the Expansion Space (including any payment of Lessor's Cost Responsibility or rights in the First Amendment tied to or arising out the Expansion Space), and the rent due under the First Amendment shall not be increased to account for the Expansion Space.

4.1.3 Final Plans. Upon County's approval or deemed approval of the Preliminary Plans, Lessor shall proceed with the preparation of the final plans, specifications and working drawings ("**Final Plans**") and shall deliver the same to County for County's approval. County shall have 5 business days thereafter to indicate its approval or disapproval of the Final Plans to Lessor in writing; provided, however, that County may disapprove the Final Plans only if County delivers to Lessor, within such 5-business day period, specific changes proposed by County that are reasonably required by County for the purpose of obtaining approval. County's approval of the Final Plans shall not be unreasonably withheld, conditioned, or delayed and shall be based solely upon whether such Final Plans are consistent with the Preliminary Plans. If Lessor and County agree on the Final Plans, they shall indicate their approval thereof by initialing and dating the same and shall become a part hereof. If County fails to approve or disapprove the Final Plans within the 5-business day period following its receipt of the Final Plans, the Final Plans shall be deemed approved. If County shall timely disapprove of any portion of the Final Plans within such 5-business day period, Lessor shall within 10 business days after receipt of such disapproval submit to County, for County's approval, a redesign of the Final Plans, incorporating the revisions required by County. If the redesign of the Final Plans is not approved by County within 5 business days following County's receipt of the same, without limiting anything set forth in Section 4.6 below, then at Lessor's election, Lessor shall have the right (but not the obligation) to terminate the Lease with respect to the Expansion Space, and neither party shall have any further rights or obligations with respect to the Expansion Space (including any payment of Lessor's Cost Responsibility or rights in the First Amendment tied to or arising out of the Expansion Space), and the rent due under the First Amendment shall not be increased to account for the Expansion Space.

4.1.4 Approved Plans. Lessor shall submit such Final Plans to all appropriate governmental agencies for necessary permits and approvals. Lessor shall notify County of any changes required by any governmental agencies, and County shall have 5 business days thereafter to indicate its approval thereof. All such changes required by governmental agencies shall be deemed acceptable to County unless County's use of the Expansion Space is materially impaired thereby. The final plans, specifications and working drawings as approved by appropriate governmental agencies, and all change orders specifically permitted under this Agreement, shall be referred to herein as the "**Approved Plans.**" Following governmental approval of the Approved Plans, Lessor shall promptly deliver to County a copy of the Approved Plans.

4.2 Contractors. The Tenant Improvements shall be constructed by a California licensed contractor selected in Lessor's discretion. All parties shall use their good faith efforts to complete the preparation and approval of the Approved Plans so that construction contracts may be executed to ensure prompt completion of the Tenant Improvements.

4.3 Changes To Approved Plans for Tenant Improvements. Once the Approved Plans have been approved by Lessor and County as provided above, then thereafter neither Party shall have the right to order extra work or change orders with respect to the construction of the Tenant Improvements without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed. All extra work or change orders requested by either Lessor or County shall be made in writing, shall specify the amount of delay or the time saved, shall specify any added or reduced cost, shall specify which party shall pay such costs and the manner of

payment and shall become effective and a part of the Approved Plans once approved in writing by both Parties.

4.4 Commencement and Completion of the Tenant Improvements. As soon as (1) the Approved Plans have been developed as provided above, and (2) all necessary governmental approvals have been obtained, then Lessor shall thereafter commence construction of such Tenant Improvements and shall diligently prosecute such construction to completion. The Tenant Improvements shall be constructed by Lessor substantially in accordance with the Approved Plans, and in compliance with all applicable regulations, ordinances, building codes, and statutes of lawful governmental authority.

4.5 Payment of Cost of Tenant Improvements. Lessor shall first pay all Tenant Improvement Costs for those items necessary to complete the Tenant Improvements in accordance with the Approved Plans; provided, however, that the Tenant Improvement Costs for which Lessor shall be obligated to pay shall not exceed \$150,000.00 (“**Lessor’s Cost Responsibility**”). County shall be responsible for the payment/reimbursement of all the Tenant Improvement Costs in excess of Lessor’s Cost Responsibility; provided, however, the Tenant Improvement Costs shall not exceed \$786,714.00 so long as the following conditions are satisfied: (i) the scope of the Tenant Improvements remains the same or is more limited than the scope of work shown on Schedule I attached hereto; (ii) the Tenant Improvements shall be constructed in accordance with Lessor’s standard specifications and finishes for the Building; (iii) County, at its sole cost and expense, through contractors and vendors approved by Lessor, shall be responsible for the installation and costs associated with low voltage cabling, distribution, and conduit runs to be installed within the Expansion Space (the County may elect to have conduit runs installed as part of the Tenant Improvements, provided that this shall be at Tenant’s sole cost and not included in the \$786,714 cap). Lessor shall submit bills to County in such amounts and at such times as bills are submitted to Lessor and County shall pay such costs to Lessor within 10 days after receipt. Such amounts payable to Lessor shall be deemed rent. For the avoidance of doubt, no portion of Lessor’s Cost Responsibility shall be used toward County’s personal property, trade fixtures, inventory, or signs.

4.6 Substantial Completion. The term “substantially complete” and words of similar import, when referenced in connection with the Tenant Improvements, shall mean the date of substantial completion of the Tenant Improvements such that County may commence installation of any of County’s equipment and occupy the Expansion Space for the conduct of its business. The Expansion Space shall be deemed substantially complete notwithstanding the fact that minor details of construction, mechanical adjustments or other punch list items remain to be performed. The Parties acknowledge that the Tenant Improvements may be delayed because of County’s failure to respond within the timeframes set forth above in this Agreement, County’s failure to agree on plans for the Tenant Improvements, change orders requested by County (subject to Lessor’s approval), or interference with Lessor’s construction of the Tenant Improvements caused by County (collectively, “County Delays”). In the event substantial completion is delayed as a result of any of such County Delays, the substantial completion date of the Tenant Improvements shall be deemed the date it would otherwise have been absent such delay caused by County.

Lessor Initials: AA

County Initials: AMW

SCHEDULE 1

SCOPE AND ESTIMATED BUDGET OF THE TENANT IMPROVEMENTS

[See Attached]

Vance Builders

RIVCO Expansion Suite G Budget

77824 Wildcat Dr. Palm Desert, Ca. 92211
License #923253

CODE	DESCRIPTION	Tenant Improvement	
		PROJECT COST	COMMENTS
	Tenant Improvement		
00-001	Demo, demo bathroom room wainscot and flooring, cabinetry, flooring in warehouse office, tbar grid and tiles in front office area, lighting, carpet, doors, hardware and drywall for new openings, all low voltage and electrical demo	\$ 19,321	
00-002	Plumbing- Provide and install new angle stops for kitchen and bathroom, new bathroom fixtures, new sink and garbage disposal in the kitchenette, this includes no new underground, cap kitchenette in current lobby	\$ 14,239	
00-003	Electrical- Full title 24 compliant lighting controls, 36- 2 x 4 dimmable led dimmable high bay fixtures in open area, 32- 2 x 4 flat panel led dimmable tbar fixtures, 42 duplex outlets, 20 data wall junction boxes, 1 bullpen drop for data and power for future cubicles, 4 motion sensors, move subpanel to back of space, includes backboard and drop for demark location	\$ 83,557	
00-004	HVAC includes, Add 4-5ton AC units, with curbs and plenums, new spiral ducting throughout, all return airs, new thermostats, all ducting to new and old office layouts, cap and seal existing swamp coolers tight from dust	\$ 138,769	
00-005	Framing includes furring of all bit up walls with 3-5/8 studs, frame and drywall new office and storage areas, frame 8 new 8' door openings to accommodate new doors, touch up all drywall throughout with new texture, cover both overhead doors in the current space	\$ 31,432	
00-006	Drywall includes, Full height furred wall of perimeter, new offices, new full height demising wall between bullpen/storage office, new texture and touch up of drywall throughout entire space.	\$ 20,114	
00-007	Painting of all perimeter walls full height, all offices, and bathroom, stain all doors, paint exposed scrim paper on lid of open area for bullpen	\$ 16,540	
00-008	Roofing- Roof in new curbs for new ac units	\$ 5,500	
00-009	Fire Sprinklers- provide new drops in back office and storage, provide all new recessed heads, includes design and engineering and all permitting	\$ 12,600	
00-010	Insulation- Insulate all new interior and exterior walls that are new, add scrim paper on the lid of the space that will be painted to a specific color	\$ 16,511	
00-011	Doors, Bath Accessories, and Signage, 8 new doors to be maple doors with aluminum trim frames, all new hardware to match, door stops, all new bathroom accessories, including paper towel, toilet seat covers, and grab bars	\$ 19,766	
00-012	Cabinetry, new kitchenette cabinetry to match doors in maple style, all flat fronts with hardware to match	\$ 13,243	

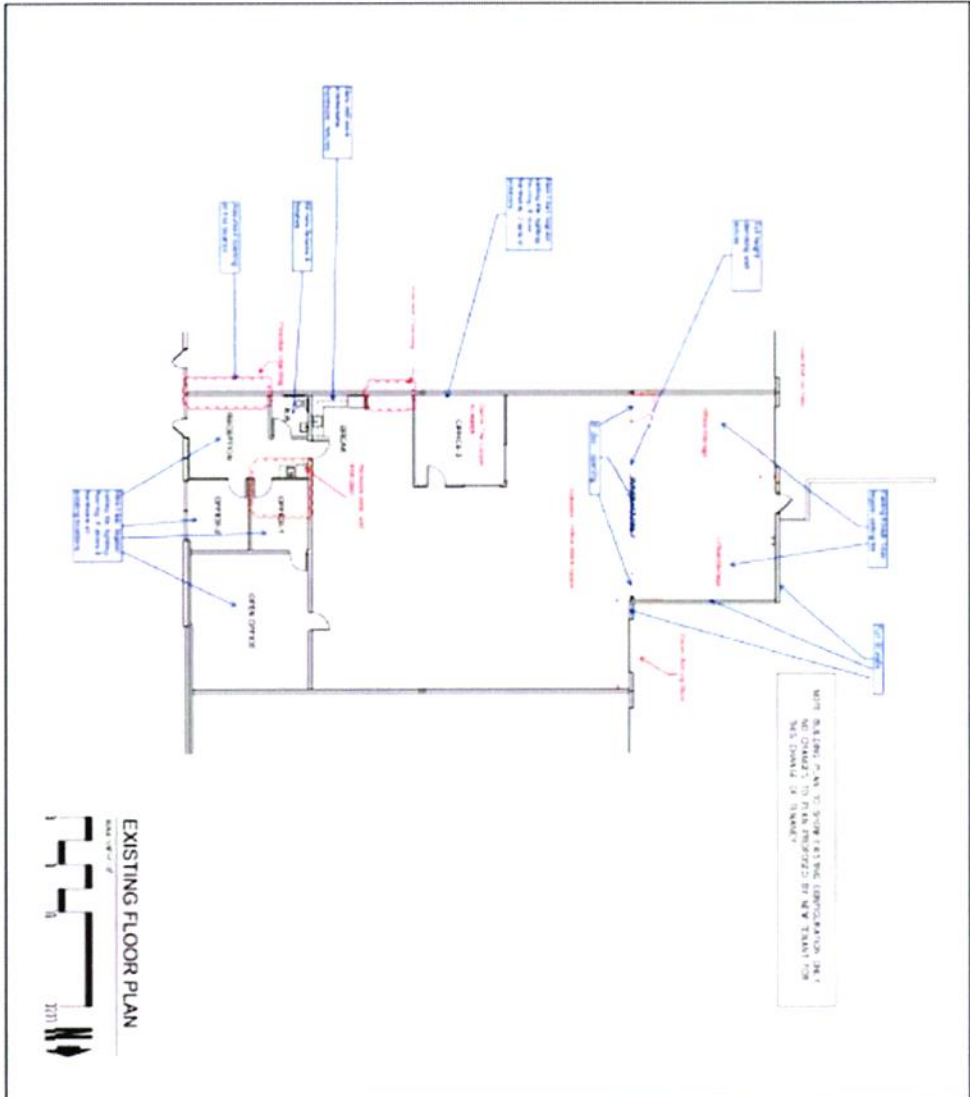
Vance Builders

RIVCO Expansion Suite G Budget

77824 Wildcat Dr. Palm Desert, Ca. 92211
License #923253

CODE	DESCRIPTION	Tenant Improvement	
		PROJECT COST	COMMENTS
00-013	T-Bar in Lobby and Offices and Storage Area new 2 x 4 tegular tile and tbar	\$ 22,200	
00-014	Flooring. Includes tile in lobby, kitchen area, and bathroom walls and floor. carpet is a 2 x 2 carpet square throughout to something close to original space. Ceaserstone top on cabinets.	\$ 84,777	
00-016	Lift Rental. 3 Lifts for 2 months	\$ 12,460	
00-017	Site Maintenance and Cleaning	\$ 7,870	
00-018	Trash Outs	\$ 6,800	
	Subtotal:	\$ 525,699	
	Construction Costs		
0.75%	Insurance	\$ 3,943	
5.00%	Supervision	\$ 26,285	
9.00%	Fee	\$ 47,313	
	Total Construction Costs	\$ 603,240	
	Notes		
00-001 00-002 00-003			

CHANGE OF TENANCY
77-588 El Duna Court, Suites G
Palm Desert, California 92211



DIRECTORY

DELL MARINI OWNER **CONTRACTOR**
 12345 MAIN STREET 12345 MAIN STREET
 PALM DESERT, CA 92211 PALM DESERT, CA 92211
 TEL: (760) 325-1234 TEL: (760) 325-1234

SHEET INDEX

A-1.0 ETL SHEET / EXISTING FLOOR PLAN
 A-1.1 EXISTING SITE PLAN

VICINITY MAP



ADJACENT PARCEL NUMBER

A.P.N. 628-420-001

LEGAL DESCRIPTION

THESE PLANS AND SPECIFICATIONS ARE THE PROPERTY OF MCGEE-SHARON ARCHITECTS AND ARE TO BE USED ONLY FOR THE PROJECT AND PARCEL IDENTIFIED HEREON. ANY REUSE OR REPRODUCTION OF THESE PLANS WITHOUT THE WRITTEN CONSENT OF MCGEE-SHARON ARCHITECTS IS STRICTLY PROHIBITED.

MCGEE · SHARON · ARCHITECTS
 1530 WEST LEWIS STREET
 SAN DIEGO - CALIFORNIA 92103
 619-299-9111

CHANGE of TENANCY
 77-588 El Duna Court, Suite G
 Palm Desert, California 92211

A-1.0

County of Riverside - TI
 5,000 SF Expansion Area
 77588 El Duna - Suite G

<u>Tenant Improvement</u>	<u>Costs</u>	<u>Comments</u>
***Architectural Plans / MEP / Structural	23,000	Rough Estimate
***Permit Fees (Building)	9,500	Rough Estimate
***Permit Fees (Fire)	5,500	Rough Estimate
GC Bid - TI	603,240	Base Bid - Construction Costs
Sub-Total	641,240	
TSW PM Fee	45,474	
Total TI	686,714	

TSW Project Management Fee		
10,000	100,000	10% fee \$0 - \$100K
12,000	150,000	8% fee \$101K - \$250K
23,474	391,240	6% fee \$250,001K - No Limit
45,474		

*** Note: Plans and permit fees are rough estimates. Actual costs to be determined upon final approved scope of work, plan submittal to governing agencies, etc.

Transportation Land Management Agency

77588 el Duna Court, Palm Desert, 92211



Legend

- County Boundary
- City Boundaries
- County Centerline Names
- County Centerlines
- Blueline Streams
- City Areas



IMPORTANT Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The County of Riverside makes no warranty or guarantee as to the content (the source is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

Notes

Assessor's Parcel Number 626-420-051
District 4
Building outlined in blue

0 335 670 Feet

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