



City of Arts & Innovation

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: MAY 9, 2023**  
**FROM: PUBLIC UTILITIES DEPARTMENT** **WARD: 1**  
**SUBJECT: THIRD AMENDMENT TO COMMERCIAL MULTI-TENANT LEASE AMENDING THE EXPIRATION DATE TO DECEMBER 31, 2035, WITH THE IG GROUP, LLC, OPERATING AS A SLATER'S 50/50 - MISSION SQUARE BUILDING, 3750 UNIVERSITY AVENUE, SUITE 125**

## **ISSUE:**

Approve a Third Amendment to Commercial Multi-Tenant Lease amending the expiration date to December 31, 2035, between The IG Group, LLC, operating as Slater's 50/50 and the City of Riverside for rentable space in the Mission Square Office Building located at 3750 University Avenue, Suite 125.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve a Third Amendment to the Commercial Multi-Tenant Lease amending the Expiration date to December 31, 2035, with The IG Group, LLC, operating as Slater's 50/50; and
2. Authorize the City Manager, or designee, to execute the Third Lease Amendment, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction.

## **BACKGROUND:**

On October 13, 2015, the City acquired the Mission Square Building at 3750 University Avenue (Property), which was funded by Riverside Public Utilities (RPU). As such, RPU is now the Landlord of the Property. The Property consists of approximately 127,533 square feet of rentable office and retail space in a six-story building, plus a basement level and a 490-parking stall garage situated on approximately 2.5 acres of land.

On January 26, 2016, the City Council approved an Exclusive Authorization of Lease Agreement with Newmark of Southern California, Inc. dba Newmark Knight Frank (NKF) for a five-year term to provide broker leasing services for the Property. On January 5, 2021, the City Council

approved a First Amendment to California Exclusive Authorization of Lease Agreement with Newmark of Southern California, Inc., dba Newmark Knight Frank (NKF) which extended the Agreement through December 31, 2025. RPU staff has been coordinating the leasing process for the Property with the Real Property Services Division of the Community & Economic Development Department and NKF as the broker for the Property.

On July 2, 2018, the City entered into a ten-year Lease Agreement with The IG Group, LLC operating as Slater’s 50/50. The Board of Public Utilities approved the Lease on June 11, 2018, and the City Council approved the Lease on June 26, 2018.

On July 7, 2020, the City entered into a First Amendment to Commercial Multi-Tenant Lease – Triple Net (“First Amendment”), with The IG Group, LLC operating as Slater’s 50/50 whereby the City adjusted the square footage, Rent Commencement Date, Due Diligence Period, and Tenant Improvement Allowance.

On January 13, 2023, the City entered into a Second Amendment to Commercial Multi-Tenant Lease – Triple Net (“Second Amendment”), with The IG Group, LLC operating as Slater’s The City modified the Term and Rent Schedule, to allow for the payment of certain past due rent.

### **DISCUSSION:**

Staff has reviewed the proposed Third Amendment to Lease Agreement and recommends the expiration date be amended under the terms summarized below:

1. Term: January 1, 2021 to December 31, 2035.
2. Expiration Date: Will be amended from December 31, 2036 to December 31, 2035.
3. Other: All terms and conditions of the Lease that are not inconsistent with this Third Amendment shall remain in full force and effect and are incorporated herein by this reference as if set forth in full.

The Community & Economic Development Department Director concurs with the recommended actions.

### **STRATEGIC PLAN ALIGNMENT:**

This item contributes to **Strategic Priority 3 – Economic Opportunity** and **Goal 3.3** – Cultivate a business climate that welcomes innovation, entrepreneurship, and investment.

The item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The City conducted business with transparency and good faith. By bringing the Agreement before the Board of Public Utilities, the City is providing a space for open dialogue between the Board and community stakeholders regarding all lease terms.
2. **Equity** – The City acted with inclusion and is adhering to lease terms for renewal options.

Additionally, the City is ensuring that business conducted by Slater’s 50/50 provides equal access and benefits that all members of the community can utilize.

3. **Fiscal Responsibility** – The City being a prudent steward of public funds, negotiated in good faith and the lease rates are consistent with the current fair market value for comparable commercial space.
4. **Innovation** – The City recognizes the need for accessible small businesses to community stakeholders. This City will continue to be cognizant of the community’s changing needs and will continue to be adaptive to the future by engaging in collaborative partnerships.
5. **Sustainability & Resiliency** – Committed to the needs of community stakeholders, the City is devoted to identifying, attracting, and retaining businesses that assist the community to preserve, adapt, and grow during a diverse array of economic cycles.

**FISCAL IMPACT:**

There is no fiscal impact report associated with this amendment.

Prepared by:	Todd M. Corbin, Utilities General Manager
Certifies availability of funds:	Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney
Attachment:	Third Amendment to Lease Agreement