



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 7, 2016**

FROM: PUBLIC UTILITIES **WARDS: ALL**

SUBJECT: CONSENT AND AGREEMENT REGARDING CITY OF RIVERSIDE GROUND LEASE WITH OSR DEVELOPMENT, LLC FACILITATING TENANT LEASE WITH GOLDEN STATE FC, LLC A SUBSIDIARY OF AMAZON.COM – 555 E. ORANGE SHOW ROAD, SAN BERNARDINO, CA - NO CHANGE TO TERM OR GROUND LEASE VALUE

ISSUE:

The item for City Council consideration is the approval of the Consent and Agreement Regarding Ground Lease between Golden State FC, LLC, (“Tenant”), City of Riverside, and OSR Development (“Landlord”) for City owned property located at 555 E. Orange Show Road, San Bernardino, CA 92408.

RECOMMENDATIONS:

That the City Council:

1. Approve the Consent and Agreement Regarding Ground Lease Agreement between the City of Riverside and OSR Development, LLC; (“Landlord”); and
2. Authorize the City Manager, or his designee, to execute the Consent and Agreement Regarding Ground Lease, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction.

BOARD OF PUBLIC UTILITIES RECOMMENDATION:

The Board of Public Utilities unanimously approved (with one absence and one vacancy) these recommendations at its regular meeting of May 9, 2016.

BACKGROUND:

On September 24, 2013, City Council approved the Ground Lease Agreement (the “Ground Lease”) between the City of Riverside and Hillwood/OSR Development LLC, for the total lease area of 49.77 acres of land owned by the City. Terms of the Ground Lease permitted OSR to construct an approximately 1,200,000 square foot warehouse and distribution building upon the leased premises.

Section VI of the Ground Lease permits Hillwood/OSR to assign or transfer the lease to an entity in which Hillwood Development Company, LLC, is a parent entity or to any affiliate of Hillwood Investments. Staff included this provision to ensure continuity of tenancy during the 55-year lease term, as Hillwood/OSR proceeded with the Ground Lease on speculation of a future tenant. The subject Consent and Agreement Regarding Ground Lease Agreement modifies Section VI, permitting Hillwood/OSR to transfer and or assign the lease to Golden State FC, LLC a subsidiary of Amazon.com. The Consent and Agreement makes non-substantive changes to the Ground Lease regarding distribution of proceeds in the event of a casualty or condemnation but does not modify or diminish the City's interest. All other terms and conditions of the lease remain in effect as stated in the September 24, 2013 Ground Lease.

FISCAL IMPACT:

There is no fiscal impact associated with the Consent and Assignment of the lease.

Prepared by:	Girish Balachandran, Public Utilities General Manager
Certified as to availability of funds:	Scott Miller, Interim Finance Director
Approved by:	John A. Russo, City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachment:	OSR-Golden State Consent and Agreement
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