



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE:** JULY 24, 2017

**ITEM NO:** 6

**SUBJECT:** FIRST AMENDMENT TO COMMERCIAL MULTI-TENANT LEASE WITH MIKE KIM, LAURA KIM AND PARAMOUNT CELLULAR WORLD, LLC, 3750 UNIVERSITY AVENUE, SUITE 110 – TO ALLOW FOR A 3-MONTH RENT ABATEMENT

**ISSUE:**

Recommend that the City Council approve a First Amendment to Commercial Multi-Tenant Lease – to allow for a 3-month rent abatement with Mike Kim, Laura Kim, and Paramount Cellular World, LLC (Tenant), of Cerritos, California, for approximately 1,185 square feet of rentable space located at 3750 University Avenue, Suite 110.

**RECOMMENDATIONS:**

That the Board of Public Utilities recommend that the City Council:

1. Approve the First Amendment to Commercial Multi-Tenant Lease - to allow for a 3-month rent abatement –with Mike Kim, Laura Kim, and Paramount Cellular World, LLC for approximately 1,185 square feet of rentable space located at 3750 University Avenue, Suite 110; and
2. Authorize the City manager, or his designee, to execute the First Amendment to Commercial Multi-Tenant Lease –with Mike Kim, Laura Kim, and Paramount Cellular World, LLC, 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 Office 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 Grubb Knight Frank (NGKF) to provide broker leasing services for the Property. RPU staff has been coordinating the leasing process for the Property with the Real Property Services Division of the Community & Economic Development Department and NGKF as the broker for the Property.

On June 12, 2017 the Board of Public Utilities recommended that City Council approve a Commercial Multi-Tenant Lease – Triple Net Mission Square Agreement for a five year term, and the optional five-year extension, with Mike Kim, Laura Kim and Paramount Cellular World, LLC. On June 13, 2017, City Council approved the Lease. On June 14, 2017, the Lease was fully executed by the Tenant and the City.

**DISCUSSION:**

The Lease inadvertently omitted three months of free rent that was supposed to be credited to the Tenant in lieu of the City providing a tenant improvement allowance for the Tenant to install fixtures and equipment necessary to open for business. Staff has reviewed the proposed First Amendment to Commercial Multi-Tenant Lease Triple Net Agreement and recommends approval. The basic deal points are summarized below:

- 1) Base Rent: Tenant shall be credited with months 2, 3, and 4 of the Lease free of base rent.
- 2) No Other Changes: All terms and conditions of the Lease not inconsistent with this First Amendment shall remain in full force and effect.

**FISCAL IMPACT:**

The adjusted lease revenue, which includes the 3-month rent abatement, over the five-year term will generate an estimated \$128,976.95. All revenue will be deposited into the Mission Square Building Property Management Trust Account managed by RPU and used to pay operating expenses for the Property.

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Approved by: John A. Russo, City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability  
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Attachment: First Amendment to Commercial Multi-Tenant Lease