

**AMENDMENT NO. 1 TO COUNTY OF MONTEREY  
STANDARD LEASE AGREEMENT**

This Amendment No. 1 to County of Monterey Standard Lease Agreement No. A-12467 ("Amendment No. 1") is made by and between COUNTY OF MONTEREY ("LESSEE") and COMMUNITY HOSPITAL PROPERTIES, A California nonprofit corporation ("LESSOR"), with respect to the following facts.

- A. LESSOR and LESSEE entered into that certain County of Monterey Standard Lease Agreement executed on June 11, 2013 (the "Lease"), whereby LESSOR leased to LESSEE approximately Twenty Five Thousand (25,000) rentable square feet of space (the "Premises"). The Premises is located at 1150 - 1154 Fremont Boulevard, Seaside, California 93955.
- B. It is now the intention of the parties to amend the Lease as set forth in this Amendment No. 1.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, LESSOR and LESSEE hereby agree as follows:

- 1. Section 1.1 of the Lease entitled Description is hereby stricken in its entirety and replaced with the following Section 1.1:

1.1 Description. LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR, upon the terms and conditions herein set forth, that certain real property and its appurtenances, situated at **1150-1154 Fremont Boulevard, Seaside, California 93955** and described as follows: General offices consisting of approximately **11,372** rentable square feet of space and residential space (apartments) consisting of approximately **8,590** rentable square feet, for a total of **19,962** rental square feet (the "Premises"), as designated in **Exhibit A1**, which is attached to Agreement No. A-12467 and incorporated into this Amendment No. 1 by this reference. The term "rentable square feet" shall be used as defined by the Building Owners and Managers Association ("BOMA"). If the Premises constitutes only a portion of the building or complex, the Premises represents one hundred percent (100%) of the total rentable space. The Premises is **one hundred percent (100%)** of the total building or complex.

It is hereby agreed that the total rentable square feet noted herein is subject to change upon completion of Premise Improvements in accordance with Article 7.1. Premise Improvements.

- 2. Section 1.3 of the Lease entitled Parking Areas is hereby stricken in its entirety and replaced with the following Section 1.3:

1.3 Parking Areas. LESSOR shall provide LESSEE with a reasonable number of exclusive parking spaces based on the size and scope of the Premise Improvements and not to exceed One Hundred and Fifty-Five (155) spaces, in the parking area adjacent to the Premises at no cost to LESSEE commencing upon the completion of the Premise Improvements. Once identified, the exclusive parking spaces will be set forth in a diagram and incorporated into this Lease as **Exhibit A-2** to Agreement No. A-12467 and incorporated into this Amendment No. 1 by this reference. LESSOR, at LESSOR'S expense may need to post parking signage if deemed necessary for LESSEE'S use of the Premises.

3. Section 1.8 of the Lease entitled Lease Contingency is hereby stricken in its entirety and replaced with the following new Section 1.8:

1.8 Lease Contingency. LESSOR and LESSEE acknowledge and agree that the Lease Agreement and Amendment No. 1 is contingent upon LESSOR'S successful acquisition of the property to which the Premises is a part of and the successful lease and purchase of the neighboring property for additional parking.

4. Article 3 of the Lease entitled Rent is hereby stricken in its entirety and replaced with the following new Article 3:

In consideration of the continuing right of use, quiet enjoyment and possession of the Premises, LESSEE shall pay to LESSOR as monthly rent for the Premises the initial sum of **twenty five thousand five hundred fifty one and thirty six cents (\$25,551.36)**, payable on or before the first day of each month. LESSEE shall commence rental payments on October 1, 2014 ("Rent Commencement Date"). If the Rent Commencement Date is other than the first day of a calendar month, then the rent for that month shall be prorated on a daily basis, based on a thirty (30) day month. Rent shall be payable to LESSOR at the address specified in Article 6 or at such other address as LESSOR may from time to time designate in writing. In addition, LESSEE shall contract and pay directly to its vendors for its responsibilities as outlined in **Exhibits D and E** which are attached to Agreement No. A-12467 and incorporated into this Amendment No. 1 by this reference. Initial monthly rent shall include LESSEE'S share of real estate taxes (if any), assessments, insurances (Real Property and lessor's risk liability), and Monterey Regional Water Pollution Control Agency (MRWPCA) fee for the Premises. *[Initial rent is computed as follows: Base rent of \$1.28 per square foot per month.]*

It is hereby agreed that the monthly rent noted herein is subject to change, and that cost of any Premise Improvements requested by LESSEE, pursuant to Article 7.2, will be paid in accordance with **Exhibit J** ("Amortized Premise Improvement Cost") which is attached to Agreement No. A-12467 and that will be attached and incorporated into this Amendment No. 1 upon completion of LESSEE requested Premise Improvements by LESSOR.

It is also hereby agreed the monthly base rent shall be appropriately abated based on percentage of usable occupancy for clinic operations during the Premise Improvements as defined in Article 7. LESSOR and LESSEE shall be in agreement of said abatement schedule prior to the Lease Commencement Date. Said abatement schedule shall be in a similar format and rational as illustrated in Exhibit M to Agreement No. A-12467 which is incorporated into this Amendment No. 1 by this reference.

5. Section 7.1 of the Lease entitled Premise Improvements is hereby stricken in its entirety and replaced with the following Section 7.1:

LESSOR shall construct Premise Improvements and make installations in the Premises (collectively "Premise Improvements") in accordance with plans and specifications to be approved by LESSEE and LESSOR ("Plans and Specifications"), and in accordance with those provisions of Exhibit C ("Premise Improvements ") attached to Agreement No. A-12467 and incorporated into this Amendment No. 1 by this reference, which describe construction.

It is hereby agreed that the LESSOR shall not be obligated to construct any Premise Improvements unless and until LESSOR and LESSEE have agreed upon the Plans and Specifications for the Premise Improvements. The parties agree that the Plans and Specifications for the Premise Improvements must be agreed to by the parties no later than June 15, 2015 and that all City of Seaside approvals of the Plans and Specifications must be obtained no later than September 14, 2015. If construction of the Premise Improvements has not commenced by March 14, 2016, then LESSOR shall not be obligated to make any of the Premise Improvements.

6. Section 7.4 of the Lease entitled Future Premise Improvements is hereby stricken in its entirety and replaced with the following Section 7.4:

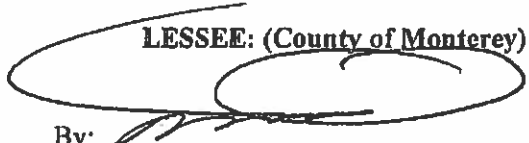
7.4 Future Premise Improvements. In addition to the Premise Improvement Allowance defined in Article 7.2, LESSOR shall provide LESSEE with an allowance of Two Hundred Fifty Thousand Dollars (\$250,000) ("Future Premise Improvement Allowance") to improve the Premises, to enhance operational efficiencies or perform aesthetic improvements such as the replacement of carpeting/flooring and or repainting. Said improvements shall be completed by the LESSOR within the first six (6) months of the 11<sup>th</sup> year following the date upon which all of the Premise Improvements are completed. LESSOR shall perform Future Premise Improvements in accordance with plans and specifications to be approved by LESSEE and LESSOR and in accordance with the provisions of Exhibit C to Agreement No. A-12467 which is incorporated into this Amendment No. 1 by this reference.

7. Article 17 entitled Assignment and Subletting is hereby stricken in its entirety and replaced with the following new Article 17 Assignment and Subletting:

LESSEE shall not assign or sublet all or any portion of the Premises without the prior written consent of LESSOR, which consent shall not be unreasonably withheld.

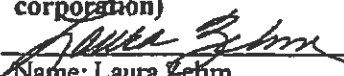
8. Add Article 35 – Residential Space (Apartments): The parties agree that the LESSEE shall be responsible for the leasing and management of all apartments located on the Premises, or LESSEE may elect to use the apartments for a different use.
9. Reaffirmation: Except as amended by this Amendment No. 1, all of the other terms and conditions of Agreement No. A-12467 remain in full force and effect and are hereby reaffirmed and ratified.
10. **Option to Purchase Real Property and Right of First Refusal:** LESSOR and LESSEE understand and agree LESSOR is currently in escrow for Real Property located at 1150 and 1154 Fremont Boulevard, Seaside, California, which includes the Premises which are the subject of this Amendment No. 1 (hereafter, "Subject Property") and that escrow is set to close on or about **September 29, 2014**. LESSOR hereby agrees to sell the Subject Property to LESSEE at LESSOR's cost according to the final Sales Price at close of escrow, plus LESSOR'S costs incurred to date as of the effective date of this Amendment No. 1. LESSOR's cost shall include those legal and consulting fees associated with the feasibility study and acquisition of Subject Property at an additional cost of \$65,000 and those architectural and project management fees associated with development of Tenant Improvement plans and specifications at an additional cost of \$200,000 for a total not to exceed \$265,000 above the final Sales Price. LESSOR hereby agrees to extend this Option and Right to LESSEE and to sell the Subject Property to LESSEE within five (5) years of September 29, 2014, close of escrow or, October 1, 2014, whichever date occurs later.

IN WITNESS WHEREOF, LESSOR and LESSEE have executed this Amendment No. 1 as of the last date opposite the respective signatures below, which the parties understand and agree shall be effective as of October 1, 2014.

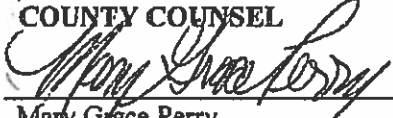
**LESSEE: (County of Monterey)**  



By: \_\_\_\_\_  
Name: Michael R. Derr  
Title: CONTRACTS/PURCHASING OFFICER  
COUNTY OF MONTEREY  
Date: 9-18-14

**LESSOR: (Community Hospital Properties, a California non-profit corporation)**

By:   
Name: Laura Zehm  
Title: Vice President/CFO  
Date: 9/16/2014

**CHARLES J. McKEE  
COUNTY COUNSEL**

By:   
Name: Mary Grace Perry  
Title: Deputy County Counsel  
Date: September 17, 2014

By:   
Name: Tim Nyfen  
Title: Vice President  
Date: 9.16.14





# Monterey County

168 West Allsal Street,  
1st Floor  
Salinas, CA 93901  
831.755.5066

## Board Order

**Agreement No.: A-12467**

Upon motion of Supervisor Armenta, seconded by Supervisor Parker and carried by those members present, the Board of Supervisors hereby:

- a. Approved and authorized the Contracts/Purchasing Officer to execute Amendment No. 1 to Lease Agreement No. A-12467 with Community Hospital Properties, a California non-profit corporation and a division of Community Hospital of the Monterey Peninsula (CHOMP) for approximately 19,962 rentable square feet of space located at 1150-1154 Fremont Boulevard, Seaside, California for use by the Health Department's Clinic Services Bureau, to take effect no later than October 1, 2014; and
- b. Authorized the Auditor-Controller to make lease payments in an amount not to exceed \$25,551.36 per month and in accordance with the terms of the Lease Agreement and Amendment No. 1 with the condition the County explores opportunities to purchase.

**PASSED AND ADOPTED** on this 9th day of September 2014, by the following vote, to wit:

- AYES:** Supervisors Armenta, Salinas and Parker
- NOES:** Supervisor Calcagno
- ABSENT:** Supervisor Potter

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 77 for the meeting on September 9, 2014.

Dated: September 11, 2014  
File Number: A 14-228

Gail T. Borkowski, Clerk of the Board of Supervisors  
County of Monterey, State of California

By   
Deputy



# Monterey County

188 West Alisal Street,  
1st Floor  
Salinas, CA 93901  
831.755.5066

## Board Report

Legistar File Number: A 14-228

September 09, 2014

Introduced: 9/4/2014

Current Status: Consent Agenda

Version: 1

Matter Type: BoS Agreement

- a. Approve and authorize the Contracts/Purchasing Officer to execute Amendment No. 1 to Lease Agreement No. A-12467 with Community Hospital Properties, a California non-profit corporation and a division of Community Hospital of the Monterey Peninsula (CHOMP) for approximately 19,962 rentable square feet of space located at 1150-1154 Fremont Boulevard, Seaside, California for use by the Health Department's Clinic Services Bureau, to take effect no later than October 1, 2014; and
- b. Authorize the Auditor-Controller to make lease payments in an amount not to exceed \$25,551.36 per month and in accordance with the terms of the Lease Agreement and Amendment No. 1. (ADDED VIA ADDENDUM)

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer to execute Amendment No. 1 to Lease Agreement No. A-12467 with Community Hospital Properties, a California non-profit corporation and a division of Community Hospital of the Monterey Peninsula (CHOMP) for approximately 19,962 rentable square feet of space located at 1150-1154 Fremont Boulevard, Seaside, California for use by the Health Department's Clinic Services Bureau, to take effect no later than October 1, 2014; and
- b. Authorize the Auditor-Controller to make lease payments in an amount not to exceed \$25,551.36 per month and in accordance with the terms of the Lease Agreement and Amendment No. 1.

### SUMMARY/DISCUSSION:

Lease Agreement A-12467 was executed on June 11, 2013 authorizing occupancy of approximately 25,000 rentable square feet of medical space to be used by the Health Department's Clinic Services Bureau (Bureau) at 1150-1154 Fremont Boulevard in Seaside. There have been delays in finalizing the Tenant Improvement (TI) plans due to the significantly higher than originally estimated costs for improvements. Due to this delay, CHOMP finds itself at the end of its escrow extension options for the property on which this facility is located. Your approval of Amendment No. 1 assures provisions in the approved Lease Agreement are amended to reflect current known facts, provides deadlines by which the County through its Health Department will need to comply with for finalization of TI plans, and provides assurances needed for CHOMP to proceed with final purchase of the property.

Amendment No. 1 revises the following provisions within the Lease Agreement:

- Section 1.1 Description: Rentable square feet revised to 19,962 square feet comprised of 11,372 square feet of general office/clinic space and 8,590 square feet of residential space
- Section 1.3 Parking Areas: Number of parking spaces revised to reasonable number of exclusive parking spaces based on the size and scope of Premise Improvements and not to



- exceed one-hundred fifty five spaces
- Section 1.8 Lease Contingency: Agreement and Amendment No. 1 contingent upon Lessor's successful acquisition of property facility is located on and neighboring property for additional parking
- Article 3 Rent: Monthly rental revised to \$25,551.36
- Section 7.1 Premise Improvements: Revised to include timelines for approval of TI plans by Lessor and Lessee by June 14, 2015, approval by City of Seaside no later than September 14, 2015, and commencement of construction of TIs no later than March 14, 2016
- Section 7.4 Future Premise Improvements: Revised to clarify that future premise improvements will be completed by Lessor within the first six (6) months of the 11th year following the date upon which all of the Premise Improvement are completed.
- Article 17 Assignment and Subletting: Revised to remove subletting of 810 square feet by Lessor for use as a laboratory
- Addition of Article 35 Residential Space (Apartments): The current premises has eight apartment dwellings on the second floor and the County through its Health Department will be responsible for leasing and management of these apartments
- All other terms and conditions of the Lease Agreement remain in full force and effect

Approval of Amendment No. 1 will provide additional time necessary to finalize the TI plans which will ultimately allow the Health Department to provide expanded services for the residents of Seaside and neighboring areas. Upon approval of Amendment No. 1, the Health Department will begin contract negotiations with a Property Management company to lease and manage the apartments.

**OTHER AGENCY INVOLVEMENT:**

The Office of the County Counsel has reviewed and approved Amendment No. 1 as to form and legality.

**FINANCING:**

There is no financial impact to the General Fund resulting from approval of this Amendment No. 1. Sufficient funds are available in the Health Department, Clinic Services Bureau (001-4000-HEA007) FY 2014-15 Adopted Budget. The first-year leasing cost will not exceed \$307,000, excluding janitorial, disposal, water, PG&E, patrolled security, and phone/data services. On-going occupation of the leased premises and future extensions of the Lease Agreement will be based on the continued availability of funding. The Lease Term or any Extended Term will be subject to a 1% increase to the base rent at the end of each lease anniversary year.

Prepared by: Elsa Jimenez, Assistant Director of Health, 4743

Approved by: Ray Bullick, Director of Health, 4526

Attachments: Lease Agreement No. A-12467 and Amendment No. 1 are on file with the Clerk of the Board.

