

**MEMORANDUM  
DEPARTMENT OF FACILITY SERVICES  
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **SEPTEMBER 23, 2008**

From: *MD* **JAMES DURFEE / ALBERT RICHIE**

Subject: **LEASE AMENDMENT NO. 2 – AUBURN AIRPORT HANGAR #52**

**ACTION REQUESTED / RECOMMENDATION:** Approve Lease Amendment No. 2 to Lease No. 12324 between the County of Placer and the Hall Charitable Remainder Trust for Hangar #52 within Building "A" at the Auburn Airport located in Auburn, CA; and authorize the Chairman to execute this Amendment on behalf of your Board.

**BACKGROUND:** In January 2007, the County of Placer and Mervin Hall, Trust Manager of the Hall Charitable Remainder Trust, entered into a six-year Lease Agreement to facilitate the Sheriff's Air Operations program at Hangar #52 located at the Auburn Airport. The Agreement also documented Mr. Hall's intent to donate the hangar to Placer County at the end of the six-year lease term which will provide a permanent home for this program. Earlier this year, Mr. Hall requested an amendment of the Lease Agreement to include the County's standard Consumer Price Index (CPI) Annual Rental Adjustment provisions.

Property Management evaluated this request with input from the Sheriff's Department and the County Executive Office. Given the estimated \$475,000 fair market value of the hangar Mr. Hall will donate to the County and that CPI adjustments routinely included in agreements such as this, staff agreed with this request and proceeded to prepare Lease Amendment No. 2 that makes CPI adjustment retroactive to January 1, 2008.

Additionally, the original Lease Agreement included a spending authorization provision for tenant improvements not-to-exceed \$20,000 subject to County approvals and funding availability. Lease Amendment No. 1 has been executed to construct approximately \$20,000 of improvements identified by the Sheriff to maximize the utility of the hangar. As this project effectively exhausted the authority granted by that lease provision and the provision proved to be an effective and efficient method of meeting the County's needs, staff is recommending that additional spending authority for tenant improvements, not-to exceed \$20,000, be added to the Agreement.

To increase the tenant improvement spending authority by \$20,000 and include Annual Rental CPI Adjustment provisions in the Lease Agreement, your Board must authorize the Chairman to execute the attached Lease Amendment No. 2.

**ENVIRONMENTAL CLEARANCE:** The Amendment to this Lease Agreement is Categorically Exempt from review pursuant to Section 15301 of the California Environmental Quality Act. This Section provides for activities, including leasing of existing facilities, when there is no expansion of use beyond that previously existing.

**FISCAL IMPACT:** The CPI provisions are anticipated to increase the rent by three to four percent annually, which is estimated at \$720 for calendar year 2008. The total cumulative cost increase over the six-year term of the Agreement is anticipated to be \$11,242. Funding for the CPI cost is available in the Sheriff's Department 2008/2009 Budget. Authorization of the \$20,000 additional tenant improvement authority has no fiscal impact at this time. Any improvement projects will be separately evaluated by the Sheriff's Office and County Executive Office on a case-by-case basis.

AVAILABLE FOR REVIEW AT THE CLERK OF THE BOARD'S OFFICE: LEASE AGREEMENT #12324, LEASE AMENDMENT #1

ATTACHMENT: LEASE AMENDMENT NO. 2

JD:AR:MR:MM:DB

CC: COUNTY EXECUTIVE OFFICE  
SHERIFF'S DEPARTMENT

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413

**LEASE AGREEMENT NO: 12324**

**ADMINISTERING AGENCY: County of Placer, Facility Services Department  
Property Management Division**

**AMENDMENT No: # 2**

**DESCRIPTION: AMEND LEASE AGREEMENT No. 12324 FOR HANGAR #52 IN  
BUILDING "A" LOCATED AT AUBURN AIRPORT FOR THE  
ADDITION OF ANNUAL RENTAL ADJUSTMENT PROVISIONS.**

WHEREAS, the County of Placer (hereinafter "COUNTY") and Mervin Hall, Trust Manager of the Hall Charitable Remainder Trust, a California Irrevocable Trust, (hereinafter "HCRT") have heretofore entered into Lease Agreement No.12324 (hereinafter "Agreement") for Auburn Airport Building A, Hangar 52 in Auburn, CA (hereinafter "Premises"); and

WHEREAS, HCRT has requested, and the COUNTY has agreed, that Annual Rental Increase provisions based on the Consumer Price Index (CPI) shall be added to the Agreement; and

WHEREAS, Section 9.A. of the Agreement includes provisions that permit HCRT to construct Future Tenant Improvements on behalf of the COUNTY in an amount not to exceed Twenty Thousand and no/100 Dollars (\$20,000.00); and

WHEREAS, COUNTY and HCRT have executed Lease Amendment No. 1 to facilitate tenant improvements necessary for maximum utilization of the Premises (hereinafter "Amendment No. 1"); and,

WHEREAS, Amendment No. 1 will utilize Nineteen Thousand Two Hundred Fifty-nine and no/100 Dollars (\$19,259.00) of the Future Tenant Improvements authorization; and

WHEREAS, the COUNTY has determined that additional improvements may be required in the future, and desires to amend Section 9.A. of the Agreement to increase the spending authority by an additional \$20,000.

NOW, THEREFORE, IT IS MUTUALLY AGREED by and between COUNTY and HCRT herein as follow:

1. SECTION 7. RENT: is hereby amended to add the following subsection 7.C.

"C. Annual Rent Adjustment : The Monthly Rent may be adjusted on an annual basis as described herein.

(i) Except as set forth in C.ii., any such rent adjustment shall take effect no earlier than the anniversary date of this Agreement.

(ii) The parties agree to a rent adjustment for the 2008 lease year, which adjustment shall be applied retroactively to January 1, 2008.

Said rent adjustment shall increase the Monthly Rent for the 2008 lease year to \$2,068.00.

- (iii) Adjustment shall occur in accordance with the State of California, Department of Industrial Relations Consumer Price Index (CPI) – California, for “ALL URBAN CONSUMERS”.
- (iv) The adjusted Monthly Rent shall be the sum of the current Monthly Rent and the rental adjustment of the current Monthly Rent multiplied by the percentage change of the current year (CPI), as reported during the thirty (30) to sixty (60) day period immediately preceding the effective date of the rental increase, by the CPI reported during the same period of the immediately preceding calendar year. This calculation is demonstrated below:

*Percentage Change = [Current Year CPI - Previous Year CPI] ÷ Previous Year CPI*

*Product (Rental Adjustment) = Percentage Change x Current Base Rent*

*Adjusted Base Rent = Rental Adjustment + Current Base Rent*

Notwithstanding the foregoing, the annual increase shall never be less than three percent (3%) or more than five percent (5%).”

2. SECTION 9.A. MISCELLANEOUS: is hereby replaced in its entirety with the following:

“A. Future Tenant Improvements: During the term of this Agreement, if the COUNTY determines that tenant improvements to the Premises are required; improvements will only be made with the express written approval by HCRT. If HCRT is willing to construct improvements on behalf of the COUNTY, this Agreement will be amended to provide for the construction of such improvements. The cumulative value of these improvements shall not exceed Forty Thousand and No/100 Dollars (\$40,000.00). The amendment shall be approved as to form by County Counsel and executed by the COUNTY and HCRT.”

3. Except as specifically modified herein, all remaining terms and conditions contained in the Agreement and Amendment No. 1 between COUNTY and HCRT shall remain in full force and effect.

**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

IN WITNESS WHEREOF, the PARTIES have duly executed this Lease Amendment No. 2 on the day and year last below written.

**HCRT: HALL CHARITABLE REMAINDER TRUST**

By: Mervin B. Hall  
Mervin Hall, Trust Manager  
Hall Charitable Remainder Trust

Date: 8/30/08

By: Anthony T. Graupensperger  
Tony Graupensperger, Trustee  
Hall Charitable Remainder Trust

Date: 8/29/08

By: Kenn Hall  
Kenn Hall, Trustee  
Hall Charitable Remainder Trust

Date: 8-29-08

**COUNTY: COUNTY OF PLACER**

By: \_\_\_\_\_  
Chairman, Placer County Board of Supervisors

Date: \_\_\_\_\_

**APPROVED AS TO FORM: COUNTY COUNSEL**

By: [Signature]  
County Counsel

Date: 9/1/08

416