



**Government Relations & Public Affairs Committee**

July 30, 2009

**Amended Lease Agreement for Meridian Plaza**

**Issue:** To review and make recommendations for an amended lease agreement for the office space at Meridian Plaza.

**Recommendation:** That the Government Relations & Public Affairs Committee recommend that the Board approve an amendment to the lease agreement for SACOG's office space at Meridian Plaza.

**Discussion:** When SACOG moved into its present location, SACOG was 8.59% part owners of the building. Within two years of occupancy, the building was sold to AKT Properties which triggered the option for SACOG to renegotiate the lease agreement sooner than would normally be available. Staff has been working with AKT Properties over the past several months to negotiate a modified lease agreement and is in the final stages of reaching consensus. A new agreement is not attached here because there are a few outstanding issues, but staff anticipates having one available for you at the time of your committee meeting.

The terms of the lease amendment would significantly reduce SACOG's annual cost for fiscal year 2009-10 by as much as \$65,000 and would have a similar effect on future years. Staff is negotiating what the annual increases would be but expect they would be considerably more favorable than at present, and the base year for operating expenses would be moved from the current 2003 to 2009, resulting in another savings of \$40,000-\$50,000 annually beginning next fiscal year. The new lease would also extend the term from the current expiration of January 2014 to August 2019 with options to extend beyond that time, and includes right of first offer on additional office space within the building. Certain tenant improvements such as painting and carpeting would be provided by the management company, both in the immediate term and in the future for more extensive improvements. All other terms and conditions of the original lease would remain in place.

When a revised amendment is brought to you for review, we will also bring the details of the revision and specific costs savings.

Approved by:

Mike McKeever  
Executive Director

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