

INTRODUCED: March 28, 2016

AN ORDINANCE No. 2016-108

To authorize the Chief Administrative Officer, on behalf of the City of Richmond, to execute a Third Amendment to Lease between the City of Richmond, as lessee, and Saul Subsidiary I Limited Partnership, as lessor, for the purpose of enabling the City to continue using 52,411± square feet of the property located at 4100 Hull Street Road for the Department of Social Services and other City functions.

Patron – Mayor Jones

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: APR 25 2016 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, on behalf of the City of Richmond, is hereby authorized to execute a Third Amendment to Lease between the City of Richmond, as lessee, and Saul Subsidiary I Limited Partnership, as lessor, for the purpose of enabling the City to continue using approximately 52,411 square feet of the property located at 4100 Hull Street Road for the Department of Social Services and other City functions. Such Third Amendment to Lease shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: APR 25 2016 REJECTED: _____ STRICKEN: _____

§ 2. This ordinance shall be in force and effect upon adoption.



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O & R REQUEST

FEB 17 2016
4-48/3
Chief Administration Office
City of Richmond

O&R REQUEST

DATE: February 12, 2016

EDITION: 1

TO: The Honorable Members of City Council

RECEIVED

THROUGH: Dwight C. Jones, Mayor [Signature]

MAR 11 2016

THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer [Signature]

OFFICE OF CITY ATTORNEY

THROUGH: Lenora Reid, Deputy Chief Administrative Officer for Finance & Administration [Signature]

THROUGH: Jay A. Brown, Director of Budget and Strategic Planning [Signature]

THROUGH: Peter L. Downey, Deputy Chief Administrative Officer, Economic Development and Planning [Signature]

FROM: Douglas Dunlap, Interim Director of Economic & Community Development [Signature]

RE: To Authorize the Chief Administrative Office to enter into a Lease Amendment with Saul Subsidiary I Limited Partnership for the Department of Social Services and other functions located at 4100 Hull Street, Richmond, Virginia.

ORD. OR RES. No. _____

PURPOSE: To Authorize the Chief Administrative Officer to enter into a Lease Amendment with Saul Subsidiary I Limited Partnership for the Department of Social Services and other functions located at 4100 Hull Street in approximately 52,411 square feet of space. The purpose of the Lease Amendment is to extend the lease term by 3 years with a termination right after 2 years and to amend the rent to be charged during the extended lease term.

REASON: On January 13, 1997, the City entered into a lease for approximately 26,411 square feet at 4100 Hull Street and in the 2nd Amendment dated February 23, 2005 increased the lease premises by 26,000 square feet to a total of approximately 52,411 square feet. Per the Commencement and Estoppel Agreement dated March 15, 2007 the existing lease will expire on March 31, 2016. The City now wishes to extend the lease for up to 3 years with a termination right after 2 years for \$471,699.00 per year for year one and for \$497,904.50 per year for years two and three. All other lease terms will remain the same as the original 1997 lease as amended by the subsequent lease amendments. The Department of Economic and Community Development estimates that the annual rent will be reduced by \$285,742.76 for year one and by

\$259,537.26 for years two and three compared to the rent paid over the past year of the existing lease.

RECOMMENDATION: Approval is recommended by the City Administration

BACKGROUND:

On January 13, 1997, the City entered into a lease for approximately 26,411 square feet at 4100 Hull Street and in the 2nd Amendment dated February 23, 2005 increased the lease premises by 26,000 square feet to a total of approximately 52,411 square feet. Per the Commencement and Estoppel Agreement dated March 15, 2007 the existing lease will expire on March 31, 2016. .

FISCAL IMPACT / COST: The City will pay annual rent of \$471,699.00 per year for year one and for \$497,904.50 per year for years two and three. In addition the City will pay all utility and janitorial service fees which are estimated to total approximately \$288,131.40 per year.

FISCAL IMPLICATIONS: The Department of Economic and Community Development estimates that the annual rent will be reduced by \$285,742.76 for year one and by \$259,537.26 for years two and three compared to the rent paid over the past year of the existing lease.

BUDGET AMENDMENT NECESSARY: No

REVENUE TO CITY: The City will not receive any revenue from this lease extension.

DESIRED EFFECTIVE DATE: Upon Adoption of this ordinance.

REQUESTED INTRODUCTION DATE: March 14, 2016

CITY COUNCIL PUBLIC HEARING DATE: March 28, 2016

REQUESTED AGENDA: Consent Agenda

RECOMMENDED COUNCIL COMMITTEE: Land Use, Housing & Transportation Standing Committee Meeting on March 22, 2016.

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: None

AFFECTED AGENCIES: City Attorney's Office, Department of Social Services, Economic and Community Development.

RELATIONSHIP TO EXISTING ORD. OR RES.: None

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Third Amendment to Lease.

STAFF:

Peter L. Downey, Interim Deputy Chief Administrative Officer, Economic Development
and Planning

Debra D. Gardner, Human Services

Shunda T. Giles, Social Services

Douglas C. Dunlap, Economic & Community Development

Jane C. Ferrara, Economic & Community Development

Paul A. McClellan, Economic & Community Development

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE (the "Amendment") is effective as of April 1, 2016 (the "Effective Date") by and between SAUL SUBSIDIARY I LIMITED PARTNERSHIP (hereinafter referred to as "Landlord") and CITY OF RICHMOND (hereinafter referred to as "Tenant").

WHEREAS, Landlord and Tenant have entered into that certain Lease dated January 13, 1997, a First Amendment to Lease dated January 13, 1997, a Letter Agreement dated January 13, 1997, a Letter Agreement dated November 4, 1997, a Second Amendment to Lease dated February 23, 2005 ("Second Amendment"), a Letter Agreement dated August 25, 2005 and a Letter Agreement dated November 1, 2005 (collectively, the "Lease") for approximately 52,411 square feet of space in the Southside Plaza Shopping Center located at 4100 Hull Street, Richmond, Virginia 23224; and

WHEREAS, the parties hereto desire to enter into this Amendment for the purposes hereinafter set out.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **TERM.** Article 2 of the Lease captioned "Term" is hereby amended to extend the term of the Lease for thirty-six (36) months commencing on April 1, 2016 and ending on March 31, 2019 ("Extension Term").

2. **MINIMUM RENT.** Effective on April 1, 2016, paragraph (b) of Article 3 of the Lease captioned "Rent; Deposit" shall be amended to add the following language:

(i) Tenant shall pay Minimum Rent as follows:

Dates	Annually	Monthly
4/1/16 – 3/31/17	\$471,699.00	\$39,308.25
4/1/17 – 3/31/19	\$497,904.50	\$41,492.04

(ii) Holdover Rent in Article 35 of the lease shall be amended to be 1.5 times the Minimum Rent.

3. **ANNUAL OPERATING COSTS AND REAL ESTATE TAXES.** Landlord hereby agrees that during the Extension Term, Tenant shall not be obligated to pay any Annual Operating Costs or Real Estate Taxes pursuant to the provisions of Articles 8 and 9 of the Lease.

4. **MAINTENANCE AND REPAIRS AND HVAC.** Effective on April 1, 2016 Landlord hereby agrees that Tenant shall no longer be obligated to pay for any repair, maintenance, alteration, replacement or any other action with respect to exterior doors and windows, plumbing and sewer facilities, HVAC (heating, air conditioning), electrical, elevators or any other mechanical installation pursuant to the provisions of Article 17 and Article 58 of the Lease and that Landlord

shall take over all maintenance of the HVAC system for the Extension Term to the standards described in Article 58.a

5. **TENANT RIGHT TO TERMINATE.** Effective on April 1, 2016, Paragraph 8 of the Second Amendment shall be deleted in its entirety and replaced with the following:

"Provided that Tenant is not in default of any of the terms, conditions, obligations or provisions of this Lease on the date the option provided for herein is exercised, Tenant shall have the right to terminate the Lease on a date specified by Tenant which shall be on or after March 31, 2018, by giving Landlord one hundred twenty (120) days advance written notice ("Tenant Notice") of its intention to terminate the Lease ("Termination Date"). If Tenant elects the termination right under this Paragraph 5, then the Lease shall terminate and Tenant shall surrender the Premises to Landlord on the day set forth in the Tenant Notice, and the Termination Date will be deemed the expiration date of the term of the Lease and all Minimum Rent and other charges accrued and payable under the Lease will be prorated to the Termination Date."

6. **TENANT'S SIGNATURE AUTHORITY.** The Chief Administrative Officer for the City of Richmond or a designee thereof shall have the authority to provide any notices or authorizations contemplated in the Lease including this amendment.

7. **LANDLORD'S WORK.** On or before April 1, 2016, Landlord, at Landlord's sole cost and expense, shall install new carpeting in the second floor hallway in the Premises.

8. **LANDLORD'S RESIDENT AGENT.** Pursuant to the provisions of § 55-218.1 of the 1950 Code of Virginia, as amended, Landlord certifies that its resident agent is Corporation Service Company, Bank of America Center, 16th Floor, 1111 East Main Street, Richmond, Virginia 23219.

9. **SUBJECT TO APPROPRIATIONS.** Notwithstanding anything in the Lease to the contrary, Lessee's obligation to pay Rent and all other amounts pursuant to this Lease and in connection with any performances herein are subject to and dependent upon funds appropriated for such purpose by the City Council of the City of Richmond, Virginia.

10. **MISCELLANEOUS.** Except as specifically modified hereby, the Lease shall remain in full force and effect in accordance with the terms contained therein and is hereby ratified, approved and confirmed in all respects. Any agreement, obligation or liability made, entered into or incurred by or on behalf of Landlord binds only its property and no shareholder, trustee, officer, director, employee, partner or agent of the Landlord assumes or shall be held to any liability therefor. The provisions of this Amendment shall be binding upon the parties hereto, their successors, and to the extent permitted under the Lease, their assigns. If drafts of this Amendment or other communications between the parties were sent by email or other electronic methods, then the following additional provisions shall also apply: (i) any typewritten signature included with any e-mail or any document attached to any email is not an electronic signature within the meaning of Electronic Signatures in Global and National Commerce Act or any other law of similar import, including without limitation, the Uniform Electronic Transactions Act ("UETA"), as the same may be enacted in any State, (ii) any transmission of this Amendment is not intended as an "electronic signature" to a "record" of such transaction (as those terms are defined under UETA); instead, it is Landlord's intention that a record of such

transaction shall be created only upon manually-affixed original signatures on an original document, and (iii) the final, definitive version of this Amendment shall be created by Landlord (the "Final Draft"), and Tenant authorizes Landlord to affix to the Final Draft the original, manually executed signature pages attached by Tenant to the executed document submitted by Tenant to Landlord.

11. **INTERPRETATION.** The submission of this Amendment for examination does not constitute an agreement, an option or an offer, and this Amendment becomes effective only upon execution and delivery thereof by Landlord. Neither party shall have any legal obligation to the other in the event that the Amendment contemplated herein is not consummated for any reason. Provided, however, that notwithstanding any delay in obtaining signatures for execution of this Amendment, by executing this Amendment, the Landlord and Tenant agree that for the period of April 1, 2016 through the date on which the Amendment is fully executed, the Landlord and Tenant proceeded in all respects as though the Lease was in force and effect and hereby ratify all actions during said period. Discussions between the parties respecting the proposed Amendment described herein, shall not serve as a basis for a claim against either party or any officer, director or agent of either party. Captions and headings are for convenience and reference only and shall not in any way define, limit or describe the scope or content of any provision of this Amendment. Except as otherwise provided herein, capitalized terms shall have the same meaning as set forth in the Lease. Whenever in this Amendment (i) any printed portion, or any part thereof, has been stricken out, or (ii) any portion of the Lease (as the same may have been previously amended) or any part thereof, has been modified or stricken out, then, in either of such events, whether or not any replacement provision has been added, this Amendment and the Lease shall hereafter be read and construed as if the material so stricken out were not included, and no implication shall be drawn from the text of the material so stricken out which would be inconsistent in any way with the construction or interpretation which would be appropriate if such material had never been contained herein or in the Lease. The Exhibits referred to in this Amendment and attached hereto are a substantive part of this Amendment and are incorporated herein by reference.

The remainder of this page is intentionally blank.
Signature page follows.

WITNESS the following signatures and seals.

ATTEST:

TENANT: CITY OF RICHMOND

(seal)

By: _____

Printed Name: _____

Name: _____

Title: Secretary

Title: Chief Administrative Officer

Approved as to Form: _____
City Attorney

Approved as to Terms: _____
Department of Economic and Community Development

ATTEST:

LANDLORD: SAUL SUBSIDIARY I LIMITED PARTNERSHIP

By: Saul Centers, Inc., General Partner

(seal) Assistant Secretary

By: _____
Name: J. Page Lansdale
Title: President