



Contract Number CTN-FM-CMS 141938-09
Effective Date 9-1-13
Term Date 8-31-14
Cost
Revenue \$60,584.64
Total
NTE:
Action
Renewal By 6-1-14
Term 8-31-14
Reviewed by VF

BOARD OF SUPERVISORS AGENDA ITEM SUMMARY

Requested Board Meeting Date: **Oct. 1, 2013**

ITEM SUMMARY, JUSTIFICATION &/or SPECIAL CONSIDERATIONS:

On August 20, 2013, Tenant decided to extend its lease of 33 N. Stone Ave., #1610, for one (1) additional year instead of vacating by the lease's expiration date of Aug 31, 2013. The agreed upon rent rate for this extension is approximately 20% higher than the current market rate.

Tenant's decision to renew its lease will provide Pima County an additional one year rent revenue of \$60,585 (\$26.19/SF/Year). Through this renewal, total rent paid by Tenant and its predecessors during the life of the lease will be increased to \$1,102,685.

CONTRACT NUMBER (If applicable): CTN-FM-CMS 141938

STAFF RECOMMENDATION(S):

Facilities Management recommends approval of this one (1) year lease extension. The County has no current plans to use the subject office space and no third parties have expressed an interest in leasing it. The rent rate agreed upon by the current Tenant is not likely to be paid by any other occupant and even if it was, the County would incur appreciable tenant improvement / retrofit costs to prepare the space for a new occupant.

CORPORATE HEADQUARTERS: _____

CLERK OF BOARD USE ONLY: BOS MTG. _____

ITEM NO. _____

~~PIMA COUNTY COST: _____~~ and/or **REVENUE TO PIMA COUNTY: \$1,102,684.88 total lifetime lease revenue through August 31, 2014. Total revenue value of Amendment 9 = \$60,584.64.**

FUNDING SOURCE(S): Tenant
(i.e. General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)

Advertised Public Hearing:

☐

YES

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NO

Board of Supervisors District:

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All

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IMPACT:

IF APPROVED:

- Pima County would receive additional rent revenue of \$60,584.64 during the twelve (12) month lease extension.
- Pima County would not be exposed to the expense of refurbishing and/or tenant improvement costs as would be expected with a new tenant.

IF DENIED:

- Pima County would not receive the additional rent revenue.
- The premises would be vacant for an undetermined period of time.
- There would likely be significant refurbishing and tenant improvement costs to Pima County if the space was leased to a new tenant.

DEPARTMENT NAME: FACILITIES MANAGEMENT

CONTACT PERSON: Nina Armstrong TELEPHONE NO.: 724-2725

**PIMA COUNTY DEPARTMENT OF
FACILITIES MANAGEMENT**

Revenue Contract

LANDLORD: Pima County, a political subdivision of
the State of Arizona

TENANT: Level 3 Communications, LLC, a Delaware
Limited Liability Company

LEASE NO.: CTN-FM-CMS 141938

LEASE AMENDMENT NO.: Nine (9)

CONTRACT

NO *CTN-FM-CMS 141938*

AMENDMENT NO. *09*

This number must appear on all
invoices, correspondence and
documents pertaining to this
contract.

ORIGINAL LEASE TERM:	02/01/1984 - 01/31/1989	ORIG. LEASE AMOUNT:	\$ 36,660.00
TERMINATION DATE PRIOR AMENDMENT:	08/31/2013	PRIOR AMENDMENTS:	\$ 1,005,440.24
TERMINATION DATE THIS AMENDMENT:	08/31/2014	THIS AMENDMENT:	\$ 60,584.64
		REV'D. LEASE AMOUNT:	\$ 1,102,684.88

**AMENDMENT No. 9 TO LEASE
33 N. Stone, Tucson, AZ
SUITES 1610 and 1620**

- 1. PARTIES.** This Amendment No.9, for reference dated August 30, 2013, is made and entered into by Pima County, a political subdivision of the State of Arizona (hereinafter referred to as "Landlord"), and Level 3 Communications, LLC, a Delaware Limited Liability Company (hereinafter referred to as "Tenant").
- 2. BACKGROUND AND PURPOSE.** Tenant is the current tenant under that certain Lease dated January 20, 1984, as amended by Amendment No.1 dated August 13, 1986; Amendment No. 2 dated January 3, 1989; Amendment No. 3 dated January 28, 1994; Amendment No. 4 and Supplemental Agreement to Amendment No. 4, both of which are dated January 17, 1997; Amendment No.5 dated January 12, 2000; Amendment No.6 dated January 19, 2005; Amendment No.7 dated March 1, 2010; and Amendment No.8 dated February 22, 2013 (collectively "the Lease") covering certain premises (the "Leased Premises") located in a building having a municipal address of 33 North Stone Avenue, City of Tucson, County of Pima, State of Arizona and commonly known as the Bank of America Building (the "Building"), consisting of approximately 2,313 rentable square feet in Suites 1610 and 1620 on the sixteenth (16th) floor, all as more particularly set forth in the Lease.

Landlord and Tenant mutually wish to amend the Lease as set forth in this Amendment No.9.

3. **EFFECTIVE DATE:** This Amendment shall become binding upon the parties when executed by both parties, but the terms and provisions hereof shall apply and become effective on September 1, 2013 ("Effective Date"), and shall continue in effect until amended by the parties in writing or until expiration or sooner termination of the Lease.

4. **MODIFICATION OF LEASE:** Landlord and Tenant hereby agree to modify the terms of the Lease as follows:

4.1 Extension of Lease. The Lease Term will be extended for an additional twelve (12) month period (the "Extended Period"). The Extended Period shall commence on September 1, 2013 and terminate on August 31, 2014.

4.2 Base Rent. The Base Rent for the Extended Period shall be as follows:

<u>Extended Period</u>	<u>Rent / Month</u>	<u>12 Month Total</u>	<u>Rent / Sq. Ft.</u>
9/1/13 – 8/31/14	\$ 5,048.72	\$ 60,584.64	\$ 26.19

4.3 Base Year. The Base Year for calculation of operating expenses as defined in the Lease shall remain the Landlord's fiscal year that began July 1, 2009 and ended June 30, 2010.

4.4 Elective Termination. Provided the terminating party is not in default nor owing unpaid monies to the Landlord, this Lease may be terminated by Tenant, for any reason and with or without cause, by giving at least thirty (30) days written notice to the other party.

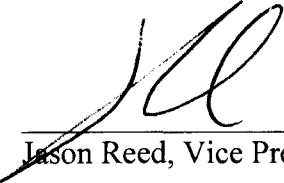
4.5 Condition of Leased Premises, Tenant Improvements. Tenant acknowledges that Landlord has made no representation and has given no warranty to Tenant regarding the fitness of the Leased Premises for Tenant's intended use. Tenant shall continue its tenancy in the Leased Premises in its "as-is" condition and with all faults.

5. **REMAINING LEASE TERMS UNCHANGED.** Except as modified and provided in this Amendment, all of the terms and conditions of the Lease shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day, month and year written below.

TENANT: Level 3 Communications, LLC, a Delaware Limited Liability Company:



Jason Reed, Vice President, Real Estate 9/6/13
Date

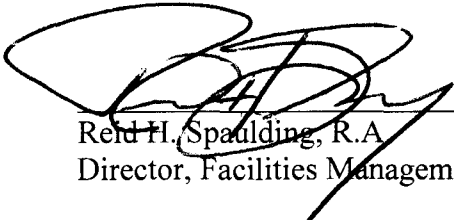
LANDLORD: Pima County, a political subdivision of the State of Arizona:

Ramón Valadez, Chairman, Board of Supervisors Date

ATTEST:


Robin Brigode, Clerk of Board Date

APPROVED AS TO CONTENT:



Reid H. Spaulding, R.A.
Director, Facilities Management 8.28.13
Date

APPROVED AS TO FORM:



Hal Gilbreath, Deputy County Attorney 8.28.13
Date