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BOARD OF SUPERVISORS AGENDA ITEM SUMMARY

Requested Board Meeting Date: June 18, 2013

ITEM SUMMARY, JUSTIFICATION &/or SPECIAL CONSIDERATIONS:

This is Amendment #3 to the GONZALES LAW FIRM lease of 3,544 square feet of office space at 33 N. Stone Ave., Suite 1410, Tucson, AZ, which they have occupied since August 1, 2005.

The Amendment will extend their tenancy from July 1, 2013 through June 30, 2016. The agreed upon rental rates are within fair market values and will generate rent revenues of \$225,655.63 for office space and Pennington Street parking garage revenue of \$21,420 over the 3 year extension term. This Amendment also provides one (1) option to renew that would further extend the Gonzales lease an additional three (3) years, from July 1, 2016 through June 30, 2019, at rental rates with annual 3.00% increases per year.

CONTRACT NUMBER (If applicable): CTN-FM-CMS-139860

STAFF RECOMMENDATION(S): The Staff and Director of Facilities Management recommend approval of this Lease Amendment #3.

CORPORATE HEADQUARTERS:

Page 1 of 2

To: COB- 6.5.13

Agenda 6-18.13

(2)

CLERK OF BOARD USE ONLY: BOS MTG.
ITEM NO
PIMA COUNTY COST: 0 and/or REVENUE TO PIMA COUNTY: \$225,655.63
FUNDING SOURCE(S): Office space rent payments from tenant. (i.e. General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)
Advertised Public Hearing: YES X NO
Board of Supervisors District:
1 2 3 4 5 X AII
IMPACT:
IF APPROVED: Approval of this Amendment #3 will allow The Gonzales Law Firm, P.C., an Arizona professional corporation, to continue leasing 3,544 square feet of office space on the 14 th floor of 33 N. Stone Avenue for three additional years, which will generate \$225,655.63 in real property rent revenue for Pima County and parking garage rent revenue of \$21,420 for the Pennington Street Garage.
IF DENIED: Denial of this Amendment #3 would cause the existing long-term tenant to move, which would result in Pima County losing substantial rent revenues. Denial may also result in significant increased expense to Pima County due to the probable need to retrofit and remodel the existing office space to make it suitable for new occupants.
DEPARTMENT NAME: <u>Facilities Management</u>

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

PIMA COUNTY DEPARTMENT OF: FACILITIES MANAGEMENT

REVENUE CONTRACT

LEASE: PIMA COUNTY

TENANT: THE GONZALES LAW FIRM, P.C.

LEASE NO.: CTN-13*0337

TERMINATION THIS AMENDMENT:

LEASE AMENDMENT NO.: THREE (3)

CONTRACT

NOCIN-FM-/310000000000000033

AMENDMENT NO. 03

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

contract.

ORIGINAL LEASE TERM: 08/01/05 - 07/31/10 TERMINATION DATE PRIOR AMENDMENT: 06/30/13

ORIG. LEASE AMOUNT: \$ 310,633.44 Rev. PRIOR AMENDMENTS: \$ 213,311.62 Rev. THIS AMENDMENT: \$ 225,655.63 Rev. REVISED AMOUNT: \$ 749,600.69 Rev.

AMENDMENT THREE TO LEASE 33 NORTH STONE AVENUE, SUITE 1410 TUCSON, AZ

06/30/16

- 1. **DEFINED TERMS**. For purposes of this Amendment, the following terms have the meanings set forth below:
 - 1.1. <u>Landlord</u>: Pima County, a political subdivision of the State of Arizona.
 - 1.2. Tenant: The Gonzales Law Firm, P.C., an Arizona Corporation.
- 1.3. <u>Leased Premises</u>: Approximately 3,544 rentable square feet in Suite 1410 of the building located at 33 North Stone Avenue, Tucson, Arizona 85701, commonly known as the Bank of America building.
- 1.4. <u>Lease</u>: That certain Office Building Lease dated June 24, 2005 between Tenant and 33 North Stone Partners, an Arizona General Partnership, Landlord's predecessor in interest, relating to Tenant's lease of Suite 1410 at 33 North Stone Avenue, Tucson, Arizona 85701, as amended by that certain Lease Amendment No.1 executed by Tenant on June 17, 2009 and by Landlord on June 23, 2009, and that certain Lease Amendment No.2 executed by Tenant on August 31, 2010 and by Landlord on September 8, 2010.
 - 1.5. Effective Date: July 1, 2013.

- 2. **MODIFICATION OF LEASE**. Landlord and Tenant hereby agree to modify the terms of the Lease as follows:
- 2.1. Extension of Lease: Landlord and Tenant agree to extend the Lease Term for a thirty-six (36) month period (the "Extended Period"). The Extended Period shall be from July 1, 2013 through June 30, 2016 unless otherwise terminated as provided elsewhere herein.
- 2.2. <u>Basic Rent</u>: Beginning on the Effective Date and continuing through the Extended Period, the Basic Rent for the Leased Premises shall be as follows:

Lease Dates	<u>Monthly</u>	<u>Yearly</u>	Per Sq. Ft.
07/1/13 - 06/30/14	\$6,083.87	\$73,006.44	\$20.60
07/1/14 - 06/30/15	\$6,266.39	\$75,196.63	\$21.22
07/1/15 - 06/30/16	\$6,454.38	\$77,452.56	\$21.85

- 2.3. Option to Extend: Provided Tenant is not in default, Landlord grants to Tenant one (1) option to extend the Lease Term for an additional three (3) years (the "Option Period"), which shall be exercised, if at all, by the Tenant giving Landlord written notice no sooner than February 1, 2016 and no later than April 1, 2016, of Tenant's intent to extend the Lease Term. The Basic Rent during each year of the Option Period shall equal 103.00% of the Basic Rent for the immediately preceding year.
- 2.4. <u>Right to Terminate</u>: Landlord grants to Tenant the right to terminate this Lease early by giving Landlord not less than one hundred twenty (120) days written notice prior to the early termination date.
- 2.5. <u>Base Year</u>: During the Extended Period, Operating Costs will continue to be calculated on a fiscal year commencing July 1 and ending June 30, which shall be the "Fiscal Period" under the Lease. The Base Year for purposes of calculating Operating Costs during the Extended Period is the fiscal year commencing July 1, 2009 and ending June 30, 2010. Beginning July 1, 2013, Tenant will pay, as Additional Rent, Tenant's Proportionate Share of increases in Operating Costs over the Base Year, as set forth in the Lease. Tenant's Proportionate Share of total operating costs is 1.77%.
- 2.6. Parking: Tenant has entered into a separate agreement with the Pima County Parking Operations Department for use of seven (7) unassigned and unreserved parking spaces in the Pennington Street Parking Garage. Monthly rent for each parking space shall be \$85.00 plus applicable taxes beginning July 1, 2013; the total monthly cost per space as of July 1, 2013 is \$87.13. Any changes to that monthly rate will match the rate published by the City of Tucson's Park Wise parking department and will become effective on the same date that the Park Wise change becomes effective. Tenant shall be billed and pay for the parking spaces on a monthly basis.
- 2.7. <u>Applicable Law:</u> The parties shall comply with all federal, state and local laws, rules, regulations, standards, Executive Orders, and Pima County Board of Supervisors' policies, including Policy Number C. 3.18 entitled "Tobacco-Free Environment" attached hereto as

Exhibit A, without limitation to those designated within this Lease. The laws and regulations of the State of Arizona shall govern the rights of the parties, the performance of this Lease and any disputes hereunder. Any action relating to this Lease shall be brought in a court of the State of Arizona in Pima County. Any changes in the governing laws, rules, regulations, and Board of Supervisor policies during the terms of this Lease shall apply but do not require an amendment.

2.8. <u>Notice</u>: Any notice required or permitted to be given under this Lease shall be in writing and shall be served by personal delivery, United States mail service, electronic transmission, or by fax, upon the other party. Notice to Landlord shall be addressed and mailed as follows:

Landlord:

Pima County Facilities Management Department 150 West Congress Street, 3rd Floor Tucson, AZ 85701-1317

Phone: 520.724-3085

Fax: 520.724-3900

Tenant:

The Gonzales Law Firm, P.C. 33 North Stone Avenue, Suite 1410 Tucson, AZ 85701-1438

Phone: (520) 327-1121 Fax: (520) 327-1667

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

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

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

LANDLORD: PIMA COUNTY, a political subdivision of the State of Arizona	TENANT: THE GONZALES LAW FIRM, P.C., an Arizona professional corporation
Ramón Valadez Chairman, Board of Supervisors	Richard J. Gonzales, President
Date	Date 5-30-13
ATTEST:	
Robin Brigode Clerk of the Board	
Date	
APPROVED AS TO CONTENT:	
Reid H. Spaulding Director, Facilities Management	

APPROVED AS TO FORM:

Hal Gilbreath

Deputy County Attorney

EXHIBIT A

PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

Subject: Tobacco-Free Environment

Policy Number: C 3.18

Page 1 of 2

Purpose:

Smoking and the use of tobacco related products are a major cause of preventable disease and death. As a leading employer and health proponent Pima County is committed to the promotion of health, wellness, and the prevention / treatment of diseases. Pima County also serves as a model for the public influencing attitudes about smoking and the dangers of tobacco products. The purpose of this tobaccofree policy is to create tobacco-free environments for all Pima County facilities, public buildings and adjacent properties, to provide Pima County employees and the public with guidelines for managing and supporting this policy, and to encourage a healthy lifestyle for all personnel and visitors.

Background:

As a major entity involved in the promotion of public health and safety within Pima County, the Board of Supervisors promotes and encourages the establishment of a tobacco-free zone on County facilities, public buildings and adjacent properties. The Board of Supervisors has previously established wellness as a priority for all County employees, by the adoption of the long-range Sustainability Program and employee incentives in the way of premium discounts for health insurance benefits. The establishment of a tobacco-free policy is the natural continuance of those efforts.

Policy:

It is the policy of the Board of Supervisors that to provide a safe and healthy environment for all employees, and the general public.

The Board of Supervisors prohibits the use of tobacco products at all times on County facilities, public buildings and adjacent properties, and in County vehicles. This prohibition applies to all employees, and to all visitors and other persons at any County sponsored activity or event conducted on County facilities, in public buildings or on adjacent properties.

Definitions:

Tobacco Products include cigarettes, cigars, pipes, smokeless tobacco, water pipes, hookah, e-cigarettes, chewing tobacco, snuff and other products containing tobacco.

County Facilities, Public Buildings and Adjacent Properties including County owned or leased properties and a facility occupied or used by any County personnel, visitor, or vendor, and includes but is not

EXHIBIT A

PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

Subject: Tobacco-Free Environment

Policy Number: C 3.18

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limited to buildings, courtyards, walkways, breeze-ways, parking lots, parking structures, County vehicles (owned or leased), loading docks or construction sites.

Compliance:

County personnel are responsible for compliance with the policy.

Visitors and vendors observed to violate this policy shall be respectfully informed of the Tobacco-Free Environment Policy and asked to comply. If a visitor or vendor neglects to comply, that neglect to comply may be used as grounds for prohibiting access to premises or faculties by said visitor or vendor.

If any individual violating the policy appears agitated or otherwise confrontational regarding compliance, then County personnel shall immediately inform the staff responsible for the facility or security personnel if available and shall engage in no further intervention.

All vendors doing business with Pima County shall be notified of the Tobacco-Free policy and shall be expected to comply with the policy. Organizers and supervisors of public events, conferences, meetings and work activities on County facilities, work sites, public buildings and adjacent properties shall be responsible to communicating the requirements of the Tobacco-Free Policy to such events or conferences for attendees.

All new employees of Pima County will be informed on and educated about the Tobacco-Free Policy and the requirement that employees comply with the policy. Additionally, new employees shall be made aware of the availability of tobacco cessation programs sponsored or funded by Pima County.

References:

Pima County Ordinance, Chapter 2.12 Pima County Code, Section 8.50

Adopted Date: November 13, 2012 Effective Date: January 1, 2013

Website: http://www.pima.gov/cob/POLICY/C3-18.pdf



CERTIFICATE OF LIABILITY INSURANCE

GONZA-4 OP ID: LZ

DATE (MM/DD/YYYY) 01/25/13

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED

REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER. IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s). Phone: 520-795-8511 CONTACT NAME: THE MAHONEY GROUP - TUCSON PHONE (A/C, No. Ext): E-MAIL Fax: 520-795-8542 FAX (A/C, No): 5330 N. La Cholla Blvd Tucson, AZ 85741-3815 ADDRESS: SBU House Account INSURER(S) AFFORDING COVERAGE NAIC # INSURER A: Continental Casualty Company 20443 The Gonzales Law Firm, PC INSURED INSURER B: Attn: Irma Almazan INSURER C: 33 N. Stone, #1410 INSURER D Tucson, AZ 85701 INSURER E INSURER F **COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:** THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. ADDL SUBR POLICY EFF POLICY EXP TYPE OF INSURANCE POLICY NUMBER LIMITS 2,000,000 GENERAL LIABILITY EACH OCCURRENCE \$ DAMAGE TO RENTED
PREMISES (Ea occurrence) 300,000 4025902938 10/15/12 10/15/13 X COMMERCIAL GENERAL LIABILITY X \$ 10,000 CLAIMS-MADE | X | OCCUR MED EXP (Any one person) \$ 2,000,000 PERSONAL & ADV INJURY \$ 4,000,000 GENERAL AGGREGATE 4,000,000 PRODUCTS - COMP/OP AGG \$ GEN'L AGGREGATE LIMIT APPLIES PER PRO-POLICY MBINED SINGLE LIMIT 1,000,000 AUTOMOBILE LIABILITY 10/15/12 10/15/13 4025902938 BODILY INJURY (Per person) ANY AUTO ALL OWNED AUTOS SCHEDULED BODILY INJURY (Per accident) \$ AUTOS NON-OWNED AUTOS PROPERTY DAMAGE X \$ X HIRED AUTOS (Per accident) UMBRELLA LIAB EACH OCCURRENCE \$ OCCUR **EXCESS LIAB** AGGREGATE \$ CLAIMS-MADE DED **RETENTION \$** WORKERS COMPENSATION AND EMPLOYERS' LIABILITY TORY LIMITS ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? E.L. EACH ACCIDENT N / A E.L. DISEASE - EA EMPLOYEE \$ (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below E.L. DISEASE - POLICY LIMIT DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required) Additional insured per attached form SB146932E 06/11 CANCELLATION CERTIFICATE HOLDER SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. Pima County 150 W Congress, 3rd Floor AUTHORIZED REPRESENTATIVE Tucson, AZ 85701 Soni. Otterner