

RESOLUTION NO. 2010-351

Adopted by the Sacramento City Council

June 22, 2010

APPROVING THIRD AMENDMENT TO GROUND LEASE WITH RAPTON INVESTMENT GROUP LLC

BACKGROUND

- A. Under City Agreement No. 2007-0555 (a ground lease dated June 5, 2007), the City leases approximately 17.48 acres to Raption Investment Group ("Raption"). The north half of the property (3630 Fulton Avenue) is the site of Raption's Honda dealership. The south half is currently vacant.
- B. The City and Raption have amended City Agreement No. 2007-0555 twice. The first amendment, City Agreement No. 2007-0555-1, clarified various provisions in the ground lease. The second amendment, City Agreement No. 2007-0555-2, granted Raption a temporary, one-year reduction in rent so that Raption could cope with the steep decline in revenues caused by the severe financial and economic crisis that has beset the nation since late 2008.
- C. On May 8, 2010, the City Council approved a lease with Clear Channel Outdoor, Inc. ("CCO") under which CCO will construct and operate a digital billboard on the southeast corner of the Raption leasehold. Among other things, CCO agrees in the lease to make the digital billboard available to Raption, at no cost, for the display of Raption's advertising messages.
- D. To facilitate the City's lease to CCO, Raption desires to relinquish its leasehold on the 0.14-acre site where CCO will construct and operate the digital billboard. The City, in turn, desires to reduce Raption's rent in proportion to the acreage relinquished.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The facts set forth in the Background are correct.

Section 2. In accordance with section 3.68.120 of the Sacramento City Code, the City Manager (or his designee) is hereby authorized to negotiate and sign, on the City's behalf, a third amendment to City Agreement No. 2007-0555, under which (a) Raption will relinquish its leasehold on approximately 0.14 of an acre at the southeast corner of the premises; and (b) the City will reduce Raption's rent by \$450 a month, resulting in monthly rent of \$53,863.83.

Adopted by the City of Sacramento City Council on June 22, 2010 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, and Mayor Johnson.

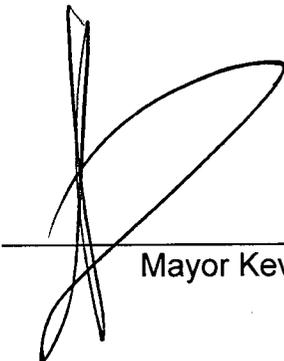
Noes: None.

Abstain: None.

Absent: Councilmember Waters.

Attest:


Shirley Concolino, City Clerk



Mayor Kevin Johnson