



**General Services Agency  
Property Management  
COUNTY OF TULARE  
AGENDA ITEM**

**BOARD OF SUPERVISORS**

KUYLER CROCKER  
District One

PETE VANDER POEL  
District Two

AMY SHUKLIAN  
District Three

EDDIE VALERO  
District Four

DENNIS TOWNSEND  
District Five

**AGENDA DATE:** September 29, 2020

Public Hearing Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
CONTACT PERSON: Maria Benavides-Lopez    PHONE: 205-1124				

**SUBJECT:** Amendment to Lease Agreement No. 27992 with Cigna Health and Life Insurance Company

**REQUEST(S):**

That the Board of Supervisors:

1. Approve an Amendment to Lease Agreement No. 27992 with Cigna Health and Life Insurance Company, a Connecticut corporation, to extend the term of the Agreement for five years commencing June 1, 2021 for space located at 5300 W. Tulare Ave, Suite 100, Visalia.
2. Authorize the Chair to sign the Lease Amendment.

**SUMMARY:**

The County of Tulare (County) owns the real property located at 5300 W. Tulare Ave., Visalia, commonly known as the Tulare Akers Professional Center, more particularly described in the attached Exhibit 1, consisting of 177,330 square feet of office and cafeteria space.

The Lessee, Cigna Health and Life Insurance Company (Cigna), currently occupies 96,103 square feet of the building. This includes office space, as well as 4,866 square feet of Cafeteria Space (Premises), of which they have operational responsibilities, pursuant to the lease the County assumed when it purchased the property in 2016 and the First Amendment to Lease County and Cigna entered into on March 17, 2017.

Cigna's current term, which commenced on June 1, 2016, will terminate on May 31, 2021. Rental amounts at the end of the term are as follows: \$1.41 for 81,990 square feet, \$0.70 for 4,866 square feet of Cafeteria Space, and \$1.75 for 9,247 square feet

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for a combined monthly rental amount of \$135,194.35.

In initial lease negotiations, Cigna proposed extending the term of the lease five years, giving back a portion of their Premises (the "Give Back Space") prior to the June 1, 2021 term commencement, with rent being reduced to \$62,938.17 monthly upon vacating the Give Back Space in its entirety, and release of their operational responsibilities for the Cafeteria Space. Negotiations followed and resulted in the following terms, found to be agreeable by both parties:

<b>Give Back Space</b> <i>By January 31, 2020</i>	<b>46,600 square feet</b>
<b>Premises</b> <i>Effective February 1, 2020</i>	<b>49,503 square feet</b>
<b>Rentable Square Feet.</b>	<b>44,637 square feet</b>
<b>Base Rent</b> <i>From February 1, 2020 to May 31, 2021</i>	<b>\$1.41 per square foot</b> <b>\$62,938.17 monthly</b>
<b>Term</b>	<b>June 1, 2021 – May 31, 2026</b>
<b>Base Rent</b> <i>Effective June 1, 2021</i> <i>With 2% annual increase</i>	<b>\$1.50 per square foot</b> <b>\$66,955.50 monthly</b> <b>\$803,466 annually</b>
<b>Tenant Improvement Allowance</b>	<b>\$20 per Premises square footage</b> <b>Paid by County = \$990,060</b>
<b>Broker Fee</b>	<b>6% of all rentals during the term (June 1, 2021 to May 31, 2026) resulting from the amendment, paid by County.</b>

Cigna's operational responsibilities for the Cafeteria Space would continue and access to the space by all other tenants of the building will be the same access as Cigna's employees. In exchange, the County will not include the Cafeteria Space in Rentable Square Feet or Cigna's Pro-Rata Share, which will be reduced from 54.19% to 25.17% effective upon all of the Give Back Space being vacated. Further, Cigna has requested a timeframe to vacate the Give Back Space between January 31, 2021 and May 31, 2021.

**FISCAL IMPACT/FINANCING:**

There is no Net County Cost to the General Fund.

Rental revenue from this proposed Amendment to Agreement will be deposited into the Building and Property Improvement Fund, Fund 596-596.

Tenant Improvements and Brokers Fee's will be paid out of the same fund line, that is funded by rental revenue collected from the Tulare-Akers Professional Center and used for improvements to the property.

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**LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:**

The County's Strategic Business Plan includes the Organizational Performance initiative. This agenda item contributes to the Organizational Performance initiative in that it efficiently utilizes space in County-owned facilities to generate revenue.

**ADMINISTRATIVE SIGN-OFF:**



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Brooke Sisk  
Assistant General Services Agency Director

cc: County Administrative Office

Attachment(s) Exhibit 1 – Vicinity Map  
Amendment to Lease

**BEFORE THE BOARD OF SUPERVISORS  
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF AMENDMENT TO )  
LEASE AGREEMENT NO. 27992 ) Resolution No. \_\_\_\_\_  
WITH CIGNA HEALTH AND LIFE ) Agreement No. \_\_\_\_\_  
INSURANCE COMPANY )

UPON MOTION OF SUPERVISOR \_\_\_\_\_, SECONDED BY  
SUPERVISOR \_\_\_\_\_, THE FOLLOWING WAS ADOPTED BY THE  
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD \_\_\_\_\_  
\_\_\_\_\_, BY THE FOLLOWING VOTE:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST: JASON T. BRITT  
COUNTY ADMINISTRATIVE OFFICER/  
CLERK, BOARD OF SUPERVISORS

BY: \_\_\_\_\_  
Deputy Clerk

\* \* \* \* \*

- 1. Approved an Amendment to Lease Agreement No. 27992 with Cigna Health and Life Insurance Company, a Connecticut corporation, to extend the term of the Agreement for five years commencing June 1, 2021 for space located at 5300 W. Tulare Ave, Suite 100, Visalia.
- 2. Authorized the Chair to sign the Lease Amendment.

**Exhibit 1**

**Vicinity Map, 5300 W. Tulare Ave., Visalia**

