

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

June 18, 2025

FROM

TERRY W. THOMPSON, Director, Real Estate Services Department

JAMES LOCURTO, Director, Transitional Assistance Department

SUBJECT

Subordination, Non-disturbance, and Attornment Agreement with Lugunia Offices, LLC, and First Citizens Bank & Trust Company for Office Space in Redlands

RECOMMENDATION(S)

1. Find that approval of Subordination, Non-disturbance, and Attornment Agreement to Lease Agreement No. 12-167 with Lugunia Offices, LLC and First Citizens Bank & Trust Company for office space, is an exempt project under the California Environmental Quality Act Guidelines, Section 15301 – Existing Facilities (Class I).
2. Approve Subordination, Non-disturbance, and Attornment **Agreement No. 25-464** with Lugunia Offices, LLC and First Citizens Bank & Trust Company, for approximately 27,709 square feet of office space, located at 1811 West Lugonia Avenue in Redlands, for the Transitional Assistance Department, at no cost.
3. Authorize the Director of the Real Estate Services Department to execute the Subordination, Non-Disturbance, and Attornment Agreement with Lugunia Offices, LLC and First Citizens Bank & Trust Company and take any other actions necessary to complete the transaction.
4. Direct the Director of the Real Estate Services Department to return the fully executed document in Recommendation No. 2 to the Clerk of the Board of Supervisors within 30 days of execution.
5. Direct the Real Estate Services Department to file the Notice of Exemption in accordance with the California Environmental Quality Act.

(Presenter: Terry W. Thompson, Director, 387-5000)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of the Subordination, Non-disturbance, and Attornment Agreement (SNDA) will not result in the use of additional Discretionary General Funding (Net County Cost) as there are no costs associated with the SNDA.

BACKGROUND INFORMATION

On March 27, 2012 (Item No. 56), the Board of Supervisors (Board) approved Lease Agreement No. 12-167 (Lease) for 25,000 square feet of office space for the Transitional Assistance Department, located at 1811 West Lugonia Avenue in Redlands, with then owner, AKS Investments, Inc., for the term of May 1, 2013 through April 30, 2023, with two five-year options to extend the term of the Lease.

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The new owner, Lugunia Offices, LLC (Landlord), has requested that a SNDA for the Lease be executed to facilitate its loan financing. A SNDA is an agreement entered into between the Tenant (County), Landlord, and First Citizens Bank & Trust Company, the Lender of the Landlord (Lender), to establish the relationship between the County and Lender, who would not otherwise have a direct relationship, and provide that each party will fulfill all the provisions and responsibilities pursuant to the Lease. The Lease currently provides that the County will subordinate its leasehold interest in the premises, as defined in the Lease, to the Landlord's Lender. Execution of the SNDA will protect and preserve the County's leasehold rights in the event of a lender foreclosure.

In the 12 years since the Lease was originally approved, the Board has approved four amendments to add an additional 1,969 square feet to increase the building size from 25,000 square feet to 26,969 square feet of office space, increase the monthly rent and modify the rent schedule as a result of adding the 1,969 square feet of office space, reflect a change of ownership from AKS Investments, Inc. to the current Landlord, change the projected commencement and completion dates, change the commencement and end dates of the current term of the Lease, extend the term, and update standard lease agreement language.

Amendment No.	Approval Date	Item No.
1	March 12, 2013	36
2	April 23, 2013	42
3	February 11, 2014	26
4	April 21, 2020	53
5	January 9, 2024	45

The project to approve this SNDA was reviewed pursuant to the California Environmental Quality Act (CEQA) and determined to be categorically exempt under CEQA Guidelines Section 15301 – Existing Facilities (Class I) because there is no possibility that the leasing of the subject property will have a significant effect on the environment.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, and Adam Ebright, Deputies County Counsel, 387-5455) on May 19, 2025; Transitional Assistance (James Locurto, Director, 388-0245) on May 19, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on May 19, 2025; Finance (John Hallen, 388-0208, and Eduardo Mora, 387-4376, Administrative Analysts) on May 27, 2025; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 28, 2025.

(YG: 665-0268)

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY _____
DATED: June 18, 2025



cc: RESD - Thompson w/agree for sign
 Contractor - c/o RESD w/agree
 File - w/agree
MBA 06/26/2025