



SUPPLEMENTAL AGENDA ITEM AGENDA STAFF REPORT

Control: 26001915

MEETING DATE: 10/27/2026
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): District 2
SUBMITTING AGENCY/DEPARTMENT: County Executive Office
DEPARTMENT CONTACT PERSON(S): Thomas Miller, 714-834-6019
Dr. Veronica Kelley, 714-834-7024

REASON ITEM IS SUPPLEMENTAL: The lease agreement amendment was executed by the Lessor after the Clerk of the Board's filing deadline. This Agenda Staff Report and attachments were finalized after the filing deadline to the Clerk of the Board.

JUSTIFICATION: County Executive Office Real Estate is requesting this item be filed for the October 27, 2026, Board agenda, so that County has added flexibility to maintain the timeline for the relocation of the Health Care Agency public health operations. The lease amendment revises certain impending deadlines under the lease to the benefit of the County, and approval on October 27th will result immediate rent savings equating to \$1.035 million dollars.

SUBJECT: Third Amendment with Drawbridge Saint Andrew, LLC at 1700 E. St Andrew Place

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	Approve agreement to form	DISCUSSION 3 Votes Board Majority
Budgeted: N/A	Current Year Cost: See Financial Impact Section	Annual Cost: See Financial Impact Section
Staffing Impact: No		Sole Source: No
Current Fiscal Year Revenue: N/A	Funding Source: See Financial Impact Section	County Audit in Last 3 years: No
Levine Act Review Completed? Yes		
Prior Board Action: 10/28/2025 #S26E; 12/5/2023 #S16D		
RECOMMENDED ACTION(S):		

1. Approve and execute the third amendment to lease agreement with Drawbridge Saint Andrew, LLC, a Delaware limited liability company, of the office facility located at 1700 E. Saint Andrew Place in Santa Ana, extending term from January 1, 2043, to March 31, 2045, in a form that substantially conforms with the attached with minor amendments that do not increase the liability or costs to the County, as approved by County Counsel.

2. Direct the Auditor-Controller, upon notification from the Chief Real Estate Officer and Health Care Agency Director or designees, to issue payments to Drawbridge Saint Andrew, LLC for payments in connection with County tenant improvements, for an amount not to exceed \$6,500,000.
3. Authorize the Chief Real Estate Officer or designee to exercise option terms, execute subordination, non-disturbance and atonement agreements, estoppel certificates and execute subsequent documents or amendments, that make non-monetary and/or monetary changes that do not increase County costs or liability by more than \$75,000 per year, as approved by County Counsel.

SUMMARY:

Approval of the third amendment to lease agreement with Drawbridge Saint Andrew, LLC, updates the phase I commencement date, extends the purchase option and updates the relevant clauses for the County leased premises located at 1700 E. Saint Andrew Place in Santa Ana.

BACKGROUND INFORMATION:

On December 5, 2023, the Board of Supervisors (Board) approved a 15-year lease agreement (Lease) with Drawbridge Saint Andrew, LLC (Lessor) for approximately 70,462 rentable square feet (RSF) of office and warehouse space (Initial Premises) in the three-story 170,051 RSF building located at 1700 E. Saint Andrew Place in Santa Ana (Building), to relocate the Orange County Probation Department (Probation) Central Youth Reporting Center and house the training and volunteer services functions. On August 5, 2025, the County executed the first amendment to lease to reflect Probation's amortization of the pre-lease commencement allowance over the term and modify the application of abated rent in connection with the initial tenant improvements (First Amendment).

On October 28, 2025, the Board approved the second amendment to lease to expand into the remaining 99,589 RSF of the Building (Expansion Premises) in two project phases (Phase I and Phase II) and extend the term (Second Amendment). The Lease commenced on January 1, 2025, and is set to expire on December 31, 2042 (Current Expiration Date).

CEO Real Estate is seeking Board approval on behalf of Health Care Agency (HCA) and Probation, to extend the lease term, update the phase I commencement date, extend the purchase option and update the relevant clauses (Proposed Third Amendment). Under the Proposed Third Amendment, the lease term is extended by 27 months, through March 31, 2045 (New Expiration Date). At the completion of Phase I, HCA will occupy 59,017 RSF on the first and second floors of the Building. The Proposed Third Amendment extends the rent commencement date for HCA's Phase I Expansion Premises to April 1, 2027, resulting in five months of immediate rent savings equating to \$1.036 million dollars in FY 2026-27. The Phase II Expansion Premises consists of 40,572 RSF on the third floor. The County will expand into the entirety of the Building on or before October 31, 2028. County will reimburse Lessor in a lump sum for the County overages associated with Phase I on or before February 1, 2027, not to exceed \$6.5 million dollars.

The County's option to purchase the building is extended for an additional two-year period, through May 31, 2031, at a predetermined rate.

The Proposed Third Amendment maintains a right to terminate at the 126th month of the term with at least 12 months prior written notice to Lessor and a termination fee equal to the unamortized tenant improvements, abated rent and brokerage commissions calculated at a rate of eight percent.

Compliance with CEQA: The proposed project was previously determined to be Categorical Exempt from CEQA pursuant to Section 15301 (Class 1) of the CEQA Guidelines, on December 5, 2023, when it was originally approved because it involves the lease of an existing office facility by a governmental agency. The proposed project is still consistent with this determination.

FINANCIAL IMPACT:

Appropriations for County overages associated with Phase I are included in Budget Control 042 FY 2026-27 Budget. Appropriations for the extended term in the Proposed Third Amendment will be included in the future budgeting process for HCA Budget Control 042 and Probation Budget Control 057. The Health Care Agency's Public Health funding is experiencing fluctuations currently. Should Public Health revenue not be sufficient to offset these costs, HCA will work with County Budget & Finance Office to identify other appropriate funding. The County maintains a termination right as well as language whereby the County's obligation to pay rent is contingent upon the availability of County funds which are appropriated or allocated by County's Board of Supervisors.

The table below details the RSF base rent costs for the extended term as outlined in the Proposed Third Amendment:

Extended Term	Total Costs*
1/1/2043 - 12/31/2043	\$ 11,651,894
1/1/2044 - 12/31/2044	\$ 11,998,799
1/1/2045 - 3/31/2045	\$ 3,091,527

*excludes utilities, security and janitorial costs

STAFFING IMPACT:

N/A

REVIEWING AGENCIES/DEPARTMENTS:

Health Care Agency

Probation

ATTACHMENTS:

Attachment A - Proposed Third Amendment to Lease

Attachment B - Lease Summary

Attachment C - Acquisition Questionnaire