SECOND AMENDMENT TO 24687 St. mary physicians center medical office lease

This SECOND AMENDMENT TO ST. MARY PHYSICIANS CENTER MEDICAL OFFICE LEASE ("Second Amendment"), dated for reference purposes only 10, 2010, is entered into by and between HTA – ST. MARY PHYSICIANS CENTER, LLC, a Delaware limited liability company ("Lessor"), and CITY OF LONG BEACH, a municipal corporation ("Lessee"), (individually, a "Party", and collectively, the "Parties"), with reference to the following facts:

RECITALS

- A. St. Mary Physicians Center LLC, a California limited liability company ("Original Lessor"), as lessor, and Lessee entered into that certain St. Mary Physicians Center Office Lease dated for reference purposes only March 26, 1996 (which was executed by Original Lessor on July 15, 1996 and by Lessee on July 3, 1996) (the "Original Lease"), as amended by that certain First Amendment to Medical Office Lease No. 24687 dated for reference purposes only October 6, 2006 (the "First Amendment", and collectively with the Original Lease, the "Existing Lease"), pursuant to which Original Lessor leased to Lessee and Lessee leased from Original Lessor the premises commonly described as 1043 Elm Avenue, Suite 401, Long Beach, California 90813 ("Premises"). Lessor succeeded to all interests of Original Lessor under the Lease (the Original Lease inadvertently stated in the preamble that the lessor consisted of "Jeffrey L. Rush, a married man, as his sole and separate property, and Elm Long Beach, LP, a California limited partnership, as tenants in common, doing business as St. Mary Physicians Center").
- B. Lessor and Lessee desire to amend, modify and supplement the Existing Lease, as set forth below. All terms not otherwise defined in this Second Amendment shall have their respective meanings as set forth in the Existing Lease. The Existing Lease, as amended by this Second Amendment, is referred to herein as the "Lease".

NOW, THEREFORE, in consideration of the above Recitals and the mutual representations, covenants and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

- 1. <u>Effectiveness</u>. This Amendment shall be legally binding upon its full execution and delivery. Certain modifications to the Lease shall become effective as of the "<u>Expansion Premises Commencement Date</u>", which shall be the date of Substantial Completion of the Lessee Improvements detailed in the "<u>Work Letter</u>" (<u>Exhibit C</u> attached hereto). The Parties agree that the Recitals set forth above are true and correct and constitute representations of each Party to the other.
- 2. <u>Expansion Premises</u>. The Premises currently consists of approximately 4,332 rentable square feet located in what is commonly referred to as Suite 401. Upon the Expansion Premises Commencement Date, the Premises will be expanded to include a portion of the adjacent Suite 407 consisting of approximately 1,038 rentable square feet and depicted on <u>Exhibit A</u> attached hereto and incorporated herein by this reference. Upon the Expansion Premises Commencement Date, (i) the Premises shall then consist of approximately 5,370 rentable square feet and (ii) Lessee's Share will be 8.05%.

Base Rent. The Expansion Premises Commencement Date shall be the Substantial Completion date of the Tenant Improvements pursuant to the Work Letter. Upon the Expansion Premises Commencement Date, the Base Rent schedule in Section 2 of the First Amendment shall be deleted in its entirety and replaced with the following (based on an initial Base Rent of \$12,002.49, with 3% annual increases):

Period	Monthly Base Rent
Expansion Premises Commencement Date – 10/31/10	\$12,002.49
11/1/10 – 10/31/11	\$12,362.56
11/1/11 - 10/31/12	\$12,733.44
11/1/12 - 10/31/13	\$13,115.44
11/1/13 – 10/31/14	\$13,508.90
11/1/14 – 10/31/15	\$13,914.17
11/1/15 – 10/31/16	\$14,331.60

Option to Renew. The second paragraph in Section 6 of the First Amendment is hereby deleted in its entirety and replaced with the following:

"If the Renewal Option is exercised, the Base Year pursuant to Paragraph 4.3.3 shall be 2017, and Monthly Base Rent shall be as follows (based on 3% annual increases):

Period	Monthly Base Rent
11/1/16 – 10/31/17	\$14,761.55
11/1/17 – 10/31/18	\$15,204.40
11/1/18 – 10/31/19	\$15,660.53
11/1/19 – 10/31/20	\$16,130.35
11/1/20 - 10/31/21	\$16,614.26

- 5. <u>Tenant Improvements.</u> Lessor shall provide turnkey improvements for the Premises and Expansion Premises, at no cost to Lessee, per the terms and conditions of the Work Letter.
- Option to Terminate Lease. The Parties acknowledge that the costs incurred by 6. Lessor for Lessee Improvements under the terms of this Second Amendment shall be included in the calculation of the unamortized amounts paid or incurred by Lessor in Section 51(c) of the Addendum of the Lease. In the event that such Section 51(c) is applicable, the amount, which is acknowledged and agreed upon by the Parties, is \$81,433.00.
- Anti-Terrorism Statute Compliance. Lessee hereby represents and warrants to Lessor 7. that Lessee is not: (1) in violation of any Anti-Terrorism Law; (2) conducting any business or engaging in any transaction or dealing with any Prohibited Person, including the making or receiving or any contribution of funds, goods or services to or for the benefit of any Prohibited Person; (3) dealing in, or otherwise engaging in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224; (4) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in any Anti-Terrorism Law; or (5) a Prohibited Person, nor are any of its partners, members, managers, officers or directors a Prohibited Person. As used 99999\1432821v7 3/11/10

herein, "Anti-Terrorism Law" is defined as any law relating terrorism, anti-terrorism, money laundering or anti-money laundering activities, including Executive Order No. 13224 and Title 3 of the USA Patriot Act. As used herein "Executive Order No. 13224" is defined as Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, or Support Terrorism", "Prohibited Person" is defined as (i) a person or entity that is listed in the Annex to Executive Order 13224, (ii) a person or entity with whom Lessee or Lessor is prohibited from dealing or otherwise engaging in any transaction by any Anti Terrorism Law, or (iii) a person or entity that is named as a "specially designated national and block person" on the most current list published by the U.S. Treasury Office Department of Foreign Assets Control at its official http://www.tres.gov/ofac/t11sdn.pdf or at any replacement website or other official publication of such list, and "USA Patriot Act" is defined as the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56).

- 8. <u>Lessee's Representations and Warranties</u>. To the best of the Lessee's knowledge, Lessee hereby (1) acknowledges that there are not any uncured defaults on the part of the Lessee under the Lease; (2) certifies that the Lease is in full force and effect; and (3) acknowledges that Lessee has no claims against Lessor that can or will be asserted as a setoff against, or a deduction from, or in reduction of, rents and other amounts due or to become due under the Lease.
- 9. <u>Brokers</u>. Lessor and Lessee represent that neither Party has engaged or employed any real estate broker, agent or other intermediary in connection with this Second Amendment, except for PM Realty Group representing Lessor, for whom Lessor shall be responsible pursuant to a separate agreement, and except for INCO Company representing Lessee, for whom Lessee shall be responsible pursuant to a separate agreement.
- 10. <u>No Further Modification; Ratification; Conflict</u>. Except as and to the extent modified by this Second Amendment, all provisions of the Lease shall remain unmodified and in full force and effect, and are hereby ratified by the Parties. With respect to any conflict, inconsistency, incongruity or other variance between the terms of the Lease and the terms of this Second Amendment, the terms of this Second Amendment shall in all respects govern, control and prevail.
- 11. <u>Entire Agreement</u>. This Second Amendment embodies the entire understanding between Lessor and Lessee with respect to its subject matter, and can be changed only by an instrument in writing signed by Lessor and Lessee.
 - 12. Notices. Notices to Lessor shall be sent to the following address:

c/o Healthcare Trust of America 16427 North Scottsdale Road, Suite 440 Scottsdale, Arizona 85254 Attention: Tyler Jamison

- 13. <u>Counterparts</u>. This Amendment may be executed in multiple counterparts, each of which is an original, but all of which, taken together, constitute a single document.
- 14. <u>No Release</u>. This Second Amendment does not waive, release, abandon or excuse any alleged defaults by either Party pursuant to the Lease, or any rights or remedies of either Party on account of any such default.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Lease as of the dates set forth below the respective signatures of the parties.

LESSOR:

HTA – ST. M	ARY PHY	YSICIANS CENTER, LLC
a Delaware lin		
By:	/	
Name:	Scott	Peters
Its:	CEO/ar	President
LESSEE:		

CITY OF LONG BEACH,

a municipal corporation

Assistant City Manager

Name: Patrick H. West TO SECTION 301 OF Its: City Manager THE CITY CHARTER.

APPROVED AS TO FORM

ROBERT E, SHANNON City Attorney

UNDA TRANS

EXHIBIT A

EXPANSION PREMISES

EXPANSION PREMISES

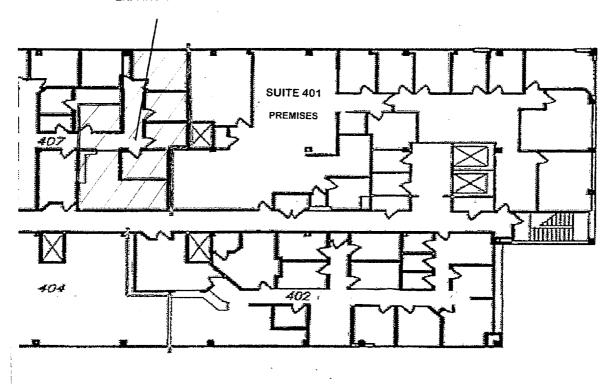
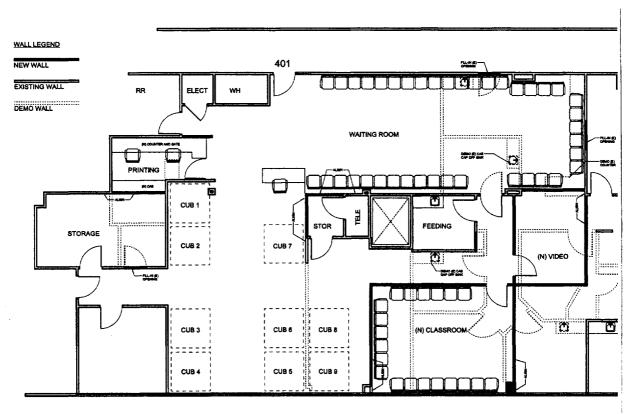


EXHIBIT B

APPROVED SPACE PLAN



REV PLAN 2 - SUITE 401 & 407 1043 ELM STREET LONG BEACH, CALIFORNIA

EXHIBIT C

WORK LETTER

(Tenant Improvements by Lessor)

This Work Letter shall set forth the terms and conditions relating to the construction by Lessor of the Tenant Improvements to the Premises and the Expansion Premises pursuant to the Second Amendment. Except as otherwise defined in this Work Letter, all terms utilized in this Work Letter will have the same meanings ascribed to them in the Lease. As to the Lessee Improvements to be built out in the Premises and Expansion Premises, this Work Letter shall control in lieu of Section 7.3 of the Lease (which controls any future alterations and additions to the Premises).

1. Construction Drawings.

- 1.1 Prior to the execution of the Second Amendment, Lessor and Lessee approved a space plan for the Lessee Improvements prepared by Jure Sestich Architects, depicted on the Approved Space Plan (Exhibit B attached to the Second Amendment).
- 1.2 Upon execution of the Second Amendment, Lessor's architect shall develop construction documents for the Lessee Improvements based upon the Approved Space Plan. Lessee shall assist Lessor's architect by providing reasonable details necessary to develop such construction documents (color of finishes, location of electrical outlets, etc.). After the development of the construction documents, both parties will review and revise, if necessary, such documents until they are approved by both parties ("Approved Drawings").
- Drawings without the prior written consent of Lessor, which consent may be withheld in Lessor's sole discretion if such change or modification would: (a) directly or indirectly delay the Substantial Completion of the Lessee Improvements; (b) be of a quality lower than the quality of the items in the Approved Plans; (c) require any changes to the Building Systems of the Building; or (d) increase the cost of construction of the Lessee Improvements, except as provided in Paragraph 1.4 of this Work Letter.
- 1.4 If any change to the Approved Plans that is requested by Lessee would increase the cost of the construction of the Lessee Improvements, Lessor shall not be required to agree to or perform such change unless Lessee (i) agrees to pay such increased cost and (ii) delivers a check to Lessor to cover such increased cost prior to the performance by Lessor of the proposed change.
- 2. <u>Contractor</u>. Lessor will retain a contractor (the "<u>Contractor</u>") to construct the Lessee Improvements in accordance with the Approved Plans.
- 3. <u>Substantial Completion.</u> The date of Substantial Completion of the Lessee Improvements shall be the date on which both the following occur: (i) issuance of the approval of the appropriate governmental authority of the interior build-out of the Premises and Expansion Premises and (ii) completion of construction of the Lessee Improvements in the Premises and Expansion Premises pursuant to the Approved Drawings with the exception of any punchlist items that do not materially interfere with Lessee's permitted use under the Lease, and that the Expansion

Premises are in broom clean condition (the foregoing collectively referred to as the "Delivery Conditions") Lessor shall notify Lessee in writing that the Substantial Completion date has been determined in accordance herewith.

- 4. <u>Substantial Completion Delays</u>. If there are delays in the Substantial Completion of the Lessee Improvements as a result of the following (collectively, "<u>Lessee Delays</u>"):
 - 4.1 Lessee's request for changes in the Approved Plans,
- 4.2 Lessee's requirements for materials, components, finishes or improvements which are not available in a commercially reasonable time given the anticipated date of Substantial Completion of the Lessee Improvements, or which are different from, or not included in, the Approved Plans,
 - 4.3 A breach by Lessee of the terms of this Work Letter or the Lease, and/or
 - 4.4 Any other acts or omissions of Lessee, or its agents, or employees,

then, notwithstanding anything to the contrary set forth in the Lease or this Work Letter and regardless of the actual date of the Substantial Completion of Lessee Improvements, the date of Substantial Completion under this Lease will be deemed to be the date that Substantial Completion of the Lessee Improvement would have occurred if no Lessee Delay(s) had occurred.

Lessee's Right to Access the Expansion Premises. Subject to the terms hereof and 5. provided that Lessee and its agents do not interfere with performance and completion of the Lessee Improvements in the Expansion Premises, at Lessor's reasonable discretion, Lessor will allow Lessee access to the Expansion Premises prior to Substantial Completion of the Lessee Improvements for the purpose of Lessee installing its equipment or fixtures (including Lessee's data and telephone equipment) in the Expansion Premises. Prior to Lessee's entry into the Expansion Premises as permitted by the terms of this Paragraph 5, Lessee will submit a schedule to Lessor, for its approval, which schedule will detail the timing and purpose of Lessee's entry. In connection with any such entry. Lessee acknowledges and agrees that Lessee's employees, agents, contractors, consultants, workers, mechanics, suppliers and invitees will fully cooperate, work in harmony and not, in any manner, interfere with Lessor, the Contractor, or their respective agents or representatives in performing work in the Building and the Expansion Premises, or interfere with the general operation of the Building and/or the Project. If at any time any such person representing Lessee will not be cooperative or will otherwise cause or threaten to cause any such disharmony or interference, including, without limitation, labor disharmony, and Lessee fails to immediately institute and maintain corrective actions as directed by Lessor, then Lessor may revoke Lessee's entry rights upon twenty-four (24) hours' prior written notice to Lessee. Lessee acknowledges and agrees that any such entry into and occupancy of the Expansion Premises or any portion thereof by Lessee or any person or entity working for or on behalf of Lessee will be deemed to be subject to all of the terms, covenants, conditions and provisions of the Lease, excluding only the covenant to pay Base Rent and Additional Rent (until the occurrence of the Rent Commencement Date). Lessee further acknowledges and agrees that Lessor will not be liable for any injury, loss or damage which may occur to any of Lessee's work made in or about the Expansion Premises in connection with such entry or to any property placed therein prior to the Rent Commencement Date, the same being at Lessee's sole risk and liability. Lessee will be liable to Lessor for any damage to any portion of the Premises, including the Lessee Improvements, or the Building caused by Lessee or any of Lessee's employees, agents, contractors, consultants, workers, mechanics, suppliers and invitees. In the event that Lessor notifies Lessee in advance that the performance of Lessee's work in connection with such entry may cause extra costs to be incurred by Lessor or requires the use of any Building services, then Lessee will promptly reimburse Lessor for such extra costs and/or will pay Lessor for such Building services at Lessor's standard rates then in effect. In addition, Lessee will hold Lessor harmless from and indemnify, protect and defend Lessor against any loss or damage to the Premises or the Building and against injury to any persons caused by Lessee's actions pursuant to this Paragraph 5.

LESSOR:	Λ
HTA – ST. MA	RY PHYSICIANS CENTER, LLC,
a Delaware limit	ed/li/ability company
By:	VIAN
Name:	Scott D. Peters
Its:	/ EEO and President
LESSEE:	
CITY OF LON	G BEACH,
a municipal corp	oration
By:	Assistant City Manager
Name: Taki	CK IF WEST EXECUTED PURSUANT
Ito: C.A.	TO SECTION 301 OF

APPROVED AS TO FORM

ROBERT E. SHANNON, City Att

DEPOTY OUT AZIDENE