

FIRST AMENDMENT TO LEASE NO. 34078

34078

THIS FIRST AMENDMENT TO LEASE NO. 34078 is made and entered into as of May 2, 2017, pursuant to a minute order adopted by the City Council of the City of Long Beach, at its meeting held on May 2, 2017, by and between MENTAL HEALTH AMERICA OF LOS ANGELES, a California nonprofit corporation ("Tenant") and the CITY OF LONG BEACH, a municipal corporation ("Landlord").

WHEREAS, Landlord and Tenant entered into that certain Lease No. 34078 (the "Lease") dated as of May 8, 2013, for certain property located at 1955 - 1965 Long Beach Blvd., Long Beach, CA, as more particularly described in the Lease; and

WHEREAS, Landlord and Tenant entered into that certain Memorandum of Understanding Regarding MHA Homeless Healthcare Access Center at 1955 - 1965 Long Beach Boulevard dated May 8, 2013 ("MOU"); and

WHEREAS, City and Lessee desire to amend the Lease and terminate the MOU;

NOW, THEREFORE, in consideration of the mutual terms and conditions herein, the parties agree as follows:

1. Use. The first sentence of Section 4.A. of the Lease is hereby amended and restated in its entirety to read: "Subject to Section 5, Tenant shall use the Premises to (i) provide professional medical and psychiatric healthcare services for homeless individuals with mental illnesses, and otherwise for the uses described in the Legally Binding Agreement (the "Professional Services Space"), (ii) operate one or more sit-down retail cafes, including at least one commercial kitchen, with a total area of approximately 3,000 square feet (the "Retail Space"), and (iii) provide one meeting room of approximately 1,250 square feet (the "Community Room") to the community."

2. Operating Covenants.

A. The first sentence of Section 5.A. of the Lease is hereby amended and restated in its entirety to read: "Tenant shall limit its professional

1 services at the Premises to Monday through Saturday from 7:00am to 5:00pm.
2 Tenant shall also limit its (or its approved subtenant's) health clinic operations at the
3 Premises to Monday through Saturday from 7:00am to 5:00pm, and in all cases by
4 appointment only. Notwithstanding the foregoing, Tenant may occasionally conduct
5 its operations after 5:00 pm for staff meetings and professional trainings."

6 B. Section 5.D. of the Lease is hereby amended and restated in
7 its entirety to read: "Tenant may sublease the Retail Space to a subtenant approved
8 by Landlord in its sole and absolute discretion, and shall ensure that the Retail
9 Space (i) be open to the public, and (ii) be operated with a staff of which no less
10 than 20% of employees at the Retail Space will be selected from a pool of qualified
11 and trained clients of Tenant. Tenant hereby agrees to make a good faith effort to
12 ensure that Council District 6 residents are well represented within this pool of
13 qualified candidates."

14 C. Section 5.E. of the Lease is hereby amended and restated in
15 its entirety to read: "Tenant may sublease a portion of the Professional Services
16 Space to a subtenant, approved by Landlord in its sole and absolute discretion,
17 providing health care services. Tenant shall ensure that any such sublease be
18 subject to all of the terms and provisions of this Lease, including without limitation
19 those provisions regarding operating restrictions."

20 D. The following is hereby added to the Lease as Section 5.F.:
21 "Subject to its use by Tenant, Tenant shall make the Community Room available to
22 the public, at no cost to Landlord, on an as-needed basis, by appointment, after
23 5:00pm daily or otherwise during Tenant's non-business hours."

24 E. The following "good neighbor" requirements are hereby added
25 to the Lease as Section 5.G.: "Tenant shall (i) establish a 24-hour phone line on
26 which community members may report concerns about Tenant's operations at the
27 Premises, (ii) identify a primary point of contact to timely respond to such messages
28 or concerns, and (iii) include signage at the Premises which includes 24-hour

1 contact information. During the first two years of operations at the Premises, Tenant
2 shall employ a certified private security service to provide a proactive patrol program
3 and respond to calls for service from the community outside of regular business
4 hours. Prior to the beginning of the third year of operations at the Premises the
5 parties will meet in good faith to consider the necessity of the continuation of this
6 requirement based upon calls for service during the preceding two years of Tenant's
7 occupancy of the Premises."

8 F. The following is hereby added to the Lease as Section 5.H.:
9 "Tenant shall (i) provide a private off-street waiting area for clients and/or members
10 waiting for services, (ii) install a security camera system reasonably acceptable to
11 Landlord which is compatible with the Long Beach Police Department common
12 operating network, and (iii) ensure that program supervisors are located at the
13 Premises."

14 3. Development of the Premises.

15 A. Section 8.A. of the Lease is hereby amended and restated in
16 its entirety to read: "Landlord shall provide Tenant with Three Million Four Hundred
17 Fifty Thousand Dollars (\$3,450,000) to be applied by Tenant towards seismic
18 renovation and tenant improvements at the Premises and otherwise in accordance
19 with the requirements hereof ("Tenant Improvement Allowance"). The Tenant
20 Improvement Allowance shall be expended in amounts not to exceed the following:
21 (i) \$600,000 in connection with the design and construction of the Community Room,
22 (ii) \$700,000 in connection with the design and construction of the Retail Space, and
23 (iii) \$2,150,000 in connection with the (a) design and construction of, and the
24 provision of security to, the Professional Services Space or other portions of the
25 Premises not listed above, (b) acquisition by Tenant of parking lots or rights, or (c)
26 improvement of such parking lots. Each of the Community Room, the Retail Space
27 and the Professional Services Space shall be constructed in accordance with plans
28 and specifications reasonably approved by both Landlord and Tenant. Landlord

1 and Tenant shall cooperate to (i) mutually select contractors to perform such tenant
2 improvements, (ii) ensure that such funds for such work are used to make prompt
3 payment or reimbursement as work is completed, and (iii) ensure compliance with
4 applicable law, including without limitation rules and regulations regarding the
5 payment of prevailing wage. If after completion of the Retail Space, the Professional
6 Services Space and the Community Room there are unexpended Tenant
7 Improvement Allowance funds, such excess funds shall be given by Landlord to
8 Tenant for use as Tenant sees fit at the Premises."

9 B. The following is hereby added to the Lease as Section 8.C.:
10 "Tenant acknowledges that the Premises are zoned "PD-29, Subarea 4", and further
11 acknowledges its use of the Premises shall comply with the definition of
12 "Professional Services" thereunder. Among other things, such zoning prohibits
13 counseling of groups consisting of greater than 7 individuals."

14 4. Default. Section 14.G. of the Lease is hereby amended and restated
15 in its entirety to read: "Failure to begin significant operations on the Premises on or before
16 September 1, 2018, unless an extension for additional time to begin significant operations
17 has been approved by Landlord, acting in its sole and absolute discretion."

18 5. Assignment and Sublease. The first sentence of Section 13 of the
19 Lease is hereby amended and restated in its entirety to read: "Except as provided in
20 Section 5.D., Section 5.E., Section 30, and Exhibit "C", Tenant shall not assign, sublease
21 or transfer this Lease or any interest herein or any right hereunder, nor delegate any duties
22 hereunder provided, without the express written consent of Landlord, which may be
23 withheld in its sole and absolute discretion."

24 6. Miscellaneous. Section 32.D of the Lease is hereby amended and
25 restated in its entirety to read: "This Lease may not be amended except in a writing duly
26 executed by both parties and authorized by the City Council of Landlord."

27 7. Relocation of Programs. Tenant shall, within a reasonable time after
28 the issuance of a Temporary Certificate of Occupancy for the Professional Services Space,

1 relocate its "Homeless Assistance Program" at the MHA facility located at 5th & Elm to the
2 Premises, subject to delays caused by force majeure or otherwise out of the control of
3 Tenant.

4 8. Parking. Landlord shall negotiate in good faith with the County of Los
5 Angeles (the "County") in order to obtain a ten-year leasehold interest, with option to
6 purchase upon conclusion of the lease, in certain real property owned by the County
7 located at 1945 Palmer Court (the "Palmer Court Parking Lot"). If Landlord successfully
8 secures such leasehold interest and purchase option, Landlord shall be obligated to assign
9 (or sublease) its ten-year leasehold interest and its purchase option to Tenant at no cost
10 to Tenant, specifically for Tenant's use as a parking lot in support of its (and its approved
11 subtenants') operations at the Premises. Landlord shall assign its parking lot leasehold
12 interest for Tenant's use commencing no later than August 1, 2017. If Landlord is
13 unsuccessful in securing such ten-year leasehold interest and purchase option, and
14 assigning it to Tenant by August 1, 2017, Tenant will be unable to develop the Premises
15 and operate its Homeless Healthcare Access Center and shall give Landlord thirty (30)
16 days written notice that it is terminating First Amendment to Lease No. 34078 and Lease
17 No. 34078. Tenant shall be excused from this Lease due to this condition precedent not
18 being satisfied. Landlord shall be under no obligation to provide funds for the exercise of
19 the purchase option on the Palmer Court Parking lot.

20 9. Lot-Tie or Merger. Landlord shall, no later than July 15, 2017,
21 complete a Lot-Tie or merger of the two lots, 1955 and 1965 Long Beach Blvd., on which
22 the Premises are located. Landlord shall provide Tenant a grant deed or title report with
23 the legal description of each lot as evidence of the lot-tie or merger.

24 10. Bus Stop Relocation. Landlord shall cause the bus stop on the Long
25 Beach Blvd. site frontage of the Premises to be removed on or before September 1, 2018,
26 and thereafter shall promptly repaint the curb to allow short-term parking adjacent to the
27 site for the Retail Space and the Community Room.

28

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

11. MOU. The MOU is hereby terminated and shall be of no further force or effect.

12. Except as amended by this First Amendment, the Ground Lease remains unchanged and in full force and effect.

13. This Amendment shall be effective as of the date executed by City.

IN WITNESS WHEREOF, the parties have caused this document to be duly executed with all formalities required by law as of the date first stated above.

MENTAL HEALTH AMERICA OF LOS ANGELES, a nonprofit corporation

5/4, 2017

By: [Signature]
Name: David A. Pilon
Title: President & CEO

5/5, 2017

By: [Signature]
Name: Miki Webber
Title: Secretary

"Tenant"

CITY OF LONG BEACH, a municipal corporation

May 17, 2017

By: [Signature]
City Manager
Tom B. Modica
"Landlord" Assistant City Manager

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER,

This First Amendment to Lease No. 34078 is approved as to form on

May 16, 2017.

CHARLES PARKIN, City Attorney

By: [Signature]
Deputy