

29422

SECOND AMENDMENT TO OFFICE LEASE

THIS SECOND AMENDMENT TO OFFICE LEASE (this "**Second Amendment**"), dated as of December 21, 2017, is entered into by and between SRE-OW 100 BROADWAY OWNER, LLC, a Delaware limited liability company ("**Lessor**"), and the CITY OF LONG BEACH, a municipal corporation ("**Lessee**"), with reference to the following facts:

RECITALS

A. Lessor's predecessor-in-interest and Lessee have entered into that certain Office Lease dated as of December 23, 2005 (the "**Original Lease**"), as amended by that certain First Amendment to Office Lease dated as of March 23, 2011 (the "**First Amendment**"), whereby Lessee leases from Lessor that certain office space located and addressed at 100 West Broadway, Long Beach, California (the "**Building**"). The Original Lease, as amended by the First Amendment, is sometimes collectively referred to herein as the "**Existing Lease**." The Existing Lease, as amended by this Second Amendment, is sometimes collectively referred to herein as the "**Lease**."

B. Pursuant to the Existing Lease, among other things, Lessee leases from Lessor that certain office space in the Building located on the fourth (4th) and fifth (5th) floors of the Building (the "**Premises**").

D. By this Second Amendment, Lessor and Lessee desire to extend the term of the Lease and to otherwise amend the Existing Lease on the terms and conditions of this Second Amendment.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

AGREEMENT

1. **Defined Terms**. All capitalized terms used in this Second Amendment which are defined in the Existing Lease shall have the same definitions as are provided in the Existing Lease unless expressly redefined herein.

2. **Incorporation of Recitals**. The Recitals set forth above are hereby incorporated by this reference and shall be deemed terms and provisions hereof with the same force and effect as if fully set forth in this Section 2.

3. **Extended Lease Term**. The Term of the Lease shall be extended for a period of forty-eighty (48) months (the "**Extended Lease Term**") commencing on November 1st, 2017 (the "**Extended Lease Term Commencement Date**") and expiring at 11:59 P.M. on October 31, 2021 (the "**Extended Lease Term Termination Date**"). Any and all extension options contained in the Existing Lease are hereby terminated as further described in Section 12 below.

4. **Premises Rentable Square Footage**. In accordance with the a new Building measurement conducted by Lessor, effective as of the Extended Lease Term Commencement Date, the term "**Premises**" as used in the Lease shall be deemed to contain 24,344 rentable square feet.

5. **Base Rent**. Commencing on the Extended Lease Term Commencement Date, the monthly Base Rent due and payable by Lessee to Lessor on the first (1st) day of each month during the Extended Lease Term shall be in accordance with the following schedule:



Period	Monthly Base Rent	Monthly Rental Rate Per Rentable Square Foot
November 1, 2017 – October 31, 2018	\$59,642.80	\$2.45
November 1, 2018 – October 31, 2019	\$61,432.08	\$2.52
November 1, 2019 – October 31, 2020	\$63,275.04	\$2.60
November 1, 2020 – October 31, 2021	\$65,173.29	\$2.68

The initial Monthly Base Rent was calculated by multiplying the initial Monthly Rental Rate Per Rentable Square Foot by the number of rentable square feet of space in the Premises (as amended by Section 4 of this Second Amendment). The initial Monthly Rental Rate Per Rentable Square Foot of the Premises during the Extended Lease Term shall be \$2.45. In all subsequent Lease years during the Extended Lease Term, the calculation of the Monthly Base Rent reflects an annual increase of three percent (3%).

6. Rent Abatement. Notwithstanding anything contained herein to the contrary, provided Lessee is not in default under the terms of the Lease beyond any applicable notice and cure periods, then Lessee shall be entitled to an abatement of the Monthly Base Rent during months 1, 2, 13 and 14 of the Extended Lease Term (4 months total) (collectively, the “**Extended Lease Term Rent Abatement Period**”), in which Lessee shall not be obligated to pay any Monthly Base Rent otherwise attributable to the Premises for such period (the “**Extended Lease Term Rent Abatement**”). Lessee acknowledges and agrees that during the Extended Lease Term Rent Abatement Period, such Extended Lease Term Rent Abatement shall have no effect on the calculation of any future increases in the Base Rent or Additional Rent, which increases shall be calculated without regard to such abatement of the Base Rent. The foregoing Extended Lease Term Rent Abatement has been granted to Lessee as additional consideration for entering into this Second Amendment and for Lessee’s timely performance of its obligations under this Lease. If Lessee commits a Default under the Lease which remains uncured following any applicable notice and cure periods, if any, pursuant to the Lease, then Lessor may at its option, by notice to Lessee, elect, in addition to any other remedies Lessor may have under the Lease, the following remedy: that Lessee shall immediately become obligated to pay to Lessor all Base Rent abated hereunder during the Extended Lease Term Rent Abatement Period, with interest as provided pursuant to the Lease from the date such Base Rent would have otherwise been due but for the abatement provided herein.

7. Lessee’s Share. Effective as of the Extended Lease Term Commencement Date, “Lessee’s Share” of Common Area Operating Expenses set forth in Section 1.6 of the Original Lease, as amended by Section 4 of the First Amendment, shall be further amended such that Lessee’s Share during the Extended Lease Term shall be 11.577% (based on the ratio of the number of rentable square feet of the Premises, as modified by Section 4 of this Second Amendment (24,344), to the number of rentable square feet of the Building (210,282)).

8. Base Year. Effective as of the Extended Lease Term Commencement Date, the “Base Year” set forth in Section 1.6 of the Original Lease, as amended by Section 3 of the First Amendment, shall be further amended to provide that the Base Year during the Extended Lease Term shall be the calendar year 2018.

9. Operating Expenses. Effective as of the Extended Lease Term Commencement Date, Section 4.2 of the Original Lease, as amended by Section 5 of the First Amendment, shall be further amended to provide that Lessee shall pay Lessee’s Share of any increases in Common Area Operating Expenses and tax expenses over a 2018 Base Year. Further, Lessor and Lessee agree that the provisions of Section 4.2




of the Original Lease with respect to controllable Common Area Operating Expenses shall continue to apply during the Extended Lease Term.

10. Base Real Property Taxes. Effective as of the Extended Lease Term Commencement Date, Section 10.1(a) of the Original Lease, as amended by Section 7 of the First Amendment, shall be further amended to provide that the "Base Real Property Taxes" during the Extended Lease Term shall be the 2018 real estate tax year.

11. Expiration of Proposition 13 Property Tax Protection. Effective as of November 1, 2019, Section 4.3 of the Original Lease and Section 6 of the First Amendment shall be deleted in their entirety.

12. No Option to Extend. Effective as of the date of this Second Amendment, the extension option set forth in Section 39 of the Existing Lease, as amended by Section 14 of the First Amendment, is hereby terminated and is of no further force or effect. Tenant shall have no unilateral right or option to further extend the term of the Lease beyond the Extended Lease Term Termination Date.

13. No Expansion Rights. Effective as of the date of this Second Amendment, Section 49 of the Original Lease is hereby deleted in its entirety and is of no further force or effect.

14. Improvement Allowance. Effective as of the date of this Second Amendment, Lessee shall be entitled to a one-time improvement allowance in the amount not to exceed TEN DOLLARS (\$10) per rentable square foot of the Premises (the "**Improvement Allowance**"), which may be applied towards the hard and soft costs of the improvements to be constructed and installed by Lessor in the Premises pursuant to the Work Letter attached hereto as Exhibit A (the "**Work Letter**"). In the event that the Improvement Allowance exceeds the amount expended by Lessor for the Improvements (as defined in the Work Letter), Lessee shall be entitled to apply any such remaining balance towards the payment of the Base Rent due under the Lease during the first or second year of the Extended Lease Term.

15. Condition of Premises. Lessee acknowledges that it is currently in possession of and is fully familiar with the condition of the Premises and Lessee agrees to lease the Premises during the Extended Lease Term on an "as is" basis without any representation or warranty of any kind whatsoever by Lessor. Lessee acknowledges and agrees that, except as specifically set forth in Section 14 of this Second Amendment and in the Work Letter, Lessor shall have no obligation to improve, remodel, alter or otherwise modify the Premises for Lessee's continued occupancy of the Premises or to contribute to the cost thereof. Any improvements, alternations, additions or changes to the Premises (other than the Improvements specifically described herein and in the Work Letter), shall be performed by Lessee at its sole cost and expense and completed in accordance with the applicable terms and conditions of the Lease.

16. Termination Option. Effective as of the Extended Lease Term Commencement Date, Section 3.5 of the Original Lease, as amended by Section 12 of the First Amendment, shall be further amended and replaced in its entirety with the following:

"3.5. **Termination Option.** Provided that Lessee is not then in default which remains uncured following receipt of all required notices and expiration of all applicable cure periods under the Lease, Lessee shall have the one-time right and option to terminate this Lease (the "**Early Termination Option**"), effective any time between the last day of the twenty-fourth (24th) month of the Extended Lease Term and the last day of the twenty-seventh (27th) month of the Extended Lease Term. To exercise the Early Termination Option, Lessee shall provide irrevocable written notice (the "**Early Termination Notice**") stating that Lessee has elected to exercise the Early Termination Option and identifying the date of such early termination (the "**Early Termination Date**"), which notice shall be delivered to Lessor no later than nine (9) months prior to the Early

19. Brokers. Section 1.10 of the Existing Lease and Section 18 of the First Amendment are hereby amended to provide that Toliver Morris of William Morris Commercial is Lessor's broker ("**Lessor Broker**") and Cresa Partners is Lessee's broker ("**Lessee Broker**") and, collectively with Lessor Broker, the "**Brokers**") for purposes of this Second Amendment. Lessor and Lessee hereby each represent and warrant to the other that no broker, agent or finder (other than the Brokers), negotiated or were instrumental in negotiating or consummating this Second Amendment. Each party further agrees to indemnify, defend and hold harmless the other party from and against any claim for commission or finder's fee by any entity (other than the Brokers), who claims or alleges that they were retained or engaged by such party in connection with this Second Amendment.

20. Captions. The captions used in this Second Amendment are for convenience only and shall have no effect upon the interpretation of this Second Amendment.

21. Corporate Authority. If Lessee is a corporation, limited liability company or limited liability partnership, each individual executing this Second Amendment on behalf of Lessee represents and warrants that he or she is duly authorized to execute and deliver this Second Amendment on behalf of Lessee, and that if only one (1) signature is provided then only one (1) is required to bind Lessee.

22. Ratification of Lease. Except as expressly amended herein, the Existing Lease shall remain in full force and effect and, as hereby amended, is ratified and confirmed by the parties hereto. In the event of a conflict between the provisions of this Second Amendment and those of the Existing Lease, the provisions of this Second Amendment shall control.

23. Counterparts. This Second Amendment may be executed in any number of counterparts and by each of the undersigned on separate counterparts, which counterparts taken together shall constitute one and the same instrument.

[Signatures on following page]

A large, stylized handwritten signature in black ink, possibly reading "TB" or similar, located at the bottom left of the page.A smaller, stylized handwritten signature in black ink, possibly reading "TM", located at the bottom right of the page.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first set forth above.

LANDLORD:

SRE-OW 100 Broadway Owner, LLC, a Delaware limited liability company

By: **SRE-OW 100 Broadway Mezz, LLC**, a Delaware limited liability company,
its sole Member

By: **SRE-OW 100 Broadway JV, LLC**, a Delaware limited liability company,
its sole Member

By: **OW 100 Broadway Investor, LLC**, a Delaware limited liability company,
its Manager

By: **OW 100 Broadway Manager, LLC**, a Delaware limited liability company,
its Manager

By: _____
Name: TEA BISCHAK
Its: Manager MEMBER

TENANT:

City of Long Beach, a municipal corporation

By: _____
Name: Tom Modica
Title: Assistant City Manager

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.

APPROVED AS TO FORM

12-18, 2017

CHARLES PERKIN City Attorney

By _____
RICHARD ANTHONY
DEPUTY CITY ATTORNEY

EXHIBIT A

WORK LETTER

This Work Letter (the "**Work Letter**") sets forth the terms and conditions relating to any improvements (the "**Improvements**") which may be, at Lessee's direction, constructed by Lessor in the Premises under the terms of the Lease, as amended by the Second Amendment. Words and phrases used herein which are defined in the Lease have the meanings set forth therein unless provided otherwise.

1. Improvements. In consideration of the mutual covenants contained in the Existing Lease and the Second Amendment, Lessor agrees to construct the Improvements in the Premises pursuant to this Work Letter.

2. Lessor's Work. Lessor shall cause the construction of the Improvements within the Premises, not to exceed the Improvement Allowance (as defined in Section 14 of the Second Amendment), in accordance with a final detailed plan generated by Lessor (the "**Premises Plan**") using Building Standard fixtures, furnishings, equipment, lighting and any other materials required in construction of the Improvements. "**Building Standard**" fixtures, furnishings, equipment, lighting, and any other materials or services are as established by Lessor from time to time, in its sole and absolute discretion. The Improvement Allowance shall be applied towards the payment of any hard and soft costs of the Improvements to be constructed and installed in the Premises by Lessor (collectively, the "**Construction Costs**"). In the event that the Construction Costs of the Improvements built by Lessor pursuant to the Premises Plan, exceeds the Improvement Allowance, then in such event Lessee shall promptly reimburse Lessor upon Lessor's written demand for all costs and expenses incurred by Lessor in excess of the Improvement Allowance.

3. Lessor's Completion of the Improvements. Lessor shall diligently proceed with the construction of the Improvements and use commercially reasonable speed, diligence and good faith efforts to Substantially Complete (as defined herein) such improvements to the Premises within six months following the Extended Term Lease Commencement Date. However, if, for any reason Lessor fails to Substantially Complete the Improvements within six months following the Extended Lease Term Commencement Date, Lessor shall not be subject to any liability therefor, nor shall such failure delay the Extended Lease Term Commencement Date or affect the validity of the Lease or the obligations of Lessee thereunder, nor entitle Lessee to any credit, abatement or adjustment of rent or other sums payable under the Lease, and Lessee shall have no claim against Lessor hereunder, at law or in equity, arising from the same. The Improvements shall be deemed "**Substantially Complete**" upon completion of the construction of the Improvements in the Premises pursuant to the Premises Plan, with the exception of any punch-list items that do not have a material adverse effect upon Lessee's use or occupancy of the Premises or the conduct of Lessee's business at the Premises.

4. Lessee's Work. Lessee shall be responsible for all telephone and data cabling and all furniture, fixtures and equipment associated with Lessee's use of the Premises.

5. Access Requirements. Lessor and Lessee agree to cooperate and coordinate with each other in order to enable Lessor to construct the Improvements in a timely manner and with as little interference to Lessee's business operations as is reasonably possible. Lessor shall not be responsible for any injuries to persons, damage to property or loss of business resulting from any work contemplated herein.



6. Incorporation by Reference. This Exhibit A is and shall be incorporated by reference in the Second Amendment, and all of the terms and provisions of the Lease are incorporated herein by this reference.

A handwritten signature in black ink, appearing to be 'C.B.' or similar, located in the bottom left corner of the page.A handwritten signature in black ink, appearing to be 'TM', located in the bottom right corner of the page.

ADLER

REALTY INVESTMENTS

November ~~24~~, 2015

Attn: Property Services Bureau - CD
City of Long Beach
333 W. Ocean Blvd., 13th Floor
Long Beach, CA 90802

Re: Notice of Lease Assignment

Ladies and Gentlemen:

This letter is to notify you that effective on the date set forth above (the "Effective Date") DANARI BROADWAY, LLC, a Delaware limited liability company, has transferred and conveyed to SRE-OW 100 Broadway Owner, LLC, a Delaware limited liability company ("Buyer") all of Seller's right, title, and interest in and to the portion of the office buildings commonly known as 100 West Broadway, Long Beach, California which contains your premises. In connection with the sale, Seller also transferred to Buyer all of its interest as landlord under your lease of space in the property.

Also in connection with the sale, if you have paid any security deposits in connection with your lease which has not been applied on account of any existing default under your lease, it has been transferred to Buyer. The amount of the security deposit that has been transferred to Buyer is \$0.00. The return of such security deposit will be conditioned upon and subject to the terms and conditions of your lease and the legal requirements of the State of California.

From and after the Effective Date, Buyer assumes and agrees to be bound by all of the duties and obligations of the landlord to be performed under your lease and shall enjoy and benefit from all of the landlord's rights and privileges under your lease.

From and after the Effective Date, the landlord's address for notices under your lease shall be:

SRE-OW 100 Broadway Owner, LLC
315 W. 9th Street, Suite 808
Los Angeles, CA 90015
Attn: William Lee

ADLER

REALTY INVESTMENTS

From and after the Effective Date, all payments under your lease shall be made payable to:

“SRE-OW 100 Broadway Owner, LLC”

From and after the Effective Date, the address of landlord’s mortgagee for the purpose of delivery of notices of default by the landlord under your lease shall be:

SM Finance LLC
c/o Square Mile Capital Management LLC
350 Park Avenue
New York, New York 10022
Attn: Joseph D. D’Angelo, Esq.

If you have any questions, you can reach Buyer at 213-223-7087.

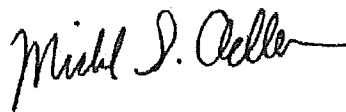
Thank you for your cooperation.

Sincerely,

DANARI BROADWAY, LLC
a Delaware limited liability company

By: ARI DANCUB II, LP,
a Delaware limited partnership
Its Sole Member

By: Adler Realty Investments, Inc.,
a California corporation
Its General Partner



By: _____
Michael S. Adler, President