

FIRST AMENDMENT TO LEASE NO. 27760

27760

THIS FIRST AMENDMENT TO LEASE NO. 27760 ("First Amendment") is made and effective as of May 9, 2012, pursuant to minute order adopted by the City Council of the City of Long Beach at its meeting of May 8, 2012, by and between CITY OF LONG BEACH, a municipal corporation ("Lessee") and SST PROPERTIES, a California general partnership ("Lessor").

1. RECITALS

1.1 Lessor and Lessee entered into Lease No. 27760, dated March 28, 2002 for reference purposes only, for office/warehouse space consisting of approximately 26,100 square feet of space in the building commonly known as 5580 Cherry Avenue.

1.2 On September 30, 2002, Lease No. 27760 was amended by Exhibit A, Notice of Lease Term Dates.

1.3 Lessee now desires to extend the term of the Lease by ten (10) years (First Extended Term) and Lessor and Lessee have now negotiated compensation and other matters for the extended term.

1.4 Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Lease.

NOW, THEREFORE, the parties do hereby agree as follows:

2. TERM

A. The term of the Lease shall be extended for a period of ten (10) years (First Extended Term) commencing on October 1, 2012 ("Commencement Date") and expiring on September 30, 2022.

B. Provided Lessee is not in default of the Lease, Lessor shall grant Lessee one (1) Option to Renew the Lease, for a period of five (5) years. The monthly Base Rent for the option period shall be determined by the then fair market value per rentable square foot as defined in the Lease and subject to City

1 Council approval.

2 3. BASE RENT

3 Commencing October 1, 2012, the new monthly base rent shall be Fifty
4 Cents (\$.50) per square foot and shall increase three percent (3%) annually based on the
5 schedule outlined in Exhibit "A" attached to this First Amendment.

6 4. RENT ABATEMENT

7 The monthly base rent shall be abated for months two (2), three (3) and
8 four (4) of the extended term

9 5. TENANT IMPROVEMENT ALLOWANCE

10 Lessor shall provide Lessee with a Tenant Improvement Allowance (TI
11 Allowance) of \$16,800 for Lessee's use. If required, Lessee will select a firm for
12 architectural services and construction management. The fees and costs for construction
13 management services, construction drawings and any and all engineering and structural
14 drawings for the construction of the Premises shall be deducted from said TI Allowance.
15 The Leased Premises shall be remodeled per a set of plans which Lessor shall have the
16 right to review and approve. The agreed upon space plan shall be bid for by three (3)
17 licensed general contractors. Lessee shall have the exclusive right to select the bid of its
18 choice. Lessor shall enter into the contract to secure the general contractor. Lessee
19 may also use the TI Allowance towards their costs of installing voice/data cabling,
20 modular furniture or towards Base Rent.

21 6. RIGHT TO CANCEL

22 Lessor shall grant Lessee the right to terminate the Lease after the sixtieth
23 (60th) month of the extended term subject to the following: (1) Lessee shall provide
24 Lessor with one hundred-eighty (180) days prior written notice, and (2) within ninety (90)
25 days thereafter, Lessee shall deliver to Lessor the unamortized costs of the TI Allowance
26 utilized for the extended term and the commissions paid for the Leased Premises for the
27 extended term. The amortization period shall be over the extended term and shall be on
28 a straightline basis.

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

7. VEHICULAR TRAFFIC

Tenant is experiencing vehicles that are using the parking area for access to the adjoining property. Lessor, at Lessor's sole cost, shall provide fencing, a chain or other method to deter such vehicular traffic. Lessor and Lessee shall work together to determine a mutually acceptable solution to such matter.

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

SST PROPERTIES, a California general partnership

April 12, 2012 By Mark Severson
President

April 12, 2012 By Mark Severson
Type or Print Name

April 12, 2012 By Raymond C. Smith
Secretary

By Raymond C. Smith
Type or Print Name

"LESSOR"

CITY OF LONG BEACH, a municipal corporation

5.14, 2012 By [Signature] Assistant City Manager
City Manager

"Lessor" EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.

This First Amendment to Lease No. 27760 is approved as to form on
May 9, 2012.

ROBERT E. SHANNON, City Attorney

By [Signature]
Deputy

Exhibit "A"
First Amendment to Lease No. 27760
Monthly Base Rent Payment Schedule

Year	Monthly Base Rent	*Free Rent
October 1, 2012 - September 30, 2013	\$13,050.00	Free Rent for November 2012, December 2012 and January 2013
October 1, 2013 - September 30, 2014	\$13,441.50	None
October 1, 2014 - September 30, 2015	\$13,844.75	None
October 1, 2015 - September 30, 2016	\$14,260.09	None
October 1, 2016 - September 30, 2017	\$14,687.89	None
October 1, 2017 - September 30, 2018	\$15,128.53	None
October 1, 2018 - September 30, 2019	\$15,582.38	None
October 1, 2019 - September 30, 2020	\$16,049.85	None
October 1, 2020 - September 30, 2021	\$16,531.35	None
October 1, 2021 - September 30, 2022	\$17,027.29	None

*The Free Rent schedule is subject to modifications based on Lessee's use of the Tenant Improvement Allowance