

# 26422

## FIRST AMENDMENT TO LEASE

1  
2 This First Amendment to Lease ("Amendment") is made and entered, in  
3 duplicate, pursuant to a minute order adopted by the Board of Commissioners of the  
4 Housing Authority of the City of Long Beach at its meeting held on December 15, 2009,  
5 by and between THE HOUSING AUTHORITY OF THE CITY OF LONG BEACH, a public  
6 agency ("Lessee") and QUALITY RISK MANAGEMENT, INC., a California corporation,  
7 and G.E. VON BOLSCHWING, as Trustee of the G.E. VON BOLSCHWING  
8 INTERVIVOS TRUST *utd 11/21/2002* (collectively, "Lessor"), as successors-by-  
9 assignment to SCAN Health Plan, a California nonprofit corporation ("Original Lessor").

10 WHEREAS, Original Lessor and Lessee previously entered into a Lease  
11 dated August 10, 1999 ("Lease") known as City Contract No. 26422; and

12 WHEREAS, Lessor and Lessee now desire to amend certain provisions of  
13 the Lease;

14 NOW, THEREFORE, Lessor and Lessee mutually agree as follows:

15 1. This Amendment shall be effective as of the date on which this  
16 Amendment is executed by both parties (the "Effective Date"), and all capitalized terms  
17 used herein without definition shall have the meanings given them in the Lease.

18 2. The term of the Lease is hereby extended from April 1, 2010 to  
19 March 31, 2015 (the "Extension Term") on the terms and conditions stated herein, and  
20 expressly not pursuant to Section 39.4 of the Addendum to Lease ("Extension Option").  
21 The Extension Option is null and void and Lessee shall have no further option to extend  
22 the term of the Lease.

23 3. Commencing on April 1, 2010 and continuing through September 30,  
24 2012, monthly Base Rent payable under Section 1.6 of the Lease shall be Fourteen  
25 Thousand Eight Hundred Fifteen Dollars (\$14,815). Commencing on October 1, 2012,  
26 and continuing through the end of the Extension Term, monthly Base Rent payable under  
27 Section 1.6 of the Lease shall be Fifteen Thousand Seven Hundred Four Dollars  
28 (\$15,704).

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1           4.     Lessor shall provide to Lessee a Tenant Allowance equal to Fifty  
2 Thousand Dollars (\$50,000) (the "Tenant Allowance") to be used at Lessee's discretion  
3 for non-structural interior improvements to the Premises, data/telephone cabling  
4 upgrades or as a credit towards Base Rent. If Lessee elects to use a portion of the  
5 Tenant Allowance for remodeling work, Lessee shall seek and receive at least three (3)  
6 bids from licensed contractors, notify Lessor in advance of commencement of any  
7 remodeling work, and shall submit invoices for such work to Lessor for payment after  
8 completion of such work. Any unused portion of the Tenant Allowance shall remain  
9 available for future remodeling or may be applied by Lessee towards Base Rent  
10 commencing with the thirteenth (13<sup>th</sup>) month of the Extension Term, and continuing for  
11 each twelve (12) month period thereafter, provided, however, that total Tenant Allowance  
12 rent credits shall not exceed Fifteen Thousand Dollars (\$15,000) in any given twelve (12)  
13 month period, and provided further that Lessee provides Lessor with at least thirty (30)  
14 days advance notice of Lessee's intention to apply all or a portion of the Tenant  
15 Allowance as a credit against Base Rent in a given twelve (12) month period. Lessor  
16 shall have the right to pay the entire remaining balance to Lessee on forty-five (45) days  
17 advance notice to Lessee. Upon receipt of notice Lessee may designate the application  
18 of the remaining amount, including application towards Base Rent due within forty-five  
19 (45) days of notice. Any unused balance shall be paid by Lessor to Lessee at the end of  
20 the forty-five (45) day period in immediately available funds.

21           5.     Lessor shall, at Lessor's sole cost and expense, complete the  
22 improvements ("Lessor's Work") described in those certain plans and specifications dated  
23 December 22, 2008 ("Lessor Work Plans") prepared by Heery International ("Heery") and  
24 all documents related thereto approved by Lessor, excepting exterior Building painting.  
25 Lessee and Lessor shall jointly seek and receive at least three (3) bids from licensed  
26 general contractors mutually approved by Lessor and Lessee. Lessor shall select the  
27 contractor from the list of contractors approved by Lessee and Lessor. Lessor shall be  
28 responsible for payment of all costs and expenses necessary to complete the Lessor's

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1 Work in a timely manner, including fees payable to Heery in connection with the Lessor  
2 Work Plans.

3           6. If applicable or otherwise required to satisfy current building code  
4 requirements, Lessor shall, at Lessor's sole cost and expense and subject to the  
5 conditions of this Section, complete improvements to the Building related to (i) hazardous  
6 material removal, (ii) seismic bracing and retrofit, (iii) general building systems, including  
7 fire alarms, emergency lighting, HVAC, electrical and plumbing, and (iv) ADA compliance,  
8 including paths of travel and restrooms (collectively, "Lessor's Additional Work"). Lessee  
9 shall prepare, or cause to be prepared, a scope of work detailing Lessor's Additional  
10 Work as proposed by Lessee and shall deliver such scope of work to Lessor on or after  
11 March 31, 2010. Within thirty (30) days of Lessor's receipt of such scope of work, Lessor  
12 shall, by written notice to Lessee, (i) accept such proposed scope of work, or (ii) propose  
13 a modified scope of work for the Lessor's Additional Work. If Lessor accepts Lessee's  
14 proposed scope of work or if Lessee accepts Lessor's modified scope of work, Lessor  
15 shall promptly proceed with such work and cause it to be completed in a timely fashion in  
16 accordance with the approved scope of work. If Lessee does not accept Lessor's  
17 proposed modified scope of work, then within thirty (30) days Lessor shall either (i)  
18 accept Lessee's original proposed scope of work, or (ii) send notice to Lessee that  
19 Lessor does not intend to complete any of the Lessor's Additional Work. If Lessee  
20 receives written notice that Lessor does not intend to complete Lessor's Additional Work  
21 ("Lessor Refusal Notice"), then Lessee shall have the right to terminate the Lease by  
22 written notice to Lessor ("Additional Work Termination Notice") within one hundred twenty  
23 (120) days after receiving Lessor's Refusal Notice. If Lessee terminates the Lease, then  
24 (i) the termination shall be effective on the date which is one hundred eighty (180) days  
25 after the date of the Additional Work Termination Notice, and (ii) within ninety (90) days  
26 following the date of the Additional Work Termination Notice, Lessee shall pay to Lessor  
27 an amount equal to Lessor's unamortized costs as of the effective date of termination,  
28 actually expended or incurred by Lessor in connection with (x) brokers' commissions

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1 regarding this Amendment, (y) the Tenant Allowance, and (z) Lessor's Work. The  
2 amortization period shall be sixty (60) months on a straight-line basis.

3 7. Lessor shall work to determine appropriate methods to enhance the  
4 exterior appearance of the Building ("Lessor's Exterior Work"), and at Lessor's discretion,  
5 Lessor shall, at its sole cost and expense, complete the Lessor's Exterior Work.

6 8. All Lessor's Work undertaken by Lessor or Lessee in connection with  
7 the Lease or this Amendment shall be performed in compliance with California Labor  
8 Code Section 1720 regarding the payment of prevailing wages.

9 9. The parties acknowledge that Lessee conducts operations at the  
10 Premises pursuant to an Administrative Use Permit (the "AUP"), the continuing  
11 effectiveness of which is contingent on Lessee maintaining a minimum number of off-  
12 street parking spaces. Lessee currently satisfies its parking requirement under the AUP  
13 by leasing parking in a lot located at 434 E. 4<sup>th</sup> Street (the "Parking Lot"). Should Lessee  
14 lose its right to use the Parking Lot for any reason, Lessee shall provide written notice of  
15 such fact to Lessor within ten (10) days (the "Parking Lot Termination Notice"), and  
16 Lessor and Lessee shall use their best efforts to locate replacement parking which would  
17 satisfy the requirements of the AUP. If after one hundred twenty (120) days of Lessor's  
18 receipt of the Parking Lot Termination Notice no suitable replacement parking has been  
19 secured, then Lessee may terminate the Lease by delivering written notice to Lessor  
20 ("Parking Lot Termination Notice"). If Lessee terminates the Lease, then (i) the  
21 termination shall be effective the date which is ninety (90) days after the date of the  
22 Parking Lot Termination Notice, and (ii) within ninety (90) days following the date of the  
23 Parking Lot Termination Notice, Lessee shall pay to Lessor an amount equal to Lessor's  
24 unamortized costs as of the effective date of termination, actually expended or incurred  
25 by Lessor in connection with (x) brokers' commissions regarding this Amendment, (y) the  
26 Tenant Allowance, and (z) Lessor's Work. The amortization period shall be sixty (60)  
27 months on a straight-line basis.

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1           10. Lessor agrees, subject to applicable laws, rules and regulations, that  
2 no person shall be subject to discrimination in the performance of this Agreement on the  
3 basis of race, color, religion, national origin, gender, sexual orientation, gender identity,  
4 AIDS, HIV status, age, disability, handicap, or veteran status. Lessor shall take  
5 affirmative action to ensure that applicants are employed and that employees are treated  
6 during employment without regard to any of these bases, including but not limited to  
7 employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff,  
8 termination, rates of pay or other forms of compensation, and selection for training,  
9 including apprenticeship.

10           11. Cushman and Wakefield of California, Inc. ("Broker"), only  
11 represents Lessee in the transaction evidenced by this Amendment. Lessor shall pay  
12 Broker a commission of four percent (4%) of the total value of the Lease during the five-  
13 year Extension Term ("Commission"). The Commission shall be payable fifty percent  
14 (50%) upon full execution of this Amendment and fifty percent (50%) upon April 1, 2010.

15           12. All terms, covenants, and conditions of the Lease and amendments  
16 thereto, except as amended herein, shall remain unchanged and in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have executed this  
Amendment.

"Lessee"

HOUSING AUTHORITY OF THE CITY OF LONG  
BEACH, a public agency

By: [Signature] Assistant City Manager  
Name: Patrick H. West  
Title: City Manager

"Lessor" **EXECUTED PURSUANT  
TO SECTION 301 OF  
THE CITY CHARTER.**  
QUALITY RISK MANAGEMENT, INC.,  
a California corporation

By: [Signature]  
Name: G. von Bolschwing  
Title: CEO

By: [Signature]  
Name: Debra Suzuki  
Title: Secretary

[Signature]  
G.E. VON BOLSCHWING, as Trustee of the  
G.E. VON BOLSCHWING INTERVIVOS  
TRUST u/v/d [Signature]

Approved as to form this 21 day of December, 2009.

ROBERT E. SHANNON, City Attorney

By: [Signature]  
Deputy

99-06360

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