

FIRST LEASE EXTENSION AGREEMENT FOR LEASE NO. 27103

27103

This FIRST LEASE EXTENSION AGREEMENT ("Extension") is made and entered, as of January 24, 2006, dated for reference purposes only, pursuant to a minute order adopted by the City Council of the City of Long Beach at its meeting on January 24, 2006, by and between PCH PROPERTIES, a California general partnership ("Lessor") and the CITY OF LONG BEACH, a municipal corporation ("Lessee").

WHEREAS, a Standard Industrial/Commercial Single Tenant Lease - Net (including all addenda thereto, the "Lease") was entered into by and between Lessor and Lessee for certain property located at 1400 Canal Avenue, Long Beach, California. The term of the Lease expires on January 31, 2006.

WHEREAS, Lessee wishes to extend the term of the Lease for an additional five (5) years commencing February 1, 2006 and ending January 31, 2011.

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions contained in the Lease and this Extension, the parties agree as follows:

1. All of the terms and conditions of the Lease, except where specifically modified by this Extension, shall apply. Capitalized terms contained herein and not otherwise defined shall have the definitions given them in the Lease. The following modifications correspond to the paragraph numbers being modified in the Lease.

1.3 Term: Five (5) years commencing February 1, 2006 and ending January 31, 2011.

1.5 Base Rent: Thirteen thousand eight hundred ninety-one dollars and no/100 (\$13,891.00) per month payable on the first (1st) day of each month commencing February 1, 2006. **Base Rent** includes amortization of annual property insurance premiums (approximately \$375.00 per month) and annual Real Property Taxes (approximately \$1,336.00 per month).

1.6 Base Rent Paid Upon Execution by Both Parties: \$13,891.00 as Base Rent for February 2006.

1.9 Insuring Party: The annual Base Premium is \$4,500.00.

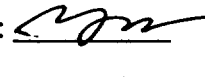
1.10(a) Representation: Cushman & Wakefield of California, Inc. represents Lessee exclusively ("Broker").

1.10(b) Payment to Broker: Upon execution and delivery of this Extension by both

Initials: _____



Initials: _____



Parties and Lessor's receipt of payment of the February 2006 Base Rent, Lessor shall pay to the Broker an amount equal to the sum of 1.5% of the total Base Rent for the five (5) year term of this Extension.

8.1 Payment for Insurance: Lessee shall pay for all insurance required under Paragraph 8 except to the extent of the cost attributable to liability insurance carried by Lessor under Paragraph 8.2(b) in excess of \$2,000,000 per occurrence. Premiums for policy periods commencing prior to or extending beyond the Lease term shall be prorated to correspond to the Lease term. Payment shall be amortized into the monthly rent based on the annual Base Premium divided by 12. This payment is part of the Base Rent, as more fully set forth in paragraph 1.5, and shall be adjusted by the change, if any, in the CPI, as stipulated in paragraph 59. CPI adjustments shall be in lieu of any other increase in annual property insurance premiums, except that Lessee shall pay to Lessor the entirety of any increase in property insurance premiums incurred by reason of any Alterations or Utility Installations placed upon the Premises by Lessee or at Lessee's request subsequent to the execution of this Extension.

10.2(a) Lessee shall pay the entirety of the Real Property Taxes applicable to the Premises. Such tax payments are part of the Base Rent, as more fully set forth in paragraph 1.5, and shall be adjusted by the change, if any, in the CPI, as stipulated in paragraph 59. CPI adjustments shall be in lieu of any other increases in annual Real Property Taxes, except as set forth in paragraph 10.2(c).

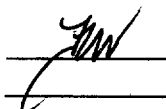
10.2(c) Additional Payments: Notwithstanding anything to the contrary in the Lease or this Extension, Lessee shall pay to Lessor the entirety of any increase in Real Property Taxes assessed by reason of either (1) a change in law that would permit the annual rate of increase in Real Property Taxes to exceed two percent (2%), or (2) any Alterations or Utility Installations placed upon the Premises by Lessee or at Lessee's request subsequent to the execution of this Extension.

59.A.I.a. February 1, 2007, February 1, 2008, February 1, 2009, February 1, 2010.

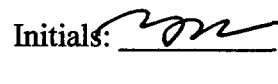
59.A.I.c. The following sentence shall be stricken: "Annual adjustment shall not exceed four percent (4%) and computed on the Base Rent less any property insurance premiums."

60.A. OPTION(S) TO EXTEND: Lessor hereby grants to Lessee the option to extend the term of the Lease for two (2) additional consecutive sixty (60) month period(s) each, commencing when the prior term expires, upon each and all of the following terms and conditions:

Initials: _____



Initials: _____



60.A.(iii) Except for the provisions of the Lease and this Extension granting an option or options to extend the term, all of the terms and conditions of the Lease and this Extension, except where specifically modified by this option, shall apply. For clarification purposes, it should be noted that the Market Rental Value Adjustment, as set forth in paragraph 60.A.II will be applied on the first day of each option period, and for each subsequent year of the option period then in effect, the annual Cost of Living Adjustment shall be calculated in accordance with the provisions of paragraph 59.A.I, as modified by this Extension.

60.A.II.a. Market Rental Value Adjustment(s) (MRV). On February 1, 2011 and February 1, 2016, the Base Rent shall be adjusted to the "Market Rental Value," which term shall include a monthly amortization of the annual property insurance premiums in effect on the MRV Adjustment Date and a monthly amortization of the annual Real Property Taxes in effect for the year in which the MRV Adjustment Date occurs, of the property as follows:

The parties hereto have executed this Extension at the place and on the dates specified above their respective signatures.

Executed at: Long Beach, California
on February 9, 2006

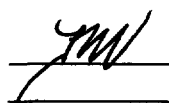
Executed at: Long Beach, California
on February 13, 2006

By **LESSOR:**

PCH PROPERTIES,
a California general partnership


By: 
Richard Witt
General Partner

P.O. Box 90969
Long Beach, CA 90809
phone: (562) 494-8826
fax: (562) 491-0915

Initials: 

By **LESSEE:**

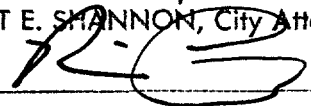
City of Long Beach,
a municipal corporation

By: 
Gerald R. Miller
City Manager

333 W. Ocean Blvd, Suite 300
Long Beach, CA 90802
phone: (562) 570-6221
fax: (562) 570-6215

Initials: 

APPROVED AS TO FORM

2/10, 2006
ROBERT E. SHANNON, City Attorney
By 
DEPUTY CITY ATTORNEY