

FIRST AMENDMENT TO OFFICE LEASE

THIS FIRST AMENDMENT TO OFFICE LEASE (this "Amendment") is dated as of March 23, 2011, by and between **DANARI BROADWAY, LLC, a Delaware limited liability company ("Lessor")** and the **CITY OF LONG BEACH, a municipal corporation ("Lessee")** with reference to the following recitals:

RECITALS

A. Lessor and Lessee are parties to that certain Office Lease dated December 23, 2005 ("**Existing Lease**"), whereby Lessee leases from Lessor certain office space consisting of approximately 12,669 square feet of rentable area ("**Existing Premises**") located on the fourth floor of the office building with a street address of 100 W. Broadway, Long Beach, California ("**Building**").

B. Lessor and Lessee desire to amend the Existing Lease on the terms and conditions of this Amendment. Capitalized terms not otherwise defined herein will have the meanings assigned to them in the Existing Lease. The term "**Lease**" as used in this Amendment and in the Existing Lease shall refer to the Existing Lease as amended by this Amendment.

In consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessee and Lessor agree to the following effective from and after the date of this Amendment:

1. **Premises.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Existing Premises and 10,849 square feet of rentable area on the fifth (5th) floor of the Building known as Suite 550 ("**Expansion Premises**"), on the terms and conditions of this Amendment. The description of the "Premises" in the Existing Lease is amended to include both the Existing Premises and the Expansion Premises from and after the date of this Amendment. The diagram attached as Exhibit "A" to the Existing Lease is amended and replaced in its entirety with **Exhibit "A"** attached to this Amendment.

2. **Original Term.**

2.1 **Existing Premises Commencement Date.** Section 1.3 of the Existing Lease is amended as follows: (i) the "**Original Term**" is amended to commence on **May 1, 2011**, with respect to the Existing Premises ("**Existing Premises Commencement Date**"), and (ii) the "**Expiration Date**" is amended to expire on **October 31, 2017** (i.e., the last day of the seventy-eighth (78th) full calendar month after the Existing Premises Commencement Date).

2.2 **Expansion Premises Commencement Date.** The term of the Lease with respect to the Expansion Premises shall commence on the later of the following dates ("**Expansion Premises Commencement Date**"): (i) the fourteenth (14th) day after the "substantial completion" of "Lessor's Work" (as those terms are defined in the Work Letter Agreement attached hereto as **Exhibit "C"**), or (ii) the last day of the sixth (6th) month after the date that Lessee gives written notice of termination with respect to Lessee's other lease for office space at the building located at 444 West Ocean Boulevard, Long Beach, CA ("**Other Lease**"). The term of the Lease with respect to the Expansion Premises shall expire co-terminously with the Expiration Date of the Existing Premises (as amended above). Lessee must deliver written notice of termination of the Other Lease within ten (10) business days of the full execution and delivery by both parties of this Amendment. The use of the term "Original Term" in the Lease is intended to include the term of the Lease with respect to the Expansion Premises as provided in this Section 2.2, subject to the Expansion Premises Commencement Date.

3. **Base Year.** The "Base Year" in Section 1.6 of the Existing Lease is amended to be calendar year **2011**.

4. **Lessee's Share.** "Lessee's Share" in Section 1.6 of the Existing Lease is amended to be **eleven and 85/100 percent (11.85%)**.

5. **Operating Expenses.** Section 4.2 of the Existing Lease is amended to provide that Lessee shall pay Lessee's Share of any increases in Common Area Operating Expenses and tax expenses over a **2011** Base Year. Further, Lessor and Lessee agree that the provision in Section 4.2 of the Existing Lease with respect to controllable Common Area Operating Expenses shall continue to apply during the Original Term as extended pursuant to this

Amendment. Notwithstanding anything in the Existing Lease or this Amendment to the contrary, Lessee shall not be responsible for Lessee's Share of any Common Area Operating Expenses during the twelve (12) month period commencing as of the Expansion Premises Commencement Date.

6. **Proposition 13 Protection.** Lessor and Lessee agree that Section 4.3 of the Existing Lease shall continue to apply during the Original Term as extended pursuant to this Amendment.

7. **Base Real Property Taxes.** Section 10.1(a) of the Existing Lease is amended to provide that the "Base Real Property Taxes" shall be the **2011-2012** real estate tax year.

8. **Base Rent.** The monthly "Base Rent" schedule in Section 1.7 of the Existing Lease is amended and replaced in its entirety with the following:

<u>Lease Months</u>	<u>Monthly Rate (\$/SF)</u>	<u>Monthly Installment</u>	<u>Premises SF Paid*</u>
5/01/2011 - 10/31/2011	\$1.55	\$0.00	0
11/01/2011 - 3/31/2012	\$1.55	\$19,636.95	12669
4/01/2012 - 9/30/2012	\$1.55	\$36,452.90	23518
10/01/2012 - 9/30/2013	\$1.60	\$37,628.80	23518
10/01/2013 - 9/30/2014	\$1.65	\$38,804.70	23518
10/01/2014 - 9/30/2015	\$1.70	\$39,980.60	23518
10/01/2015 - 9/30/2016	\$1.75	\$41,156.50	23518
10/01/2016 - 9/30/2017	\$1.80	\$42,332.40	23518
10/01/2017 - 10/31/2017	\$1.85	\$43,508.30	23518

The foregoing Base Rent schedule is based on the assumption that the Expansion Premises Commencement Date will occur on October 1, 2011, and that the Expansion Premises contains 10,849 square feet of rentable area. If the Expansion Premises Commencement Date falls on a day other than the first day of a month: (i) the "Free Rent Period" for the Expansion Premises (as defined below) will commence on the first day of the first full calendar month after the Expansion Premises Commencement Date, (ii) Lessee will pay Base Rent for the Expansion Space for the first partial month after the Expansion Premises Commencement Date at the monthly rate of \$1.55 per square foot of rentable area, and (iii) if the Expansion Premises Commencement Date occurs after October 1, 2011, the anniversary date that the Base Rent is scheduled to increase will be delayed accordingly. After the date of this Amendment, the parties agree to amend the Lease in the form of Exhibit "E" attached hereto to confirm the Term, the square footage of the Premises, the above Base Rent schedule, Lessee's Share, and any other applicable provisions in the Lease.

9. **Free Rent.** The amended Base Rent schedule set forth in Section 8 above reflects Lessor's waiver of Lessee's obligation to pay Base Rent as follows ("**Free Rent**"): (i) with respect to the Existing Premises, no Base Rent shall be due or payable for a period of six (6) months after the Existing Premises Commencement Date; and (ii) with respect to the Expansion Premises, no Base Rent shall be due or payable for a period of six (6) months after the Expansion Premises Commencement Date. The foregoing time periods during which Lessee's obligation to pay Base Rent is waived shall be referred to herein as the "**Free Rent Period.**" Lessee acknowledges that Lessor has agreed to the foregoing Free Rent concession as additional consideration for Lessee's acceptance of the terms of this Amendment and for Lessee's timely performance of its obligations under the Lease. Therefore, if Lessee commits a Breach (i.e., a Default by Lessee that has not been cured within any applicable grace period under the Lease), Lessee shall be obligated to repay as additional rent the unamortized portion of the Free Rent as of the date of the Breach, based on a straight-line amortization of the total amount of the Free Rent over the Original Term (as amended). Lessee acknowledges and agrees that the Free Rent concession shall have no effect on the calculation of any future increases in Base Rent or the commencement of Lessee's obligation to pay Lessee's Share of Common Area Operating Expenses in excess of the Base Year.

10. **Lessor's Work.** Exhibit "C" attached to the Existing Lease is amended and replaced in its entirety with the Work Letter Agreement (Turnkey) attached as Exhibit "C" to this Amendment. Lessor shall be responsible for constructing and completing "Lessor's Work" in accordance with the Work Letter Agreement.

11. **Moving Allowance.** Lessor will provide Lessee with an allowance of Forty-Five Thousand Dollars (\$45,000) ("Moving Allowance") to be used by Lessee for the following purposes: (i) moving expenses; (ii) costs of installing cabling in the Expansion Premises; and (iii) any termination fee payable by Lessee under the Other Lease. Lessor shall reimburse Lessee within thirty (30) days of Lessor's receipt of a written request for reimbursement with backup receipts and documentation evidencing Lessee's reimbursed expenses.

12. **Termination Option.** Section 3.5 of the Existing Lease is amended and replaced in its entirety with the following:

"3.5 **Termination Option.** Lessee shall have the right to terminate and cancel this Lease as to the Existing Premises and/or the Expansion Premises (individually or both), effective at any time after the last day of the thirty-sixth (36th) month after the Existing Premises Commencement Date ("**Termination Date**") upon Lessee's delivery of written notice to Lessor ("**Termination Notice**"), which notice shall be delivered to Lessor at least six (6) months prior to the Termination Date. Within ninety (90) days of Lessor's receipt of the Termination Notice, Lessee shall deliver to Lessor a termination fee equal to the sum of the following unamortized expenses (calculated as of the effective date of termination) incurred by Lessor (based on a straight-line amortization over the Original Term): brokerage commissions, Moving Allowance, Free Rent, and costs of completing the Lessee Improvements in the Expansion Premises (collectively, "**Termination Fee**"). The Termination Fee due to Lessor shall be pro rated to reflect the actual portion of Premises terminated. Subject to Lessor's timely receipt of the Termination Notice and Termination Fee, this Lease shall automatically terminate and be of no further force or effect with respect to either the Existing Premises, Expansion Premises, or both (as identified in the Termination Notice), and Lessor and Lessee shall be relieved of their respective obligations under this Lease (as to the portion of the Premises terminated, as applicable) effective as of the Termination Date, except with respect to those obligations set forth in this Lease which specifically survive the expiration or earlier termination of this Lease, including, without limitation, the payment by Lessee of all amounts owed by Lessee under the Lease (as amended herein). The termination rights granted to Lessee under this Section 3.5 are personal to the Lessee originally named in the Lease, and may not be assigned or transferred to any other person or entity."

13. **Parking.** Section 1.2 of the Existing Lease is amended and replaced in its entirety with the following:

"1.2 **Parking.** Lessee shall have the right, but not the obligation, to rent up to eighty-four (84) parking spaces in the Building's parking structure at Lessor's prevailing parking rates for the Building. As of the date of this Amendment, prevailing parking rates are \$65.00 per month per unreserved parking space, and \$110.00 per month per reserved parking space. Lessee may rent up to six (6) reserved parking spaces out of the eighty-four (84) parking spaces allotted to Lessee. Notwithstanding the foregoing, Lessee shall not be charged for its use of unreserved parking spaces associated with the 4th floor space for the first twelve (12) months after the Existing Premises Commencement Date, and Lessee shall not be charged for its use of unreserved parking spaces associated with the 5th floor space for the first twelve months after the Expansion Premises Date. This paragraph shall supersede any conflicting provisions within the Parking Rider (Exhibit "D") of the Existing Lease.

14. **Option to Extend Term.** Section 39 of the Existing Lease is amended and replaced in its entirety with the following:

"39. **Option to Extend.**

39.1 **Option Right.** Lessor grants Lessee the option ("**Extension Option**") to extend the Original Term of the Lease for an additional five (5) year term ("**Option Term**") as to the Existing Premises and/or the Expansion Premises (individually or both). Lessee may only exercise the Extension Option by delivering a notice to Lessor at least six (6) months prior to the Expiration Date stating that Lessee is exercising the

Extension Option ("**Option Exercise Notice**"). Lessee shall specify in the Option Exercise Notice whether it is exercising the Extension Option as to either the Existing Premises or the Expansion Premises, or the entire Premises ("**Extension Option Premises**").

39.2 Option Rent. The Base Rent payable by Lessee during the first year of the Option Term ("**Option Rent**") will be equal to one hundred five percent (105%) of the Base Rent payable in the last month of the Original Term, provided that, if Lessee exercises the Extension Option as to less than the entire Premises (i.e., either the Existing Premises or the Expansion Premises), the Option Rent shall be pro rated based on the rentable area of the Extension Option Premises. Thereafter, the Option Rent shall increase annually by three percent (3%) on each anniversary of the commencement of the Option Term. Upon Lessee's valid exercise of the Extension Option, Lessor shall provide Lessee with a refurbishment allowance up to Seven and No/100 Dollars (\$7.00) per square foot of rentable area in the Extension Option Premises. The work provided by said refurbishment allowance shall be completed through a process that includes obtaining three competitive bids from licensed contractors and Lessor entering into the contract directly with the selected contractor.

15. Assignment and Subletting. Section 12 of the Existing Lease is amended by adding the following new provision after Section 12.3:

"**12.4 Payment of Additional Rent Upon Assignment or Sublease.** If Lessor shall give its consent to any assignment of this Lease or to any sublease of the Premises, Lessee shall, in consideration for Lessor's consent thereto, pay to Lessor the following amounts as additional Rent:

(a) In the case of an assignment, an amount equal to fifty percent (50%) of all sums and other consideration paid to Lessee by the assignee for, or by reason of, such assignment in excess of the Rent and Lessee's Share of Common Area Operating Expenses due and payable under the Lease (including, without limiting the generality of the foregoing, all sums paid for the sale of Lessee's leasehold improvements); and

(b) In the case of a sublease, an amount equal to fifty percent (50%) of any rents, additional charges, or other consideration payable under the sublease by the subtenant to Lessee that are in excess of the Rent and Lessee's Share of Common Area Operating Expenses accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Lessee hereunder) pursuant to the terms hereof (including, without limiting the generality of the foregoing, all sums paid for the sale or rental of Lessee's leasehold improvements).

The sums payable by Lessee pursuant to this Section 12.4 shall be calculated after deducting all reasonable costs incurred by Lessee in connection with such assignment or sublease, including marketing, brokerage fees, downtime, leasehold improvements and leasing concessions/incentives."

16. Representations and Warranties by Lessee. Lessee represents and warrants to Lessor the truth and accuracy of the following matters as of the date of this Amendment: (a) Lessee has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect to the Premises; (b) Lessee has not pre-paid or overpaid any rent or other charges to Lessor; (c) to Lessee's knowledge, Lessor is not in default under the terms of the Lease, and Lessee has no claims, defenses or offsets under the Lease that would limit or preclude Lessor's enforcement of the Lease; and (d) Lessor and any third-party mortgagee, prospective mortgagee, or prospective purchaser may rely on the foregoing representations and warranties in connection with any loan or sale of the property of which the Premises are a part.

16. Deleted Provisions. Lessor and Lessee agree that Section 1.4 of the Existing Lease is hereby deleted and shall be of no further force or effect from and after the Existing Premises Commencement Date.

17. Amount Due on Execution. Within three weeks after full execution of this Amendment, Lessee shall deliver to Lessor the amount of **\$19,636.95** for the first installment of Base Rent due, which shall be applied toward the first month's rent due for the Existing Premises as noted in Section 8 of this Amendment.

18. **Brokers.** Section 1.10 of the Existing Lease is amended to provide that Lee & Associates is Lessor's broker and CresaPartners is Lessee's broker for purposes of this Amendment. Lessor shall pay a brokerage commission to CresaPartners pursuant to a separate commission agreement.

19. **Labor Code Compliance.** Lessor shall comply with California Labor Code Section 1720 regarding the payment of prevailing wages for all work undertaken by Lessor required by this Amendment.

20. **City Council Approval.** This Amendment and any subsequent modifications of the Lease, including Lessee's exercise of the Extension Option, are subject to the approval of the City Council of the City of Long Beach.

21. **Americans With Disabilities Act.** Notwithstanding anything to the contrary contained in the Existing Lease, Lessor, at Lessor's sole cost and expense, shall be responsible for the Building being kept in compliance throughout the Original Term with the then-applicable provisions of the Americans with Disabilities Act, including all incorporated statutes, rules and regulations, to the extent the same is reasonably required by Lessee as a result of valid, third-party allegations of non-compliance underlying credible threats of litigation actually received by Lessee. Any costs for said compliance shall not be included in Common Area Operating Expenses or otherwise be passed through to Lessee.

22. **Non-Discrimination Clause.** Lessor agrees, subject to applicable laws, rules and regulations that no person shall be subject to discrimination in the performance of this Amendment on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, AIDS, HIV status, age, disability, handicap, or Vietnam Era veteran status. Lessee shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to any of these bases, including but not limited to employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Lessor agrees to post in conspicuous places available to employees and applicants for employment notices to be provided by the City of Long Beach setting out the provisions of this nondiscrimination clause. Lessor shall in all solicitations or advertisements for employees state that all qualified applicants will receive consideration for employment without regard to these bases.

23. **Conflicts.** If any conflicts exist between the terms of the Existing Lease and the terms of this Amendment, the terms of this Amendment will supersede the terms in the Existing Lease as necessary to resolve the conflict.

24. **Miscellaneous.** The Existing Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided herein. The undersigned signatories represent that they have full and complete authority to bind their respective parties to this Amendment and that no other consent is necessary or required in order for the signatories to execute this Amendment on behalf of their respective parties. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which, taken together shall constitute one in the same Amendment and may be delivered by facsimile.

25. **Lessor's Address.** Lessor's address for purposes of notices under the Existing Lease is amended as follows:

**Danari Broadway, LLC
c/o Adler Realty Investments, Inc.
20951 Burbank Boulevard, Suite B
Woodland Hills, CA 91367
Attn: Michael S. Adler
Email: adler@adler-realty.com
Telephone: (818) 480-5503
Facsimile: (818) 884-2205**



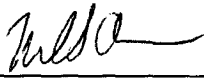
The undersigned parties have executed this Amendment as of the above date.

LESSOR:

DANARI BROADWAY, LLC,
a Delaware limited liability company

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

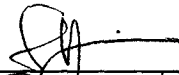
By: Adler Realty Investments, Inc.
a California corporation
its General Partner

By: 
Michael S. Adler, President

LESSEE:

THE CITY OF LONG BEACH,
a municipal corporation

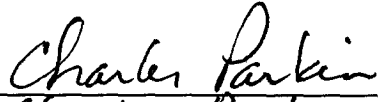
Assistant City Manager

By: 
Name: Patrick H. West EXECUTED PURSUANT
Title: City Manager TO SECTION 301 OF
THE CITY CHARTER.

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

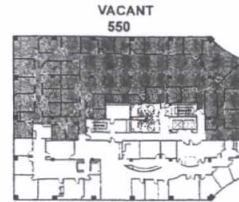
ROBERT E. SHANNON, City Attorney

By: 
Name: Charles Parkin
Title: Deputy City Attorney

Date: 3-25, 2011

100 WEST BROADWAY, LONG BEACH, CA.

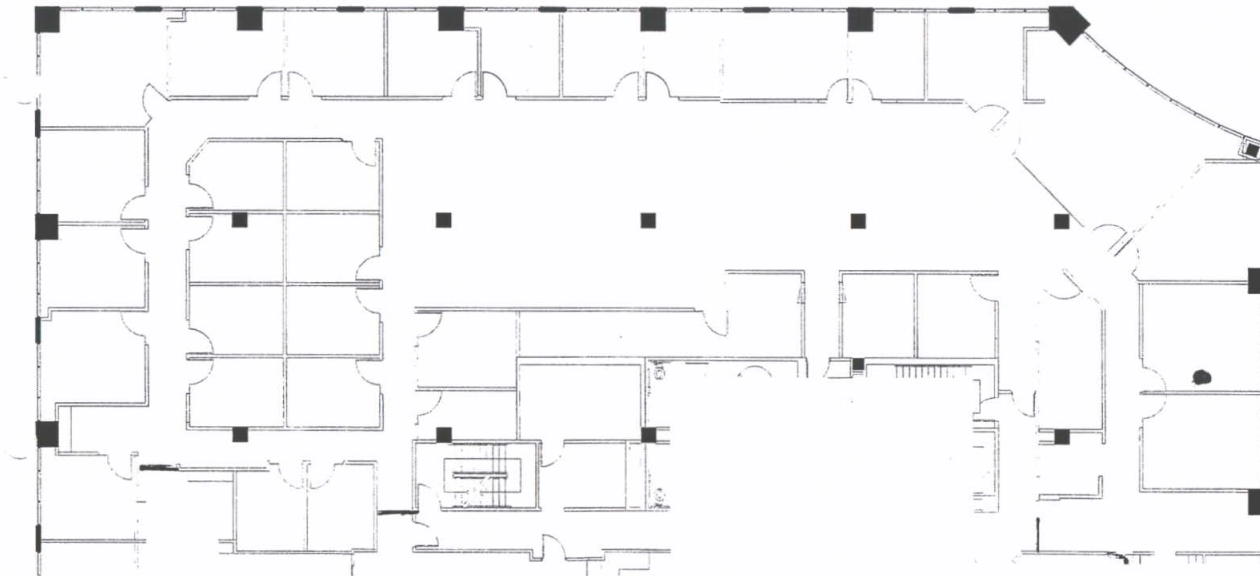
SUITE 550
10,849 RSF



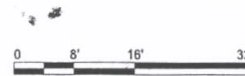
AVAILABLE

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EXHIBIT "A"
PREMISES SPACE



7

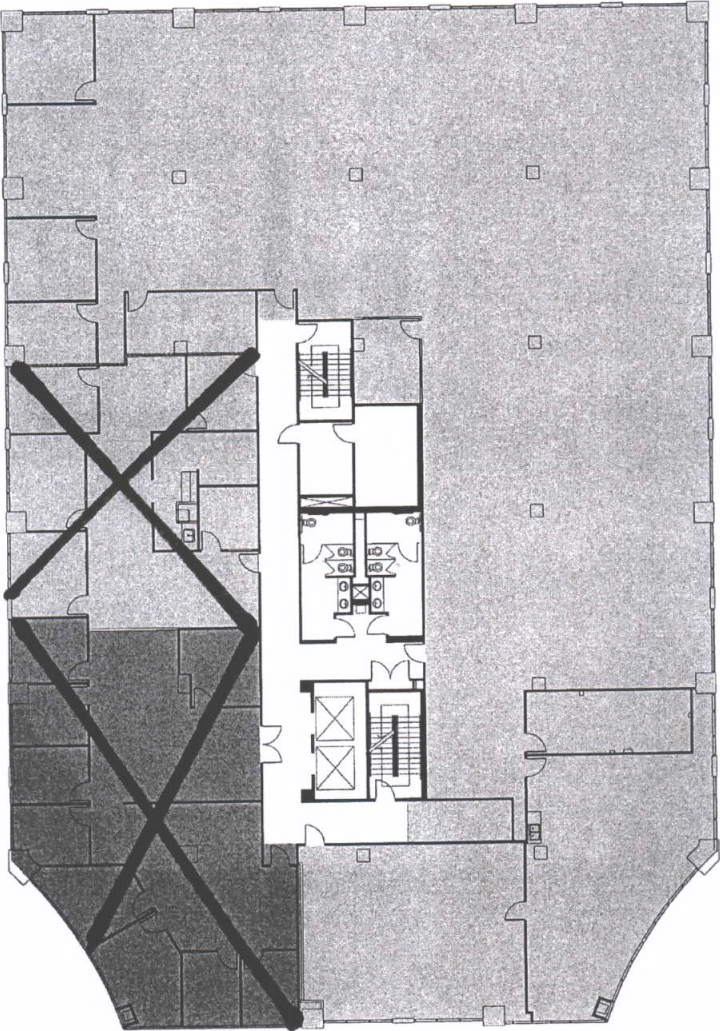


Environ Architecture, Inc., 100 Ocaangate Blvd., Suite P-200, Long Beach, CA 90802, USA, T: 562-495-7110, F: 562-432-5427, mail@environarch.com

© 2010 ENVIRON ARCHITECTURE
100 Broadway CONTRL.pln PLOT DATE: 7/30/10



Exhibit "A"



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EXHIBIT "B"

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EXHIBIT "C"
WORK LETTER AGREEMENT
(TURNKEY)

1. LESSOR'S WORK.

(a) **Lessor's Work.** Lessor shall at its sole cost (subject to the "Hard Cost Cap" as defined below), construct the tenant improvements in the Expansion Premises ("**Lessor's Work**") described in the space plan attached hereto as **Schedule "1"** ("**Pricing Plan**"), using Building standard materials and finishes, provided that such materials and finishes must be sustainable in nature (e.g., low VOC paint and "cradle to cradle" carpeting). In addition to the foregoing and not subject to the "Hard Cost Cap", Lessor shall shampoo the carpeting and re-paint the painted surfaces in the Existing Premises (in a color of Lessee's choice using standard building paint, provided that such paint shall be low VOC), including any moving of furniture necessary to complete the work.

(b) **G-Max Contract; Selection of Contractor.** Lessor and Lessee shall jointly obtain competitive bids for a guaranteed maximum price construction contract for Lessor's Work based on the Pricing Plan ("**G-Max Contract**") from McGregor Construction and two other licensed general contractors at prevailing wage labor rates. Lessee shall have the exclusive right to select the general contractor from the competitive bids to perform Lessor's Work ("**Contractor**"), provided that Lessor shall enter into the G-Max Contract directly with the Contractor.

(c) **Hard Cost Cap.** Lessor shall not be responsible for any "hard costs" for Lessor's Work (i.e., costs of construction excluding costs of preparing plans, supervision of the work and obtaining all required permits and approvals) in excess of \$190,000.00 ("**Hard Cost Cap**"). If the total amount of hard costs for the completion of Lessor's Work is less than the Hard Cost Cap, Lessee shall receive a credit against Base Rent (applied to the next month that rent is due and payable) for the amount equal to the difference between the Hard Cost Cap less the total hard costs for Lessor's Work.

(d) **Soft Costs; Selection of Architect.** Lessor shall be responsible for all "soft costs" (i.e., architectural and engineering fees, construction supervision fees, and required permits and approvals) related to the completion of Lessor's Work, except for any change orders requested by Lessee as provided in Section 2(ii) below. Lessor shall obtain competitive bids from Heery and Environ with respect to the architect's scope of work, which shall include construction drawings, engineering and structural drawings, and construction management services/supervision.

2. EXCESS COSTS AND CHANGE ORDERS. Lessee shall be solely responsible for (i) any and all hard costs relating to Lessor's Work in excess of the Hard Cost Cap, and (ii) any change orders requested by Lessee (in excess of the Hard Cost Cap) after Lessor and Contractor have executed the G-Max Contract. Notwithstanding the foregoing, any change orders requested by Lessee shall be subject to the following conditions: (a) the changes shall not be of a lesser quality than Lessor's standard specifications for tenant improvements for the Building as the same may be changed from time to time by Lessor; (b) the changes conform to applicable governmental regulations and necessary governmental permits and approvals can be secured; (c) the changes do not require building service beyond the levels normally provided to other tenants in the Building; (d) the changes do not have any adverse affect on the structural integrity or systems of the Building; (e) the changes will not, in Lessor's opinion, unreasonably delay construction of the Lessor's Work; and (f) Lessor has determined in its reasonable discretion that the changes are of a nature and quality consistent with the overall objectives of Lessor for the Building. Before proceeding with Lessor's Work or any change order work, Lessee shall pay to Lessor upon demand any amounts in excess of the Hard Cost Cap. To the extent any such change results in a delay of completion of construction of the Lessor's Work, then such delay shall constitute a delay caused by Lessee as described below.

3. CONSTRUCTION OF LESSOR'S WORK. Upon Lessee's payment to Lessor of any amounts in excess of the Hard Cost Cap payable in accordance with Section 2 above (if any), Lessor shall release the Contractor to commence and diligently proceed with the construction of Lessor's Work, subject to Lessee Delays and Force



Majeure Delays (as described in Section 4 below). Promptly upon the commencement of the Lessor's Work, Lessor shall furnish Lessee with a construction schedule letter setting forth the projected completion dates therefor and showing the deadlines for any actions required to be taken by Lessee during such construction, and Lessor may from time to time during construction of the Lessor's Work modify such schedule.

4. SUBSTANTIAL COMPLETION; DELIVERY OF POSSESSION.

(a) **Substantial Completion; Punch-List.** The Lessor's Work shall be deemed to be "**substantially completed**" when Lessor: (i) is able to provide Lessee reasonable access to the Premises; and (ii) has substantially completed Lessor's Work in accordance with the Pricing Plan, other than decoration and minor "punch-list" type items and adjustments which do not materially interfere with Lessee's access to or use of the Premises; provided, however, that if substantial completion of the Lessor's Work is delayed as a result of any Lessee Delays described in Section 4(c) below, then substantial completion shall be the date that the Lessor's Work would have been completed but for such Lessee Delays. Within ten (10) days after such substantial completion, Lessee shall conduct a walk-through inspection of the Premises with Lessor and provide to Lessor a written punch-list specifying those decoration and other punch-list items which require completion, which items Lessor shall thereafter diligently complete; provided, however, that Lessee shall be responsible, at Lessee's sole cost and expense, for the remediation of any items on the punch-list caused by Lessee's acts or omissions.

(b) **Delivery of Possession.** Lessor agrees to deliver possession of the Premises to Lessee when the Lessor's Work has been substantially completed in accordance with Section 4(a) above. The parties estimate that Lessor will deliver possession of the Premises with Lessor's Work completed by **October 1, 2011** ("**Estimated Delivery Date**"). Lessor shall use its commercially reasonable efforts to cause the Premises to be substantially completed by the Estimated Delivery Date. Lessee agrees that if Lessor is unable to deliver possession of the Premises to Lessee by the Estimated Delivery Date, the Lease shall not be void or voidable, nor shall Lessor be liable to Lessee for any loss or damage resulting therefrom.

(c) **Lessee Delays.** For purposes of this Work Letter Agreement, "**Lessee Delays**" shall mean any delay in the completion of the Lessor's Work beyond the Estimated Delivery Date resulting from any or all of the following: (a) Lessee's failure to timely perform any of its obligations pursuant to this Work Letter Agreement, including any failure to complete, on or before the due date therefor, any action item which is Lessee's responsibility pursuant to the Work Schedule or any schedule delivered by Lessor to Lessee pursuant to this Work Letter Agreement; (b) Lessee's changes to the Pricing Plan; (c) Lessee's request for materials, finishes, or installations which are not readily available or which are incompatible with Lessor's standard specifications for tenant improvements for the Building; (d) any delay of Lessee in making payment to Lessor for Lessee's share of any costs in excess of the cost of the Lessor's Work as described in the Pricing Plan; or (e) any other act or failure to act by Lessee, Lessee's employees, agents, architects, independent contractors, consultants and/or any other person performing or required to perform services on behalf of Lessee.

(d) **Force Majeure Delays.** For purposes of this Work Letter Agreement, "**Force Majeure Delays**" shall mean any actual delay caused by strikes, riots, acts of God, shortages of labor or materials, war, acts of terrorism, governmental laws, regulations or restrictions, or any other cause whatsoever beyond the reasonable control of Lessor in the construction of the Lessor's Work, which is not a Lessee Delay.

5. CODE AND ADA COMPLIANCE. Lessor's Work must be constructed in accordance with all applicable governmental codes in effect as of the Expansion Premises Commencement Date, including but not limited to, the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et seq.) and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time (collectively referred to herein as the "**ADA**") and fire life safety codes. Lessor acknowledges that Lessee is required to conduct and pass an ADA inspection prior to occupancy and that Lessor may be required to perform additional Building upgrades per current ADA specifications. Notwithstanding the foregoing, Lessor and Lessee acknowledge that the ADA requirements for business operations, accessibility and barrier removal may or may not apply to the Premises and the Building depending on, among other things: (1) whether Lessee's business is



deemed a "public accommodation" or "commercial facility", (2) whether such requirements are "readily achievable", and (3) whether a given alteration affects a "primary function area" or triggers "path of travel" requirements. The parties hereby agree that notwithstanding anything contained in this Lease to the contrary: (a) Lessor shall be responsible for ADA Title III compliance in the Common Areas of the Building except as provided below; (b) Lessor shall be responsible for ADA Title III compliance of the Premises based on ADA Title III requirements in existence as of the Expansion Premises Commencement Date; (c) Lessee shall be responsible for ADA Title III compliance in the Premises except as provided in part (b) above; (d) Lessor may perform, or require that Lessee perform, and Lessee shall be responsible for the cost of, ADA Title III "path of travel" requirements triggered by any alterations subsequently constructed by Lessee in the Premises; (e) Lessor may perform, or require Lessee to perform, and Lessee shall be responsible for the cost of, ADA Title III compliance in the Common Areas of the Building necessitated by the Building being deemed to be a "public accommodation" instead of a "commercial facility" as a result of Lessee's specific and unique use of the Premises (other than as general offices); and (f) Lessee shall be solely responsible for compliance with requirements under Title I of the ADA relating to Lessee's employees. (Subject to review of Premises and Building by ADA compliance coordinator).

SCHEDULE "1" to EXHIBIT "C"

PRICING PLAN

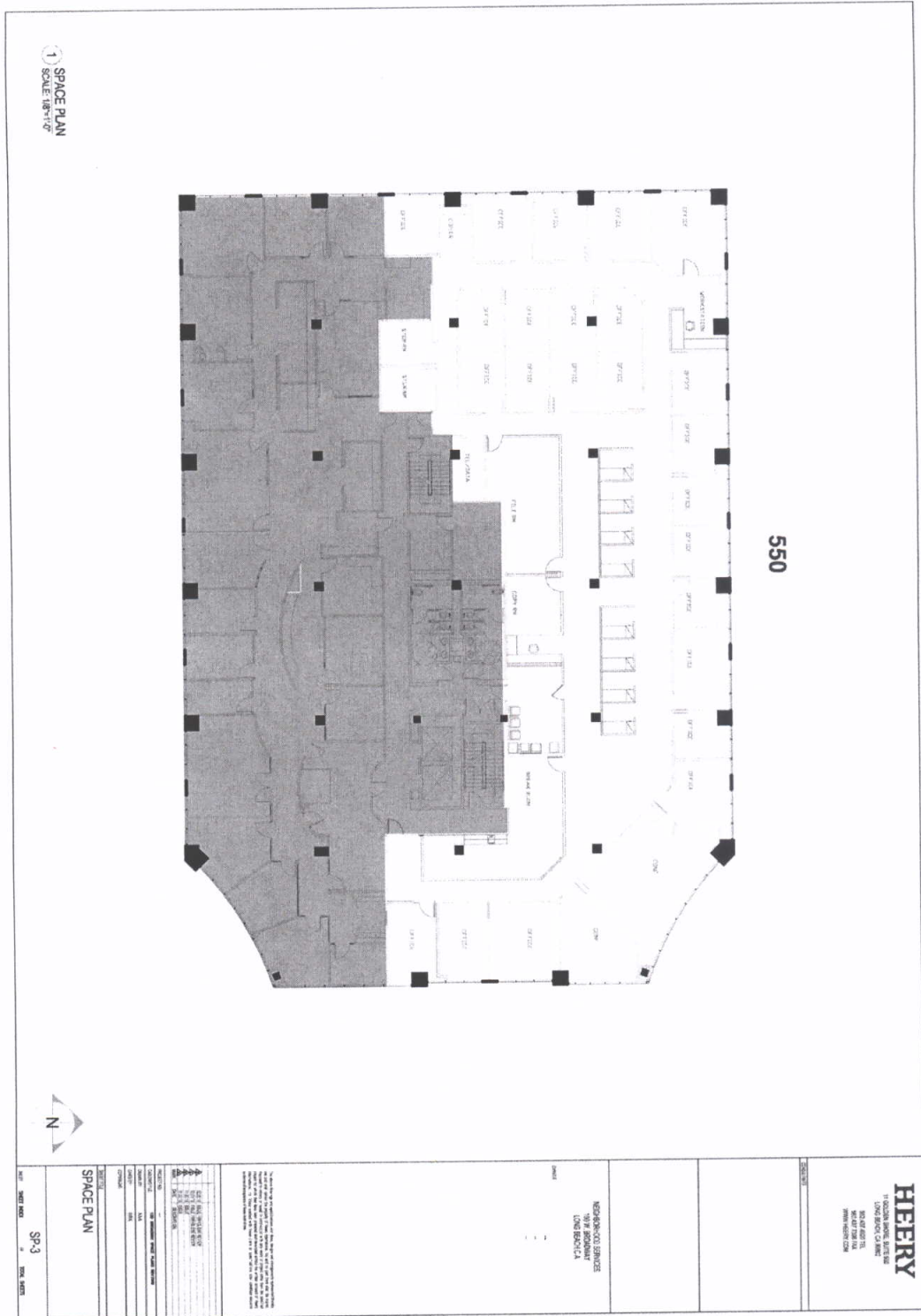


EXHIBIT "D"

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Exhibit "E" – Memorandum of Lease Commencement

This MEMORANDUM OF LEASE COMMENCEMENT (this "Memorandum") is entered into as of _____, 20__ between **DANARI BROADWAY, LLC, a Delaware limited liability company ("Lessor")** and the **CITY OF LONG BEACH, a municipal corporation ("Lessee")**.

RECITALS

Landlord and Tenant are parties to that certain Lease dated _____, 2011 (the "Lease"), pursuant to which Landlord leases to Tenant, and Tenant leases from Landlord, certain office space consisting of approximately _____ square feet of rentable area ("**Existing Premises**") located on the fourth and fifth floor of the office building with a street address of 100 W. Broadway, Long Beach, California ("**Building**").

In accordance with Section 8 of the First Amendment, Landlord and Tenant desire to amend the Lease to confirm the Commencement Date and to stipulate as to the gross leasable area in the Premises, Tenant's Share and other related matters, as provided in this Amendment.

In consideration of the foregoing recitals, the mutual covenants and agreements contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Tenant and Landlord agree to amend the Lease as follows:

- 1. Commencement Date.** Notwithstanding anything in the Lease to the contrary, Landlord and Tenant agree that the "Commencement Date" is _____ and the "Expiration Date" is _____, both as defined in the Lease.
- 2. Gross Leasable Area.** Landlord and Tenant stipulate and agree that the Premises contain _____ square feet. Notwithstanding any future re-measurement of the Premises or Building that may be inconsistent with the foregoing, there will be no further adjustments in the Base Rent or Tenant's Share from and after the date of this Amendment.

- 3. Base Rent Schedule.** The Base Rent schedule in the Basic Lease Provisions is amended as follows:

Lease Months	Monthly Rate	Monthly Installment
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__/__/__ -- __/__/__	\$ _____	\$ _____
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Effective as of the Commencement Date, Rent is due and payable in advance on the first day of each and every month during the Lease Term. With a Commencement Date of _____, the prorated Base Rent for the first partial month of the Lease Term is \$ _____ (i.e., \$ _____ per day). Tenant must deliver Rent to Landlord to the following address:

[Rent Payment Address]

- 4. Free Parking.** The free parking periods for each suite are as follows:

Suite 400: __/__/__ -- __/__/__

Suite 550: __/__/__ -- __/__/__

- 5. Tenant's Share.** Based on the gross leasable area in the Premises, "Tenant's Share" as defined in the Lease is _____%.
- 6. Entire Agreement.** The Lease, together with this Memorandum, embodies the entire understanding between Landlord and Tenant with respect to its subject matter and may only be modified or amended by an instrument in writing signed by the parties.
- 7. Ratification.** Except as set forth in this Memorandum, all the terms and provisions of the Lease remain unmodified and in full force and effect.
- 8. Authority.** The signatories hereto represent that they have full and complete authority to bind their respective parties to this Memorandum and that no other consent is necessary or required in order for the signatories to execute this Memorandum on behalf of their respective parties.
- 9. Counterparts.** This Memorandum may be executed in one or more counterparts and may be delivered by facsimile.

10. Capitalized Terms. Any capitalized terms used but not defined in this Amendment have the meanings defined in the Lease.

LESSOR:
{signature block}

LESSEE:
{signature block}

