



THE CITY OF SAN DIEGO

December 8, 2014

Mr. P. Michael Gerhardt
Director Real Estate Assets
Kaufman Financial Group
200 Kaufman Financial Center
30833 Northwestern Highway
Farmington Hills, MI 48334

Reference: Fully Executed 1st Amendment to Lease, Ruffin LLC, LP and
The City of San Diego, 9370 Chesapeake Drive Ste. 100 San Diego, CA 92123

Dear Mike:

Please find one (1) original fully executed 1st Amendment to Lease at 9370 Chesapeake Drive by and between Ruffin, LLC, and The City of San Diego. The City has retained originals for its files.

Thank you for your assistance in this matter to extend the lease at the Chesapeake Drive with the City of San Diego.

Sincerely,

Brad Bennett
Asset Manager

BB/cb

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Real Estate Assets Department

1200 Third Avenue, Suite 1700, MS 51A • San Diego, CA 92101-4199
Tel (619) 236-6020 Fax (619) 236-6706



DUPLICATE

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE AGREEMENT dated June ~~30~~, 2014 (the "First Amendment") is made by and between RUFFIN-SD, LLC, a California limited liability company ("Lessor"), and the CITY OF SAN DIEGO, a California municipality ("Lessee"). When signed by the parties and approved by the San Diego City Attorney and the City Council of the City of San Diego, this First Amendment will be retroactively effective on June 1, 2014.

RECITALS

A. Lessor and Lessee are parties to a commercial real estate lease executed by Lessor on September 26, 2007 and by Lessee on December 7, 2007 ("**Lease**"). Under the Lease, Lessee is occupying Suite 100 ("**Premises**") of the building located at 9370 Chesapeake Drive, San Diego, California ("**Building**").

B. The Lease consists of, as applicable, the terms set forth in: (1) the Lease, (2) the Lease Addendum Number One, which is an undated ten-page agreement consisting of eighteen provisions and three exhibits (Exhibit A, "Parking Rules and Regulations," and Exhibit B, "Commencement Agreement" and Exhibit C, "Space Plan"), (3) Lease Addendum Number Two, which is a five-page agreement, consisting of thirteen provisions dated August 3, 2007 (referred to collectively as the "**Addenda**"), and (4) the executed Commencement Agreement, which is a one-page document signed by Lessor on July 21, 2008.

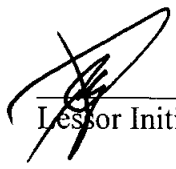
C. The Lease expired on May 31, 2014, which was prior to the execution and approval of this First Amendment. Lessee remained on the Premise on a month-to-month tenancy, during which time Lessee paid monthly rent in the amount of \$33,575.01 plus the estimated pro-rata share of monthly Operating Expenses in the amount of \$1,473.44. The parties desire for this First Amendment to apply retroactively to June 1, 2014.

D. Lessor and Lessee desire to amend the Lease to allow Lessee to, among other things: (1) extend the Term of the Lease; (2) adjust the Base Rent; (3) allow for certain Lessee improvements; (4) allow for a right of first offer; (5) allow for a right to extend the Term; (6) allow the installation, at Lessee's sole cost and expense, of a bullet-proof security enclosure in the reception/front-desk area of the Premises; and (7) restate the Lease term for parking at the Building.

TERMS AND CONDITIONS

Lessor and Lessee acknowledge, understand and agree as follows:

1. Effective Date. The Effective Date of this First Amendment is June 1, 2014.
2. Term. Commencing the Effective Date of this First Amendment, the Term of the Lease shall be extended by seventy-two (72) months expiring on May 31, 2020 unless otherwise terminated as herein provided. The extended term of the Lease shall be defined as the "Extended Term."


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Filed NOV 10 2014
Office of the City Clerk
San Diego, California


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3. **Base Rent.** The Base Rent for the "Extended Term" of the Lease consists of monthly full service gross rent plus electricity serving the Premises, as outlined in the table below. Commencing on June 1, 2015, and yearly thereafter, the Base Rate shall be increased by a fixed 3% per year on a cumulative/compounding basis, as outlined in the table below.

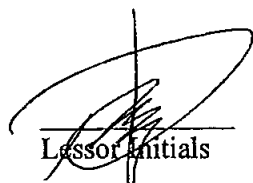
<u>Period</u>	<u>Monthly Rate Per Rentable Sq. Ft.(RSF))</u>	<u>Monthly Rent</u>
June 1, 2014 – May 31, 2015	\$1.80/RSF + E	\$25,844.00
June 1, 2015 – May 31, 2016	\$1.85/RSF + E	\$26,620.00
June 1, 2016 – May 31, 2017	\$1.91/RSF + E	\$27,418.00
June 1, 2017 – May 31, 2018	\$1.97/RSF + E	\$28,241.00
June 1, 2018 – May 31, 2019	\$2.03/RSF + E	\$29,088.00
June 1, 2019 – May 31, 2020	\$2.09/RSF + E	\$29,961.00

4. **Base Rent Abatement.** Notwithstanding the above, the Base Rent shall be abated during the months of September 2014, June 2015, June 2016 and June 2017 for a total of four (4) months. During any period of Base Rent Abatement, Lessee shall continue to pay for its pro-rata share of electricity serving the Premises and pro-rata share of Operating Expenses, as applicable.

5. **Base Rent Credit Due to Retroactivity of First Amendment.** The parties agree that Lessee will receive a monthly credit on the Base Rent in the amount of \$9,164.45, which is the difference between what Lessee paid as monthly Base Rent (\$7,691.01) and Operating Expenses (\$1,473.44) during the month-to-month tenancy and the Base Rent and Operating Expenses that is agreed upon in this First Amendment. The credit will be taken by Lessee for as many months as Lessee and Lessor were in a month-to-month tenancy and until such time as the credits are exhausted.

6. **Operating Expense Increase.** For calculating the Operating Expense Increase, as that term is defined in the Lease, the Base Year, shall be amended to be 2014. In calculating Lessee's Operating Expenses for the new Base Year of 2014 and each Comparison Year thereafter, all Operating Expenses shall be calculated as if the Building was 100% occupied. Lessee shall not pay for any increase in real property taxes that result from the sale or transfer of the Building. Operating Expense Increases shall be capped and limited to 4% increase per year. Lessee shall have no obligation to pay for a share of Operating Expense Increases applicable to the first twelve months of the Extended Term, which is the period of June 1, 2014 through May 31, 2015.

7. **Parking.** Lessee will continue to enjoy all parking rights and privileges stated in the Lease and Addenda. During the entire Extended Term and any Option Extension Term, Lessee is entitled to use fifty-two unreserved parking spaces in the Building's designated parking area at no cost to Lessee.


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8. Lessee Improvements. Except as set forth in this First Amendment, Lessee shall accept the Premises "as-is."

a. Work. Lessor, at Lessor's sole cost and expense, shall provide the following improvements to the Premises. These items are collectively referred to as the "**Work**"). The Work shall be completed by Lessor within thirty (30) days of the City Council of the City of San Diego's approval of this First Amendment; provided, however, that any period during which Tenant fails to cooperate with Landlord in a commercially reasonable fashion to complete such Work shall not be included within this 30-day period.

(i) Verify the proper working order of all systems and equipment in the Premises, and repair those that are not properly working.

(ii) Repair minor items in common areas, e.g. nonworking drinking fountain, missing shower heads and no hot water in shower, with Lessee to provide a list of such items and with such items subject to repair only in Lessor's reasonable discretion.

(iii) Professionally shampoo carpets flooring around Lessee's furniture and accessible cube areas; wax/clean/seal VCT areas in kitchen and storage areas after hours (with such work to be performed after normal business hours).

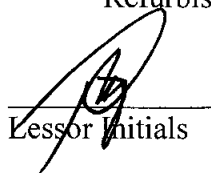
(iv) Repaint all accessible pathway/common areas, lunchroom and all conference rooms, with all repainted walls to be painted in their entirety in the same color as currently exists.

(v) Replace damaged and stained ceiling tiles throughout the Premises.

(vi) Repair and/or replace carpet where seams are unraveling along the pathway areas; provided, however, that Lessor and Lessee shall mutually approve the repairs/replacement prior to work commencing. The locations of the proposed seam repairs that shall be completed pursuant to this First Amendment are depicted in Exhibit A hereto (Seam Repairs).

(vii) Investigation of top closer arm for door to kitchen to ascertain reason(s) for slamming door, and Lessor to repair the same.

b. In addition to the above Work, which shall be performed at Lessor's sole cost and expense, Lessor also shall make available an additional \$2.00 per rentable square foot (i.e., \$28,716.00) to be used by Lessee for any improvements to the Premises ("**Refurbishment Allowance**"). Only that work performed and invoiced to Lessor between June 1, 2016 and May 31, 2018 shall be covered by this Refurbishment Allowance. All improvements that are performed outside this time period for which Lessor receives the invoice outside this time period shall not be covered by this Refurbishment Allowance. Where governmental approval or permitting is required for


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any such improvement, the cost of architectural, engineering and permitting and construction fees shall be included within this Refurbishment Allowance. Any portion of the Refurbishment Allowance that is invoiced in a timely manner as set forth above or for which the work is not completed in a timely manner as set forth above shall be deemed waived and forever forfeited by Lessee.

9. Right of First Offer.

a. Lessor grants to Lessee a right of first offer ("**First-Offer Right**") with respect to any space adjacent to Suite 100 on the first floor of the Building ("**First-Offer Space**"). Lessee's First-Offer Right shall be on the terms and conditions set forth in this Section 9 of this First Amendment. This right is subordinate to any other similar right provided to any other lessee under any lease or amendment date prior to the Effective Date hereof.

b. Lessor shall provide Lessee with written notice ("**First-Offer Notice**") when Lessor determines that a First-Office Space will become available for lease to third parties with a description of the First-Office Space ("**Specific First-Office Space**"). The First-Office Notice shall state the Fair Market Rental Value of the Specific First-Office Space.

c. If Lessee wishes to exercise Lessee's First-Office Right with respect to the Specific First-Office Space, Lessee shall, within ten (10) business days after delivery of the First-Office Notice to Lessee, deliver notice to Lessor of Lessee's intention to exercise its First-Office Right with respect to all the Specific First-Office Space. Lessee must elect to exercise its First-Office Right, if at all, only with respect to all the space offered by Lessor to Lessee at any particular time, and Lessee may not elect to lease only a portion of that space. If Lessee does not exercise its First-Office Right within the response period specified hereinabove, the First-Office Right shall terminate for the Specific First-Office Space and Lessor shall be free to lease that space to anyone on any terms at any time during the Lease Term, without any obligation to provide Lessee with a further right to lease that space. The First-Office Right shall be personal to the originally named Lessee and shall be exercisable only by the originally named Lessee (and not any assignee, sublessee, or other transferee of Lessee's interest in this Lease). The originally named Lessee may exercise the First-Office Right only if that Lessee occupies the entire Premises as of the date of the First-Office Notice. Lessee shall not have the right to lease the Specific First-Office Space if Lessee is in default of a material provision under this Lease as of the date of the attempted exercise of the First-Office Right by Lessee or (at Lessor's option) as of the scheduled date of delivery of the Specific First-Office Space to Lessee. Lessor shall not be liable to Lessee or otherwise be in default under this Lease if Lessor is unable to deliver the Specific First-Office Space to Lessee on any particular projected delivery date due to the failure of any other Lessee to timely vacate and surrender to Lessor the Specific First-Office Space or any portion of it. If Lessee timely and validly exercises the First-Office Right, then, beginning on the date that the Specific First-Office Space is made ready and available for occupancy ("**Delivery Date**") and continuing for the new then current market lease term (including any extensions):



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(i) The Specific First-Offer Space shall be part of the Premises under this Lease (so that the term "Premises" in this Lease shall refer to the space in the Premises immediately before the Delivery Date plus the Specific First-Offer Space); and

(ii) Lessee's share of Operating Expenses shall be adjusted to reflect the increased rentable area of the Premises.

d. Lessee's lease of the Specific First-Offer Space shall be on the same terms and conditions as affect the original Premises from time to time except as otherwise provided in this provision. Base Rent and all other economic terms applicable to the Specific First-Offer Space shall be equal to the Fair Market Rental Value of this space. Lessee's obligation to pay Base Rent with respect to the Specific First-Offer Space shall begin on the date said space is made ready and available for occupancy. The Specific First-Offer Space shall be leased to Lessee in its "as-is" condition except for any Lessee improvements required to be made by Lessor.

e. Lessor shall have no obligation to construct any improvements in, or to contribute any funds for improvement of, the Specific First-Offer Space except to the extent that an improvement allowance is granted as a component of the fair market rental value. Lessee's construction of any improvements in the Specific First-Offer Space shall comply with all provisions of the Lease relating to alterations.

f. If Lessee timely and validly exercises the First-Offer Right, Lessor and Lessee shall, within fourteen (14) business days after the Delivery Date, confirm in writing the addition of the Specific First-Offer Space to the Premises on the terms and conditions set forth in this provision. The written confirmation shall confirm:

(i) The actual Delivery Date;

(ii) The rentable square footage of the Premises with the addition of the Specific First-Offer Space;

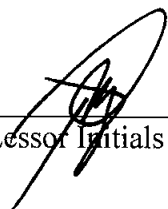
(iii) The Fair Market Rental Value for the Specific First-Offer Space;

(iv) The percentage that constitutes Lessee's share of Operating Expenses;

(v) The rental commencement date for the Specific First-Offer Space;

(vi) The lease term of the Specific First-Offer Space; and

(vii) Any other term that either party requests be confirmed with respect to the Specific First-Offer Space.



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g. For the purposes of this section, the term "**Fair Market Rental Value**" shall mean the annual amount per rentable square foot that a willing, non-equity new lessee would pay and a willing Lessor would accept at arms' length for space in a comparable, similar one to two-story Class B building, with comparable lessee improvements, in the immediate Kearny Mesa submarket location, giving appropriate consideration to monthly rental rates per rentable square foot, the presence or absence of rent escalation clauses, length of lease term, size and location of premises being leased and other generally applicable terms and conditions of tenancy for a similar building or buildings as outlined above, including operating expenses and tax pass-throughs.

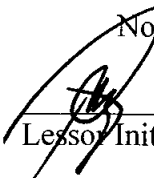
10. Option Beyond the "Extended Term."

a. Conditions to Exercise of Option. Provided that Lessee is not in Default or Monetary Default under this Lease at the time Lessee is entitled to issue an Exercise Notice (see subsection "b" below) and Lessee is in occupancy of more than fifty percent (50%) of the Premises, Lessee shall have one (1) option to extend the Lease Term for an additional period of five (5) years ("**Option Extension Term**"), commencing upon the expiration of the Extended Term of this First Amendment ("**Option to Extend**"). The term "Default" in this First Amendment is defined, as it is in the Lease, as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or rules and regulations under the Lease, the Addenda and this First Amendment. The term "**Monetary Default**" refers to those Defaults that are caused by Lessee's failure or timely failure to pay Rent and/or Operating Expenses. Notwithstanding the foregoing, if Lessee expands its Premises in excess of Suite 100 at any time during the "Extended Term," Lessee may exercise its Option to Extend each suite independently of one another (i.e., Lessee shall have an Option to Extend the leasing of Suite 100 for the Option Extension Term without the obligation to continue leasing one or more other suites Lessee may have had under lease prior to the termination of the "Extended Term").

b. Notice of Exercise. If Lessee elects to further extend the Lease for the Option Extension Term, Lessee shall give written notice ("**Exercise Notice**") of its exercise to Lessor not earlier than three hundred sixty-five (365) days prior to the expiration of the initial term of this First Amendment and not later than one hundred eighty (180) days prior to the date that the Extended Term expires. Lessee's failure to provide the Exercise Notice shall be deemed a waiver of all rights Lessee may have had right to extend the Lease Term.

c. Conditions Terminating Lessee's Right to Exercise Option. Lessee shall not have the right to exercise the Option Extension Term in the event that: (i) Lessor has given to Lessee two (2) or more notices of Monetary Default during the Extended Term of this First Amendment and that Lessee has not commenced to cure the Monetary Default within ten (10) business days; or (ii) three (3) or more late payment charges have become payable under the Lease during the last twelve (12) month period of the Extended Term of this First Amendment.

d. Terms of the Option Extension Term. The giving of an Exercise Notice shall constitute an irrevocable election by Lessee to extend the Lease upon the



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terms, covenants and conditions set forth herein. The terms, covenants and conditions applicable to the Option Extension Term shall be the same terms, covenants and conditions of the Lease, including those, as applicable, of the Addenda and this First Amendment, except that (1) the Base Rent for such Option Extension Term shall be adjusted as provided in this paragraph; and (2) no provisions relating to the initial delivery of the Premises to Lessee or to the provisions of this First Amendment (including, but not limited to, any Lessor's construction obligations or lessee improvement allowance provisions) shall be applicable to such Option Extension Term.

e. Conditions to Exercise or Termination of Option May Only Be Asserted By Lessor and May Be Waived By Lessor. As set forth in this Lease, Lessee is required to meet certain conditions before Lessee may exercise its Option to Extend. Lessor, in its sole and absolute discretion, may elect to waive one or more of those conditions. In the event Lessor waives one or more conditions and Lessee exercises its Option to Extend, then Lessee may not thereafter rescind or withdraw its Exercise Notice.

f. Determination of Base Rent During Option Extension Term.

(i). Option Extension Term Initial Base Rent. The Base Rent during the first year of any Option Extension Term shall be equal to the "Fair Market Rent" of the Premises for the five-year period of such Option Extension Term determined as provided herein (the "**Option Extension Term Initial Base Rent**").

(ii) Fair Market Rent. "**Fair Market Rent**" as used only in this Section 10 shall mean 100% of the base rent and other amounts new or renewal lessees (who do not have any below market renewal rights) are then paying to enter into leases for comparable, similar, one to two story-Class B office building in the Kearny Mesa submarket or the Building, with a commencement date comparable to the first day of the Option Extension Term considering any concessions or incentives such as free rent, additional lessee improvements, etc. for the Premises. Comparisons of the Premises to other comparable space in the Building shall be made on a per rentable square foot basis. In determining the Fair Market Rent of the Premises during the Option Extension Term, consideration shall be given to the uses of the Premises permitted under the Lease, the quality, size, design, view and location of the Premises, the credit-worthiness of the Lessee, and the rent of comparable, improved, office space located in the applicable Kearny Mesa office submarket area.

(iii) Lessor and Lessee to Seek to Agree. Lessor and Lessee shall have thirty (30) days after Lessor receives the Exercise Notice in which to seek to agree on the Option Extension Term Initial Base Rent (the "**Outside Agreement Date**"). If Lessor and Lessee agree on the applicable Option Extension Term Initial Base Rent either prior to or at any time following the Outside Agreement Date, they immediately shall execute an amendment to the


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Lease confirming the Option Extension Term Initial Base Rent as so agreed as the Base Rent for the first year of the Option Extension Term.

(iv) Parties' Separate Determinations. If Lessor and Lessee are unable to agree on the applicable Option Extension Term Initial Base Rent prior to the Outside Agreement Date, then Lessor and Lessee shall each make a separate determination of the Fair Market Rent and notify the other party of this determination within five (5) days after the Outside Agreement Date. If each party makes a timely determination of the Fair Market Rent, those determinations shall be submitted to arbitration in accordance with subparagraph (v) below. If either Lessor or Lessee fails to make a determination of the Fair Market Rent within the five (5) day period, that failure shall be conclusively considered to be that party's approval of the Fair Market Rent submitted within the five (5) day period by the other party.

(v) Arbitration Procedure.

(A) Appointment of Arbitrators. Within ten (10) business days after the later of the dates on which Lessor and Lessee submit to the other their separate determinations of Fair Market Rent, Lessor and Lessee shall each by giving notice to the other party, appoint a licensed commercial real estate broker who has been active in the leasing of commercial properties in San Diego County over the ten (10) year period ending on the date of his appointment as arbitrator (an "**Arbitrator**"). If Lessor fails to timely name an Arbitrator, then Fair Market Rent shall be deemed to be the Fair Market Rent determination as set forth in Lessee's commercially reasonable determination of Fair Market Rent under subsection 10(f)(iv), above. If Lessee fails to timely name an Arbitrator, or if both Lessor and Lessee fail to timely name an Arbitrator, then Fair Market Rent shall be deemed to be the Fair Market Rent determination as set forth in Lessor's commercially reasonable determination of Fair Market Rent made under sub-section 10(f)(iv), above. If each party timely appoints an Arbitrator, the two (2) Arbitrators shall meet promptly and shall attempt to select a third Arbitrator (the "Independent Arbitrator") meeting the qualifications stated in this paragraph, as well as being a person who has not previously acted in any capacity for either Lessor or Lessee. If they are unable to agree on the Independent Arbitrator, then those two Arbitrators shall be relieved of their responsibilities under this First Amendment, and Lessor and Lessee shall each appoint as an Arbitrator a different license real estate broker with the same qualifications as set forth herein, and those Arbitrators shall endeavor to select an Independent Arbitrator. This process shall continue until the earlier of the following: (i) the selection of an Independent Arbitrator in accordance with the terms herein; or (ii) either Lessor or Lessee fails to timely appoint and Arbitrator.



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(B) Value Determined by Three (3) Arbitrators. Within thirty (30) days after the appointment of the Independent Arbitrator, the three (3) Arbitrators shall decide whether the rental figure named by Lessor or Lessee most nearly approximates the Fair Market Rent of the Premises. The Arbitrators may not select any other figure. The decision of a majority of the three (3) Arbitrators shall be binding on Lessor and Lessee.

(C) Only One Arbitrator. If either Lessor or Lessee fails to appoint an Arbitrator within ten (10) business days after the later of the dates on which Lessor and Lessee submitted their separate Fair Market Rent determinations, the Arbitrator timely appointed by one (1) of the them shall reach a decision and notify Lessor and Lessee of that decision within thirty (30) days after the Arbitrator's being appointed. The Arbitrator's decision shall be binding on Lessor and Lessee.

(D) Notice to Lessor and Lessee. After the Option Extension Term Initial Base Rent for the first year of the Option Extension Term has been set by the Arbitrators as set forth above, the Arbitrators shall notify Lessor and Lessee immediately and Lessor and Lessee shall immediately execute an amendment to the Lease confirming the Option Extension Term Initial Base Rent as so determined as the Base Rent for the first year of the Option Extension Term.

11. Low Impact Development. Lessor agrees to reasonably work with the City to review plans implementing low impact development elements into the existing landscape, including over-irrigation. The parties may consider projects such as rain barrels, rain gardens, swales, and other projects that would capture and treat storm water from the parking lot and other impervious areas. However under no circumstances shall these projects impair site access or limit parking. All costs for design, installation and maintenance would be the responsibility of Lessee upon receiving Lessor's approvals.

12. Full Force and Effect. Except as expressly amended hereby, the Lease and any addenda or amendments thereto are unmodified, and shall remain in full force and effect in accordance with its terms and conditions. Lessee knows of no Default by Lessor under the Lease as of the Effective Date.

13. Authority. Lessor and Lessee each represent and warrant that: (a) they have due power and lawful authority to execute and deliver this First Amendment and to perform their obligations under the Lease and any and all amendments thereto, including, but not limited to, this First Amendment; and (b) the Lease and this First Amendment are the valid, binding and enforceable obligations of Lessor and/or Lessee, as the case may be. If Lessee executes this First Amendment in other than an individual capacity, the person executing this First Amendment on behalf of Lessee personally represents and warrants that he or she is an authorized signatory.



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14. Binding Agreement. This First Amendment and the Lease, as amended hereby, shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors, legal representatives and assigns.

15. Notices. All notices and other communications given pursuant to the Lease and any addenda and amendments thereto, including this First Amendment to Lease, shall be in writing and shall be delivered to the parties hereto at the address specified as follows to the addresses below either by: (1) first class mail, United States Mail, postage prepaid, certified, with return receipt requested; or (2) a nationally recognized overnight carrier:

a. If to Lessor:

Ruffin-SD, LLC
200 Kaufman Financial Center
30833 Northwestern Highway
Suite 220
Farmington Hills, MI 28334
Attention: Real Estate Asset Manager

with a copy to:

Kaufman, Payton and Chapa
200 Kaufman Financial Center
30833 Northwestern Highway
Suite 200
Farmington Hills, MI 48334
Attention: Lawrence C. Atorothy

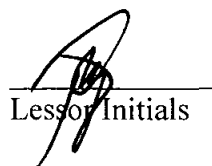
b. If to Lessee:

City of San Diego
Real Estate Assets Department
Attn: Real Estate Director
1200 Third Avenue, Suite 1700
San Diego, CA 92101

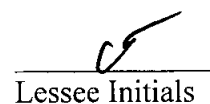
with a copy to:

City of San Diego
Real Estate Assets Department
Attn: Asset Manager
1200 Third Avenue, Suite 1700
San Diego, CA 92101

16. Separability. If any clause or provision of this First Amendment is illegal, invalid, or unenforceable under present or future laws, then the remainder of this First



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Amendment shall not be affected thereby and in lieu of such clause or provision, there shall be added as a part of this First Amendment a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable.

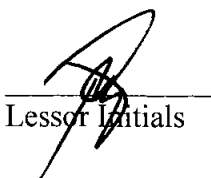
17. Amendments; Binding Effect. Neither the Lease nor any addenda or amendments thereto may be amended except by instrument in writing signed by Lessor and Lessee. No provision of this First Amendment shall be deemed to have been waived by Lessor unless such waiver is in writing signed by Lessor, and no custom or practice which may evolve between the parties in the administration of the terms hereof shall waive or diminish the right of Lessor to insist upon the performance by Lessee in strict accordance with the terms hereof.

18. Entire Agreement. The Lease and all addenda and amendments constitute the entire agreement between Lessor and Lessee regarding the subject matter hereof and supersede all oral statements and prior writings relating thereto. Except for those set forth in the Lease and the addenda and amendments thereto, no representations, warranties, or agreements have been made by Lessor or Lessee to the other with respect to this Lease or the obligations of Lessor or Lessee in connection therewith. The normal rule of construction that any ambiguities be resolved against the drafting party shall not apply to the interpretation of this Lease or any exhibits, addenda or amendments hereto.

19. Governing Law. This First Amendment shall be governed by and construed in accordance with the laws of the State of California in which the Premises is located.

20. Recording. Lessee shall not record the Lease, any amendments to the Lease or any memorandum of the Lease or amendments thereto without the prior, written consent of Lessor, which consent may be withheld or denied in the sole and absolute discretion of Lessor. Lessee grants to Lessor a power of attorney to execute and record a release releasing any such recorded instrument of record that was recorded without the prior written consent of Lessor. Notwithstanding the foregoing, Lessor acknowledges and agrees that disclosure of the Lease or all addenda or amendments thereto may be subject to disclosure by Lessee pursuant to California law.

21. Prohibited Persons and Transactions. Lessee and Lessor (each, a “**Representing Party**”) each represents and warrants to the other (i) that neither the Representing Party nor any person or entity that directly owns a 10% or greater equity interest in it nor any of its officers, directors or managing members is a person or entity (each, a “**Prohibited Person**”) with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (“**OFAC**”) of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including Executive Order 13224 (the “**Executive Order**”) signed on September 24, 2001 and entitled "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action, (ii) that the Representing Party's activities do not violate the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders promulgated thereunder (as amended from time to time, the “**Money Laundering Act**”), and (iii) that throughout the Lease Term (as


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Lessee Initials

extended hereby), the Representing Party shall comply with the Executive Order and with the Money Laundering Act.

22. No Breach. To the best of Lessee's knowledge, information and belief, as of the Effective Date of this First Amendment, Lessor is not in breach under any of the terms or conditions of the Lease.

23. Exhibits. Each Exhibit attached to this First Amendment, if any, is hereby made a part hereof for all purposes.

24. Defined Terms. Defined terms used and not otherwise defined herein shall have the meanings given such terms in the Lease and/or the addenda or amendments to the Lease.

25. Representations and Warranties. As of the Effective Date of this First Amendment, Lessor shall be responsible at its sole costs and expense to ensure the Premises and any common areas if the Building comply with all codes and regulations, regardless of the age of the Building, including but not limited to Title 24 of the Americans with Disabilities Act, CASP certification, and those relating to back flow or back flow reporting, and seismic, fire and life safety.

28. No Broker. Both parties each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder in conjunction with this First Amendment and no one is entitled to any commissions or finders in connection herewith. Lessee and Lessor hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party.

IN WITNESS WHEREOF, Lessor and Lessee have caused this First Agreement to be duly executed, as of the day and year first above written.

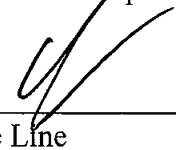
LESSOR:

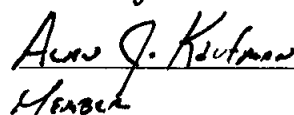
LESSEE:

RUFFIN – S.D., L.L.C.
a California limited liability company

CITY OF SAN DIEGO,
a California municipality


Signature Line


Signature Line

By: 
Member

By: Cybele Thompson
Print Name **Director, Real Estate Assets**

Title: _____

Date: 12/5/14


Lessor Initials


Lessee Initials

Approved as to form and legality:
this 5th day of December, 2014.

JAN I. GOLDSMITH, City Attorney

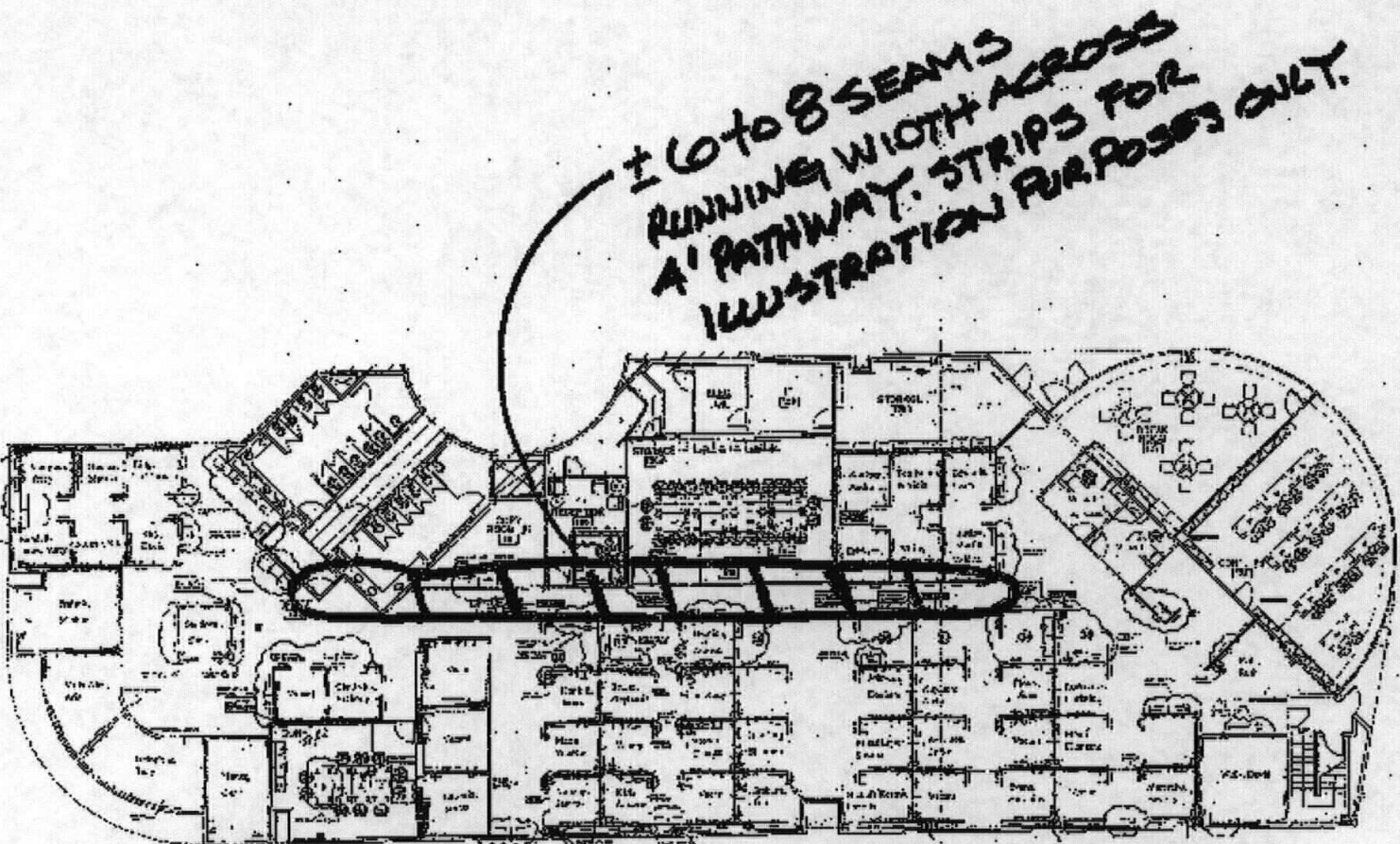
By: Alexis Jodkowski
Alexis Jodkowski
Deputy City Attorney

Attachments: Exhibit A – Seam Repairs

[Signature]
Lessor Initials

[Signature]
Lessee Initials

Exhibit A and Exhibit C
Seam Repairs/Space Plan



ORDINANCE NUMBER O- **20430** (NEW SERIES)DATE OF FINAL PASSAGE **NOV 25 2014**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE MAYOR TO EXECUTE AND DELIVER THAT CERTAIN FIRST AMENDMENT TO LEASE BETWEEN RUFFIN-SD, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, AND THE CITY OF SAN DIEGO, WHICH AMENDMENT INCLUDES ADJUSTING THE LEASE RENTAL RATE; AND AUTHORIZING THE CHIEF FINANCIAL OFFICER TO MAKE CERTAIN EXPENDITURES THEREFOR.

WHEREAS, the City of San Diego (City) entered into a lease, dated December 7, 2007, with Ruffin-SD, LLC, a California limited liability company (Lessor), for office space at 9370 Chesapeake Drive, San Diego (Lease). The Lease includes Lease Addendum Number One, Lease Addendum Number Two, and the executed Commencement Agreement; all by and between Lessor and City;

WHEREAS, the original term of the Lease was to expire on May 31, 2014; and

WHEREAS, prior to the expiration of the original term of the Lease, the City and Lessor entered into negotiations to amend the Lease, to among other terms, extend the Lease for an additional six years; and

WHEREAS, City and Lessor have agreed to amend the Lease (First Amendment to Lease), subject to City Council's approval, to among other things: (1) extend the term of the Lease for another six years, which is the same number of years the City could extend the Lease pursuant to two options in Addendum Number Two of the original Lease; (2) retroactively apply the First Amendment to Lease to June 1, 2014, to, among other factors, apply to the rent; (3) adjust the base rent from \$2.34 per square foot per month down to an initial rent of \$1.80 per

square foot per month; (4) provide for City to receive rent credits for the rent paid from June 1, 2014, to the authorization of the First Amendment to Lease, in the amount of \$9,164.45 per month, to capture the newly reduced rental rate structure; (5) provide for an extra rent abatement equal to the value of four months' rent during the extended term of the Lease, resulting in a total savings of \$108,123.00; (6) allow for the City to have a right of first offer to lease additional space in the building should it become available; (7) allow for a right to further extend the term; (8) provide a \$28,716.00 refurbishment allowance for use by the City for tenant improvements during the time period of June 1, 2016, through May 31, 2018; all as more fully set forth in the proposed First Amendment to Lease; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego as follows:

Section 1. That the Mayor or his designee is authorized to execute and deliver that certain First Amendment to Lease between Ruffin-SD, LLC, a limited liability company, as lessor, and the City of San Diego, as lessee, and on file with the Office of the City Clerk as Document No.

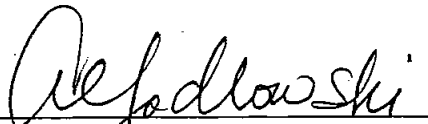
OO- 20430 .

Section 2. That the Chief Financial Officer is authorized to appropriate and expend funds up to \$2,120,789.00 for rent, including utilities, for the duration of the six-year extended term of the Lease from the General Fund, Fund No. 100000, Cost Center 9912001112, General Ledger Account 512217.

Section 3. That a full reading of this ordinance is dispensed with prior to passage, since a written copy was made available to the City Council and the public prior to the day of passage.

Section 4. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Alexis L. Jodkowski
Deputy City Attorney

ALJ:dkr
8/4/2014
Or.Dept: Real Estate Assets Dept.
Doc. No. 835061

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of NOV 10 2014.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 11/24/14
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on NOV 10 2014, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	☒	☐	☐	☐
Ed Harris	☒	☐	☐	☐
Todd Gloria	☒	☐	☐	☐
Myrtle Cole	☒	☐	☐	☐
Mark Kersey	☒	☐	☐	☐
Lorie Zapf	☒	☐	☐	☐
Scott Sherman	☒	☐	☐	☐
David Alvarez	☒	☐	☐	☐
Marti Emerald	☒	☐	☐	☐

Date of final passage NOV 25 2014

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By Mary Fernandez, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

OCT 21 2014

, and on

NOV 25 2014

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By Mary Fernandez, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20430

Passed by the Council of The City of San Diego on November 10, 2014 by the following vote:

YEAS: **LIGHTNER, HARRIS, GLORIA, COLE, KERSEY, ZAPF, SHERMAN, ALVAREZ, EMERALD.**

NAYS: **NONE.**

VACANT: **NONE.**

NOT PRESENT: **NONE.**

RECUSED: **NONE.**

AUTHENTICATED BY:

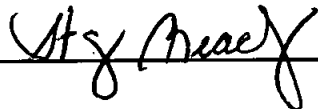
KEVIN L. FAULCONER

Mayor of The City of San Diego, California

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California

(Seal)

By: , Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of ORDINANCE NO. O – 20430 (New Series) of The City of San Diego, California.

I FURTHER CERTIFY that said ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on October 21, 2014 and on November 25, 2014.

I FURTHER CERTIFY that the said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available for the consideration of each member of the Council and the public prior to the day of its passage.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California

(SEAL)

By: , Deputy