

ORIGINAL

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE AGREEMENT dated JANUARY 20, 2016 (the "**Amendment**") is made by and between RUFFIN-SD, LLC, a California limited liability company ("**Lessor**"), and the CITY OF SAN DIEGO, a California municipal corporation ("**Lessee**").

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, consisting of: (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 dated August 3, 2007, (4) the executed Commencement Agreement, which is a one-page document signed by Lessor on July 21, 2008, and (5) the "First Amendment to Lease," effective June __ 2014. (collectively, "**Lease**").

B. By way of a first amendment to the Lease with an effective date of June , 2014 ("First Amendment"), Lessor and Lessee amended the Lease 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.

C. Under the Lease, Lessee is occupying Suite 100 ("**Premises**") of the building located at 9370 Chesapeake Drive, San Diego, California ("**Building**").

D. Lessor and Lessee desire to amend the Lease to, among other things: (1) allow Lessee to expand into Suite 150 of the Building; (2) adjust the Base Rent; and (3) allow for certain Lessee improvements.

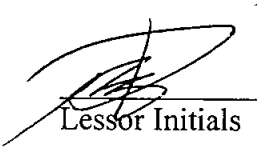
TERMS AND CONDITIONS

Lessor and Lessee acknowledge, understand and agree as follows:

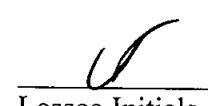
1. Effective Date. The Effective Date of this Second Amendment shall be February 1, 2016

2. Premises and Parking.

a. Commencing February 1, 2016 (or upon the Expansion Space Commencement Date as hereinafter defined), Lessor shall lease to Lessee, and Lessee shall lease from Lessor, the real property space known as "Suite 150" of the Building, as depicted on attached Exhibit A containing 6,486 rentable square feet (RSF) of improved office space (the "**Expansion Space**"), under the same terms, conditions, and respective


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SAN DIEGO, CALIFORNIA


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rights and responsibilities of the Lease and this Amendment.. In all respects not in conflict with the terms and conditions of this Amendment, the term "Premises" as used in the Lease and all prior amendments shall include the Expansion Space.

b. Exhibit A to the Lease (Parking Rules and Regulations) shall be amended as follows.

(i) Paragraph 2 of Exhibit A shall be amended to permit 75 unreserved parking spaces instead of the 52 unreserved parking spaces therein provided.

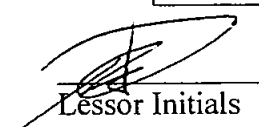
(ii) Paragraph 2 of Exhibit A shall be amended to permit the right to park up to 20 vehicles overnight instead of the 10 therein provided; provided, however, that the right to use 20 parking spaces overnight shall be inclusive of the 75 parking spaces permitted to Lessee, i.e., Lessee and its agents, employees, contractors, invitees, licensors, board members or affiliates shall not be permitted to occupy more than 75 parking spaces at any given time, whether overnight or during daytime.

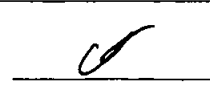
3. Term for Expansion Space. The term for the Expansion Space shall be February 1, 2016 through May 31, 2020, unless otherwise extended by the parties hereto ("**Expansion Space Term**").

4. Expansion Space Base Rent.

a. The Base Rent for the Expansion Space shall be paid in addition to, and under the same terms and conditions as, any Base Rent payable for the Premises under the Lease. Lessee's obligation to pay Expansion Space Base Rent shall commence upon the later of the following: (a) seven (7) days after Lessor's substantial completion of the Lessee's Tenant Improvements (as defined in this Amendment); or (b) February 1, 2016. The date by on which Lessee's obligation to commence paying Expansion Space Base Rent hereunder commences shall be referred to herein as the "**Expansion Space Commencement Date.**" The Expansion Space Base Rent shall be as set forth in the Table below.

<u>Period</u>	<u>Monthly Rate Per Rentable Sq. Ft.(RSF))</u>	<u>Monthly Expansion Space Base Rent</u>
February 1, 2016 – Expansion Space Commencement Date	\$0.00	\$0.00
Expansion Space Commencement Date – May 31, 2016	\$1.85/RSF + E	\$11,999.10 + E
June 1, 2016 – May 31, 2017	\$1.91/RSF + E	\$12,388.26 + E
June 1, 2017 – May 31, 2018	\$1.97/RSF + E	\$12,777.42 + E
June 1, 2018 – May 31, 2019	\$2.03/RSF + E	\$13,166.74 + E


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June 1, 2019 – May 31, 2020	\$2.09/RSF + E	\$13,555.74 + E
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b. If the Expansion Space Commencement Date occurs on a day other than the first of the month, then the Base Rent for that month shall be pro-rated based upon the number of days remaining in that month. In any event, the Expansion Space Term shall be coterminous with the expiration date under the Lease and any amendments thereto. Lessor agrees to give Lessee a minimum 30 days prior written notice of the anticipated Expansion Space Commencement Date.

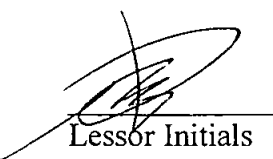
c. In addition to Base Rent, Lessee shall pay Operating Expenses (Section 5, below). Lessee shall also be required to pay the electrical costs incurred with respect to the Expansion Space (the “+E” as referenced in the above Table).

5. Operating Expenses. The Base Year for payment of Operating Expenses for the Expansion Space (“**Expansion Space Base Year**”) shall be the calendar year 2016. Commencing January 1, 2017, Lessee shall pay (if applicable), in the same manner and under the same terms and conditions, Operating Expenses, as that term is defined in the Lease, for the Expansion Space. In calculating Lessee’s Operating Expenses for the new Base Year of 2016 and each Comparison Year thereafter, all Operating Expenses shall be calculated as if the Building was 100% occupied. Notwithstanding anything to the contrary in Lease Paragraph 10 or otherwise, Lessee shall not pay for any increases in real property taxes that result from the sale or transfer of the Premises, Building the Project, or any appurtenant real property. Notwithstanding anything to the contrary in Lease Paragraph 4 or otherwise, increases in Operating Expenses shall be capped and limited to up to 4% per year. Lessee’s pro-rata share for the Expansion Space for calculating Operating Expenses under the Lease shall be 15.34% (6,486 (RSF)/42,273(RSF))

6. Condition of the Expansion Space. Lessor shall be responsible, at Lessor’s sole cost, for all code and regulatory compliance involving the Expansion Space, bathrooms, Common Areas and paths of travel, including but not limited to compliance with ADA, Title 24, Fire Life Safety, Seismic, and for proper working order of all systems including but not limited to HVAC and HVAC balancing, doors, door hardware, exterior blinds, and lighting. Any damage beyond normal wear/tear caused during any prior tenancy or occupancy, including during any vacating from such, of the Expansion Space shall be repaired at Lessor’s costs and expense. Lessor shall repair significant wall scars and holes at Lessor expense. Any or all damaged/stained ceiling tiles shall be replaced at Lessors expense. Lessor shall clean the carpets at its expense, if requested by Lessee.

7. Lessee Improvements. Except as set forth in this Amendment, Lessee shall accept the Expansion Space “as-is.” Notwithstanding the foregoing, Lessor shall provide Lessee Improvements as set forth in attached Exhibit B

8. Full Force and Effect. Except as expressly amended hereby, the Lease is 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.


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

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

11. Separability. If any clause or provision of this Amendment is illegal, invalid, or unenforceable under present or future laws, then the remainder of this Amendment shall not be affected thereby and in lieu of such clause or provision, there shall be added as a part of this 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.

12. 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 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.

13. Entire Agreement. The Lease constitutes the entire agreement between Lessor and Lessee regarding the subject matter hereof and supersedes all oral statements and prior writings relating thereto. Except for those set forth in the Lease, 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.

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

15. 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.



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

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

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

19. Defined Terms. Capitalized terms used and not otherwise defined herein shall have the meanings given such terms in the Lease.

20. 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 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.



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

LESSOR:

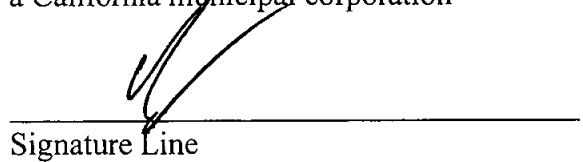
RUFFIN – S.D., L.L.C.
a California limited liability company


Signature Line

By: Alan J. Kaufman
Member

LESSEE:

CITY OF SAN DIEGO,
a California municipal corporation


Signature Line

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

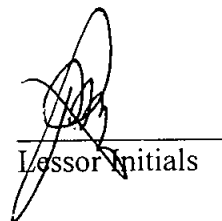
Title: _____

Date: 1/15/16

Approved as to form:
this 20th day of January, 2015. 2016

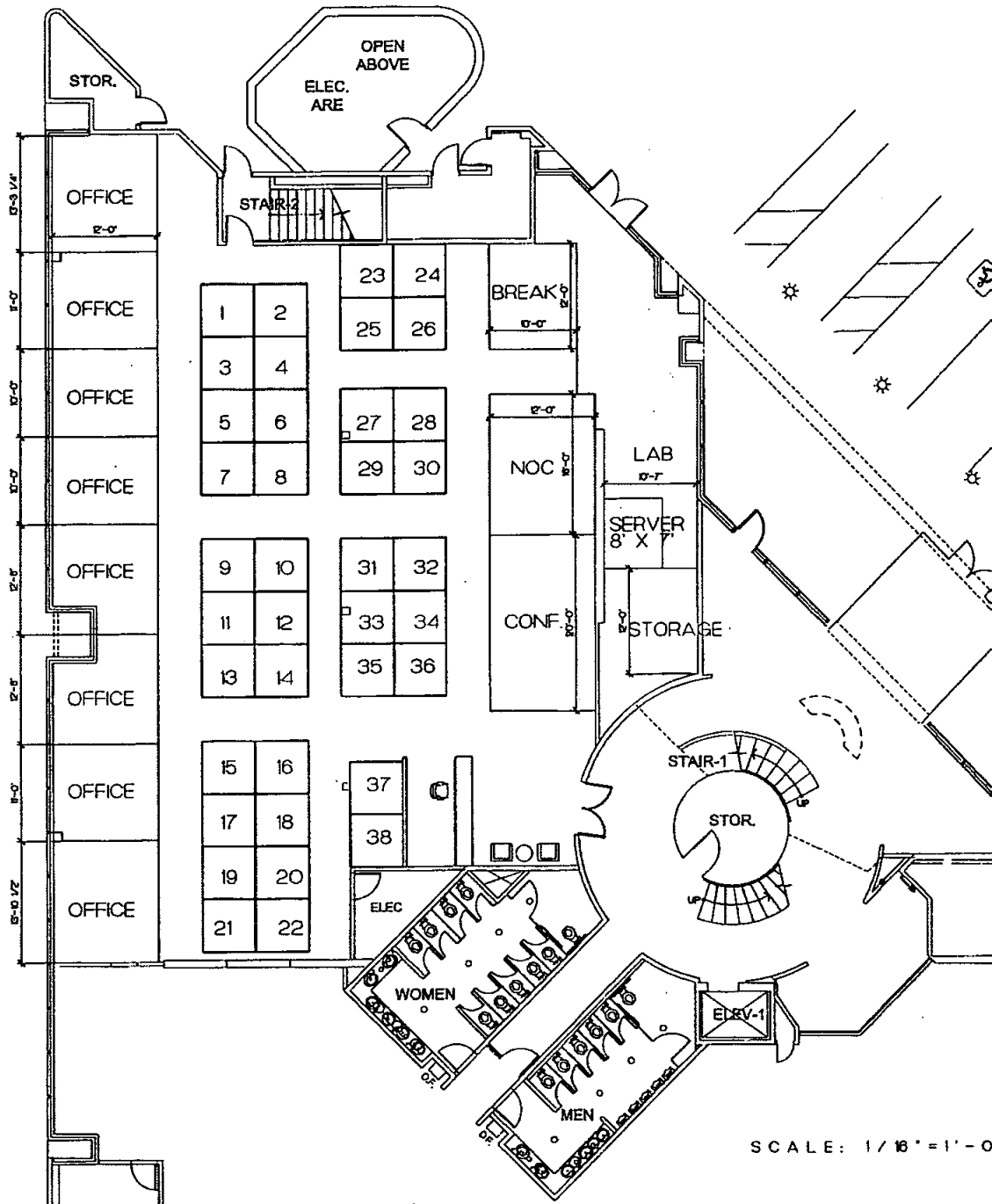
JAN I. GOLDSMITH, City Attorney

By: Melissa Ables
Melissa Ables
Deputy City Attorney


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EXHIBIT A SPACE PLAN



SCALE: 1/8" = 1'-0"

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EXHIBIT B

LESSEE IMPROVEMENTS WORK LETTER

The purpose of this Lessee Improvements Work Letter ("**Work Letter**") is to set forth how the Lessee Improvements (defined below) to the Premises are to be constructed and designed, who will be responsible for constructing the Lessee Improvements, who will pay for the Lessee Improvements and the time schedule for completion of the Lessee Improvements. Lessor and Lessee hereby agree as follows:

1. **Defined Terms.** Unless otherwise defined in this Work Letter, capitalized terms used in this Work Letter shall have the same meanings given such terms in the Lease. The following capitalized terms shall have the meanings set forth below:

a. **"Architect"** TBD, if required _____, or any other architect selected by Lessor.

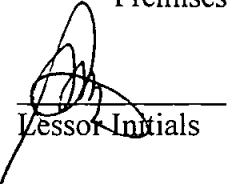
b. **"Business Day"** means any day other than a Saturday, Sunday or other day on which United States national banks in San Diego, California are authorized or required by law to be closed for business.

c. **"Contractor"** means the contractor selected by Lessor for purposes of completing the Lessee Improvements pursuant to Paragraph 3(a) of this Work Letter.

d. **"Cost of the Work"** means all costs of completing the Work, including the Contractor's fees, design fees, demolition costs, permit fees and any applicable taxes. Lessor's fees for supervision and management of the Work shall not be included in the Cost of the Work, and such fees shall be the sole responsibility of Lessor. All fees and costs shall be competitively bid and mutually approved by Lessee on an open book basis. Cost of Work shall include a Landlord Supervision charge in an amount not to exceed 5% of the Cost of Work.

e. **"Plans and Specifications"** means the space plan, detailed plans and specifications (including without limitation all mechanical, electrical and plumbing drawings) and working drawings pursuant to which the Lessee Improvements will be completed, including, but not limited to, that certain Space Plan, dated TBD, if required _____, 20____, attached hereto and incorporated herein as Schedule C-1. The Plans and Specifications shall be compatible with the design, construction and equipment of the Building, and shall show all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems, if any.

f. **"Ready for Occupancy" or "Substantial Completion"** means the Work, as defined herein, is complete to the extent Lessee may reasonably use and occupy the Premises for the purpose for which the same were intended, as evidenced by the issuance of a certificate of occupancy (or other governmental approval permitting the occupancy of the Premises by Lessee) by the City of San Diego, subject to minor details of construction,


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decoration and mechanical adjustments that remain to be completed by Lessor, which do not materially interfere with Lessee's use of the Premises; provided, however, the date the Premises is "Ready for Occupancy" or there is "Substantial Completion" of the Work shall be adjusted according to any Lessee Delays, as defined herein.

g. **"Lessee Delays"** shall have the meaning set forth in Paragraph 4 of this Work Letter.

h. **"Lessee Improvements"** means those certain improvements to the Premises to be described in the Plans and Specifications, as the same may be modified pursuant to Paragraph 7 of this Work Letter, including all items of Work, including labor and materials, that are utilized directly or indirectly in altering, repairing, improving, adding to, modifying or otherwise changing the Premises to accommodate Lessee's occupancy.

i. **"Lessee's Representative"** means the individual designated by Lessee as its Lessee improvement representative pursuant to Paragraph 9 of this Work Letter.

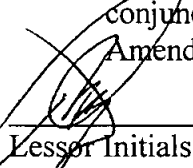
j. **"Work"** means construction of the Lessee Improvements in accordance with the Plans and Specifications, as the same may be modified pursuant to Paragraph 7 of this Work Letter.

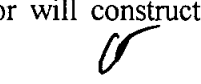
2. **Preparation of Plans and Specifications.** Lessor shall cause the Plans and Specifications to be prepared by Architect and submitted to Lessee or on before the Plan Submittal Date set forth in Paragraph 5 below. Lessor shall provide Lessee with at least two (2) complete sets of the Plans and Specifications. The final approved Plans and Specifications must be in compliance with applicable building codes and with insurance regulations for fire resistant Class A buildings.

3. **Construction of Lessee Improvements.**

a. Lessor shall cause the Lessee Improvements to be constructed in accordance with the Plans and Specifications approved by both parties in accordance with Paragraph 2 above by the Contractor and in accordance with Section 7 of the Second Amendment.

b. Lessor shall provide to Lessee a construction allowance for Lessee's required and approved tenant improvement construction not to exceed \$50,000.00 ("**Construction Allowance**") to be applied toward the Cost of the Work. The Construction Allowance shall not be disbursed to Lessee in cash, but shall be applied by Lessor to the payment of the Cost of the Work, if, as, and when any cost is actually incurred and paid by Lessor. Lessor agrees to perform the following tenant improvements work in the Premises along with other work required herein as follows on behalf of Lessee prior to the Expansion Space Commencement Date 1) remove existing carpeting/flooring and baseboard and install with new materials; 2) repainting of entire Expansion Space; 3) removal and repair of wall in the current reception area. The Construction Allowance must be used (i.e. work performed and invoices submitted to Lessor) by May 31, 2018 or shall be deemed forfeited with no further obligation by Lessor with respect thereto. Lessor agrees Lessee may apply the Construction Allowance, or any portion thereof, for additional work to be performed in conjunction with the Refurbishment Allowance stated in Section 8(b) of the Lease's First Amendment, in either Suite 100 or Suite 150 interchangeably. Lessor will construct a


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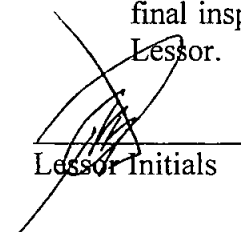
mutually approved internal pathway between suites 100 & 150 (remove a portion of the existing demising wall and repair/finish the walls) which will require city permitting. Lessor shall use its best efforts to complete the construction of this internal pathway concurrently with the Work, but the construction of this internal pathway shall not delay the date by which the other Work is Substantially Complete. Landlord shall not be responsible for more than \$5,000 of the costs, expenses and fees associated with the planning, permitting and construction of this internal walkway. Lessee shall be responsible for all such costs, fees and expenses in excess of \$5,000.00, provided Lessee approves the work and associated costs prior to commencing work.

c. Lessor will notify Lessee no less than 20 days prior to when the Lessee Improvements are Ready for Occupancy. Within 5 business days after receiving such notice, and prior to move-in of any furniture, fixtures or equipment, and again not more than ten (10) days after Lessee occupies the Premises, Lessee and Lessor shall jointly inspect the Premises for any deficiencies in the Work. A "punch-list" of all the deficiencies in the Work shall be prepared and agreed upon by both Lessor and Lessee. Lessor will correct defective items stated in the punch-list which are the responsibility of Lessor or the Contractor. The punch-list to be prepared by Lessee shall not include any damage to the Premises caused by Lessee's move-in, which damage shall be repaired or corrected by Lessee, at its expense. If Lessee fails to submit a punch-list to Lessor within the 15 days immediately following the post move-in inspection, it shall be deemed that there are no items needing additional work or repair. Lessor's contractor shall complete all reasonable punch-list items within thirty days (30) after the post move-in walk-through inspection or as soon as practicable thereafter. Upon Lessor's or Lessor's contractor's indication to Lessee of the completion of such punch-list items, Lessee shall acknowledge the completion of such items in writing to Lessor.

4. Completion and Rental Commencement Date.

a. Lessee's obligation for the payment of Base Rent as to the Expansion Space shall commence as provided in Section 4 of the Second Amendment; provided, however, that if Lessor is delayed in completing the Work as a result of Lessee Delays, then Lessee's obligation to pay Rent under the Lease shall commence on the date the Lessee Improvements would have been Ready for Occupancy except for Lessee Delays, as reasonably determined by Lessor and Contractor.

b. For purposes of this Work Letter and the Lease, the phrase "**Lessee Delays**" and/or "**Lessee Delay Days**" means any delay that Lessor may encounter in performance of the Work as a result of (i) changes in or additions to the approved Plans and Specifications or the Lessee Improvements which are requested by Lessee; (ii) delays by Lessee in the submission of information (including the Plans and Specifications) required of Lessee pursuant to this Work Letter, or the giving of authorizations or approvals within any time limits set forth in this Work Letter; (iii) the postponement of any of the Work at the request of Lessee; (iv) the acts or omissions of Lessee or its employees, agents or contractors; (v) Lessee's failure to complete any of its own work which causes a delay by the City of its final inspection and approval; or (vi) any other cause beyond the reasonable control of the Lessor.


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5. **Schedule.** Lessee and Lessor hereby agree to make reasonable efforts to meet all of the deadlines included in the schedule detailed below:

Date

Plan Submittal Date

_____, 2015

Acceptance of Space/Preparation
of Initial Punch-list

_____, 2016

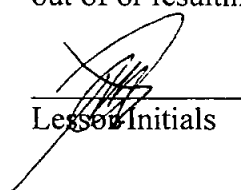
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7. **Changes in Work.**

a. Lessee may initiate changes in the Work. Each such change must receive the prior written approval of Lessor. If such requested change: (a) would adversely affect (in the reasonable discretion of Lessor) (i) the Building's structure or the Building's Systems and Equipment (including the Building's restrooms or mechanical rooms), (ii) the exterior appearance of the Building, or (iii) the appearance of the common area; or (b) delay the Expansion Space Commencement Date, Lessor may withhold its consent in its sole and absolute discretion. If Lessee requests any changes to the Work described in the Working Drawings, if applicable, then all costs and any additional design costs incurred in connection therewith as the result of any such change shall be added to the Total Construction Costs.

b. Each and every Change Order shall be signed by Lessor's and Lessee's respective construction representatives. In no event shall any Change Order(s) be permitted without such authorizations. A 5% supervision will be added to: (a) the cost of any Change Order; and (b) the cost of any other work to be performed by Lessor in the Premises after Lessor's completion of The Work. If Lessee shall fail to approve any such Change Order within 10 days, the same shall be deemed disapproved in all respects by Lessee, and Lessor shall not be authorized to proceed thereon. Any increase in the net cost of the Work or the net change in the Work stated in a Change Order which results from Lessee's failure to timely approve and return said Change Order shall be paid by the Lessee only upon prior approval evidenced by authorized sign-off. Lessee agrees to pay to Lessor the cost of any previously- approved Change Order promptly upon receipt of an invoice for same.

8. **Early Entry.** With Lessor's prior, written approval, in the 30 day period prior the Substantial Completion of the Work, Lessee and Lessee's contractors shall have the privilege of entering into the Premises solely for purposes of installation and set-up of Lessee's furniture, fixtures and office equipment; provided, however, that such entry or work does not interfere with the construction of the Lessee Improvements or cause safety issues. No payment of minimum Rent or additional Rent shall be required of Lessee for the aforesaid entry or entries by Lessee or its contractors prior to the Expansion Space Commencement Date. Lessee hereby agrees to indemnify and hold harmless Lessor, Lessor's Parties and contractors from and against all claims, damages, losses, expenses for bodily injury or property damage, including reasonable attorneys' fees, arising out of or resulting from Lessee's or Lessee's contractors early entry into the Premises prior to their



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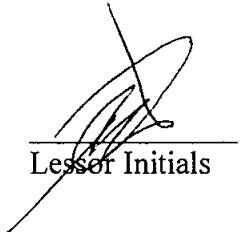
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being Ready for Occupancy pursuant to this Paragraph 8, including any expenses incurred by Lessor for delays in the completion of the Work caused by such early entry, and for any damages to the Work caused by Lessee or Lessee's contractors prior to the Premises being Ready for Occupancy.

9. **Lessee Improvement Representative.** Prior to the commencement of the Work, Lessee shall designate in writing one individual who shall be Lessee's Representative during the Work. Lessor and Contractor shall be entitled to rely on the decisions of Lessee's Representative regarding the Work (and the decisions of Lessee's Representative shall be binding upon Lessee) until Lessor and Contractor have received written notice from Lessee that such person's authority has been revoked.

10. **Removal of Lessee Improvements.** Notwithstanding anything to the contrary contained in the Lease, Lessee shall not be required to remove the Lessee Improvements upon the expiration of earlier termination of the Lease.

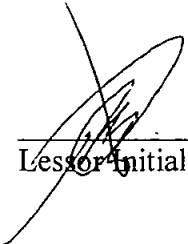
11. **Additional Provisions.** This Work Letter (Exhibit B) attached hereto set forth the entire agreement of Lessor and Lessee with respect to the completion of the Work. Neither this Work Letter nor any of the provisions contained in this Work Letter may be changed or waived, except by a written instrument signed by both parties. Except as otherwise expressly provided for in this Work Letter, costs or expenses which Lessee is required to pay under this Work Letter (such as additional construction costs due to changes in the Work) shall be due and payable in full 30 days following the Commencement of the Expansion Space Commencement Date and the presentation to Lessee of a written statement setting forth the amounts due from Lessee.



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ORDINANCE NUMBER O- 20584 (NEW SERIES)

DATE OF FINAL PASSAGE DEC 16 2015

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE MAYOR TO EXECUTE AND DELIVER THE SECOND AMENDMENT TO LEASE BETWEEN RUFFIN-SD, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, AND THE CITY OF SAN DIEGO, WHICH INCLUDES ADDING ADDITIONAL OFFICE SPACE; 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 in the building at 9370 Chesapeake Drive, San Diego (Lease), specifically, Suite 100 (Premises), which was approved by the City Council of San Diego (City Council) on November 20, 2007, by Ordinance No. O-19686. The Lease includes Lease Addendum Number One, Lease Addendum Number Two, and the executed Commencement Agreement, all by and between Lessor and City; and

WHEREAS, the City and Lessor entered into the First Amendment to Lease with an effective date of June 1, 2014, extending the term of the Lease to May 31, 2020, providing an option to extend the term of the Lease for an additional five (5) year period under certain conditions, and adjusting the lease rental rate, among other items as set forth in the First Amendment, which was approved by City Council on November 25, 2014, by Ordinance No. O-20430; and

WHEREAS, the City and Lessor have agreed to amend the Lease (Second Amendment to the Lease), subject to City Council's approval, to among other things: (1) expand the Premises of the Lease to include 6,486 square feet of adjoining office space identified as Suite 150

(Expansion Space), for the remaining term of the Lease and any options to extend the lease term that the City may exercise, at the initial monthly rental rate of \$1.85 per rentable square foot, i.e. \$11,999.10 per month, plus the electrical costs and Operating Expenses (as that term is defined in the Lease); (2) add an additional 23 parking spaces available to City onsite at no additional costs; (3) establish calendar year 2016 as the Expansion Space Base Year (as that term is defined in the Second Amendment to Lease) for operating expense increases for the Expansion Space; and (4) require Lessor to expend up to \$50,000.00 for improvements to the Expansion Space; all as more fully set forth in the proposed Second 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 Second 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- 20584.

Section 2. That the Chief Financial Officer is authorized to appropriate and expend funds up to \$780,857.00 (\$80,950 for FY16 and \$699,907 for FY17-FY20) for the purpose of executing and carrying out the terms of the Second Amendment to Lease from the General Fund 100000, Cost Center 9912001112, General Ledger 512217, contingent upon the approval of the Appropriation Ordinances for the appropriate fiscal years and the Chief Financial Officer furnishing a certificate certifying that funds necessary for expenditure are, or will be on deposit with the City Treasurer.

Section 3. That a full reading of this ordinance is dispensed with prior to passage, a written copy having been made available to the Council and the public prior to the day of its 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 Melissa D. Ables
Melissa D. Ables
Deputy City Attorney

MDA:mcm
November 3, 2015
Or.Dept: Real Estate Asset Dept.
Doc. No.: 1159730

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of DEC 08 2015.

ELIZABETH S. MALAND
City Clerk

By [Signature]
Deputy City Clerk

Approved: 12/15/15
(date)

[Signature]
KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on DEC 08 2015, by the following vote:

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

Date of final passage DEC 16 2015

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 Stacy Roney, 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

NOV 17 2015, and on DEC 16 2015

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 Stacy Roney, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20584

Passed by the Council of The City of San Diego on December 8, 2015, by the following vote:

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

NAYS: **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: **Jeannette I. Santos**, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of ORDINANCE NO. **O-20584** (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 **November 17, 2015** and on **December 16, 2015**.

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.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California

(SEAL)

By:  , Deputy

Brown, Aurora

From: Bennett, Brad
Sent: Monday, January 25, 2016 10:02 AM
To: Brown, Aurora
Subject: RE: Start Date for 2nd Amendment-9370 Chesapeake Drive Suite 150

Aurora,

The amendment starts the later of February 1, 2016 or 7 days following substantial completion of carpet and paint.

There will be a commencement date letter forthcoming stating the lease and Rent Commencement date is March 1, 2016.

I was trying to avoid you having to fill out the blue sheets twice. There will be no Rent paid until March 1, 2016.

Brad

Brad Bennett | Asset Manager

The City of San Diego | Real Estate Assets Department
1200 Third Avenue, Suite 1700, MS 51A | San Diego, CA 92101
(619) 236-6191 | bbennett@sanidiego.gov

From: Brown, Aurora
Sent: Monday, January 25, 2016 9:38 AM
To: Bennett, Brad <BBennett@sanidiego.gov>
Subject: RE: Start Date for 2nd Amendment-9370 Chesapeake Drive Suite 150

Hi Brad,

Just to confirm, will this override the contract effective/commencement date of February 1st? I want to make sure I complete the Lease Completion Form with the correct dates.

Thank you, Aurora

From: Bennett, Brad
Sent: Monday, January 25, 2016 9:31 AM
To: Brown, Aurora <AlBrown@sanidiego.gov>
Subject: Start Date for 2nd Amendment-9370 Chesapeake Drive Suite 150

Aurora,

The start date for Chesapeake Drive expansion space will be March 1, 2016.

Thank you.

Brad

Brad Bennett | Asset Manager

The City of San Diego | Real Estate Assets Department
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(619) 236-6191 | bbennett@sanidiego.gov