

ORIGINAL

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE ("Third Amendment") is dated as of October 11, 2016 ("Amendment Date"), and is made and entered into by and between I&G 525 B STREET, INC., a Delaware corporation ("Landlord"), and THE CITY OF SAN DIEGO, a California municipal corporation ("Tenant").

RECITALS:

A. Landlord's predecessor in title (Hines 525 B Street LP ("Original Landlord")) and Tenant entered into that certain Office Lease dated as of June 18, 2013 (the "Original Lease"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain office space in that certain building located and addressed at 525 B Street, San Diego, California (the "Building"). The Original Lease was subsequently amended by (i) that certain First Amendment to Lease also dated as of June 18, 2013 by and between Original Landlord and Tenant (the "First Amendment"); and (ii) that certain Second Amendment to Lease, dated as of February 6, 2015 by and between Original Landlord and Tenant (the "Second Amendment"). The Original Lease, as amended by the First Amendment and Second Amendment, shall be referred to herein as the "Lease."

B. By this Third Amendment, Landlord and Tenant desire to expand the Existing Premises (as defined in Section 1 below), extend the Lease Term and to otherwise modify the Lease as provided herein.

C. Unless otherwise defined herein, capitalized terms as used herein shall have the same meanings as given thereto in the Original Lease.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT:

1. The Existing Premises. Landlord and Tenant hereby agree that pursuant to the Lease, Landlord currently leases to Tenant and Tenant currently leases from Landlord a total of approximately 110,462 rentable square feet consisting of the following:

- (a) 90,778 rentable square feet of space in the Building consisting of the following:
 - (i) the entire third (3rd) floor of the Building containing approximately 19,425 rentable square feet (the "Original 3rd Floor Premises");
 - (ii) the entire fourth (4th) floor of the Building containing approximately 19,383 rentable square feet (the "Original 4th Floor Premises");
 - (iii) the entire fifth (5th) floor of the Building containing approximately 19,409 rentable square feet (the "Original 5th Floor Premises"; the Original 3rd Floor Premises; Original 4th Floor Premises and Original 5th Floor Premises are sometimes referred to herein as the "Original 3-5 Floor Premises");
 - (iv) the entire sixth (6th) floor of the Building containing approximately 19,388 rentable square feet (the "Original 6th Floor Premises");

(v) Suites 730, 750 and 760 on the seventh (7th) floor of the Building containing approximately 12,696 rentable square feet (the "**Original 7th Floor Premises**"; Original 6th Floor Premises and Original 7th Floor Premises are sometimes referred to herein as the "**Original 6-7 Floor Premises**"; and

(vi) that certain ground floor space with an address of 1110 Sixth Avenue, San Diego, California containing approximately 477 rentable square feet (the "**Original 1st Floor Premises**"; the Original 3-5 Floor Premises and the Original 1st Floor Premises are sometimes referred to herein collectively as the "**Original 1, 3-5 Floor Premises**"; the Original 3-5 Floor Premises, the Original 6-7 Floor Premises, and the Original 1st Floor Premises, are more particularly described on Exhibit A-1 to the Original Lease and are sometimes referred to herein collectively, the "**Original Premises**"; and

(b) 19,684 rentable square feet of space in the Building known as Suite 1200, as such space is more particularly described on Exhibit A to the Second Amendment (the "**2nd Amendment Expansion Space**").

The Original Premises and the 2nd Amendment Expansion Space are sometimes referred to herein collectively as the "**Existing Premises**".

2. Intentionally Omitted.

3. Intentionally Omitted.

4. Expansion of the Existing Premises. The following described space, as outlined on the floor plan attached hereto as Exhibit A and made a part hereof, shall be referred to herein as the "**3rd Amendment Expansion Space**":

(a) that certain space located on the seventh (7th) floor of the Building consisting of approximately 4,788 rentable square feet known as Suite 700 (the "**Suite 700 3rd Amendment Expansion Space**";

(b) that certain space located on the seventh (7th) floor of the Building consisting of approximately 1,430 rentable square feet known as Suite 740 (the "**Suite 740 3rd Amendment Expansion Space**"; the Suite 700 3rd Amendment Expansion Space and the Suite 740 3rd Amendment Expansion Space are sometimes referred to herein together as the "**7th Floor 3rd Amendment Expansion Space**"; and

(c) that certain space located on the ninth (9th) floor of the Building consisting of approximately 11,521 rentable square feet known as Suite 950 (the "**Suite 950 3rd Amendment Expansion Space**").

Landlord and Tenant hereby stipulate that for purposes of the Lease (as amended), the 3rd Amendment Expansion Space shall be deemed to contain 17,739 rentable square feet. Effective as of the date ("**3rd Amendment Expansion Commencement Date**") that is the earlier of (a) the date Tenant commences business operations in the 3rd Amendment Expansion Space, and (b) the date upon which the 3rd Amendment Expansion Space is Ready for Occupancy (as defined in the Tenant Work Letter attached hereto as Exhibit B), Tenant shall lease from Landlord and Landlord shall lease to Tenant the 3rd Amendment Expansion Space. Accordingly, effective upon the 3rd Amendment Expansion Commencement Date, the Existing Premises shall be increased to include the 3rd Amendment Expansion Space. Effective as of the 3rd Amendment Expansion Commencement Date, Landlord and Tenant hereby agree that such addition of the 3rd Amendment Expansion Space to the Existing Premises shall increase the number of rentable square feet leased by Tenant in the Building to a total of 128,201 rentable square feet. The 3rd Amendment Expansion Commencement Date currently is anticipated to occur on or about the 90th day after Landlord's receipt of all necessary permits for the Improvements, extended by one day

for each day by which Substantial Completion is delayed due to a Tenant Delay or due to Force Majeure. Effective as of the 3rd Amendment Expansion Commencement Date, all references in the Lease or this Third Amendment to the "Premises" shall mean and refer to the Existing Premises and the 3rd Amendment Expansion Space.

5. Extended Lease Term. The Lease Expiration Date shall be extended such that the Lease as to the Premises shall expire on June 30, 2022 ("**Revised Expiration Date**"). The period from the 3rd Amendment Expansion Commencement Date through the Revised Expiration Date, shall be referred to herein as the "**3rd Amendment Revised Term**."

6. Monthly Base Rent.

(a) Until July 1, 2020, Tenant shall pay Base Rent for the Existing Premises in accordance with the Second Amendment.

(b) Beginning on the 3rd Amendment Expansion Commencement Date through the Revised Expiration Date, Tenant shall pay Base Rent for the 3rd Amendment Expansion Space as set forth on Exhibit D attached hereto.

(c) Beginning July 1, 2020 through the Revised Expiration Date, Tenant shall pay Base Rent for the Existing Premises as set forth on Exhibit D attached hereto.

7. Base Rent Abatement.

(a) Notwithstanding anything to the contrary contained in the Lease or in this Third Amendment, and provided that Tenant faithfully performs all of the terms and conditions of the Lease, as amended by this Third Amendment, Landlord hereby agrees to abate Tenant's obligation to pay monthly Base Rent for the 3rd Amendment Expansion Space only for the first five (5) full calendar months of the 3rd Amendment Revised Term ("**3rd Amendment Expansion Space Abatement Period**"). During such 3rd Amendment Expansion Space Abatement Period, Tenant shall still be responsible for the payment of all of its other monetary obligations under the Lease, as amended by this Third Amendment, including, without limitation, the payment of monthly Base Rent for the Existing Premises, Tenant's Share (as to the Existing Premises) of any increase in Operating Expenses and Tax Expenses, and rent for the Storage Space during such period.

(b) Notwithstanding anything to the contrary contained in the Lease or in this Third Amendment, and provided that Tenant faithfully performs all of the terms and conditions of the Lease, as amended by this Third Amendment, Landlord hereby agrees to abate Tenant's obligation to pay monthly Base Rent for the Existing Premises only for the period beginning March 1, 2017 through April 30, 2017 ("**3rd Amendment Existing Premises Abatement Period**"). During such 3rd Amendment Existing Premises Abatement Period, Tenant shall still be responsible for the payment of all of its other monetary obligations under the Lease, as amended by this Third Amendment, including, without limitation, the payment of monthly Base Rent for the 3rd Amendment Expansion space, Tenant's Share (as to the Existing Premises, and as to the 3rd Amendment Expansion Space unless and except to the extent that the 3rd Amendment Expansion Space Abatement Period falls within the 3rd Amendment Existing Premises Abatement Period) of any increase in Operating Expenses and Tax Expenses.

(c) In the event of a default by Tenant under the terms of the Lease, as amended by this Third Amendment, that results in early termination pursuant to the provisions of Article 19 of the Original Lease, then as a part of the recovery set forth in Article 19 of the Original Lease, Landlord shall be entitled to the recovery of the monthly Base Rent that was abated under the provisions of this Section 7.

8. Tenant's Share and Base Year. Effective as of the 3rd Amendment Expansion Commencement Date and continuing throughout the 3rd Amendment Revised Term, (i) Tenant's Share of any increase in Operating Expenses and Tax Expenses for the 3rd Amendment Expansion Space shall be 3.9492% (based on 17,739 rentable square feet in the 3rd Amendment Expansion Space and 449,180 rentable square feet in the Building) and (ii) the Base Year for the 3rd Amendment Expansion Space shall be the calendar year 2017. The Base Year for the Original Premises shall remain the calendar year 2014 until July 1, 2020, and the Base Year for the 2nd Amendment Expansion Space shall remain the calendar year 2015 until July 1, 2020. Beginning July 1, 2020 through the end of the 3rd Amendment Revised Term, the Base Year for the Existing Premises shall be the calendar year 2017. For purposes of clarification, during the 3rd Amendment Revised Term, the provisions in Section 4.2.4.1 of the Original Lease shall continue to be applicable as to the Existing Premises and shall apply to the 3rd Amendment Expansion Space.

9. Controllable Operating Expenses as to the 3rd Amendment Expansion Space. Notwithstanding anything to the contrary contained in the Lease, as to the 3rd Amendment Expansion Space, the aggregate Controllable Operating Expenses (as that term is defined below) shall not increase more than five percent (5%) in any calendar year over the maximum amount of Controllable Operating Expenses (as to the 3rd Amendment Expansion space) for the immediately preceding calendar year calculated on a cumulative and compounding basis, with no limit on the Controllable Operating Expenses (as to the 3rd Amendment Expansion Space) during the Base Year for the 3rd Amendment Expansion Space (i.e., the actual Controllable Operating Expenses for the 2017 Base Year would be the maximum amount for the Base Year for purposes of this provision). The term "**Controllable Operating Expenses**" shall have the meaning set forth in Section 9 of the Second Amendment. By way of example only, and not as a limitation upon the foregoing, if Controllable Operating Expenses for the 2017 Base Year (as to the 3rd Amendment Expansion space) are \$3.00 per rentable square foot, the maximum Controllable Operating Expenses for the calendar year 2018 (for the 3rd Amendment Expansion Space) shall be \$3.15 per rentable square foot and the maximum Controllable Operating Expenses (for the 3rd Amendment Expansion Space) for the calendar year 2019 would be \$3.3075 per rentable square foot. The cap on Controllable Expenses for the 3rd Amendment Expansion Space, as set forth in this Section 9, will operate and be calculated separately from the cap on Controllable Expenses applicable to the 2nd Amendment Expansion Space as set forth in Section 9 of the Second Amendment, and from the cap on Controllable Expenses applicable to the Original Premises as set forth in Section 4.2.4.3 of the Original Lease.

10. Tenant Improvements. Improvements in the 3rd Amendment Expansion Space and Existing Premises (collectively, the "**Improvements**") shall be installed and constructed in accordance with the terms of the Tenant Work Letter attached hereto as Exhibit "B" and made a part hereof.

11. Parking. Effective as of the 3rd Amendment Expansion Commencement Date and continuing throughout the 3rd Amendment Revised Term (and the Option Term as set forth in Section 12 below, if applicable), Tenant shall have the right, but not the obligation, to rent from Landlord an additional seventeen (17) unreserved parking passes for use in the Parking Facility ("**Third Amendment Additional Passes**"). On or before each June 1 (except as it relates to Tenant's first notice to Landlord, which shall be required no later than sixty (60) days following the 3rd Amendment Expansion Commencement Date) of the 3rd Amendment Revised Term (and the Option Term, as set forth in Section 12 below, if applicable), Tenant shall, by written notice to Landlord ("**Additional Parking Notice**"), indicate the number of Third Amendment Additional Passes to which Tenant will rent for the next twelve (12) months, but not to exceed seventeen (17) additional unreserved parking passes. If Tenant fails to timely deliver an Additional Parking Notice to Landlord, Tenant shall be deemed to have elected to rent for the next twelve (12) months the same number of Third Amendment Additional Passes as Tenant was renting during the previous twelve (12) months; provided, however, if Tenant fails to deliver an Additional Parking Notice to Landlord within sixty (60) days following the 3rd Amendment Expansion Commencement Date, Tenant shall be deemed to have elected not to rent any of the seventeen (17) Third Amendment Additional Passes for the period commencing on the 3rd Amendment Expansion Commencement Date through May 31, 2017. Except as set forth in this Section 11, Tenant's rental and use of such Additional Passes shall be in accordance with,

and subject to, all provisions of Article 28 of the Original Lease including, without limitation, payment of the monthly parking rate specified therein.

12. Option to Extend. Section 2.2 of the Original Lease, as modified by Section 12 of the Second Amendment, is hereby modified as follows:

- (a) Tenant will have one Option (not two Options) to extend the Lease Term;
- (b) The Option Term will be 60 months (rather than one year), and would commence immediately upon expiration of the 3rd Amendment Revised Term;
- (c) The Base Year for the Premises during the Option Term will be the calendar year in which the Option Term commences;
- (d) As set forth in Section 12 of the Second Amendment, such Option must be exercised, if at all, on a collective basis as to the entire Premises as then exists (including, without limitation, the Existing Premises and the 3rd Amendment Expansion Space; i.e. Tenant must exercise each Option as to both of such spaces or neither of such spaces); and
- (e) Tenant's Interest Notice must be given, if at all, no earlier than 15 months, and no later than 12 months, prior to the expiration of the 3rd Amendment Revised Term.

13. Intentionally Omitted.

14. Hazardous Materials. The "Tenant Indemnity" as to Hazardous Materials set forth in Section 5.3.1 of the Original Lease shall also be applicable to the 3rd Amendment Expansion Space. The "Landlord Indemnity" as to Hazardous Materials set forth in Section 5.3.3 of the Original Lease shall also be applicable to the 3rd Amendment Expansion Space.

15. Storage Space. In addition to the Existing Premises, Tenant currently leases from Landlord certain Storage Space as more particularly set forth in Section 1.5 of the Original Lease and Section 15 of the Second Amendment. Until July 1, 2020, Tenant's lease of such storage space will be in accordance with the Original Lease as amended by the Second Amendment. Beginning on July 1, 2020 through the end of the 3rd Amendment Revised Term and the Option Term (if applicable), the Monthly Storage Rent shall be fixed at \$4,500 per month. Notwithstanding the foregoing provisions of this Section 15, the monthly storage Rent in March 2017 and April 2017 shall be abated.

16. Certified Access Specialist. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Existing Premises and the 3rd Amendment Expansion Space have not undergone inspection by a Certified Access Specialist (CASp).

17. Notice of 3rd Amendment Revised Term Dates. Landlord may deliver to Tenant a commencement letter in a form substantially similar to that attached hereto as **Exhibit "C"** and made a part hereof at any time after the 3rd Amendment Expansion Commencement Date. Tenant agrees to execute and return to Landlord said commencement letter within seven (7) business days after Tenant's receipt thereof.

18. Right of First Offer.

- (a) For purposes of this Section 18, "**Potential Offer Space**" means all rentable space on the 8th and 9th floors of the Building. For purposes hereof, the 8th floor of the Building is mutually stipulated to contain 18,854 rentable square feet, and the 9th floor of the Building is mutually stipulated to contain 18,854 rentable square feet.

(b) Subject to the provisions set forth hereinafter, Tenant will have a one-time right of first offer (the "**Right of First Offer**") to lease from Landlord the Potential Offer Space. The Right of First Offer will apply to all or any of the Potential Offer Space as all or any of the Potential Offer Space may become available for lease, subject and subordinate to (i) any expansion and renewal options and other rights that exist as of the date of this Third Amendment in favor of any current tenant or tenants, their successors or assigns in the Building, and (ii) any extensions or renewals of existing leases for the Potential Offer Space. In each instance, in this Section 18, in which Tenant's Right of First Offer is stated to be subordinate to a renewal option or extension option, such Right of First Offer will be deemed subordinate to any renewal or extension (of the lease to the tenant holding such renewal or extension option) having a term reasonably comparable to the term allowed by such renewal or extension option regardless of whether such renewal or extension is strictly in accordance with such option, regardless of whether any or all of the conditions to the exercise of such option are met, and regardless of whether such option is actually or formally exercised. Tenant may not exercise its Right of First Offer as to less than all of the Potential Offer Space offered by Landlord.

(c) If any portion of the Potential Offer Space becomes available (as described above and subject to the limitations and exceptions set forth above), then before leasing such space to third parties, Landlord will offer to Tenant the right to lease such available Potential Offer Space pursuant to this Right of First Offer. Landlord will make such offer to Tenant in a written notice (the "**Offer Notice**"). The Potential Offer Space offered in an Offer Notice is referred to herein as "**Offer Space**". In the event that Tenant's Right of First Offer on any particular Offer Space is subordinate to the rights of another tenant as set forth above, Landlord may elect to issue such Offer Notice thereon before such superior right has expired or been waived, in which event such Offer Notice will be contingent upon the expiration or waiver of such superior right.

(d) If Landlord gives such Offer Notice to Tenant, then the Offer Notice will specify that Landlord is offering such space to Tenant on the same terms and conditions set forth in this Lease as applicable to the initial Premises except as otherwise set forth in this Section 18. The expiration date of the Lease Term in respect of such Offer Space will be coterminous with the expiration date for the term of the Lease, as amended hereby, as to the Original Premises. If Tenant exercises the Right of First Offer with respect to Offer Space, (i) the Base Rent for such Offer Space will be at the Fair Market Rent (as defined in Exhibit E); (ii) Landlord will grant to Tenant a leasehold improvement allowance per rentable square foot of space in the applicable portion of the Offer Space equal to the Fair Market Allowance (as defined in Exhibit E), which Fair Market Allowance would be applied toward Tenant's initial leasehold improvements (upon which Landlord and Tenant must mutually agree) to the Offer Space; and (iii) the Lease Term in respect of such Offer Space will commence upon Landlord's delivery to Tenant of such Offer Space with the work to be performed by Landlord therein substantially completed (or the date such work would have been substantially completed but for delays caused by Tenant, such as, without limitation, Tenant's failure to deliver to Landlord a space plan within 30 days after Tenant's exercise of its Right of First Offer), and will expire on the expiration date of the term of the Lease (as amended hereby) as to the Original Premises (subject to extension as set forth in Section 12 above). The allowance described in this subparagraph will be governed by and disbursed in accordance with a work letter prepared by Landlord that will be in the form of Landlord's then standard work letter for performance of work by the landlord with an allowance, which work letter will be comparable to the work letter attached hereto as Exhibit B. All costs of leasehold improvements in excess of such allowance will be borne by Tenant.

(e) Within 30 days after the effective date of Landlord's Offer Notice, Tenant will deliver to Landlord a notice ("**Tenant's Preliminary ROFO Response Notice**") in which Tenant (i) notifies Landlord that Tenant is interested in exercising the Right of First Offer and intends to seek internal governmental approval and authorization for such exercise (but such notice will be non-binding), or (ii) notifies Landlord that Tenant declines to exercise the Right of First Offer as to such Offer Space (which notice will be binding), in which case Tenant's Right of First Offer as to such Offer Space (but not as to other Potential Offer Space, if any) will be null and void. If Tenant

fails to give such notice within such time, Tenant will irrevocably be deemed to have elected not to exercise the Right of First Offer as to such Offer Space.

(f) If Tenant timely delivers Tenant's Preliminary ROFO Response Notice expressing interest in exercising the Right of First Offer, then Landlord will promptly prepare and deliver to Tenant an amendment to this Lease reflecting the terms of Tenant's proposed lease of the Offer Space pursuant to this Section 18 (such amendment, as delivered by Landlord, is referred to herein as the "**ROFO Expansion Amendment**"). If Tenant disputes Landlord's determination of Fair Market Rent or Fair Market Allowance, or both, then until the Offer Rescission Date (defined below) or until Tenant notifies Landlord that Tenant is no longer interested in exercising the Right of First Offer (whichever occurs first), the parties will negotiate such terms in a commercially reasonable and good-faith manner. Tenant may, at any time before the Offer Rescission Date, elect to exercise the Right of First Offer by delivering to Landlord either the ROFO Expansion Amendment duly executed by Tenant, or a binding written notice in which Tenant notifies Landlord that Tenant is exercising the Right of First Offer for the Offer Space on the terms set forth in the Offer Notice (as the same may thereafter have been modified by mutual agreement of the parties in writing) (the "**ROFO Exercise Notice**"). At any time after the 30th day after Landlord's delivery of the Offer Notice but before Tenant delivers to Landlord either the ROFO Exercise Notice or the ROFO Expansion Amendment duly executed by Tenant, Landlord may elect to notify Tenant that Landlord is rescinding the Offer Notice (the effective date of Landlord's delivery of such notice is referred to herein as the "**Offer Rescission Date**").

(g) If Tenant at any time declines any Offer Space offered by Landlord or fails to exercise the Right of First Offer by the Offer Rescission Date, Tenant's Right of First Offer on such Offer Space will be null and void, and Landlord will be free to lease such Offer Space described in the Offer Notice to any prospective tenant on any terms and conditions, regardless of whether the same as or different from that set forth in the Offer Notice.

(h) The foregoing Right of First Offer may not be severed from this Lease or separately sold, assigned or transferred and is subject to the following additional conditions, namely: (i) that, at the time that Tenant exercises this Right of First Offer for any Offer Space, Tenant must not be in default of any term, covenant or obligation of this Lease after the giving of any required notice and expiration of any applicable cure period; (ii) that The City Of San Diego has not assigned the Lease, and has not sublet more than 10% of the rentable area of the Premises, as of the date of Landlord's delivery of the Offer Notice, or at any time prior to such date if such assignment or sublease extends to the date of such delivery; and (iii) that the Right of First Offer will expire on the deadline for Tenant's exercise of the extension Option (as described in Section 12 above) unless Tenant exercises such extension Option in which event the Right of First Offer will expire on the date which is 12 months before the expiration of the Option Term. Each of the foregoing conditions is waivable by Landlord in Landlord's sole and absolute discretion.

19. Other Lease Terms.

(a) Landlord's address for rent payments is hereby changed to the following (as the same may, by notice to Tenant, be further modified from time to time):

I&G 525 B Street, Inc.
P.O. Box 845613
Los Angeles, CA 90084-5613

Landlord's address for notices under the Lease rent is hereby changed to the following (as the same may, by notice to Tenant, be further modified from time to time):

I&G 525 B Street, Inc.
c/o LaSalle Investment Management, Inc.
333 W. Wacker Drive, Suite 2300
Chicago, IL 60606
Attention: Ty Spearing

With a copy to:

Hines GS Properties, Inc.
525 B Street, Suite 220
San Diego, CA 92101
Attention: Property Manager

And to:

Hagan & Vidovic LLP
101 N. Wacker Drive, Suite 2011
Chicago, IL 60606
Attention: Christopher Vidovic, Esq.

Tenant's address for notices under the Lease rent is hereby changed to the following (as the same may, by notice to Landlord, be further modified from time to time):

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

With a copy to:

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

(b) The provisions of Section 13 (Carpet Steam Cleaning) of the Second Amendment will apply to the 3rd Amendment Expansion Space.

(c) Section 1.4 (Right of First Refusal) of the Original Lease is hereby deleted in its entirety.

(d) The Termination Option set forth in Section 1 of the First Amendment is hereby declared to be null and void.

20. Broker. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent entitled to a commission in connection with the negotiation of this Third Amendment, excepting only CBRE, Inc. on behalf of Landlord ("**Landlord's Broker**"), and Hughes Marino, Inc. on behalf of Tenant ("**Tenant's Broker**"; Landlord's Broker and Tenant's Broker are referred to herein together as the "**Broker**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Third Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any

dealings with any real estate broker or agent, other than the Broker, occurring by, through, or under the indemnifying party in connection with this Third Amendment. Landlord agrees to indemnify and defend Tenant against and hold Tenant harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing to Landlord's Broker on account of any dealings with Landlord's Broker. Tenant will have no obligation to pay any commission to Landlord's Broker. Tenant agrees to indemnify and defend Landlord against and hold Landlord harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing to Tenant's Broker on account of any dealings with Tenant's Broker. Landlord will have no obligation to pay any commission to Tenant's Broker

21. Signing Authority. Each individual executing this Third Amendment on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the State of California and that Tenant has full right and authority to execute and deliver this Third Amendment and that each person signing on behalf of Tenant is authorized to do so. Each individual executing this Third Amendment on behalf of Landlord hereby represents and warrants that Landlord is a duly formed and existing entity qualified to do business in the State of California and that Landlord has full right and authority to execute and deliver this Third Amendment and that each person signing on behalf of Landlord is authorized to do so.

22. Counterparts. This Third Amendment may be executed in counterparts, each of which shall be deemed an original, but such counterparts, when taken together, shall constitute one agreement. This Third Amendment may be executed by a party's signature transmitted by facsimile or PDF email, and copies of this Third Amendment executed and delivered by means of facsimile signatures or PDF email shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon facsimile or email signatures as if such signatures were originals.

23. Defaults. Tenant hereby represents and warrants to Landlord that, as of the date of this Third Amendment, Tenant is in full compliance with all terms, covenants and conditions of the Lease and that there are no breaches or defaults under the Lease by Landlord or Tenant, and that Tenant knows of no events or circumstances which, given the passage of time, would constitute a default under the Lease by either Landlord or Tenant.

24. No Further Modification. Except as set forth in this Third Amendment, all of the terms and provisions of the Lease shall apply with respect to the 3rd Amendment Expansion Space and shall remain unmodified and in full force and effect. Effective as of the 3rd Amendment Expansion Commencement Date, all references to the "Lease" shall refer to the Lease as amended by this Third Amendment.

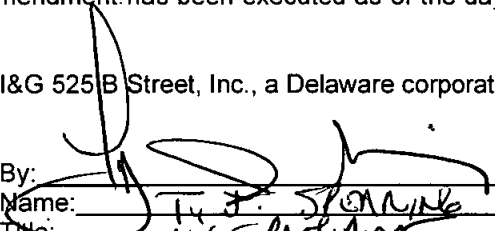
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25. Effective of Delivery. This Third Amendment will not be effective until a copy executed by both Landlord and Tenant is delivered to Landlord. If Landlord has not received from Tenant a fully-executed copy of this Third Amendment by December 31, 2016, Landlord may, by notice to Tenant at any time thereafter but before Landlord's receipt of a fully-executed copy of this Third Amendment from Tenant, terminate this Third Amendment, in which event this Third Amendment will be null and void but the Lease (without regard to this Third Amendment) will remain in fully force and effect pursuant to its terms.

IN WITNESS WHEREOF, this Third Amendment has been executed as of the day and year first above written.

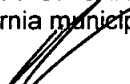
"LANDLORD"

I&G 525 B Street, Inc., a Delaware corporation,

By: 
Name: T. J. SPINNING
Title: Vice President
Date: 10/11, 2016

"TENANT"

THE CITY OF SAN DIEGO,
a California municipal corporation

By: 
Print Name: CYBIL FRANK
Title: DIRECTOR OF COMMUNITY RELATIONS
Date: October 19, 2016

Approved as to form

this 20th day of December, 2016

MARA W. ELLIOTT

JANET GOLDSMITH, City Attorney

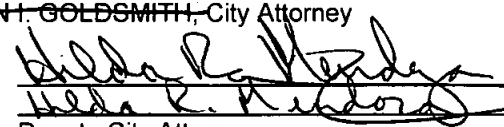
By: 
Hilda R. Mendoza
Deputy City Attorney

EXHIBIT A

OUTLINE OF 3RD AMENDMENT EXPANSION SPACE

This Exhibit "A" is provided for informational purposes only and is intended to be only an approximation of the layout of the Third Amendment Expansion Space and shall not be deemed to constitute any representation by Landlord as to the exact layout or configuration of the Third Amendment Expansion Space.

EXHIBIT A

EXHIBIT B

525 B STREET

TENANT WORK LETTER

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of certain leasehold improvements to the 3rd Amendment Expansion Space and to the Existing Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction of the 3rd Amendment Expansion Space and Existing Premises, in sequence, as such issues will arise during the actual construction of the 3rd Amendment Expansion Space and Existing Premises. All references in this Tenant Work Letter to Sections of "this **Tenant Work Letter**" shall mean the relevant portions of Sections 1 through 5 of this Tenant Work Letter.

SECTION 1

DELIVERY OF THE 3RD AMENDMENT EXPANSION SPACE AND BASE BUILDING

1.1 Base Building as Constructed by Landlord. Landlord shall deliver the 3rd Amendment Expansion Space, Existing Premises, and "**Base Building**," as that term is defined in Section 8.2 of the Original Lease, to Tenant, and Tenant shall accept the 3rd Amendment Expansion Space, Existing Premises, and Base Building from Landlord in their presently existing, "as-is" condition.

1.2 Cabling. Upon the expiration or earlier termination of the Lease (as amended), Tenant shall not be required to remove any cabling in the 3rd Amendment Expansion Space or Existing Premises unless installed by or on behalf of Tenant.

SECTION 2

TENANT IMPROVEMENTS

2.1 Tenant Improvement Allowance. Tenant shall be entitled to a one-time tenant improvement allowance (the "**Tenant Improvement Allowance**") in the amount set forth in Section 2.5 below for the costs relating to the design, permitting and construction of Tenant's improvements which are permanently affixed to the 3rd Amendment Expansion Space or Existing Premises (the "**Improvements**") and for the Tenant Improvement Allowance Items described in Section 2.2 below. In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance.

2.2 Disbursement of the Tenant Improvement Allowance.

2.2.1 Tenant Improvement Allowance Items. Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord (each of which disbursements shall be made pursuant to Landlord's disbursement process) only for the following items and costs (collectively the "**Tenant Improvement Allowance Items**");

2.2.1.1 Payment of the fees of the "**Architect**" and the "**Engineers**," as those terms are defined in Section 3.1 of this Tenant Work Letter (including, without limitation, any space planning, test fit planning and/or pricing planning services provided prior to the date of this Third Amendment), and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "**Construction Drawings**," as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Improvements;

2.2.1.3 The cost of construction of the Improvements, including, without limitation, testing and inspection costs, trash removal costs, and contractors' fees and general conditions;

2.2.1.4 The cost of any changes in the Base Building when such changes are required by the Construction Drawings, such cost to include all architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 The cost of any changes to the Construction Drawings or Improvements required by all applicable building codes (the "Code");

2.2.1.6 The cost of the "Coordination Fee," as that term is defined in Section 4.2 of this Tenant Work Letter;

2.2.1.7 Sales and use taxes; and

2.2.1.8 Moving expenses, furniture, fixtures, equipment, wiring, network cabling, security systems, audio-visual systems, signage and telecommunications systems.

2.2.2 Other Terms. All Improvements shall be deemed Landlord's property under the terms of the Lease (as amended).

2.3 Standard Tenant Improvement Package. Landlord has established specifications (the "**Building Standard Tenant Improvements**") for the Building standard components to be used in the construction of the Improvements in the 3rd Amendment Expansion Space and Existing Premises, which Building Standard Tenant Improvements are set forth on Schedule 1 to Exhibit B of the Original Lease. The quality of the Improvements shall be equal to or of greater quality than the quality of the Building Standard Tenant Improvements, provided that Landlord may, at Landlord's option, prior to final approval of the Final Working Drawings, require the Improvements to comply with certain Building Standard Tenant Improvements.

2.4 Removal of Above Standard Tenant Improvements. "**Above Standard Tenant Improvements**" shall mean any internal staircase (subject to the limitations below), and any Improvements which are not usual and customary for general office use. Concurrently with Landlord's approval of the Final Working Drawings, Landlord shall immediately notify Tenant in writing, that upon the expiration or earlier termination of the Term of the Lease (as amended), Tenant shall, at its sole cost and expense, remove any such Above-Standard Tenant Improvements so reasonably designated by Landlord, and Tenant shall replace such non-standard Improvements with Building Standard Tenant Improvements; provided, however, notwithstanding anything to the contrary in this Section 2.4, Landlord agrees that Tenant shall not be required to remove any of the Improvements depicted on the Final Space Plan attached hereto as Schedule 1. Any such work of Tenant shall be performed promptly and shall be completed by Tenant on or before the end of the Term of the Lease (as amended), and if Tenant fails to timely remove and/or replace any Above Standard Tenant Improvements, Landlord (or Landlord's property manager) may do so and Tenant shall reimburse Landlord (or Landlord's property manager) for the actual and reasonable cost of such removal and/or replacement. The immediately preceding sentence shall survive the expiration or earlier termination of the Lease (as amended).

2.5 Tenant Improvement Allowance. The "**Tenant Improvement Allowance**" shall be in the amount of **\$1,725,485** (i.e., \$35 x 17,739 rsf in 3rd Amendment Expansion Space, + \$10 x 110,462 rsf in Existing Premises). The duration of the availability of the Tenant Improvement Allowance will be as set forth in Section 5.6 below. Tenant may utilize the "Tenant Improvement Allowance" on the Existing Premises or the 3rd Amendment Expansion Space, or both. Tenant shall have the option ("**Additional Allowance Option**"), exercisable by written notice to Landlord on or before the 3rd Amendment Expansion

Commencement Date, to have Landlord increase the Tenant Improvement Allowance by up to an additional **\$88,695** (\$5 x 17,739 rsf in the 3rd Amendment Expansion Space) (the "**Allowance Increase Amount**"), in \$1/rsf increments, as designated by Tenant in such written notice; provided, however, that (i) the Additional Allowance Option will be null and void if Tenant has theretofore elected (or contemporaneously therewith elects) to apply any portion of the Tenant Improvement Allowance toward Base Rent; and (ii) if Tenant exercises the Additional Allowance Option, then Tenant's right, as set forth in Section 5.6 below, to apply a portion of the Tenant Improvement Allowance toward Base Rent under the Lease will be null and void. If Tenant exercises the Additional Allowance Option, monthly Base Rent payable by Tenant for the 3rd Amendment Expansion Space during the 3rd Amendment Revised Term shall be increased by \$0.0175 per rentable square foot of the 3rd Amendment Expansion Space per month for each One Dollar (\$1.00) per rentable square foot of increase in the Tenant Improvement Allowance, and the parties shall promptly execute an amendment to the Lease in order to document such increase in the Tenant Improvement Allowance and monthly Base Rent.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. Landlord and Tenant hereby approve, and Landlord shall retain, Gensler (the "**Architect**") to prepare the "**Final Space Plan**," as that term is defined in Section 3.2 below, and the architectural sheets for the Final Working Drawings ("**Architectural Sheets**"). Tenant and Landlord agree that all mechanical, electrical, plumbing and structural plans will be done on a "design build" basis by subcontractors (the "**Engineers**") selected by Contractor. The Engineers shall work under the direction of the Contractor. The Engineers will prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, life safety, and sprinkler work in the 3rd Amendment Expansion Space (and, if necessary, the Existing Premises). The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "**Construction Drawings**." All Construction Drawings shall comply with the drawing format and specifications determined by Landlord, and shall be subject to Landlord's approval.

3.2 Final Space Plan. The Architect has prepared the final space plan for the Improvements in the 3rd Amendment Expansion Space and Existing Premises (collectively, the "**Final Space Plan**"), which Final Space Plan has been approved by Landlord and Tenant and is attached hereto as Schedule 1.

3.3 Final Working Drawings. Immediately following full execution and delivery of this Third Amendment, Landlord shall cause the Architect and the Engineers to complete the architectural and engineering drawings for the 3rd Amendment Expansion Space and Existing Premises, and the final architectural working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "**Final Working Drawings**") and shall submit the same to Landlord for Landlord's approval. Upon Landlord's approval of the Final Working Drawings, Landlord shall submit the Final Working Drawings to Tenant for Tenant's approval, which shall not be unreasonably withheld. Tenant shall approve or disapprove any draft of the Final Working Drawings within five (5) business days after Tenant's receipt thereof. Tenant's disapproval of the Final Working Drawings shall include the reasonable reasons for Tenant's disapproval. If Tenant fails to disapprove any draft of the Final Working Drawings by written notice to Landlord within said five (5) business day period, such failure will be deemed a Tenant Delay or, at Landlord's election, said draft of the Final Working Drawings shall be deemed to be approved by Tenant.

3.4 Approved Working Drawings. The Final Working Drawings as approved by Landlord and Tenant may be referred to herein as the "**Approved Working Drawings**." Landlord may submit the Final Working Drawings to the appropriate municipal authorities for all applicable building permits simultaneously with the parties' review of the same. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of both parties, which consent may not be unreasonably withheld.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 Contractor. A general contractor shall be retained by Landlord to construct the Improvements. Such general contractor ("**Contractor**") shall be selected by Landlord and reasonably approved by Tenant.

4.2 Cost Proposal. After the Approved Working Drawings are signed by Landlord and Tenant, Landlord shall provide Tenant with a cost proposal in accordance with the Approved Working Drawings, which cost proposal shall include, as nearly as possible, the cost of all Tenant Improvement Allowance Items to be incurred by Tenant in connection with the design and construction of the Improvements (the "**Cost Proposal**"). The entire process associated with the bidding for and construction of the Improvements shall be on an "open book" basis, meaning that Tenant shall have the right to participate and review all aspects of the bid process, including the right to review the bid solicitation package, the bids received, and the Cost Proposal. Tenant shall approve and deliver the signed Cost Proposal to Landlord within five (5) business days after Tenant's receipt thereof, and upon receipt of the same by Landlord, Landlord shall be released by Tenant to purchase the items set forth in the Cost Proposal and to commence the construction relating to such items. The date by which Tenant must approve and deliver the Cost Proposal to Landlord shall be known hereafter as the "**Cost Proposal Delivery Date**". Within thirty (30) days following the Cost Proposal Delivery Date, Tenant shall deliver to Landlord cash in an amount (the "**Over-Allowance Amount**") equal to the difference between (i) the amount of the Cost Proposal and (ii) the amount of the Tenant Improvement Allowance. In the event that, after the Cost Proposal Delivery Date, any revisions, changes, or substitutions shall be made to the Construction Drawings or the Improvements by Tenant, any additional costs which arise in connection with such revisions, changes or substitutions or any other additional costs shall be paid by Tenant to Landlord within thirty (30) days following Landlord's request as an addition to the Over-Allowance Amount. Tenant shall pay a logistical coordination fee (the "**Coordination Fee**") to Landlord (or Landlord's property manager) in an amount equal to the product of (i) three percent (3%) and (ii) the sum of the Tenant Improvement Allowance, the Over-Allowance Amount (as such amount may be increased hereunder) and any other amounts expended by Tenant in connection with the design and construction of the Improvements, which Coordination Fee shall be for services relating to the coordination of the construction of the Improvements.

4.3 Governmental Compliance. The Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.4 Inspection by Tenant. Tenant shall have the right to inspect the Improvements at all times; provided, however, that Tenant's failure to inspect the Improvements shall in no event constitute a waiver of any of Tenant's rights hereunder nor shall Tenant's inspection of the Improvements constitute Tenant's approval of the same. Should Tenant reasonably disapprove any portion of the Improvements, Tenant shall notify Landlord in writing of such disapproval and shall specify the items disapproved. Notwithstanding anything to the contrary in this Section 4.4, Tenant may only disapprove matters which are contrary to the Approved Working Drawings or are in violation of Laws. Any defects or deviations in, and/or disapproval by Tenant of, the Improvements shall be rectified by Landlord at no expense to Tenant, provided the same are noted by Tenant to Landlord in a timely fashion so as to avoid unnecessarily causing Landlord to incur additional expenses due to said defect or deviation being covered up by subsequent work.

4.5 Meetings. Commencing upon the full execution and delivery of this Third Amendment by Landlord and Tenant, Landlord shall hold periodic meetings at a reasonable time, with the Architect and the Contractor regarding the progress of the preparation of Construction Drawings and the construction of the Improvements, which meetings shall be held in the Building and Tenant and/or its agents shall receive prior notice of, and shall have the right to attend, all such meetings. Tenant shall use commercially reasonable efforts and all due diligence to cooperate with the Architect, Engineers, and Landlord to

complete all phases of the Construction Drawings and the permitting process and to receive the permits, and with Contractor for approval of the "Cost Proposal," as that term is defined in Section 4.2 of this Tenant Work Letter, as soon as possible after the execution of the Third Amendment.

4.6 Contractor's Warranties and Guaranties. Landlord hereby assigns to Tenant all warranties and guaranties by Contractor relating to the Improvements.

4.7 Ready for Occupancy. The 3rd Amendment Expansion Space and Existing Premises shall be deemed "**Ready for Occupancy**" upon the Substantial Completion of the 3rd Amendment Expansion Space. For purposes of this Third Amendment, "**Substantial Completion**" of the Improvements in the 3rd Amendment Expansion Space and Existing Premises shall occur upon the completion of construction of the Improvements in the 3rd Amendment Expansion Space and Existing Premises pursuant to the Approved Working Drawings, with the exception of any punch list items. Landlord shall use commercially reasonable efforts to notify Tenant approximately forty-five (45) days prior to Landlord's estimated date of when Substantial Completion of the 3rd Amendment Expansion Space and Existing Premises will occur. Except as provided in this Section 4.7, the 3rd Amendment Expansion Commencement Date shall occur as set forth in the Third Amendment. However, if there shall be a delay or there are delays in the Substantial Completion of the Improvements in the 3rd Amendment Expansion Space or Existing Premises as a result of the following (collectively, "**Tenant Delays**"):

4.7.1 Tenant's failure to timely approve any matter requiring Tenant's approval;

4.7.2 A breach by Tenant of the terms of this Tenant Work Letter or the Lease (as amended);

4.7.3 Tenant's request for changes in the Approved Working Drawings that results in actual time delays; or

4.7.4 Tenant's requirement for materials, components, finishes or improvements which are not available in a commercially reasonable time given the anticipated date of Substantial Completion of the Improvements, or which are different from, or not included in, the Building Standard Tenant Improvements provided Landlord notifies Tenant within five (5) business days after ordering such items of possible associated delays;

then, notwithstanding anything to the contrary set forth in the Third Amendment or this Tenant Work Letter and regardless of the actual date of the Substantial Completion of Improvements in the 3rd Amendment Expansion Space and Existing Premises, the date of Substantial Completion thereof shall be deemed to be the date that Substantial Completion would have occurred if no Tenant Delay or Delays, as set forth above, had occurred.

SECTION 5

MISCELLANEOUS

5.1 Tenant's Representative. Tenant has designated James Nagelvoort (Phone Number: 619-533-5100), and Brad Bennett (Phone Number: 619-236-6191) as its sole representatives (collectively, "**Tenant Representatives**") with respect to the matters set forth in this Tenant Work Letter, each of whom, until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter. Tenant may, by written notice to Landlord, add additional Tenant Representatives, or remove Tenant Representatives.

5.2 Landlord's Representative. Landlord has designated Don Petros as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 Time of the Essence in This Tenant Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely and reasonably disapproved by a party, the procedure for preparation of the document and approval thereof shall be repeated until the document is reasonably approved by the disapproving party.

5.4 Tenant's Lease Default. Notwithstanding any provision to the contrary contained in the Lease (as amended), if an event of default as described in the Lease or this Tenant Work Letter has occurred at any time on or before the Substantial Completion of the Improvements in the 3rd Amendment Expansion Space and Existing Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease (as amended), Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Improvements (in which case, Tenant shall be responsible for any delay in the substantial completion of the Improvements caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of the Lease, as amended (in which case, Tenant shall be responsible for any delay in the substantial completion of the 3rd Amendment Expansion Space and Existing Premises caused by such inaction by Landlord).

5.5 Tenant's Entry Into the 3rd Amendment Expansion Space Prior to Substantial Completion. Provided that Tenant and its agents do not interfere with Contractor's work in the Building and the 3rd Amendment Expansion Space, Contractor shall allow Tenant access to the 3rd Amendment Expansion Space beginning no later than fifteen (15) days prior to the Substantial Completion of the 3rd Amendment Expansion Space for the purpose of Tenant installing its furniture, trade fixtures, data and telecommunications wiring and equipment, photocopy equipment and other business equipment in the 3rd Amendment Expansion Space. Prior to Tenant's entry into the 3rd Amendment Expansion Space as permitted by the terms of this Section 5.5, (a) Tenant shall submit a schedule to Landlord and Contractor, for their approval, which schedule shall detail the timing and purpose of Tenant's entry and (b) Tenant or its agents or contractors shall provide evidence of insurance reasonably satisfactory to Landlord. The parties acknowledge that Tenant currently occupies the Existing Premises in which a portion of the Improvements is to be performed. Tenant will reasonably cooperate with Landlord to accommodate performance of the Improvements in the Existing Premises, and Landlord will reasonably cooperate with Tenant to minimize the disruption to Tenant's operations caused by the performance of the Improvements in the Existing Premises. However, Tenant will not be entitled to any abatement or reduction of rent by reason of any interruption to Tenant's operations caused by the performance of the Improvements in the Existing Premises. Tenant shall hold Landlord harmless from and indemnify, protect and defend Landlord against any loss or damage to the Building or 3rd Amendment Expansion Space or Existing Premises and against injury to any persons caused by Tenant's actions pursuant to this Section 5.5.

5.6 Base Rent Credit. If the cost to design, permit and construct the Improvements in the 3rd Amendment Expansion Space and Existing Premises is less than the Tenant Improvement Allowance (excluding any Allowance Increase Amount pursuant to Section 2.5 above), Landlord shall notify Tenant thereof in writing ("**Landlord's Notice**") within thirty (30) days following the 3rd Amendment Expansion Commencement Date or reasonably thereafter. Provided that Tenant has not exercised the Additional Allowance Option, Tenant may then request by providing written notice ("**Request Notice**") delivered to Landlord no later than the later of (i) one hundred twenty (120) days following the delivery of Landlord's Notice to Tenant; and (ii) 12 months after the date of mutual execution and delivery of the Amendment to which this Work Letter is attached, that the unused portion of the Tenant Improvement Allowance (excluding any Allowance Increase Amount) be applied as a credit against Tenant's Base Rent obligations for the 3rd Amendment Expansion Space and for the Existing Premises ("**Rent Credit**"). If Tenant timely delivers the Request Notice, and provided that Tenant has not elected the Additional Allowance Option, the Rent Credit will be applied as a credit to Tenant's monthly Base Rent obligations for the 3rd Amendment Expansion Space and for the Existing Premises commencing with the first day of the first full month following Landlord's receipt of the Request Notice (but in no event prior to the expiration of the 3rd Amendment Expansion Space Abatement Period), and continuing thereafter until exhausted. If Tenant timely delivers the Request Notice, Landlord will provide a written notice to Tenant detailing the exact application of the Rent Credit, consistent with Tenant's instructions. If Tenant does not timely provide the Request Notice, Tenant shall

not be entitled to any Rent Credit or use of any unused Tenant Improvement Allowance and such unused amount shall instead revert to Landlord. If Tenant delivers the Request Notice, then the Additional Allowance Option will be null and void. Notwithstanding anything to the contrary in this Tenant Work Letter, Tenant will not be entitled to the Additional Allowance Amount if Tenant elects to apply any portion of the Tenant Improvement Allowance toward rent, and Tenant may not apply any portion of the Tenant Improvement Allowance toward rent if Tenant exercises the Additional Allowance Option.

5.7 Punchlist. Concurrently with Substantial Completion of the Improvements in the 3rd Amendment Expansion Space and Existing Premises consistent with the Approved Working Drawings and Landlord's delivery of the 3rd Amendment Expansion Space to Tenant, a representative of Landlord and a representative of Tenant shall perform a walk-through inspection of the Improvements in the 3rd Amendment Expansion Space and Existing Premises to identify any "punchlist" items (i.e., minor defects or conditions in such Improvements that do not impair Tenant's ability to utilize the 3rd Amendment Expansion Space or Existing Premises for the purposes permitted hereunder), which items Landlord shall repair or correct no later than ninety (90) days after the date of such walk-through (unless the nature of such repair or correction is such that more than ninety (90) days are required for completion, in which case Landlord shall commence such repair or correction work within such ninety (90) day period and diligently prosecute the same to completion).

APPROVED FINAL SPACE PLAN

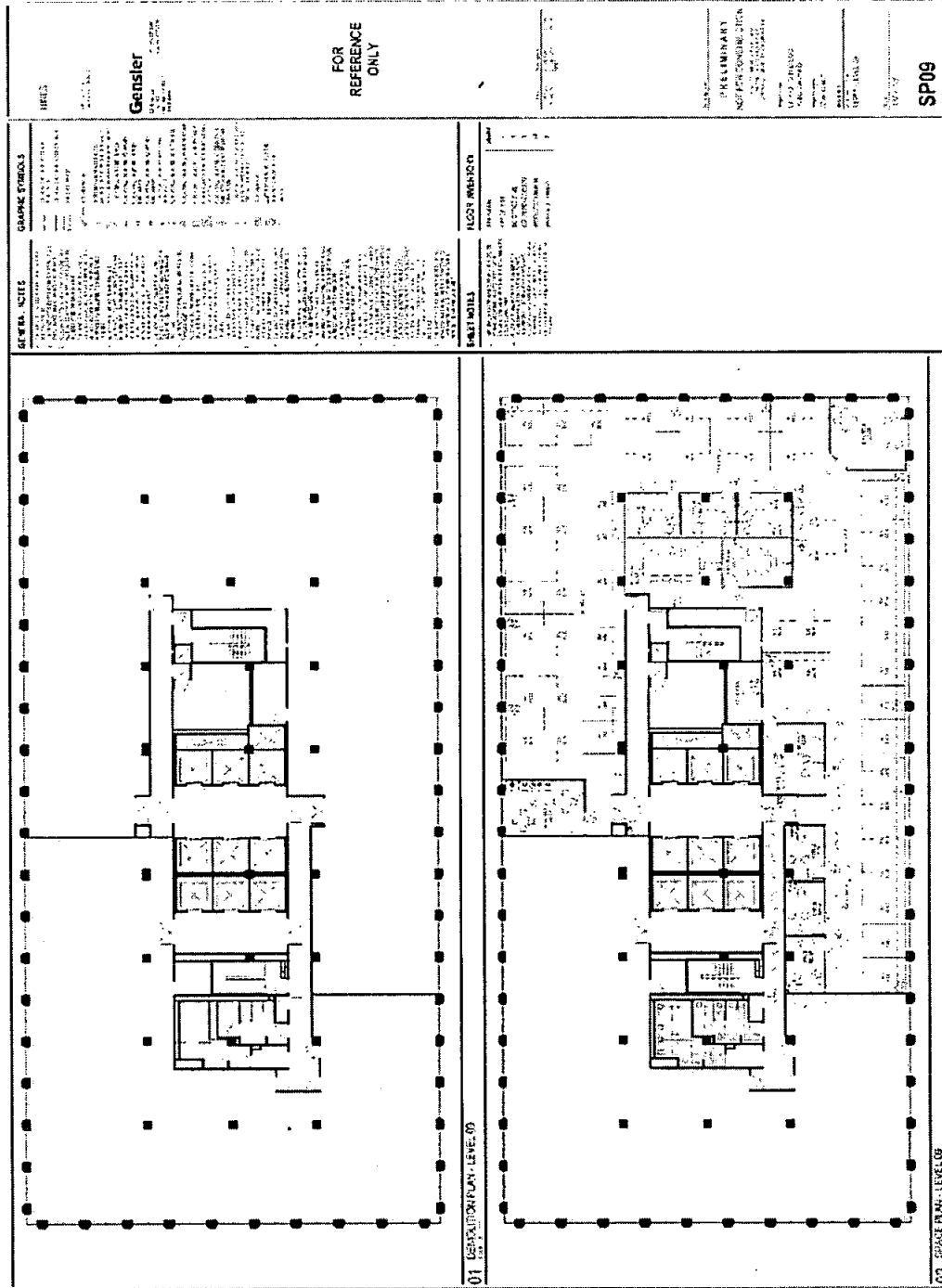


EXHIBIT C

NOTICE OF 3RD AMENDMENT REVISED TERM DATES

TO: _____

DATE: _____, 2017

Attention: _____

RE: Third Amendment to Lease ("**Third Amendment**") dated _____, 201__, between I&G 525 B STREET, INC., a Delaware corporation ("**Landlord**"), and THE CITY OF SAN DIEGO, a California municipal corporation ("**Tenant**"), concerning Suites 700, 740, and 950 (the "**3rd Amendment Expansion Space**"), located at 525 B Street, San Diego, California.

Dear Mr. [or Ms.] _____:

In accordance with the Third Amendment, Landlord wishes to advise and/or confirm the following:

1. That the Tenant is in possession of the 3rd Amendment Expansion Space Existing Premises, and Tenant acknowledges that under the provisions of the Third Amendment, the 3rd Amendment Revised Term commenced as of _____, 2017 and shall expire on June 30, 2022.

2. That in accordance with the Third Amendment, monthly Base Rent for the 3rd Amendment Expansion Space commenced to accrue on _____, 2017.

AGREED AND ACCEPTED:

TENANT:

a _____

By: SAMPLE _____

Print Name: _____

Its: _____

EXHIBIT D

Base Rent

rsf	58,694		32,084		19,684		110,462		6,218		11,521		17,739		128,201	
	Original Premises				2nd Amendment Expansion Premises		Total Existing Premises		3rd Amendment Expansion Space				Total 3rd Amendment Expansion Space		Total Premises	
	Original 1, 3-5 Floor Premises		Original 6-7 Floor Premises		2nd Amendment Expansion Space		Total Existing Premises		7th Floor 3rd Amendment Expansion Space		Suite 950 3rd Amendment Expansion Space		Total 3rd Amendment Expansion Space		Total Premises	
	Monthly Base Rent / RSF	Monthly Base Rent	Monthly Base Rent / RSF	Monthly Base Rent	Monthly Base Rent / RSF	Monthly Base Rent	Monthly Base Rent		Monthly Base Rent / RSF	Monthly Base Rent	Monthly Base Rent / RSF	Monthly Base Rent	Monthly Base Rent		Monthly Base Rent	Monthly Base Rent
Period																
3rd Amendment Expansion Commencement Date through 12-31-2017	Per Second Amendment															
1/1/2018-12-31-2018									\$2.40	\$14,923.20	\$2.50	\$28,802.50	\$43,725.70			
1/1/2019-12-31-2019									\$2.48	\$15,420.64	\$2.59	\$29,839.39	\$45,260.03			
1/1/2020-6/30/2020									\$2.57	\$15,980.26	\$2.68	\$30,876.28	\$46,856.54			
7/1/2020-12-31-2020									\$2.66	\$16,539.88	\$2.77	\$31,913.17	\$48,453.05			
	\$2.49	\$146,148.06	\$2.66	\$85,343.44	\$2.77	\$54,524.68	\$286,016.18	\$2.66	\$16,539.88	\$2.77	\$31,913.17	\$48,453.05	\$48,453.05	\$334,469.23		
1/1/2021-12-31-2021	\$2.58	\$151,430.52	\$2.75	\$88,231.00	\$2.87	\$56,493.08	\$296,154.60	\$2.75	\$17,099.50	\$2.87	\$33,065.27	\$50,164.77	\$50,164.77	\$346,319.37		
1/1/2022-6-30-2022	\$2.67	\$156,712.98	\$2.85	\$91,439.40	\$2.97	\$58,461.48	\$306,613.86	\$2.85	\$17,721.30	\$2.97	\$34,217.37	\$51,938.67	\$51,938.67	\$358,552.53		

EXHIBIT E

FAIR MARKET RENT

For purposes of this Third Amendment, "**Fair Market Rent**" means a rate comprised of (i) the prevailing base rental rate per square foot of rentable space of office space available in the Pertinent Market (defined below) for expansions, and (ii) any financial escalation of such prevailing base rental rate (based upon a fixed step or index) for office space prevailing in the Pertinent Market for expansions, taking into account comparable expansions (on the basis of factors such as, but not limited to, size and location of space and commencement date and term of lease), recently executed for improved space in similar class-type office buildings in the central downtown business district of San Diego that are comparable to the Building in reputation, quality, size, location and level and quality of services provided, and which have similar levels of occupancy as the Building (the foregoing factors not being exclusive in identifying comparable buildings) (the Building and such comparable buildings, as the case may be, being herein referred to as the "**Pertinent Market**"). For purposes of this Lease, "**Fair Market Allowance**" means the prevailing leasehold improvement allowance (on a per rentable square foot basis) available in the Pertinent Market for expansions of office space, taking into account comparable lease expansions (on the basis of factors such as, but not limited to, size and location of space and commencement date and term of lease), and the rental rate. In determining the Fair Market Rent and Fair Market Allowance, there will also be taken into consideration (a) the definition of rentable area or net rentable area with respect to which such rental rates are computed; (b) whether the lease comparable is a net or gross lease and, if gross, differences in base year or stop; (c) the value of rental abatements, moving allowances, allowances for construction of tenant improvements, time permitted to tenants in which to construct tenant improvements and other financial or economic concessions generally available in the Pertinent Market at such time to tenants leasing comparable space which are not being made available to Tenant in kind; (d) the size of the tenant; and (e) other comparable pertinent factors. Notwithstanding anything to the contrary contained in this Exhibit, if a lease expansion that is to be used as a comparable in calculating Fair Market Rent was prepared based on an option calling for the base rental to be at less than 100% of "market," then such rental rate will be grossed back up to 100% in calculating Fair Market Rent hereunder.

ORDINANCE NUMBER O- 20754 (NEW SERIES)

DATE OF FINAL PASSAGE NOV 17 2016

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING AND DIRECTING THE MAYOR, OR HIS DESIGNEE, TO EXECUTE, DELIVER AND ADMINISTER THAT CERTAIN THIRD AMENDMENT TO LEASE BETWEEN I & G 525 B STREET, INC., A DELAWARE CORPORATION, AND THE CITY OF SAN DIEGO, WHICH AUTHORIZES THE CITY TO EXPAND THE SPACE IT LEASES AT 525 B STREET AND EXTEND THE TERM OF ITS ORIGINALLY LEASED SPACE SO THAT THE TERM FOR ALL THE LEASED SPACE TERMINATES AS OF THE SAME DATE; AND AUTHORIZING THE EXPENDITURE OF FUNDS FOR THE RENT FOR THE NEWLY LEASED EXPANSION SPACE AND FOR THE RENT FOR THE EXPANDED TERM OF THE PREVIOUSLY LEASED SPACE.

WHEREAS, on July 9, 2013, the Council of the City of San Diego authorized by ordinance that certain Office Lease (Original Lease) for office space at 525 B Street, San Diego, California (Property), between Hines 525 B Street LP (Hines) and the City of San Diego (City), on file with the Office of the City Clerk as Document No. OO-20273; on December 9, 2013, the Council authorized a First Amendment to said Original Lease (First Amendment), on file with the Office of the City Clerk as Document No. OO-20324; and on June 2, 2015, the Council authorized a Second Amendment to said Original Lease (Second Amendment) (hereinafter, the Original Lease, the First Amendment and the Second Amendment shall be referred to jointly as the "Lease"); and

WHEREAS, since Hines sold the Property to I & G 525 B Street, Inc., a Delaware corporation (I & G), I & G has succeeded Hines as the landlord of the Property; and

WHEREAS, I & G and City have agreed to amend the Lease for a third time (Third Amendment) to, among other things, allow City to lease portions of the 7th and 9th floors of the Property, containing 17,739 square feet (Expansion Space), and to extend the Term of the Lease

by two years (Lease Extension) so that the Term for the office space already authorized under the Lease and the Term under the Lease Extension for the Expansion Space will terminate as of the same date, all as more specifically set forth in the proposed Third Amendment; and

WHEREAS, under City Charter section 99, no contract, agreement or obligation extending for a period of more than five years may be authorized except by ordinance adopted by a two thirds' majority vote of the City Council; 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 hereby authorized and directed to execute, deliver and take all actions necessary to facilitate the administration of that certain Third Amendment to Lease which is now between the City and I & G 525 B Street Inc., a Delaware corporation, allowing the City to expand its leased spaces at 525 B Street, San Diego, California, to include a portion of the 7th and 9th floors, and extend the Term for the previously-leased space by two additional years, causing the Term for all the previously leased space at 525 B Street to expire conterminously with the termination date of the Expansion Space, which, as set forth in the Third Amendment, shall be on June 30, 2022.

Section 2. That the Chief Financial Officer is authorized to expend the funds necessary for the rent of the Expansion Space on the 7th and 9th floors of the Property as set forth in the Third Amendment, in an amount not to exceed \$2,731,622, for Fiscal Years 2017-2022; said sum shall be funded solely from Public Works Department Fund 720057, contingent upon the Chief Financial Officer furnishing a certificate certifying that the funds necessary for the expenditure are, or will be, on deposit with the City Treasurer.

Section 3. That the Chief Financial Officer is authorized to expend an additional sum in an amount not to exceed \$4,731,126 for Fiscal Years 2021-2022, which sum shall cover the

rent for the Lease Extension; said sum shall be funded 100% from Public Works Department Fund 720057, contingent upon the Chief Financial Officer furnishing a certificate certifying that the funds necessary for the expenditure are, or will be, on deposit with the City Treasurer.

Section 4. That the Chief Financial Officer is authorized to expend an additional sum in an amount not to exceed \$2,486,526 for Fiscal Years 2021-2022, which sum shall cover the rent for the Lease Extension; said sum shall be funded 100% from the following Public Utilities sources and funding allocations: Muni Sewer Revenue Fund 700000, 24.29%; Metro Sewer Utility Fund 700001, 13.89%; Water Utilities Operating Fund 700011, 61.82%; contingent upon the Chief Financial Officer furnishing a certificate certifying that the funds necessary for the expenditure are, or will be, on deposit with the City Treasurer.

Section 5. 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 6. 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


Hilda R. Mendoza
Deputy City Attorney

HRM:als

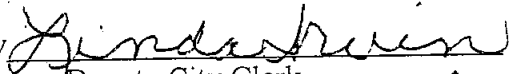
10/19/2016

Or.Dept: Real Estate Assets Dept.

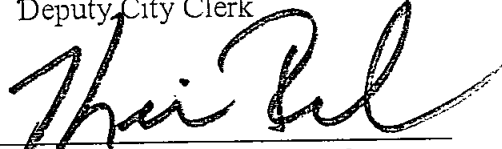
Doc. No.: 1373509

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of NOV 15 2016.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 11/17/16
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on NOV 15 2016, 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 NOV 17 2016

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 Linda Bruen, 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 25 2016

NOV 17 2016

, and on

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 Linda Bruen, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20754

Passed by the Council of The City of San Diego on November 15, 2016, by the following vote:

YEAS: **LIGHTNER, COLE, KERSEY, CATE, SHERMAN, ALVAREZ.**
NAYS: **NONE.**
NOT PRESENT: **ZAPF, GLORIA, EMERALD.**
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-20754** (New Series) of The City of San Diego, California.

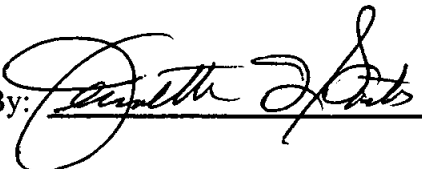
I FURTHER CERTIFY that said ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on **October 25, 2016** and on **November 17, 2016**.

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