

**SECOND AMENDMENT TO LEASE
BY AND BETWEEN DEBOLT, DERRICK, MCFARLAND
PROPERTIES, LLC AND THE CITY OF SAN DIEGO**

This Second Amendment ("Second Amendment") is made and entered into by and between Debolt, Derrick, McFarland Properties, LLC, a California limited liability company, as Lessor ("Lessor") and City of San Diego, a California municipal corporation, as Lessee ("Lessee"), to be effective when signed by the parties and approved by the San Diego City Attorney ("Second Amendment Effective Date").

Recitals

- A. Lessor and Lessee entered into that certain lease for a building located at 116 South 20th Street in San Diego, California on file with the Office of the City Clerk as Document No. RR 311627 ("Lease").
- B. Lessor and Lessee amended the Lease to extend the time that Lessee had to elect to exercise Lessee's option to extend the term of the Lease as set forth in that certain first amendment to the Lease ("First Amendment").
- C. Lessor and Lessee now wish to amend the Lease to extend the Original Term of the Lease and extend Lessee's deadline to elect to exercise the options to extend the term for additional renewal periods.
- D. Unless otherwise defined herein, capitalized terms as used in this Second Amendment shall have the same meanings as given therefor in the Lease.

NOW THEREFORE, based on the Recitals set forth above which are incorporated herein, and for good and valuable consideration, the parties agree to amend the Lease as follows:

Amendment

- 1. Paragraph 1.3 of the Lease is deleted in its entirety and replaced with the following:

"1.3 **Term:** 13 months and 13 days ("Original Term") commencing on April 1, 2018 ("Commencement Date") and ending May 13, 2019 ("Expiration Date") (See also Paragraph 3)"
- 2. Paragraph 51.1 of the Lease Addendum is deleted in its entirety and replaced with the following:

"51.1. In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least one (1) month but not more than (12) months prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options may only be exercised consecutively."

3. Paragraph 52 of the Lease Addendum is deleted in its entirety and replaced with the following:

“52. **Rent.** The monthly Base Rent during the first twelve (12) months of the Original Term of this Lease shall be \$14,740 per month. Upon each anniversary of the Commencement Date, Base Rent shall increase by three percent (3%) for the following twelve (12) months pursuant to Paragraph 51 in accordance with the following schedule:

<u>Months</u>	<u>Base Rent PSF</u>	<u>Base Rent Per Month</u>
1-12:	\$0.67 psf	\$14,740.00/mo
13-24:	\$0.69 psf	\$15,182.20/mo
25-36:	\$0.71 psf	\$15,637.67/mo
37-38:	\$0.73 psf	\$16,109.80/mo”

4. **No Other Changes.** All other terms and conditions of the Lease shall remain in full force and effect, and if there are any conflicts between the Lease, the First Amendment, and this Second Amendment, said conflicts shall be resolved in favor of the terms and conditions of this Second Amendment.
5. **Authority.** Each individual executing this Second Amendment on behalf of another person or legal entity represents and warrants that they are authorized to execute and deliver this Second Amendment on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions which are necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing agreement, and that this Second Amendment is binding upon such person or entity in accordance with its terms. Each person executing this Second Amendment on behalf of another person or legal entity represents and warrants such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.
6. **Recitals.** The Recitals attached hereto are incorporated into this Second Amendment and made a part hereof.

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**SIGNATURE PAGE TO
SECOND AMENDMENT TO LEASE BY AND BETWEEN DEBOLT, DERRICK,
MCFARLAND PROPERTIES, LLC ("Lessor"), AND
THE CITY OF SAN DIEGO ("Lessee")**

Lessor and Lessee are signing this Second Amendment to be effective as of the Second Amendment Effective Date.

LESSOR: DEBOLT, DERRICK, MCFARLAND PROPERTIES,
LLC, a California limited liability company

Date: 2/24/19

By: [Signature]
Name: Matt McFarland
Title: COO

LESSEE: THE CITY OF SAN DIEGO,
a California municipal corporation

Date: 2/28/19

By: [Signature]
Name: Cybele Thompson
Title: Director, Real Estate Assets Department

Approved as to Form on this 1st
day of March, 2019

MARA W. ELLIOTT, City Attorney

By: [Signature]
Name: Marco A. Verdugo
Title: Deputy City Attorney