

CALIFORNIA EXCLUSIVE AUTHORIZATION OF LEASE
(California Tower 3737 Main Street, Riverside, CA,)

The City of Riverside, a California charter city and municipal corporation ("Owner"), hereby grants to Inland Pacific Advisors, Inc., a California corporation ("Broker"), the exclusive right to negotiate a lease or leases with respect to the real property described below (the "Property") for a period commencing this 8th day of January, 2018 ~~6th day of October, 2017~~ (the "Effective Date") and ending five (5) years thereafter (the "Listing Period"), unless this "California Exclusive Authorization of Lease" (the "Authorization" or the "Agreement") is extended in a writing signed by both Owner and Broker or is earlier terminated pursuant to the provisions herein.

1. **PROPERTY.** The Property is located at 3737 Main Street, in the City of Riverside, County of Riverside, State of California, and is further described as a six (6) story office building commonly referred to as 3737 Main Street.
2. **TERMS.** The lease(s) for the Property shall be compliant with the attached Leasing Program for the Property, which is herein incorporated as Exhibit "A".
3. **COMPENSATION.** In consideration of this Authorization and Broker's agreement to diligently pursue the procurement of tenant(s) for the Property, Owner agrees to pay Broker commissions in cash as follows:

GROSS LEASE

7% of the rent for the first 12 months;
6% of the rent for the second 12 months;
5% of the rent for the third 12 months;
5% of the rent for the fourth 12 months;
4% of the rent for the fifth 12 months; and
3% of the rent for the next 60 months.

NET LEASE

7% of the rent for the first 12 months;
7% of the rent for the second 12 months;
6% of the rent for the third 12 months;
5% of the rent for the fourth 12 months;
5% of the rent for the fifth 12 months; and
4% of the rent for the next 60 months.

The above rates are subject to the following provisions:

3.1 Lease Terms of More Than 10 Years: If a lease term is in excess of 10 years, then the commission shall be calculated only upon the base rental to be paid for the first 10 years of the lease term.

3.2 Commencement of Rent: For the purpose of computing the amount of the commission due on a leasing transaction, the first month when the base or minimum rental commences shall be deemed to be the first month of the lease.

3.3 Month-to-Month Tenancy: The commission shall be fifty percent (50%) of the first month's rent but in no event less than \$1,000. In the event that a month-to-month tenant subsequently executes a lease, either direct with Owner or through Broker, within 24 months from the date of first occupancy of

the month-to-month tenant, then Broker shall receive a leasing commission with respect to such lease in accordance with the provisions hereof.

3.4 Payment: One-half of leasing commission shall be paid upon the mutual execution of a lease by lessor and tenant, and the balance shall be paid on the date specified in the lease for the commencement of the term.

3.5 Payment Instructions: Broker is hereby authorized to deduct its commission from any deposits, payments or other funds paid by a tenant in connection with such transaction.

3.6 Payment Obligations:

3.6.1 Owner shall pay said commissions to Broker if during the Listing Period: (a) the Property or any part thereof is leased to a tenant by or through Broker, Owner or any other person or entity; or (b) a tenant is procured by or through Broker, Owner or any other person who is ready, willing and able to lease the Property or any part thereof on the terms above stated or other terms acceptable to the owner of the Property; or (c) any lease or contract for the lease of the Property or any part thereof is made directly or indirectly by the owner of the Property; or (d) this Authorization is terminated or the property is withdrawn from lease with the written consent of Broker or made unmarketable by Owner's voluntary act.

3.6.2 No commission shall be due to Broker on any space occupied directly by Owner or upon any lease renewals unless Broker received advance written authorization from Owner to negotiate a specific lease renewal.

3.6.3 Owner shall also pay said commission to Broker if within ninety (90) days after the expiration of the Listing Period: (a) the Property, or any interest therein, is leased to any person or entity which during the term of the Listing Period made a written offer to lease the Property, or any interest therein, whether or not such transaction is consummated on the same or different terms and conditions contained in such offer; (b) the Property or any interest therein is leased to any person or entity with whom Broker has negotiated or to whom Broker has submitted the Property in an effort to effect a transaction during the Listing Period and whose name appears on any list of such persons or entities (the "Registration List") which Broker shall have mailed to Owner at the address below stated within thirty (30) days following such expiration; or (c) if during the Listing Period an option or right of first refusal to lease the Property is granted and the option or right of first refusal is exercised.

4. OWNER'S DUTIES. Owner agrees to cooperate with Broker in effecting a lease(s) of the Property and immediately to refer to Broker all inquiries of any person or entity interested in leasing the Property. All negotiations are to be through Broker. Owner agrees to pay all customary escrow, title and revenue charges, to furnish good title to and execute and deliver such documents as may be necessary to effect a lease(s) of the Property. Owner agrees and acknowledges that Owner and not Broker shall be solely responsible for compliance with both The California Nonresidential Building Energy Use Disclosure Program and California SB 1186 (CAsp disclosure). Owner understands that it is illegal for either Owner or Broker to refuse to present or sell real property to any person because of race, color, religion, national origin, sex, marital status, age or physical disability.

5. BROKER'S DUTIES AND AUTHORIZATIONS. Broker represents and warrants that it is licensed as a real estate broker in the State of California, License Number 01355491. Broker shall assign the following individual(s) to act on its behalf in the performance of services under this agreement: Dennis Morgan, License Number 01173749

Broker is authorized to accept a deposit from any prospective tenant, and upon the opening of escrow, to transfer such deposit to the escrow agent for the account of the tenant. In the event a transaction is not consummated, any deposits, payments, including payments for options, liquidated damages and other amounts retained by Owner shall be equally divided between Owner and Broker, except that Broker's

portion thereof shall not exceed the amount of the commission otherwise payable upon the consummation of such transaction by the terms of this Authorization.

Broker is authorized to advertise the Property and shall have the exclusive right to place a sign or signs on the Property if, in Broker's opinion, such would facilitate the lease(s) thereof.

6. OWNER'S REPRESENTATIONS. Except as disclosed in an addendum hereto signed by both Owner and an officer of Broker, Owner hereby warrants and represents to Broker that: (a) Owner is the owner of record of the Property or has the legal authority to execute this Authorization on behalf of such owner; (b) no person or entity has any right to purchase the Property or to acquire any interest therein by virtue of option or right of first refusal; (c) there are no delinquencies or defaults under any deed of trust, mortgage or other encumbrance on the Property; (d) the Property is not subject to the jurisdiction of any court in any bankruptcy, insolvency, conservatorship or probate proceeding; and (e) neither Broker nor any salesperson affiliated with Broker has made any promise or representations to or agreements with Owner not contained herein that in any manner affect Owner's and Broker's rights and obligations under this Authorization.

7. PAYMENT AUTHORIZATION. In the event an escrow is opened with respect to the sale, transfer, conveyance, or lease of the Property or any interest therein, Owner hereby irrevocably assigns to Broker and irrevocably authorizes and instructs the escrow agent to disburse to Broker the amount of the compensation provided for herein from the funds payable to Owner.

8. LIABILITY. The liability of the parties caused by a breach of this Agreement shall be limited to direct damages, and in no event will either party be liable to the other for any loss of or damage to revenues, profits, goodwill or other special, incidental, exemplary, punitive, indirect, or consequential damages of any kind resulting from the performance or failure to perform pursuant to the terms of this Authorization or from the provision of services hereunder, even if such party has been advised of the possibility of such damages. In no event shall the total liability of Broker to Owner for damages in connection with all claims made under the terms of this Authorization exceed the amount of compensation received by Broker under the terms of this Authorization.

9. AGENCY. Owner hereby authorizes Broker to represent and serve as agent for any tenant or prospective tenant of the Property or of any interest therein, and Owner hereby waives any conflict of interests which might arise as a result thereof.

10. SUCCESSORS AND ASSIGNS. The heirs, transferees, successors and assigns of the parties hereto are duly bound by the provisions hereof.

11. AMENDMENTS AND MODIFICATIONS. No amendments to, modifications of, or termination of, this authorization shall be valid or binding unless made in writing and signed by both Owner and an officer of Broker. Owner hereby acknowledges that salespersons affiliated with Broker are not authorized to make or approve any additions to, deletions from, or alterations of the printed provisions of this authorization, nor are they authorized to terminate this authorization.

12. INDEPENDENT ADVICE. Owner hereby acknowledges that neither Broker nor any salesperson associated with Broker is qualified or authorized to give legal or tax advice, nor to determine if Owner desires or needs such advice. Owner agrees to consult with an attorney or accountant.

13. PUBLICITY. Owner hereby authorizes Broker to publicize any transactions that occur involving the Property under this Authorization. Broker shall have the right to name the parties to the transaction and the character and location of the Property, but shall not disclose any financial aspects of the transaction.

14. INSURANCE. Prior to the City's execution of this Agreement, Broker shall provide satisfactory evidence of, and shall thereafter maintain during the term of this Agreement, such insurance policies and coverages in the types, limits, forms and ratings required herein. The rating and required insurance policies

and coverages may be modified in writing by the City's Risk Manager or City Attorney, or a designee, unless such modification is prohibited by law.

A. Limitations. These minimum amounts of coverage shall not constitute any limitation or cap on Broker's indemnification obligations under Section 8 hereof.

B. Ratings. Any insurance policy or coverage provided by Broker or subcontractors as required by this Agreement shall be deemed inadequate and a material breach of this Agreement, unless such policy or coverage is issued by insurance companies authorized to transact insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or higher.

C. Cancellation. The policies shall not be canceled unless thirty (30) days prior written notification of intended cancellation has been given to City by certified or registered mail, postage prepaid.

D. Adequacy. The City, its officers, employees and agents make no representation that the types or limits of insurance specified to be carried by Broker pursuant to this Agreement are adequate to protect Broker. If Broker believes that any required insurance coverage is inadequate, Broker will obtain such additional insurance coverage as Broker deems adequate, at Broker's sole expense.

E. Workers' Compensation Insurance. By executing this Agreement, Broker certifies that Broker is aware of and will comply with Section 3700 of the Labor Code of the State of California requiring every employer to be insured against liability for workers' compensation, or to undertake self-insurance before commencing any of the work. Broker shall carry the insurance or provide for self-insurance required by California law to protect said Broker from claims under the Workers' Compensation Act. Prior to City's execution of this Agreement, Broker shall file with City either 1) a certificate of insurance showing that such insurance is in effect, or that Broker is self-insured for such coverage, or 2) a certified statement that Broker has no employees, and acknowledging that if Broker does employ any person, the necessary certificate of insurance will immediately be filed with City.

F. Commercial General Liability and Automobile Liability Insurance. Prior to City's execution of this Agreement, Broker shall obtain, and shall thereafter maintain during the term of this Agreement, commercial general liability insurance and automobile liability insurance as required to insure Broker against damages for personal injury, including accidental death, as well as from claims for property damage, which may arise from or which may concern operations by anyone directly or indirectly employed by, connected with, or acting for or on behalf of Broker. The City, and its officers, employees and agents, shall be named as additional insureds under the Broker's insurance policies.

(1) Broker's commercial general liability insurance policy shall cover both bodily injury (including death) and property damage (including, but not limited to, premises operations liability, products-completed operations liability, independent contractor's liability, personal injury liability, and contractual liability) in an amount not less than \$1,000,000 per occurrence and a general aggregate limit in the amount of not less than \$2,000,000.

(2) Broker's automobile liability policy shall cover both bodily injury and property damage in an amount not less than \$1,000,000 combined single limit. All of Broker's automobile and/or commercial general liability insurance policies shall cover all vehicles used in connection with Broker's performance of this Agreement, which vehicles shall include, but are not limited to, Broker owned vehicles, Broker leased vehicles, Broker's employee vehicles, non-Broker owned vehicles and hired vehicles.

(3) Prior to City's execution of this Agreement, copies of insurance policies or original certificates along with additional insured endorsements acceptable to the City evidencing the

coverage required by this Agreement, for both commercial general and automobile liability insurance, shall be filed with City and shall include the City and its officers, employees and agents, as additional insureds. Said policies shall be in the usual form of commercial general and automobile liability insurance policies, but shall include the following provisions:

It is agreed that the City of Riverside, and its officers, employees and agents, are added as additional insureds under this policy, solely for work done by and on behalf of the named insured for the City of Riverside.

(4) The insurance policy or policies shall also comply with the following provisions:

- a. The policy shall be endorsed to waive any right of subrogation against the City and its sub-consultants, employees, officers and agents for services performed under this Agreement.
- b. If the policy is written on a claims made basis, the certificate should so specify and the policy must continue in force for one year after completion of the services. The retroactive date of coverage must also be listed.
- c. Broker's insurance policies will be considered primary and not contributory to any other insurance available to the City and Endorsement No. CG 20010413 shall be provided to the City.

15. OTHER TERMS AND CONDITIONS.

A. Owner has the right to terminate this Agreement at any time after the end of the twelfth (12th) month of the Term by providing a minimum of thirty (30) days prior written notice to Broker.

B. In the event there is an outside broker representing a tenant in a transaction, Broker agrees to split the commission equal to fifty percent (50%) of the commission schedule outlined in Section 3 with the outside broker. .

C. In the event Owner engages Broker in the renewal of an existing tenant at the Property, Owner agrees to pay Broker a commission equal to fifty percent (50%) of the commission schedule outlined in Section 3. Owner shall not pay Broker a commission on any options unless Owner specifically engages Broker to negotiate with tenant with respect to such option whereby Owner agrees to pay Broker a commission equal to fifty percent (50%) of the commission schedule outlined in Section 3.

D. Broker understands that the Services performed under this Agreement constitutes doing business in the City of Riverside, and Broker agrees that Broker will register for and pay a business tax pursuant to Chapter 5.04 of the Riverside Municipal Code and keep such tax certificate current during the term of this Agreement.

E. During Broker's performance of this Agreement, Broker shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sex, genetic information, gender, gender identity, gender expression, or sexual orientation, in the selection and retention of employees and subcontractors and the procurement of materials and equipment, except as provided in Section 12940 of the California Government Code. Further, Broker agrees to conform to the requirements of the Americans with Disabilities Act in the performance of this Agreement.

F. Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Authorization shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county. In the event either party hereto shall bring suit to enforce any term of this Agreement or to recover any damages for and on account of the breach of any term or condition of this Agreement, it is mutually agreed that each party will bear their own attorney's fees and costs.

G. This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement, and supersedes all prior and contemporaneous understandings or agreements of the parties. Neither party has been induced to enter into this Agreement by and neither party is relying on, any representation or warranty outside those expressly set forth in this Agreement.

[Signatures on following page.]

THE CITY OF RIVERSIDE, a California charter city and municipal corporation

By: _____

Name: _____

Its: _____

Date: _____

Attested to

By: _____

Name: _____

Its: _____

Approved as to form:

By: _____

Name: _____

Its: _____

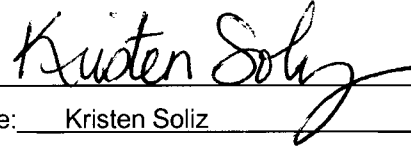
INLAND PACIFIC ADVISORS, INC.,
a California corporation

By:  _____

Name: Dennis Morgan

Its: President

CA License#: 01355491

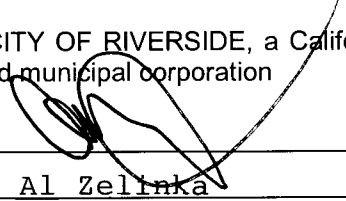
By:  _____

Name: Kristen Soliz

Its: Secretary

Date: _____

THE CITY OF RIVERSIDE, a California charter city and municipal corporation

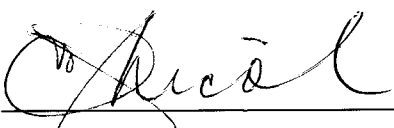
By: 

Name: Al Zelinka

Its: Assistant City Manager

Date: January 8, 2018

Attested to

By: 

Name: Colleen J. Nicol

Its: City Clerk

Approved as to form:

By: Susan Wilson

Name: Susan Wilson

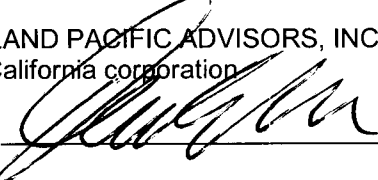
Its: Assistant City Manager

~~CERTIFIED~~ AS TO FUNDS AVAILABILITY:



Financial Officer/ City Treasurer

INLAND PACIFIC ADVISORS, INC.,
a California corporation

By: 

Name: Dennis Morgan

Its: President

CA License#: 01355491

By: 

Name: Kristen Soliz

Its: Secretary

Date: _____

Exhibit A

Leasing Program

See attached Leasing Program which has been adopted by the Owner for this Property and as it may change in the future upon written notice.

3737 MAIN STREET – CALIFORNIA TOWER GROUND FLOOR RETAIL LEASING PROGRAM

LEASE RATES FOR RETAIL AND OFFICE SPACES

It is the desire of the Successor Agency of the former Redevelopment Agency of the City of Riverside (Successor Agency) to provide for a lease rental rate structure that stimulates downtown economic development/activity and promotes the best use of the Successor Agency-owned California Tower Building – ground floor commercial space, located at 3737 Main Street.

LEASE RENTAL RATES

Retail Rental Rates shall:

- Be traditional, retail triple-net (NNN) with tenants paying directly for utilities, taxes, insurance, and other services or being billed separately for them.
- Represent “fair market rent”, with a minimum rate of \$1.75 per square foot on a triple net (NNN) basis or equivalent. Fair market rent for retail space shall be defined as the rental income a privately owned property would likely command in the open market; indicated by the current rents paid for comparable space.
- Contain fixed annual escalators ranging with a minimum of 2%, or the Consumer Price Index (CPI) for the Los Angeles – Riverside – Orange County area.

Office Rental Rates shall:

- Be on a full service gross basis (or a modified gross basis) with the Successor Agency providing for all (or some) utilities, taxes, insurance and other common services.
- Represent “fair market rent”, with a minimum rate of \$1.50 per square foot on a full service gross (FSG) basis or equivalent rate. Fair market rent for office space shall be defined as the rental income a privately owned property would likely command in the open market; indicated by the current rents paid for comparable space.
- Contain fixed annual escalators with a minimum of 2%, to or the Consumer Price Index (CPI) for the Los Angeles – County – Riverside County area to 5%.

LEASE TERMS

All leases will be for a minimum of two (2) years, with a preferred minimum of five (5) years. Renewal options will be for a minimum of one (1) year with a preference for five (5) year periods, with no more than two such options allowed.

RENT ABATEMENT

The Successor Agency may, provide Rent Abatement in a maximum amount of one (1) month for each year of the Initial lease term.

TENANT IMPROVEMENT ALLOWANCES

The Successor Agency may, as warranted, provide tenant improvement allowances. Tenant improvement allowances shall range from a minimum of \$1 to a maximum of \$50 per square foot, depending on the type of use, the financial strength of the tenant, and the length of the lease.

EXCLUSIVES

As a part of a negotiated lease, tenants may be granted the exclusive ability to sell certain goods or provide certain services within the building, provided no restriction would be imposed on any existing tenant and such exclusive right is within the best interest of the Successor Agency.

MAINTENANCE

The Successor Agency, as owner, will be responsible for foundation, subfloor, exterior walls, and roof maintenance and repairs. Retail tenants (exclusive of office tenants) will be responsible for maintenance of all fixtures and equipment associated with business operations, as well as all interior, non-structural elements of individual lease spaces, including storefront glass, entrance and exit doors, heating and air conditioning, wet and dry utilities and all other aesthetic and cosmetic elements within the lease space.