

THIRD AMENDMENT TO LEASE

Mission Square (Varner & Brandt)

THIS THIRD AMENDMENT TO LEASE (this "Third Amendment") is dated and entered into as of the _____ day of _____, 20____ (the "Effective Date"), by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation ("Lessor"), and VARNER & BRANDT LLP, a California limited liability partnership ("Lessee"), with reference to the following facts.

RECITALS

A. Lessor's successor-in-interest and Lessee's successor-in-interest entered into that certain Standard Office Lease – Gross dated as of June 23, 1998, as amended by that certain First Amendment to Lease ("First Amendment") dated January 4, 2005, and as further amended by that certain Second Amendment to Lease ("Second Amendment") dated March 1, 2011, (collectively, as amended, the "Lease"), pursuant to which Lessee currently leases approximately 13,936 rentable square feet of space located in Suite 610, on the 6th Floor ("Premises") of the office building commonly known as Mission Square and located at 3750 University Avenue, Riverside, California 92501 (the "Building").

B. Lessor and Lessee desire to amend the Lease upon the terms and conditions set forth below.

AGREEMENT

The Lease is amended as follows:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee agree as follows:

1. Defined Terms. All capitalized terms defined in the Lease when used in this Third Amendment shall have their respective meanings as set forth in the Lease unless expressly superseded by the terms of this Third Amendment.

2. Term. The current Term of the Lease is scheduled to end on February 28, 2017. Lessee and Lessor hereby acknowledge and agree that Lessee has elected to exercise its five-year option to extend the Term. Accordingly, the Term shall be extended for a period of five (5) years, commencing on March 1, 2017, and shall expire on February 28, 2022 (the "Expiration Date").

3. Option to Extend. Provided Lessee is not in default under the Lease and this Third Amendment, Lessor hereby grants to Lessee an additional option to extend the Lease for a period of five (5) years at the expiration of the current Term on the terms and conditions set forth

herein. Not later than twelve (12) or earlier than six (6) calendar months prior to the expiration of the Term, Lessee shall deliver written notice to Lessor ("Extension Notice") that Lessee desires to exercise its option to extend the Term as set forth herein. Lessee's failure to deliver the Extension Notice in a timely manner shall be deemed to be a waiver of its right to exercise the option as set forth herein. If Lessee delivers the Extension Notice to Lessor in a timely manner, then the Term shall be extended and the Lease shall continue on the same terms and conditions, subject only to a rental rate adjustment for the new Term based on the current fair market rental rate. The "current fair market rental rate" shall mean the annual amount per rentable square foot for tenants of comparable credit-worthiness for comparable space, for comparable use, for comparable buildings of the similar size, features and quality (including quality of utility elements) located in Riverside, California or within the vicinity of the Premises. If Lessee reasonably believes Lessor's determination of the current fair market rental rate is not accurate, Lessee shall notify Lessor in writing within ten (10) business days of Lessee's dispute and provide a counter proposal of what Lessee believes is the current fair market rental rate. The parties agree to meet and confer within thirty (30) days to mutually agree on such market rate or if the parties are unable to agree on a market rate, the parties will mutually select and engage a mediator. The cost of such mediator will be split equally between Lessor and Lessee.

4. Base Rent Schedule. The monthly Base Rent for the Premises shall be as set forth in the Option Term of Section 5 of the Second Amendment.

5. Free Rent. Notwithstanding the above Base Rent Schedule, Lessor grants to Lessee two months of free rent, which free rent shall be credited in March and April 2017.

6. Right of First Opportunity.

(a) Following the Effective Date and throughout the term of this Lease, and subject to the right of first refusal previously granted, Lessor shall provide written notification to Lessee of any rentable space on the Sixth Floor of the Building which becomes available for lease (the "Available Space"). Each such notice (an "Availability Notice") shall contain, at a minimum, a description or depiction of the space and shall set forth the terms and conditions and rental rate upon which Lessor is willing to lease such space. Lessee shall have ten (10) business days after its receipt of an Availability Notice in which it may notify Lessor in writing of Lessee's acceptance of the Available Space on the terms and conditions specified in the Availability Notice.

(b) Prior to giving any Availability Notice and for ten (10) business days thereafter, Lessor shall not enter into any lease of the Available Space described in such Availability Notice with any other person or grant any other person the right or option to lease the Available Space.

(c) After the expiration of such ten (10) business day period, if Lessee has not notified Lessor of its intention to lease the Available Space in question, the Lessor shall be free to lease such Available Space to any other person or entity on any terms and conditions.

(d) Lessee's right of first opportunity under this Third Amendment shall be subject to the rights of renewal, extension, first refusal or first negotiation contained in the existing lease or leases of all or any portion of the Available Space and shall also be subject to any renewal or extension rights contained in any future leases of all or any portion of the Available Space.

(e) The right of first opportunity provided herein is personal to Lessee or any affiliate of Lessee and may not be exercised by any assignee of the Lease or any subtenant of the Premises.

7. Signage. Paragraphs 34, 8, and 10 of the Lease, First Amendment and Second Amendment, respectively, are hereby amended as follows:

(a) Provided Lessee is not in material (which shall include any monetary breach) and undisputed default under the Lease (beyond all applicable notice and cure periods), Lessee, at Lessee's sole cost and expense, shall have the right to install its own custom lobby signage in the sixth (6th) floor elevator lobby of the Building ("Lessee's Custom Signage"). Lessee's Custom Signage shall be subject to Lessor's reasonable approval as to, without limitation, size, design, location, materials and appearance of the Building and the Building's current signage program and shall be further subject to all matters of record and all applicable governmental laws, rules, regulations, codes and Lessee's receipt of all permits and other governmental approvals and any applicable covenants, conditions and restrictions concerning installation of such signage. Lessee's Custom Signage shall be personal to the Lessee and may not be assigned to any assignee or sublessee, or any other person or entity. Lessor has the right, but not the obligation, to oversee the installation of Lessee's Custom Signage. The cost to maintain and operate, if any, Lessee's Custom Signage shall be paid by Lessee. Upon the expiration of earlier termination of the Lease, or if Lessee shall fail to occupy at least 7,500 rentable square feet of space in the Building, Lessee shall, at Lessee's sole cost, cause the removal of Lessee's Custom Signage (provided that Lessor shall have the right, at its election, to perform such removal on behalf of Lessee), at Lessee's expense). Such costs shall (i) be payable within (10) business days following written demand therefor from Lessor, and (ii) include, without limitation, the cost to repair and restore the Building to its original condition, normal wear and tear excepted.

(b) Lessor grants to Lessee the right to a Building-top sign position in a location agreeable by Lessor and Lessee, subject to the City of Riverside sign regulations, and the Building's sign criteria established by Lessor. Lessee, at Lessee's sole cost and expense, shall be responsible for all costs associated with the design, planning, permitting, fabrication, construction, installation, on-going maintenance, and the ultimate removal of said sign.

8. Parking. Lessee shall be entitled to a total of fifty-six (56) parking spaces. Lessee shall be responsible for payment of all parking fees to the operator of the parking garage. The parking rates shall be the current rates for reserved and unreserved parking at the Building.

9. Possessory Interest Tax/Property Taxes. Lessee recognizes and understands that this Lease may create a possessory interest subject to taxation and that Lessee may be assessed

for the payment of taxes levied on such interest. Lessee and Lessor have agreed that Lessor shall pay any possessory interest taxes assessed to Lessee during the Term of this Lease. Lessee shall submit the tax bill to the Lessor at least 30 days prior to the due date for the tax payment. If the tax bill to be paid is not submitted to Lessor at least 30 days prior to the due date, Lessee shall pay the tax, any penalties, and any collection costs due, to the County Treasurer. Lessee shall be reimbursed by Lessor for any such payment of the tax, but not any penalties or collection costs paid by Lessee.

Lessee shall be responsible for all personal property tax assessed, including those for any fixtures, inventory, business tangible or other personal property located on the Premises.

10. No Further Modification. Except as set forth in this Third Amendment, all other terms and provisions of the Lease shall be and remain unmodified and in full force. From and after the Effective Date, the term "Lease" shall mean and refer to the Lease, as modified by this Third Amendment. Upon execution and delivery, this Third Amendment shall be binding upon Lessor and Lessee and their respective successors and assigns.

11. Entire Agreement. This Third Amendment embodies the entire understanding between Lessor and Lessee with respect to its subject matter and the Lease and can be changed only by an instrument in writing signed by Lessor and Lessee.

12. Authority. The parties executing this Third Amendment and the instruments referenced herein on behalf of the parties each represent and warrant that the person executing this Third Amendment has the legal power, right and actual authority to bind the parties to the terms and conditions hereof and thereof.

13. Counterparts. This Third Amendment may be executed in multiple counterparts, and each counterpart when fully executed and delivered shall constitute an original instrument, and all such multiple counterparts shall constitute but one and the same instrument.

14. Conflicts. If any inconsistency exists or arises between the terms of the Third Amendment and the terms of the Lease, the terms of the Third Amendment shall govern and prevail.

15. Approval. This Third Amendment is further subject to review and approval by the Riverside Public Utilities Board and the Riverside City Council.

16. Broker. Lessor and Lessee acknowledge that Newmark Grubb Knight Frank ("Broker") has acted as Broker for both parties. Lessor shall be solely responsible for payment of a brokerage commission to Newmark Grubb Knight Frank per its existing listing agreement. If any other claim for brokers' or finders' fees in connection with this Third Amendment arises, then each party agrees to indemnify, protect, hold harmless and defend the other from and against any such claim.

[Signatures on following page.]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Third Amendment as of the date set forth above.

"Landlord":

CITY OF RIVERSIDE, a California
charter city and municipal corporation

By: _____

John A. Russo
City Manager

Attested to:

By: _____

Colleen S. Nicol
City Clerk

Approved as to form:

By:  _____

Kristi J. Smith
Chief Assistant City Attorney

"Lessee":

VARNER & BRANDT, LLP

By: _____

Name: 

Its: *Managing Partner*

By: _____

Name:

Its:

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