

**THIRD AMENDMENT
TO SHOPPING CENTER LEASE
(City – Sugarbush-1 Properties, L.P.)
(4033 Chicago Avenue, #C)**

THIS THIRD AMENDMENT TO SHOPPING CENTER LEASE (“Lease”) is made and entered into this day of , 2019, by and between SUGARBUSH PROPERTIES-1, L.P., a California limited partnership, the successor-in-interest to SUGARBUSH-1 PROPERTIES, L.L.C. a California general partnership, c/o Reliable Properties, a California corporation, its agent (“Lessor”), as the fee owner of the Premises, and the CITY OF RIVERSIDE, a California charter city and municipal corporation (“City”).

RECITALS

A. On August 11, 2004, Lessor and City entered into that certain Shopping Center Lease (“Lease”), whereby Lessor leased to City that certain real property, consisting of approximately Ten Thousand Eight Hundred Sixteen (10,816) square feet of office space (“Premises”), located at 4033 Chicago Avenue, # C, Riverside, California.

B. On December 10, 2004, Lessor and City entered into that certain First Amendment to Shopping Center Lease (“First Amendment”), to provide for additional tenant improvements and reimbursement.

C. On June 25, 2010, Lessor and City entered in that certain Second Amendment to Shopping Center Lease (“Second Amendment”), to provide for clarification on the annual anniversary date of the lease, clarification on the rent rate calculation, resolution and payment of the outstanding rent and CAM charges, and method to provide notice of monthly rent invoice and annual CAM budget.

D. The parties desire to amend the Lease to provide for: (1) an extension of the Lease Term for a period of five (5) additional years; (2) the monthly rental rate for the extended Lease Term; (3) a new Rent Abatement period; (4) the monthly estimated Common Area expenses and City’s proportionate share for the extended Lease Term; (5) a yearly Reconciliation Agreement requirement and procedures related thereto; (6) a one-time courtesy professional shampoo of the Premises carpet; and (7) Lessor and City’s new contact information.

AGREEMENT

For valuable consideration and incorporating the recitals set forth above, Lessor and City mutually agree to the following amendment to the Lease:

1. Section 2, LEASE TERM, is hereby amended and restated as follows:
2. **LEASE TERM:** The term of this Lease (“Term”) shall be for a period of twenty (20) years commencing on October 1, 2004 (“Commencement Date”) and ending on September 30, 2024 (“Expiration Date”), unless extended or terminated as set forth in this Lease.

2. Section 3, RENT, is hereby amended to add the following paragraphs:

“For the Term period beginning October 1, 2019, and ending September 30, 2024 (“Extended Term”):

City shall pay to Lessor the monthly sum of Sixteen Thousand Five Hundred Twenty Two Dollars Eighty Eight Cents (\$16,522.88). The Rent shall increase on October 1st, 2020, and every year thereafter, by three percent (3%) of the previous year’s monthly sum, until the Expiration Date.

Rent shall be abated for one month of the Extended Term. Rent shall be applied on the second month of the Extension Period (November 1, 2019 through November 30, 2019).”

3. Section 13, COMMON AREAS, is hereby amended to add the following new paragraphs:

“For the Extended Term:

Lessor estimates, without any representation to City, that City’s proportionate share expenses to be Four Thousand Seven Hundred Forty Seven Dollars Eighty Five Cents (\$4,747.85) per month. Such Common Area expenses include costs incurred by Lessor for the operation and maintenance of the Common Areas. Common Area costs include, but are not limited to, costs and expenses for the following: gardening and landscaping; common area utilities, water and sewage charges; maintenance of signs (other than City’s signs); premiums for liability, property damage, fire and other types of casualty insurance on the Common Areas and Workers’ Compensation insurance; all real property taxes and assessments levied on or attributable to the Common Areas and all Common Area improvements; repairing, resurfacing paving, maintaining, painting, lighting, cleaning, refuse removal, security and similar items. Lessor may cause any or all of such services to be provided by third parties, and the expenses for such services may include Landlord’s management fee of fifteen percent (15%) of the expenses, except for the expenses related to utilities, insurance premiums, taxes and assessments.

Within sixty (60) days of June 30 of each calendar year, upon Tenant’s written request Lessor shall provide the following items to City: (a) a statement, in detail reasonably satisfactory to City, of the aforementioned Common Area costs of the preceding calendar year (i.e., July 1 – June 30) which shall be prepared in accordance with generally accepted accounting principles consistently applied and certified by Landlord as being accurate (the “Reconciliation Statement”); (b) a calculation of City’s proportionate share of the Common Area costs; and (c) a refund (if owing) to City in the amount of any overpayment made by City during the preceding calendar year. Upon City’s request, Lessor shall also promptly deliver to City copies of relevant backup materials (including, but not limited to, contracts, correspondence, and paid invoices) reasonably required by City.

If City’s proportionate share of the actual Common Area costs for a calendar year shall exceed the aggregate monthly installments paid by City during the preceding calendar year, City shall pay to Lessor the deficiency within sixty (60) days after receipt of the Reconciliation Statement for that calendar year.

If Lessor fails to provide City the Reconciliation Statement when due as set forth above, City's obligation to pay any further monthly installments of Common Area costs shall be suspended until Lessor provides the Reconciliation Statement, at which time City shall pay, along with its next monthly installment of Base Rent due any suspended payments (if any), at least thirty (30) days after the receipt of the Reconciliation Statement.

If Lessor fails to provide City a refund of any overpayment of Common Area expenses when due as set forth above, City shall deduct the amount of said refund due from its monthly Common Area payments until the total refund amount is extinguished."

4. Section 7, CONDITION OF PREMISES, is hereby amended to add the following paragraph:

"After the Third Amendment to the Lease is executed by City and Lessor, and before October 1, 2019, Lessor at Lessor's sole cost and expense shall professionally shampoo the carpet throughout the Premises as a one-time courtesy only."

5. City and Lessor's Contact information under Section 36, NOTICES, is hereby amended as follows:

City's Address
George Guzman
Administrative Services Manager
3581 Mission Inn Ave.
Riverside, California 92501

Lessor's Address
Sugarbush Properties-1, L.P.
c/o Reliable Properties
6240 Wilshire Boulevard, Suite 1500
Los Angeles, California 90048-5561

6. Except as specifically modified by this Third Amendment, all of the terms and provisions of the Lease, First Amendment, and Second Amendment, are and remain in full force and effect.

[Signatures on following page]

IN WITNESS WHEREOF, Lessor and City have caused this Third Amendment to Shopping Center Lease to be executed on the day and year first above written.

LESSOR

CITY

SUGARBUSH PROPERTIES-1, L.P.,
a California limited partnership, the
successor-in-interest to SUGARBUSH-1
PROPERTIES, L.L.C., a California
general partnership, c/o Reliable
Properties, a California corporation

CITY OF RIVERSIDE, a California charter city
and municipal corporation

By: _____

By: _____

City Manager

Printed Name

ATTEST:

Title

By: _____

City Clerk

By: _____

Approved as to Funds Availability:

Printed Name

By: _____

Chief Financial Officer

Title

Approved as to Form:

By: _____

Deputy City Attorney

