

City Council Chambers
29844 Haun Road
Menifee, CA 92586



**Menifee City Council
Regular Meeting Agenda**

**Wednesday, October 2, 2024
5:15 PM Closed Session
6:00 PM Regular Meeting**

**Bill Zimmerman, Mayor
Bob Karwin, District 1
Ricky Estrada, District 2
Lesa Sobek, District 3
Dean Deines, District 4**

AGENDA

**Armando G. Villa, City Manager
Jeffrey T. Melching, City Attorney
Stephanie Roseen, Acting City Clerk**

- 10.10 Agreement Addendum with Haun Professional, LLC/Amber Management LLC for the Lease of Additional Office Space

RECOMMENDED ACTION

1. Approve an addendum to the lease agreement with Haun Professional, LLC c/o Amber Management, LLC for the lease of additional office space located at the Haun Medical Campus at 29826 Haun Road, in an amount not to exceed \$27,991.14 through May 2027; and
2. Authorize the City Manager or his/her designee to execute all the necessary documents related to the office space lease agreement addendum.



CITY OF MENIFEE

SUBJECT: Agreement Addendum with Haun Professional, LLC/Amber Management LLC for the Lease of Additional Office Space

MEETING DATE: October 2, 2024

TO: Mayor and City Council

PREPARED BY: Nancy Rodriguez, Management Analyst II

REVIEWED BY: Rebekah Kramer, Deputy City Manager
Ron Puccinelli, Chief Information Officer

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

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2. Authorize the City Manager or his/her designee to execute all the necessary documents related to the office space lease agreement addendum.

DISCUSSION

On May 18, 2022, the City Council approved a five-year lease agreement with Haun Professional LLC c/o Amber Management, LLC for office space with a five-year option to extend at the end of the initial term. The office space being leased is within the Haun Medical Campus located at 29826 Haun Road, Suite 307, Menifee, CA and currently houses the IT Department staff. To keep pace with the record growth of the City of Menifee and provide the high level of service Menifee residents have come to expect and enjoy, staff continuously addresses current and near future deficiencies in available space to house city staff and provide vital city functions. As the team grew, staff determined that additional office space was needed to house several IT Department staff.

Additional office space has recently become available next door to the suite that is already leased by the City. Staff has worked alongside Amber Management, LLC to determine the cost of adding this suite to the current agreement. The proposed addendum would be for a term of two years and eight months and run alongside the existing lease agreement beginning October 1, 2024 and ending on May 31, 2027. The additional minimum rental cost would be \$633.76 monthly, and

included costs owed to the landlord (triple net estimate) would be \$206.75 monthly. The proposed additional cost for the total term of the agreement is \$27,991.14 including a possible annual CPI adjustment to the monthly rent of 5% starting July 2025. The total fiscal impact for Fiscal Year (FY) 2024/2025 would be \$7,564.59.

TABLE 1: PROPOSED LEASE TERM ADDENDUM

Agreement Year	Original Annual Total	Additional Annual Rent	Additional Triple Net Amt.	New Annual Total
Year 1	\$ 61,457.40	-	-	\$ 61,457.40
Year 2	\$ 63,829.44	-	-	\$ 63,829.44
Year 3	\$ 66,320.08	\$5,703.84	\$1,860.75	\$ 73,884.67
Year 4	\$ 68,935.26	\$7,985.38	\$2,481.00	\$ 79,401.63
Year 5	\$ 71,681.19	\$7,685.92	\$2,274.25	\$ 81,641.36
Estimated Total	\$332,223.37	\$21,375.14	\$6,616.00	\$360,214.50

Separate from the addendum costs above, the City agreed in the original lease to cover utilities including electric, phone, and internet services estimated at \$3,000 per year. Additionally, ancillary costs for furniture, flooring renovation, electrical, and cabling would be required. The total cost for the additional items is estimated at \$21,500.

With the construction of the City's new permanent City Hall building, located near Central Park, not expected to be completed within the next five years, staff recommends that City Council authorize the City Manager to execute an addendum to the lease agreement with Haun Professional/Amber Management LLC to obtain additional interim workspace.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

The fiscal impact of the proposed addendum with Amber Management is (not-to-exceed) \$27,991.14. Funding for the first year of the proposed addendum totaling \$7,564.59 would be made available within the FY 2024/2025 budget from General Services within the General Fund. Funding for the remaining \$20,426.55 for future years would be budgeted as part of the respective year's budget. Any additional funding, including the five-year option to extend, would be based on City Council approval.

Funding for the ancillary costs for furniture, flooring, and electrical cabling is available within the approved FY 2024/2025 IT budget.

ATTACHMENTS

1. Addendum No. 1 to Lease Agreement
2. Original Lease Agreement

ADDENDUM NO. 1 TO LEASE

THIS ADDENDUM NO. 1 TO LEASE AGREEMENT ("Addendum No. 1") is made and entered into effective as of October 1, 2024 (the "Effective Date") to amend that certain Commercial Lease dated April 28, 2022 ("Lease") by and between Haun Professional, LLC (LANDLORD) and City of Menifee (TENANT) for premises known as 29826 Haun Rd Suite 307, Menifee CA 92586.

1. Capitalized terms used but not defined in this Addendum No. 1 shall have the meanings ascribed to them in the Lease.
2. Section 2 of the Lease shall be modified to change the square footage of the demised premises to add 272 square feet, for a total of 2,069 square feet, equal to a 3.923% Tenant share of the total building owed by LANDLORD.
3. Paragraph A of Section 4 of the Lease is updated to increase the Guaranteed Minimum Monthly Rental as defined in the lease by Six Hundred Thirty Three Dollars and Seventy Six Cents (\$633.76) per month, for a total Guaranteed Minimum Monthly Rental of Four Thousand Five Hundred Eighty Seven Dollars and Sixteen Cents (\$4,587.16).
4. Paragraph C of Section 4 of the Lease is updated to increase the triple net estimate described therein by Two Hundred Six Dollars and Seventy-Five Cents (\$206.75) per month for a total of One Thousand Three Hundred Seventy Four Dollars and Eighty Cents (\$1,374.80).
5. All other terms and conditions of the Lease remain in full force and effect.

Signed under this _____ day of _____ 20__.

LANDLORD

TENANT

City Manager,
Armando G. Villa

ATTEST:

City Clerk,
Stephanie Roseen

APPROVED AS TO FORM

City Attorney,
Jeffrey T. Melching

COMMERCIAL LEASE

THIS LEASE, made and entered into this 28th day of April 2022 by and between HAUN PROFESSIONAL, a Limited Liability Company, as LANDLORD, and CITY OF MENIFEE, as TENANT, hereinafter respectively referred to as LANDLORD and TENANT, without regard to number or gender.

WITNESS

1. USE. Landlord hereby Leases to Tenant, and Tenant hereby hires from Landlord, for the purpose of locating City offices, for the City of Menifee, those certain premises with appurtenances described as hereinafter set forth.

2. PREMISES. The premises Leased to Tenant, together with appurtenances, are hereinafter referred to as the “demised premises” and are situated in the City of Menifee, County of Riverside, State of California, and has the following address:

29826 Haun Rd. Suite 307, Menifee, CA 92586

The square footage of the demised premises (including a proportionate share of commonly used areas such as, but not limited to, utility rooms) is approximately 1797 square feet, which represents 3.406% of the total building owned by Landlord.

3. TERM. The term of this Lease shall be for a period of FIVE (5) year(s). The term hereof shall commence on June 1, 2022 and expire on May 31, 2027.

4. RENT:

A. “Guaranteed Minimum Monthly Rental.” Tenant shall pay to Landlord as monthly rental for the demised premises the sum of:

THREE THOUSAND NINE HUNDRED FIFTY THREE AND 40/100'S DOLLARS (\$3,953.40) per month, which sum shall be paid in advance on the first day of each calendar month throughout the term(s) of this Lease. Said rental shall commence upon the commencement of the term of the Lease as set forth in Article 3 hereof. In the event that the term of this Lease commences upon any day other than the first day of a calendar month, rental for the fractional month during which the Lease term commences shall be prorated on a per diem basis (calculated on the basis of a thirty (30) day month), and paid at the commencement of the Lease term. All rental to be paid by Tenant to Landlord shall be in lawful money of the United States of America and shall be paid without deduction or offset, prior notice or demand, and at such place or places as may be designated from time to time by Landlord. Any rental paid by check is to be made payable to AMBER MANAGEMENT,LLC.

B. When the term of this Lease is more than one year, upon each anniversary date of the commencement of the term of this Lease, the “Guaranteed Minimum Monthly Rental” shall be increased by:

(1) Any increase in the cost of living index, [based on the U.S. Consumer Price Index for All Urban Consumers (CPI-U) published by the United States Department of labor, (in which 1982-84 equals 100)], over the cost of living index for the first month of the term of this Lease. If said Consumer Price Index is no longer published at the adjustment date, it shall be constructed by conversion tables included in any new Index. Since a Lapse of 30 to 60 days can occur before current CPI figures are published, the CPI calculations shall be made using the most recent CPI-U figures available at the date of adjustment. Notwithstanding, such increase shall not exceed 5% per year.

C. This Lease is what is commonly called a “Net, Net, Net Lease,” it being understood that the Landlord shall receive the rent set forth in Paragraph 4.A. free and clear of any and all other impositions, Real Estate Taxes, liens, charges or expenses of any nature whatsoever in connection with the ownership and operation of the Premises. In addition to the rent reserved by Paragraph 4.A. Tenant shall pay to the parties respectively entitled thereto its prorata share of all impositions, insurance premiums, operating charges, maintenance charges, construction costs, and any other charges, costs and expenses which arise or may be contemplated under any provisions of this Lease during the term hereof. All of such charges, costs and expenses shall constitute additional rent, and upon the failure of Tenant to pay any of such costs, charges or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of the Tenant to pay rent. It is the intentions of the parties hereto that this Lease shall not be terminable for any reason by the Tenant, and that Tenant shall in no event be entitled to any abatement of or reduction in rent payable under this Lease, except as herein expressly provided. Any present or future law to the contrary shall not alter this agreement of the parties. Triple net is currently estimated at ONE THOUSAND ONE HUNDRED SIXTY EIGHT AND 05/100'S (\$1,168.05) per month.

E. Definition of Real Estate Taxes. The term “Real Estate Taxes” as used herein shall be deemed to mean all taxes imposed upon the real property and permanent improvements, and all assessments levied against said premises, but shall not include, except as otherwise provided in the next succeeding paragraph, personal income taxes, personal property taxes, inheritance taxes, or franchise taxes levied against the Landlord.

If, at any time during the term of this Lease under the laws of the United States Government, State of California, or any political subdivision thereof, in which the demised premises are situated, a tax or excise on rent or any other tax, however described, is levied or assessed by any such political body, as aforesaid described, against Landlord on account of or measured by the rentals payable to Landlord hereunder, such tax and excise shall be considered for the purposes of this Article 4 and of Article 8, a REAL ESTATE TAX. In the event and to the extent any tax, is “in lieu of” or “in substitution of” an increase in a Real Estate Tax, such tax shall be for the purposes of this Article 4 and or Article 8, be considered a Real Estate Tax.

5. PERSONAL PROPERTY TAXES. During the term hereof Tenant shall pay, prior to delinquency, all taxes assessed against and levied upon fixtures, furnishings, equipment and all other personal property of Tenant contained in the demised premises, and when possible, Tenant shall cause said fixtures, furnishings, equipment and other personal property to be assessed and billed separately from the real property of Landlord. In the event any or all of the Tenant’s fixtures, furnishings, equipment and other personal property shall be assessed and taxed with the Landlord’s real property, the Tenant shall pay

to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement, in writing, setting forth the amount of such taxes applicable to the Tenant's property.

6. PARKING AND COMMON FACILITIES. Tenant, for the use and benefit of Tenant, its agents, employees, customers, licensees and subtenants shall have the non-exclusive right in common with Landlord, and other present and future owners of the demised premises and/or common areas to use said common and parking areas during the entire term of this Lease, or any extension thereof, for ingress and egress, roadway, sidewalk and automobile parking.

Tenant, in the use of said common and parking areas, agrees to comply with such reasonable rules and regulations as the Landlord may adopt from time to time for the orderly and proper operation of said common and parking areas. Such rules may include, but not be limited to, the following: (1) the restricting of employee parking to a limited, designated area or areas; (2) the regulation of the removal, storage and disposal of Tenant's refuse and other rubbish at the sole cost and expense of Tenant.

7. USES PROHIBITED. Tenant shall not use, or permit said premises, or any part thereof, to be used for any purposes or purposes other than the purpose or purposes for which said premises are hereby leased; and no use shall be made or permitted to be made of said premises, nor acts done, which will increase the existing rate of insurance upon the building in which said premises may be located (once said rate is established), or cause a cancellation of any insurance policy covering said building or any part thereof, nor shall Tenant sell or permit to be kept, used or sold in or about said premises any article which may be prohibited by standard form of fire insurance policies. Tenant shall, at his sole cost, comply with any and all requirements pertaining to the use of said premises, of any insurance organization or company necessary for the maintenance of reasonable fire and public liability insurance, covering said building and appurtenances. In the event Tenant's use of the premises, recited in Article 1 hereof, results in a rate increase for the building of which the demised premises are a part, Tenant shall pay annually, in advance, as additional rent, a sum equal to that of the additional annual premium occasioned by said rate increase.

8. ALTERATIONS. Tenant shall not make or suffer to be made, any alterations of the demised premises, **or any roof penetration**, without the prior written consent of Landlord, and any additions to, or alterations of, said premises, except moveable furniture and trade fixtures, shall become at once a part of the realty and belong to Landlord. Landlord may condition its consent to any alteration upon the agreement of Tenant to remove such alteration prior to the expiration or termination of the Lease terms.

9. MAINTENANCE AND REPAIR. Tenant shall, at all times during the term hereof, and at Tenant's sole expense, keep, maintain and repair the demised premises in good and sanitary order and condition (except as hereinafter provided with respect to Landlord's obligations), including without limitation, the maintenance, repair and replace of the heating and air-conditioning system. By entering into the demised premises Tenant shall be deemed to have accepted the demised premises as being in good and sanitary order, condition and repair, and Tenant agrees on the last day of said term or sooner termination of this Lease to surrender the demised premises with appurtenances, in the same condition as when received, reasonable use and wear thereof and damage by fire, act of God or by the elements excepted. If Tenant refuses or neglects to commence or complete any repair or maintenance required by Tenant as per this Article 9, Landlord may, but shall not be required to do so, make or complete the repair and/or maintenance and Tenant shall pay the cost thereof to the Landlord on demand.

Notwithstanding any provisions in the preceding paragraph to the contrary, Landlord reserves the right, at any time or from time to time throughout the term of this lease, to make an agreement or contract for the maintenance of the heating and air-conditioning apparatus in the demised premises or in the building of which the demised premises form a part. In such event, Tenant shall promptly pay to Landlord, on a monthly basis, or as required by Landlord, Tenant's share of the cost of such maintenance contract, which share shall be apportioned according to the floor area of the demised premises as it relates to the total floor area building or buildings which are included within said maintenance contract or agreement.

10. COMPLIANCE WITH LAWS. Tenant shall, at its sole cost and expense, comply with all the requirements of all municipal, state, and federal authorities now in force or which may hereafter be enforced pertaining to the use of said premises, and shall faithfully observe in said use all municipal ordinances and state and federal statutes now in force or which shall hereinafter be in force. The judgment of any court of competent jurisdiction, or the admission of Tenant in any action or proceeding against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any such ordinance or statute in said use, shall be conclusive of that fact as between the Landlord and Tenant.

Tenant shall not commit or suffer to be committed, any waste on the demised premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of any other Tenant in the building(s).

11. INDEMNIFICATION OF LANDLORD-INSURANCE. Tenant, as a material part of the consideration to be rendered to Landlord under this Lease, hereby waives all claims against Landlord for damage to goods, wares and merchandise in, upon, or about said premises and for injuries to persons in or about said premises, from any cause arising at any time, and Tenant will hold Landlord exempt and harmless from any damage or injury to any person, or the goods, wares, and merchandise of any person arising from the use of the premises by Tenant, or from the failure of Tenant to keep the premises in good condition and repair, as herein provided.

During the term of this Lease, Tenant shall, at the Tenant's sole cost and expense, but for the mutual benefit of Landlord and Tenant, maintain general public liability insurance against claims for personal injury, death or personal property damage occurring in, upon or about the demised premises and on any sidewalks directly adjacent to the demised premises. The limitation of liability of such insurance shall be not less than One Million Dollars (\$2,000,000.00) in respect to each occurrence of bodily injury or death and to the limitation of not less than One Hundred Thousand Dollars (\$100,000.00) in respect to property damage. All such policies of insurance shall be issued in the name of Tenant and Landlord and for the mutual and joint benefit and protection of the parties. A certificate naming Landlord as additional insured evidencing such insurance shall be delivered to the Landlord at the commencement of the Lease term and thereafter, within thirty (30) days prior to the expiration of the term of each such policy, which shall provide that not less than ten (10) days written notice shall be given to Landlord prior to the cancellation or modification of each such policy.

Tenant shall, throughout the entire term of this Lease, maintain in full force on all of its fixtures, equipment and merchandise which may be from time to time located in the demised premises, a policy or policies of fire insurance with a standard form extended coverage endorsement to the extent of at least eighty percent (80%) of their full insurable value. As long as this Lease is in effect, the proceeds of any such policy shall be used for the repair or replacement of said fixtures, equipment and merchandise, and certificates evidencing such insurance shall be delivered to Landlord by Tenant promptly upon the

commencement of the term of this Lease, and thereafter, within thirty (30) days prior to the expiration of the terms of each such policy. Any such policy of insurance shall contain an express waiver of any right of subrogation against Landlord, provided that such waiver may be obtained without the payment of additional consideration.

Landlord shall maintain fire and extended coverage insurance throughout the term of this Lease with such endorsements and in such amounts as Landlord may from time to time deem necessary covering the building upon the demised premises.

12. FREE FROM LIENS. Tenant shall keep the demised premises and the property in which the demised premises are situated, free from any liens arising out of any work performed, material furnished, or obligation incurred by Tenant.

13. ABANDONMENT. Tenant shall not vacate nor abandon the demised premises at any time during the term of this Lease, and if Tenant shall abandon, vacate or surrender the demised premises or be dispossessed by process of law or otherwise, any personal property belonging to Tenant and left on the demised premises shall be deemed to be abandoned, at the option of Landlord, except such property as may be mortgaged to Landlord.

14. SIGNS AND AUCTIONS. Tenant shall not affix any sign on or to the building. Tenant may not display or sell merchandise or allow grocery carts or other similar devices within the control Tenant to be stored or to remain outside the defined exterior walls and permanent doorways of the premises. Tenant further agrees not to install any exterior lighting, amplifiers or similar devices or use in or about the premises and advertising media which may be heard or seen outside the premises, such as flashing lights, searchlights, loudspeakers, phonographs or radio broadcasts.

Tenant shall not conduct nor permit to be conducted any sale by auction in, upon or from the demised premises, whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors, or pursuant to any bankruptcy or other solvency proceeding.

15. UTILITIES. Tenant shall pay, before delinquency, all charges for electricity, power, telephone service and all other services of utilities used in, upon, or about the demised premises by Tenant or any of its subtenants, licensees, or concessionaires during the term of this Lease. Water and gas utilities are included in the Triple Net Amount in section 4.C.

16. ENTRY AND INSPECTION. Tenant shall permit Landlord and its agents to enter into and upon the demised premises with a prior twenty-four (24) hour notice, unless due to an emergency for the purpose of inspecting the same or for the purpose of maintaining the building in which said premises are situated, or for the purpose of making repairs, alterations or additions to any other portion of said building, including the erection and maintenance of such scaffolding, canopy fences and props as may be required, or for the purpose of posting notices of non-liability for alterations, additions, or repairs, or for the purpose of placing upon the property in which the premises are located any usual or ordinary "For Sale" signs. Landlord shall be permitted to do any of the above without any rebate of rent and without any liability to Tenant for any loss of occupation or quiet enjoyment of the premises thereby occasioned. Tenant shall permit Landlord, at any time within thirty (30) days prior to the expiration of this Lease, to place upon said premises any usual or ordinary "For Lease" signs and during such thirty (30) days period, Landlord

or its agents may, during normal business hours, enter upon said premises and exhibit same to prospective Tenants.

17. DAMAGE AND DESTRUCTION OF PREMISES. In the event of: (a) a partial destruction of the premises or the building containing the same during the term, or (b) said building being declared unsafe or unfit for occupancy by any authorized public authority for any reason other than Tenant's act, use or occupation, which declaration requires repairs to either said premises or said building, Landlord (except as hereinafter further set forth), shall forthwith make such repairs, provided Tenant gives to Landlord thirty (30) days written notice of the necessity therefore and provided further that such repairs can be made within sixty (60) days after the occurrence of said partial destruction or after said declaration by any authorized public authority, and provided said repairs can be made within said time period under the laws and regulations of authorized public authorities, but such partial destruction (including any destruction necessary in order to make repairs required by any such declaration) shall in no way annul or void this Lease, except that Tenant shall be entitled to a proportionate reduction of minimum guaranteed rent while such repairs are being made, such proportionate reduction to be based upon the extent to which the making of such repairs shall interfere with the business carried on by Tenant in said premises, and provided that in making such repairs, Landlord shall be obligated to replace only such glazing as shall have been damaged by fire and other damaged glazing shall be replaced by Tenant.

Tenant shall continue the operation of its business on the demised premises during any such period of restoration and repair to the extent reasonably practicable from the standpoint of prudent business management, and Tenant's obligation to pay rent shall remain in full force and effect. If such repairs cannot be made within the aforementioned sixty (60) days, Landlord may, at its option, elect to make same within a reasonable period of time: and provided Landlord uses due diligence in making such repairs, this Lease shall continue in full force and effect, and the minimum guaranteed rent shall be proportionately reduced as here-in-above provided. The commencement of such work of repair may be postponed for a reasonable time to permit Landlord's recovery under any policy of insurance covering such loss.

In the event the repairs called for here-in-above in this Article cannot be made within the aforementioned sixty (60) day period and in the event Landlord does not elect to make same using due diligence and as here-in-above provided, then this Lease may be terminated at the option of either of the parties, with all rentals to be prorated between Landlord and Tenant as of the date of termination. In respect to any partial destruction (including any destruction necessary in order to make repairs required by any such declaration of any authorized public authority), which Landlord is obligated to repair or may elect to repair under the terms of this Article 17, the provisions of Section 1932, Subdivision (2) and Section 1933 Subdivision (4) of the Civil Code of the State of California are waived by Tenant.

Total destruction (including any destruction required by any authorized public authority) of either said premises or the building of which the demised premises are a part, shall terminate this Lease. Notwithstanding anything contained in this Article 17 to the contrary, in the event of a partial destruction of said premises or the building containing the same during the last year of the term of this Lease, or in the event of a partial destruction resulting from a casualty not insured under a standard fire and extended coverage insurance policy, then, and in either of such events, Landlord shall have the right, at its option, to terminate this Lease by giving written notice of such termination to Tenant within forty-five (45) days following such partial destruction, in which event rentals shall be prorated between Landlord and Tenant as of the date of such termination.

In the event that Landlord elects to repair and restore the demised premises following any casualty damage, Tenant shall repair and restore or replace all exterior signs, trade fixtures, equipment, display cases or other installations originally installed by Tenant. Landlord shall have no interest in the proceeds of any insurance carried by Tenant on Tenant's interest in this Lease, and Tenant shall have no interest in the proceeds of any insurance carried by Landlord, except as specified in Article 11.

18. ASSIGNMENT AND SUBLETTING. Tenant shall not assign this Lease, or any interest therein, and shall not sublet the demised premises or any part thereof, or any right or privilege appurtenant thereto, or permit any other person (the agents and servants of Tenant excepted) to occupy or use the demised premises, or any portion thereof, without first obtaining the written consent of Landlord. Consent by Landlord to one assignment, subletting, occupation or use by another person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Consent to an assignment or subletting shall not release the original named Tenant from liability for the continued performance of the terms and provisions on the part of Tenant to be kept and performed, unless Landlord specifically and in writing releases the original named Tenant from said liability. Any assignment or subletting without the prior written consent of Landlord shall be void and shall, at the option of Landlord, terminate this Lease. This Lease shall not, nor shall any interest therein, be assigned, as to the interest of Tenant, by operation of law, without the prior written consent of Landlord.

Landlord agrees not to withhold its consent to any proposed assignment unreasonably, provided that such assignment is to a solvent party having a financial strength and business experience equal to or greater than that of Tenant, as determined by Landlord, and provided that the assignee agrees in writing to assume the obligations of the Tenant pursuant to this Lease in a form satisfactory to Landlord. Landlord may condition any such consent upon the payment of all reasonable costs and attorneys' fees incurred by Landlord in connection with any such assignment.

19. DEFAULT. In the event of any breach of this Lease by Tenant, Landlord shall notify the Tenant in writing of such breach, and Tenant shall have three (3) days in which to cure any such breach as to payments of rent or other sums due hereunder, and thirty (30) days to cure any other breach, and if Tenant shall fail to cure such breach or default within such time limit, then Landlord, besides other rights or remedies Landlord may have, shall have the immediate right to:

A. Immediately terminate Tenant's right to possession of the premises, and repossess the same by summary proceedings or other appropriate action, and Landlord shall thereupon be entitled to receive from Tenant all damages specified in California Civil Code Section 1951.2(a), including, without limitation, the right to receive the worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided; all of which damages to the extent specific in Section 1951.2(a) shall be computed by allowing interest at the maximum rate permitted by law; or

B. Continue this Lease in effect without terminating Tenants right to possession even though Tenant has breached this Lease and abandoned the premises; and to enforce all of the Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due under this Lease; provided, however, that Landlord may at any time thereafter elect to terminate this Lease for such previous breach by notifying Tenant in writing that Tenant's right to possession of the premises has been terminated.

In the event that upon a termination of Tenant's right of possession or upon the termination or expiration of this Lease, Tenant fails to remove from the premises any of Tenant's property located thereon, which Tenant is entitled or required to remove pursuant to the terms of this Lease, Landlord shall not be responsible for the care or safekeeping thereof and may remove any of the same from the demised premises and place the same in storage in a public warehouse at the cost, expense and risk of Tenant with authority to the warehouseman to sell the same in the event that Tenant shall fail to pay the cost of transportation and storage, all in accordance with the rules and regulations applicable to the operation of a public warehouseman's business. Any refusal by public warehouseman to accept personal property located in the demised premises upon such conditions shall be an unconditional warrant to Landlord for disposing of the same in any manner Landlord may see fit, and without accountability for any alleged value thereof.

No waiver of any breach of any of the terms, covenants, agreements, restrictions or conditions of this Lease shall be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions and conditions thereof.

20. ~~INSOLVENCY OF TENANT.~~ ~~Tenant agrees that in the event all or substantially all of its assets be placed in the hands of a receiver or trustee, and in the event such receivership or trusteeship continues for a period of ten (10) days, or should Tenant make an assignment for the benefit of creditors, or be adjudicated a bankrupt, or should Tenant institute any proceedings under any state or federal bankruptcy act wherein Tenant seeks to be adjudicated a bankrupt, or seeks to be discharged of its debts, or should any involuntary proceedings be filed against such Tenant under such bankruptcy laws and Tenant consents thereto or acquiesces therein by pleading or default, then this Lease or any interest in and to the demised premises shall not become an asset in any of such proceedings and in any of such events, and in addition to any and all rights or remedies of Landlord hereunder or as provided by law, it shall be lawful for Landlord, at his option, to declare the term hereof ended and to re-enter the demised premises and take possession thereof and remove all persons therefrom and Tenant shall have no further claim hereunder.~~

21. SURRENDER OF PREMISES BY TENANT. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to him of any or all of such subleases or subtenancies.

22. SALE OF PREMISES BY LANDLORD. In the event of any sale of the demised premises by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence, or omission occurring after the consummation of such sale; and the purchaser, at such sale or any subsequent sale of the demised premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of the Landlord under this Lease. In the event that Landlord either now or in the future does not own all of the building or property annexed thereto, Tenant agrees that it shall have no right to cancel this Lease, reduce or abate rents or pursue any other remedy for any violation of this Lease by virtue of any act or omission on or with respect to property owned by Landlord.

23. ATTORNEY'S FEES. In the event the Landlord finds it necessary to retain an attorney in connection with the default by the Tenant in any of the agreements or covenants contained in this Lease, Tenant shall pay reasonable attorney fees to said attorney.

In the event of any litigation regarding this Lease, the losing party shall pay to the prevailing party reasonable attorney fees.

24. LANDLORD PAYING CLAIMS. Should Tenant fail to pay and discharge, when due and payable, any tax or assessment, or any premium or other charge in connection with any insurance policy or policies which Tenant is obligated to pay, or any lien out of the repair, alteration, maintenance and use of the demised premises, as provided for in this Lease, after ten (10) days written notice from Landlord, then Landlord may, at its option and without waiving or releasing Tenant from any of Tenant's obligations hereunder, pay any such tax, assessment, lien, claim, insurance premium or charge, or settle or discharge any action therefore or satisfy any judgment thereon.

All costs, expenses and other sums incurred or paid by Landlord in connection therewith, together with interest at the maximum rate permitted by law per annum on such costs expenses and sums from the date incurred or paid by Landlord, shall be deemed to be additional rent hereunder and shall be paid by Tenant with and at the same time as the next installment of rent hereunder, and any default therein shall constitute a breach of the covenants and conditions of this Lease.

25. CONDEMNATION. The term "total taking," as used in this Article 25 means the taking of the premises under the power of eminent domain or a taking of so much thereof as to prevent or substantially impair the conduct of Tenant's business thereon. The term "partial taking," means the taking of a portion only of said property, which does not constitute a total taking, as above defined.

If, during the term hereof, there shall be a total taking by public authority under the power of eminent domain, then the Leasehold estate of Tenant in and to the premises shall cease and terminate as of the date actual physical possession thereof shall be so taken.

If, during the term hereof, there shall be a partial taking of the premises, this Lease shall terminate as to the portion of the property taken upon the date which actual possession of said portion is taken pursuant to said eminent domain proceedings, but this Lease shall continue in force and effect as to the remainder of the premises. The minimum annual rental payable by Tenant for the balance of the term shall be abated in the ratio that the square footage of floor area taken bears to the total floor area of the demised premises at the time of such taking.

If any portion of the parking and common areas shall be so taken so as to prevent or substantially impair the conduct of Tenant's business on the premises, then Tenant may, at its option, terminate this Lease by giving Landlord written notice of its election so to do, unless Landlord shall, with reasonable diligence, restore the parking and common areas taken by substituting therefore equivalent land reasonably adjacent to the premises. If this Lease is not terminated by Tenant pursuant to the provisions of this Article 25, there shall be no reduction, change or abatement of any rental or other charge payable by Tenant to Landlord hereunder, and this Lease shall continue in full force and effect.

All compensation and damages awarded for the taking of the premises or the common facilities, or any portion or portions thereof, shall, except as otherwise herein provided, belong to and be the sole property of Landlord, and Tenant shall not have any claim or be entitled to any award for decrease in value of its Leasehold hereunder or for the value of any unexpired term of this Lease; provided, however, Tenant shall be entitled to any award that may be made for the taking of or injury to, or on account of any cost or loss Tenant may sustain in the removal of Tenant's merchandise, fixtures, equipment and furnishings.

If this Lease is terminated, in whole or in part, pursuant to any of the provisions of this Article 25, all rents and other charges payable by Tenant to Landlord hereunder and attributable to the property taken, shall be paid up to the date upon which actual physical possession shall be taken by the condemnor, and the parties shall thereupon be released from all further liability in relation thereto.

A voluntary sale by Landlord to any public body or agency having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, or any taking by inverse condemnation, shall be deemed to be a taking under the power of eminent domain for the purposes of this Article 25.

26. ANNEXATION. Landlord reserves the right, by written notice to Tenant, to annex other real property to the parcel containing the demised premises at any time or from time to time during the term hereof, in which event all of the terms, covenants and provisions of this Lease relating to the demised premises, parking area, and common areas shall apply to said annexed real property. Tenant acknowledges that Landlord has made no representation or warranty with respect to the annexation of any parcel, or any portion thereof, or with respect to the type or nature of development, which may be constructed upon, said parcel, if any.

27. SUCCESSORS IN INTEREST. The covenants herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

28. TENANT'S PERFORMANCE. In the event Tenant shall fail within any time limits which may be provided herein to complete any work or perform any other requirement provided to be performed by Tenant prior to the commencement hereof, or in the event Tenant shall cause a delay in the completion of any work, Landlord shall send Tenant written notice of said default and if said default is not corrected within ten (10) days thereafter, Landlord shall have the option of terminating this Lease by a written notice of termination and upon forwarding of said notice, this Lease shall cease and terminate.

29. FORCE MAJEURE. If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, inability to procure materials, restrictive governmental laws or regulations or other cause without fault and beyond the control of the party obligated (financial inability expected), performance of such act shall be excused for a period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, that nothing in this Article 29 contained shall excuse Tenant from the prompt payment of any rental or other charge required of Tenant hereunder except as may be expressly provided elsewhere in this Lease.

30. PARTIAL INVALIDITY. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereof.

31. MARGINAL CAPTIONS. The various headings and numbers herein and the groupings of the provisions of this Lease into separate Articles and paragraphs are for the purpose of convenience only and shall not be considered a part hereof.

32. TIME. Time is of the essence of this Lease.

33. SUBORDINATION. Upon the signing of this Lease, Tenant agrees to subordinate his/her right hereunder to the lien of any first mortgage or first deed of trust to any bank, insurance company, pension fund or any other lending institution, now or hereafter in force against the land and building of which the demised premises are a part, and upon any buildings hereafter placed upon the land of which the demised premises are a part, and to all advances made or hereafter to be made upon the security thereof.

In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by the Landlord covering the demised premises, the Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.

The provisions of this Article to the contrary notwithstanding, and so long as Tenant is not in default hereunder, this Lease shall remain in full force and effect for the full term hereof.

34. OFFSET STATEMENT. Within ten (10) days after request therefore by Landlord, or in the event that upon any sale, assignment or hypothecation of the demised premises of the land thereunder by the Landlord, an offset statement shall be required from Tenant and Tenant agrees to deliver, in recordable form, a certificate addressed to any such proposed mortgagee or purchaser, or to the Landlord, certifying that this Lease is in full force and effect and that the term of this Lease has commenced (if such be the case), that there are no differences or offsets thereto (or stating those claimed by Tenant), and that Tenant knows of no defaults by Landlord hereunder, (or stating any such defaults known by Tenant).

35. EXAMINATION OF LEASE. Submission of this instrument for examination or execution by Tenant does not constitute a reservation of or an option for Lease, and it is not effective as a Lease or otherwise until execution and delivery by both Landlord and Tenant.

36. RELATIONSHIP OF PARTIES. The relationship of the parties hereto is that of Landlord and Tenant, and it is expressly understood and agreed that Landlord does not, in any way, nor for any purpose, become a partner in the conduct of Tenant's business or otherwise, or a joint venture with Tenant, and the provisions of this Lease and agreements relating to rent payable hereunder are included solely for the purpose of providing a method whereby rental payments are to be measured and ascertained.

37. RIGHTS OF LENDERS. Notwithstanding anything to the contrary in this Lease, Landlord shall not be in default under any provision of this Lease unless written notice specifying such default is mailed to Landlord and to all mortgagees and/or trust deed holders of which Tenant has, prior to such notices, been notified in writing. Tenant agrees that any such mortgagee or trust deed holder shall have

the right to cure such default on behalf of Landlord within thirty (30) calendar days after receipt of such notice. Tenant further agrees not to invoke any of its remedies under this Lease until said thirty (30) days have elapsed, or during any period that such mortgagee or trust deed holder is proceeding to cure such default with due diligence, or is taking steps with due diligence to obtain the legal right of entry as may be required to cure the default.

38. OPTION TO RENEW. In the event that Tenant shall not then be in default hereunder, Tenant shall have the right not earlier than one hundred eighty (180) days prior to the date of the expiration of the term of this Lease, and not later than ninety (90) days prior to the date of expiration of the term of this Lease, to renew the term of this Lease for an additional **FIVE (5) YEARS** from the date of expiration of the term of this Lease as outlined hereinafter. Such election shall be made by Tenant by serving upon the Landlord a notice in writing to the effect that Tenant elects to renew and extend the term of this Lease for such extended term. Except for the re-determination of rental in accordance with this paragraph, all terms and conditions of the original Lease agreement shall apply to any extended term.

During the extended term of this Lease, Tenant shall pay to Landlord as monthly rental for the demised premises the GREATER OF; (1) the monthly rental for the last month of the primary term of this Lease plus Lease year-end adjustments that would have been made had this Lease not expired (per Article 4 hereof), or (2) the amount equal to the then current market rental value of the space occupied, at the time of renewal, as determined by independent appraisal. Extended term rental amounts are to be adjusted annually, (adjustments to be made on the same anniversary date as they were made during the primary term of this Lease), as per Article 4 hereof. The above sums shall be paid in advance on the first day of each calendar month throughout the term of this Lease, in the same manner as set forth in Article 4A of this Lease.

The Security Deposit, as per Article 38 hereof, shall be increased, at the Landlord's option, to an amount equal to not less than the amount of one months current rental (including adjustments as per Article 4 hereof), which is in effect at the time the Tenant elects to exercise the Option to Renew.

39. HOLDING OVER. Any holding over after the expiration of the term of this Lease, with the consent of Landlord, shall be construed to be tenancy from month to month, cancelable upon thirty (30) days written notice, and at a minimum monthly rental and upon the terms and conditions as existed during the last year of the term hereof, or any extensions thereof.

40. NOTICES. Wherever in this Lease it shall be required or permitted that notice and demand be given or served by either party to this Lease to or on the other, such notice or demand shall be given or served and shall be deemed to have been duly given or served unless in writing and forwarded by registered mail, addressed as follows:

**TO LANDLORD: HAUN PROFESSIONAL, LLC
c/o AMBER MANAGEMENT, LLC
29826 Haun Rd Ste 305
Menifee, CA 92586
(951) 301-8835**

TO TENANT: MENIFEE CITY HALL
29844 Haun Rd
Menifee, CA 92586

Either party may change such address by giving to the other written notice.

41. SCOPE OF AGREEMENT. This Lease, together with any Addendum to Lease, attached hereto and executed by Landlord and Tenant, if any, is and shall be considered to be the only agreement between the parties hereto, and all negotiations and oral agreements acceptable to both parties are included herein.

IN WITNESS WHEREOF, the parties have duly executed this Lease, together with the herein referred to Exhibits, if any, which are attached hereto, the day and year first above written.

LANDLORD

DocuSigned by:
By: Lynette Gibson
3CC6384DFE495...
Lynette Gibson
Managing Partner

TENANT

DocuSigned by:
By: Armando G. Villa
A96907ED91464C0...
City Manager, Armando G. Villa

ATTEST:

DocuSigned by:
Stephanie Roseen
5069081E3D4434C0...
Acting City Clerk, Stephanie Roseen

DocuSigned by:
Jeffrey T. Melching, City Attorney
DABE8686180C4BB...
City Attorney, Jeffrey T. Melching