

SECOND AMENDMENT TO OFFICE LEASE

This Second Amendment to Office Lease ("Second Amendment") is made effective as of August 16, 2018 ("Amendment Effective Date") by and between KPC Summit, LLC, a California limited liability company ("Landlord"), and Alvord Unified School District ("Tenant"). The Landlord and the Tenant may be referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

A. The Parties previously entered into that certain "Office Lease" dated May 16, 2014 ("Lease"), which is applicable to portions of the building and grounds located at 9 KPC Parkway (formerly known as 2375 Anselmo Drive) in the City of Corona, California. The Parties subsequently amended the Lease by means of that certain "First Amendment to Office Lease" dated March 19, 2015 ("First Amendment").

B. The Parties intend and agree that: (i) for purposes of this Second Amendment, the Lease as amended by the First Amendment shall be referred to herein as the "Previously Amended Lease"; (ii) the Previously Amended Lease as amended by this Second Amendment shall be referred to herein as the "Amended Lease"; and (iii) capitalized terms used, but not defined, in this Second Amendment shall have the meanings ascribed to such terms in the Previously Amended Lease.

C. Certain disagreements have arisen between the Parties with respect to: (i) when the Rent Commencement Date occurred; (ii) the Tenant's responsibility for payment of Monthly Rent, penalties, interest, and operating expenses and other charges to be included in Rent, for the period prior to February of 2016 and through the end of 2017; (iii) the calendar year to be designated as the Operating Expense Base Year; (iv) the Parties' respective responsibility for certain costs of constructing the Tenant Improvements; (v) costs of repairing damage to the Tenant's property resulting from improvements to the Landlord's suite ("Property Damage"); and (vi) other matters associated with the foregoing (collectively, the "Disputed Matters"). The Parties have entered into this Second Amendment for purposes of: (i) fully and finally resolving the Disputed Matters; and (ii) setting forth their agreement with respect to use of and payment for security services inside the Premises.

Now, therefore, and in consideration of the Parties' respective rights and obligations pursuant to the Amended Lease, which consideration each of the Parties hereby acknowledges is adequate, the Parties agree as follows:

AGREEMENT

Section 1. Scope of Settlement. This Second Amendment shall be deemed and construed to set forth a full and final compromise and settlement of: (i) all Disputed Matters; (ii) any and all other matters that relate to or arise from the facts and circumstances that expressly or implicitly establish, underlie, or form the basis for any possible claims associated with the Disputed Matters; and (iii) any other matters described in Sections 1 through 6, inclusive, herein.

Section 2. General Settlement Terms. Notwithstanding anything in the Previously Amended Lease:

- (i) The Rent Commencement Date shall be deemed and construed for all purposes to be January 1, 2016;



- (ii) The Initial Term shall be a period of 180 months, commencing on January 1, 2016;
- (iii) The Operating Expense Base Year shall be deemed and construed for all purposes to be calendar year 2016;
- (iv) For all purposes of the Amended Lease, including, without limitation, for comparison in each Comparison Year, the amount of the Operating Expenses for the Operating Expense Base Year is the amount specified as such in clause (ii) of Section 3 of this Second Amendment;
- (v) As compensation for Property Damage, within thirty days following the Amendment Effective Date, the Landlord shall have paid to the Tenant the amount of \$4,900.00;
- (vi) Section 9.0 of the First Amendment (including, without limitation, subsections 9.1 through 9.9, inclusive) is hereby deemed and construed to have been deleted from the Amended Lease and shall hereafter be of no force or effect; and
- (vii) Within thirty days following the Amendment Effective Date, the Tenant shall have paid to the Landlord the amount of \$850,000.00.

Section 3. Operating Expense Base Year and 2017 Comparison Year. For avoidance of doubt, and with respect to the Tenant's obligations pursuant to Section 4.3 of the Lease to pay its proportionate share of the Operating Expense Increase for each Comparison Year and pursuant to Section 5.0 of the First Amendment to pay its proportionate share of Real Property Taxes for each Comparison Year:

- (i) The total Operating Expenses for the Operating Expense Base Year, as adjusted for occupancy less than 95% in the Operating Expense Base Year, shall be deemed and construed for all purposes of the Amended Lease to be determined in the manner set forth in Exhibit "A" attached to this Second Amendment ("Exhibit A");
- (ii) The total amount of the Operating Expenses for the Operating Expense Base Year, as adjusted for occupancy less than 95% in the Operating Expense Base Year, shall be deemed and construed for all purposes of the Amended Lease to be \$489,178, as set forth in Exhibit A;
- (iii) The total amount of Operating Expenses for the 2017 Comparison Year and each future Comparison Year shall be deemed and construed for all purposes of the Amended Lease to be determined in the manner set forth in Exhibit A;
- (iv) The Operating Expense Increase for any particular Comparison Year shall be determined by adjusting the operating expenses for that year, when applicable, for periods of total occupancy less than 95%, then subtracting \$489,178 from the total Operating Expenses for that Comparison Year;
- (v) In any Comparison Year in which the result of the calculation pursuant to the foregoing clause (iv) is a positive number, the Tenant's proportionate share of the Operating Expense Increase shall be determined by multiplying such positive number by 0.908; and
- (vi) Because, as shown on Exhibit A, the result of the calculation pursuant to the foregoing clause (iv) is a negative number, there is no Operating Expense Increase for the 2017 Comparison Year

Two handwritten signatures in black ink, one on the left and one on the right, appearing to be initials or full names.

and, therefore, the Tenant is not required to pay any Additional Rent attributable to an Operating Expense Increase for the 2017 Comparison Year.

Section 4. Adjustment of Monthly Base Rent. The initial \$132,038.40 amount of the Monthly Base Rent payable during the first year of the Lease Term (i.e., calendar year 2016), was determined by multiplying \$1.95 per square foot by 67,712 square feet. Pursuant to Subsection 1.6.1 of the Lease, the Monthly Base Rent for each year after the first year of the Lease Term is to be adjusted to reflect changes in the CPI as of two months prior to the applicable anniversary of the Rent Commencement Date. Based on a January 1, 2016, Rent Commencement Date, and further based on a 2.20% increase in the CPI as of October 2016 and a 3.10% increase in the CPI as of October 2017, the adjusted Monthly Base Rent for 2017 was \$134,934.24 and the adjusted Monthly Base Rent for 2018 is \$139,126.49. The Tenant paid Monthly Base Rent in the amount of \$139,126.49 for each of July and August of 2018. Because the Monthly Base Rent paid by the Tenant for the months of January 2017 through June 2018 was, in each case, equal to the Monthly Base Rent initially payable in 2016, the Tenant shall pay to the Landlord: (i) \$34,978.08 on account of 2017 and \$42,528.54 on account of the period through June 2018, a total amount equal to \$77,506.62 ("Rent Adjustment Payment"). The Tenant shall pay the Rent Adjustment Payment to the Landlord within sixty days of the Amendment Effective Date. The Rent Adjustment Payment shall be compensation to the Landlord for the differences between the amounts paid by the Tenant and the amounts of the applicable adjusted Monthly Base Rent, and no interest, penalties, or other amounts shall be due with respect to any and all times prior to expiration of sixty days from the Amendment Effective Date.

Section 5. Security Services. The Landlord presently provides security services for the exterior portions of the office complex referred to in the Previously Amended Lease as "KPC Summit," and the costs of such exterior security services are included in the Operating Expenses. The Landlord and the Tenant hereby acknowledge and agree that the Landlord has now contracted with the company that provides such exterior security services ("Security Company") to provide security services in the interior of the Premises ("Interior Security Services"). The current costs of the Interior Security Services payable to the Security Company are an amount not in excess of \$55,000 per year. The Landlord shall attempt to obtain reasonable prices and other terms for the Interior Security Services in future years. Prior to each annual renewal of the contract for the Interior Security Services, the Landlord shall give written notice to the Tenant of the cost of the Interior Security Services and any significant changes in the Interior Security Services for the then-upcoming year, and the Tenant shall have thirty days from receipt of such notice to notify the Landlord as to whether the Tenant declines to renew the contract. If the Tenant fails to timely provide notice or notifies the Landlord that the renewal terms are acceptable, the Landlord shall renew the contract for the Interior Security Services on basis specified in the notice from the Landlord. The Interior Security Services are intended to be in lieu of the receptionist services provided by Tenant employees. The Tenant has been paying 100 % of the costs of the receptionist services. Based on the foregoing, the Parties hereby agree that: (i) unless the Parties agree otherwise or unless the Tenant, as described above, declines to renew the contract, the Landlord shall continue to contract for the Interior Security Services; (ii) the Tenant will no longer provide receptionist services; (iii) the Tenant shall pay 90.80 % of the actual costs of the Interior Security Services charged by the Security Company; and (iv) the Landlord shall pay 9.20 % of such actual costs. For avoidance of doubt, the costs of the Interior Security Services are not to be included: (i) in the Operating Expenses for purposes of calculating the Base Year Operating Expenses; or (ii) in the Operating Expenses of any Comparison Year.

Section 6. Costs. Each Party shall be responsible for paying its own costs in connection with the Disputed Matters and this Second Amendment, including, without limitation, attorneys' fees and other legal costs.



Section 7. No Further Modifications. Except to the extent provided in Sections 1 through 6, inclusive, herein, and except as necessary to construe the Amended Lease for purposes of Sections 1 through 6, inclusive, herein, this Second Amendment shall not be deemed or construed to have modified the Previously Amended Lease, which, except as hereby modified, shall continue in effect in accordance with its provisions.

Section 8. Tenant Improvements. Notwithstanding anything that may be construed to the contrary, and without limiting anything in Section 7 herein, the Landlord is not hereby released from any guarantees, warranties, or similar obligations set forth in and/or required by the Previously Amended Lease, and all such obligations shall remain in effect, in accordance with their respective provisions, for so long as provided by the Previously Amended Lease.

Section 9. No Admissions. Neither this Second Amendment nor any consideration provided, forbearance and/or action taken pursuant to or in furtherance of this Second Amendment shall, at any time or for any purpose, be deemed or construed as an admission of responsibility or liability by either Party with respect to any of the Disputed Matters.

Section 10. Performance of Obligations. The failure by a Party to perform any of its obligations pursuant to and/or consistent with this Second Amendment shall not be deemed or construed to obviate or circumscribe such obligation and, in such event, the Party shall be subject to payment of damages incurred by the other Party as determined by a court of competent jurisdiction.

Section 11. Mutual Waiver and Release. In connection with the full and final settlement of the Disputed Matters, each Party hereby fully and forever waives, releases, abandons and discharges the other Party and its governing board members, officers, employees, and agents with respect to any and all demands, claims, actions, other legal proceedings, losses, damages, costs and expenses (including, without limitation, attorneys' fees and costs), and other liabilities of any nature whatsoever, whether known or unknown as of the Amendment Effective Date, that arise from, result from, or otherwise relate to, any of the Disputed Matters. The foregoing includes, without limitation, a full and final release by the Parties of all past, present, and future claims arising or that may arise from the Disputed Matters, regardless of whether: (i) such claims are actual or potential; (ii) such claims are presently known or unknown; (iii) such claims could become known only in the future; or (iv) knowledge of such claims on or prior to the Amendment Effective Date would have materially affected a Party's decision to settle the Disputed Matters. The foregoing shall not be deemed or construed to preclude either Party from filing an action against the other Party for damages arising from any failure by such other Party to perform its obligations pursuant to this Second Amendment, but no breach by a Party of its obligations pursuant to this Second Amendment shall affect the waivers and releases given pursuant to this Section.

Section 12. Waiver of Civil Code Section 1542 Protections. In connection with the waivers and releases described in Section 11 herein, each Party expressly waives the benefits and protections of Section 1542 of the California Civil Code, which provides that:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Section 13. Governing Law and Venue. This Second Amendment shall be governed by and construed in accordance with California law, regardless of any choice of law, conflict of laws, or other provision of any state, federal, or other law. Any arbitration, mediation, litigation or other proceeding



arising out of this Second Amendment shall be initiated and conducted only in the County of Riverside, California.

Section 14. Fair and Reasonable Interpretations. Prior to execution and delivery of this Second Amendment, each Party: (i) has received, or had unqualified opportunities to receive, independent advice from its legal counsel with respect to the advisability of executing this Second Amendment and the meaning of the provisions herein; and (ii) has participated in the negotiation of the terms set forth in this Second Amendment. Therefore, the provisions of this Second Amendment shall be construed based on their fair and reasonable meaning, and not for or against any Party based on whether such Party or its legal counsel was primarily responsible for drafting this Second Amendment or any particular provision herein.


Section 15. Entire Agreement. This Second Amendment constitutes the entire understanding and agreement between the Parties pertaining to the settlement by the Parties described herein, and all prior and contemporaneous agreements, representations and understandings of the Parties relating to such subject matter, oral or written, are hereby superseded and replaced.

Section 16. Counterparts. This Second Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same instrument. Signature pages may be detached from counterpart originals and combined to physically form one or more copies of this Second Amendment bearing original signatures of all Parties.


Section 17. Due Authority. Each person signing this Second Amendment on behalf of a Party hereby represents and warrants that he or she has been duly authorized by such Party to sign, and thereby bind such Party to, this Second Amendment.

In witness whereof, the Parties have executed this Second Amendment as evidenced by the signatures, below, of their respective duly-authorized representatives.

Alvord Unified School District

By: 
Print Name: KEVIN EMEMAKER
Print Title: EXEC. DIRECTOR

KPC Summit, LLC

By: 
Print Name: Kelli P. Chandhuri
Print Title: Manager

Approved as to form:

By: Atkinson, Andelson, Loya, Ruud & Romo,
Attorneys for the Alvord Unified School
District

By: 
Brian W. Smith, Legal Counsel

EXHIBIT "A"
Operating Expense Base Year and 2017 Comparison Year Calculations

Operating Expense Base Year

Description of Expense	Fixed (\$)	Variable (\$)	Total (\$)
Real Property Taxes	25,346		
CAM – Janitorial/Maintenance		6,147	
CAM – Repair		2,387	
Insurance	64,372		
Telephone	4,956		
Water/Sewer		10,857	
Gas		24,564	
Electricity		162,297	
Trash		5,710	
Fire Monitoring & Elevator		6,029	
Property Management	79,223		
Owners Assoc. Dues/Security	85,817		
Subtotal	259,714	217,991	
Occupancy Adjustment	---	11,473	
Total	259,714	229,464	

2017 Comparison Year

Description of Expense	Fixed (\$)	Variable (\$)	Total (\$)
Real Property Taxes	25,346		
CAM – Janitorial/Maintenance		4,680	
CAM – Repair		2,288	
Insurance	55,218		
Telephone	4,881		
Water/Sewer		10,746	
Gas		21,389	
Electricity		163,165	
Trash		3,960	
Fire Monitoring & Elevator		3,622	
Property Management	80,966		
Owners Assoc. Dues/Security	80,630		
Subtotal	247,041	209,850	
Occupancy Adjustment	---	11,045	
Total	247,041	220,895	

Notes:

- (i) For purposes of determining Operating Expense Increases, "fixed" costs are those that, although they may vary from year to year, they do not vary as a result of changes in occupancy levels.
- (ii) Occupancy Adjustments shall be determined by dividing "variable" costs by 0.95.