City of Sacramento
City Council

915 I Street, Sacramento, CA, 95814
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Meeting Date: 12/14/2010 **Report Type:** Consent

Title: Sublease Agreement - 2831 G Street

Report ID: 2010-00003

Location: Citywide

Recommendation: Adopt a Resolution 1) authorizing the City Manager or the City Manager's designee to execute a sublease with Neighbors Financial Corporation for real property located at 2831 G Street, Suite 100, for the administrative offices of the Sacramento City-County Office of Metropolitan Water Planning (CCOMWP); and 2) authorizing the City Manager or the City Manager's designee to execute such additional documents and to take such additional actions as necessary to implement the sublease agreement.

Contact: Sarah Foley, Program Manager, (916) 808-1997, Department of Utilities, CCOMWP

Presenter: None

Department: Department of Utilities / Reviewed and edited by General Services, Facilities Management, Rhonda Lake, Facilities & Real Property Superintendent, (916) 808-7902

Division: C/Co Ofc Water Planning

Dept ID: 14001911

Attachments: 1-Description/Analysis 2-Background 3-Resolution 4-Unexecuted Contract Cover 5-Exhibit A-Unexecuted Contract	**City Attorney Review** Approved as to Form Joe Robinson 12/8/2010 5:17:20 PM **City Treasurer Review** Prior Council Financial Policy Approval or Outside City Treasurer Scope Rusell Fehr 12/2/2010 3:19:50 PM

Approvals/Acknowledgements

Department Director: Marty Hanneman- 12/8/2010 11:23:00 AM

Assistant City Manager: John Dangberg - 12/8/2010 3:46:04 PM

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Description/Analysis

Issue: The office space available at 2831 G Street will accommodate the administrative offices of the Sacramento City-County Office of Metropolitan Water Planning (CCOMWP) currently located at 660 J Street. The initial lease term is sixty-three months. The lease is a full service agreement, in that the lessor is responsible for all expenses including maintenance, janitorial, and operating costs without pass-through expenses to the City. In addition, staff will have use of the premises for meetings after normal business hours without additional charge for rent or parking.

Policy Considerations: This report is submitted in compliance with the policy direction provided by the Sacramento City Council and Sacramento County Board of Supervisors in forming the CCOMWP, approving its work plan, and supporting the efforts of the Water Forum under City Agreement No. 2001-005.

Environmental Considerations:

California Environmental Quality Act (CEQA):

This project is exempt from the California Environmental Quality Act (CEQA) under Section 15301(A) of the CEQA guidelines. This section addresses the lease of space within an existing private structure involving no expansion in use, except for interior alterations.

Sustainability Considerations: N/A

Commission/Committee Action: The Water Forum Coordinating Committee discussed and agreed on the concept of relocating CCOMWP's administrative offices during their regular meeting on August 26, 2010.

Rationale of Recommendation:

The Sacramento City-County Office of Metropolitan Water Planning (CCOMWP) is currently located at 660 J Street, Suite 260 in downtown Sacramento. Relocating to 2831 G Street in midtown Sacramento would result in a significant decrease in monthly rent expenses, provide office space that is conveniently accessible to Water Forum Stakeholders, a regional group made up of over forty stakeholders, and maintain the autonomy for conducting the business of the Water Forum.

Following are the primary business points of the sublease:

Initial Term: Sixty three (63) months

Monthly Base Rent Schedule:

Months	Rate/psf
01-02	Free of Rent
03-14	$1.40 ($2,749.60)
15-26	$1.46 ($2,867.44)
27-38	$1.51 ($2,965.64)
39-50	$1.57 ($3,083.48)

51-62	$1.64 ($3,220.96)
63	Free of Rent

Operating Costs: CCOMWP will pay increased operating costs over Base Year (2011) for real property taxes, janitorial services, hazard and liability insurance premiums, utilities and City of Sacramento service fees only. Increases in operating costs will be capped at 3% per year on a non-cumulative basis. All other costs associated with the repair, maintenance and/or operation of the building will be paid by the Sublessor.

Parking: No charge for five (5) onsite parking spaces

Access: No charge for meetings after normal business hours

Tenant Improvements: Paid by the Sublessor

Financial Considerations:
This recommendation has no impact on the City's General Fund, the CCOMWP operating revenue and expenses are budgeted in Fund 7103. For its present location, CCOMWP pays $2.05 per square foot or $5,034.80 per month for 2,456 square feet. In addition, CCOMWP pays for parking and a Downtown Transportation Allowance for two employees.

First year savings associated with the proposed sublease are estimated at $27,413, which represents a rent savings of 45%. Savings from parking charges are estimated at $3,600, and Downtown Transportation Allowance $2,160 annually. The combined annual saving is estimated at $33,173. The City of Sacramento's prorated share of annual savings (from the Water Fund No. 6005) will be approximately $9,888 (29.81% of the total). Moving expenses are estimated at a one- time cost of approximately $3,042 per a quote from Bekins Moving and Storage.

Emerging Small Business Development (ESBD):
No goods or services are being purchased as a result of this report.

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Background

The Sacramento City-County Office of Metropolitan Water Planning, created in 1991, coordinates and staffs the work of the Water Forum, a diverse group of business and agricultural leaders, citizens groups, environmentalists, water managers, and local governments in the Sacramento, Placer and El Dorado areas. The collaborative efforts of the Water Forum are directed to achieve two coequal objectives:

- Provide a reliable and safe water supply for the region's economic health and planned development to the year 2030; and
- Preserve the fishery, wildlife, recreational, and aesthetic values of the Lower American River.

By virtue of its work, the Water Forum holds numerous meetings attended by a variety of stakeholders. The move to 2831 G Street will provide:

- A central meeting location for stakeholder representatives
- Free parking for staff and stakeholders
- Office space that is in close proximity to other City and County functions as well as stakeholders and consultants
- First year reduced annual operating expenses of approximately $27,413, which represents a savings of 45%
- Autonomy for conducting the business of the Water Forum

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RESOLUTION NO. 2010-

ADOPTED BY THE SACRAMENTO CITY COUNCIL
DECEMBER 14, 2010

AUTHORIZING THE CITY MANAGER TO EXECUTE THE SUBLEASE AGREEMENT WITH NEIGHBORS FINANCIAL CORPORATION FOR REAL PROPERTY LOCATED AT 2831 G STREET, SUITE 100

Background

A. The Sacramento City-County Office of Metropolitan Water Planning (CCOMWP) created in 1991, coordinates and staffs the work of the Water Forum, a diverse group of business and agricultural leaders, citizens groups, environmentalists, water managers, and local governments in the Sacramento, Placer and El Dorado areas. The collaborative efforts of the Water Forum are directed to achieve two coequal objectives:

- Provide a reliable and safe water supply for the region's economic health and planned development to the year 2030; and
- Preserve the fishery, wildlife, recreational, and aesthetic values of the Lower American River.

B. By virtue of its work, the Water Forum holds numerous meetings attended by a variety of stakeholders. Relocating the CCOMWP to 2831 G Street, Suite 100,will provide:

- A central meeting location for stakeholder representatives
- Free parking for staff as well as stakeholders while attending meetings
- Office space that is in close proximity to other City and County functions as well as its stakeholders and various consultant offices
- Reduced annual operating expenses
- Autonomy for conducting the business of the Water Forum

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Manager or the City Manager's designee is authorized to execute a sublease with Neighbors Financial Corporation for office space at 2831 G Street, Suite100.

Section 2. The City Manager or the City Manager's designee is authorized to execute such additional documents and to take such additional actions as necessary to implement the sublease agreement.

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Exhibit A - Sublease Agreement with Neighbors Financial, Inc.

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Unexecuted Contract/Agreements

- ☒ The Unexecuted Contract/Agreement is signed by the other party, is attached as an exhibit to the resolution, and is approved as to form by the City Attorney.

- ☐ The Unexecuted Contract/Agreement (Public Project) is NOT signed by the other party, is attached as an exhibit to the resolution, and is approved as to form by the City Attorney.

- ☐ The Unexecuted Contract is NOT included as an exhibit to the Resolution because the Agreement(s) is with other another governmental agency and it is not feasible to obtain the other agency's signature prior to Council action (be they denominated Agreements, MOUs, MOAs, etc.); however, the City Attorney approves the forwarding of the report to Council even though the signed agreement is not in hand yet.

- ☐ The Unexecuted Contract is NOT included as an exhibit to the resolution because, due to special circumstances, and the City Attorney confirms in writing that it is okay to proceed with Council action even though the signed agreement is not in hand yet.

All unexecuted contracts/agreements which are signed by the other parties are in the Office of the City Clerk before agenda publication.

CBRE
CB RICHARD ELLIS

SUBLEASE
CB RICHARD ELLIS, INC.
BROKERAGE AND MANAGEMENT
LICENSED REAL ESTATE BROKERS

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1. PARTIES.

This Sublease, dated _____, is made between **Neighbors Financial Corporation** ("Sublessor"), and the **City of Sacramento, a municipal corporation** ("Sublessee").

2. MASTER LEASE.

Sublessor is the Tenant under a written lease dated **March 31, 2010**, wherein **Jere M. Owen** ("Landlord") leased to Sublessor the real property located in the City of **Sacramento**, County of **Sacramento**, State of **California**, described as **2831 G Street** ("'Master Premises"). Said lease has been amended by the following amendments **(none)**; said lease and amendments are herein collectively referred to as the "Master Lease" and are attached hereto as Exhibit "A."

3. PREMISES.

Sublessor hereby subleases to Sublessee on the terms and conditions set forth in this Sublease the following portion of the Master Premises ("Premises"): **±1,964 SF, Located on the first floor.**

4. WARRANTY BY SUBLESSOR.

Sublessor warrants and represents to Sublessee that the Master Lease has not been amended or modified except as expressly set forth herein, that Sublessor is not now, and as of the commencement of the Term hereof will not be, in default or breach of any of the provisions of the Master Lease, and that Sublessor has no knowledge of any claim by Landlord that Sublessor is in default or breach of any of the provisions of the Master Lease.

5. TERM.

The Term of this Sublease shall commence on **November 1, 2010**, ("Commencement Date"), when Landlord consents to this Sublease (if such consent is required under the Master Lease), or upon substantial completion of Tenant Improvements as indicated by final walk through by Tenant and acceptance of the Premises, whichever shall last occur, and end on **Sixty-Three months after the Commencement Date**, ("Termination Date"), unless otherwise sooner terminated in accordance with the provisions of this Sublease. In the event the Term commences on a date other than the Commencement Date, Sublessor and Sublessee shall execute a memorandum setting forth the actual date of commencement of the Term. Possession of the Premises ("Possession") shall be delivered to Sublessee on the commencement of the Term. If for any reason Sublessor does not deliver Possession to Sublessee on the commencement of the Term, Sublessor shall not be subject to any liability for such failure, the Termination Date shall not be extended by the delay, and the validity of this Sublease shall not be impaired, but rent shall abate until delivery of Possession. Notwithstanding the foregoing, if Sublessor has not delivered Possession to Sublessee within thirty (30) days after the Commencement Date, then at any time thereafter and before delivery of Possession, Sublessee may give written notice to Sublessor of Sublessee's intention to cancel this Sublease. Said notice shall set forth an effective date for such cancellation which shall be at least ten (10) days after delivery of said notice to Sublessor. If Sublessor delivers Possession to Sublessee on or before such effective date, this Sublease shall remain in full force and effect. If Sublessor fails to deliver Possession to Sublessee on or before such effective date, this Sublease shall be cancelled, in which case all consideration previously paid by Sublessee to Sublessor on account of this Sublease shall be returned to Sublessee, this Sublease shall thereafter be of no further force or effect, and Sublessor shall have no further liability to Sublessee on account of such delay or cancellation. If Sublessor permits Sublessee to take Possession prior to the commencement of the Term, such early Possession shall not advance the Termination Date and shall be subject to the provisions of this Sublease, including without limitation the payment of rent.

6. RENT.

6.1 *Base Rent.* Sublessee shall pay to Sublessor upon execution of this Sublease the sum of **Two Thousand Seven Hundred Forty Nine and 60/100** Dollars ($**2,749.60**) as rent for **the first month of paid rent**. Sublessee shall pay Base Rent to Sublessor for the Term as indicated in the rent schedule below, except that if this Sublease is terminated in accordance with the provisions of this Sublease, Sublessee shall have no obligation to pay Base Rent or Additional Rent under this Sublease for any period after the date of termination. If the Term begins or ends on a day other than the first or last day of a month, the rent for the partial months shall be prorated on a per diem basis.

Additional provisions: _____

Base Rent Schedule:

Months	Rate/PSF/Full Service Gross
01 – 02	Free of Rent
03 – 14	$1.40
15 – 26	$1.46
27 – 38	$1.51
39 – 50	$1.57
51 – 62	$1.64
63	Free of Rent

6.2 *Additional Rent for Operating Costs.* If the Master Lease requires Sublessor to pay to Landlord all or a portion of the expenses of operating the building and/or project of which the Premises are a part ("Building Operating and Maintenance Costs"), then beginning in 2012 Sublessee shall pay to Sublessor as Additional Rent Sublessee's pro-rata share of annual increases in the Building Operating and Maintenance Costs over Sublessee's base year of 2011 (the "Base Year"), but only for those Building Operating and Maintenance Costs identified in section 10.3 below. Sublessee's pro-rata share of annual increases in such Building Operating and Maintenance Costs shall be

capped at 3% per year on a non-cumulative basis. Such Additional Rent shall be payable by Sublessee to Sublessor as and when Building Operating and Maintenance Costs are payable by Sublessor to Landlord. If the Master Lease provides for the payment by Sublessor of Building Operating and Maintenance Costs on the basis of an estimate thereof, then as and when adjustments between estimated and actual Building Operating and Maintenance Costs are made under the Master Lease, the obligations of Sublessor and Sublessee hereunder shall be adjusted in a like manner; and if any such adjustment shall occur after the expiration or earlier termination of the Term, then the obligations of Sublessor and Sublessee under this Subsection 6.2 shall survive such expiration or termination. Sublessor shall, upon request by Sublessee, furnish Sublessee with copies of all statements submitted by Landlord of actual or estimated Building Operating and Maintenance Costs during the Term.

7. SECURITY DEPOSIT.

Sublessee shall deposit with Sublessor upon execution of this Sublease the sum of **Two Thousand Seven Hundred Forty Nine and 60/100** Dollars ($**2,749.60**) as security for Sublessee's faithful performance of Sublessee's obligations hereunder ("Security Deposit"). If Sublessee fails to pay rent or other charges when due under this Sublease, or fails to perform any of its other obligations hereunder, Sublessor may use or apply all or any portion of the Security Deposit for the payment of any rent or other amount then due hereunder and unpaid, for the payment of any other sum for which Sublessor may become obligated by reason of Sublessee's default or breach, or for any loss or damage sustained by Sublessor as a result of Sublessee's default or breach. If Sublessor so uses any portion of the Security Deposit, Sublessee shall, within ten (10) days after written demand by Sublessor, restore the Security Deposit to the full amount originally deposited, and Sublessee's failure to do so shall constitute a default under this Sublease. Sublessor shall not be required to keep the Security Deposit separate from its general accounts, and shall have no obligation or liability for payment of interest on the Security Deposit. In the event Sublessor assigns its interest in this Sublease, Sublessor shall deliver to its assignee so much of the Security Deposit as is then held by Sublessor. Within ten (10) days after the Term has expired, or Sublessee has vacated the Premises, or any final adjustment pursuant to Subsection 6.2 hereof has been made, whichever shall last occur, and provided Sublessee is not then in default of any of its obligations hereunder, the Security Deposit, or so much thereof as had not theretofore been applied by Sublessor in accordance with this Sublease, shall be returned to Sublessee or to the last assignee, if any, of Sublessee's interest hereunder.

8. USE OF PREMISES.

The Premises shall be used and occupied only for **general office use and for uses normally incident thereto for operation of the City-County Office of Metropolitan Water Planning**, and for no other use or purpose.

9. ASSIGNMENT AND SUBLETTING.

Sublessee shall not assign this Sublease or further sublet all or any part of the Premises without the prior written consent of Sublessor (and the consent of Landlord, if such is required under the terms of the Master Lease). Sublessor shall not unreasonably withhold or condition consent to any assignment of the lease or sublet of the Premises, and Sublessor shall approve or disapprove of Sublessee's of Tenant's written request for an assignment of the lease or sublet of the Premises within thirty (30) days after the date Sublessor receives such request. Sublessee shall have the right to assign the lease or sublet all or a portion of the Premises to any subsidiary related or successor company or affiliate without Sublessor's consent. Any profits from subleasing shall be Sublessee's. Sublessor shall not be entitled to any fees or reimbursement for out of pocket expenses incurred as a result of Sublessor's review and approval of an assignment or sublease.

10. OTHER PROVISIONS OF SUBLEASE.

All terms and conditions of the Master Lease, but only to the extent reasonably applicable in the context of this Sublease, are incorporated into and made a part of this Sublease as if Sublessor were the Landlord thereunder, Sublessee the Tenant thereunder, and the Premises the Master Premises, *except* for the following:

10.1 If Sublessor requires Estoppel from Sublessee, Sublessee will require a minimum of 10 business days to process the Estoppel request.

10.2 Sublessee shall not be responsible for payment of Additional Rent as provided in section 6.2 above with respect to any of the following Building Operating and Maintenance Costs: roof maintenance and replacement of all exterior (roof, skin, windows, etc.) and structural parts of the building as well as the overall property (landscaping, sidewalks, parking lots and driveways), repair, maintenance and replacement of all internal mechanical systems including, but not limited to, electrical, plumbing, HVAC and elevators, depreciation on building and equipment, interest or real estate commissions.

10.3 Sublessee shall be responsible for payment of Additional Rent as provided in section 6.2 above with respect to increases over the Base Year of the following Building Operating and Maintenance Costs: real property taxes, janitorial services including restroom supplies, hazard and liability insurance premiums, utilities (heat and air conditioning), labor, materials and supplies, maintenance contracts, and City of Sacramento service fees.

Sublessee assumes and agrees to perform the Sublessor's obligations under the Master Lease during the Term to the extent that such obligations are applicable to the Premises and except as otherwise provided in this Sublease, except that the obligation to pay rent to Landlord under the Master Lease shall be considered performed by Sublessee to the extent and in the amount rent is paid to Sublessor in accordance with Section 6 of this Sublease. Sublessee shall not commit or suffer any act or omission that will violate any of the provisions of the Master Lease. Sublessor shall exercise due diligence in attempting to cause Landlord to perform its obligations under the Master Lease for the benefit of Sublessee. If the Master Lease terminates, this Sublease shall terminate and the parties shall be relieved of any further liability or obligation under this Sublease, provided however, that if the Master Lease terminates as a result of a default or breach by Sublessor or Sublessee under this Sublease and/or the Master Lease, then the defaulting party shall be liable to the nondefaulting party for the damage suffered as a result of such termination. Notwithstanding the foregoing, if the Master Lease gives Sublessor any right to terminate the Master Lease in the event of the partial or total damage, destruction, or condemnation of the Master Premises or the building or project of which the Master Premises are a part, the exercise of such right by Sublessor shall not constitute a default or breach hereunder.

11. ATTORNEYS' FEES.

If Sublessor, Sublessee, or Broker shall commence an action against the other arising out of or in connection with this Sublease, the prevailing party shall be entitled to recover its costs of suit and reasonable attorney's fees, whether for outside counsel or the Sacramento City Attorney.

12. AGENCY DISCLOSURE.

Sublessor and Sublessee each warrant that they have dealt with no other real estate broker in connection with this transaction except: CB RICHARD ELLIS, INC., who represents **Sublessee** and **Neighbors Financial Inc**, who represents **Sublessor**.

In the event that CB RICHARD ELLIS, INC. represents both Sublessor and Sublessee, Sublessor and Sublessee hereby confirm that they were timely advised of the dual representation and that they consent to the same, and that they do not expect said broker to disclose to either of them the confidential information of the other party.

13. COMMISSION.

Upon execution of this Sublease, and consent thereto by Landlord (if such consent is required under the terms of the Master Lease), Sublessor shall pay Broker a real estate brokerage equal to five percent (5%) of gross rental income over the Term of the Sublease for services rendered in effecting this Sublease.

14. NOTICES

All notices and demands which may or are to be required or permitted to be given by either party on the other hereunder shall be in writing. All notices and demands by the Sublessor to Sublessee shall be sent by United States Mail, postage prepaid, addressed to the Sublessee at the Premises, and to the address herein below, or to such other place as Sublessee may from time to time designate in a written notice to the Sublessor. All notices and demands by the Sublessee to Sublessor shall be sent by United States Mail, postage prepaid, addressed to the Sublessor at the address set forth herein, and to such other person or place as the Sublessor may from time to time designate in a written notice to the Sublessee.

To Sublessor: **Ken Clark. 2831 G Street, Suite 200, Sacramento CA 95811**

To Sublessee: **Tom Gohring. 2831 G Street, Suite 100, Sacramento CA 95811**

with a copy to:

City of Sacramento

Facilities and Real Property Management Division

5730 24th Street, Bldg. 4

Sacramento, CA 95822

attn: Asset Management

15. CONSENT BY LESSOR.

THIS SUBLEASE SHALL BE OF NO FORCE OR EFFECT UNLESS CONSENTED TO BY LANDLORD WITHIN 10 DAYS AFTER SUBLESSOR'S AND SUBLESSEE'S EXECUTION HEREOF, IF SUCH CONSENT IS REQUIRED UNDER THE TERMS OF THE MASTER LEASE.

16. COMPLIANCE.

The parties hereto agree to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Comprehensive Environmental Response Compensation and Liability Act, and The Americans With Disabilities Act.

17. TERMINATION FOR LACK OF FUNDING.

Sublessee's business operations are funded by various local government agencies ("Funding Sources"). If at any time during the Sublease Term, the Funding Sources fail to appropriate and allocate to Sublessee sufficient funds for Sublessee's continued operations and payment of rent hereunder, Sublessee shall have the right to terminate this Sublease, upon providing Sublessor with (i) not less than six (6) months prior written notice of such termination specifying the termination date, and (ii) evidence reasonably satisfactory to Sublessor that the Funding Sources have not appropriated and allocated to Sublessee sufficient funds for Sublessee's continued operations and payment of rent hereunder. Notwithstanding anything to the contrary herein, in no event shall Sublessee have the right to terminate this Sublease under the provisions hereof if such termination is actually a subterfuge for Sublessee to obtain more favorable lease terms including, but not limited to, lower rent.

18. RESTORATION OF PREMISES.

Sublessee shall not be required to restore or alter the Premises in any way at the time of lease expiration.

19. ADA COMPLIANCE.

All tenant, core and shell improvements shall be in full compliance with the American Disabilities Act and compliance with this requirement shall be the sole responsibility of the Landlord.

20. SUBLESSOR RESPONSIBILITIES.

Sublessor, at no cost to Sublessee, shall be responsible for repair, maintenance and replacement of all exterior (roof, skin, windows, etc.) and structural parts of the building as well as the overall property (landscaping, sidewalks, parking lots and driveways). Sublessor shall be responsible for the repair, maintenance and replacement of all internal mechanical systems including, but not limited to, electrical, plumbing, HVAC and elevators.

21. JANITORIAL.

Sublessor shall provide janitorial services to Sublessee's Premises five nights per week, at Sublessor's sole cost and expense.

22. SIGNAGE.

Sublessor will provide, at Sublessor's sole cost and expense, building standard suite and directory signage.

23. SUBLESSEE IMPROVEMENTS PROVIDED BY SUBLESSOR

Sublessor will provide a "turnkey" installation using building standard finishes, at Sublessor's sole cost and expense. The turnkey improvements will consist of what is listed below:

1. 3 Private offices with adequate phone/data cable distribution.
2. 1 Workstation Area with adequate phone/data cable distribution.
3. 1 Large Conference Room.
4. 1 Reception Area with adequate phone/data cable distribution.
5. New Paint and Carpet per building standard finishes. Sublessee shall select color.
6. Replace all broken ceiling tiles and paint white in a clean and consistent manner.
7. Remove the large cabinet to the left of the sink so that Sublessee can insert a fridge 2'5" wide, 2'5" deep and 5' 2" tall.
8. Replace blinds in offices to a more neutral color.
9. Deliver the Premises in a clean and consistent manner.

24. RIGHT TO RELOCATE

Sublessor will not have the Right to Relocate the Sublessee at any time during the Sublease.

25. PARKING

Sublessee shall be provided five (5) onsite parking stalls for Sublessee's exclusive use during the Term of the Sublease at no additional cost to Sublessee.

26. BUILDING HOURS

Building hours are Monday – Friday, 7:00am – 6:00pm, excluding federally recognized holidays, and Saturday 8:00am – 12:00pm. Sublessee shall have access to the Premises 24 hours a day, 7 days a week.

27. MAINTENANCE, REPAIR AND REPLACEMENT OF HVAC SYSTEMS

Sublessor shall be responsible for the maintenance, repair and replacement cost of all aspects of the HVAC system as required over the Term of the Sublease.

Sublessor: **Neighbors Financial Corporation**

By: _____
Ken Clark

Title: Owner

By: _____

Title: _____

Sublessee: **City of Sacramento, a municipal corporation**

By: _____
John Dangberg, Assistant City Manager

For: Gus Vina, Interim City Manager

Approved as to form:

By: _____

Joe Robinson, Senior Deputy City Attorney

Attest

By: _____

City Clerk

LESSOR'S CONSENT TO SUBLEASE

The undersigned ("Landlord"), lessor under the Master Lease, hereby consents to the foregoing Sublease without waiver of any restriction in the Master Lease concerning further assignment or subletting. Landlord certifies that, as of the date of Landlord's execution hereof, Sublessor is not in default or breach of any of the provisions of the Master Lease, and that the Master Lease has not been amended or modified except as expressly set forth in the foregoing Sublease.

Landlord: **Jere M. Owen**

By: _____
Jere M. Owen

Title: **Master Lessor**

By: _____

Title: _____

Date: _____

CONSULT YOUR ADVISORS - This document (including its exhibits and addenda, if any) has been prepared for review and approval by your attorney. Broker makes no representation or recommendation as to the legal sufficiency or tax consequences of this document or the transaction to which it relates. Consult your attorney and tax accountant.

Reviewed by Broker or designee: _____ Date: _____