

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement ("**First Amendment**"), dated for reference purposes as January 8, 2013, is entered into between CITY OF ALAMEDA, a charter and municipal corporation, ("**Landlord**"), and AUCTIONS BY THE BAY, INC., a California corporation ("**Tenant**"). In the event of any inconsistencies between the terms of this First Amendment and the terms of the Lease (as defined below), the terms and conditions of this First Amendment shall govern and control.

Recitals

A. Landlord and Tenant have entered into that certain Lease Agreement, dated May 1, 2012 ("**Lease**"), for the lease of certain real property ("**Property**") commonly known as Building 20, 2701 Monarch Street, Alameda, CA 94501, which Property is more particularly described in the Lease.

B. Landlord and Tenant now desire to amend the Lease to extend the term for ten (10) years and include an Option to Renew in accordance with the terms and conditions of this First Amendment.

NOW, THEREFORE, in consideration of the foregoing Recitals, and the mutual covenants contained herein, the parties agree as follows:

Agreement

1. Definitions. Unless otherwise defined herein, all capitalized terms used in this First Amendment shall have the same meaning as defined in the Lease.

2. TERM.

(a) Section 2.1 of the Lease is hereby amended to add the following:

"The Term shall be extended for ten (10) years and zero (0) months commencing on January 1, 2013 and Expiring on December 31, 2022, unless sooner terminated pursuant to the terms of the Lease."

(b) Section 2 of the Lease is hereby amended to add the following language:

"Section 2.3 Option to Renew.

2.3.1 Tenant shall have the right and option to extend the term of this Lease (the "Option") as provided in this Section 2.3 for one (1) additional period of ten (10) years (the "Option Period"), provided that no Event of Default has occurred or shall exist at the time Tenant exercises the Option or as of the Expiration Date, and provided that Tenant is in actual physical occupancy of at least seventy-five (75%) percent of the Premises at the time Tenant exercises the Option and on the Expiration Date. Tenant may exercise the Option, if at all, by written notice to Landlord delivered no earlier than fifteen (15), and no later than nine (9) months prior to the Expiration Date. Each extended term shall be upon all of the terms and conditions of this Lease, except that the following rights of Tenant during the original Term of this Lease shall not apply during such options period: (a) any right to rent-free possession, (b) any right to further extension of the term of the Lease beyond the extended terms set forth hereinabove, and (c) any right to continue to pay the same Base Rent.

2.3.2 Landlord shall within fifteen (15) days after receipt of Tenant's request (which request shall not be deemed the formal exercise by Tenant of the Option) made prior to the Outside Exercise Date, give notice to Tenant (the "Rent Estimate") of Landlord's good faith estimate of a range of Base Rent which Landlord believes would be the fair market rental value of the Premises for the Option Period. Upon Tenant's request, Landlord agrees to discuss with Tenant in good faith such estimate, discussion or negotiation shall not be binding on Landlord or Tenant unless a written agreement incorporating the substantive terms thereof is executed by both parties. Tenant's option under this Paragraph must be exercised, if at all, by Tenant's written notice to Landlord given not later than thirty (30) days after the date on which Landlord has delivered to Tenant the Rent Estimate, or the Outside Exercise Date, whichever first occurs, and which notice of exercise shall be irrevocable by Tenant. Unless all of the above conditions precedent have been satisfied, Tenant's exercise of the Option shall be of no force or effect and the Option shall lapse. If all of the above conditions precedent are satisfied, then the term of this Lease shall automatically be extended for the Option Period, and all of the terms, conditions and provisions of this Lease shall continue in full force and effect throughout the Option Period. In no event shall the Base Rent for the Option Period be less than the Base Rent payable in the last month of the term of this Lease prior to the Expiration Date.

2.3.3 The fair market rental value of the Premises shall initially be determined by Landlord, and Landlord shall notify Tenant of Landlord's determination of fair market rental value on or before thirty (30) days after the Outside Exercise Date. If Tenant disputes or disagrees with Landlord's determination of fair market rental value, Landlord and Tenant shall make themselves available to meet with each other within ten (10) days of Tenant's notice to Landlord of such disagreement to attempt to agree on the fair market rental value of the Premises. In the event Landlord and Tenant cannot agree on the fair market rental value within thirty (30) days of Landlord's determination of fair market rental value, then the process described in subparagraphs (a) through (d) below shall be followed:

- (a) If Landlord and Tenant are unable to agree on fair market rental value within said thirty (30) day period, then within ten (10) business days thereafter Landlord and Tenant shall each simultaneously submit to the other in a sealed envelope their good faith estimates of the fair market value. If the higher of such estimates is not greater than five (5%) of the lower of such estimates, then the fair market rental value shall be the average of the two estimates.
- (b) If the matter is not resolved by the exchange of estimates as provided in paragraph (a) above, then either Landlord or Tenant may, by written notice to the other, on or before five (5) days after the exchange, require that the disagreement be resolved by arbitration. Within seven (7) days after such notice, the parties shall attempt to select a mutually acceptable appraiser. If the parties cannot agree on an appraiser, then within a second period of seven (7) days, the two appointed appraisers shall select a third appraiser. All appraisers appointed by Landlord or Tenant, or both of them, shall be members of the American Institute of Real Estate Appraisers of the National Association of Realtors (or its successor), or real estate professionals qualified by appropriate experience, and shall have at least ten (10) years' experience dealing with commercial real estate in the Alameda County or East Bay market.
- (c) The appraisers (or sole appraiser) shall select one of the two fair market rental value estimates proposed by Landlord and Tenant, and shall have no right to propose a middle

ground of modification of the two proposed estimates; provided, however, the appraiser(s) shall have no authority or power to select a fair market rental value less than the amount provided in Paragraph 2.3.2(a) above. The fair market rental value the appraiser(s) choose(s) shall constitute the decision of the appraiser(s) and shall be final and binding upon the parties and is not subject to appeal. In the event of a failure, refusal or inability or any appraiser to act, his successor shall be appointed in the same manner as provided for appointment of the professionals pertaining to a determination of fair market rental value, and may hold a hearing not to exceed one (1) business day at which time and place the parties may present competent evidence. Any consultation by the appraiser(s) of experts or other competent professionals shall be made in presence of both parties with full right of the other party to cross examine. The appraisers shall render a decision and award in writing with counterpart copies to each party. The appraiser(s) shall have no power to modify the provisions of this Lease.

- (d) Should the fair market rental value not be established by the Expiration Date, then Tenant shall pay Base Rent plus additional rent at the same rate as payable by Tenant on the first day of the last month of the preceding term of the this Lease, and a lump sum payment by Tenant shall be made promptly upon the determination of fair market rental value.

2.3.4 The appraiser(s) shall determine the fair market rental value of the Premises using the "market comparison approach", with the relevant market being that for new and renewal tenant for comparable space in the East Bay Market as of the Expiration Date. The "market comparison approach" shall take into consideration and make adjustments for the creditworthiness of Tenant, the age and condition of the existing improvements in the Premises, any concessions then being offered, and such other terms and conditions not inconsistent herewith deemed relevant by the appraiser(s)

3. BASE RENT. Section 3.1 of the Lease is hereby amended to add the following language:

"Commencing January 1, 2013, the Base Rent shall be as follows:"

Months	Base Rent per month
January 1, 2013- December 31,2013	\$22,390
January 1, 2014- December 31,2014	\$23,062
January 1, 2015- December 31,2015	\$23,754
January 1, 2016- December 31,2016	\$24,466
January 1, 2017- December 31,2017	\$25,200
January 1, 2018- December 31,2018	\$25,956
January 1, 2019- December 31,2019	\$26,735
January 1, 2020- December 31,2020	\$27,537
January 1, 2021- December 31,2021	\$28,363
January 1, 2022- December 31,2022	\$29,214

4. ASSIGNMENT AND SUBLETTING. Section 5.7 of the Lease is hereby deleted and replaced with the following language:

" Notwithstanding anything contrary to the provisions of Sections 5.2 and 5.3, Landlord shall not have the right to terminate this Lease as provided in Section 5.2 provided Landlord can determine the creditworthiness of the Assignee. Furthermore, Landlord shall not have the right to one-half (1/2) of the economic consideration as provided in Sections 5.3 and 5.4, if the assignment is in connection with the sale of the Tenant's business (either asset sale or the sale of stock or other ownership

interests), subsequent to Assignee's agreement in writing, to abide by the provisions in Sections 5.2 and 5.3 contained herein (as modified by this Section 5.7). This provision shall survive in the event of an Assignment of this Lease."

5. Effective Date. This First Amendment shall be effective as of the date upon which the last party hereto executes this First Amendment.

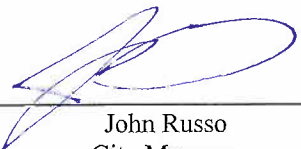
6. Ratification. Except as modified by this First Amendment, the Lease is ratified, affirmed, remains in full force and effect, and is incorporated herein by this reference.

7. Authority. The undersigned hereby represent and warrant, each to the other, that (i) they have the legal right, power and authority to enter into this First Amendment on behalf of the party for whom they are a signatory, and (ii) the execution, delivery and performance of this First Amendment has been duly authorized, and (iii) no other action is requisite to the valid and binding execution, delivery and performance of the Lease as modified by this First Amendment.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the date set forth above.

LANDLORD:

CITY OF ALAMEDA, a charter and municipal corporation

By: 
John Russo
City Manager
Date: 3/13/13

TENANT:

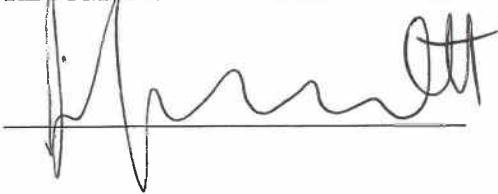
AUCTIONS BY THE BAY, a California corporation

By: 

Name: Allen Michman

Title: President & Secretary

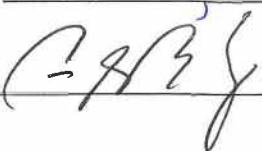
RECOMMENDED FOR APPROVAL:



Approved as to form:


Janet Kern, General Counsel

Date: Feb 8 2013

By:  "Scott"

Name: CAMERON "SCOTT" BRADLEY

Title: VICE PRESIDENT

Date: 2/8/13