

54TH AND UNIVERSITY
MID CITY CONTINUING EDUCATION CENTER
LEASE AGREEMENT

THIS LEASE AGREEMENT dated, for reference purposes only, October 20, 2000, is executed between New World Limited Partnership, ("Lessor") and the City of San Diego, a California municipal corporation ("Lessee"), whereby the parties agree as follows:

RECITALS

- A. Lessor is the owner of the real property located at 5348 University Avenue, San Diego, California 92105, upon which 4,646 square feet of commercial space ("Premises") is being leased to the Lessee. The real property is more specifically described in Exhibit A attached hereto and incorporated herein by this reference.
- B. Lessee wishes to Lease the Premises for commercial use as a Police Storefront Center in connection with community activities and programs.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree to this Lease on the following terms and conditions:

- 1. Premises. Lessor hereby Leases to Lessee that real property located at 5348 University Avenue, San Diego, California 92105, approximately 4,646 square feet of commercial space ("Premises").
- 2. Initial Term. The term of the Lease is for seven (7) years commencing on March 15, 2001, or upon completion of the tenant improvements which ever is later. The Lease will terminate on March 14, 2008.
- 3. Base Rent. Lessee agrees to and shall pay the amount of Four Thousand Six Hundred and Forty-six Dollars (\$4,646) per month being \$1.00 per square foot (the "Base Rental Payment"), such amount comprised of the full rent for the 4,646 square feet. The rental payment is due on or before the first day of each calendar month commencing upon the completion of the tenant improvements. Rent checks shall be made payable to New World Limited Partnership and mailed to: P. O. Box 90653, San Diego, California 92109.

The Base Rent is subject to a fixed 2.5% annual increase as follows:

<u>March 15, 2002 - \$4,762.15</u>	<u>March 15, 2005 - \$5,128.31</u>
<u>March 15, 2003 - \$4,881.20</u>	<u>March 15, 2006 - \$5,256.52</u>
<u>March 15, 2004 - \$5,003.23</u>	<u>March 15, 2007 - \$5,387.93</u>

- 4. Additional Rent. Lessor has agreed to install tenant improvements which shall not exceed \$0.30 per square foot of the useable area of Lessee's leased Premises. Lessor will pay the tenant improvements costs up-front and amortize the \$0.30 per square foot cost

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over Lessee's initial Lease term. The additional rent will be \$1,325.37 per month. The additional rent amount is not subject to an annual increase and will remain flat throughout the initial term of this Lease. In addition, Lessee shall pay its prorata share of the water utilities for the leased Premises. The gas and electric will be separately submetered. Lessor shall only bill Lessee for its prorata share of water utility costs and gas and electric submeter costs.

5. Security Deposit. Omitted.
6. Option to Extend. Lessor hereby grants to Lessee an option to extend the term of the Lease for one (1) additional five (5)-year period. Lessee shall give Lessor not less than ninety (90) days prior to the lease expiration, a written notice of its intent to extend said Lease. Rent for the renewal period shall be subject to fair market value of comparable space in other similar buildings within the same market as mutually agreed upon by Lessor and Lessee.
7. a. Right to Cancel the Lease. Provided there is no continuing and uncured default by Lessee under this Lease, Lessee shall have the continuing right to cancel this Lease each year upon ninety (90) days prior written notice to Lessor upon Lessee's funding source, the Police Storefront Center, being denied its annual funding to pay the rent. In the event Lessee exercises its rights to cancel this Lease pursuant to this paragraph 6, Lessee shall assign to Lessor, if Lessor so elects, all of its rights and obligations under any of its Sublease agreements, including but not limited to those rights and obligations to payments for the portion of the monthly rent. Otherwise, any of Lessee's sublease agreements shall be terminated upon Lessee's Lease cancellation.
8. Use of Premises. Lessee shall use the Premises for commercial use as a Police Storefront Center.

Lessor has agreed that Lessee may sublease a portion of the Premises to other community agencies for City activities and programs.
9. Tenant Improvements. Lessor has agreed to make certain repairs and improvements to the Premises as described below.
 - a. All repairs and tenant improvements will be paid up front by the Lessor in accordance with the attached Exhibit B, the bid from the General Contractor.
10. Maintenance.
 - a. Lessee at its cost, shall maintain in good condition, the interior Premises and all of Lessee's personal property and signs. Lessee shall maintain a HVAC maintenance contract for the purpose of providing maintenance services to the HVAC equipment only. Lessee shall pay for industry standard maintenance services of the HVAC equipment in accordance with a HVAC maintenance contract entered into between the Lessor and a HVAC vendor. Lessor shall bill Lessee for the maintenance services only. Lessor shall provide Lessee with a copy of said HVAC contract.

b. Except for damage caused by a negligent or intentional act or omission of Lessee, its agents, employees, or invitees, Lessor, at Lessor's sole expense, shall maintain, in good condition, the following: 1) The structural parts of the building and other improvements which structural parts include only the foundations, bearing and exterior walls, sub flooring and roof; 2) the unexposed electrical, plumbing, and sewage systems, including, without limitation, those parties of the systems lying outside the premises; and 3) window frames, gutters, and downspouts on the building and other improvements that are on part of the Premises. Lessor shall repair the Premises if they are damaged by (a) causes outside the Premises over which the Lessee has no control, (b) acts or omissions of Lessor, or its authorized representatives; or (c) Lessor's failure to perform its obligations under this paragraph. Should the HVAC equipment fail or is in need of repair, Lessor shall replace HVAC equipment or repair at Lessor's cost. Lessor shall make repairs as required under this clause within a reasonable time after receipt of written notice of the need for such repairs. Lessee agrees by taking possession of the Premises upon completion of the described tenant improvements outlined in Exhibit B, that such Premises are then in a leasable and acceptable condition. However, should any portion of the improvements fail or are in need of repair, Lessor shall replace or repair such item at Lessor's cost.

c. If Lessor fails to provide repairs and/or maintenance services to the Premises as hereinafter set forth, Lessee may notify Lessor in writing and if Lessor does not provide satisfactory service and remedy the unsatisfactory condition within ten (10) working days after such notice to Lessor has been mailed or delivered by Lessee, Lessee may provide the repairs and/or maintenance services necessary to remedy the unsatisfactory condition and assure satisfactory service, or have others do so, and abate an amount equal to the cost thereof from the rent thereafter payable. Emergency repairs are the exception and will be handled within 24 hours by Lessor.

d. Lessor agrees, when installing improvements at the property, Lessor shall comply with all applicable building codes, statutes, and orders as they are applicable.

In the event Lessor neglects, fails, or refuses to deliver said Premises as aforesaid, Lessee may, notwithstanding any other termination provisions contained herein:

- i. Terminate this Lease; or
- ii. At Lessee's sole option, cure any such default by performance of any act, including payment of money, and subtract the cost thereof plus reasonable administrative costs from the rent.

Conditions caused solely by Lessee and not subject to the control of the Lessor are excluded from this provision.

11. Alterations. Lessee may install any and all fixtures or improvements necessary or desirable for Lessee's use of the Premises hereof but shall make no permanent structural or exterior alterations in, or as additions to, said Premises without the written consent of

Lessor, which consent shall not be unreasonably withheld. Such improvements installed by Lessee shall remain the property of Lessee and at the option of Lessee may be removed at or before termination of this Lease or extension thereof or may be abandoned to Lessor and any damage to the Premises occasioned by such removal shall be repaired by Lessee upon request by Lessor within fifteen (15) business days of the termination of this Lease or any extension thereof. Upon expiration of this Lease or the sooner termination thereof as herein provided, except in the event of destruction of the property, Lessee shall deliver possession of the Premises to Lessor in the same condition it enjoyed at the beginning of this Lease, or as altered, ordinary wear and tear and damage by the elements excepted.

12. Insurance; Indemnity. Lessor is aware that the City, Lessee, is self insured. The City's Risk Management Department will provide Lessor with proof of insurance coverage which it shall keep in force at all times during the term of the Lease or any extensions thereof.
13. Default
 - a. Lessee's Default. The occurrence of any of the following shall constitute a default by Lessee:
 - i. Failure to pay rent when due, if the failure continues for 3 days after notice has been given to Lessee.
 - ii. Abandonment and vacation of the Premises (failure to occupy and operate the Premises for 10 consecutive days shall be deemed an abandonment and vacation.)
 - iii. Failure to perform any other provision of this Lease if the failure to perform is not cured within 30 days after notice has been given to Lessee. If the default cannot reasonably be cured within 30 days, Lessee shall not be in default of this Lease if Lessee commences to cure the default within the 30-day period and diligently and in good faith continues to cure the default.
14. Signs; Advertising. Subject to Lessor's written consent, Lessee at its cost shall have the right to place, construct, and maintain on the Premises (excluding the building that is a part of the Premises) a sign advertising its business on the Premises. Lessee also shall have the right to place, construct, and maintain any signs it deems advisable on the interior of the building that is a part of the Premises. Upon request of Lessor, Lessee shall remove all signage and advertising upon terminating and vacating the Premises.

Any sign that Lessee has the right to place, construct, and maintain shall comply with all laws, and Lessee shall obtain any approval required by such laws. Lessor makes no representation with respect to Lessee's ability to obtain such approval.

- a. To determine whether the Premises are in good condition and whether Lessee is complying with its obligations under this Lease;
 - b. To do any necessary maintenance and to make any restoration to the Premises that Lessor has the right or obligation to perform;
 - c. To serve, post, or keep posted any notices required or allowed under the provisions of this Lease;
 - d. To post "for sale" signs at any time during the term, to post "for rent" or "for Lease" signs during the last three months of the term, or during any period while Lessee is in default;
 - e. To show the Premises to prospective brokers, agents, buyers, Lessees, or persons interested in an exchange, sale or rental, at any time during the term.
16. Notice. Any notice, demand, request, consent, approval, or communication a party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth in the introductory paragraph of this Lease. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within 48 hours from the time of mailing if mailed as provided in this paragraph.

Notices shall be sent as follows:

Lessor: New World Limited Partnership
P. O. Box 90653
San Diego, CA 92109

Lessee: City of San Diego
Real Estate Assets Department
1200 Third Avenue, Suite 1700
San Diego, CA 92101

City of San Diego Police Department
5348 University Avenue, Suite A
San Diego, CA 92105

No act or conduct of Lessor, including, without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Lessee before the expiration of the term. Only a notice from Lessor to Lessee shall constitute acceptance of the surrender of the Premises and accomplish a termination of the Lease.

17. Surrender of Premises. On the expiration or 10 days after the termination of the term, or month-to-month tenancy, Lessee shall surrender to Lessor the Premises and all Lessee's improvements and alterations in good condition (except for ordinary wear and tear

17. Surrender of Premises. On the expiration or 10 days after the termination of the term, or month-to-month tenancy, Lessee shall surrender to Lessor the Premises and all Lessee's improvements and alterations in good condition (except for ordinary wear and tear occurring after the last necessary maintenance made by Lessee and destruction to the Premises covered above), except for alterations that Lessee has the right to remove or is obligated to remove. Lessee shall remove all its personal property within the above-stated time. Lessee shall perform all restoration made necessary by the removal of any alterations or Lessee's personal property within the time periods stated in this paragraph.

Lessor can elect to retain or dispose of in any manner any alterations or Lessee's personal property that Lessee does not remove from the Premises on expiration or termination of the term as allowed or required by this Lease by giving at least 10 days notice to Lessee. Title to any such alterations or Lessee's personal property that Lessor elects to retain or dispose of on expiration of the 10-day period shall vest to Lessor. Lessee waives all claims against Lessor for any damage to Lessee resulting from Lessor's retention or disposition of any such alterations or Lessee's personal property. Lessee shall be liable to Lessor for Lessor's costs for removing, and disposing of any alterations or Lessee's personal property.

18. Holdover. If Lessee, with Lessor's consent, remains in possession of the Premises after expiration or termination of the term, or after the date in any notice given by Lessor to Lessee terminating this Lease, such possession by Lessee shall be deemed to be a month-to-month tenancy terminable on 30 days notice given at any time by either party. All provisions of this Lease, except those pertaining to term and option to extend, shall apply to the month-to-month tenancy.

19. Miscellaneous Provisions

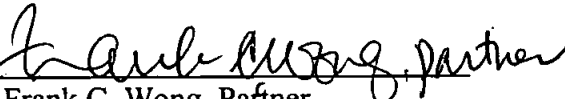
Integrated Agreement Modification. This Lease contains all of the agreements of the parties with respect to the terms and conditions of this Lease and replaces and supersedes all prior written or modified except by written agreement signed by both parties.

IN WITNESS WHEREOF, this Lease Agreement is executed by City, Lessee, acting by and through its City Manager, and by Lessor, acting by and through its lawfully authorized officers. This Lease Agreement is subject to City Council approval.

LESSOR:
New World Limited Partnership

LESSEE:
City of San Diego, a California municipal corporation

Real Estate Assets Department

By: 
Frank C. Wong, Partner

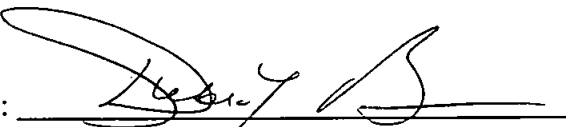
By: 
Jane E. Vickers, Deputy Director

Date: 4-6-2001

Date: 4-19-01

APPROVED AS TO FORM AND LEGALITY, this 5th day of October, 2001.

CASEY GWINN, City Attorney

By: 
Debra J. Bevier, Deputy City Attorney

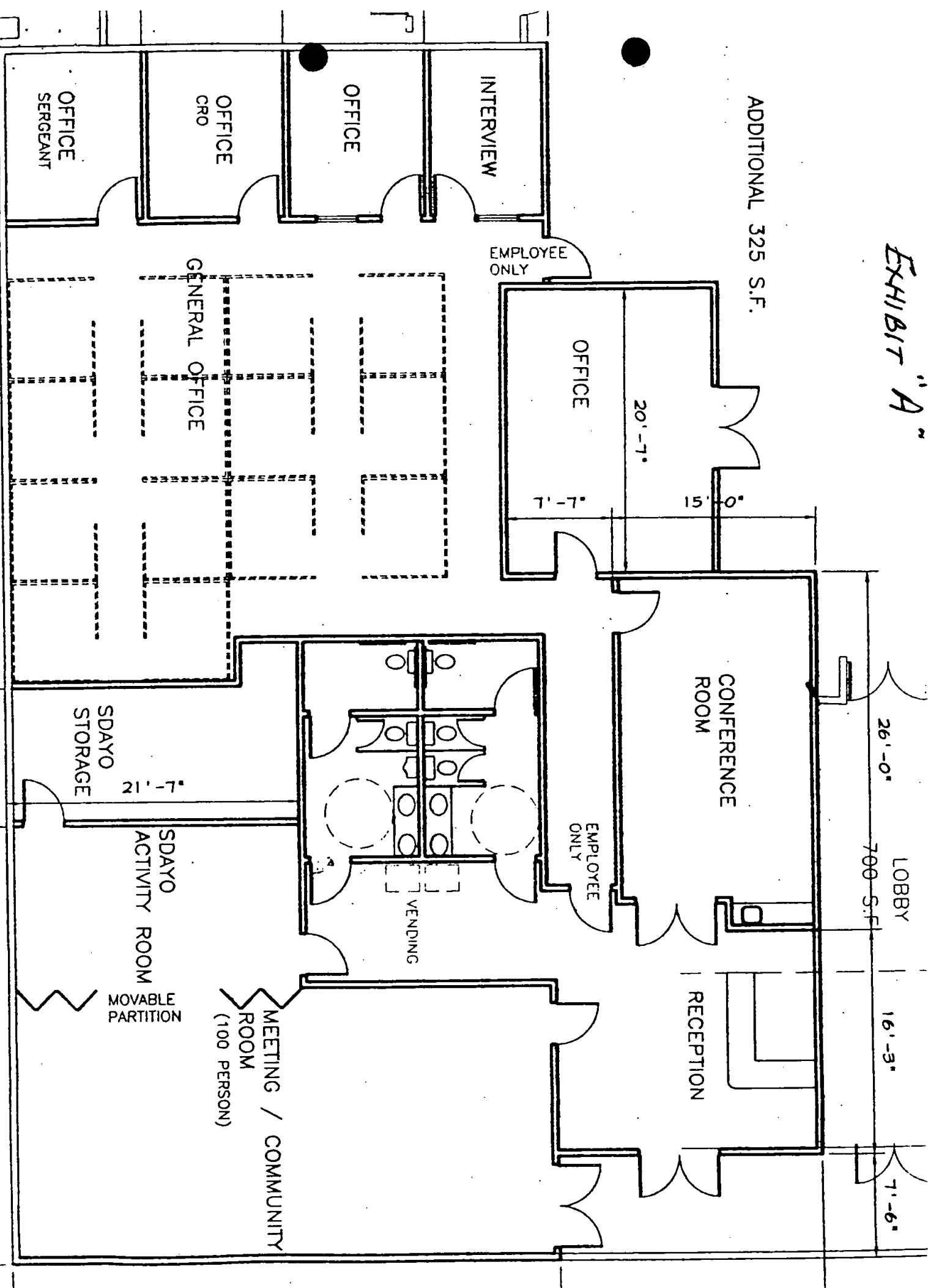
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EXHIBIT "A"

ADDITIONAL 325 S.F.



Bus: (619) 579-9158
Res: (619) 698-9519

EXHIBIT "B"

Contractor's License
No. 298257

Greg Kathol



GENERAL CONTRACTING & FRAMING SPECIALIST
5780 Marengo Avenue • La Mesa, California 92042

994-9519
Cell phone

October 4, 2000

FOR: DIANA LOZANO-MONACO, RPA, CITY OF SD, c/o
Frank Wong - New World Ltd.

PROJECT: TENANT IMPROVEMENT
SAN DIEGO POLICE STOREFRONT OFFICE

ADDRESS: 54TH & UNIVERSITY, SAN DIEGO, CA

OWNER: NEW WORLD LTD., SAN DIEGO, CA

ARCHITECT: JWDA, SAN DIEGO, CA

COST ANALYSIS/BREAKDOWN/ITEMIZED:

1.	Finish interior partitions	\$	29,865.00
2.	Finish ceiling	\$	8,735.00
3.	Doors, moveable partition and finish hardware	\$	10,700.00
4.	Lighting fixtures, receptacles, switches & finish work	\$	12,873.00
5.	Finish air/heating work	\$	9,610.00
6.	Reception counter, cabinets, and finish hardware	\$	4,920.00
7.	Painting	\$	4,878.00
8.	Flooring	\$	9,060.00
9.	Clean-up/dumpster	\$	2,850.00
	SUBTOTAL	\$	98,961.00
	Overhead (7.5% x \$98,961.00)	\$	7,422.00
	Profit (5% x \$98,961.00)	\$	4,948.00
	TOTAL	\$	111,331.00

10: Plumbing fixtures, finish work \$5,470.00
NOTE: Labor

1. This estimate is per the architect's plan.
2. A/C unit, main sewer line, foundation, exterior construction, electrical main panel, etc. are by owner or others.

Thank you.
Greg Kathol Construction