

Strategic Operations, Inc. /City of San Diego Lease Agreement

THIS LEASE AGREEMENT ("Lease") dated, for reference purposes only October 5, 2010, is executed between Strategic Operations, Inc., a California corporation LLC, ("Lessor") and the City of San Diego, a California municipal corporation ("City"), whereby the parties agree as follows:

RECITALS

- A. Lessor is the owner of the real property located at 4705 Ruffin Road, San Diego, California 92123-1611, upon which 2,160 square feet of trailer office space ("Premises") is being leased to the City. The real property is more specifically described in Exhibit A attached to this Lease and incorporated in this Lease by this reference.
- B. City wishes to Lease the Premises for temporary operation of the Police S.W.A.T Administration in connection with the City Police Department.

AGREEMENT

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

- 1. **Premises.** Lessor leases to City that real property located at 4705 Ruffin Road, San Diego, California 92123-1611, consisting of approximately 2,160 square feet of trailer office space ("Premises") and onsite parking.
- 2. **Term.** The term of the Lease shall be five (5) years ("Term"). The Term shall be effective following execution ("Commencement Date") of this lease. If the Commencement Date is not the first day of the calendar month, then the Term shall include the partial calendar month from, and including the Commencement Date through the last day of the full Term, so that the Term shall expire of the last day of the calendar month.
- 3. **Rent.** City shall pay One Thousand One Hundred Eighty Six Dollars and Fifty Seven Cents (\$1,186.57) per month for Premises, water, gas, and electric utilities servicing the Premises. In addition, the Lessor's cost for the phone usage at the Premises will be paid by the City. The Rent and previous month phone payment is due on or before the first day of each calendar month. Rent for any partial month rent shall be prorated. Checks shall be made payable to Strategic Operations, Inc. and mailed to:

Strategic Operations, Inc.
Attention: Stu Segall
4705 Ruffin Road
San Diego, CA 92123-1611

4. Annual Rent Adjustments. At the beginning of the second Lease Year and at the beginning of each Lease Year thereafter during the Lease Term ("Adjustment Date"), the monthly rent shall be adjusted as follows:

Lease Year - Two	\$1,216.23
Lease Year - Three	\$1,246.63
Lease Year - Four	\$1,277.80
Lease Year - Five	\$1,309.75

The above rent schedule reflects an annual rent escalation equal to 2.5% over the prior year monthly rental rate.

5. Option to Renew. City shall have two (2) five (5) year options to renew this Lease at the rental rate equivalent to a 2.5% increase annually at the beginning of the first Lease Option, year six, and at the beginning of each Year thereafter during the Lease Term. City shall provide Lessor with ninety (90) days prior written notice of City's intent to exercise its option to renew during all option periods. This option is not assignable or transferrable and shall be in effect provided that the City is not in the default of any terms or conditions of the lease agreement during the term of this Lease and any other extensions thereof.
6. Early Termination. Provided there is no continuing and uncured default by City under this Lease, Lessor and/or City shall have the continuing right to cancel this Lease upon ninety (90) days prior written notice to Lessor upon City's funding source, the Police S.W.A.T Administration, being denied its annual funding to pay the rent and phone cost, or for any other reason.
7. Use. City shall use the Premises for Police S.W.A.T Administration.
8. Tenant Improvements. City agrees to take the trailer office space in an "as is" condition and acknowledges that Lessor will make no tenant improvements to any portion of the Premises during the term of this Lease.
9. Maintenance.
- i. City at its cost, shall maintain in good condition, the interior of the Premises and all of the City's personal property and signs. Lessor shall maintain a HVAC maintenance contract for the purpose of providing maintenance services to the HVAC equipment only. Lessor 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.

- ii. Except for damage caused by a negligent or intentional act or omission of City, its agents, employees, or invitees, Lessor, at Lessor's sole expense, shall maintain, in good condition, the following: 1) The structural parts of the trailer and other improvements which structural parts include only the foundation, bearing and exterior walls, sub flooring and roof; 2) the unexposed electrical, plumbing, and sewage systems, including, without limitation, those parts of the systems lying outside the premises; and 3) window frames, gutters, and down spouts on the trailer and other improvements that are on the part of the Premises. Lessor shall repair the Premises if they are damaged by (a) causes outside the Premises over which the City 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 be in need of repair, Lessor shall replace the HVAC equipment or repair it 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. City agrees by taking possession of the Premises 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.
 - iii. If Lessor fails to provide repairs and/or maintenance services to the Premises as set forth in this Lease, City may notify Lessor in writing and if Lessor does not provide satisfactory service and remedy the unsatisfactory condition within seven (7) working days after such notice to Lessor has been mailed or delivered by City, City 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 and require reimbursement from Lessor for any loss greater than the remaining rent due. Emergency repairs, pertaining to any health and safety issues like water, sewer and/or HVAC are the exception and will be handled within twenty-four (24) hours by Lessor. Conditions caused solely by City and not subject to the control of the Lessor are excluded from this provision.
10. Alterations. City may install any and all fixtures or improvements necessary or desirable for City's use of the Premises but shall make no permanent structural or exterior alterations in, or as additions to, the Premises without the written consent of Lessor, which consent shall not be unreasonably withheld. Improvements installed by City shall remain the property of City and at the option of City may be removed at or before termination of this Lease or extension of this Lease or may be abandoned to Lessor. Any damage to the Premises occasioned by such removal shall be repaired by City upon request by Lessor within fifteen (15) business days of the termination of this Lease or any extension of this Lease. Upon expiration or early termination of this Lease, except in the event of destruction of the Premises, City shall deliver possession of the Premises to

Lessor in the same condition as at the beginning of this Lease, or as altered, ordinary wear and tear and damage by the elements accepted.

11. Insurance. Lessor acknowledges that City is self insured. Upon request of the Lessor, 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.
12. Mutual Indemnification. Except for Lessor's gross negligence or willful misconduct, lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss or rents and/or damages, liens, judgments, penalties, reasonable attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by City. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, City shall upon notice defend the same at City's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with City in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified. In addition, Lessor shall indemnify, protect, defend, and hold City, its elected officials, officers, representatives, agents and employees, harmless from and against any and all claims asserted or liability established which arise out of the development, occupancy, or use of the premises and all cost and expenses of Investigating and defending against same, including without limitation attorney fees and costs; provided, however, that Lessor's duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of City and its elected officials, officers, employees, representative, and agents.
13. Default. The occurrence of any of the following shall constitute a default by City;
 - i. Failure to pay rent when due, if failure continues for three (3) days after notice has been given to City.
 - ii. Abandonment and vacation of the Premises (failure to occupy and operate the Premises for thirty (30) 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 thirty (30) days after notice has been given to City. If the default cannot reasonably be cured within 30 days. City shall not be in default of this Lease if City commences to cure the default within the thirty (30)-day period and diligently and in good faith continues to cure the default.
14. Lessor's Entry on Premises. Lessor and its authorized representatives shall have the right to enter the Premises at all reasonable times after giving 48-hour notice to the City, with City escort required at all times, for any of the following reasons:

- i. To determine whether the Premises are in good condition and whether City is complying with its obligations under this Lease;
- ii. To do any necessary maintenance and to make any restoration to the Premises that Lessor has the right or obligation to perform;
- iii. To serve, post, or keep posted any notices required or allowed under the provisions of this Lease.
- iv. To show the Premises to prospective brokers, agents, buyers, lessees or persons interested in an exchange, sale or rental, during the Term.

15. Notice. Any notice, demand, request, consent, approval, or communication a party desires or is required to give to the other party or any other personal shall be in writing and either served personally or sent by prepaid, first-class mail. Either party may change its address at any time upon thirty (30) days prior written notice to the other party of the change of address. Notice shall be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this paragraph.

Notices shall be sent as follows:

Lessor: Strategic Operations, Inc.
4705 Ruffin Road
San Diego, CA 92123-1611
Attention: Stu Segall

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

And

City of San Diego
Facilities Management & Development Unit
1401 Broadway MS 770
San Diego, CA 92101

For Occupying Department:
City of San Diego
S.W.A.T. Administration
4705 Ruffin Road
San Diego, CA 92123-1611

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 City before the expiration of the Term. Only a notice from Lessor to City shall constitute acceptance of the surrender of the Premises and accomplish a termination of the Lease.

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

Lessor may elect to retain or dispose of in any manner any alterations or personal property that City does not remove from the Premises on expiration or termination of the term as required by this Lease, by giving at least 30 days notice to City. Title to any such alterations or personal property that Lessor elects to retain or dispose of on expiration of the 30-day period shall vest to Lessor. City waives all claims against Lessor for any damage to such personal property. City shall be liable to Lessor for Lessor's costs for removing and disposing of any such alterations or personal property.

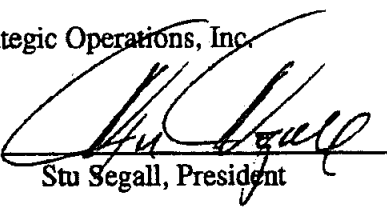
17. Holdover. If City, with Lessor's consent, remains in possession of the Premises after expiration or termination of the Term, or after the date in any notice given by Lessor to City terminating this Lease, such possession by City shall be deemed to be a month-to-month tenancy terminable on thirty (30) days notice given at any time by either party. All provisions of this Lease, except those pertaining to Term and options to extend, shall apply to the month-to-month tenancy.
18. Entire Agreement. This Lease contains all of the agreements of the parties with respect to the terms and conditions of this Lease and replaces and supersedes any and all prior written or modified written agreements signed by both parties.

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IN WITNESS WHEREOF, this Lease Agreement is executed by City, acting by and through its City Mayor, or his designee, and by Lessor, acting by and through its lawfully authorized officers.

LESSOR:

Strategic Operations, Inc.

By: 

Stu Segall, President

LESSEE:

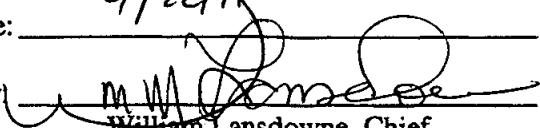
CITY of San Diego, a California Municipal Corporation

By: 

James F. Barwick, CCIM
Director, Real Estate Assets

Date: Oct 06 2010

Date: 9/22/11

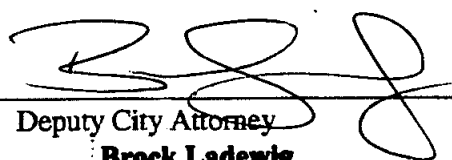
By: 

William Lansdowne, Chief
San Diego Police Department

Date: 9/16/11

APPROVED AS TO FORM AND LEGALITY,
This 26th day of SEPTEMBER, 2010 

JAN I. GOLDSMITH, City Attorney

By: 

Deputy City Attorney

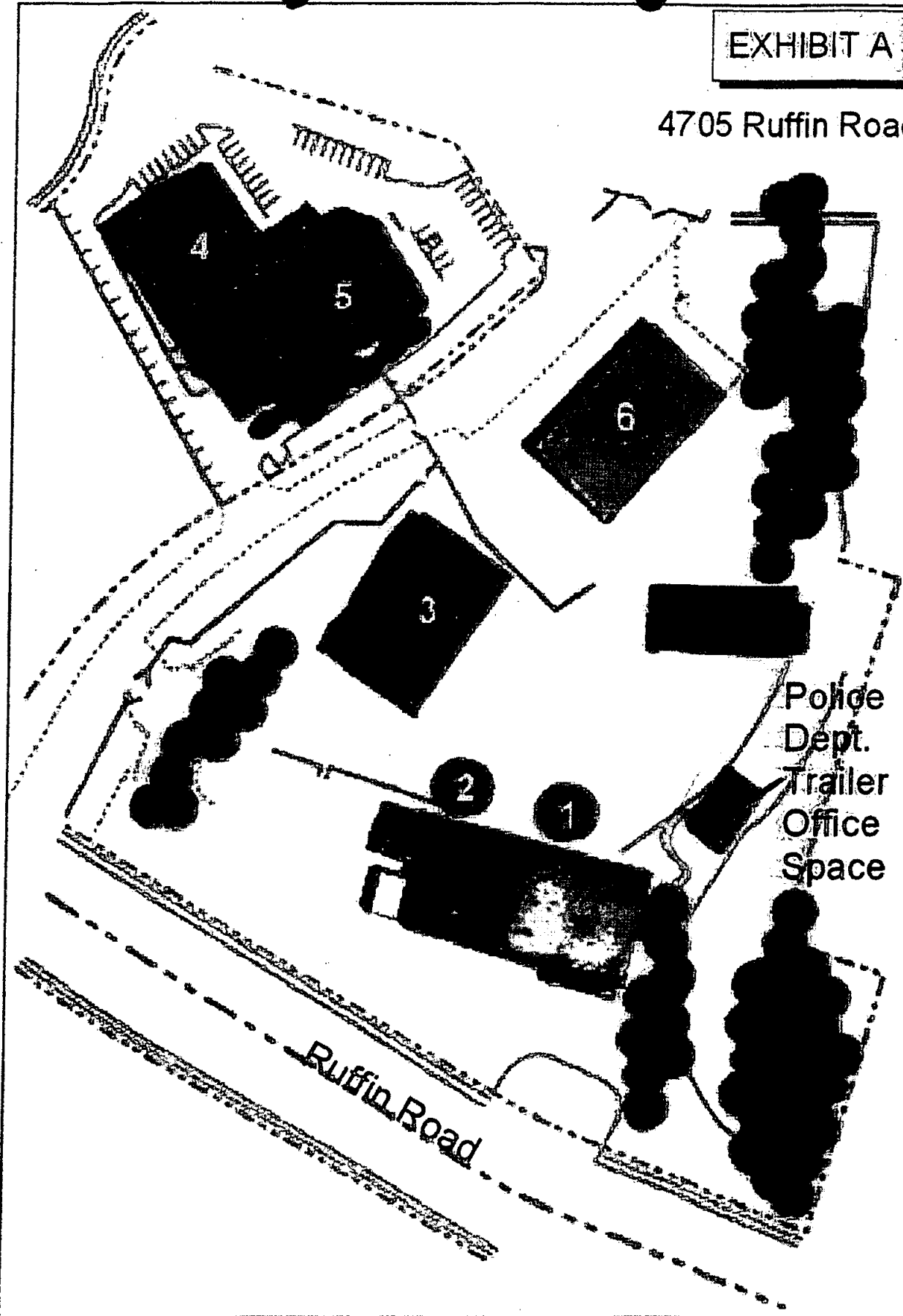
Brock Ladewig

Deputy City Attorney

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EXHIBIT A

4705 Ruffin Road



RESOLUTION NUMBER R- 506712 (NEW SERIES)

DATE OF FINAL PASSAGE APR 08 2011

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING A FIVE-YEAR LEASE AGREEMENT, WITH TWO FIVE-YEAR OPTIONS TO EXTEND THE TERM, BETWEEN THE CITY, AS LESSEE, AND STRATEGIC OPERATIONS, INC., AS LESSOR, FOR ADMINISTRATIVE OFFICES FOR THE POLICE DEPARTMENT'S SWAT UNIT.

WHEREAS, the Police Department's Special Weapons and Tactics ("SWAT") Administration Unit was relocated to an office trailer owned by Strategic Operations, Inc., a California corporation ("Strategic"), at 4705 Ruffin Road in February 2004 when their former location ceased operation; and

WHEREAS, the Police Department continues to need the office trailer until a permanent facility is available; and

WHEREAS, City staff and Strategic have negotiated a five (5)-year lease for approximately 2,160 rentable square feet of office trailer space and onsite parking at a rental rate of approximately fifty-five cents (\$.55) per rentable square foot, including maintenance and utilities, with annual increases of 2.5% per year, and two (2) five (5)-year options to extend the term; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Mayor or his designee is authorized to execute and deliver a Lease Agreement between the City, as lessee, and Strategic Operations, Inc., a California corporation, as lessor, for the Police Department's SWAT Administration Unit to occupy one office trailer located at 4705 Ruffin Road, under the terms

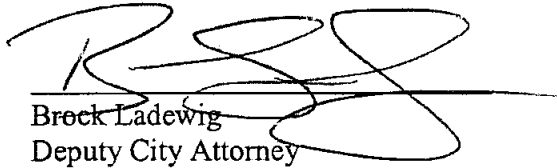
and conditions set forth in the "Strategic Operations, Inc./City of San Diego Lease Agreement," on file in the Office of the City Clerk as Document No. RR- 306712 ("Lease").

BE IT FURTHER RESOLVED, that the Comptroller is authorized to expend up to the following amounts from General Fund 100000 for the purpose of paying rent under the Lease: \$1,186.57 per month for Lease year one, \$1,216.23 per month for Lease year two, \$1,246.63 per month for Lease year three, \$1,277.80 per month for Lease year four, and \$1,309.75 per month for Lease year five, with annual increases of 2.5% each Lease year thereafter if the City elects to extend the lease term, as provided in the Lease.

BE IT FURTHER RESOLVED, that the Mayor or his designee shall seek and obtain the Council's approval prior to exercising any option to extend the term of the Lease.

APPROVED: JAN I. GOLDSMITH, City Attorney

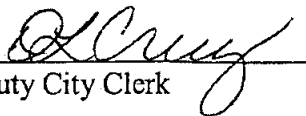
By


Brock Ladewig
Deputy City Attorney

BL:mm
03/21/2011
Or.Dept:Real Estate Assets Dept.
R-2011-795
PL#2010-02787

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of MAR - 8 2011.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 4.8.11
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

Passed by the Council of The City of San Diego on APR 08 2011, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	☒	☐	☐	☐
Kevin Faulconer	☒	☐	☐	☐
Todd Gloria	☒	☐	☐	☐
Anthony Young	☒	☐	☐	☐
Carl DeMaio	☒	☐	☐	☐
Lorie Zapf	☒	☐	☐	☐
Marti Emerald	☐	☐	☒	☐
David Alvarez	☒	☐	☐	☐

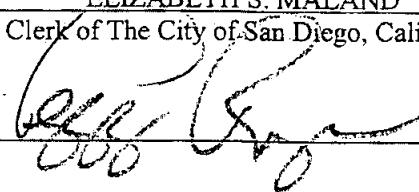
APR 08 2011
Date of final passage _____

AUTHENTICATED BY:

JERRY SANDERS
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

506712

Resolution Number R-_____