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OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIALEASE AGREEMENT

This LEASE AGREEMENT, executed in duplicate, this 12
day of November 1964, by and between THE CITY OF SAN DIEGO, a
municipal corporation in the County of San Diego, State of California and
SANDY, INC.

whose address is P.O. Box 17008

San Diego, California 92117

hereinafter called respectively the "City" and the "Lessee" without regard
to number or gender, WITNESSETH:

(A) That property hereinafter described is leased for the purpose of:

Non-Commercial Parking of Automobiles in conjunction with

Lessee's Operations on adjacent property and such other

uses as are consistent with M1-A Zoning,

and for no other purpose.

The City hereby leases to the Lessee and the Lessee hires from the City
those certain premises with the appurtenances situated in the County of San
Diego, State of California, and more particularly described as follows:

That portion of Lot 30 of The Highlands as
shown outlined in red on attached Property
Division Drawing No. 653, dated 9-19-62,
marked EXHIBIT "A" and made a part of this
Agreement and containing approximately
eight (8) acres of vacant land.

beginning on the _____ date of execution of this agreement _____
and ending on the _____ day of _____, 19____

(C) The rent is payable Monthly in advance

subject property is zoned an M1-A Zone by the Planning Department of this agreement as set forth hereinabove, at the office of the City Treasurer, Room 162, Civic Center, San Diego 1, California, and shall be:

The sum of Three Thousand Five Hundred Twenty-Eight Dollars (\$3,528.00) per year times the total acreage leased herein until the expiration of the first ten years of this Agreement. For the next ten years the rent shall be Three Thousand Eight Hundred Eighty Dollars (\$3,880.00) per year times the total acreage leased herein. For the remaining term of the Lease Agreement the rent shall be as provided in Section (D), Paragraph 22 of this Agreement.

(D) It is further mutually agreed by the parties as follows; that:

1. RENT PAYMENT. The rent is due and payable in accordance with the terms stated in Section C hereinabove and Lessee agrees to remit to City the rent promptly upon the date upon which said rent becomes due. Failure of Lessee to pay said rent in accordance with the terms hereof shall constitute a breach of contract and City shall have the right to immediately terminate this contract.

2. QUIET POSSESSION. Lessee, paying the said rent and performing the covenants and agreements aforesaid, shall and may at all times during the said term peaceably and quietly have, hold and enjoy the said premises for the term aforesaid. If City for any reason whatsoever cannot deliver possession of the said premises to Lessee at commencement of said term as hereinbefore specified or, if Lessee is dispossessed through action of a title superior to City's, then and in either of such events, this lease shall not be void or voidable nor shall City be liable to Lessee for any loss or damage resulting therefrom; but there shall be determined and stated in writing by the City Manager of City a proportionate deduction of the rent covering the period or periods during which Lessee is prevented from having the quiet possession of the demised premises.

3. **INSURANCE RISKS.** The Lessee shall not use, or permit said premises, or any part thereof, to be used, for any purpose or purposes other than the purpose or purposes for which the said premises are hereby leased. Unless included within the said purposes or necessarily incident thereto, no use shall be made or permitted to be made of the said premises, nor acts done, which will increase the existing rate of insurance upon the building or buildings, if any, belonging to City which may be located on the leased premises or in which said premises may be located, or cause a cancellation of any insurance policy covering said building or buildings, or any part thereof, nor shall any article which may be prohibited by the standard form of fire insurance policy be or be permitted to be kept, used, or sold in or about said premises. The Lessee shall, at his sole cost and expense, comply with any and all requirements, pertaining to said premises of any insurance organization or company, necessary for the maintenance of reasonable fire and public liability insurance, covering said buildings and appurtenances.

4. IMPROVEMENTS, REPAIR, ALTERATIONS. Lessee shall not make any alterations or changes in the leased premises or cause to be made, built or installed thereupon, any improvements and shall not alter or repair any existing improvements; except in accordance with plans and specifications previously submitted to the City Manager of said City and approved, in writing, by him. Lessee agrees to take good care of the leased premises, fixtures and appurtenances, and of all alterations, additions and improvements to any of them and make all repairs in and about the same that may be necessary to preserve them in good order and condition (which repairs shall be equal to the original work in respect to quality), and promptly pay the expense of such repairs. City shall not be required to make any improvements, repairs or alterations not herein specifically required. Lessee hereby waives all right to make repairs at the expense of City as provided in Section 1942 of the Civil Code of the State of California and all rights provided for by Section 1941 of said Civil Code. By entry hereunder, Lessee accepts the premises as being in good and sanitary order, condition and repair, and agrees on the last day of the term or sooner termination of this lease to surrender to City the premises with improvements in the same condition as when received or as they may have been put into subject, however, to Section 5, hereinafter.

5. REMOVAL OF IMPROVEMENTS. City agrees that all fixtures and improvements installed by Lessee in accordance with the provisions herein provided, and not being a replacement or repair of or for any improvement or improvements existing and belonging to City, shall be and remain the property of Lessee. Lessee shall have the right to remove said fixtures and improvements prior to the termination of this agreement at Lessee's own expense, provided that any damage to City's property or improvements shall be repaired and the premises left in as good order and condition as when Lessee took possession of the leased premises. In the event Lessee does not so remove said fixtures and improvements prior to the expiration of this agreement, City may remove, or sell, or destroy the same at the expense of Lessee, and Lessee shall pay to City the reasonable cost of any such removal, sale or destruction together with the reasonable cost of repair of damages to City's property or improvements resulting from such removal, sale or destruction. At the option of the City, any property, real or personal, not so removed by Lessee may be deemed abandoned.

6. MECHANIC'S LIEN BOND. Lessee will save City free and harmless, indemnify it against all claims for labor and materials in connection with improvements, repair or alterations to the leased premises, and the cost of defending against such claims, including reasonable attorney's fees.

In the event that improvements, repairs, or alterations are constructed on the leased premises by other than the City, the Lessee shall file with the City a bond, conditioned for the payment in full of the claims of all persons performing labor upon or furnishing materials to be used, in the amount of the estimated cost of the improvement, alteration, or repair as determined by the City Manager. The bond shall be acknowledged by the Lessee as principal and by a corporation licensed by the Insurance Commissioner of the State of California to transact the business of a fidelity and surety insurance company as surety.

In the event that a lien is recorded under Chapter II of Title 4 of Part 3 of the California Code of Civil Procedure against the leased premises and the lien-holder attempts to perfect such lien by a lawsuit and the Lessee has failed to comply with the requirements of this paragraph, this lease shall automatically terminate five (5) days after service of summons in such lawsuit upon the City; provided, however, that the City Manager shall have the right to continue this lease in full force and effect by notifying the Lessee in writing of his election to do so.

7. ENTRY AND INSPECTION. City reserves, and shall always have the right to enter said premises for the purpose of viewing and ascertaining the condition of the same, or to protect its interests in the premises or to inspect the operations conducted on said premises. In the event that such entry or inspection by City discloses that said premises are not in a safe, healthy and satisfactory condition, City shall have the right, after ten (10) days written notice to Lessee, to have any necessary maintenance work done for and at the expense of Lessee, and Lessee hereby agrees to pay promptly any and all costs incurred by City in having such necessary maintenance work done in order to keep said premises in a safe, healthy and satisfactory condition. The rights reserved in this and the following section shall not create any obligations on City or increase obligations elsewhere in this lease imposed on City.

~~8. RESERVATION FOR CITY USE. City hereby reserves all rights, title and interest in any and all gas, oil, minerals and water, upon or beneath said leased premises. City shall have the right to enter said leased premises for the purpose of drilling, operating and maintaining such installations as are necessary or desirable for the development of said gas, oil, mineral and water rights or for making repairs to or developing the municipal services of the City. City hereby reserves the right to grant and use such easements or establish and use such rights of way over, under, along and across said leased premises for utilities, thoroughfares, or access as it may deem advisable for the public good.~~

9. ASSIGNMENT. Lessee shall not assign this lease, or any interest therein, and shall not sublet the said premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents, officer and employees of City excepted) to occupy or use the said premises, (except as consistent with the purpose of this agreement,) without the prior written consent of the City Manager of City. A consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent shall be void, and shall, at the option of City, terminate this lease. This lease shall not, nor shall any interest therein, be assignable, as to the interest of Lessee, by operation of law, without the written consent of the City Manager.

10. COMPLIANCE WITH LAW. The Lessee shall, at its sole cost and expense, comply and secure compliance with all the requirements of all municipal, county, state and federal authorities now in force, or which may hereafter be in force, pertaining to the said premises, or the operations conducted thereon, and shall faithfully observe, and secure observance with, in the use of the premises, all municipal ordinances and state and federal statutes now in force or which may hereafter be in force, and shall pay before delinquency all taxes, assessments, and fees assessed or levied upon the Lessee or the leased premises by reason of any buildings, structures, machines, appliances or other improvements of any nature whatsoever, erected, installed or maintained by Lessee or by reason of the business or other activities of Lessee upon or in connection with the said demised premises. The judgment of any court of competent jurisdiction, or the admission of Lessee or any sub-lessee or permittee in any action or proceeding against them or any of them, whether the City be a party thereto or not, that the Lessee, sub-lessee or permittee has violated any such ordinance or statute in the use of the premises shall be conclusive of that fact as between City and Lessee.

11. UTILITIES. Except for such installations or utilities as City herein expressly agrees to provide, Lessee shall order, obtain and pay for all utilities, and service and installation charges in connection therewith.

12. ASSIGNS. Time is of the essence of each and all of the terms and provisions of this lease and this lease shall inure to the benefit of and be binding upon the parties hereto and any successors of Lessee as fully and to the same extent as though specifically mentioned in each instance, and all covenants, stipulations and agreements in this lease shall extend to and bind any assigns or sub-Lessees of Lessee.

13. WAIVER. The waiver by City of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition, or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by City shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this lease, other than failure of Lessee to pay the particular rental so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such rent, nor shall any failure on the part of City to require or exact full and complete compliance with any of the covenants, conditions or agreements of this lease be construed as in any manner changing the terms hereof or to stop City from enforcing the full provisions hereof, nor shall the terms of this lease be changed or altered in any manner whatsoever other than by written agreement of the City and Lessee.

14. MERGER. The voluntary or other surrender of this lease by Lessee, or a mutual cancellation thereof, shall not work a merger, and shall at the option of City, terminate all or any existing subleases or subtenancies, or may, at the option of City, operate as an assignment to it of any or all such subleases or subtenancies.

15. NOTICES. Control and administration of this lease is under the jurisdiction of the Property Department of the City of San Diego and any communication relative to the terms or conditions or any changes thereto or any notice or notices provided for by this lease or by law to be given or served upon City may be given or served by letter deposited in the United States mails, postage prepaid, and addressed to the City Manager, Attention: Property Supervisor, Property Department, Civic Center, San Diego 1, California. Any notice or notices provided for by this lease or by law to be given or served upon Lessee may be given or served by depositing in the United States mails, postage prepaid, a letter addressed to said Lessee at the address stated at the commencement hereof, or may be personally served upon said Lessee (or any one of them), or any person hereafter authorized by Lessee to receive such notice. Any notice or notices given or served as provided herein shall be effectual and binding for all purposes upon the principals of the parties so served.

16. REMEDIES OF CITY. In the event (a) that Lessee shall default in the performance or fulfillment of any covenant or condition herein contained on his part to be performed or fulfilled and shall fail to cure such default within thirty (30) days following the service on him of a written notice from City specifying the default or defaults complained of and the date on which his rights hereunder will be terminated as hereinafter provided if such default or defaults is or are not cured, or (b) that Lessee shall file a voluntary petition in bankruptcy, or (c) that Lessee shall be adjudicated a bankrupt, or (d) that Lessee shall make a general assignment for the benefit of creditors then and in either or any of said events, City may at its option, without further notice or demand upon Lessee or upon any person or persons claiming by, through or under Lessee, immediately cancel and terminate this lease and terminate each, every and all of the rights of Lessee and of any and all persons claiming by, through or under Lessee in or to the leased premises and in or to the further possession thereof and may thereupon enter into and upon the leased premises and repossess the same and expel Lessee any and all persons claiming by, through or under Lessee. The rights and remedies of City as hereinabove set forth, are cumulative only and shall in no wise be deemed to limit any of the other provisions of this lease or otherwise to deny to City any right or remedy at law or in equity which City may have or assert against Lessee under any law in effect at the date hereof or which may hereafter be enacted or become effective, it being the intent hereof that the rights and remedies of City, as hereinabove set forth, shall supplement or be in addition to or in aid of the other provisions of this lease and of any right or remedy at law or in equity which City may have against said Lessee.

17. INSURANCE. Lessee agrees to take out and maintain public liability insurance with an insurance carrier satisfactory to City to protect against loss from liability imposed by law for damages on account of bodily injury, including death resulting therefrom, suffered or alleged to be suffered by any person or persons whatsoever, resulting directly or indirectly from any act or activities of Lessee or any person acting for Lessee or under Lessee's control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person caused directly or indirectly by or from acts or activities of Lessee or any person acting for Lessee or under Lessee's control or direction. Such public liability and property damage insurance shall be maintained in full force and effect during the entire term of this lease in the amounts of not less than

TWO HUNDRED THOUSAND Dollars (\$ 200,000.00)

for one person injured in one accident, and not less than

FIVE HUNDRED THOUSAND Dollars (\$ 500,000.00)

for more than one person injured in one accident, and not less than

TWENTY THOUSAND Dollars (\$ 20,000.00)

with respect to any property damage. If Lessee does not keep such insurance in full force and effect, City may take out the necessary insurance and pay the premium, and the repayment thereof shall be deemed to be a part of the rental and paid as such on the next day upon which rent becomes due. Provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which Lessee may be held responsible for the payment of damages to persons or property resulting from his activities or the activities of any person or persons for which he is otherwise responsible.

During the term of this lease, Lessee agrees to defend in the name of, and on behalf of, City, all claims or suits for damages and all fixed costs and interest on all such legal proceedings and pay all sums which City may become liable to pay as damages imposed upon him by law arising out of accidental bodily injury or death suffered, or alleged to have been suffered, by any person while within or upon the premises described in this lease or upon the sidewalks or other ways or premises adjacent thereto. Lessee further agrees to pay all sums which City may become liable to pay as damages imposed upon him by law resulting from accidental injury to, or destruction of, property not owned, leased, occupied or used by, or in the care, custody or control of, Lessee or of City or of any employee of Lessee or City, subject to the following conditions:

(a) This agreement shall not apply to any injury or death caused by any employee of City;

(b) City shall not voluntarily assume any liability or incur any expenses or settle any claims without the prior written consent of Lessee:

(c) Lessee shall, on or before the effective date of this lease, deliver to the Property Department of City, a certificate of bodily injury and property damage liability insurance issued by a company licensed in the State of California to transact such business, indicating that Lessee has bodily injury and property damage liability insurance as required in this paragraph, and indicating that the policy has been endorsed or does otherwise cover the contractual liability imposed by this agreement, and that the insurance company shall notify the Property Department if said policy be terminated or limited in any manner prior to the termination date specified in the certificate.

18. HOLDING OVER. Any holding-over after the expiration of said term for any cause shall be construed to be a tenancy from month to month, at any rental selected by City which has been in effect during the term, and shall otherwise be on the terms and conditions herein specified so far as applicable. Such holding-over shall include any time employed by Lessee in removing fixtures and improvements as hereinbefore provided.

19. HOLD HARMLESS. City, its agents, officers and employees, shall not be, nor be held liable, for any claims, liabilities, penalties, fines, or for any damage to the goods, properties or effects of Lessee or any of the Lessee's representatives, agents, employees, guests, licensees, invitees, patrons or clientele or of any other persons whatsoever, nor for personal injuries to, or deaths of them, or any of them, whether caused by or resulting from any acts or omission of Lessee in or about the leased premises, or any act or omission of any person or from any defect in any part of the leased premises or from any other cause or reason whatsoever. Lessee further agrees to indemnify and save free and harmless City and its authorized agents, officers, and employees against any of the foregoing liabilities and any costs and expenses incurred by City on account of any claim or claims therefor.

20. WASTE, DAMAGE OR DESTRUCTION OF PREMISES. Lessee shall give prompt notice to City of any fire or damage that may occur from any reason whatsoever. Lessee shall not commit or suffer to be committed any waste or injury, or any public or private nuisance, shall keep the premises clean and clear of refuse and obstructions; and shall dispose of all garbage, trash, and rubbish in a manner satisfactory to City.

21. TAXES. As further consideration for the execution of this lease, Lessee shall pay and discharge before delinquency all taxes and assessments which may be levied during said term upon the demised premises by reason of Lessee's leasehold interest.

22. REDETERMINATION OF RENT. The method that shall be utilized to re-determine the basic rent at the end of the twentieth (20th), the thirtieth (30th) and the fortieth (40th) years shall be as follows:

Each party hereto shall select a real property appraiser, and the two appraisers shall then select a third appraiser. All appraisers shall be qualified independent fee appraisers who have been awarded the professional designation "M.A.I.," or its equivalent, if the M.A.I. designation is no longer in existence. The three appraisers shall make one appraisal of the fair market value of the land as vacant land within an M1-A classification, taking into account the utilization thereof as of the time of the appraisal. The yearly rent for the acreage under lease shall be six per cent (6%) per annum of the fair market value as determined by the single appraisal of the three independent fee appraisers. The cost of the appraisal shall be equally shared between the parties hereto.

City, acting through its City Manager, and Lessee may, as an alternative to the foregoing, mutually agree on the fair market value of the land as aforesaid so as to avoid the necessity of incurring the expense of said appraisal, but in the absence of their voluntary agreement, the provisions of the first paragraph shall be applicable.

23. DELETION OF AREA. City anticipates that an interchange may be constructed on the leased premises within the foreseeable future. In the event said interchange is constructed, then City shall have the right to delete from the leased premises whatever land is necessary for construction of said interchange. Lessee shall have the right to continue the lease on the remaining area. In the event the remaining area is not suitable for Lessee's uses, in the opinion of the Lessee, then Lessee may terminate this agreement upon

thirty (30) days written notice after City's notice of deletion. Should Lessee elect to continue the lease on the remaining area, then City will reduce the rental in proportion to the area leased. The City shall not incur any liability or damages whatsoever resulting from deletion of any area by City.

24. ZONING. Subject property is presently zoned Interim R-1-20 which precludes use of the premises for automobile parking or for any commercial purposes. All costs in connection with the filing of said Subdivision Map, including construction and installation of required improvements, shall be borne by Lessee and at no cost to City. Said Subdivision Map shall be filed only on City-owned property under lease to Lessee and shall in no way be connected with Lessee-owned property. Said City-owned property shall not be considered as parking area required by Zoning for Lessee's development of adjacent property. <

25. RESERVATION FOR CITY USE. City hereby reserves all rights, title and interest in any and all gas, oil, minerals and water, upon or beneath said leased premises. City shall have the right to enter said leased premises for the purpose of drilling, operating and maintaining such installations as are necessary or desirable for the development of said gas, oil, mineral and water rights or for making repairs to or developing the municipal services of the City. City hereby reserves the right to grant and use such easements or establish and use such rights of way over, under, along and across said leased premises for utilities, thoroughfares, or access as it may deem advisable for the public good.

Provided, however, in the event City exercises any of the rights herein reserved, then City shall reimburse Lessee for any physical damages to Lessee's improvements on said leased premises resulting therefrom. Provided, further, that the provisions of Paragraph 23, Deletion of Area, shall not come within the provisions of this paragraph.

LESSEE:

SANDY, INC.

City of San Diego

By Walter Fahn Jr.
Assistant City Manager

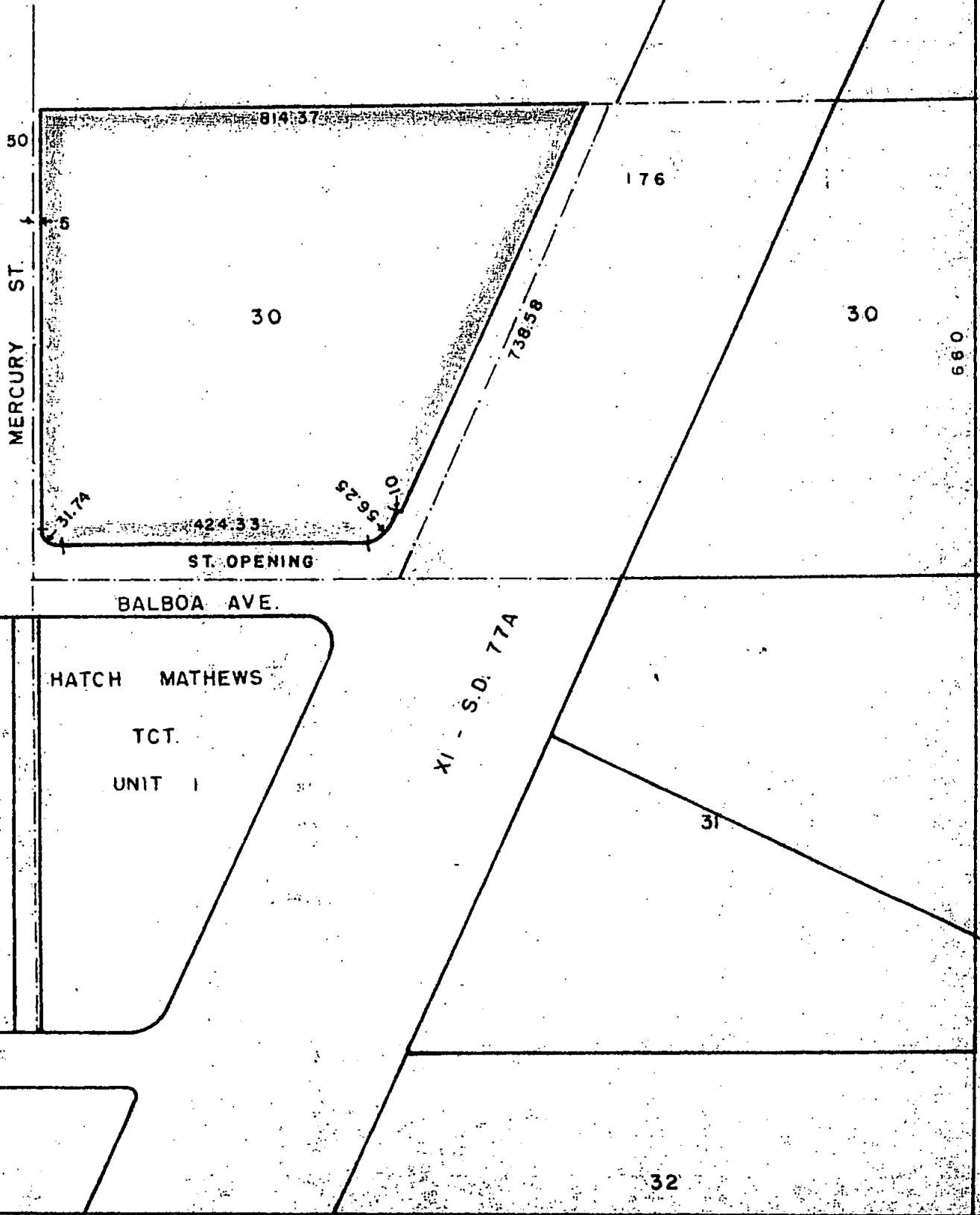
By Irving J. Kahn

By _____

I HEREBY APPROVE the form and legality of the foregoing Lease Agreement this 5th day of Nov, 1964.

EDWARD T. BUTLER, City Attorney

By J. P. Pitech
Deputy Attorney



Assr. 362-14

THE HIGHLANDS

PROPERTY DIVISION

9-19-62 P.E.S.

SCALE 1" = 200'

MAP 284

653