

DUPLICATE

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SAN DIEGO, CALIFORNIA

THE CITY OF SAN DIEGO

Flat Rate Lease

CONRAD T. PREBYS, Trustee

LEASE OUTLINE

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CITY OF SAN DIEGO

FLAT RATE LEASE

THIS LEASE AGREEMENT is executed between the CITY OF SAN DIEGO, a municipal corporation, hereinafter called "CITY," and CONRAD T. PREBYS, Trustee under Trust Agreement dated December 17, 1982, hereinafter called "LESSEE."

SECTION 1. USES

1.01 Premises. CITY hereby leases to LESSEE and LESSEE leases from CITY all of that certain real property situated in the City of San Diego, County of San Diego, State of California, shown on Exhibit "A" as Parcel 1, attached hereto and by this reference made part of this agreement. Said real property is hereinafter called the "premises."

1.02 Uses. It is expressly agreed that the premises are leased to LESSEE solely and exclusively for the purposes of paving, fencing, landscaping, access, surface storage, and encroachment of storage buildings from LESSEE'S mini-storage operation on adjacent CalTrans property, and for such other related or incidental purposes as may be first approved in writing by the City Manager and for no other purpose.

LESSEE covenants and agrees to use the premises for the above specified purposes and to diligently pursue said purposes throughout the term hereof. Failure to continuously use the premises for said purposes or the use thereof for purposes not expressly authorized herein, shall be grounds for termination by CITY.

1.03 Related Council Actions. By the granting of this lease, neither the CITY nor the Council of CITY is obligating itself to any other governmental agent, board, commission, or agency with regard to any other discretionary action relating to development or operation of the premises. Discretionary action includes, but is not limited to, rezonings, variances, environmental clearances or any other governmental agency approvals which may be required for the development and operation of the leased premises.

1.04 Quiet Possession. LESSEE, paying the rent and performing the covenants and agreements herein, shall at all times during the term peaceably and quietly have, hold and enjoy the premises. If CITY for any reason cannot deliver possession of the premises to LESSEE at the commencement of the term, or if during the lease term LESSEE is temporarily dispossessed through action or claim of a title superior to CITY'S, then and in either of such events, this lease shall not be 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 reduction of the minimum or flat rate rent for the period or periods during which LESSEE is prevented from having the quiet possession of all or a portion of the premises.

1.05 Easements and Reservations.

- a. CITY hereby reserves all rights, title and interest in any and all subsurface natural gas, oil, minerals and water on or within the premises.
- b. CITY reserves the right to grant and use easements or establish and use rights-of-way over, under, along and across the leased premises for utilities, thoroughfares, or access as it deems advisable for the public good.
- c. CITY has the right to enter the premises for the purpose of making repairs to or developing municipal resources and services.

LESSEE acknowledges that the leased premises is burdened with a number of existing easements and also that CITY has reserved unto itself an access easement over a portion of the leased premises, as said access easement is further described in Section 7.01,i. herein and shown on the plot plan attached hereto as Exhibit B. LESSEE agrees to utilize the leased premises in such a manner as to not substantially interfere with CITY'S use and maintenance of said easements. However, any new easements and rights-of-way shall not substantially interfere with LESSEE'S access route to its improvements, as said route is shown on the plot plan attached hereto as Exhibit B.

Subject to the existing and reserved easements noted above, CITY shall not unreasonably or substantially interfere with LESSEE'S use of the premises and will reimburse LESSEE for physical damages, if any, to the permanent improvements located on the leased premises resulting from CITY'S exercising the rights reserved in this section. Such reimbursement may include a reduction in the rent proportionate to the amount of physical damage as determined by the CITY. CITY will pay the costs of maintenance and repair of all CITY installations made pursuant to these reserved rights.

SECTION 2: TERM

2.01 Commencement and Termination. The term of this agreement shall be a period of years commencing on the first day of the calendar month following execution by the City Manager and expiring on March 14, 2038, irrespective of any extension of LESSEE'S lease with CalTrans on the adjacent property. "Lease year" as used in this lease shall mean the 12-month period commencing on the first day of the calendar month following the execution of this lease by the City Manager.

2.02 Holdover. Any holding over by LESSEE after expiration or termination shall not be considered a renewal or extension of this lease. The occupancy of the premises after the expiration or termination of this agreement constitutes a month-to-month tenancy, and all other terms and conditions of this agreement shall continue in full force and effect; provided, however, CITY shall have the right to apply a reasonable increase in rent to bring the rent to fair market value and to terminate the holdover tenancy at will.

2.03 Surrender of Premises. At termination of this lease for any reason, LESSEE shall execute, acknowledge and deliver to the CITY, within five (5) days after written CITY demand, a valid and recordable quitclaim deed covering all of the leasehold premises. The premises shall be delivered free and clear of all liens and encumbrances, and in a decent, safe and sanitary condition.

If LESSEE fails or refuses to deliver the required deed, the CITY may prepare and record a notice reciting the LESSEE'S failure to execute this lease provision and the notice will be conclusive evidence of the termination of this lease and all LESSEE rights to the premises.

NOTE

SECTION 3: RENT

- 3.01 Place of Payment. Rent is due monthly in advance on or before the first day of each calendar month. All monthly rents will be prorated during the first and final months of any rental period in order to achieve payment on the first day of each calendar month. Checks should be made payable to the City Treasurer and mailed or delivered to the Office of the City Treasurer, City of San Diego, P. O. Box 2289, San Diego, California, 92112-4165.

The place and time of payment may be changed at any time by CITY upon thirty (30) days written notice to LESSEE. Mailed rental payments shall be deemed paid upon the date such payment is postmarked by the postal authorities. LESSEE assumes all risk of loss and late payment charges if payments are made by mail, or if postmarks are illegible, in which case the payment shall be deemed paid upon actual receipt by the City Treasurer.

3.02 Rent.

- a. Rent Amount. The initial rent is Five Hundred Eight Dollars (\$508) per month. Said rent is subject to adjustments based on increases, if any, in the Consumer Price Index (CPI) and in the fair market value of the leased premises as hereinafter provided.

- b. (1) CPI Index Adjustments. On the first day of the sixth (6th) year following the effective date of the lease and at seven and one-half (7-1/2) years following said effective date and at the end of every five (5) years thereafter during the lease term, the rent shall be adjusted to reflect increases in the Consumer Price Index (CPI).

The index used will be the CPI for "All Urban Consumers" for Los Angeles/Long Beach/Anaheim, California. If this index is no longer published, the index for adjustment will be the U. S. Department of Labor's Comprehensive Official Index most comparable to aforesaid index. If a rental adjustment is calculated using an index from a different base year than 1967, which equaled a base figure of 100 for the CPI, the base figure used will first be converted under a formula supplied by the Bureau of Labor Statistics or its successor.

If the Department of Labor indices are no longer published, another index generally recognized as authoritative will be substituted by agreement of CITY and LESSEE. If the parties cannot agree within sixty (60) days after demand by either party, a substitute index will be selected by the Chief Officer of the Regional Office of the Bureau of Labor Statistics or its successor, notwithstanding continued reference herein to "CPI" in any event.

Regardless of the index publication dates, the effective date of the rent adjustment is as specified in this Section 3.02, b.(1). Until the rent adjustment can be reasonably determined by the index method, LESSEE will continue to make payments at the existing rental rate. When the adjustment is determined, the balance of rents due at the adjusted rate will be paid to the CITY within thirty (30) days. In no event shall the adjusted rent as established by the Consumer Price Index be less than the rent in existence immediately prior to the adjustment date. The maximum upward adjustment computed under this Section 3.02, b.(1) shall not exceed seven and seven-tenths percent (7.7%) per annum compounded annually, which is 45 percent over the five-year rental period then ending.

- (2) Index Adjustment Computation. The rent for each rental period following the adjustment, until the next adjustment or other rental determination as provided herein, shall be determined prior to the date of adjustment by multiplying the rent which is effective immediately prior to said adjustment by the "adjustment figure" established as follows:

The "adjustment figure" shall be established by dividing the "current index" by the "base figure", both as defined herein:

The "base figure" for the first such adjustment shall be a three-month average of index figures published by said CPI using the fourth, fifth and sixth full months preceding the effective date of this agreement.

To illustrate, if the lease began in May, the CPI figures for November (sixth month), December (fifth month) and January (fourth month) preceding May would be averaged to establish the base figure (Example 1).

The "current index" shall be a three-month average of index figures published by said CPI. The three months to be used to establish said average shall be the fourth, fifth and sixth full months preceding the adjustment date.

The "base figure for each successive adjustment shall be the "current index" figure used in the last preceding adjustment period (Example 2).

Example 1

Current Index 121
Base Figure $\frac{121}{110} = 1.10$ (Adjustment Figure)

Effective Rent x 1.10 = Adjusted Rent

Example 2

Current Index 138
Base Figure $\frac{138}{121} = 1.14$ (Adjustment Figure)

Effective Rent x 1.14 = Adjusted Rent

The adjustment figure is then multiplied by the monthly rent from the preceding adjustment period and the new rent is determined. Using the foregoing examples, if the rent is now \$1,000 per month, after the first adjustment it will be \$1,100 per month (\$1,000 x 1.10). In the second adjustment, it will be \$1,254 per month (\$1,100 x 1.14).

- c. Market Value Adjustments. In addition to said CPI adjustments, upon the first day of the eleventh lease year following the effective date of this agreement and upon the first day of each five-year period thereafter, the rent for the ensuing five years, subject to the aforesaid CPI adjustments, shall be determined by multiplying the capitalization rate of ten percent (10%) by the fair market value of the leased premises as of the adjustment date. The fair market value of the leased premises shall be determined by an appraisal made by a professional independent real estate appraiser selected by mutual consent of the parties from the list of appraisers approved by the CITY. In the event the parties cannot reach agreement upon selection of a mutually acceptable appraiser, then CITY and LESSEE will each select a professional independent real estate appraiser who in turn will select a third independent real estate appraiser, which third appraiser will be employed to make the appraisal of the fair market value of the premises and which value will be utilized to determine the adjusted rent previously described herein. In the event that the two selected appraisers fail to mutually select a third appraiser within thirty (30) days, then the third appraiser will be appointed by the presiding judge of the Superior Court of the State of California, County of San Diego, acting in his or her individual capacity, on prompt application by either CITY or

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LESSEE with notice thereupon to the other party. Said third appraiser shall complete the assignment within sixty (60) days of appointment. Each party shall pay the cost of its own selected appraiser and both CITY and LESSEE agree to equally share the cost of the mutually selected or court appointed third appraiser. CITY and LESSEE agree to accept and be bound by the valuation determined by the selected or appointed appraiser.

In establishing the fair market value of the premises, the appraiser shall consider the property as a fee simple absolute estate and as vacant and available for lease or sale for the authorized purposes of this lease at the commencement of the rental period under review.

The date of value of the appraisal shall be the date of rental adjustment as hereinabove established. In the event the appraisal is not completed in time to permit the adjustment to be made upon the date specified, LESSEE agrees to continue to pay rent in accordance with the then existing lease rates and the adjustment, when determined, will be retroactive to said effective date of rental adjustment. Any deficiency shall be paid by LESSEE to CITY within thirty (30) days after determination of the new rental rate. In no event shall the adjusted rent, as established by periodic appraisals as provided for herein, be less than the rent in existence immediately prior to the adjustment date.

- 3.03 Delinquent Rent. If the LESSEE fails to pay the rent when due, the LESSEE will pay in addition to the unpaid rents, five percent (5%) of the delinquent rent. If the rent is still unpaid at the end of fifteen (15) days, the LESSEE shall pay an additional five percent (5%) [being a total of ten percent (10%)] which is hereby mutually agreed by the parties to be appropriate to compensate CITY for loss resulting from rental delinquency, including lost interest, opportunities, legal costs, and the cost of servicing the delinquent account.
- 3.04 Inspection of Records. LESSEE agrees to make any and all records and accounts available to CITY for inspection at all reasonable times, so that CITY can determine LESSEE'S compliance with this lease. These records and accounts will be made available by LESSEE at the leased premises and will be complete and accurate showing all income and receipts from use of the premises. LESSEE'S failure to keep and maintain such records and make them available to inspection by CITY is a breach of this lease and cause for termination. LESSEE shall maintain all such records and accounts for a minimum period of five years.

SECTION 4: ASSIGNMENT

- 4.01 Time is of Essence; Provisions Binding on Successors. Time is of the essence of all of the terms, covenants and conditions of this lease and, except as otherwise provided herein, all of the terms, covenants and conditions of this lease shall apply to, benefit and bind the successors and assigns of the respective parties, jointly and individually.
- 4.02 Assignment. LESSEE shall not assign this lease, or any interest therein, and shall not sublet the premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person, except employees, agents and guests of LESSEE, to use or occupy the premises or any part thereof, without the prior written consent of the City Manager in each instance. A consent to 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.
- 4.03 Encumbrance. Subject to prior consent by the CITY, which shall not be unreasonably withheld, LESSEE may encumber this lease, its leasehold estate and its improvements thereon by deed of trust, mortgage, chattel mortgage or other security instrument to assure the payment of a promissory note or notes of the LESSEE, upon the express condition that the net proceeds of such loan or loans be devoted exclusively to the purpose of developing the leased premises in accordance with the section hereof entitled Development Plan; however, a reasonable portion of the loan proceeds may be disbursed for payment of incidental costs of construction, including but not limited to the following: offsite improvements for service of the premises; onsite improvements; escrow charges; premiums for hazard insurance, or other insurance or bonds required by CITY; title insurance premiums; reasonable loan costs such as discounts, interest and commissions; and architectural, engineering and attorney's fees and such other normal expenses incidental to such construction.

Any subsequent encumbrances on the premises or on any permanent improvements thereon, must first have the approval in writing of City Manager. Such subsequent encumbrances shall also be for the exclusive purpose of development of the premises. Provided, however, after the premises are fully developed in accordance with said development plan to the satisfaction of the City Manager, proceeds from refinancing or from such subsequent encumbrances may be used to reduce LESSEE'S equity so long as there is also substantial benefit to the CITY therefrom. The City Manager shall have the sole and absolute discretion to approve or disapprove any such proposed subsequent encumbrance.

In the event any such approved deed of trust or mortgage or other security type instrument should at any time be in default and be foreclosed, or transferred in lieu of foreclosure the CITY will accept the approved mortgagee or beneficiary thereof as its new tenant under this lease with all the rights, privileges and duties granted and imposed in this lease.

Any default, foreclosure or sale pursuant to said deed of trust, mortgage or other security instrument, shall be invalid with respect to this lease without prior notice thereof to and approved by CITY. Upon prior approval by CITY, said mortgagee or beneficiary may assign this lease to its nominee, if nominee is a reputable, qualified and financially responsible person in the opinion of CITY. Any deed of trust, mortgage or other security instrument shall be subject to all of the terms, covenants and conditions of this lease and shall not be deemed to amend or alter any of the terms, covenants or conditions hereof.

4.04 Defaults and Remedies.

a. Default. In the event that:

- (1) LESSEE shall default in the performance of any covenant or condition required by this lease to be performed by LESSEE and shall fail to cure said default within thirty (30) days following written notice thereof from CITY; or
- (2) LESSEE shall voluntarily file or have involuntarily filed against it any petition under any bankruptcy or insolvency act or law; or
- (3) LESSEE shall be adjudicated a bankrupt; or
- (4) LESSEE shall make a general assignment for the benefit of creditors;

then CITY may, at its option, without further notice or demand upon LESSEE or upon any person claiming through LESSEE, immediately terminate this lease and all rights of LESSEE and of all persons claiming rights through LESSEE to the premises or to possession thereof; and CITY may enter and take possession of the premises. Provided, however, in the event that any default described in paragraph a. (1) of this section is not curable within thirty (30) days after notice to LESSEE, CITY shall not terminate this lease pursuant to the default if LESSEE immediately commences to cure the default and diligently pursues such cure to completion.

In the event that there is a deed of trust or mortgage on the leasehold interest, CITY shall give the mortgagee or beneficiary written notice of the default or defaults complained of, and the mortgagee or beneficiary shall have thirty (30) days from such notice to cure the default(s) or, if any such default is not curable within 30 days, to commence to cure the default(s) and diligently pursue such cure to completion. The thirty-day period may be extended during such time as mortgagee or beneficiary pursues said cure with reasonable diligence.

b. Remedies. If the mortgagee or beneficiary shall be required to exercise its right to cure said default or defaults through litigation or through foreclosure, then CITY shall have the option of the following courses of action in order that the default or defaults may be expeditiously corrected:

- (1) CITY may correct said default or defaults and charge the costs thereof to the account of the LESSEE, which charge shall be due and payable on the date that the rent is next due after presentation by CITY to LESSEE and mortgagee or beneficiary of a statement of said costs.
- (2) CITY may correct said default or defaults and may pay the costs thereof from the proceeds of any insurance fund held by CITY, CITY and LESSEE or by CITY and mortgagee or beneficiary, or CITY may use the funds of any faithful performance or cash bond on deposit with CITY, or CITY may call on the bonding agent to correct the default or defaults or to pay the costs of correction performed by or at the direction of CITY.
- (3) CITY may terminate this lease as to the rights of LESSEE by assuming or causing the assumption of liability for any trust deed or mortgage. LESSEE agrees to assume and pay any and all penalties or bonuses required by the beneficiaries, trustees or mortgagees as a condition for early payoff of the related obligations by CITY. CITY may, as an alternative, substitute for the terminated LESSEE a new LESSEE reasonably satisfactory to the mortgagee or beneficiary. Any reasonable cost incurred by CITY in releasing to a new tenant shall be the responsibility of the terminated LESSEE, and LESSEE hereby agrees to reimburse CITY for any such costs.

Should the default or defaults be noncurable by LESSEE, then any lender holding a beneficial interest in the leasehold whose qualifications as an assignee have been approved by CITY shall have the absolute right to substitute itself to the estate of the LESSEE hereunder and to commence performance of this lease. If such mortgagee or beneficiary shall give notice in writing of its election to so substitute itself within the thirty-day period after receiving written notice by CITY of the default and the default, if curable, is cured by such mortgagee or beneficiary, then this lease shall not terminate pursuant to the default. In that event, the CITY expressly consents to the substitution and authorizes the mortgagee or beneficiary to perform under this lease with all the rights, privileges and obligations of the LESSEE, subject to cure of the default, if possible, by mortgagee or beneficiary. LESSEE expressly agrees to assign all its interest in and to its leasehold estate to mortgagee or beneficiary in that event.

- c. Abandonment by LESSEE. Even though LESSEE has breached the lease and abandoned the property, this lease shall continue in effect for so long as CITY does not terminate this lease, and CITY may enforce all its rights and remedies hereunder, including, but not limited to, the right to recover the rent as it becomes due, plus damages.
- d. Waiver. Any CITY waiver of a default is not a waiver of any other default. Any waiver of a default must be in writing and be executed by the City Manager in order to constitute a valid and binding waiver. CITY delay or failure to exercise a remedy or right is not a waiver of that or any other remedy or right under this lease. The use of one remedy or right for any default does not waive the use of another remedy or right for the same default or for another or later default. The CITY'S acceptance of any rents is not a waiver of any default preceding the rent payment. CITY and LESSEE specifically agree that the property constituting the premises is City-owned and held in trust for the benefit of the citizens of the City of San Diego and that any failure by the City Manager or the City staff to discover a default or take prompt action to require the cure of any default shall not result in an equitable estoppel but the CITY shall at all times, subject to applicable statute of limitations, have the legal right to require the cure of any default when and as such defaults are discovered or when and as the City Council directs the City Manager to take action or require the cure of any default after such default is brought to the attention of the City Council by the City Manager or by any concerned citizen.

- 4.05 Eminent Domain. If all or part of the premises is taken through condemnation proceedings or under threat of condemnation by any public authority with the power of eminent domain, the interests of the CITY and LESSEE (or beneficiary or mortgagee), will be as follows:
- a. In the event the entire premises are taken, this lease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.
 - b. In the event of a partial taking, leaving the remainder unusable for lease purposes, if in the opinion of the CITY, the remaining part of the premises is unsuitable for the lease operation, this lease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.
 - c. In the event of a partial taking, leaving the remainder usable for lease purposes, if in the opinion of the CITY, the remainder of the premises is suitable for continued lease operation, this lease shall terminate in regard to the portion taken on the date of the transfer of title or possession of the condemning authority, whichever occurs first, but shall continue for the portion not taken. The minimum rent shall be reduced in proportion to the amount of the premises taken.
 - d. Award. All monies awarded in any such taking shall belong to CITY whether such taking results in diminution in value of the leasehold or the fee or both; provided, however, LESSEE shall be entitled to any award attributable to the taking of, or damages to, installations or improvements of LESSEE. CITY shall have no liability to LESSEE for any award not provided by the condemning authority.
 - e. Transfer. CITY has the right to transfer the CITY'S interests in the premises, in lieu of condemnation, to any authority entitled to exercise the power of eminent domain. If a transfer occurs, the LESSEE shall retain its possessory interest in the fair market value of any improvements placed on the premises in accordance with this lease by LESSEE.
 - f. No Inverse Condemnation. The exercise of any CITY right under this lease shall not be interpreted as an exercise of the power of eminent domain and shall not impose any liability upon CITY for inverse condemnation.

SECTION 5: INSURANCE RISKS/SECURITY

5.01 Indemnity. LESSEE at all times shall relieve, indemnify, protect and save CITY and any and all of its boards, officers, agents and employees harmless from any and all claims and demands, actions, proceedings, losses, liens, costs, judgments, civil fines and penalties of any nature whatsoever in regard to or resulting from the use of the premises, including, but not limited to, expenses incurred in legal actions, death, injury or damage that may be caused directly or indirectly by:

- a. Any unsafe or defective condition in or on the premises of any nature whatsoever, which may exist by reason of any act, omission, neglect, or any use or occupation of the premises,
- b. Any operation, use or occupation conducted on the premises,
- c. Any act, omission or negligence on the part of LESSEE, its employees, agents, sublessees, invitees, licensees or
- d. Any failure by LESSEE to comply or secure compliance with any of the lease terms or conditions.

5.02 Insurance. LESSEE shall take out and maintain at all times during the term of this lease the following insurance at its sole expense:

- a. Public liability and property damage insurance in the amount of not less than ONE MILLION DOLLARS (\$1,000,000) COMBINED SINGLE LIMIT LIABILITY. This policy shall cover all injury or damage, including death, suffered by any party or parties, from acts or failures to act by CITY or LESSEE or by authorized representatives of CITY or LESSEE, on or in connection with the use or operation of the premises.
- b. Fire, extended coverage and vandalism insurance policy on all insurable property on the premises, in an amount to cover 100 percent of the replacement cost. Any proceeds from a loss shall be payable jointly to CITY and LESSEE. The proceeds shall be placed in a trust fund to be reinvested in rebuilding or repairing the damaged property. If there is a mortgage or trust deed on the leasehold in accordance with the ENCUMBRANCE section hereof, the proceeds may be paid to the approved mortgagee or beneficiary so long as adequate provision reasonably satisfactory to CITY has been made in each case for the use of all proceeds for repair and restoration of damaged or destroyed improvements on the premises.

- c. Conditions. All insurance policies will name the CITY as an additional insured, protect the CITY against any legal costs in defending claims and will not terminate without sixty (60) days prior written notice to the CITY. All insurance companies must be satisfactory to the CITY and licensed to do business in California. All policies will be in effect on or before the first day of the lease, except "course of construction fire insurance" shall be in force on commencement of all authorized construction on the premises and full applicable Fire Insurance coverage shall be effective upon completion of each insurable improvement. Certificates, in a form satisfactory to the CITY, will remain on file with CITY during the entire term of the lease. At least thirty (30) days prior to the expiration of each policy, LESSEE shall furnish a certificate(s) showing that a policy has been obtained which meets the terms of this lease.
- d. Modification. CITY, at its discretion, may require the revision of amounts and coverages at any time during the term by giving LESSEE sixty (60) days prior written notice. CITY'S requirements shall be designed to assure protection from and against the kind and extent of risk existing on the premises. LESSEE also agrees to acquire any additional insurance required by CITY for new improvements, in order to meet the requirements of this lease.
- e. Accident Reports. LESSEE shall report to CITY any accident causing more than Ten Thousand Dollars (\$10,000) worth of property damage or any serious injury to persons on the premises. This report should contain the names and addresses of the parties involved, a statement of the circumstances, the date and hour, the names and addresses of any witnesses and other pertinent information.
- f. Failure to Comply. If LESSEE fails or refuses to take out and maintain the required insurance, or fails to provide the proof of coverage, CITY has the right to obtain the insurance. LESSEE shall reimburse CITY for the premiums paid with interest at the maximum allowable legal rate then in effect in California. CITY shall give notice of the payment of premiums within thirty (30) days of payment stating the amount paid, names of the insurer or insurers and rate of interest. Said reimbursement and interest shall be paid by LESSEE on the first (1st) day of the month following the notice of payment by CITY.

Notwithstanding the preceding provisions of this subsection f., if LESSEE fails or refuses to take out or maintain insurance as required in this lease, or fails to provide the proof of insurance, CITY has the right to declare this lease in default without further notice to LESSEE and CITY shall be entitled to exercise all legal remedies in the event of such default.

5.03 Waste, Damage or Destruction. LESSEE agrees to give notice to the CITY of any fire or other damage that may occur on the leased premises within ten (10) days of such fire or damage. LESSEE agrees not to commit or suffer to be committed any waste or injury or any public or private nuisance, to keep the premises clean and clear of refuse and obstructions, and to dispose of all garbage, trash and rubbish in a manner satisfactory to the CITY. If the leased premises shall be damaged by any cause which puts the premises into a condition which is not decent, safe, healthy and sanitary, LESSEE agrees to make or cause to be made full repair of said damage and to restore the premises to the condition which existed prior to said damage, or at the CITY'S option LESSEE agrees to clear and remove from the leased premises all debris resulting from said damage and rebuild the premises in accordance with plans and specifications previously submitted to the CITY and approved in writing in order to replace in kind and scope the operation which existed prior to such damage using for either purpose the insurance proceeds as set forth in Section 5.02 Insurance, hereof.

LESSEE agrees that preliminary steps toward performing repairs, restoration or replacement of the premises shall be commenced by LESSEE within thirty (30) days and the required repairs, restoration or replacement shall be completed within a reasonable time thereafter. CITY may determine an equitable deduction in the minimum annual rent requirement for such period or periods that said premises are untenable by reason of such damage.

SECTION 6: IMPROVEMENTS/ALTERATIONS/REPAIRS

- 6.01 Acceptance of Premises. By signing this lease, LESSEE represents and warrants that it has independently inspected the premises and made all tests, investigations and observations necessary to satisfy itself of the condition of the premises. LESSEE agrees it is relying solely on such independent inspection, tests, investigations and observations in making this lease. LESSEE further acknowledges that premises are in the condition called for by this lease, that CITY has performed all work with respect to the premises and that LESSEE does not hold CITY responsible for any defects in the premises.
- 6.02 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 thereon. In the event that such entry or inspection by CITY discloses that said premises are not in a decent, safe, healthy and sanitary condition, CITY shall have the right, after ten 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 decent, safe, healthy and sanitary condition. Further, if at any time the CITY determines that said premises are not in a decent, safe, healthy and sanitary condition, CITY may at its sole option, without additional notice, require LESSEE to file with CITY a faithful performance bond to assure prompt correction of any condition which is not decent, safe, healthy and sanitary. Said bond shall be in an amount adequate in the opinion of the CITY to correct the said unsatisfactory condition. LESSEE shall pay the cost of said bond. The rights reserved in this section shall not create any obligations on CITY or increase obligations elsewhere in this lease imposed on CITY.
- 6.03 Maintenance. LESSEE agrees to assume full responsibility and cost for the operation and maintenance of the premises, throughout the term. LESSEE will make all repairs and replacements necessary to maintain and preserve the premises in a decent, safe, healthy and sanitary condition satisfactory to the CITY and in compliance with the Development Plan described in Section 6.12 hereof and with all applicable laws.

- 6.04 Improvements/Alterations. No improvements, structures or installations shall be constructed within the premises and the premises may not be altered by the LESSEE without prior written approval by the City Manager. Further, LESSEE agrees that major structural or architectural design alterations to approved improvements, structures or installations may not be made on the premises without prior written approval by the City Manager and such approval shall not be unreasonably withheld. This provision shall not relieve the LESSEE of any obligation under this lease to maintain the premises in decent, safe, healthy and sanitary condition, including structural repair and restoration of damaged or worn improvements. The CITY shall not be obligated by this lease to make, or assume any expense for, any improvements or alterations.
- 6.05 Utilities. LESSEE agrees to order, obtain and pay for all utilities and service and installation charges in connection with the development and operation of the leased premises. All utilities will be installed underground.
- 6.06 Construction Bond. Whenever there is any construction to be performed on the premises, LESSEE shall deposit with CITY, prior to commencement of said construction a faithful performance bond in the amount of 100 percent of the estimated construction cost of the work to be performed. The bond may be in cash or may be a corporate surety bond or other security satisfactory to CITY. The bond shall insure that the construction commenced by LESSEE shall be completed in accordance with the plans approved by CITY or, at the option of CITY, that the uncompleted construction shall be removed and the premises restored to a condition satisfactory to CITY. The bond or cash will be held in trust by CITY for the purpose specified above or at CITY'S option it may be placed in an escrow or other trust approved by CITY. In the event that LESSEE fails to comply with this provision, this lease may be terminated by CITY.
- 6.07 Liens. LESSEE will at all times save CITY free and harmless and indemnify CITY against all claims for labor or materials in connection with operations, improvements, alterations or repairs on or to the premises, and the costs of defending against such claims, including reasonable attorney's fees.

If improvements, alterations or repairs are made to the premises by LESSEE or by any party other than CITY and a lien or notice of lien is filed, LESSEE shall within five (5) days of such filing either:

- a. Take all actions necessary to record a valid release of lien, or
- b. File with CITY a bond, cash, or other security acceptable to CITY, sufficient to pay in full all claims of all persons seeking relief under the lien.

6.08 Taxes. LESSEE agrees to pay, before delinquency, all taxes, assessments and fees assessed or levied upon LESSEE or the premises including the land, any buildings, structures, machines, equipment, appliances or other improvements or property of any nature whatsoever, erected, installed or maintained by LESSEE or levied by reason of the business or other LESSEE activities related to the leased premises, including any licenses or permits. LESSEE recognizes and agrees that this lease may create a possessory interest subject to property taxation and that the LESSEE may be subject to the payment of taxes levied on such interest and that LESSEE shall pay all such possessory interest taxes.

LESSEE further agrees that payment for such taxes, fees and assessments will not reduce any rent due the CITY.

6.09 Signs. LESSEE agrees not to erect or display any banners, pennants, flags, posters, signs, decorations, marquees, awnings or similar devices or advertising without the prior written consent of the CITY. If any such unauthorized item is found on the premises, LESSEE agrees to remove the item at its expense within 24 hours notice thereof by CITY or CITY may thereupon remove the item at LESSEE'S cost.

6.10 Ownership of Improvements and Personal Property.

- a. All and any improvements, structures and installations or additions to the premises now existing or constructed on the premises by LESSEE, shall at lease expiration or termination, be deemed to be part of the premises and shall become at CITY'S option the CITY'S property, free of all liens and claims except as otherwise provided in this lease.
- b. If the CITY elects not to assume ownership of all or any improvements, structures and installations, CITY shall so notify LESSEE 30 days prior to termination or 180 days prior to expiration and the LESSEE shall remove all such improvements, structures and installations as directed by the CITY at LESSEE'S sole cost on or before lease expiration or termination. If the LESSEE fails to remove any improvements, structures and installations as directed, the LESSEE agrees to pay CITY the full cost of any removal.
- c. LESSEE-owned machines, appliances, equipment (other than trade fixtures) and other items of personal property shall be removed by LESSEE by the date of the expiration or termination of this lease. Any said items which LESSEE fails to remove will be considered abandoned and become the CITY'S property free of all claims and liens, or CITY may at its option remove said items at LESSEE'S expense.

- d. If any removal of such personal property by LESSEE results in damage to the remaining improvements on the premises, LESSEE agrees to repair all such damage.
 - e. Any necessary removal by either CITY or LESSEE which takes place beyond said expiration or termination hereof shall require rental by LESSEE to CITY at the rate in effect immediately prior to said expiration or termination.
 - f. Notwithstanding any of the foregoing, in the event LESSEE desires to dispose of any of its personal property used in the operation of said premises upon expiration or termination of this lease, then CITY shall have the first right to acquire or purchase said personal property.
- 6.11 Unavoidable Delay. If the performance of any act required of CITY or LESSEE is directly prevented or delayed by reason of strikes, lockouts, labor disputes, unusual governmental delays, acts of God, fire, floods, epidemics, freight embargoes or other causes beyond the reasonable control of the party required to perform an act, said party shall be excused from performing that act for the period equal to the period of the prevention or delay. Provided, however, this provision shall not apply to obligations to pay rental as required pursuant to this lease. In the event LESSEE or CITY claim the existence of such a delay, the party claiming the delay shall notify the other party in writing of such fact within ten days after the beginning of any such claimed delay.
- 6.12 Development Plan. LESSEE agrees to develop the leased premises in accordance with the General Development Plan approved by the City Manager and filed in the Office of the City Clerk which plan is hereby incorporated by this reference. The general contents and provisions of the development plan are described in Exhibit B hereto. The City Manager or his designee shall have the authority to authorize changes to the plan provided that the basic concept may not be modified without City Council approval and a document evidencing any approved changes shall be filed in the Office of the City Clerk. Failure by LESSEE to comply with the General Development Plan shall constitute a major default and subject this lease to termination by CITY.
- 6.13 Coastal Commission Approval. LESSEE shall comply with the California Coastal Act, at its sole cost, and apply to the San Diego Coast Regional Commission or other such authorized State body for any necessary coastal development permit authorizing the construction of improvements in the Coastal Zone. LESSEE will proceed with diligence to obtain such permit, but if unable to do so within six (6) months after the date of this lease, this lease will terminate.

SECTION 7. OPTION TO LEASE ADDITIONAL PROPERTY

7.01 Option Agreement

- a. CITY hereby grants to LESSEE, referred to in this section as "OPTIONEE," an option for the period of five (5) years from the date of commencement of the lease agreement, to lease from CITY that certain real property shown on the attached Exhibit "A" as Parcel 2. This option is subject to all of the terms and conditions set forth herein.
- b. The consideration for this option is \$610 per year to be paid to CITY on the commencement date of the lease agreement and on each succeeding yearly anniversary date thereafter for the five (5) year term. Failure to pay this amount when due shall cancel this option. This annual payment shall be prorated to the date the option is exercised. This option is not renewable beyond the original five (5) year term.
- c. This option may be exercised by OPTIONEE at any time prior to the expiration of said five (5) year term by OPTIONEE giving written notice of its election to do so and upon OPTIONEE having first performed all of the terms and conditions contained herein to the satisfaction of the City Manager.
- d. The monthly rental for Parcel 2, should OPTIONEE exercise this option to lease, will be \$260 subject to the same periodic adjustments and reappraisals, and on the same schedule, as those enumerated in Section 3.02 herein. In any event, the first rental adjustment and reappraisal shall occur on the same date as that set forth in Section 3.02 herein for Parcel 1. The monthly rental shall be prorated to the date the option is exercised.
- e. CITY grants to OPTIONEE the right to enter said Parcel 2 at its own risk for the purpose of site evaluation, planning, and design, provided OPTIONEE at its expense first secures a license agreement from the Atchison, Topeka and Santa Fe Railway Company to permit legal access across the railroad right-of-way. OPTIONEE shall have no vested or possessory interest in said Parcel 2, and CITY retains the right of use and possession while this option is in effect.
- f. OPTIONEE'S indemnification of CITY (Section 5.01) and public liability and property damage insurance (Section 5.02) shall be extended to cover Parcel 2.
- g. The required construction bond (Section 6.06) and development plan (Section 6.12) shall apply to any proposed improvement to Parcel 2. CITY hereby disclaims any responsibility, liability, or obligation to issue any permits or licenses or to waive any legal requirements by reason of granting this option.

- h. Upon the exercise by OPTIONEE of this option and performance of the terms and conditions contained herein to the satisfaction of the City Manager, a memorandum of understanding shall be signed by the City Manager and OPTIONEE, without need for further action by the City Council of CITY, incorporating Parcel 2 into the leasehold. Parcel 2 shall then be subject to all provisions of the lease, including the same expiration date of March 14, 2038.
- i. CITY hereby reserves unto itself an access easement over, along and across the northerly sixteen (16) feet of Parcel 1. OPTIONEE may extend its fence to enclose this access area, provided OPTIONEE, at its expense, installs and allows use of 16-foot-wide gates and furnishes keys to CITY so that 24-hour access is available to CITY. Should the gates be in a different alignment than said 16-foot access strip, CITY also reserves the right to cross Parcel 1 by a practical route extending to and from said gates and said 16-foot strip so that access is physically possible. The approximate location of CITY'S access route is shown on the plot plan attached hereto as Exhibit B. If OPTIONEE does not exercise this option to lease Parcel 2, CITY then also hereby reserves all of the aforesaid access rights to any future CITY lessee of Parcel 2. In the event OPTIONEE leases Parcel 2, CITY hereby reserves unto itself an access easement over, along and across the northerly sixteen (16) feet of Parcel 2 with the same provision for fences, gates, and keys as for Parcel 1.

SECTION 8: GENERAL PROVISIONS

8.01 Notices.

- a. Any notice required or permitted to be given hereunder shall be in writing and may be served personally or by United States mail, postage prepaid, addressed to LESSEE at the leased premises or at such other address designated in writing by LESSEE; and to CITY as follows:

City Manager, Attention Property Director
City Administration Building
202 C Street, M.S. 9B
San Diego, CA 92101-4155

or to any mortgagee, trustee or beneficiary, as applicable at such appropriate address designated in writing by the respective party.

- b. Any party entitled or required to receive notice under this lease may by like notice designate a different address to which notices shall be sent.

8.02 Compliance with Law. LESSEE will at all times in the construction, maintenance, occupancy and operation of the premises, comply with all applicable laws, statutes, ordinances and regulations of the CITY, County, State and Federal Government, at LESSEE'S sole cost and expense. In addition, LESSEE will comply with any and all notices issued by the City Manager or his authorized representative under the authority of any such law, statute, ordinance, or regulation.

8.03 CITY Approval. The approval or consent of the CITY, wherever required in this lease, shall mean the written approval or consent of the City Manager unless otherwise specified, without need for further resolution by the City Council.

8.04 Nondiscrimination. LESSEE agrees not to discriminate in any manner against any person or persons on account of race, marital status, sex, religious creed, color, ancestry, national origin, age or physical handicap in LESSEE'S use of the premises, including, but not limited to, the providing of goods, services, facilities, privileges, advantages and accommodations, and the obtaining and holding of employment.

- 8.05 Affirmation Action. LESSEE agrees to abide by the CITY'S Affirmative Action Program for LESSEES as it exists or is amended to the extent that the program is applicable to this lease. A copy of the program effective as of the date of this lease is on file in the City Clerk's Office and by this reference is part hereof. The program's goal is the attainment of employment for minorities and women in all areas of employment, in a total percentage as established by the CITY for its Affirmative Action Program each year.
- 8.06 Partial Invalidity. If any term, covenant, condition or provision of this lease is found invalid, void or unenforceable by a court of competent jurisdiction, the remaining provisions will remain in full force and effect.
- 8.07 Legal Fees. In the event of any litigation regarding this lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorney's fees.
- 8.08 Number and Gender. Words of any gender used in this lease shall include any other gender, and words in the singular number shall include the plural, when the tense requires.
- 8.09 Captions. The lease Table of Contents, section headings and captions for various articles and paragraphs shall not be held to define, limit, augment or describe the scope, content or intent of any or all parts of this lease. The numbers of the paragraphs and pages of this lease may not be consecutive. Such lack of consecutive numbers is intentional and shall have no effect on the enforceability of this lease.
- 8.10 Entire Understanding. This lease contains the entire understanding of the parties. The LESSEE, by signing this agreement, agrees that there is no other written or oral understanding between the parties in respect to the lease premises. Each party has relied on its own examination of the premises, advice from its own attorneys and the warranties, representations and covenants of the lease itself. Each of the parties in this lease agrees that no other party, agent or attorney of any other party has made any promise, representation or warranty whatsoever, which is not contained in this lease.

The failure or refusal of any party to read the lease or other documents, inspect the premises and obtain legal or other advice relevant to this transaction, constitutes a waiver of any objection, contention or claim that might have been based on these actions. No modification, amendment or alteration of this lease will be valid unless it is in writing and signed by all parties.

IN WITNESS WHEREOF, this lease agreement is executed by CITY, acting by and through its City Manager, and by LESSEE, acting by and through its lawfully authorized officers.

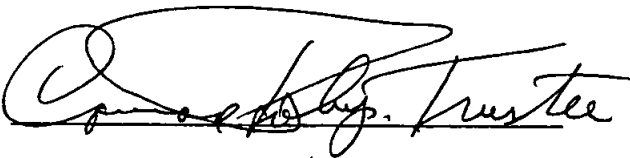
THE CITY OF SAN DIEGO

Date OCT 31 1983

By 
ASSISTANT TO THE City Manager

LESSEE:

Date Sept 2, 1983

By 

By _____

APPROVED as to form and legality this 14 day of November, 1983

JOHN W. WITT, CITY ATTORNEY

By 
Deputy City Attorney

PTC:mh(4)D6
9-1-83

LEGEND

- Indicates found 1" iron pipe & Div. of Hwy. tag
- Indicates existing 15" V.C. Sewer & M.H.
- G— Indicates existing 16" H.P. Gas Main.
- FL— Indicates existing Navy Fuel Line
- x— Indicates existing R/W Fence
- Indicates existing posts and cable
- Indicates existing Power Pole.
- Indicates existing S.D.G. & E. utility box.

Parcel 1: Lease Parcel
Parcel 2: Option Parcel

-25-

PACIFIC HIGHWAY

AT & S.F. R.R. R/W

SAN DIEGO
POR. P.L. 305
M.M. 35

P.L. 304
RIVER

(GREENWOOD ST.)
FLOODWAY

PARCEL 1
0.308 AC.

PARCEL 2
0.388 AC.

BLK 343
(SUNSET)
OLD TOWN-M.M. 40

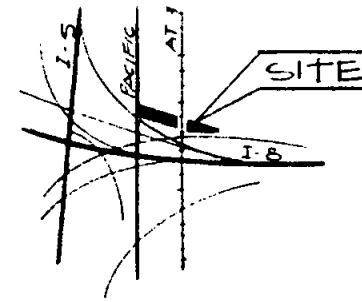
INTERSTATE

8

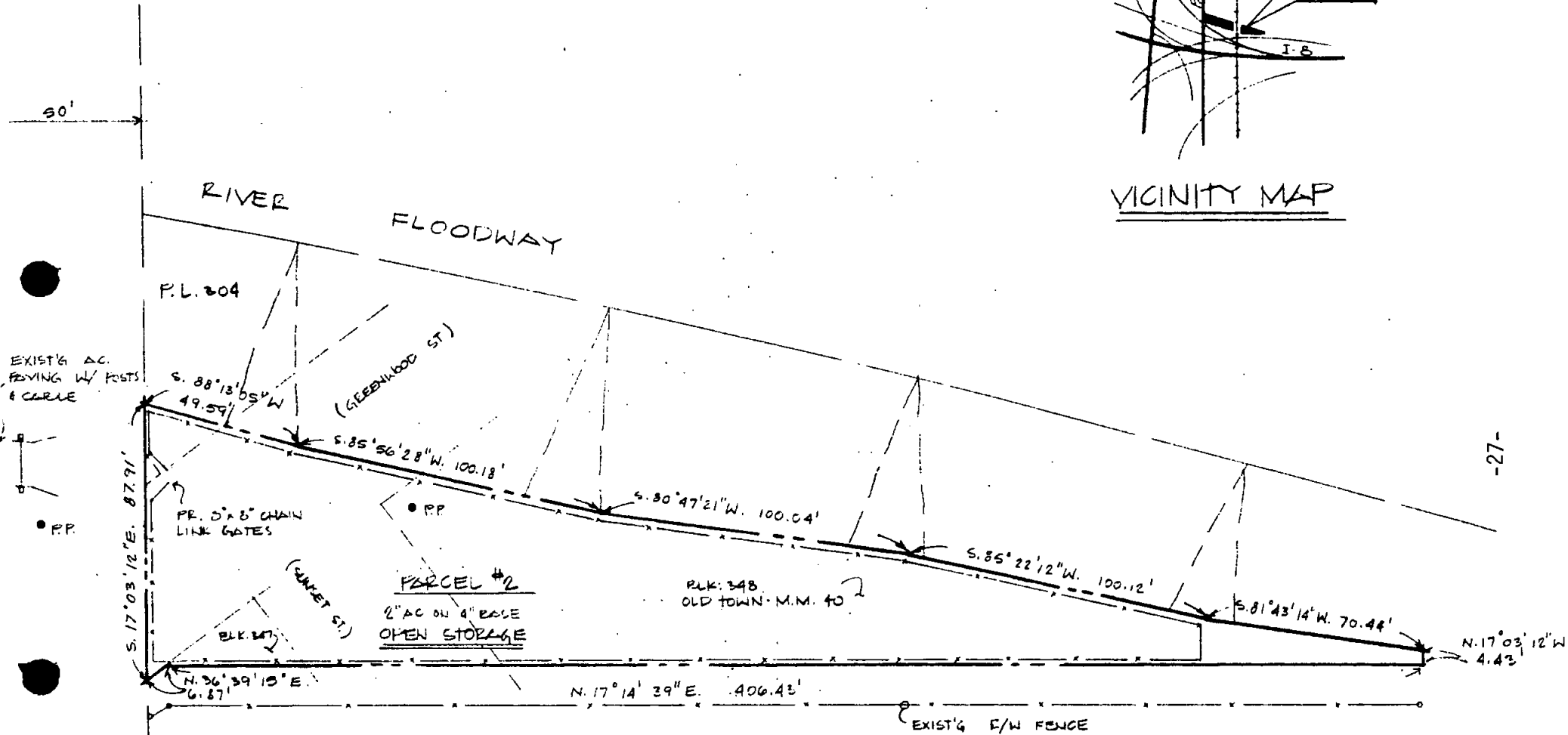


EXHIBIT A

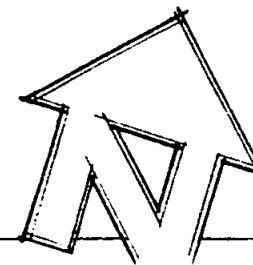




VICINITY MAP



PHASE 2



RECEIVED

SEP 30 1983

PROPERTY DEPT.

Progress Construction Co., Inc.

5847 EL CAJON BLVD.
SAN DIEGO, CALIF. 92115
PHONE 286-0733

September 29, 1983

City of San Diego
Attention: Mr. Paul Crawford
Property Department
City Operations Building
1222 First Avenue
San Diego, California 92101

Dear Mr. Crawford:

If I am permitted to lease the city land I am prepared to make the following improvements:

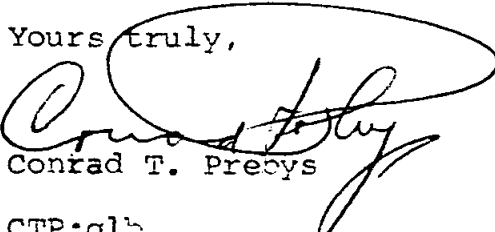
Extend existing buildings onto city land a gross agregate area of 2460 sq. ft. @ \$15.00 per sq. ft.	\$36,900.00
Add 9000 sq. ft. of concrete paving	25,000.00
Add 3 ft. high split faced block wall fence	13,000.00
Site preparation	12,000.00
Total	<u>\$86,900.00</u>

I plan to commence construction immediately on acquiring the lease and anticipate completion within two months thereafter.

By leasing the city land I would be able to construct the buildings over areas that were originally to be used for access driveways to the buildings on the rear of the Cal-Trans property.

By the structures being built over property lines and having the access driveway only on city land, the Cal-Trans land and city land would consequently be permanently tied together.

Yours truly,


Conrad T. Prebys

CTP:glb

EXHIBIT B

RESOLUTION NUMBER R- 259542

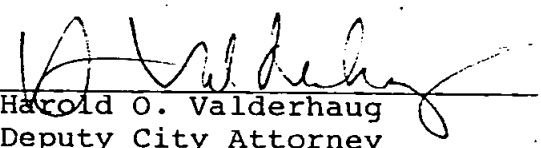
Adopted on OCT 31 1983

BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager is hereby authorized to execute a lease agreement for a period of years expiring March 14, 2038, with Conrad T. Prebys, Trustee under Trust Agreement dated December 17, 1982, for a 0.31-acre City-owned parcel at Pacific Highway and the San Diego River Floodway, including a 5-year option to lease an adjacent 0.39-acre City-owned parcel for the same term, both parcels being Site 25, Area D, which two parcels have been appraised at \$61,000 and \$26,000, respectively, and which lease requires an initial rent of \$6,096 per year on the leased parcel, with a \$610 fee per year for the option parcel and an initial rent of \$3,120 per year on the option parcel if the option is exercised.

BE IT FURTHER RESOLVED, that the Determination of Adequate Prior Review, EQD No. 83-0458, dated July 20, 1983, is hereby accepted and approved.

APPROVED: John W. Witt, City Attorney

By


Harold O. Valderhaug
Deputy City Attorney

HOV:ta:730
9/27/83
Or.Dept:Prop.
R-84-534
Form=r.none

Lease agreement on file in the Office of the City Clerk as Document No. RR-259542.

Passed and adopted by the Council of The City of San Diego
on OCT 31 1983, by the following vote:

YEAS: Mitchell, Cleator, McColl, Jones, Struiksma, Gotch, Murphy,
Martinez, Hedgecock.

NAYS: None.

NOT PRESENT: None.

AUTHENTICATED BY:

ROGER HEDGECOCK
Mayor of The City of San Diego, California.

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California.

(SEAL)

By JUNE A. BLACKNELL, Deputy.

I HEREBY CERTIFY that the above and foregoing is a full,
true and correct copy of RESOLUTION NO. R-259542
passed and adopted by the Council of The City of San Diego,
California, on OCT 31 1983.

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California.

(SEAL)

By June A. Blacknell, Deputy.

legal side

Property 503
Chawford

(R-84-534)

RESOLUTION NUMBER R- **259542**

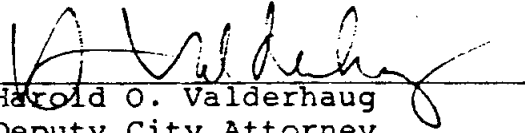
Adopted on **OCT 31 1983**

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APPROVED: John W. Witt, City Attorney

By


Harold O. Valderhaug
Deputy City Attorney

HOV:ta:730
9/27/83
Or.Dept:Prop.
R-84-534
Form=r.none

Lease agreement on file in the Office of the City Clerk as Document No. **259542**

CONRAD PREBYS
TRUST AGREEMENT

This Trust Agreement is entered into at San Diego County, on DECEMBER 17, 1982, between CONRAD PREBYS as trustor, and CONRAD PREBYS as trustee.

The trustor has transferred and delivered to the trustee, without any consideration on the trustee's part, the property set forth in Schedule A. Said property, together with any other property that may later become subject to this trust, shall constitute the trust estate, and shall be held, administered and distributed as hereinafter provided.

SECTION 1: FACTS AND DECLARATIONS.

1.1 Declaration Concerning Family. The trustor is widowed and has one child, ERIC PREBYS. The trustor is contemplating marriage to MARILYN THOMPSON and has made provision for her herein. If the trustor and MARILYN THOMPSON are not married at the time of the trustor's death, the provisions herein for her benefit shall not be given effect and MARILYN THOMPSON shall be deemed to have predeceased the trustor for the purposes of this trust.

1.2 Character of Property. All of the property transferred to this trust by the trustor is his separate property.

1.3 Addition of Property. Other property acceptable to the trustee may be added to the trust at any time, by the trustor or by any other person, either during lifetime or at death; such additional property, upon its receipt and acceptance by the trustee, shall become a part of the trust estate.

SECTION 2: RIGHTS RESERVED BY TRUSTOR.

2.1 Right of Revocation and Amendment. The trustor, during the trustor's lifetime, by written instrument filed with the trustee, may revoke this trust in whole or in part, and may alter or divest the interests of beneficiaries or change beneficiaries, and, with the trustee's written consent, may amend this trust without limitation in any other respect. Amendments may be cancelled or amended in like manner.

SECTION 3: DISPOSITION OF PRINCIPAL AND INCOME.

3.1 During the Trustor's Lifetime.

3.1.1 During the trustor's lifetime, the trustee shall pay to CONRAD PREBYS, or shall apply for his benefit, the entire net income of the trust estate, quarter-annually, or in more frequent installments. At the trustor's written request, delivered to the trustee, the trustee shall pay to the trustor so much of the principal of the trust estate as he shall request.

3.1.2 In addition, during the trustor's lifetime, the trustee may pay to or apply for the trustor's benefit as much of the principal of the trust estate as the trustee, in the trustee's discretion, deems necessary for the trustor's proper support, health and maintenance, after taking into consideration, to the extent the trustee deems advisable, any other income or resources of the trustor outside this trust, known to the trustee and reasonably available for these purposes.

3.1.3 If at any time, either in the trustee's discretion or as certified in writing by two licensed physicians, the trustor has become physically or mentally incapacitated, whether or not a court of competent jurisdiction has declared the trustor incompetent, mentally ill, or in need of a conservator, the trustee shall apply for the benefit of the trustor the amounts of net income and principal necessary in the trustee's discretion for the proper health, support, and maintenance of the trustor in accordance with his accustomed manner of living at the date of this instrument, until the trustor, either in the trustee's discretion or as certified by two licensed physicians, is again able to manage his own affairs, or until his earlier death. Any income in excess of the amounts so applied for the benefit of the trustor shall be accumulated and added to principal.

3.2 Discretion to Pay Debts, Expenses and Taxes.
Upon the death of the trustor, the trustee may, in the trustee's discretion, pay out of the trust estate his last illness and funeral expenses; other obligations incurred for his support; attorneys' fees and other costs incurred in administering his probate estate; and, subject to the provisions of Section 6, estate and inheritance taxes (including interest and penalties thereon).

3.3 After the Trustor's Death. Upon the trustor's death, the trustee shall make the following distributions:

3.3.1 The sum of One Hundred Thousand Dollars (\$100,000), in cash or kind, to each of the trustor's brothers, THEODORE PREBYS, ROBERT PREBYS, RONALD PREBYS and PAUL PREBYS, if they survive the trustor; if a brother of trustor fails to survive him, the gift to the deceased brother shall be distributed to his issue who survive the trustor, upon the principle of representation, and if no such issue so survives, that gift shall fail.

3.3.2 An amount equal to one-half of the balance of the trust estate (including accrued or undistributed income and any property distributed to the trust estate from the decedent's probate estate) to MARILYN THOMPSON, if at trustor's death she is living and married to trustor. If MARILYN THOMPSON is not then married to the trustor or fails to survive him, this gift shall fail.

3.3.3 The balance of the trust estate shall be distributed to ERIC PREBYS, if he survives the trustor, otherwise to his issue who survive the trustor, upon the principle of representation. Distribution to ERIC PREBYS or his issue, as the case may be, shall be subject to the provisions of the trust for beneficiaries under age twenty-one (21) set forth below.

3.4 Trust for Beneficiaries Under Age Twenty-One (21). Notwithstanding any provision hereof to the contrary, any share of the trust estate distributable to a beneficiary under age twenty-one (21) under the foregoing provisions shall be held and administered for his or her benefit while he or she is under age twenty-one (21) and the trustee shall apply so much of the net income and principal thereof as the trustee, in the trustee's discretion, shall deem necessary for such beneficiary's reasonable health, maintenance, support and education, and the trustee shall accumulate for the benefit of such beneficiary any income not so applied or paid. When such beneficiary attains age twenty-one (21), any of such part then held for such beneficiary shall be distributed to him or her, and in case of his or her death prior thereto, shall be distributed to his or her estate.

3.5 Ultimate Gift. Any of the trust estate not disposed of under the foregoing provisions shall go and be distributed to the trustor's heirs-at-law. The identity and respective shares of said heirs shall be determined in all respects as though the trustor's death had occurred immediately following the happening of the event requiring such distribution, and according to the laws of California then in force

relating to the succession of separate property not acquired from a predeceased spouse.

SECTION 4: GENERAL PROVISIONS.

4.1 Notice of Right to Payment. Until the trustee shall receive from some person interested in this trust written notice of any birth, marriage, death, or other event upon which the right to payments from this trust may depend, the trustee shall incur no liability to persons whose interests may have been affected by that event for disbursements made in good faith.

4.2 Spendthrift Provision. The interests of beneficiaries in principal or income shall not be subject to claims of their creditors or others, nor to legal process, and may not be voluntarily or involuntarily alienated or encumbered.

4.3 Definition of Education. Whenever provision is made in this trust for payment for the "education" of a beneficiary, the term "education" shall be construed to include college and postgraduate study, so long as in the sole judgment of the trustee said study is pursued to advantage by the beneficiary, at an institution of the beneficiary's choice. In determining payments to be made for such education, the trustee shall take into consideration the beneficiary's related living expenses to the extent that they are reasonable.

4.4 Segregation of Trusts. There need be no physical segregation or division of the various trusts except as segregation or division may be required by the termination of any of the trusts, but the trustee shall keep separate accounts for the different undivided interests.

4.5 Rights of Successive Beneficiaries. Whenever the right of any beneficiary to payments from net income or principal hereunder shall terminate, either by reason of death or otherwise, all such payments accrued or undistributed by the trustee at the date of such termination shall be distributed to the beneficiary entitled to the next successive interest hereunder.

4.6 Payments to Beneficiary Under Disability. The trustee may apply payments for the benefit of any beneficiary, or may make payments to any beneficiary under disability to the guardian of the person of the beneficiary or to the parent of the beneficiary, if a minor. Sums necessary for support and education may be paid directly to minor beneficiaries who, in the judgment of the trustee, have attained sufficient age and

discretion to render it probable that the moneys will be properly expended.

4.7 Perpetuities Saving Clause. Unless sooner terminated in accordance with other provisions, this trust shall terminate twenty-one (21) years after the death of the last survivor of the beneficiaries in being at the time of the death of the first of the trustors to die. All principal and undistributed income of any trust so terminated shall be distributed to the then income beneficiaries of that trust in the proportions in which they are, at the time of termination, entitled to receive the income; provided, however, that if the rights to income are not then fixed by the terms of the trust, distribution under this clause shall be made in equal shares to those beneficiaries who are then entitled or authorized to receive income payments.

4.8 Accounting By Trustee. The trustee may render an accounting from time to time regarding the transactions of a trust created in this instrument by delivering a written accounting to each beneficiary entitled to current distributions from the trust. In the event a current beneficiary is a minor, the accounting shall be delivered to the minor's parents or guardian of his person. Unless one or more of the beneficiaries (or a minor's parent or guardian of a minor's person) shall deliver a written objection to the trustee within ninety (90) days of receipt of the trustee's account, the account shall be deemed settled, and shall be final and conclusive in respect to transactions disclosed in the account as to all beneficiaries of the trust, including unborn and unascertained beneficiaries. After settlement of the account by reason of the expiration of the ninety (90) day period referred to above, or by agreement of the parties, the trustee shall no longer be liable to any beneficiary of the trust, including unborn or unascertained beneficiaries, in respect to transactions disclosed in the account, except for the trustee's intentional wrongdoing or fraud.

SECTION 5: TRUSTEE'S POWERS. To carry out the purposes of this trust and subject to any limitations stated elsewhere herein, the trustee is vested with the following powers, in addition to those now or hereafter conferred by law, affecting the trust and the trust estate:

5.1 Retain Assets. To continue to hold any property, including shares of the trustee's own stock, as long as the trustee deems advisable.

5.2 Manage Generally. To manage, control, grant options on, sell (for cash or on deferred payments), convey, exchange, partition, divide, improve and repair trust property.

5.3 Lease. To lease trust property for terms within or beyond the term of the trust and for any purpose.

5.4 Borrow. To borrow money and to encumber or hypothecate trust property by mortgage, deed of trust, pledge, or otherwise; to borrow money on behalf of one trust from any other trust created hereunder.

5.5 Obtain Insurance. To carry, at the expense of the trust, insurance of such kinds and in such amounts as the trustee deems advisable to protect the trust estate and the trustee against any hazard.

5.6 Litigate. To commence or defend such litigation with respect to the trust or any property of the trust estate as the trustee may deem advisable, at the expense of the trust.

5.7 Compromise. To compromise or otherwise adjust any claims or litigation against or in favor of the trust.

5.8 Permissible Investments. To invest and reinvest the trust estate in every kind of property, real, personal, or mixed and every kind of investment, specifically including, but not by way of limitation, corporate obligations of every kind, stocks, preferred or common, shares of investment trusts, investment companies, common trust funds, mutual funds, and mortgage participations, which men of prudence, discretion and intelligence acquire for their own account.

5.9 Powers re Securities. With respect to securities held in the trust, to have all the rights, powers and privileges of an owner, including, but not by way of limitation, the power to vote, give proxies and pay assessments, to participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers, liquidations, sales and leases, and incident to such participation to deposit securities with and transfer title to any protective or other committee on such terms as the trustee may deem advisable; and to exercise or sell stock subscription or conversion rights.

5.9.1 To hold securities or other property in the trustee's own name or in the name of a nominee of the trustee, or in the name of the nominee of a qualified depository, without disclosing any fiduciary relationship.

5.9.2 To buy, sell or trade in securities of any nature, including short sales, on margin and for such purposes may maintain and operate margin accounts with brokers and pledge any securities held or purchased by the trustee with such brokers as security for loans and advances made to the trustee.

5.10 Employ Agents and Others. To appoint, employ and pay such agents and employees as the trustee deems necessary or advisable, including (without limiting the generality of the foregoing) accountants, attorneys, investment counselors and custodians of the trust property.

5.11 Partition on Distribution. On any preliminary or final distribution of the trust estate, to partition, allot and distribute the trust estate in undivided interests or in kind, or partly in money and partly in kind, and pro rata or otherwise, at valuations determined by the trustee, and to sell such property as the trustee may deem necessary to make division or distribution.

5.12 Discretion re Principal and Income. Subject to the later provisions of this paragraph, matters relating to the rights of beneficiaries among themselves as to principal and income shall be governed by the provisions of the Principal and Income Act from time to time existing. In the event the Principal and Income Act shall contain no provision concerning a particular item, the trustee shall have the power to determine what is principal or income of the trust estate and apportion and allocate, in the trustee's reasonable discretion, receipts and expenses as between these accounts. All of the foregoing powers shall be subject to the trustee's duties to treat equitably both the income beneficiaries and remaindermen under this trust.

5.13 Provisions Relating to Real Estate.

15.13.1 The trustee may set up and carry, and may charge to income or principal, reserves for repairs, improvements, upkeep, obsolescence, and depreciation of any real or personal rental property of the trust estate, all as the trustee, in the trustee's discretion, shall consider proper, and the portion charged to income shall be treated as an expense and deduction when arriving at net income.

5.13.2 The trustee may pay out of principal or income, or partially out of each, as the trustee, in the trustee's discretion, shall determine, any property taxes and assessments levied against trust property. The trustee may

elect to pay any assessment in a lump sum or in installments, and if the installments method is selected, may treat each installment as a separate levy for the purpose of charging the same to principal or income.

5.13.3 The trustee is empowered to (i) subdivide and resubdivide any real property of this trust; (ii) sign any applications, maps, and other documents necessary to implement subdivision or resubdivision; (iii) grant and dedicate, without receipt of consideration, any part of the trust property for streets, alleys, parkways, parks, or other public purposes; (iv) impose on such property easements, rights of way, conditions, covenants, restrictions, and other servitudes as the trustee, in the trustee's discretion, may determine to be proper; (v) encumber the property to secure funds for its improvements; and (vi) do all other acts necessary or proper to effect subdivision or resubdivision of property.

5.13.4 The trustee is authorized to subordinate any encumbrance on property that the trust may hold if, in the trustee's discretion, subordination does not unreasonably impair the security held for the loan or obligation.

5.13.5 The trustee may (i) employ real estate agents and brokers to facilitate the sale or leasing of any property of the trust estate; (ii) list property for sale or lease on such terms and conditions as the trustee may determine; (iii) grant an exclusive right to sell or lease; and (iv) agree to and pay such compensation and commissions to agents and brokers as the trustee, in the trustee's discretion, shall determine.

5.13.6 The trustee is empowered to bid for and purchase any real or personal property in which the trustee may have an interest as lienholder or otherwise, and which is sold at foreclosure sale or at trustee's or pledgee's sale, under any mortgage or deed of trust, or at any judicial sale. The trustee may also acquire by purchase at any foreclosure sale, or by deed in lieu of any foreclosure or sale, property covered by any mortgage, deed of trust, or pledge then in default, and the property may be accepted in partial or full satisfaction of the encumbrances against the property.

5.13.7 If the trustee acquires property by or in lieu of foreclosure of any mortgage, deed of trust, or other encumbrance owned by the trust, income and expense attributable to the property and proceeds of its sale by the trust shall be allocated between income and principal in the same manner as if

the property had been acquired initially as an investment by the trust.

5.14 Business Powers. The trustee shall have the power, with respect to any business interest that may become a part of the trust estate, whether organized as a sole proprietorship, partnership, or corporation, and upon such terms, for such time, and in such manner as it may deem advisable:

5.14.1 To hold, retain, and continue to operate such business solely at the risk of the trust estate and without liability on the part of the trustee for any losses resulting therefrom;

5.14.2 To dissolve, liquidate, or sell at such time and upon such terms as the trustee deems advisable;

5.14.3 To enlarge, diminish, or change the scope or nature of the activities of any business;

5.14.4 To incorporate such business and hold the stock as an asset of the trust estate;

5.14.5 In the trustee's discretion to determine whether payments of any kind or character received from the business are income or principal, in accordance with generally accepted accounting principles;

5.14.6 To authorize the participation and contribution by the business in any form of employee benefit plan, whether or not qualified as being tax deductible, as may be desirable from time to time. The actions taken by the trustee in regard to this matter shall be final and conclusive on all concerned;

5.14.7 To authorize mergers, reorganizations, consolidations, exchanges of stock and any other form of recognized business transaction involving ownership change;

5.14.8 To use the general assets of the trust for the purposes of the business; to invest additional capital in or make loans to such business, regardless of the speculative nature or nonproductivity of such investment or loan, and without regard to diversification of investments;

5.14.9 To endorse or guarantee on behalf of the trust any loan or loans made to the business, and secure said loan or loans by pledge or mortgage, not only of the trust's property interest in the stock of any such corporation but also

any other property of the trust that the trustee may deem proper;

5.14.10 To employ such officers, managers, employees, or agents as the trustee deems advisable in the management of such business, including electing or employing directors, officers, or employees of the trustee to take part in the management of such business as directors or officers or otherwise, and to pay such person or persons reasonable compensation for his services without regard to the fees payable to the trustee;

5.14.11 To cause or agree that surplus in any business in which the trust may own an interest be accumulated or to cause or agree that dividends be paid by the trustee in the trustee's sole discretion may deem advisable;

5.14.12 To accept as correct financial or other statements rendered by the business from time to time as to its conditions and operations except when having actual notice to the contrary;

5.14.13 To regard the business as an entity separate from the probate estate, with no duty to account to any court as to its business or operations;

5.14.14 To exercise with respect to the retention, continuance, or disposition of any such business all the rights and powers which an absolute owner of said interest would have, including all powers as may now or hereafter be conferred upon the trustee by law or as may be necessary to enable the trustee to administer this trust in accordance with the provisions of this instrument, subject to any limitations thereof that may be provided for herein.

5.14.15 If the business shall be unincorporated, contractual and tort liabilities arising out of the business shall be satisfied, first, out of the business and, second, out of the trust estate; but it is intended that in no event shall there be a liability of the trustee, and if the trustee shall be held liable, the trustee shall be entitled to indemnification first from the business and thereafter from the trust estate.

5.14.16 Compensation to the trustee for services rendered to the business may be paid by the trustee from the business or from other assets or from both as the trustee, in the trustee's discretion, may determine to be advisable.

5.15 Additional Powers of Trustee. The enumeration of certain powers of the trustee shall not limit the trustee's general powers, the trustee, subject always to the discharge of the trustee's fiduciary obligations, being hereby given all the rights, powers and privileges which an absolute owner of the same property would have.

SECTION 6: TAXES AND EXPENSES.

6.1 Payment of Death Taxes, Debts and Expenses. Upon the death of the trustor, the trustee may, in the trustee's discretion, pay from trust principal to the personal representative of the trustor's probate estate such sum or sums as such representative shall, in writing, demand and state to be necessary to pay all inheritance, estate or other death taxes and any interest and penalty thereon occasioned or payable by reason of the trustor's death, whether attributable to properties subject to probate administration and to properties included in this trust or to outside transfers, and such other taxes, debts, claims and expenses as shall be payable by said personal representative without apportionment, deduction or reimbursement therefor. The trustee shall have no duty to investigate any such demand and the determination of said personal representative of the amount so required shall be conclusive and binding upon all persons interested in the trust estate. The trustee shall provide funds for the purposes of this paragraph in such manner as to preserve, insofar as possible, all tax exemptions applicable to life insurance proceeds which are a part of the trust estate. Notwithstanding any provision hereof to the contrary, in no event shall any portion of such taxes be charged to the share of the trust estate distributable to MARILYN THOMPSON under the foregoing provisions, if, at the time of the trustor's death, she is living and married to the trustor.

6.2 Provision Re Flower Bonds. If at the death of the trustor, the assets of this trust shall include any obligations of the United States which may be redeemed at par in satisfaction of the federal estate tax, which obligations are commonly called "Flower Bonds," the trustee is directed to apply such obligations in satisfaction of the federal estate tax liability which may be incurred, occasioned or payable by reason of the trustor's death, to the extent that such obligations shall be acceptable to satisfy such liability, whether attributable to assets held in this trust, to assets subject to probate administration or to assets passing outside of probate and apart from this trust, and this trust shall not be reimbursed by the probate estate of the trustor, or by any other source for the value of such obligations so applied; provided,

however, that in the event the probate estate of the trustor shall include obligations of the United States which may be redeemed at par in satisfaction of federal estate tax, the trustee is directed not to apply any such obligations held in the trust estate in satisfaction of the federal estate tax liability until all such obligations included in the probate estate have been so applied, without reimbursement to the probate estate for the value of any such obligations so applied.

SECTION 7: PROVISIONS CONCERNING TRUSTEE.

7.1 Appointment of Successor Trustee. If for any reason CONRAD PREBYS shall cease to act as trustee, MARILYN THOMPSON shall act as trustee, if she is then living and married to the trustor. If MARILYN THOMPSON is not then married to the trustor or if for any other reason she fails or ceases to act as trustee, ERIC PREBYS shall act as trustee.

7.2 Power to Appoint Successor Trustee. ERIC PREBYS is granted the power, exercisable only while acting as a trustee, to designate a successor trustee to act, or a succession of successor trustees to act one at a time, in his place and stead to become effective when and if ERIC PREBYS ceases to act as a trustee for any reason. Each designation of successor trustees shall be made by an acknowledged, written and executed instrument delivered to each person so designated as a successor trustee. ERIC PREBYS is authorized, at any time to revoke, alter or amend any designation previously made by a subsequent designation similarly delivered.

7.3 Power to Change Trustee. The trustor, and after his death, a majority in interest of the adult beneficiaries entitled to receive the benefit of the income from the trust, shall have the right to change the trustee named herein, or any successor trustee named pursuant to an exercise of the power granted by this paragraph 7.3, to a trust company or bank authorized to transact trust business and having a capital and surplus of not less than Five Million Dollars (\$5,000,000). Such change of the trustee shall be made by an acknowledged, written instrument executed by the individual or group of individuals making such change and delivered to such successor corporate trustee.

7.4 Right to Resign. The trustee shall have the right to resign this trusteeship at any time by written notice directed to the trustor, or if he is then deceased to the then income beneficiaries of the trust.

7.5 Successor Trustee. Every successor trustee hereunder shall have all the powers given the originally named trustee. No successor trustee shall be personally liable for any act or omission of any predecessor. With the approval of the beneficiary or a majority in interest of the beneficiaries entitled to receive or have the benefit of the income from the trust, a successor trustee may accept the account rendered and the property received as a full and complete discharge of the predecessor trustee without incurring any liability for so doing.

7.6 Bond. No bond shall be required of any individual trustee under this instrument.

7.7 Trustee's Compensation. The trustee hereunder shall be entitled to reasonable compensation for services as such, and to reimbursement for any expenses incurred in the performance of the duties as such.

SECTION 8: CONSTRUCTION OF TRUST.

8.1 Significance of Headings. Titles and headings contained herein are used for ease of reference only and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions herein.

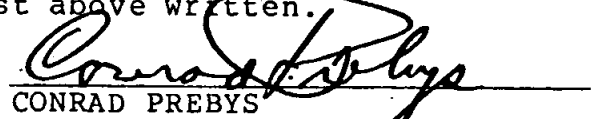
8.2 California Law Applicable. This trust has been accepted by the trustee and will be administered in the State of California, and its validity, construction and rights thereunder shall be governed by California laws.

8.3 "Issue" and "Child". As used in this trust, the term "issue" shall refer to lineal descendants of all degrees and the class terms "child," "children" and "issue" shall include persons adopted into the class and shall include persons adopted out of the class.

The trustor and trustee have executed this Trust Agreement on the day and year first above written.



CONRAD PREBYS
Trustor



CONRAD PREBYS
Trustee

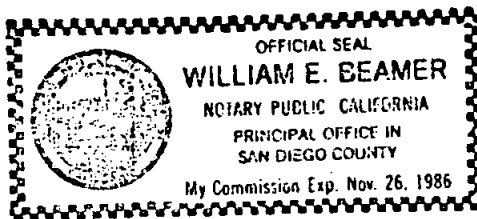
SCHEDULE A

1. Condominium - Mammoth Estates
2. 1748 Missouri - San Diego
3. Ramona Vista - San Diego
4. 5847 El Cajon Blvd. - San Diego
5. 3944 Haines - San Diego
6. 4039 Riviera - San Diego
7. 949 Cornish Drive - San Diego
8. 1369 Pacific Beach Drive - San Diego
9. 1231 Thomas - San Diego
10. 4525 Everts - San Diego
11. 3488 Monroe - San Diego
12. 4077 Oakcrest - San Diego
13. 1361 Oliver - San Diego
14. 5849 El Cajon Boulevard - San Diego
15. 1460 Oliver - San Diego
16. 1624 Missouri - San Diego
17. 3975 Ingraham - San Diego
18. 1744 Hornblend - San Diego
19. 1827 Hornblend - San Diego
20. 6639 Tyrian - San Diego
21. 642-44 Bonair Way - San Diego
22. 2016 Reed - San Diego
23. 1761 Thomas - San Diego
24. All Corporate Stock of Progress Construction Co., Inc.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On Dec. 17, 1982, before me, the undersigned, a Notary Public in and for said County and State, personally appeared CONRAD PREBYS, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

WITNESS my hand and official seal.



William E. Beamer
Notary Public in and for said
County and State.



THE CITY OF

SAN DIEGO

CITY ADMINISTRATION BUILDING • 202 C STREET • SAN DIEGO, CALIF. 92101

RECEIVED

JUN 06 1983

PROPERTY DEPT.

OFFICE OF THE
CITY MANAGER
236-6363

May 16, 1983

File: Property File Q306-2 and
Permits - Prebys, Conrad T.

Mr. Conrad T. Prebys
5847 El Cajon Boulevard
San Diego, CA 92115

Dear Mr. Prebys:

Re: Right of Entry Permit - Portion of Pueblo Lot 305 at Pacific Highway and
Interstate 8

Permission is hereby granted to Conrad T. Prebys or his authorized contractor(s), hereinafter referred to as "Permittee," to enter upon the above-referenced City-owned property, as shown in red on the attached Exhibit A, upon the following terms and conditions:

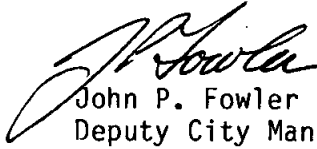
1. Permittee's use of the above property shall be limited to temporary storage of fill dirt, lumber, and other building materials.
2. Consideration for the granting of this permit shall be a \$225 processing fee.
3. This permit shall be in effect upon execution by Permittee and shall terminate one year thereafter or upon execution of a lease between Permittee and the City covering said property, whichever event occurs first.
4. Permittee certifies that a policy of liability insurance in which "The City of San Diego" is named as an additional insured has been secured in an amount of not less than \$1 MILLION COMBINED SINGLE LIMIT LIABILITY and said policy shall be kept in force for the duration of this Permit. A certificate of said insurance shall be filed with the City Property Department upon execution of this Permit.
5. Permittee shall assume the defense of and indemnify and save the City of San Diego harmless from all claims, expenses and liability of every kind, nature and description resulting in any manner from the use or condition of the property hereinabove described and any and all operations conducted thereon.

6. All risks in connection with Permittee's use of said property and any damages to the improvements thereon, thereunder, or in the vicinity thereof shall be borne in full by Permittee.
7. Permittee shall not use the premises in any manner which, in the opinion of the City Manager of the City of San Diego, creates a nuisance or disturbs the quiet enjoyment of persons in the surrounding area.
8. This Permit is revocable at any time by the City of San Diego. It is mutually agreed that the City of San Diego shall not be obligated for any loss, financial or otherwise, which may be incurred by Permittee as a result of termination of this Permit, and further that Permittee expressly waives any claim for expense or loss which Permittee might incur as a result of termination of this Permit.
9. Permittee recognizes and understands that this Permit may create a possessory interest, subject to property taxation and that the Permittee may be subject to the payment of property taxes levied on such interest. Permittee further agrees that such tax payment shall not reduce any fee paid the City of San Diego hereunder, and that such tax shall be paid by the Permittee before becoming delinquent.
10. Permittee shall, at its sole cost and expense, comply with all the requirements of all Municipal, State and Federal authorities now in effect, or which may hereinafter be in effect, which pertain to the above-referenced City-owned property.
11. Permittee shall file with the City of San Diego a \$100 cash Performance Bond to assure that upon termination or revocation of this Permit, Permittee shall, at its sole cost, remove all materials and repair and/or restore the premises to its original condition to the satisfaction of the City Manager.
12. Permittee shall not assign any rights granted by this Permit, nor any interest therein. Any assignment by operation of law shall automatically terminate this Permit.
13. No signs shall be displayed on the premises without the prior written consent of the City Manager.
14. Maintenance of the premises shall be the sole responsibility of the Permittee during the entire term of this Permit.

Please acknowledge your agreement to the foregoing terms and conditions on the enclosed copy of this letter and return it to this office, together with your Insurance Certificate and check made payable to the City Treasurer in the amount of \$325, within 10 days from receipt hereof.

If you should require additional information or have any questions, please call Paul Crawford at 236-5952.

Very truly yours,

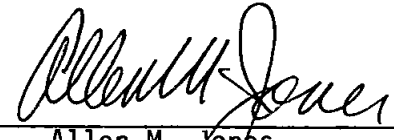

John P. Fowler
Deputy City Manager

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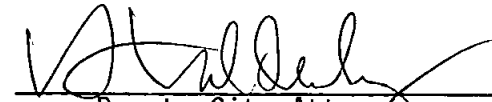
Attachments

cc: Auditor
Financial Management
County Assessor

VERIFIED FOR EXEMPTION


Allen M. Jones
EQD Deputy Director

APPROVED AS TO FORM AND LEGALITY BY:
JOHN W. WITT, CITY ATTORNEY

By 
Deputy City Attorney

THE ABOVE IS ACKNOWLEDGED AND ACCEPTED THIS 7 DAY OF May, 1983.

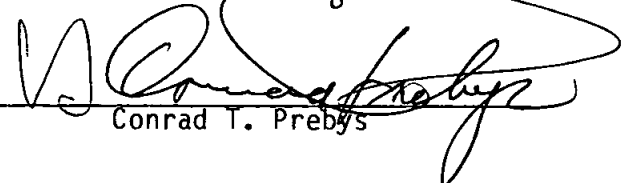
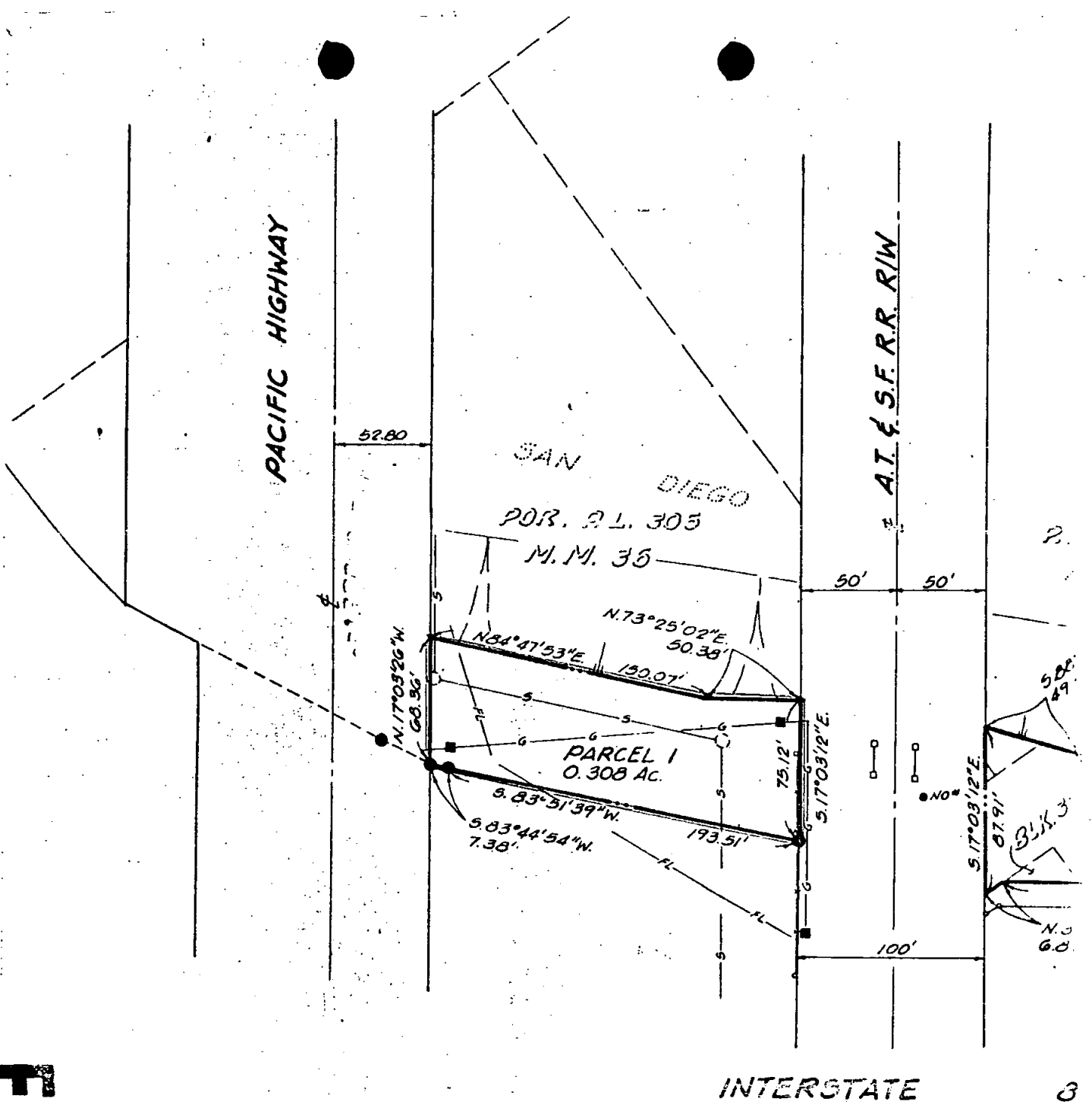
By 
Conrad T. Prebys

EXHIBIT A



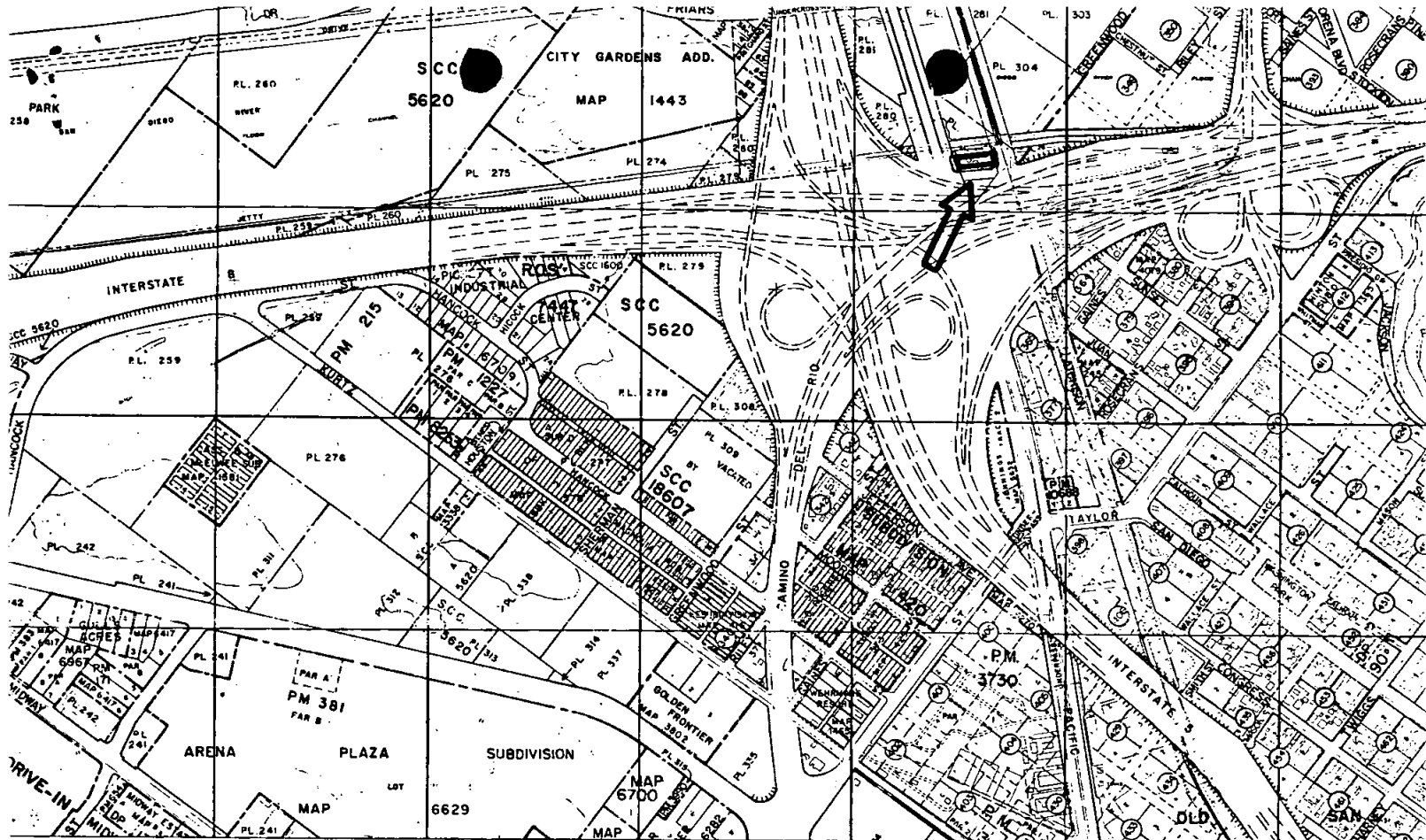
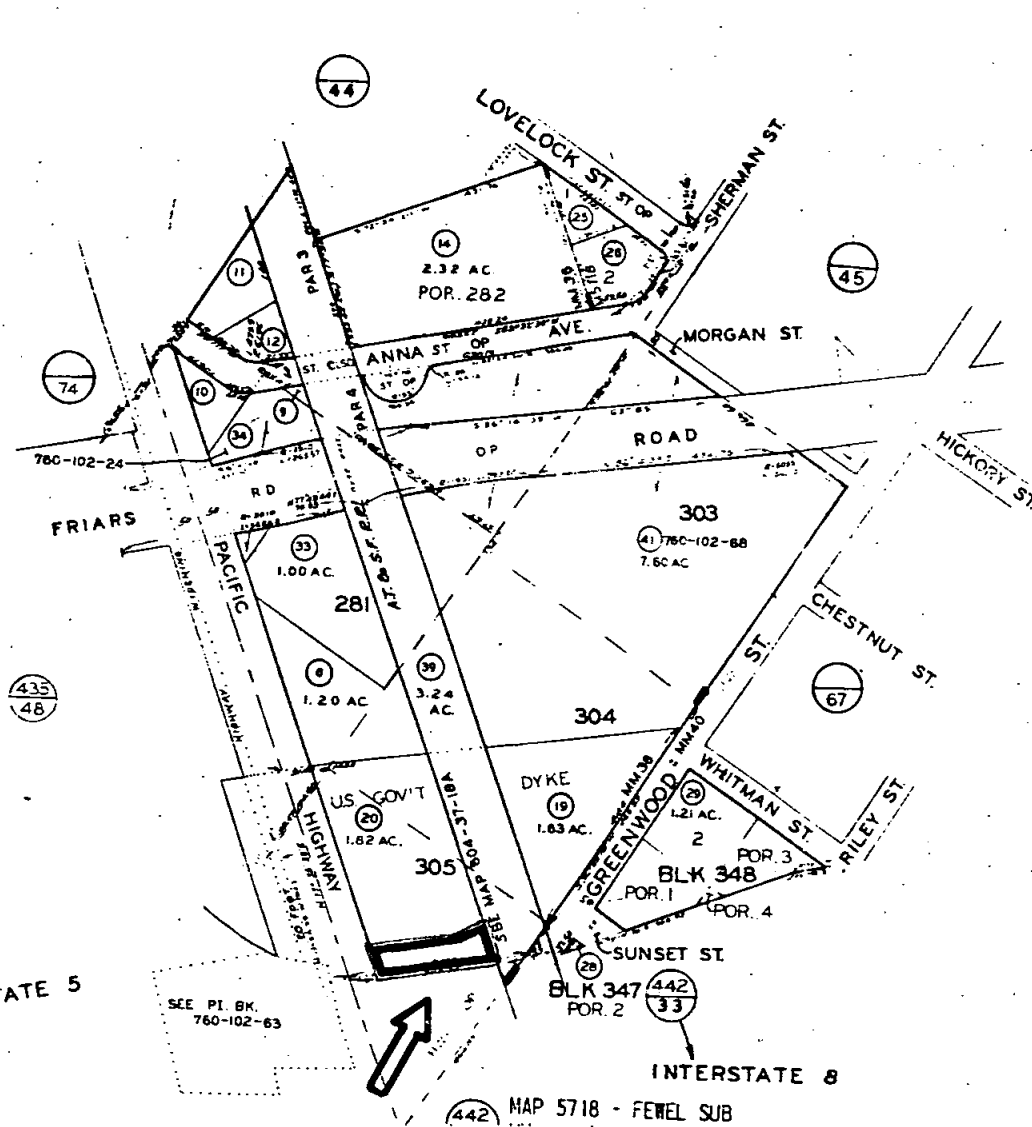


EXHIBIT A



436-66

21274

1"=200'

CHANGES

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