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**FIRST AMENDMENT TO STANDARD INDUSTRIAL/COMMERCIAL
SINGLE-TENANT LEASE – NET**

THIS FIRST Amendment to Standard Industrial/Commercial Single-Tenant Lease - Net is entered into this 23rd day of April, 2019 by and between The City of San Diego, a California municipal corporation ("Lessee") and Aardema Family Limited Partnership, L.P. ("Lessor").

Recitals:

- A. The Lessor and Lessee entered into that Standard Industrial/Commercial Single-Tenant Lease - Net dated September 24, 2014, including Addendum of the same date (collectively along with any other amendments or addendum, the "Lease"), relating to certain real property located at 411 Raven Street, San Diego, CA 92102 (the "Property").
- B. Lessee wishes to exercise the option provided in the Lease to extend the Term of the Lease for an additional five-year period on the terms and conditions contained herein.
- C. The parties also wish to memorialize that the Purchase Option contained in Paragraph 65 of the Lease has been waived by Lessee and is of no further force and effect.
- D. Unless otherwise defined in this Amendment, all terms have the meanings ascribed to them in the Lease.

NOW, THEREFORE, for and in consideration of the covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee hereby agree, effective as of the date hereof, as follows:

1. Lease Term. Lessee has exercised the Extension Option provided in Paragraph 60 of the Lease. The term of the Lease is hereby extended for an additional five years, and the Option Term will commence on June 1, 2019 and expire on May 31, 2024.

2. Option Term Rent. Lessee and Lessor have agreed that the Base Rent commencing June 1, 2019, shall be \$0.90 per square foot, \$27,000.00 per month. Thereafter, the monthly Base Rent shall increase annually, on June 1, by a fixed three percent (3%) increase each year of the Option Term calculated on a cumulative and compounding basis as follows:

June 1, 2019 through May 31, 2020	\$27,000.00 per month
June 1, 2020 through May 31, 2021	\$27,810.00 per month
June 1, 2021 through May 31, 2022	\$28,644.30 per month
June 1, 2022 through May 31, 2023	\$29,503.63 per month

DOCUMENT NO. 00-21067
FILED APR 23 2019
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

June 1, 2023 through May 31, 2024

\$30,388.74 per month

All other charges, including triple net charges set forth in paragraph 1.6 of the Lease, shall continue to be charged in the Option Term pursuant to the terms of the Lease.

3. CITY's Consent, Approval. CITY's consent or approval under this Lease shall mean the written consent or approval of the Mayor of San Diego, or his or her designee ("Mayor"), unless otherwise expressly provided in this Lease or as required by law. CITY's discretionary acts hereunder shall be made in the Mayor's discretion, unless otherwise expressly provided in this Lease.

4. Waiver of Purchase Option. The Lease provided in Paragraph 65 of the Addendum to Lease that Lessee could give notice between June 1, 2014 and May 31, 2016 of its desire to exercise an option to purchase the Property. Lessee gave said notice. However, Lessor and Lessee were unable to come to terms as to the purchase of the Property and Lessee was unable to commit to the funding to purchase the Property. Therefore, Lessee confirms that it has waived the Purchase Option under Section 65 of the Lease, which is of no further force or effect, and relinquishes all rights to purchase the Property under Section 65 of the Lease.

Unless specifically stated otherwise in this Amendment, all other terms and conditions of the Lease shall remain in full force and effect. No other rights of the Lessee are hereby waived, including Lessee's right of first refusal under Paragraph 64 of the Lease, which shall continue in full force and effect.

5. Commissions. Lessee represents and warrants to Lessor that no broker, agent, commission salesperson, or other person has represented Lessee in the negotiations for and procurement of this Amendment.

6. Additional Instruments. Lessee covenants to execute such other and additional instruments and agreements as Lessor may, from time to time, request to implement the provisions of this Amendment.

7. Successors and Assigns. The rights of the Lessor, and the obligations of the Lessee hereunder are for the benefit of, and shall burden, as the case may be, their respective successors and assigns.

8. Ratification. Except as amended and/or modified by this Amendment, the Lease is hereby ratified and confirmed and all other terms of the Lease shall remain in full force and effect, unaltered and unchanged by this Amendment, and Lessee acknowledges that there are no defaults by Lessor thereunder.

9. Amendment Prevails. In the event of any conflict between the provisions of this Amendment and the provisions of the Lease, the provisions of this Amendment shall prevail. Whether or not specifically amended by this Amendment, all of the terms and provisions of the Lease are hereby amended to the extent necessary to give effect to the purpose and intent of this

Amendment.

10. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, when taken together, will constitute one and the same instrument. Facsimile and electronic signatures shall be binding upon the parties hereto.

11. Attorney's Fees. In the event that either Lessor or Lessee shall institute any action or proceeding against the other relating to the provisions of this Amendment or the Lease or any default thereunder, the party not prevailing in such action or proceeding shall reimburse the prevailing party for its actual attorney's fees, and all fees, costs and expenses incurred in connection with such action or proceeding including, without limitation, any post-judgment fees, costs or expenses incurred on any appeal or in collection of any judgment.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective as of the day and year first set forth above.

LESSOR:

Aardema Family Partnership, LP, a California limited partnership

BY: 

Its: General Partner

LESSEE:

The City of San Diego, a California municipal corporation

By: 

Its: Cybele Thompson
Director, Real Estate Assets

ENVIRONMENTAL ANALYSIS SECTION ENVIRONMENTAL CLEARANCE:

This activity is: Categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15301 (Existing Facilities).

Date: 5/1/19

By: 

Name: Alyssa Muto

Title: Deputy Director, Planning Dept

Approved as to form this 3rd day
of May, 2019

MARA W. ELLIOTT, City Attorney

By: 

Name: Kathy J. Steinman

Title: Deputy City Attorney

ORDINANCE NUMBER O- 21067 (NEW SERIES)

DATE OF FINAL PASSAGE APR 25 2019

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE MAYOR TO EXECUTE THE FIRST AMENDMENT TO THE LEASE AGREEMENT WITH AARDEMA FAMILY LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP, FOR THE REAL PROPERTY LOCATED AT 411 RAVEN STREET, SAN DIEGO, CALIFORNIA TO BE USED BY THE PARKS AND RECREATION DEPARTMENT.

WHEREAS, Aardema Family Limited Partnership, a California Limited Partnership (Aardema) owns a 2.2-acre property located at 411 Raven Street, San Diego, California, consisting of fenced yard and improved with a 30,000 square foot building with office and warehouse space and two small storage sheds (Property); and

WHEREAS, the City of San Diego (City) has leased the Property from Aardema and the Parks and Recreation Department has occupied the Property since 1994; and

WHEREAS, the Property is used by the City's Parks and Recreation Department for storage, repair, and maintenance of equipment and for office purposes; and

WHEREAS, the Property is zoned IL-2-1 (Industrial Park Zone) and is in a central location for Parks and Recreation Department operational needs; and

WHEREAS the existing lease commenced on June 1, 2014 and expires on May 31, 2019 and provides the City with one five-year option for renewal (Renewal Term) of the lease that must be exercised no later than six months prior to the lease expiration; and

WHEREAS in September 2018, the City sent a letter of intent to exercise the option for renewal; and

WHEREAS the City negotiated the rent per square foot down from \$1.17 per square foot plus operating expenses to \$0.90 per square foot plus operating expenses, which is comparable to

rent for similar sized properties, which will increase annually by three percent (3%) resulting in a total rent of \$1,720,161 plus approximately \$285,000 in estimated operating expenses for the entire Renewal Term; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

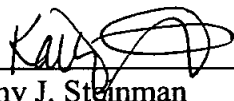
Section 1. That the Mayor, or his designee, is authorized to execute, for and on behalf of the City, that certain First Amendment to Standard Industrial/Commercial Single-Tenant Lease – Net between the City, as lessee, and Aardema Family Limited Partnership, a California Limited Partnership, as lessor, that is on file in the Office of the City Clerk as Document No. ~~00-21067~~, for the renewal of the lease of the real property located at 411 Raven Street, San Diego, California.

Section 2. That the Chief Financial Officer is authorized to appropriate and expend funds up to \$1,720,161 in base rent plus approximately \$285,000 in operating expenses over the Renewal Term of the lease, contingent upon adoption of annual funds for the applicable fiscal year and the Chief Financial Officer furnishing one or more certificates certifying that funds necessary for expenditure, are, or will be, on deposit with the City Treasurer.

Section 3. That a full reading of this Ordinance is dispensed with prior to passage, a written copy having been made available to the Council and the public prior to the day of its passage.

Section 4. That this Ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

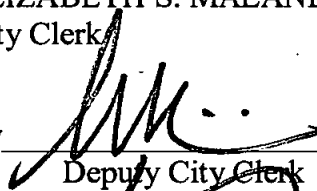
APPROVED: MARA W. ELLIOTT, City Attorney

By 
Kathy J. Steinman
Deputy City Attorney

KJS:nja
03/25/19
Or. Dept: READ
CC No. 3000011948
Doc. No.: 1964159

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of APR 23 2019.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

KEVIN L. FAULCONER, Mayor

Approved: 4/25/19
(date)

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

**The City of San Diego
COMPTROLLER'S CERTIFICATE**

CERTIFICATE OF UNALLOTTED BALANCE

ORIGINATING

DEPT.
NO.

3000011948

9912

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: _____ Fund: _____

Purpose: _____

Date: _____ By: _____

COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Fund	Funded Program	Internal Order	Functional Area	G/L Account	Business Area	Cost Center	WBS	Original Amount
TOTAL AMOUNT									

FUND OVERRIDE ☐

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: \$31,248.00

Vendor: Aardema Family Limited Partnership, LLP

Purpose: First Amendment to the Lease Agreement between Aardema Family Limited Partnership, LLP and the City of San Diego to renew the Lease for five years for the property at 411 Raven Street, San Diego, CA 92102

Date: February 25, 2019

By: William Weisman

COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Fund	Funded Program	Internal Order	Functional Area	G/L Account	Business Area	Cost Center	WBS	Original Amount
1	100000	NON-PROGRAM		OTHR-00000000-GG	512217	9912	9912001112		\$27,000.00
2	100000	NON-PROGRAM		OTHR-00000000-GG	512217	9912	9912001112		\$4,248.00
TOTAL AMOUNT									\$31,248.00

Passed by the Council of The City of San Diego on APR 23 2019, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	☒	☐	☐	☐
Jennifer Campbell	☒	☐	☐	☐
Chris Ward	☒	☐	☐	☐
Monica Montgomery	☒	☐	☐	☐
Mark Kersey	☒	☐	☐	☐
Chris Cate	☒	☐	☐	☐
Scott Sherman	☒	☐	☐	☐
Vivian Moreno	☒	☐	☐	☐
Georgette Gómez	☐	☒	☐	☐

APR 25 2019

Date of final passage _____.

AUTHENTICATED BY:

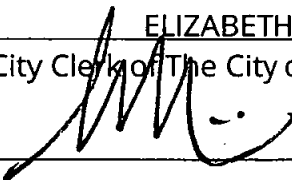
KEVIN L. FAULCONER

Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By , Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

APR 09 2019

and on

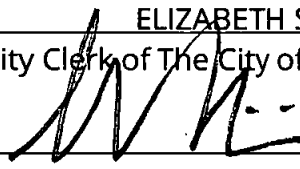
APR 25 2019

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 21067

Passed by the Council of The City of San Diego on April 23, 2019, by the following vote:

YEAS: **BRY, CAMPBELL, WARD, MONTGOMERY, KERSEY, CATE, SHERMAN, MORENO.**

NAYS: **NONE.**

NOT PRESENT: **NONE.**

RECUSED: **GÓMEZ.**

AUTHENTICATED BY:

KEVIN L. FAULCONER

Mayor of The City of San Diego, California

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California

(Seal)

By: **Matthew R. Hilario**, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true, and correct copy of ORDINANCE NO. **O-21067** (New Series) of The City of San Diego, California.

I FURTHER CERTIFY that said ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on **April 9, 2019**, and on **April 25, 2019**.

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California

(SEAL)

By: , Deputy