

LAW OFFICES OF JEFFREY S. ALLEN

707 Wilshire Boulevard, Suite 5350
Los Angeles, California 90017-3500
Direct Dial Telephone: (213) 228-6515
Fax: (213) 228-6532 E-mail: jallen@hbpatty.com

RECEIVED
CITY OF SAN DIEGO
06 FEB 17 AM 11:49
REAL ESTATE ASSETS DEPT.

February 16, 2006

**Via Certified Mail,
Return Receipt Requested**

City of San Diego
1200 Third Avenue, Suite 1700
San Diego, California 92101
Attention: Jack D. Farris, Acting Real Estate Assets Director

Re: 411 Raven Street, San Diego

Dear Mr. Farris:

I serve as outside legal counsel to Banco Popular, N.A. (the "Bank"). I am writing on behalf of the Bank and at its request in reference to the Standard Industrial/Commercial Single-Tenant Lease dated April 1, 1994 (the "Lease") between Plaza Del Sol Enterprises Trust, as "Lessor," and the City of San Diego, as "Lessee," pursuant to which the City of San Diego leases and occupies the real property located at 411 Raven Street, San Diego (the "Property").

On January 30, 2006, the Bank made Loan No. 70040002804-401 (the "Loan") in the amount of \$2,200,000 to Aardema Family Partnership L.P., the current owner of the Property and the successor Lessor under the Lease. The Loan is secured by a Deed of Trust, Assignment of Rents and Security Agreement dated January 19, 2006 and recorded as a first priority lien against the Property on January 30, 2006 as Instrument No. 2006-0067004 in the Official Records of San Diego County.

For purposes of the City giving the Bank written notice of any Lease default by the Lessor as provided in Paragraph 30.1 of the Lease, please be advised that the Bank's name and address are as follows:

Banco Popular, N.A.
7021 Greenleaf Avenue
Whittier, California 90602-1300
Attention: Income Property Lending
Reference: Loan No. 70040002804-401

In satisfaction of the condition to the self-executing subordination of the Lease and the options granted thereby to the Bank's deed of trust set forth in Paragraph 30.3 of the Lease, this letter constitutes the Bank's assurance to the City of San Diego that the Lease (including any options to extend the Lease term) and the City's possession of the Property will not be disturbed

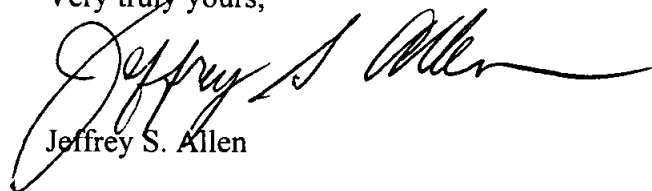
City of San Diego
Attention: Real Estate Assets Director
February 16, 2006
Page 2

LAW OFFICES OF JEFFREY S. ALLEN

by the Bank or any other holder of the Loan so long as the City is not in breach of the Lease and attorns to the record owner of the Property.

The Bank made the Loan in reliance on the provisions of Paragraph 30 of the Lease and the City's anticipated compliance with such provisions insofar as they may pertain to the Bank as the holder of a deed of trust on the Property.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jeffrey S. Allen", with a long, sweeping horizontal line extending to the right.

Jeffrey S. Allen

Peter Aardema

4255 Ruffin Rd.
San Diego, CA 92123
(858) 650-0000
FAX: (858) 650-0004

RECEIVED
CITY OF SAN DIEGO
06 FEB 17 PM 12:54
REAL ESTATE ASSETS DEPT.

February 13, 2006

Fax to: Rosa Abrego
619 235-1160

Fred L. Reale
Property Agent
Asset Marketing
Real Estate Assets
The City of San Diego
1200 Third Ave.
Suite 1700
San Diego, CA 92101

Subject: Notice of Ownership Change for Subject Property 411 Raven Street, San Diego, CA

Dear Mr. Reale:

This letter is the written notice that the property known as 411 Raven Street in San Diego, California has been sold to the Aardema Family Limited Partnership on January 30, 2006.

All future monthly rent payments for the property and all other monthly impounds made for Taxes and Insurance should be made out to and mailed to:

Aardema Family Limited Partnership
4255 Ruffin Rd.
San Diego, CA 92123

The tax ID # for the Partnership is 33-0745982. I am enclosing some paperwork showing the transfer from Surfton Place Family LTD (Allen Kalkstein).

I will follow the same form and method of invoicing for the rent payments as the previous owner, Allen Kalkstein. I will contact you concerning a new vender # and how to obtain the Purchase Order #'s.

The monthly impounds for taxes will increase due to the change of ownership, however it looks like the insurance impound will decrease. I do not have the final numbers as yet but I will adjust them as soon as I do.

If you need to contact me I may be reached at the following numbers:

Business: 858 650-0000⁴
Home: 760 743-3240
Fax: 858 650-0004
Cell: 619 778-9921

My family looks forward to a long and mutually beneficial business relationship.

Sincerely,

A handwritten signature in black ink, appearing to read 'Pete Aardema', written over a horizontal line.

Pete Aardema
General Partner

ASSIGNMENT OF LEASES

This Assignment of Leases ("Assignment") is entered into as of January 30, 2006 between Surfton Place A-1 Family Limited Partnership, a Wyoming limited partnership ("Assignor") and Aardema Family Limited Partnership, a California limited partnership ("Assignee")

Recitals

A. Assignor and Assignee, entered into a Marcus and Millichap Purchase and Sale Agreement dated September 9, 2005 and any Addendums and Amendments thereto ("Purchase Agreement") that is incorporated into this Assignment by this reference, in which Assignee has agreed to purchase improved real property located in San Diego County, California, more particularly described in the Purchase Agreement ("Property").

B. Pursuant to the Purchase Agreement, Assignor has agreed to assign to Assignee all right, title, and interest in the Leases of the Property and Assignee has agreed to assume all Assignor's obligations under the Leases. All terms not otherwise defined in this letter shall have the meanings ascribed to such terms in the Purchase Agreement.

For good and valuable consideration received, Assignor and Assignee agree as follows:

1. Assignor assigns all right, title, and interest, if any, in and to the Leases to Assignee, effective as of the date of recording of the Grant Deed in the Official Records of San Diego, California ("Recording Date"), conveying the Property to Assignee, including without limitation, all of Assignor's right, title and interest in and to any and all guarantees of the obligations of any Tenants under any such Lease.
2. Assignee accepts the assignment of the Leases and assumes all of the landlord's obligations, duties, responsibilities, and liabilities under the Leases as of and after the Recording Date.
3. Assignee agrees to indemnify Assignor for any loss, cost, or expense, including attorneys' fees and court costs, relating to the Lease and accruing subsequent to the Recording Date.
4. Any notice, request, demand, instruction or other communications to be given to either party hereunder shall be in writing and shall be delivered personally, sent by overnight courier or by registered or certified mail, return receipt requested, to the parties at the following addresses:

"Assignor"

Surfton A-1 Family Limited Partnership
324 Fern Glen
La Jolla, CA 92037-

"Assignee"

Aardema Family Limited Partnership
7801 Mission Center Court #200
San Diego, CA 92108

or such other address(es) as the parties may from time to time direct. The address to which any such communication shall be sent may be changed from time to time by notice sent in the same manner as set forth above. All notices shall be deemed delivered on the date personally delivered or upon confirmed receipt if sent by overnight courier, or forty-eight (48) hours after the date deposited into the United States mail, if sent by mail.

5. The parties hereto acknowledge and agree that each has been given the opportunity to independently review this Agreement with legal counsel and/or has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. In the event of an ambiguity in or dispute regarding the interpretation of same, the interpretation of this Assignment shall not be resolved by any rule of interpretation providing for interpretation against the party who causes the uncertainty to exist or against the draftsman.

6. The undersigned individuals and/or entities executing this Assignment on behalf of their respective parties represent and warrant that said individuals are authorized to enter into this Assignment on behalf of such parties that the appropriate corporate or other resolutions have been passed and obtained, and that this Assignment shall be binding on same.

7. All initially capitalized terms used in this Assignment and not defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

8. Each party agrees to execute and deliver such other documents and instruments and to take such further actions as may be reasonably necessary to fully carry out the intent and purposes of this Assignment.

9. The headings contained in this Assignment have been inserted for convenience only and in no way define or limit the scope or interpretation of this Assignment.

10. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the

11. In the event either party hereto shall commence legal proceedings against the other to enforce the terms hereof, or to declare rights hereunder, as the result of a breach of any covenant or condition of this Assignment, the prevailing party in any such proceeding shall be entitled to recover from the losing party its costs of suit, including reasonable attorneys' fees, as may be fixed by the Court.

12. This Assignment has been entered into and executed in the State of California and shall be interpreted in accordance with the laws of said State. This Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of the first date stated above.

"ASSIGNOR"

Surfton Place A-1 Family Limited Partnership,
~~a California limited partnership, a~~
~~Wyoming limited partnership~~

BY: Allen A. Kalkstein
Name: Allen A. Kalkstein, General Partner
Its: Trustee

BY: _____
Name: Linda P. Low
Its: General Partner

"ASSIGNEE"

Aardema Family Limited Partnership,
a California limited partnership

BY: Peter Aardema 12.6.5
Name: Peter Aardema
Its: General Partner

BY: Marina Piccinoni
Name: Marina Piccinoni
Its: General Partner

BY: Hedy Aardema
Name: Hedy Aardema

11. In the event either party hereto shall commence legal proceedings against the other to enforce the terms hereof, or to declare rights hereunder, as the result of a breach of any covenant or condition of this Assignment, the prevailing party in any such proceeding shall be entitled to recover from the losing party its costs of suit, including reasonable attorneys' fees, as may be fixed by the Court.

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IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of the first date stated above.

"ASSIGNOR"

Surfton Place A-1 Family Limited Partnership,
~~a California limited partnership, a~~
~~Wyoming limited partnership~~

BY: 

Name: Allen D. Kalkstein, General Partner

Its: TMPTAG

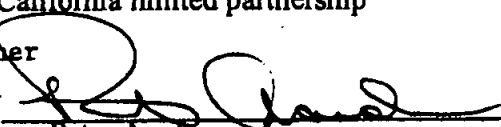
BY: 

Name: Linda P. Low

Its: General Partner

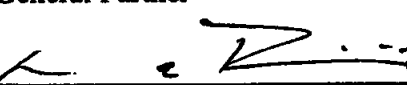
"ASSIGNEE"

Aardema Family Limited Partnership,
a California limited partnership

BY:  12.6.5

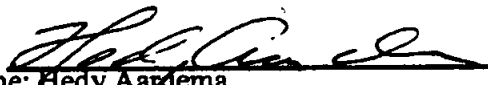
Name: Peter Aardema

Its: General Partner

BY: 

Name: Marina Piccinoni

Its: General Partner

BY: 

Name: Hedy Aardema

COMMONWEALTH LAND TITLE COMPANY

750 "B" Street, Suite 3000, San Diego, CA 92101
(619) 233-3000

BUYERS SETTLEMENT STATEMENT
Final

Buyer/Borrower: Aardema Family Limited Partnership

Escrow No. 03206566-609 PM0
Close Date: 01/30/2006
Proration Date 01/30/2006
Date Prepared: 01/31/2006

Property Address: 411 Raven St.
San Diego, CA 92102

Description	Debit	Credit
TOTAL CONSIDERATION:		
Total Consideration	\$3,676,532.00	
Deposit/Earnest Money		\$100,000.00
Closing Funds		260,000.00
Closing Funds		250,000.00
Closing Funds		902,000.00
NEW AND EXISTING ENCUMBRANCES:		
Principal Amount of Loan from Banco Popular		2,200,000.00
LENDER'S AND LOAN RELATED CHARGES:		
Loan Origination Fee at .75% to Sunrise Mortgage	16,500.00	
Appraisal Fee to Banco Popular	4,000.00	
Credit Report to Banco Popular	240.00	
Tax Service Contract to Banco Popular	290.00	
Document Fee to Banco Popular	2,200.00	
Flood Certification to Banco Popular	12.00	
Re-Draw Fee to Banco Popular	250.00	
Prepaid Interest to Banco Popular	754.63	
@ \$377.3151 per day From 01/30/06 To 02/01/06		
Monies paid in advance to Banco Popular	(10,000.00)	
Environmental Fee to Banco Popular	1,800.00	
Legal Fees to Banco Popular	495.00	
UCC Filing Fees to Banco Popular	10.00	
Express Mail Fee to Banco Popular	20.00	
PRORATIONS AND ADJUSTMENTS:		
County Taxes From 01/01/06 To 01/30/06		2,201.69
Based on the Semi - Annual amount of \$13,665.67		
Rent/Taxes-February From 02/01/06 To 02/28/06		20,623.39
Rent-January From 01/30/06 To 02/01/06		612.76
Based on the Monthly amount of \$18,382.66		
Earned Interest		2,239.47
TITLE AND ESCROW CHARGES:		
Lenders Policy to First American Title Company C	1,455.00	
Endorsement 110.1 & 103.1 to First American Title Company C	25.00	
Escrow Fee to Commonwealth Land Title Company	650.00	
RECORDING FEES:		
Recording Fee-Grant Deed to First American Title Company C	11.00	
Recording Fee-Deed of Trust to First American Title Company C	111.00	
Recording Fee-Reconveyance to First American Title Company C	15.00	
ADDITIONAL CHARGES:		
Taxes 2nd 1/2 property taxes to San Diego Co. Tax Collector	13,665.67	
Sub Totals	3,709,036.30	3,737,677.31
Refund Due Buyer	28,641.01	
Totals	3,737,677.31	3,737,677.31

**FOURTH (4th) ADDENDUM TO STANDARD
INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE – NET
BETWEEN ALLEN A. KALKSTEIN LIVING TRUST,
SUCCESSOR IN INTEREST, AS LESSOR,
AND THE CITY OF SAN DIEGO, AS LESSEE,
FOR 411 RAVEN STREET, SAN DIEGO, CALIFORNIA
DATED APRIL 1, 1994, (“LEASE”)**

**EXERCISE OF LESSEE’S FIRST OPTION TO RENEW LEASE; MODIFICATION OF
RENTAL RATE AND OTHER TERMS - EFFECTIVE MAY 15, 2004**

1. **Options to Renew:** Pursuant to Paragraph 50 of the First Addendum to the Lease, Lessee did, by letter dated September 30, 2003, give notice of its intent to exercise the first (1st) of its four (4) options to renew the Lease for five (5) additional years (the “First Renewed Term”), at a rental rate and other terms mutually acceptable to Lessor and Lessee, upon expiration of the Original Term of the Lease. Inasmuch as Lessor and Lessee have diligently, and in good faith, negotiated a mutually acceptable rental rate and other terms for the First Renewed Term, Lessee does hereby exercise the First (1st) of its four (4) options to renew the Lease, effective as of May 15, 2004 (the “Commencement Date”). Lessor and Lessee acknowledge that all of the provisions of Paragraph 50 of the First Addendum remain in full force and effect except that upon execution by Lessor and Lessee of this Fourth Addendum to the Lease, Lessee shall have remaining three (3) options to renew the Lease for five (5) additional years for each option exercised.

2. **Lease Year - Defined:** “Lease Year”, as used in this Addendum and all subsequent Addenda, shall mean the 12-month period commencing on the Commencement Date and every anniversary thereof.

3. **Base Rent:** Monthly Base Rent (the “Base Rent”) for the first Lease Year of the First Renewed Term shall remain at the following rate that was in effect at the time of, and immediately preceding the expiration of the Original Term of the Lease: \$17,020.98, net of Real Property Taxes and Property Insurance.

4. **Cost of Living Adjustment (“COLA”) of Base Rent and Additional Adjustment of Base Rent to Amortize the Cost of Certain Lessor-Performed Maintenance, Repair and Upgrade Items:** Paragraph 49 of the First Addendum to the Lease, **Cost of Living Adjustments**, is hereby deleted and replaced by this Paragraph 4. On the first anniversary of the Commencement Date of the First Renewed Term (the first day of the second Lease Year of the First Renewed Term), and on each anniversary thereafter during the remaining life of the First Renewed Term, the Base Rent shall be adjusted upward by an amount equal to five percent (5%) of the Base Rent that was in effect immediately preceding the anniversary date. In addition to the aforementioned COLA, beginning on the first anniversary of the Commencement Date of the Renewed Term, and on each anniversary thereafter, the Base Rent will be adjusted upward by an additional amount, the purpose of which is to reimburse Lessor, over the last four (4) Lease Years of the First Renewed Term, eighty percent (80%) of the total Lessor-financed cost to effect certain maintenance, repair and upgrade items (the “Maintenance Adjustment”). The

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FILED DEC 09 2004
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

HA-112

combined effect of the COLA and Maintenance Adjustment is that on the first anniversary of the Commencement Date of the First Renewed Term, and on each subsequent anniversary thereafter during the remaining life of the First Renewed Term, the Base Rent will be adjusted upward by a total amount equal to eight percent (8%) of the Base Rent that was in effect immediately preceding the anniversary date. The Base Rents, net of Real Property Taxes and Property Insurance, that will be in effect and due during the First Renewed Term, as determined by Paragraph 2 above and this Paragraph 3, are as follows:

First Lease Year Base Rent Effective May 15, 2004:	\$17,020.98
Second Lease Year Base Rent Effective May 15, 2005:	\$18,382.66
Third Lease Year Base Rent Effective May 15, 2006:	\$19,853.27
Fourth Lease Year Base Rent Effective May 15, 2007:	\$21,441.53
Fifth Lease Year Base Rent Effective May 15, 2008:	\$23,156.86

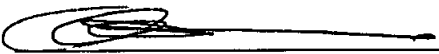
5. **Negotiation of Second Renewed Term Rental Rate and Other Mutually Acceptable Terms - Starting Base Rent Figure to be Used:** Notwithstanding paragraph 3 above, in the event that Lessee provides Lessor notice of Lessee's intent to exercise the second (2nd) of its original four (4) options to renew the Lease for five (5) additional years (the "Second Renewed Term"), Lessor agrees and stipulates that the Base Rent figure to be used in negotiating the Second Renewed Term rental rate, and other terms mutually acceptable to Lessor and Lessee, shall be a First Renewed Term hypothetical fifth lease year Base Rent of \$20,689.11. This figure represents what the Base Rent would be during the fifth Lease Year of the First Renewed Term had the only upward adjustment applied to the Base Rent been the scheduled yearly five percent (5%) COLA.
6. **Original Lease Terms and Conditions:** Except as modified or superseded by the terms of this Fourth Addendum to the Lease, or as previously modified or superseded by the terms of the First through Third Addenda to the Lease, all the terms and conditions of the Lease remain in full force and effect.

SIGNATURE PAGE FOLLOWS

7. **Acceptance and Signatures:**

ACCEPTED BY:

LESSOR: Allen A. Kalkstein Living Trust

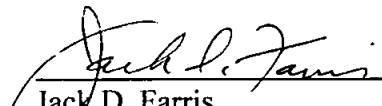
By: 

Allen A. Kalkstein

Its: Trustee

Date: October 23, 2004

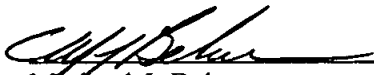
LESSEE: THE CITY OF SAN DIEGO

By: 

Jack D. Farris

Its: Real Estate Assets Deputy Director

Date: 12-02-04

By: 

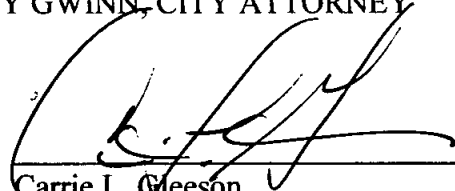
Michael J. Behan

Its: Deputy Park and Recreation Director

Date: 12-1-04

APPROVED as to form and legality this 3rd day of December, 2004.

CASEY GWINN, CITY ATTORNEY

By: 

Carrie L. Gleeson

Deputy City Attorney



**CITY OF SAN DIEGO
REQUEST FOR
CITY MANAGER ACTION**

TO: CITY MANAGER	FROM: REAL ESTATE ASSETS DEPARTMENT	DATE: 10/20/2004
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SUBJECT:
Park & Recreation Warehouse and Repair Shop Lease - Fourth Addendum Renewal

ACTION REQUESTED:
1. Approve the encumbrance of funds.

SUPPORTING INFORMATION:
ENVIRONMENTAL IMPACT: This activity is exempt from CEQA pursuant to Section 15301 of the State CEQA guidelines.

COMMUNITY AREA: Mount Hope

COUNCIL DISTRICT: 4

DOCUMENT NO. C-13114
FILED DEC 09 2004
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

City Council Resolution R-283912, dated May 16, 1994, authorized the City Manager to execute a ten (10) year lease agreement, with the right to negotiate four (4), five (5) year term renewals on terms acceptable to both parties, with Plaza Del Sol Enterprises Trust for its property located at 4141 Raven Street, for use by the Park and Recreation (P&R) Department. The 30,780 sq. ft. industrial building, situated on a 2.2 acre lot, houses P&R's Park Services, City-wide Maintenance and City-wide Mower, Repair and Irrigation shops. The original term expired May 14, 2004 and was placed in a "holdover" status. This first lease renewal, negotiated with the new owner/successor-in-interest, the Allen A. Kalkstein Living Trust, is effective as of May 15, 2004 and expires May 14, 2009. The first year's base rent remains at \$17,020.98 per month plus: property taxes, property insurance premiums, maintenance, utilities and security costs. Base rent will increase by 8% over the previous year's base rent in each of lease years 2 through 5.

FISCAL IMPACT: Expenditures of \$121,255.26 for base rent, \$15,685.13 for property taxes, \$2,980.88 for property insurance and approximately \$5,835 for maintenance, \$12,140 for utilities and \$370 for security costs, for a total approximate expenditure of \$158,300 for the remainder of FY05 (12/1/04 - 6/30/05). Estimated future Fiscal Year costs of: \$287,250 in FY06, \$306,000 in FY07, \$327,000 in FY08 and \$301,000 in FY09 (7/1/08 - 5/14/09).

PLEASE ROUTE TO THE APPROPRIATE AUTHORITY - REF: A.R. 25.60 OR 25.70

ACCOUNTING INFORMATION	BUDGETED	UNBUDGETED	ROUTING AND APPROVAL		
FUND		100	APPROVING AGENCY	APPROVAL SIGNATURE	DATE
DEPARTMENT		443	DEPARTMENT DIRECTOR GRIFFITH	<i>[Signature]</i>	11-30-04
ORGANIZATION		2451/2452 (50% each)	PARK & RECREATION DIRECTOR OPPENHEIM	<i>[Signature]</i>	12/2/04
OBJECT ACCOUNT		4682	FINANCIAL MANAGEMENT HAYES	<i>[Signature]</i>	12/2/04
JOB ORDER NUMBER		024511/024521 (50% each)	DEPUTY CITY MANAGER HERRING	<i>[Signature]</i>	12/2/04
C.I.P. NO.			AUDITOR KLOZ	<i>[Signature]</i>	12/2/04
FACILITY			ORIGINATING DEPARTMENT REALE	<i>[Signature]</i>	12/2/04
AMOUNT		\$158,300	CITY ATTORNEY GLEESON	<i>[Signature]</i>	12/3/04
ESTIMATED COST: \$158,300			CITY CLERK	<i>[Signature]</i>	12/9/04
AUDITOR'S CERTIFICATE NUMBER: (FOR AUDITOR'S USE ONLY) AC 2500566					
FOR INFORMATION CONTACT:					
NAME: MADISON WIGGINS/Frederick L. Reale					
MAIL STATION: 51A	TELEPHONE NUMBER: 66733/67028				

**The City of San Diego
CERTIFICATE OF CITY AUDITOR AND COMPTROLLER**

CERTIFICATE OF UNALLOTTED BALANCE

AC 2500566

ORIGINATING

DEPT. NO.: 443

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: _____

AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA										
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/ EQUIP	FACILITY	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: \$158,300.00

Vendor: Allen A. Kalkstein Living Trust

Purpose: Authorizing the expenditure for the Park & Recreation Warehouse and Repair Shop Lease - Fourth Addendum Renewal for the property located at 411 Raven Street.

Date: December 2, 2004 By: _____

AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA										
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/ EQUIP	FACILITY	AMOUNT
001	0	100	443	2451	4682	24511				\$79,150.00
002	0	100	443	2452	4682	24521				79,150.00
TOTAL AMOUNT										\$158,300.00

AC-381 (REV 2-92)

FUND OVERRIDE ☐

AC 2500566



THE CITY OF SAN DIEGO

CITY OF SAN DIEGO REAL ESTATE ASSETS DEPT.	
☐	DIRECTOR
☐	DEPUTY MANAGER
☒	FILE COPY
☐	CHRON COPY
☐	ORIGINATOR

October 14, 2003

VIA REGULAR U.S. MAIL AND FACSIMILE TO (858) 614-1915

Mr. Roger Artz
Trustee
Plaza Del Sol Real Estate Trust
P.O. Box 23333
San Diego, CA 92193

Reference: City of San Diego Letter dated September 30, 2003

Dear Mr. Artz:

Subject: Acknowledgement of Lessor's Notice of Intention to Sell that Certain Real Property
Located at 411 Raven Street, San Diego, CA 92102 (the "Property")

Thank you for your letter sent via facsimile and dated October 1, 2003, confirming receipt of the above-referenced City of San Diego letter. Our letter notified you of the City's intention to exercise its first option to renew its lease with Plaza Del Sol Real Estate Trust (the "Notice to Renew") for an additional five (5) years.

You expressed some concern over the fact that our letter did not make reference to your notice to the City of your intention to sell the Property (the "Notice to Sell") or to the City's right of first refusal to enter into negotiations to purchase the Property (the "Right of First Refusal"), which the City could have exercised in response to your Notice to Sell. Due to budgetary and other financial considerations, the Real Estate Assets Director, Mr. William Griffith, recommended that the City forego exercising its Right of First Refusal and instead provide the Notice to Renew, with which Deputy Park and Recreation Department Director, Mr. Michael Behan concurred. Inasmuch as the sole purpose of the City's letter was to provide, in compliance with the terms of the lease, formal written notice of the City's intention to exercise its option to renew the lease, it intentionally made no reference to either of the Notice to Sell or the Right of First



Real Estate Assets

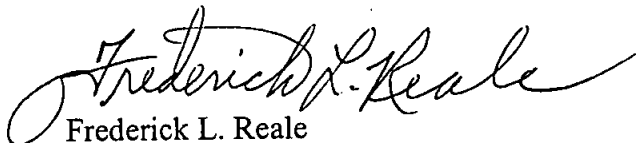
1200 Third Avenue, Suite 1700, MS 51A • San Diego, CA 92101-4199
Tel (619) 236-6020 Fax (619) 236-6706

Page 2
Mr. Roger Artz
October 14, 2003

Refusal. However, please accept this letter as formal acknowledgement of your Notice to Sell and as confirmation of the City's election not to exercise its Right of First Refusal.

Should you have any other questions, please contact me at (619) 236-7028.

Sincerely,



Frederick L. Reale
Property Agent, Asset Management and Marketing

FLR/cj

cc: William T. Griffith, Real Estate Assets Director
Ellen Oppenheim, Park and Recreation Director
Michael J. Behan, Deputy Director, Developed Regional Parks Division
Carol A. Chiodo, Deputy Director, Acquisition and Valuation Division
Steven Remley, District Manager, City-Wide Park Maintenance
Madison F. Wiggins, Supervising Property Agent, Asset Management and Marketing
Linda Greenberg, Senior Vice President, Colliers International

Lease File: City/Plaza Del Sol Enterprises Trust

I:\WPO\2003\REALE\L-PLAZA DEL SOL - ACKNOWLEDGEMENT OF LESSOR'S NOTICE OF INTENTION TO SELL.doc



THE CITY OF SAN DIEGO

CITY OF SAN DIEGO REAL ESTATE ASSETS DEPT.	
☐	DIRECTOR
☐	DEPUTY MANAGER
☒	FILE COPY
☐	CHRON COPY
☐	ORIGINATOR

September 30, 2003

VIA FACSIMILE TO (858) 614-1915 AND CERTIFIED MAIL # 7002 2030 0001 3613 1526

Mr. Roger Artz
Trustee
Plaza Del Sol Real Estate Trust
P.O. Box 23333
San Diego, CA 92193

Reference: Standard Industrial/Commercial Single-Tenant Lease-Net Agreement, Between Plaza Del Sol Enterprises Trust, Predecessor-In-Interest as Lessor and the City of San Diego as Lessee ("City"), for Property Located at 411 Raven St., San Diego, CA 92102, dated April 1, 1994 and Effective May 15, 1994 (the "Lease")

Dear Mr. Artz:

Subject: Notice of City's Intent to Exercise Option to Renew Lease Agreement

Upon receipt of the facsimile copy of this notice, please provide confirmation to that effect via telephone to: (619) 236-7028.

Under the terms of the above-referenced Lease, City currently leases from Lessor a warehouse comprising approximately 30,000 square feet. Pursuant to Paragraph 50 of the First Addendum to the Lease, City does hereby give notice of its intent to exercise the first of its four (4) options to renew said Lease for five (5) additional years (the "Renewed Term"), at a rental rate and other terms mutually acceptable to Lessor and City, upon expiration of the Original Term of the Lease (the "Notice").

Confirming an earlier discussion between Lessor's Trustee and City's Real Estate Assets Director, City hereby agrees that rent for the first year of the Renewed Term shall remain at the following rates currently in effect: base rent of \$17,020.98 (\$.5674/sq.ft.) per month and additional rent (net expenses) of \$2,113.84 (\$.0705/sq.ft.) per month, consisting of \$1,688.00 per

Real Estate Assets

1200 Third Avenue, Suite 1700, MS 51A • San Diego, CA 92101-4199
Tel (619) 236-6020 Fax (619) 236-6706



Page 2
Mr. Roger Artz
September 30, 2003

month for property taxes and \$425.84 per month for property insurance. The rental rate(s) for years two through five shall be negotiated, and mutually agreed upon by Lessor and City.

Should you have any questions regarding this Notice, please contact me at (619) 236-7028.

Sincerely,



Frederick L. Reale
Property Agent, Asset Management and Marketing

FLR/cj

cc: William T. Griffith, Real Estate Assets Director
Ellen Oppenheim, Park and Recreation Director
Michael J. Behan, Deputy Director, Developed Regional Parks Division
Carol A. Chiodo, Deputy Director, Acquisition and Valuation Division
Steven Remley, District Manager, City-Wide Park Maintenance
Madison F. Wiggins, Supervising Property Agent, Asset Management and Marketing
Linda Greenberg, Senior Vice President, Colliers International

Lease File: City/Plaza Del Sol Enterprises Trust

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NT BY: MCWE;

858 614 1915;

AUG-21

5PM;

PAGE 1/1

PLAZA DEL SOL REAL ESTATE TRUST

P.O. Box 23333 • San Diego, CA 92193
(858) 277-0626 • Fax: (858) 614-1915
e-mail: plazadelsof@mcwe.com

**plaza
del sol**

August 21, 2003

Via Facsimile & Hard Copy

Mr. Michael Behan
Deputy Director
City of San Diego
Parks and Recreation
2125 Park Boulevard
San Diego, CA 92101

Re: Notice of Lessor's Intention to Sell Property

Dear Mr. Behan:

PLEASE TAKE NOTICE that Lessor, Plaza Del Sol Real Estate Trust, does hereby give notice of its intent to sell ("Notice") that real property located at 411 Raven Street, San Diego, CA ("Property") that is subject to a lease dated April 1, 1994 by and between Plaza Del Sol Real Estate Enterprises, predecessor-in-interest as Lessor and the City of San Diego as Lessee (the "Lease").

This notice is given pursuant to paragraph 51 of the Lease wherein Lessor granted to Lessee the right of first refusal to enter into negotiations with Lessor, under terms and conditions acceptable to both parties, for the purchase of the Property.

Lessee must provide Lessor with written notice of Lessee's intent to enter into negotiations for the purchase of the Property within thirty (30) days of receipt of this Notice.

Signed:



• Roger Artz,
Trustee

RA/vb

03 AUG 21 PM 1:13

CITY OF SAN DIEGO
PARKS AND RECREATION
DEPUTY DIRECTOR
MICHAEL BEHAN



THE CITY OF SAN DIEGO

Park and Recreation Department
2125 Park Boulevard
San Diego, CA 92101
(619) 235-1100**FAX TRANSMITTAL**Date: August 21, 2003The following 2 total pages (including this cover page) are intended for:

To:	<u>Fred Reale</u>	From:	<u>Gary V. Stromberg</u>
Company	<u>READ</u>	Division:	<u>Developed Regional Parks</u>
FAX #	<u>(619) 236-6706</u>	FAX #	<u>(619) 235-1160</u>
Phone #	<u></u>	Phone #	<u>(619) 235-1158</u>

Subject: 411 Raven Street**Comments:**

Got this in the mail today. Please let me know what you think.

If there are any problems with receiving this FAX transmission (such as missing pages), please contact the Sender at the "From" phone number given above.

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED, AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. RECEIPT BY AN UNINTENDED RECIPIENT DOES NOT CONSTITUTE A WAIVER OF ANY APPLICABLE PRIVILEGE.

If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited.

If you have received this communication in error, please notify us immediately by telephone, and return the original message to us at the above address via the U.S. Postal Service.

To: <i>Cindy Kodama</i>		From: <i>Valerie Camp</i>	
Co.		Co.	
Dept.		Phone # <i>51154</i>	
Fax #		Fax #	

EASE SUMMARY
1 RAVEN STREET
SAN DIEGO, CA

*P. Ludo:
Purchased heat
to meet
6/94 at 1:00
to bring fld*

Lessor: Plaza Del Sol Enterprises Trust

Contact: Roger Artz *Valerie*
Vice President of Development

Address: P.O. Box 23333
San Diego, CA 92193

Phone: (619) 277-0626

Fax: (619) 277-5111

Lease Term: May 15, 1994 to May 15, 2004

Monthly Base Rent:	Year 1	\$11,400.00	Year 6	\$14,003.20
	Year 2	\$11,856.00	Year 7	\$14,703.36
	Year 3	\$12,330.24	Year 8	\$15,438.53
	Year 4	\$12,823.44	Year 9	\$16,210.46
	Year 5	\$13,336.38	Year 10	\$17,020.98

4% Col 12-YSum *5% Col Y6-Y10 incl*

Options To Renew: The City of San Diego has four (4), five (5) year options to renew the lease. One hundred and eighty (180) day prior written notice is required to Lessor for each renewal.

Net Expenses: The currently monthly net expenses are as follows:

Property Taxes:	\$1,870.00/\$.062 SF
Property Insurance:	\$483.41/\$.016 SF
Property Management:	\$342.00/\$.011 SF
Reserves:	\$114.00/\$.003 SF
Total	\$2,794.00/\$.093 SF

Handwritten: 104,251.76

Net expenses will be billed monthly and can be added to the monthly rent payment.