

ASSIGNMENT AND ASSUMPTION OF FLAT RATE LEASE

THIS ASSIGNMENT AND ASSUMPTION OF FLAT RATE LEASE ("Assignment") is made by and between SAN DIEGO DATA PROCESSING CORPORATION, INC., a California corporation, as assignor ("SDDPC"), and THE CITY OF SAN DIEGO, a California municipal corporation, as assignee ("CITY"), to be effective as of **December 30, 2013** (the "Effective Date"), when signed by the parties and approved by the San Diego City Attorney.

RECITALS

- A. SDDPC, as lessor, entered into that certain Flat Rate Lease dated February 1, 2012 ("Lease"), with Associated Microbreweries, Ltd., a California limited partnership doing business as "Karl Strauss Brewing Company," as tenant, for a portion of the building located at 5965 Santa Fe Street, San Diego, California 92109, for use of general office operations and warehousing, attached as Exhibit A.
- B. On August 5, 2013, by San Diego Resolution No. R-308378, CITY, acting as the sole member of SDDPC, approved the winding up and dissolution of SDDPC and the distribution of SDDPC's assets to CITY as set forth therein.
- C. SDDPC intends to convey to CITY all of its right, title and interest in and to the real property located as 5965 Santa Fe Street, San Diego, California 92109.
- D. Simultaneously with the above-referenced conveyance, SDDPC wishes to assign the Lease to CITY, and CITY wishes to assume the Lease and perform the obligations of the landlord thereunder.
- E. All defined terms not otherwise expressly defined herein shall have the respective meanings given in the Lease.

NOW, THEREFORE, in consideration of the foregoing recitals and for other valuable consideration, the sufficiency of which is acknowledged by the parties, the parties agree as follows:

- 1. Assignment of Lease. SDDPC hereby assigns and transfers to CITY all of its right, title, interest and future obligations in and to the Lease as of the Effective Date.
- 2. Acceptance of Assignment and Obligations. As of the Effective Date, and except as expressly provided in this Assignment, CITY hereby agrees to, and accepts, the assignment of the Lease, and assumes and covenants to keep, perform, and fulfill, the terms, covenants, conditions, and obligations of the Lease required to be kept, performed, and fulfilled by SDDPC on and after the Effective Date. CITY does not assume, and hereby expressly disclaims any obligation or responsibility for any obligations or liabilities of SDDPC under the Lease with respect to or relating to any period prior to the Effective Date.
- 3. Estoppel. To SDDPC's actual knowledge as of the Effective Date: (i) there are no breaches or defaults by either SDDPC or the tenant under the Lease; (ii) there is no pending litigation related to the Lease; (iii) SDDPC has not received notice of any claimed breach or default, or of any litigation relating to the Lease; (iv) the interest of SDDPC under the Lease has not been encumbered, assigned, subordinated or committed as security for any debt or obligation; and (v) SDDPC has the full right, power and authority to enter into this Assignment.
- 4. Partial Invalidity. If any term, provision or condition contained in this Assignment shall, to any extent, be determined to be invalid or unenforceable, the remainder of this Assignment, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is determined to be invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Assignment shall be valid and enforceable to the fullest extent possible permitted by law.
- 5. Successors and Assigns. This Assignment shall inure to the benefit of, and be binding on, the successors and assigns of the parties hereto.

6. No Third-Party Rights. This Assignment is not intended, nor shall it be construed, to create any third-party beneficiary rights in any person who is not a party to this Assignment, including without limitation the tenant under the Lease.
7. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, this Assignment is executed to be effective as of the Effective Date.

SAN DIEGO DATA PROCESSING
CORPORATION, INC., a California corporation

BY: Mary E. Erlendson
Name: MARY E. ERLENDSON
Title: CHIEF FINANCIAL OFFICER
Date: DECEMBER 17, 2013

THE CITY OF SAN DIEGO, a California municipal
corporation

BY: Stacey Dierker
Name: STACEY DIERKER
Title: Asst. Chief of Police
Date: 12-18-13

Environmental Analysis Section Environmental Clearance: SEE ATTACHED

Date: _____

BY: _____

Name: _____

Title: _____

Approved as to form and legality:

JAN I. GOLDSMITH, City Attorney

By: Hilda R. Mendoza
Name: Hilda R. Mendoza
Title: Deputy City Attorney
Date: 1-13-14

This refers to that certain ASSIGNMENT AND ASSUMPTION OF FLAT RATE LEASE with an effective date of December 30, 2013, by and between SAN DIEGO DATA PROCESSING CORPORATION, INC., a California corporation, as assignor, and THE CITY OF SAN DIEGO, a California municipal corporation, as assignee, for a portion of the building located at 5965 Santa Fe Street, San Diego, California 92109.

Environmental Analysis Section Environmental Clearance:

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

Date: 1/7/14

BY: [Signature]
Name: Myra Korman
Title: Senior Planner

A NOTICE OF RIGHT TO APPEAL ENVIRONMENTAL DETERMINATION dated December 20, 2013, was posted December 20, 2013.



THE CITY OF SAN DIEGO

Date of Notice: December 20, 2013

NOTICE OF RIGHT TO APPEAL ENVIRONMENTAL DETERMINATION

DEVELOPMENT SERVICES DEPARTMENT

SAP or WBS No. 21000022

PROJECT NAME/NUMBER: 5965 Santa Fe Street Office/Warehouse Lease

COMMUNITY PLAN AREA: Pacific Beach

COUNCIL DISTRICT: 2

LOCATION: 5965 Santa Fe Street, San Diego, CA 92109

PROJECT DESCRIPTION: Assumption of office/warehouse lease as landlord

ENTITY CONSIDERING PROJECT APPROVAL: City of San Diego Mayor-Appointed Designee

ENVIRONMENTAL DETERMINATION: This activity is exempt pursuant to the State CEQA Guidelines Section 15301 (Existing Facilities).

ENTITY MAKING ENVIRONMENTAL DETERMINATION: City of San Diego Mayor-Appointed Designee

STATEMENT SUPPORTING REASON FOR ENVIRONMENTAL DETERMINATION: CEQA Section 15301 allows for the operation, repair, maintenance, permitting, leasing, licensing or minor alterations of existing public or private structures or facilities involving negligible or no expansion of use. This action will allow for the assumption of an existing office/warehouse lease with no change to existing premises; where no environmental impacts would result; and where none of the exceptions listed in CEQA Guidelines Section 15003.2 would apply.

PROJECT MANAGER: Brock Ladewig

MAILING ADDRESS: 1200 Third Avenue, Suite 1700, MS 51A, San Diego, CA 92102

PHONE NUMBER: 619-236-6311

On December 17, 2013 the City of San Diego made the above-referenced environmental determination pursuant to the California Environmental Quality Act (CEQA). This determination is appealable to the City Council. If you have any questions about this determination, contact the City Development Project Manager listed above.

Applications to appeal CEQA determination made by staff (including the City Manager) to the City Council must be filed in the office of the City Clerk within 10 business days from the date of the posting of this Notice (January 7, 2014). The appeal application can be obtained from the City Clerk, 202 'C' Street, Second Floor, San Diego, CA 92101. This information will be made available in alternative formats upon request.

Exhibit A: Lease

[TO FOLLOW BEHIND THIS PAGE]