

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

Young Men's Christian Association of San Diego County

(LESSEE), and filed in the Office of the City Clerk as Document #767831 hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

Haircut Station, Inc.

(SUBLESSEE), dated February 17, 1995. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

Revenue to the City is \$600 per month for the first three years. The monthly rent for the fourth year is subject to CPI adjustment. In the event the option for an additional five year term is exercised, the rent shall be \$875 per month; however, in no event will the monthly rent be less than the monthly rent for the fifth year.

Rent is due monthly in advance on or before the first day of each calendar month.

SUBLESSEE shall, at all times during the lease term, keep or cause to be kept true and complete books, records, and accounts of all financial transactions in the operation of all business activities conducted upon and financial transactions resulting from the use of the premises. The records shall be supported by source documents such as sales slips, daily cash register tapes, purchase invoices, or other documents as necessary to allow CITY to easily determine the total gross income.

Any retail sales or charges will be recorded by means of cash registers or other comparable devices which display to the customer the amount of the transaction and automatically issue a receipt. The registers will be equipped with devices that lock in sales totals and other transaction numbers and sales details that are not resettable. Totals registered shall be read and recorded at the beginning and end of each business day.

All SUBLESSEE'S books of account, records, and supporting documentation, shall be kept for at least five (5) years and made available to CITY in one location within the City of San Diego. Said books and records shall be maintained separate from all other accounts not relating to the leased premises. The CITY, at its discretion, shall have the right to inspect and audit the business of LESSEE, its agents, sublessees, concessionaires, and licensees operating on and in connection with the premises.

THE CITY OF SAN DIEGO

Dated 3/28/95

By Robert J. Glass
Supervising Property Agent for the
City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 4/14/95

By [Signature]
Deputy

Young Men's Christian Association of
San Diego County

Dated 6/22/95

By [Signature]

CEBK/dcjl:\1995\WPO\KODAMA\SL-HAIR.WPD
3/21/95

SUBLEASE

THIS SUBLEASE is between YOUNG MEN'S CHRISTIAN ASSOCIATION OF SAN DIEGO COUNTY, a California nonprofit public benefit corporation ("Sublessor"), and HAIRCUT STATION, INC., a California corporation ("Sublessee").

1. Premises, Term, Option. The premises shall be an area of approximately 10 feet by 20 feet in the westerly portion of the Mission Valley Family Branch YMCA, 5505 Friars Road, San Diego, California. The premises include an additional storage area of approximately 70 square feet. The term shall commence March 1, 1995, and shall be for five years. Sublessee shall have the option to renew this sublease for an additional term of five years on the same terms as are herein contained (except as to rent); no further option to renew shall be granted. To exercise the option, Sublessee must notify Sublessor thereof in writing delivered to Sublessor no later than October 1, 1999.

2. Subrent. Subrent for the first three years of the term shall be \$1,100 per month. Subrent, per month, for the fourth and fifth years of the term shall be determined by the following equation:

$$SR = \frac{\$1,100 \times CPI}{151.3}$$

where (i) "SR" means "subrent," (ii) "CPI" means the Consumer Price Index published by the U.S. Department of Labor, All Urban Consumers, Los Angeles-Anaheim-Riverside for June, 1997, and (iii) "151.3" is such Index for June, 1994. If the option to renew this sublease is exercised, monthly rent for the renewed term shall be \$1,375. All monthly rent shall be paid in advance to Sublessor at such address as it shall notify Sublessee in writing.

3. Use. Sublessee shall use the premises for the preparation and sale of drinks, refreshments and foodstuffs. Exhibit A is the proposed menu; Sublessee may from time to time change the menu if, in the sole judgment of Sublessee, consumer demand justifies such change. Sublessee may also sell such drinks, refreshments and foodstuffs outdoors, from a pushcart, at said Family Branch YMCA. Sublessee shall remain open for business, with adequate staffing, during such hours and days as Sublessor approves.

4. Alterations. Sublessor shall, at its sole cost, install in the premises, prior to the commencement of the term hereof plumbing (for water and drain(s)) and electricity. Sublessee shall install, at its sole cost, in the premises, prior

to commencement of the term hereof counter, utensils, equipment, pushcart, decor and all other personal property necessary for Sublessee to properly conduct its business (collectively, "Personalty"). At the expiration or termination hereof the Personalty shall be promptly removed from the premises by Sublessee; such removal and repair of any damage to the premises caused by such removal shall be at Sublessee's sole cost.

5. Maintenance. Sublessee shall, throughout the term hereof, at its sole cost maintain and keep in good repair the (i) plumbing and electrical system outside of the wall(s) and floor and (ii) Personalty.

6. Reimbursement. When Sublessee's sales (net of sales tax) from the premises and pushcart average, over a period of three consecutive lease or calendar months, \$20,000 or more per month, Sublessee shall promptly pay, in cash, to Sublessor the cost (not exceeding \$5,000) incurred by Sublessor in installing the plumbing and electricity described in Paragraph 4 above.

7. Provisions for the Benefit of City. The following provisions are for the benefit of the City of San Diego:

7.1 Subordination. This agreement is in effect a sublease of a portion of the premises covered by that certain Amended Sublease Agreement as amended between the Sublessor and the City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.

7.2 Assignment and Subleasing. Sublessee shall not assign this Sublease or sublet the premises or any part thereof without the prior written consent of Sublessor and the City of San Diego, hereinafter, "City." As assignment by operation of law shall automatically terminate this Lease.

7.3 Hold Harmless. Sublessee shall assume the defense of, indemnify and save harmless Sublessor and City from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the sublessee's operations conducted on the premises or from any act of omission of Sublessee, its agents and invitees.

7.4 Insurance. Sublessee shall be insured by an insurance carrier acceptable to the Sublessor and City against loss from public liability arising from the use or condition of or operation conducted on the premises. Minimum coverage shall be \$1 million combined single limit liability, with an occurrence claims form. A copy of the policy of insurance shall be filed with City and shall name "The City of San Diego" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days' prior written notice to City by the insurance company.

7.5 Legal Proceedings. Should it become necessary for Sublessor or City to commence legal proceedings to collect rent, to recover possession or enforce any other provisions of this Lease, Sublessee agrees to pay all legal costs in connection therewith, including a reasonable sum as attorneys' fees.

8. County Policy. Although the criteria in the Policy Memorandum of Environmental Health Services of the Department of Health Services of the County of San Diego calls for an on-site management entity to maintain the common restroom facilities, Sublessee understands that the legal responsibility to provide property maintenance and readily available restrooms still rests with each individual food facility. Sublessor hereby indemnifies and shall hold harmless Sublessee from any claim for personal injury or property damage arising from or out of the condition of said restrooms.

9. Sublessor's Agent. The Executive Director of said Family Branch YMCA is Sublessor's representative in all matters relating to this sublease.

10. Breach. If either party breaches this sublease, the other party shall have such legal and equitable remedies as are provided by the statutory and case law of the State of California.

Dated: 2/20, 1995.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SAN DIEGO, COUNTY

By Richard A. Collato
Name RICHARD A. Collato
Title President

HAIRCUT STATION, INC.

By Beatrice A. Stewart
Name Beatrice A. Stewart
Title President

PROPOSED MENU

JUICE SELECTION

Orange
Apple
Grapefruit
Carrot
Lemonade
Seasonal Selections

SMOOTHIE SELECTION

Choice of fresh and fresh frozen seasonal fruit blended
with orange juice or milk.

Strawberry
Banana
Pineapple
Cantaloupe
Papaya
Mango

COFFEE SPECIALTIES

Choice of coffee blends regular or decaffeinated
served hot or iced.

Coffee
Espresso
Cappuccino
Cafe Mocha
Milky Way
Cafe Au Lait
Cafe Latte

Selection of Torani Flavors

TEAS

Selection of hot or iced teas in assorted flavors
herbal or caffeinated.

MILK AND HOT CHOCOLATE

EXHIBIT A

SODAS

Selection of Pepsi-Cola products regular or diet.

WATERS

Choice of bottle water such as Evian and Calestoga
and other fruit flavor beverages.

BAKERY

Fresh daily variety including:

Muffins

Scones

Cookies

Bagels with cream cheese

YOGURT

Frozen yogurt served plain or with choice of fresh
or fresh frozen seasonal fruit.

SALAD

Fresh fruit salad with choice of cottage cheese
or frozen yogurt.

OTHER

Fruit juice sticks

ALL CUSTOMER SUGGESTIONS WILL BE NOTED



THE CITY OF

SAN DIEGO

PROPERTY DEPARTMENT, MAIL STATION 51-A

CIVIC CENTER PLAZA, 1200 THIRD AVENUE, SUITE 1700

SAN DIEGO, CALIFORNIA 92101-4199 TELEPHONE: (619) 236-6020

FAX: (619) 236-6706

February 24, 1994

File: Job 220363

Dick Webster
Mission Valley YMCA
5505 Friars Road
San Diego, CA 92110

Re: Proposed Sublease Agreement - Brew Inc.

Pursuant to our telephone conversation, the City is willing to approve a sublease agreement with ~~Brew Inc.~~ contingent on the following terms and conditions: *Haircut Station, Inc*

- An initial five-year term with a five-year option
- Revenue to the City -
 - First Year - \$600 per month
 - Third Year - Monthly rent subject to a Consumer Price Index
 - Sixth Year (if option is exercised) - \$875

If you have any additional questions or concerns, please call me at 236-6053.

C. Kodama
Cynthia E. Kodama, Property Agent
Property Management Services

CEBK/dcj

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DIVERSITY
BRING US ALL TOGETHER
TOTAL P.02

That portion of Pueblo Lot 1101 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe in 1870, a copy of which said Map was filed in the Office of the County Recorder of San Diego County on May 14, 1921, and is known as Miscellaneous Map No. 36, lying Southerly of the Southerly line of Priars Road as dedicated on January 16, 1969 by Resolution No. 195774 of the Council of the City of San Diego, recorded January 21, 1969 as File No. 12152.

DOCUMENT NO. F-5954

FILED JAN 06 1993
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

Quitclaim Deed of YMCA to City.

NOTE: See R-280640 for related
material per Cindy Kodama.
(LEAS-Young Men's Christian
Association (YMCA))

cc: Property-Cindy Kodama MS 51A
RUIS - MS 872

1/6/93 eh