

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT dated, for reference purposes only, this 24th day of May, 2000, is executed between the CITY OF SAN DIEGO, a California municipal corporation, hereinafter referred to as ("Sublandlord"), and CALIFORNIA BORDER ALLIANCE GROUP (CBAG), employed with the High Intensity Drug Trafficking Areas program that is under the direction of the United States Office of the President, National Drug Control Policy, hereinafter referred to as ("Subtenant").

RECITALS

A. Sublandlord entered into a lease agreement dated January 28, 1999 and Lease Amendment dated May 24th, 2000 ("the Lease"), with Executive One Associates, an Illinois limited partnership ("the Landlord"), for that certain real property known as 1010 Second Avenue, Suite 1900, San Diego, California 92101 ("the Office Building"), being approximately 8,929 rentable square feet.

B. Sublandlord desires to sublet the entire portion of the Premises, described in Exhibit "A", to Subtenant for a five-year term commencing November 1, 2000.

C. The Landlord has consented to a sublease to Subtenant by Sublandlord under the Master Lease.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree to this Sublease on the following terms and conditions:

1. Sublease. Sublandlord hereby leases to Subtenant and Subtenant hereby leases from Sublandlord the office space designated as "CBAG Space" in Exhibit "A" attached hereto and incorporated herein by reference (the "Premises"). Total square feet occupied by CBAG, is approximately 8,929 rentable square feet.

2. Term. The term of this Sublease is for five (5) years commencing on November 1, 2000 and terminating on October 31, 2005. Subtenant has the Option to Extend the term for one five-year period subject to Sublandlord's consent. Should Subtenant elect to vacate the Premises at the end of the initial term and/or extension term, Subtenant shall provide Sublandlord with a nine (9) months prior written notice of its intent to vacate and terminate the sublease.

3. Cancellation Option. Subtenant or Sublandlord shall have the annual right to cancel the Sublease upon giving a nine (9) months prior written notice to the other party of its intent to cancel the Sublease. However, should Subtenant cancel this Sublease within the first thirty-six (36) months of the initial sublease term, Subtenant will be subject to a cancellation fee. Subtenant shall be obligated to pay Sublandlord monthly rent for no more than six months or less until Sublandlord either occupies the premises as their own or subleases to another party.

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FILED - JUL 17 2000
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

4. Base Rent. Subtenant agrees to and shall pay directly to the Sublandlord, the City of San Diego, c/o Real Estate Assets Department, 1200 Third Avenue, Suite 1700, San Diego, CA 92101 the amount of Fifteen Thousand One Hundred and Seventy-Nine Dollars and Thirty Cents (\$15,179.30) per month (the "Rental Payment"), such amount comprised of the full rent of \$1.70 per rentable square foot for the 8,929 rentable square feet. The rental payment is due on the first day of each month commencing November 1, 2000. The rent shall be subject to a 2.5% annual increase during the initial term and extension terms of this Sublease.

5. Security Deposit. Intentionally omitted.

6. Use. The Premises shall be used by Subtenant and Subtenant's permittees for general office and meeting assembly purposes. Any violation of this paragraph is a material breach of this Sublease and of the Master Lease.

7. Operating Expense. Sublandlord is subject to a Base Year of 2003. Should Sublandlord exceed their Base Year allowance and is therefore charged a monthly operating expense, Subtenant shall pay to the Sublandlord during the term hereof and extension terms, in addition to the monthly Base Rent, Subtenant's share of operating expenses during the term of this Sublease and subsequent extensions. Subtenant's prorata share of the Premises is determined to be 2.75%. "Operating Expenses" is defined, for purposes of this Sublease, to include all costs, if any incurred by Sublandlord in the exercise of the Landlord's reasonable discretion, for the operation, repair, maintenance, and replacement, in neat, clean, safe, good order and condition, of the Office Building.

8. Condition of Premises. Subtenant agrees that their act of taking possession will be an acknowledgment that the Premises are in leasable and good condition. Subtenant shall not, without Sublandlord's and Landlord's prior written consent make any alterations, improvements, additions on or about the Premises, or the office Building Project. At the expiration of the term, Sublandlord may require the removal of any or all of said alterations and improvements in the Premises at Subtenant's sole expense. Upon termination of this Sublease, Subtenant shall surrender and vacate the Premises in a broom-clean, good condition, normal wear and tear excepted, and shall, without expense to Sublandlord, remove or cause to be removed from the Premises all debris and rubbish, all furniture, equipment, business and trade fixtures, movable partitions and other articles of property owned by Subtenant. Subtenant shall repair all damage to the Premises resulting from such removal.

9. Late Charges. Intentionally omitted. Subtenant will be paying the entire annual rent at the beginning of each fiscal year up-front to the City.

10. Insurance; Indemnity. Subtenant shall, at Subtenant's expense, obtain and keep in force at all times during the term of this Sublease as follows:

(a) Public liability and property damage in the amount of not less than One Million Dollars (\$1,000,000) Combined Single Limit Liability with an occurrence claims form. This policy shall cover all injury or damage, including death, suffered by any party or parties from acts or failures to act by Sublandlord or Subtenant or by authorized representatives of Sublandlord or Subtenant 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 will be payable jointly to Sublandlord and Subtenant.

(c) Additional Insured. All insurance policies will name Sublandlord as an additional insured, protect Sublandlord and Landlord against any legal costs in defending claims, and will not terminate without sixty days (60) days prior written notice to Sublandlord. A copy of the insurance policy will remain on file with Sublandlord during the entire term of the Sublease. At least thirty (30) days prior to the expiration of each policy, Subtenant shall furnish a certificate(s) showing that a new or extended policy has been obtained which meets the terms of this Sublease.

(d) Failure to Comply. If Subtenant fails or refuses to take out and maintain their required insurance or fails to provide the proof of coverage, Sublandlord has the right to obtain the insurance. Subtenant shall reimburse Sublandlord for the premiums paid with interest at the maximum allowable legal rate then in effect in California. Sublandlord shall give notice of payment of premiums within thirty (30) days of payments stating the amount paid, names of the insurer(s), and rate of interest. Said reimbursement and interest shall be paid by Subtenant on the first (1st) day of the month following notice of payment by Sublandlord.

(e) Indemnity. Subtenant agrees to defend, indemnify, protect, and hold the Sublandlord and Landlord, its agents, officers, and employees harmless from and against any and all claims asserted or liability established for damages or injuries to any person or property, including injury to Subtenant's employees, invitees, guests, agents, or officers, which arise out of or are in any manner directly or indirectly connected with the development or operation of the leasehold or the work and operations to be performed under this Sublease, and all expenses of investigating and defending against same; provided, however, that Subtenant's duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of Sublandlord, its agents, officers, or employees.

11. Assignment and Subleasing. Subtenant shall not assign this lease or sublet the premises or any part thereof without the prior written consent of Landlord and Sublandlord. An assignment by operation of law shall automatically terminate this Sublease.

12. Legal Proceedings. In the event of any conflict or controversy, other than one involving the payment of rent, Sublandlord and Subtenant shall first seek settlement of the conflict or controversy through mediation conducted by a mutually agreeable neutral third party. If settlement cannot be obtained through mediation, then the exclusive forums for judicial remedies shall be either the Municipal or Superior Courts in and for the County of San Diego, State of California, or the United States District Court for the Southern District of California. Should it become necessary for Sublandlord to commence legal proceedings to collect rent, Subtenant agrees to pay all legal costs in connection therewith, including reasonable attorney's fees.

12. Possessory Interest Tax. Subtenant agrees to pay, before delinquency, all possessory interest taxes assessed or levied upon Subtenant or the Premises, including any structures, machines, equipment, appliances, or other improvements or property of any nature whatsoever erected, installed,

or maintained by Subtenant or levied by reason of the business or other Subtenant activities related to the Premises, including any licenses or permits. Subtenant recognizes and agrees that this sublease may create a possessory interest tax levied on such interest, and that Subtenant shall pay all such possessory interest taxes. Subtenant further agrees that payment for such taxes, fees and assessments will not reduce any rent due Sublandlord.

13. Subordination. This agreement is in effect a sublease of the entire portion of the premises, being suite 1900, covered by that certain Lease Amendment dated May 24th, 2000, as amended between the Sublandlord herein and Landlord. This sublease is subject to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.

IN WITNESS WHEREOF, this Sublease Agreement is executed by the City of San Diego, acting by and through its lawfully authorized officers, and by CBAG, acting by and through its lawfully authorized officers.

SUBLANDLORD:

SUBTENANT:

CITY OF SAN DIEGO, a California
municipal corporation

CALIFORNIA BORDER ALLIANCE GROUP

Real Estate Assets Department

By: Jane E. Vickers
Jane E. Vickers, Deputy Director

By: Richard E. Gorman
Richard E. Gorman, Director

APPROVED AS TO FORM AND LEGALITY THIS 26th day of July,
2000.

CASEY GWINN, City Attorney

By: Debra J. Bevier
Debra J. Bevier, Deputy City Attorney

H:\WPWDATA\CBAGsubleaseEC19.frm

/DLM

0-18824

ORDINANCE NUMBER O- 18824

ADOPTED ON JUL 17 2000

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO
EXECUTE A SUBLEASE AGREEMENT WITH CALIFORNIA
BORDER ALLIANCE GROUP.

WHEREAS, the City and California Border Alliance Group (CBAG) have negotiated a Sublease Agreement, in which CBAG will sublease office space from the City at the initial rental rate of \$15,179.30 per month, the fair market rate as determined by City valuation staff; NOW, THEREFORE,

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

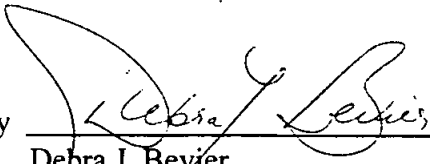
Section 1. That the City Manager is authorized to execute, for and on behalf of The City of San Diego, a Sublease Agreement with CBAG, in which CBAG will sublease from the City approximately 8,929 square-feet of office space on the 19th floor of the Executive Complex Building, commencing November 1, 2000, and terminating October 31, 2005, at an initial monthly rent of \$15,179.30, with one 5-year option to extend, under the terms and conditions set forth in this Sublease Agreement which will be on file in the office of the City Clerk as Document No. OO- 18824.

Section 2. CBAG's Sublease provides for complete reimbursement to the City for all costs associated with leasing the 19th floor. The City will be receiving \$121,434.40 from CBAG for FY2001 that will be deposited into the General Fund 100.

Section 3. That a full reading of this ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

Section 4. This ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: CASEY GWINN, City Attorney

By 
Debra J. Beyier
Deputy City Attorney

DJB:cmg
06/05/00
Or.Dept:REA
Job: 922624
O-2000-187

Passed and adopted by the Council of The City of San Diego on July 17, 2000 by
the following vote:

YEAS: MATHIS, WEAR, KEHOE, STEVENS, WARDEN, STALLINGS,

VARGAS, McCARTY. NAYS: NONE. NOT PRESENT: MAYOR GOLDING.

AUTHENTICATED BY:

SUSAN GOLDING

Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California

(Seal)

By: Ramone Lewis, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of ORDINANCE
NO. O- 18824 (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
June 19, 2000 and on July 17, 2000.

I FURTHER CERTIFY that the reading of said ordinance in full was dispensed with by a vote of
not less than a majority of the members elected to the Council, and that there was available for the
consideration of each member of the Council and the public prior to the day of its passage a written
or printed copy of said ordinance.

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California

(Seal)

By: Ramone Lewis, Deputy