

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT dated, for reference purposes only, February 1, 2005, is executed between the SAN DIEGO DATA PROCESSING CORPORATION, a California corporation (“Sublandlord”), and THE CITY OF SAN DIEGO, a California municipal corporation (“Subtenant”).

RECITALS

A. Sublandlord entered into an Office Building Lease dated April 3, 1992, by and between PACIFIC SOUTHWEST REALTY COMPANY, a Delaware corporation as Lessor, (“the Master Lease”) as amended by an Amendment to Lease dated November 22, 1994, a Second Amendment to Lease dated April 1, 1996, a Third Amendment to Lease dated October 31, 1996, a Fourth Amendment to Lease dated March 28, 1997, a Fifth Amendment to Lease dated August 15, 1997, a Sixth Amendment to Lease dated October 15, 1997, a Seventh Amendment to Lease dated April 15, 1998, and an Eighth Amendment to Lease dated October 20, 1999, by and between CIVIC CENTER ASSOCIATES, a California limited liability company, as successor to Pacific Southwest Realty Company, a Delaware Corporation (“Lessor”), for that certain real property known as 1200 Third Avenue, Suites 400, 424, 1400, 1402, 1405A, and 1405, San Diego, California 92101 (“the Premises”) being approximately 22,634 rentable square feet.

B. Sublandlord desires to sublet a portion of the Premises, consisting of suites 400 and 424 containing approximately 7,938 rentable square feet described in Exhibit “A”, to Subtenant for a twenty-eight (28) month term commencing April 1, 2005, and expiring July 31, 2007.

C. The Lessor 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 acknowledged, the parties agree to this Sublease on the following terms and conditions:

1. Sublease. Sublandlord leases to subtenant and subtenant leases from Sublandlord Suites 400 and 424 of 1200 Third Avenue, San Diego, California as designated on Exhibit “A” attached and incorporated into this Sublease Agreement by this reference (the “Treasury Space”). Total square feet occupied by the Treasury is approximately 7,938 rentable square feet.
2. Term. The term of this Sublease is for twenty-eight (28) months commencing on April 1, 2005, and terminating July 31, 2007.
3. Base Rent. Subtenant agrees to and shall pay directly to the Sublandlord, at 5975 Santa Fe Street, San Diego, California 92109 the amount of eleven thousand one

hundred and thirteen dollars and twenty cents (\$11,113.20) per month (the “Rental Payment”), the full rent of \$1.40 per rentable square foot for the 7,938 rentable square feet. The rental payment is due on the first day of each month commencing April 1, 2005.

4. Sublandlord Option to Extend. Sublandlord agrees not to exercise its option to extend pursuant to the Master Lease beyond the expiration date of July 31, 2007.
5. 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.
6. Operating Expense. Pursuant to Article 5 of the Eighth Amendment to the Master Lease, Sublandlord is subject to a Base Year of 2002. Should Lessor exceed their Base Year amount and therefore charge a monthly operating expense, Subtenant shall pay to the Sublandlord during the term of the Sublease in addition to the monthly Base Rent, Subtenant’s share of operating expenses during the term of this Sublease. Subtenant’s prorata share of the Premises is determined to be 2.973%. “Operating Expenses” is defined, for purposes of this Sublease, to include all costs, if any incurred by Landlord 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 Premises.
7. Pre-Sublease Agreement Commencement Access to Space. The day after City Council approves this Sublease Agreement, Sublandlord agrees to allow Subtenant and Subtenant’s Contractors to enter the space for the purpose of performing construction activities to prepare the space for occupancy.
8. Condition of the Premises. Subtenant agrees that their act of taking possession of the Treasury Space will be an acknowledgment that the Premises are in leasable and good condition. Subtenant shall not, without Sublandlord’s and Lessor’s prior written consent makes any alternations, improvements or additions on or about the Treasury Space. Sublandlord agrees to allow Subtenant to take ownership of all the office furniture as shown on Exhibit B attached. Sublandlord also agrees to allow Subtenant to use all the equipment, wiring, and connectivity components remaining in the space for as long as Subtenant occupies the space. Upon termination of this Sublease, if Subtenant has not exercised its option to add the subleased space to its Civic Center Plaza Master Lease, Subtenant shall surrender and vacate the Treasury Space 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 Treasury Space all debris and rubbish, all furniture, equipment, business and trade fixtures, movable partitions and other articles of property owned by Subtenant.
9. Late Charges. Rent is due on the first of each month and delinquent on the tenth (10th). The late fee shall be two percent (2%) of the delinquent amount. However, the late fee is only due if Subtenant has not made payment within 30 days after

notice from Sublandlord of failure to pay rent. Notice must state that failure to pay rent in 30 days will result in a late charge.

- 10. Insurance. Subtenant is self insured in accordance with applicable law.
- 11. Assignment and Subleasing. Subtenant shall not assign this Sublease Agreement or sublet the Treasury Space or any part without the prior written consent of Lessor and Sublandlord. An assignment by operation of law shall automatically terminate this Sublease.
- 12. Subordination. This Sublease Agreement is subject to and subordinate to the covenants and conditions of the Office Building Lease notwithstanding any provision of this Sublease Agreement contrary to or in conflict with the Office Building Lease.

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

SUBLANDLORD:

SUBTENANT:

SAN DIEGO DATA PROCESSING CORPORATION, a California corporation

THE CITY OF SAN DIEGO, a California municipal corporation

Real Estate Assets Department

By: _____

By: _____

William T. Griffith
Real Estate Assets Department Director

APPROVED AS TO FORM AND LEGALITY THIS _____ day of _____, 2005.

MICHAEL J. AGUIRRE, City Attorney

City Treasurer

By: _____
Elisa Cusato, Deputy City Attorney

By: _____
Charles Mueller, Acting City Treasurer

JB/cj
1/14/05

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