

**COMMERCIAL LEASE  
(SHOWCASE)**

by and between the

**CITY OF RIVERSIDE**

("Landlord")

and

**RIVERSIDE FOOD HALL, LP**

("Tenant")

## TABLE OF CONTENTS

|     |  |    |
|-----|--|----|
| 1.  | Premises, Parking and Common Areas .....                               | 1  |
| 1.1 | Parties.....   | 1  |
| 1.2 | Premises .....   | 1  |
| 1.3 | Letting.....   | 1  |
| 1.4 | Condition.....   | 1  |
| 1.5 | Acceptance of Premises .....   | 1  |
| 1.6 | Vehicle Parking.....   | 2  |
| 1.7 | Common Areas .....   | 2  |
| 2.  | Term .....   | 4  |
| 2.1 | Original Term.....   | 4  |
| 2.2 | Lease Extension .....  | 4  |
| 2.3 | Surrender.....   | 5  |
| 2.4 | Effect of Holding Over .....   | 6  |
| 3.  | Rent .....   | 6  |
| 3.1 | Definition .....   | 6  |
| 3.2 | Payment of Rent.....   | 6  |
| 3.3 | Base Rent .....  | 6  |
| 3.4 | Additional Rent.....   | 6  |
| 3.5 | Tenant's Share of Common Area Maintenance Costs .....                  | 6  |
| 3.6 | Late Charges .....   | 7  |
| 3.7 | Interest on Past-Due Obligations .....                                 | 7  |
| 3.8 | Tenant Improvement Allowance/Schedule of Performance .....             | 7  |
| 4.  | Security Deposit .....   | 7  |
| 4.1 | Due at Execution.....  | 7  |
| 4.2 | Use of Security Deposit .....  | 7  |
| 4.3 | Return of Security Deposit.....  | 8  |
| 5.  | Use.....   | 8  |
| 5.1 | Permitted Use.....   | 8  |
| 5.2 | Hours of Operation .....   | 8  |
| 5.3 | Compliance with Governmental Regulations and Private Restrictions..... | 8  |
| 5.4 | Compliance with Americans with Disabilities Act.....                   | 8  |
| 5.5 | Hazardous Substances.....  | 9  |
| 5.6 | Inspection; Compliance with Law .....                                  | 10 |
| 6.  | Obligations; Improvements; Maintenance .....                           | 11 |
| 6.1 | Tenant's Obligations.....  | 11 |
| 6.2 | Tenant Improvements .....  | 12 |
| 6.3 | Landlord's Obligations.....  | 12 |
| 6.4 | Utility, Utility Installations, Trade Fixtures, Alterations.....       | 13 |
| 6.5 | Ownership, Removal, Surrender, and Restoration.....                    | 14 |
| 7.  | Insurance; Indemnity.....  | 15 |
| 7.1 | Payment of Premiums .....  | 15 |
| 7.2 | Liability Insurance .....  | 15 |
| 7.3 | Delivery of Evidence of Lessee's Insurance.....                        | 15 |
| 7.4 | Other Insurance Requirements.....                                      | 16 |

|       |   |    |
|-------|---|----|
| 7.5   | Mutual Waiver of Subrogation .....                                | 16 |
| 7.6   | Indemnity .....   | 16 |
| 7.7   | Exemption of Landlord from Liability .....                        | 17 |
| 8.    | Damage or Destruction.....  | 17 |
| 8.1   | Definitions.....  | 17 |
| 8.2   | Premises Partial Damage - Insured Loss .....                      | 18 |
| 8.3   | Partial Damage - Uninsured Loss .....                             | 18 |
| 8.4   | Total Destruction .....   | 19 |
| 8.5   | Damage Near End of Term.....                                      | 19 |
| 8.6   | Abatement of Rent; Tenant's Remedies .....                        | 19 |
| 8.7   | Hazardous Substance Conditions.....                               | 20 |
| 8.8   | Termination - Advance Payments.....                               | 20 |
| 8.9   | Waiver of Statutes.....   | 21 |
| 9.    | Taxes .....   | 21 |
| 9.1   | Payment of Taxes.....   | 21 |
| 9.2   | Real Property Tax Definition.....                                 | 21 |
| 9.3   | Additional Improvements .....                                     | 21 |
| 9.4   | Joint Assessment.....   | 21 |
| 9.5   | Tenant's Taxes .....  | 22 |
| 9.6   | "Possessory Interest Tax/Property Taxes".....                     | 22 |
| 10.   | Assignment and Subletting.....                                    | 22 |
| 10.1  | Landlord's Consent Required .....                                 | 22 |
| 10.2  | Default or Breach.....  | 23 |
| 10.3  | Terms and Conditions Applicable to Assignment and Subletting..... | 23 |
| 10.4  | Additional Terms and Conditions Applicable to Subletting.....     | 24 |
| 11.   | Default; Breach; Remedies.....                                    | 25 |
| 11.1  | Tenant's Default.....   | 25 |
| 11.2  | Landlord's Remedies .....   | 27 |
| 11.3  | Continuation of Lease .....                                       | 28 |
| 11.4  | Re-entry.....   | 28 |
| 11.5  | Re-letting.....   | 28 |
| 11.6  | Termination.....  | 29 |
| 11.7  | Cumulative Remedies .....   | 29 |
| 11.8  | No Surrender.....   | 29 |
| 11.9  | Landlord's Lien .....   | 29 |
| 11.10 | Breach by Landlord.....   | 29 |
| 12.   | Condemnation .....  | 30 |
| 13.   | Tenancy and Financial Statements .....                            | 30 |
| 13.1  | Tenancy Statement.....  | 30 |
| 13.2  | Financial Statement.....  | 30 |
| 14.   | Severability.....   | 30 |
| 15.   | Time of Essence .....   | 31 |
| 16.   | No Prior or Other Agreements .....                                | 31 |
| 17.   | Notices.....  | 31 |
| 17.1  | Notice Requirements.....  | 31 |
| 17.2  | Date of Notice .....  | 31 |

|  |    |
|--|----|
| 18. Waivers.....                                       | 31 |
| 19. No Recordation.....                                | 31 |
| 20. Cumulative Remedies.....                           | 32 |
| 21. Covenants and Conditions.....                      | 32 |
| 22. Binding Effect; Choice of Law .....                | 32 |
| 23. Subordination; Attornment.....                     | 32 |
| 23.1 Subordination.....                                | 32 |
| 23.2 Attornment .....                                  | 32 |
| 23.3 Self-Executing.....                               | 32 |
| 24. Landlord’s Access; Showing Premises; Repairs ..... | 32 |
| 25. Auctions.....                                      | 33 |
| 26. Signs .....  | 33 |
| 27. Termination; Merger .....                          | 33 |
| 28. Consents .....                                     | 33 |
| 29. Quiet Possession.....                              | 34 |
| 30. Security Measures .....                            | 34 |
| 31. Reservations .....                                 | 34 |
| 32. Performance Under Protest .....                    | 34 |
| 33. Nondiscrimination.....                             | 34 |
| 34. Authority .....                                    | 35 |
| 35. Conflict.....                                      | 35 |
| 36. Offer .....  | 35 |
| 37. Amendments.....                                    | 35 |
| 38. Multiple Parties .....                             | 35 |
| 39. Guaranty .....                                     | 35 |

|             |                            |
|-------------|----------------------------|
| Exhibit “A” | Legal Description/Site Map |
| Exhibit “B” | Schedule of Performance    |
| Exhibit “C” | Guaranty                   |

## TERMS AND CONDITIONS

### 1. Premises, Parking and Common Areas

1.1 **Parties.** This Lease (“**Lease**”), dated \_\_\_\_\_, 2019 (“Effective Lease Date”), is made by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation (“**Landlord**”) and RIVERSIDE FOOD HALL, LP, a California limited partnership (“**Tenant**”). Collectively the Landlord and Tenant are referred to as “**Parties**,” or individually as “**Party**.”

1.2 **Premises.** That certain building commonly known as the Showcase, located at 3633 Market Street, Riverside, California 92501, as referenced on Exhibit “A” attached hereto and incorporated herein by reference, consisting of approximately 10,000 square feet of leasable space (“**Premises**”). In addition to Tenant’s rights to use and occupy the Premises as hereinafter specified, Tenant shall have non-exclusive rights to the Common Areas (as defined in Paragraph 1.7 below) as hereinafter specified. The Premises, the Common Areas, and the land upon which they are located are herein collectively referred to as the “**Property**.”

1.3 **Letting.** Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of square footage set forth in this Lease, or that may have been used in calculating rental and/or Common Area Operating Expenses, is an approximation which Landlord and Tenant agree is reasonable, and the rental and Tenant’s Share shall be subject to revision once Landlord has finished constructing the space.

1.4 **Condition.** By taking possession of the Premises, Tenant accepts the Premises as suitable for Tenant’s intended use and as being in good and sanitary operating order, condition and repair, AS IS, and without representation or warranty by Landlord as to the condition, use or occupancy which may be made thereof. Any exceptions to the foregoing must be by written agreement executed by Landlord and Tenant. Tenant understands, acknowledges and agrees that it will perform any interior work to the Premises to accommodate Tenant’s use.

1.5 **Acceptance of Premises.** Tenant hereby acknowledges: (a) that it has been advised to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical and fire sprinkler systems, security, environmental aspects, seismic and earthquake requirements, and compliance with the Americans with Disabilities Act and applicable zoning, municipal, county, state and federal laws, ordinances and regulations and any covenants or restrictions of record (collectively, “**Applicable Laws**”) and the present and future suitability of the Premises for Tenant’s intended use; (b) that Tenant has made such investigation as it deems necessary with reference to such matters, is satisfied with reference thereto, and assumes all responsibility therefore as the same relates to Tenant’s occupancy of the Premises and/or the terms of this Lease; and (c) that neither Landlord, nor any of Landlord’s agents, has made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. As required by California Civil Code No 1938, an ADA Survey has not been conducted by a Certified Access Specialist for the Premises and/or surrounding Common Areas. A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises

comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

1.6 **Vehicle Parking.** Tenant and its guests shall be entitled to use unreserved parking spaces in Garage 7. Tenant and/or its guests shall be responsible for payment of all parking fees to the operator of the parking garage. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, herein called “**Permitted Size Vehicles.**” Vehicles other than Permitted Size Vehicles shall be parked and loaded or unloaded as directed by Landlord. Tenant and Tenant’s vendors, contractors, and sub-licensees shall be entitled to utilize the common motor court at the west end of the Premises for loading and unloading and related activities. Tenant acknowledges that the motor court is a common area for shared use with The Box for its loading and unloading activities and that Landlord may enact all reasonable rules and regulations to ensure both the Showcase and Box premises have fair and adequate use to the common motor court. Furthermore, upon availability and subject to sixty (60) days’ prior written notice and approval by Landlord, Tenant may utilize the motor court for a special event. Any special event usage of the rear motor court must not interfere with any operations of the Box.

1.6.1 **Employee Parking Option.** Tenant shall have the right to purchase up to ten (10) monthly permits for use of spaces within Public Parking Garage No. 7, given advance thirty (30) day notice, at the regular rates that are established by the City. Such monthly permits will allow for parking in general unreserved areas, subject to any other parking restrictions applicable to those spaces.

1.6.2 **Parking in Non-Designated Spaces Prohibited.** Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant’s employees, suppliers, shippers, or contractors to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities.

1.6.3 **Landlord’s Rights and Remedies.** If Tenant permits or allows any of the prohibited activities described in this Paragraph, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be immediately payable upon demand by Landlord.

1.7 **Common Areas.** The term “**Common Areas**” is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways within the Premises that are provided and designated by the Landlord from time to time for the general non-exclusive use of Landlord, Tenant and other Tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including loading and unloading areas (including the raised loading dock), trash areas, roadways, sidewalks, walkways,

parkways, driveways and landscaped areas. For avoidance of doubt, the Common Areas includes the interior common electrical rooms and Landlord reserves the rights of access to said Common Areas through the Premises. While Tenant is granted specifically a right of entry onto the Parking Garage 7 for its use and access to unreserved parking spaces, the Parking Garage 7 is not considered to be Common Area for purposes of this Lease Agreement and no expense by Landlord to operate or maintain said Parking Garage 7 shall be included as common area maintenance charge that is subject to reimbursement by Tenant.

1.7.1 **Rules and Regulations.** Landlord or such other person(s) as Landlord may appoint, shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations. Tenant agrees to abide by and conform to all such rules and regulations, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform; provided, however, that no such rules and regulations shall result in a material negative impact on Tenant's ability to conduct its business.

1.7.2 **Tenant's Rights.** Landlord hereby grants to Tenant, for the benefit of Tenant and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Landlord under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property temporarily or permanently in the Common Areas. Any such storage shall be permitted only by the prior written consent of Landlord or Landlord's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Tenant, which cost shall be immediately payable by Tenant.

1.7.3 **Changes.** Landlord shall have the right, in Landlord's sole discretion, from time to time:

- (a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of entrances, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;
- (b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;
- (c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;
- (d) To add additional buildings and improvements to the Common Areas;

- (e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and
- (f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Landlord may, in the exercise of sound business judgment, deem to be appropriate.

## 2. Term.

2.1 **Original Term.** The term shall be for sixty-eight (68) months (“**Original Term**”) commencing upon the Effective Lease Date (“**Commencement Date**”). This Lease may be extended by exercise of Lease Extension pursuant to Section 2.2. The Original Term shall expire at the end of the sixty-eight (68) months following the Commencement Date (“**Expiration Date**”).

2.1.1 **Rent Commencement Date.** The Rent Commencement Date shall be nine (9) months from the Commencement Date.

2.1.2 **Delay in Possession.** If for any reason Landlord cannot deliver possession of the Premises to Tenant on the Effective Lease Date, Landlord shall not be subject to any liability therefore, nor shall such failure affect the validity of this Lease, or the obligations of Tenant hereunder, or extend the term hereof, but in such case, Tenant shall not, except as otherwise provided herein, be obligated to pay rent or perform any other obligation of Tenant under the terms of this Lease until Landlord delivers possession of the Premises to Tenant. Except as may be otherwise provided, and regardless of when the Original Term actually commences, if possession is not tendered to Tenant when required by this Lease and Tenant does not terminate this Lease, as aforesaid, the period free of the obligation to pay Base Rent, if any, that Tenant would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to the period during which the Tenant would have otherwise enjoyed under the terms hereof, but minus any days of delay caused by the acts, changes or omissions of Tenant. Notwithstanding anything herein in this Section 2.1.2, if Landlord shall fail to deliver possession of the Premises to Tenant within ninety (90) days of the Effective Lease Date, Tenant shall have an absolute right to terminate this Lease unless Tenant otherwise accepts in writing Landlord’s late delivery of possession of the Premises to Tenant.

2.2 **Lease Extension.** As used in this Lease, the word “**Lease Extension**” means the right to extend the term of this Lease. Provided Tenant has not defaulted more than three times in any previous single lease year or is not in default under the Lease at the time of notice and Tenant is still operating under the permitted use and provided that Tenant has provided Landlord with no more than twelve (12) months’ and no less than six (6) months’ prior written notice of Tenant’s exercise of such Lease Extension, the Tenant shall have three (3) consecutive five (5) year option periods, upon the same terms and conditions and shall escalate at three percent (3%) annually thereafter.

2.2.1 **Lease Extensions Personal to Tenant.** The Lease Extension granted to Tenant in this Lease may not be voluntarily or involuntarily assigned to or exercised by another



person or entity other than said original Tenant unless by an approved or permitted subletting or assignment pursuant to the terms of this Lease, such approval or permission not to be unreasonably withheld or delayed by Landlord.

**2.2.2 Multiple Lease Extensions.** In the event that Tenant has any multiple Lease Extensions to extend or renew this Lease, a later Lease Extension cannot be exercised unless the prior Lease Extensions to extend or renew this Lease have been validly exercised.

**2.2.3 Effect of Default on Lease Extensions.** Tenant shall have no right to exercise a Lease Extension, notwithstanding any provision in the grant of Lease Extension to the contrary, (i) during the period commencing with the giving of any notice of Default under Paragraph 11.1 and continuing until the noticed Default is cured, or (ii) during the period of time any monetary obligation due Landlord from Tenant is unpaid (without regard to whether notice thereof is given Tenant), or (iii) during the time Tenant is in Breach of this Lease, or (iv) in the event that Landlord has given to Tenant three (3) or more notices of separate Defaults under Paragraph 11.1 during the twelve (12) month period immediately preceding the exercise of the Lease Extension, whether or not the Defaults are cured. The period of time within which a Lease Extension may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise a Lease Extension because of the provisions of this paragraph. All rights of Tenant under the provisions of a Lease Extension shall terminate and be of no further force or effect, notwithstanding Tenant's due and timely exercise of the Lease Extension, if, after such exercise and during the term of this Lease, (i) Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of thirty (30) days after such obligation becomes due (without any necessity of Landlord to give notice thereof to Tenant) or (ii) Landlord gives to Tenant three (3) or more notices of separate Defaults under Paragraph 11.1 during any twelve (12) month period, whether or not the Defaults are cured, or (iii) if Tenant commits a Breach of this Lease.

**2.3 Surrender.** Tenant agrees that on the last day of the Term or on the sooner termination of this Lease, Tenant shall surrender the Premises to Landlord in good condition and repair (damage by acts of God, fire, and normal wear and tear excepted), but with all interior walls cleaned and repaired, and all floors cleaned. Normal wear and tear shall not include any damage or deterioration that would have been prevented by proper maintenance by Tenant or Tenant otherwise performing all of its obligations under this Lease. On or before the expiration or sooner termination of this Lease, (i) Tenant shall remove all of Tenant's Property (as hereinafter defined) and Tenant's signage from the Premises and the Property and repair any damage caused by such removal, and (ii) Landlord may, by notice to Tenant given not later than ninety (90) days prior to the Expiration Date (except in the event of a termination of this Lease prior to the scheduled Expiration Date, in which event no advance notice shall be required), require Tenant at Tenant's expense to remove any or all Alterations and to repair any damage caused by such removal. Any of Tenant's Property not so removed by Tenant as required herein shall be deemed abandoned and may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention and disposition of such property; provided, however, that Tenant shall remain liable to Landlord for all costs incurred in storing and disposing of such abandoned property of Tenant. All Tenant Improvements and Alterations except those which Landlord requires Tenant to remove shall remain in the Premises as the property of Landlord.

2.4 **Effect of Holding Over.** If Tenant remains in possession of the Premises after the expiration of the Lease term or any authorized Lease Extension with the consent of Landlord (either express or implied) and without executing a new Lease, then such holding over shall not be considered a renewal of this Lease, but rather shall be construed as a tenancy from month to month, subject to all conditions, provisions, and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy; provided, however, that Tenant shall pay as rent to Landlord, for each month that Tenant holds over, an amount equal to one hundred fifty percent (150%) of the rent for the last full calendar month during the regular term of this Lease, or any authorized Lease Extension. Notwithstanding the foregoing, nothing contained in this Lease shall be deemed consent by Landlord to occupancy or possession of the Premises by Tenant after the expiration or termination of this Lease.

### 3. **Rent.**

3.1 **Definition.** As used in this Lease, the word “**Rent**” shall include all monetary obligations of Tenant to Landlord.

3.2 **Payment of Rent.** On the Rent Commencement Date and on the first day of the month, each month, after the Rent Commencement Date, Tenant shall pay the Base Rent and other rent or charges, as the same may be adjusted from time to time, to Landlord in lawful money of the United States, without offset or deduction, on or before the day on which it is due under the terms of this Lease. Base Rent and all other rent and charges for any period during the term hereof which is for less than one full month shall be prorated based upon the actual number of days of the month involved. Payment of Base Rent and other charges shall be made to Landlord at its address stated herein or to such other persons or at such other addresses as Landlord may from time to time designate in writing to Tenant.

3.3 **Base Rent.** Base Rent is as follows:

For months 9 through 20 of the Original Term, the monthly Base Rent shall be \$3,500 per month. From months 21 through 32 of the Original Term, the Base Rent shall be \$5,000 per month. Beginning in month 33, the monthly Base Rent shall be increased by three percent (3%) annually including the three (3) five (5) year options to extend, if exercised by Tenant.

3.4 **Additional Rent.** Beginning in the twenty-first (21<sup>st</sup>) month of the Original Term, along with the Base Rent, Tenant shall pay Landlord additional rent in the amount of four percent (4%) of Gross Sales (not including sales tax) (“Additional Rent”). This Additional Rent shall continue through the end of the Original Term and continue with any Lease Extensions. Tenant shall pay the Additional Rent quarterly. Said Additional Rent shall be due within five (5) business days at the close of each quarter. All Additional Rent calculations shall be subject to review and audit by Landlord. The Additional Rent shall be calculated on the natural break-even point of \$1,525,000 annual gross sales. Once Tenant’s Annual Gross Sales exceeds \$1,525,000, Tenant shall pay Landlord four percent (4%) as Additional Rent.

3.5 **Tenant’s Share of Common Area Maintenance Costs.** Tenant shall pay to Landlord its proportionate share of all Common Area Maintenance Costs, insurance and taxes

(excluding Possessory Interest Tax) (“CAM”), on a monthly basis effective on the Rent Commencement Date of the Lease. Within sixty (60) days of execution of the lease agreement Landlord will provide a statement to Tenant that states a) Tenant’s proportionate share of CAM based on the net leasable square footage of the Box/Showcase building, subject to verification by Landlord’s and Tenant’s architect if so desired by either Party, and b) the total projected amount of CAM listed by line item for the first year of the lease agreement.

**3.6 Late Charges.** Tenant acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges which may be imposed upon Landlord by the terms of any ground lease, master lease, mortgage or deed of trust covering the Premises. Accordingly, if any installment of rent or other sum due from Tenant is not received by Landlord or Landlord's designee within ten (10) days after such amount is due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to ten percent (10%) of such overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's Default or Breach with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Base Rent, then notwithstanding Paragraph 3.3 or any other provision of this Lease to the contrary, Base Rent shall, at Landlord’s option, become due and payable quarterly in advance.

**3.7 Interest on Past-Due Obligations.** Any monetary payment due Landlord hereunder, other than late charges, not received by Landlord within ten (10) days following the date on which it was due, shall bear interest from the date due at the prime rate charged by the largest state chartered bank in the state in which the Premises are located plus the maximum interest rate permitted by law, in addition to the potential late charge provided for in Paragraph 3.6.

**3.8 Tenant Improvement Allowance/Schedule of Performance.** There shall be no Tenant Improvement Allowance provided by Landlord. However, Tenant shall be required to follow the Schedule of Performance as set forth in Exhibit “B,” attached hereto and incorporated herein by reference.

#### **4. Security Deposit.**

**4.1 Due at Execution.** On the Effective Lease Date, Tenant is to pay Landlord a security deposit in the amount of Two Thousand Five Hundred Dollars (\$2,500.00) (“Security Deposit”).

**4.2 Use of Security Deposit.** If Tenant is in Default with respect to any provision of this Lease, Landlord may, but shall have no obligation to, use the Security Deposit or any portion of the Security Deposit to cure such default or to compensate Landlord for any damage or reasonable expense sustained by Landlord and resulting from such default, but only after providing Tenant with an opportunity to cure such default pursuant to the provisions of Section 11.1. Landlord shall provide Tenant with evidence of damages incurred as result of a default by Tenant.

**4.3 Return of Security Deposit.** Within thirty (30) days after the Expiration or Termination of this Lease, Landlord shall return that portion of the Security Deposit not used or applied by Landlord, and if any portion is applied by Landlord, an itemized accounting of such portion used.

## **5. Use.**

**5.1 Permitted Use.** Tenant shall use and occupy the Premises only for the Permitted Use set forth in Basic Lease Information, and for related and ancillary uses to said Permitted Uses, and for no other unrelated use or purpose. Tenant shall not use or permit the use of the Premises in a manner that is unlawful, creates waste or a nuisance, or that unreasonably disturbs owners and/or occupants of, or causes damage to the Premises or neighboring premises or properties. Tenant acknowledges that excessive noise levels from live or recorded music may have a negative impact on operations of the adjacent Box Theater and Fox Theater and Tenant agrees to reasonably maintain noise levels at a level that does not negatively impact said adjacent business operations. Tenant shall also comply with the following:

**5.1.1** Tenant may not change the use of the Premises without the prior written consent of Landlord which shall not be unreasonably withheld.

**5.1.2** Tenant's use may not violate any exclusive use or use restrictions which have been granted to other occupants of the Project prior to the Commencement Date.

**5.1.3** Tenant shall not be permitted to advertise "branded products" on any part of any signage on the exterior of the Premises, without Landlord's prior written consent.

**5.2 Hours of Operation.** Tenant shall be open for business a minimum of forty (40) hours per week.

**5.3 Compliance with Governmental Regulations and Private Restrictions.** Tenant and Tenant's agents shall, at Tenant's expense, faithfully observe and comply with (1) all municipal, state and federal laws, statutes, codes, rules, regulations, ordinances, requirements, and orders (collectively, "Laws"), now in force or which may hereafter be in force pertaining to the Premises or Tenant's use of the Premises or the Property; and (2) all recorded covenants, conditions and restrictions affecting the Property ("Private Restrictions") now in force or which may hereafter be in force. Without limiting the generality of the foregoing, to the extent Landlord is required by the city or county in which the Property is located to maintain carpooling and public transit programs, Tenant shall cooperate in the implementation and use of these programs by and among Tenant's employees. The judgment of any court of competent jurisdiction, or the admission of Tenant in any action or proceeding against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any Laws or Private Restrictions, shall be conclusive of that fact as between Landlord and Tenant.

**5.4 Compliance with Americans with Disabilities Act.** Landlord and Tenant hereby agree and acknowledge that the Premises and/or the Property may be subject to, among other Laws,

the requirements of the Americans with Disabilities Act, a federal law codified at 42 U.S.C. 12101 et seq., including, but not limited to Title III thereof, and all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof, as the same may be in effect on the date of this Lease and may be hereafter modified, amended or supplemented including Title 24 enacted by the State of California (collectively, the "ADA"). Any Tenant Improvements to be constructed hereunder shall be in compliance with the requirements of the ADA, and all costs incurred for purposes of compliance therewith shall be a part of and included in the costs of the Tenant Improvements. Tenant shall be solely responsible for conducting its own independent investigation of this matter and for ensuring that the design of all Tenant Improvements strictly complies with all requirements of the ADA. If any barrier removal work or other work is required to the Common Areas under the ADA, then such work shall be the responsibility of Landlord at the sole cost and expense of Landlord; provided, if such work is required under the ADA as a result of Tenant's specific use of the Premises or any work or Alteration (as hereinafter defined) made to the Premises by or on behalf of Tenant, then such work shall be performed by Landlord at the sole cost and expense of Tenant. Except as otherwise expressly provided in this provision, Tenant shall be responsible at its sole cost and expense for fully and faithfully complying with all applicable requirements of the ADA with respect to the Premises but only while Tenant has possession of such Premises. Within ten (10) days after receipt, Tenant shall advise Landlord in writing, and provide Landlord with copies of (as applicable), any notices alleging violation of the ADA relating to any portion of the Premises; any claims made or threatened orally or in writing regarding noncompliance with the ADA and relating to any portion of the Premises; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to any portion of the Premises or the Property. Tenant shall and hereby agrees to protect, defend (with counsel reasonably acceptable to Landlord) and hold Landlord and Landlord's Agents harmless and indemnify Landlord and Landlord's Agents from and against all liabilities, damages, claims, losses, penalties, judgments, charges and expenses (including attorneys' fees, costs of court and expenses necessary in the prosecution or defense of any litigation including the enforcement of this provision) arising from or in any way related to, directly or indirectly, Tenant's or Tenant's Agent's violation or alleged violation of the ADA. Tenant agrees that the obligations of Tenant herein shall survive the expiration or earlier termination of this Lease.

## **5.5 Hazardous Substances.**

**5.5.1 Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any product, substance, chemical, material or waste whose presence, nature, quantity and/or intensity of existence, use, manufacture, disposal, transportation, spill, release or effect, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment, or the Premises; (ii) regulated or monitored by any governmental authority; or (iii) a basis for potential liability of Landlord to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substance shall include, but not be limited to, hydrocarbons, petroleum, gasoline, crude oil or any products or by-products thereof. Tenant shall not engage in any activity in or about the Premises, which constitutes a Reportable Use (as hereinafter defined), of Hazardous Substances without the express prior written consent of Landlord and compliance in a timely manner (at Tenant's sole cost and expense) with all applicable requirements. "Reportable

Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to that with which a report, notice, registration or business plan is required to be filed with any governmental authority, and (iii) the presence in, on or about the Premises of a Hazardous Substance with respect to which any applicable laws require that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Tenant may, without Landlord's prior consent, but upon notice to Landlord and in compliance with all applicable requirements, use any ordinary and customary materials reasonably required to be used by Tenant in the normal course of the Permitted Use, so long as such use is not a Reportable Use and does not expose the Premises or the Project to any meaningful risk of contamination or damage or expose Landlord to any liability therefore. In addition, Landlord may (but without any obligation to do so) condition its consent to any Reportable Use of any Hazardous Substance by Tenant upon Tenant's giving Landlord such additional assurances as Landlord, in its reasonable discretion, deems necessary to protect itself, the public, the Premises and the environment against damage, contamination or injury and/or liability thereto, including but not limited to the installation (and, at Landlord's option, removal on or before Lease expiration or earlier termination) of reasonably necessary protective modifications to the Premises (such as concrete easements) and/or the deposit of additional Security Deposit.

**5.5.2 Duty to Inform Landlord.** If Tenant knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises or the Property, other than as previously consented to by Landlord, Tenant shall immediately give Landlord written notice thereof, together with a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action, or proceeding given to, or received from, any governmental authority or private party concerning the presence, spill, release, discharge of, or exposure to, such Hazardous Substance including but not limited to all such documents as may be involved in any Reportable Use involving the Premises. Tenant shall not cause or permit any Hazardous Substance to be spilled or released in, on, under or about the Premises (including, without limitation, through the plumbing or sanitary sewer system).

**5.5.3 Indemnification.** Tenant shall indemnify, protect, defend and hold Landlord, its agents, employees, lenders and ground Landlord, if any, and the Premises, harmless from and against any and all damages, liabilities, judgments, costs, claims, liens, expenses, penalties, loss of permits and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Tenant or by anyone under Tenant's control. Tenant's obligations under this Paragraph shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Tenant, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Landlord in writing at the time of such agreement.

**5.6 Inspection; Compliance with Law.** Landlord, Landlord's agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or

ground leases on the Premises ("Lenders") shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times upon two (2) days' prior written notice to Tenant, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all applicable requirements. Landlord shall be entitled to employ experts and/or consultants in connection therewith to advise Landlord with respect to Tenant's activities, including but not limited to Tenant's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a Default or Breach of this Lease by Tenant or a violation of applicable requirements or a contamination, caused or materially contributed to by Tenant, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In such case, Tenant shall upon request reimburse Landlord or Landlord's Lender, as the case may be, for the costs and expenses of such inspections.

## **6. Obligations; Improvements; Maintenance.**

6.1 **Tenant's Obligations.** At all times during the Term of this Lease, and any Lease Extension thereof, Tenant shall have the following obligations:

6.1.1 Tenant shall, at Tenant's sole cost and expense and at all times, keep the Premises in good order, condition and repair (whether or not such portion of the Premises requiring repair, or the means of repairing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements or the age of such portion of the Premises), including, without limiting the generality of the foregoing, all equipment or facilities specifically serving only the Premises, such as plumbing, heating, air conditioning, ventilating, electrical, lighting facilities, boilers, fired or unfired pressure vessels, fire hose connections if within the Premises, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, and plate glass, Tenant's signage, but excluding any items which are the responsibility of Landlord pursuant to Paragraph 6.3 below. Tenant, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices. Tenant's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Tenant is responsible for fire certifications required by code (including but not limited to re-charge and re-inspection of Premises' fire extinguishers). Tenant is also responsible for any plumbing which primarily serves the Premises. Any main line Sewer repairs or maintenance or sewer repairs or maintenance of shared plumbing systems shall be the responsibility of Landlord. The Tenant shall also be responsible to maintain and repair Landlord-owned equipment utilized by Tenant.

6.1.2 Tenant, at its own cost and expense, shall procure a contract for routine maintenance, inspection and filter replacements for the heating, air conditioning and ventilation system.

6.1.3 If Tenant fails to perform Tenant's obligations under this Paragraph, Landlord may enter upon the Premises after ten (10) days' prior written notice to Tenant (except in the case of an emergency, in which case no notice shall be required), perform such obligations on

Tenant's behalf, and put the Premises in good order, condition and repair, in accordance with Paragraph 11.2 (Remedies) below.

6.1.4 Tenant shall be solely responsible for the maintenance and replacement, if necessary, of Tenant's storefront, including but not limited to, both interior and exterior glass, metalwork, entry doors, hardware (including the cost of re-keying under the building master system), and all signage.

6.1.5 All Tenant's trash and refuse shall be deposited only in the area assigned to Tenant. Tenant will share a bin with others and will be charged accordingly through in its CAM charges.

6.1.6 Tenant shall be solely responsible for all janitorial services for the interior of the Premises.

6.1.7 Should Tenant for any reason fail to meet Tenant's above-referenced obligations, Landlord, in addition to other remedies under this Lease and upon written notice to Tenant (other than emergencies which require no such notice), shall provide such maintenance and Tenant shall be responsible for immediate payment of such costs to Landlord.

**6.2 Tenant Improvements.** Tenant shall be entitled to construct improvements approved by Landlord in and on the Premises to the extent allowed by applicable laws and regulatory governing agencies. Tenant will also obtain Landlord's prior written consent for structural matters affecting building-wide systems, which consent shall not be unreasonably withheld, conditioned, or delayed.

### **6.3 Landlord's Obligations.**

6.3.1 Landlord Improvements. Prior to Delivery of Possession to Tenant, Landlord shall perform the following work at Landlord's sole cost and expense: None. Tenant accepts the Premises in its current as-is condition ready for Tenant to construct its required improvements.

6.3.2 Maintenance. Landlord, subject to reimbursement pursuant to Paragraph 3.4, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler and/or standpipe and hose (if located in the Common Areas) or other automatic fire extinguishing system including fire alarm and/or smoke detection system and fire hydrants, walkways, parkways, driveways, landscaping, fences, signs and utility systems serving the Common Areas and all parts thereof as well as providing the services for which there is a Common Area Maintenance Cost pursuant to Paragraph 3.4. Landlord shall not be obligated to paint the interior surfaces or walls nor shall Landlord be obligated to maintain, repair or replace windows, doors or plate glass. Landlord shall, within seventy-two (72) hours of notice by Tenant, repair any damages deemed an emergency. Emergency shall be defined as those items necessary for the continued operation of the business and which are Landlord's responsibility to maintain and repair. Should Landlord fail to timely perform any emergency repair, then Tenant may perform said repair and seek reimbursement from Landlord.



#### 6. 4    **Utility, Utility Installations, Trade Fixtures, Alterations.**

6.4.1    **Utilities.** For all utilities and services supplied to the Premises, including but not limited to electricity, gas and cleaning of the Common Area, together with any taxes thereon, Tenant shall pay to Landlord its pro-rata share to be determined by Landlord of all such charges jointly metered or billed with other premises in the Building. Should Tenant not be separately metered for any of the utilities, Tenant will be assessed and charged its proportionate share through its CAM charges.

6.4.2    **Definitions; Consent Required.** The term “**Utility Installations**” is used in this Lease to refer to all air lines, power panels, electrical distribution, security, fire protection systems, communications systems, lighting fixtures, heating, ventilating and air conditioning equipment, plumbing, and fencing in, on or about the Premises. The term “**Trade Fixtures**” shall mean Tenant’s machinery and equipment, which can be removed without doing material damage to the Premises. The term “**Alterations**” shall mean any modification of the improvements on the Premises, which are provided by Landlord under the terms of this Lease, other than Utility Installations or Trade Fixtures, and which become permanently affixed to the Premises. “**Tenant-Owned Alterations and/or Utility Installations**” are defined as Alterations and/or Utility Installations made by Tenant that are not yet owned by Landlord pursuant to this Paragraph. Tenant shall not make nor cause to be made any Alterations or Utility installations in, on, under or about the Premises without Landlord’s prior written consent which shall not be unreasonable withheld or delayed. Tenant may, however, make non-structural Utility Installations not requiring a Building Permit to the interior of the Premises (excluding the roof) without Landlord’s consent but upon notice to Landlord, do not involve puncturing or removing the roof or any existing walls, or changing or interfering with the fire sprinkler or fire detection systems, and the cumulative cost thereof during term of this Lease as extended does not exceed \$50,000.00, or \$1,000.00 for any one alteration.

6.4.3    **Consent.** Any Alterations or Utility installations that Tenant shall desire to make and which require the consent of Landlord shall be presented to Landlord in written form with detailed plans. All consents given by Landlord, whether by virtue of this Paragraph or by subsequent specific consent, shall be deemed conditioned upon: (i) Tenant's acquiring all applicable permits required by governmental authorities; (ii) the furnishing of copies of such permits together with a copy of the plans and specifications for the Alteration or Utility Installation to Landlord prior to commencement of the work thereon; and (iii) the compliance by Tenant with all conditions of said permits in a prompt and expeditious manner. Any Alterations or Utility Installations by Tenant during the term of this Lease shall be done in a good and workmanlike manner, with good and sufficient materials, and be in compliance with all Applicable Requirements. Tenant shall promptly upon completion thereof furnish Landlord with as-built plans and specifications therefore. Landlord may (but without obligation to do so) condition its consent to any requested Alteration or Utility Installation that costs \$25,000.00 or more upon Tenant's providing Landlord with a lien and completion bond in an amount equal to one and one-half times the estimated cost of such Alteration or Utility Installation. The installation of a commercial kitchen and commercial bar facilities, subject to the compliance will all government approvals and permits, shall be deemed approved by Landlord, except as to penetrations of walls or roofs for utility systems for said installations which shall still require Landlord approval, which shall not be unreasonably denied or delayed.

**6.4.4 Lien Protection.** Tenant shall pay, when due, all claims for labor or materials furnished, or alleged to have been furnished, to or for Tenant at or for use on the Premises, which claims are or may be secured by any mechanic's or material men's lien against the Premises or any interest therein. Tenant shall give Landlord not less than ten (10) days' notice prior to the commencement of any work in, on, or about the Premises, and Landlord shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense, defend and protect itself, Landlord and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Premises. If Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to one and one-half times the amount of such contested lien claim or demand, indemnifying Landlord against liability for the same, as required by law for the holding of the Premises free from the effect of such lien or claim. If Tenant fails to protect Landlord as described herein above, and upon five (5) days' written notice to Tenant, Landlord may require Tenant to pay Landlord's reasonable attorneys' fees and costs in such action.

## **6.5 Ownership, Removal, Surrender, and Restoration.**

**6.5.1 Ownership.** Subject to Landlord's right to require their removal and to cause Tenant to become the owner thereof as hereinafter provided in this Paragraph, other than all improvements paid for by Landlord which are and continue to be property of Landlord, all Alterations and Utility Installations made to the Premises by Tenant shall be the property of and owned by Tenant, but considered a part of the Premises. Landlord may, at any time and at its option, elect in writing to Tenant to be the owner of all or any specified part of the Tenant-Owned Alterations and Utility Installations. Unless otherwise instructed all Tenant-Owned Alterations and Utility Installations shall, at the expiration or earlier termination of this Lease, become or remain the property of Landlord and remain upon the Premises and be surrendered with the Premises by Tenant.

**6.5.2 Removal.** Unless otherwise agreed in writing, Landlord may require that Tenant remove Tenant-Owned fixtures and alterations to the Premises by the expiration or earlier termination of this Lease, notwithstanding that their installation may have been consented to by Landlord. Said Alterations and Utility Installations shall exclude all underground utilities, plumbing and HVAC systems, commercial kitchen and bar installations, fire sprinkler drops, lighting, electrical modifications and ceilings. All utilities protruding outside of walls or ceilings shall be capped off. Flooring materials shall be removed. Landlord may require the removal at any time of all or any part of any Alterations or Utility Installations made without the required consent of Landlord.

**6.5.3 Surrender/Restoration.** Tenant shall surrender the Premises by end of the last day of the Lease term or any earlier termination date, clean and free of debris and in good operating order, condition and state of repair, ordinary wear and tear excepted. Ordinary wear and tear shall not include any damage or deterioration that would have been prevented by good maintenance practice or by Tenant performing all of its obligations under this Lease. Except as otherwise agreed or specified herein, the Premises, as surrendered, shall include the Alterations and

Utility Installations. The obligation of Tenant shall include the repair of any damage occasioned by the installation, maintenance or removal of Tenant's Trade Fixtures, furnishings, equipment, and Tenant-Owned Alterations and Utility Installations, as well as the removal of any storage tank installed by or for Tenant, and the removal, replacement, or remediation of any soil, material or ground water contaminated by Tenant, all as may then be required by Applicable Requirements and/or good practice. Tenant's Trade Fixtures shall remain the property of Tenant and shall be removed by Tenant subject to its obligation to repair and restore the Premises per this Lease.

## **7. Insurance; Indemnity.**

**7.1 Payment of Premiums.** The cost of the premiums for the insurance policies maintained by Landlord under this Paragraph shall be a Common Area Maintenance Cost. Premiums for policy periods commencing prior to or extending beyond the term of this Lease shall be prorated to coincide with the corresponding Commencement Date or Expiration Date.

### **7.2 Liability Insurance.**

**7.2.1 Insurance Required.** Lessee shall, at Lessee's sole expense, obtain and maintain during the Term, Business Interruption Insurance, a policy of commercial general liability insurance, including contractual liability insurance, for bodily injury, property damage and personal/advertising liabilities arising out of the use or occupancy of the Premises and all areas appurtenant thereto. Such insurance shall be in an amount satisfactory to Lessor and of not less than \$1,000,000 per occurrence, and \$2,000,000 annual aggregate for all claims. An umbrella policy shall be permitted so long as the primary policy has a minimum of \$1,000,000 per occurrence policy limits.

**7.2.2 Deductibles; Proceeds.** Lessee's Property and Business Interruption Insurance Lessee shall, at Lessee's sole expense, obtain and maintain during the Term, insurance coverage for Lessee's personal property, inventory, alterations, fixtures and equipment located on the Premises, for the full replacement value thereof without deduction for depreciation, and with a deductible not to exceed Ten Thousand Dollars (\$10,000.00) per occurrence. The proceeds of such insurance, so long as this Lease remains in effect, shall be used to repair or replace the personal property, inventory, alterations, fixtures and equipment so insured. Lessee shall also maintain insurance for loss of income and extra expense in such amounts as will reimburse Lessee for direct and indirect loss of earnings attributable to all perils commonly insured against by prudent Lessee. Upon request from Lessor, Lessee shall provide Lessor with written evidence that such insurance is in force.

**7.3 Delivery of Evidence of Lessee's Insurance.** Each such insurance policy or certificate and endorsement thereof as required by this Article shall be delivered to Lessor by Lessee on or before the effective date of such policy and thereafter Lessee shall deliver to Lessor renewal policies or certificates and endorsements at least thirty (30) calendar days prior to the expiration dates of the expiring policies. In the event that Lessee shall fail to insure or shall fail to furnish Lessor the evidence of such insurance as required by this Article, Lessor may from time to time acquire (without any obligation to do so) such insurance for the benefit of Lessee or Lessor or both of them for a period not exceeding one (1) year, and any premium paid by Lessor shall be

recoverable from Lessee as additional rent on demand. Lessee's compliance with the provisions of Article VI shall in no way limit Lessee's liability under any of the other provisions of this Lease Agreement. Lessor may at any time, and from time to time, inspect and/or copy any and all insurance policies required by this Lease Agreement.

**7.4 Other Insurance Requirements.** The insurance to be acquired and maintained by Lessee shall be with companies admitted to do business in the State of California and companies of Best's Rating Guide of A or better and having a financial rating of at least VII. Lessee shall deliver to Lessor, prior to taking possession of the Premises, a certificate of insurance and additional insured endorsements evidencing the existence of the policies required hereunder, and shall certify that the policy:

7.4.1 Names Lessor, its elected officials, employees and agents, and any other entities designated by Lessor, as additional insureds under the Commercial General Liability policy;

7.4.2 Shall not be canceled or altered without thirty (30) calendar days' prior written notice to Lessor;

7.4.3 Insures performance of Lessee's indemnity set forth in this Lease Agreement;

7.4.4 Provide that no act or omissions of Lessee shall affect or limit the obligations of the insurer with respect to other insureds or including Lessor;

7.4.5 Include all waiver of subrogation rights endorsements necessary to effect the provisions below; and

7.4.6 Provide that the commercial general liability policy and the coverage provided shall be primary, that Lessor although an additional insured, shall nevertheless be entitled to recovery under such policy for any damage to Lessor by reasons of acts or omissions of Lessee, and that coverage carried by Lessor shall be noncontributory with respect to policies carried by Lessee.

**7.5 Mutual Waiver of Subrogation.** The Parties hereto release each other and their respective authorized employees, agents and representatives, from any and all claims, demands, loss, expense or injury to any person, or to the Premises or to personal property, including, but not limited to, furnishings, fixtures or equipment located therein, caused by or resulting from perils, events or happenings which are the subject of insurance in force at the time of such loss. Each Party shall cause each insurance policy obtained by it to provide that the insurer waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Neither Party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy in effect as required by this Lease Agreement.

**7.6 Indemnity.** Except for Landlord's sole negligence and/or breach of express warranties, Tenant shall indemnify, protect, defend and hold harmless the Premises, Landlord and its agents, Landlord's master or ground landlord, partners and lenders, from and against any and all

claims, loss of rents and/or damages, costs, liens, judgments, penalties, loss of permits, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the occupancy of the Premises by Tenant, the conduct of Tenant's business, any act, omission or neglect of Tenant, its agents, contractors, or employees, whether active or passive, and out of any Default or Breach by Tenant in the performance in a timely manner of any obligation on Tenant's part to be performed under this Lease. The foregoing shall include, but not be limited to, the defense or pursuit of any claim or any action or proceeding involved therein, and whether or not (in the case of claims made against Landlord) litigated and/or reduced to judgment. In case any action or proceeding is brought against Landlord by reason of any of the foregoing matters, Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord and Landlord shall cooperate with Tenant in such defense. Landlord need not have first paid any such claim in order to be so indemnified.

**7.7 Exemption of Landlord from Liability** Unless caused by Landlord's negligent act or omission, Landlord shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Tenant, Tenant's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said injury or damage results from conditions arising upon the Premises or upon other portions of the Building of which the Premises are a part, from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is accessible or not. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant of Landlord nor from the failure by Landlord to enforce the provisions of any other lease in the Project. Notwithstanding Landlord's negligence or breach of this Lease, Landlord shall under no circumstances be liable for injury to Tenant's business or for any loss of income or profit therefrom.

## **8. Damage or Destruction.**

### **8.1 Definitions.**

**8.1.1 "Premises-Partial Damage"** shall mean damage or destruction to the Premises, other than Tenant-Owned Alterations and Utility Installations, the repair cost of which damage or destruction is less than fifty percent (50%) of the then Replacement Cost of the Premises (excluding Tenant-Owned Alterations and Utility Installations and Trade Fixtures) immediately prior to such damage or destruction.

**8.1.2 "Premises-Total Destruction"** shall mean damage or destruction to the Premises, other than Tenant-Owned Alterations and Utility Installations, the repair cost of which damage or destruction is fifty percent (50%) or more of the then Replacement Cost of the Premises (excluding Tenant-Owned Alterations and Utility Installations and Trade Fixtures) immediately prior to such damage or destruction. In addition, damage or destruction to the Building, (excluding Tenant-Owned Alterations and Utility Installations and Trade Fixtures of any Tenants of the Building), the cost of which damage or destruction is fifty percent (50%) or more of the then Replacement Cost (excluding Tenant-Owned Alterations and Utility Installations and Trade

Fixtures of any Tenants of the Building) shall, at the option of Landlord, be deemed to be Premises Total Destruction.

8.1.3 **“Insured Loss”** shall mean damage or destruction to the Premises (excluding Tenant-Owned Alterations and Utility Installations and Trade Fixtures), which was caused by an event required to be covered by the insurance described in Paragraph 7 above irrespective of any deductible amounts or coverage limits involved.

8.1.4 **“Replacement Cost”** shall mean the cost to repair or rebuild the improvements owned by Landlord at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of applicable building codes, ordinances or laws, and without deduction for depreciation.

8.1.5 **“Hazardous Substance Condition”** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 5.6 in, on, or under the Premises.

8.2 **Premises Partial Damage - Insured Loss.** If an Insured Loss occurs to Premises Partial Damage, then Landlord shall, at Landlord’s expense, repair such damage (excluding Tenant’s Trade Fixtures, Tenant-Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect. In the event, however, that there is a material shortage of insurance proceeds and such shortage is due to the fact that, by reason of the unique nature of the improvements in the Premises, full replacement cost insurance coverage was not commercially reasonable and available, Landlord shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Tenant provides Landlord with the funds to cover same, or adequate assurance thereof, within ten (10) days following receipt of written notice of such shortage and request therefore. If Landlord receives said funds or adequate assurance thereof within said ten (10) day period, Landlord shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If Landlord does not receive such funds or assurance within said period, and Landlord fails to substantially restore the unique aspects of the Premises, Tenant shall have the right to terminate this Lease on thirty (30) days’ written notice to Landlord. Unless otherwise agreed, Tenant shall in no event have any right to reimbursement from Landlord for any funds contributed by Tenant to repair any such damage or destruction. Notwithstanding that there may be some insurance coverage, the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

8.3 **Partial Damage - Uninsured Loss.** If an Uninsured Loss occurs to the Premises-Partial Damage unless caused by a negligent or willful act of Tenant (in which event Tenant shall make the repairs at Tenant’s expense and this Lease shall continue in full force and effect), Landlord may at Landlord’s option, either (i) substantially repair such damage as soon as reasonably possible at Landlord’s expense, in which event this Lease shall continue in full force and effect or (ii) give written notice to Tenant within thirty (30) days after receipt by Landlord of knowledge of the occurrence of such damage of Landlord’s desire to terminate this Lease as of the date thirty (30) days following the date of such notice. In the event Landlord fails to substantially restore the unique aspects of the Premises, Tenant shall have the right to terminate the Lease upon thirty (30) days’ written notice to Landlord. In the event Landlord elects to give such notice of Landlord’s intention

to terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's commitment to pay for the repair of such damage totally at Tenant's expense and without reimbursement from Landlord. Tenant shall provide Landlord with the required funds or satisfactory assurance thereof within thirty (30) days following such commitment from Tenant. In such event this Lease shall continue in full force and effect, and Landlord shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Tenant does not give such notice and provide the funds or assurance thereof within the times specified above, this Lease shall terminate as of the date specified in Landlord's notice of termination.

**8.4 Total Destruction.** Notwithstanding any other provision hereof, if Premises-Total Destruction occurs (including any destruction required by any authorized public authority), rent and common area expense charges shall cease upon the date of such Total Destruction, and this Lease shall terminate sixty (60) days following the date of such Premises-Total Destruction, whether or not the damage or destruction is an Insured Loss or was caused by a negligent or willful act of Tenant. In the event, however, that the damage or destruction was caused by Tenant, Landlord shall have the right to recover Landlord's damages from Tenant except as released and waived by Landlord.

**8.5 Damage Near End of Term.** If at any time during the last six (6) months of the term of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Landlord may, at Landlord's option, terminate this Lease not later than thirty (30) days following the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage. Should such termination be effective, rent and other charges from the date of the occurrence to the date of termination shall be abated. Provided, however, if Tenant at that time has an exercisable right to extend this Lease, then Tenant may preserve this Lease by (a) exercising such right, and (b) providing Landlord with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs, on or before the earlier of (i) the date which is ten (10) days after Tenant's receipt of Landlord's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such right to extend expires. If Tenant duly exercises such Lease Extension during such period and provides Landlord with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Landlord shall, at Landlord's expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Tenant fails to exercise such Lease Extension and provide such funds or assurance during such period, then this Lease shall terminate as of the date set forth in the first sentence of this Paragraph.

#### **8.6 Abatement of Rent; Tenant's Remedies.**

**8.6.1 If Tenant Not Legally Responsible.** In the event of (i) Premises Partial Damage, or (ii) Hazardous Substance Condition for which Tenant is not legally responsible, the Base Rent, Common Area Operating Expenses and other charges, if any, payable by Tenant hereunder for the period during which such damage or condition, its repair, remediation or restoration continues, shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired, but not in excess of proceeds from insurance required to be carried under Paragraph 7. Except for abatement of Base Rent, Common Area Operating Expenses and other

charges, if any, as aforesaid, all other obligations of Tenant hereunder shall be performed by Tenant, and Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair, remediation, or restoration.

**8.6.2 Notice to Terminate.** If Landlord is obligated to repair or restore the Premises under the provisions of this Section and does not commence, in a substantial and meaningful way, the repair or restoration of the Premises within sixty (60) days after such obligation shall accrue, Tenant may, at any time prior to the commencement of such repair or restoration, give written notice to Landlord and to any Lenders, of which Tenant has actual notice, of Tenant's election to terminate this Lease on a date not less than thirty (30) days following the giving of such notice. If Tenant gives such notice to Landlord and such Lenders and such repair or restoration is not commenced within thirty (30) days after receipt of such notice, this Lease shall terminate as of the date specified in said notice. If Landlord or a Lender commences the repair or restoration of the Premises within thirty (30) days after the receipt of such notice, this Lease shall continue in full force and effect. "**Commence**" as used in this Paragraph shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever occurs first. Notwithstanding the foregoing, if such repairs are not substantially completed within One Hundred and Eighty (180) days of the damages occurring, Tenant may terminate this Lease, in its sole discretion, upon thirty (30) days' written notice to Landlord.

**8.7 Hazardous Substance Conditions.** If a Hazardous Substance Condition occurs, unless Tenant is legally responsible therefore (in which case Tenant shall make the investigation and remediation thereof required by Applicable Requirements and this Lease shall continue in full force and effect, but subject to Landlord's rights under Paragraph 5.6(c) and Paragraph 11), Landlord may at Landlord's option either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible, at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to investigate and remediate such condition exceeds twelve (12) times the then monthly Base Rent or \$100,000 whichever is greater, give written notice to Tenant within thirty (30) days after receipt by Landlord of knowledge of the occurrence of such Hazardous Substance Condition of Landlord's desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Landlord elects to give such notice of Landlord's intention to terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's commitment to pay for the excess costs of (a) investigation and remediation of such Hazardous Substance Condition to the extent required by Applicable Requirements, over (b) an amount equal to twelve (12) times the then monthly Base Rent or \$100,000, whichever is greater. Tenant shall provide Landlord with the funds required of Tenant or satisfactory assurance thereof within thirty (30) days following said commitment by Tenant. In such event this Lease shall continue in full force and effect, and Landlord shall proceed to make such investigation and remediation as soon as reasonably possible after the required funds are available. If Tenant does not give such notice and provide the required funds or assurance thereof within the time period specified above, this Lease shall terminate as of the date specified in Landlord's notice of termination.

**8.8 Termination - Advance Payments.** Upon termination of this Lease pursuant to this Section 8, Landlord shall return to Tenant any advance payment made by Tenant to Landlord and



so much of Tenant's Security Deposit as has not been, or is not then required to be, used by Landlord under the terms of this Lease.

8.9 **Waiver of Statutes.** Landlord and Tenant agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises and the Building with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent it is inconsistent herewith, provided the Landlord's and Tenant's respective counsels opine that such inconsistency exists.

## 9. Taxes.

9.1 **Payment of Taxes.** Landlord is exempt from the payment of real property taxes. However, should there be any assessment or tax, Tenant shall be required to pay its proportionate share of any such assessment or tax.

9.2 **Real Property Tax Definition.** As used herein, the term "**Real Property Taxes**" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary or similar tax and any license fee, commercial rental tax, improvement bond or bonds, levy or tax imposed upon the Property by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, sanitary, fire, street, drainage, or other improvement district thereof, levied against any legal or equitable interest of Landlord in the Property or any portion thereof, Landlord's right to rent or other income therefrom, and/or Landlord's business of leasing the Premises. The term "**Real Property Taxes**" shall also include any tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring, or changes in applicable law taking effect, during the term of this Lease, including but not limited to a change in the ownership of the Property or in the improvements thereon, the execution of this Lease, or any modification, amendment or transfer thereof, and whether or not contemplated by the Parties, but shall not include Possessory Interest Taxes as set forth in 9.6 below. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days, which such calendar year and tax year have in common.

9.3 **Additional Improvements.** Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Property by other Tenants or by Landlord for the exclusive enjoyment of such other Tenants. Notwithstanding Paragraph 9.1 hereof, Tenant shall, however, pay to Landlord at the time Common Area Maintenance Costs are payable, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Tenant or at Tenant's request.

9.4 **Joint Assessment.** Real Property Taxes allocated to the Property shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Landlord from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Landlord's reasonable determination thereof, in good faith, shall be conclusive.

9.5 **Tenant's Taxes.** Tenant shall pay prior to delinquency all taxes assessed against and levied upon Tenant-Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Tenant contained in the Premises or stored within the Project, and all possessory interest taxes. Tenant shall cause its Tenant-Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord. If any of Tenant's said property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant's property within ten (10) days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

9.6 **"Possessory Interest Tax/Property Taxes"** means Tenant recognizes and understands that this Lease may create a possessory interest subject to taxation and that Tenant may be assessed for the payment of taxes levied on such interest. Tenant and Landlord have agreed that Tenant shall pay any possessory interest taxes assessed to Tenant during the Term of this Lease, including any penalties, and any collection costs due, to the County Treasurer.

## **10. Assignment and Subletting.**

10.1 **Landlord's Consent Required.** Tenant shall not voluntarily or by operation of law, assign, transfer, mortgage or otherwise transfer or encumber (collectively, "assign") or sublet all or any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent, not to be unreasonably withheld, given under and subject to the terms of this Section. Notwithstanding, Tenant shall be entitled, without consent of Landlord, to enter into sub-licenses for third parties to enter upon and occupy either exclusively or non-exclusively certain areas of the Premises for the provision of gaming entertainment, retail, food or beverage sales, or for other business trade that is related to Tenant's business and which are defined as a Permitted Use.

10.1.1 **Change in Control.** A change in the control of Tenant shall constitute an assignment requiring Landlord's consent. The transfer, on a cumulative basis, of fifty-one percent (51%) or more of the voting control of Tenant shall constitute a change in control for this purpose. If, however, there is a mere change in name of the business and Tenant still retains one hundred percent (100%) ownership and control of the business, such change in name shall not constitute an assignment.

10.1.2 **Reduction in Net Worth.** The involvement of Tenant or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, refinancing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Tenant's assets occurs, which results or shall result in a reduction of the Net Worth of Tenant, as hereinafter defined, by an amount equal to or greater than fifty percent (50%) of such Net Worth of Tenant as it was represented to Landlord at the time of full execution and delivery of this Lease or at the time of the most recent assignment to which Landlord has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, at whichever time said Net Worth of Tenant was or is greater, shall be considered an assignment of this Lease by Tenant to which Landlord may reasonably withhold its consent. **"Net Worth of Tenant"** for purposes of this Lease shall be the net worth of Tenant (excluding any Guarantors) established under generally accepted accounting principles consistently applied.

**10.2 Default or Breach.** An assignment or subletting of Tenant's interest in this Lease without Landlord's specific prior written consent shall, at Landlord's option, be a Default curable after notice per Paragraph 13.1, or a non-curable Breach without the necessity of any notice and grace period. If Landlord elects to treat such unconsented to assignment or subletting as a non-curable Breach, Landlord shall have the right to either: (i) terminate this Lease, or (ii) upon thirty (30) days' written notice ("**Landlord's Notice**"), increase the monthly Base Rent for the Premises to the then fair market rental value of the Premises, as reasonably determined by Landlord. Pending determination of the new fair market rental value, if disputed by Tenant, Tenant shall pay the amount set forth in Landlord's Notice, with any overpayment credited against the next installment(s) of Base Rent coming due, and any underpayment for the period retroactively to the effective date of the adjustment being due and payable immediately upon the determination thereof. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Tenant shall be subject to similar adjustment to the then fair market value as reasonably determined by Landlord (without the Lease being considered an encumbrance or any deduction for depreciation or obsolescence, and considering the Premises at its highest and best use and in good condition) or one hundred ten percent (110%) of the price previously in effect, (ii) any index-oriented rental or price adjustment formulas contained in this Lease shall be adjusted to require that the base index be determined with reference to the index to the time of such adjustment, and (iii) any fixed rental adjustments scheduled during the remainder of the Lease term shall be increased in the same ratio as the new rental bears to the Base Rent in effect immediately prior to the adjustment specified in Landlord's Notice. Tenant's remedy for any breach of this Paragraph by Landlord shall be limited to compensatory damages and/or injunctive relief.

### **10.3 Terms and Conditions Applicable to Assignment and Subletting.**

**10.3.1** Regardless of Landlord's consent, any assignment or subletting shall not (i) be effective without the express written assumption by such assignee or subtenant of the obligations of Tenant under this Lease, (ii) release Tenant of any obligations hereunder, nor (iii) alter the primary liability of Tenant for the payment of Base Rent and other sums due Landlord hereunder or for the performance of any other obligations to be performed by Tenant under this Lease. Notwithstanding the above, Landlord and Tenant may negotiate the release of Tenant from (ii) and (iii) on a case by case basis.

**10.3.2** Landlord may accept any rent or performance of Tenant's obligations from any person other than Tenant pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of any rent for performance shall constitute a waiver nor estoppel of Landlord's right to exercise its remedies for the Default or Breach by Tenant of any of the terms, covenants or conditions of this Lease.

**10.3.3** The consent of Landlord to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Tenant or to any subsequent or successive assignment or subletting by the assignee or subtenant. However, Landlord may consent to subsequent subletting and assignments of the sublease or any amendments or modifications thereto with notice to Tenant or anyone else liable under this Lease or the sublease and without obtaining

their consent, and such action shall not relieve such persons from liability under this Lease or the sublease.

10.3.4 In the event of any Default or Breach of Tenant's obligation under this Lease, Landlord may proceed directly against Tenant, any Guarantors or anyone else responsible for the performance of the Tenant's obligations under this Lease, including any subtenant, without first exhausting Landlord's remedies against any other person or entity responsible therefore to Landlord, or any security held by Landlord.

10.3.5 Each request or consent to an assignment or subletting shall be in writing, accompanied by information relevant to Landlord's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or subtenant, including but not limited to the intended use and/or required modification of the Premises, if any, together with a non-refundable deposit of \$1,000 or ten percent (10%) of the monthly Base Rent applicable to the portion of the Premises which, is the subject of the proposed assignment or sublease, whichever is less, as reasonable consideration for Landlord's considering and processing the request for consent. Tenant agrees to provide Landlord with such other or additional information and/or documentation as may be reasonably requested by Landlord.

10.3.6 Any assignee of, or subtenant under, this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed, for the benefit of Landlord, to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Tenant during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Landlord has specifically consented in writing.

10.4 **Additional Terms and Conditions Applicable to Subletting.** The following terms and conditions shall apply to any subletting by Tenant of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

10.4.1 Tenant hereby assigns and transfers to Landlord all of Tenant's interest in all rentals arising from any sublease of all or a portion of the Premises heretofore or hereafter made by Tenant, and Landlord may collect such rent and apply same toward Tenant's obligations under this Lease, provided, however, that until a Breach shall occur in the performance of Tenant's obligations under this Lease, Tenant may, except as otherwise provided in this Lease, receive, collect and enjoy the rents accruing under such sublease. Landlord shall not, by reason of the foregoing provision or any other assignment of such sublease to Landlord, nor by reason of the collection of the rents from a subtenant, be deemed liable to the subtenant for any failure of Tenant to perform and comply with any of Tenant's obligations to such subtenant under such sublease. Tenant hereby irrevocably authorizes and directs any such subtenant, upon receipt of a written notice from Landlord stating that a Breach exists in the performance of Tenant's obligations under this Lease, to pay to Landlord the rents and other charges due and to become due under the sublease. Subtenant shall rely upon any such statement and request from Landlord and shall pay such rents and other charges to Landlord without any obligation or right to inquire as to whether such Breach exists and notwithstanding any notice from or claim from Tenant to the contrary. Tenant shall have no right or claim against such

subtenant, or, until the Breach has been cured, against Landlord, for any such rents and other charges so paid by said subtenant to Landlord.

10.4.2 In the event of a breach by Tenant in the performance of its obligations under this Lease, Landlord, at its option and without any obligation to do so, may require any subtenant to attorn to Landlord; provided, however, Landlord shall not be liable for any prepaid rents or security deposit paid by Tenant to Landlord.

10.4.3 No subtenant under a sublease approved by Landlord shall further assign or sublet all or any part of the Premises without Landlord's prior written consent.

10.4.4 Landlord shall deliver a copy of any notice of Default or Breach by Tenant to the subtenant, who shall have the right to cure the Default of Tenant within the grace period, if any, specified in such notice. The subtenant shall have a right of reimbursement and offset from and against Tenant for any such Defaults cured by the subtenant.

## **11. Default; Breach; Remedies.**

11.1 **Tenant's Default.** The occurrence of any one of the following events, if not timely cured, shall constitute an event of default on the part of Tenant ("**Default**"):

11.1.1 The vacation or abandonment of the Premises by Tenant for a period of ten (10) consecutive days or any vacation or abandonment of the Premises by Tenant which would cause any insurance policy to be invalidated or otherwise lapse in each of the foregoing cases irrespective of whether or not Tenant is then in monetary default under this Lease. Tenant agrees to notice and service of notice as provided for in this Lease and waives any right to any other or further notice or service of notice which Tenant may have under any statute or law now or hereafter in effect.

11.1.2 Failure to pay any installment of Rent or any other monies due and payable hereunder, said failure continuing for a period of three (3) days after the same is due. Tenant shall have an absolute right of fifteen (15) days to cure such failure under this section 11.1.2.

11.1.3 A general assignment for the benefit of creditors by Tenant or any guarantor or surety of Tenant's obligations hereunder, including, without limitation, Lease Guarantor, if any, (collectively, "**Guarantor**").

11.1.4 The filing of a voluntary petition in bankruptcy by Tenant or any Guarantor, the filing by Tenant or any Guarantor of a voluntary petition for an arrangement, the filing by or against Tenant or any Guarantor of a petition, voluntary or involuntary, for reorganization, or the filing of an involuntary petition by the creditors of Tenant or any Guarantor, said involuntary petition remaining undischarged for a period of sixty (60) days.

11.1.5 Receivership, attachment, or other judicial seizure of substantially all of Tenant's assets on the Premises, such attachment or other seizure remaining un-dismissed or undischarged for a period of sixty (60) days after the levy thereof.

11.1.6 Death or disability of Tenant or any Guarantor, if Tenant or such Guarantor is a natural person, or the failure by Tenant or any Guarantor to maintain its legal existence, if Tenant or such Guarantor is a corporation, partnership, limited liability company, trust or other legal entity. In such case, (i) Tenant shall have an absolute right to substitute a new Guarantor of similar or greater financial wherewithal, and (ii) Tenant shall have an absolute right to cure any issue with its legal existence within thirty (30) days after written notice of the issue from Landlord to Tenant.

11.1.7 Failure of Tenant to execute and deliver to Landlord any estoppel certificate, subordination agreement, or lease amendment within the time periods and in the manner required by Section 13 and/or failure by Tenant to deliver to Landlord any financial statement within the time period and in the manner required by Section 13.

11.1.8 An assignment or sublease, or attempted assignment or sublease, of this Lease or the Premises by Tenant contrary to the provisions of Section 10, unless such assignment or sublease is expressly conditioned upon Tenant having received Landlord's consent thereto.

11.1.9 Failure of Tenant to restore the Security Deposit to the amount provided in Paragraph 4 above, and which failure continues for thirty (30) days after written notice thereof from Landlord to Tenant.

11.1.10 Failure in the performance of any of Tenant's covenants, agreements or obligations hereunder (except those failures specified as events of Default), which failure continues for thirty (30) days after written notice thereof from Landlord to Tenant, provided that, if Tenant has exercised reasonable diligence to cure such failure and such failure cannot be cured within such thirty (30) day period despite reasonable diligence, Tenant shall not be in default under this subparagraph so long as Tenant thereafter diligently and continuously prosecutes the cure to completion and actually completes such cure within sixty (60) days after the giving of the aforesaid written notice.

11.1.11 Chronic delinquency by Tenant in the payment of Rent, or any other periodic payments required to be paid by Tenant under this Lease. "**Chronic delinquency**" shall mean failure by Tenant to pay Rent, or any other payments required to be paid by Tenant under this Lease within three (3) days after written notice thereof for any three (3) months (consecutive or nonconsecutive) during any period of twelve (12) months.

11.1.12 Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or be reduced or materially changed, except as permitted in this Lease, and which failure continues for ten (10) days after written notice thereof from Landlord to Tenant.

11.1.13 Any failure by Tenant to discharge any lien or encumbrance placed on the Property or any part thereof in violation of this Lease within ten (10) days after the date such lien or encumbrance is filed or recorded against the Property or any part thereof, and which failure continues for thirty (30) days after written notice thereof from Landlord to Tenant.

11.1.14 Any notice sent by Landlord to Tenant pursuant to this Paragraph 11 shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161.

## 11.2 Landlord's Remedies.

11.2.1 **Termination.** In the event of any Default by Tenant, then in addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. Tenant shall be granted ten (10) days to cure such default (in addition to any period of time listed above to cure specific defaults). In the event that Landlord shall elect to so terminate this Lease then Landlord may recover from Tenant:

- (a) The worth at the time of award of any unpaid Rent and any other sums due and payable which have been earned at the time of such termination; plus
- (b) The worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus
- (c) The worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable for the balance of the Term of this Lease after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus
- (d) Any other amount necessary to compensate Landlord for all the waived or abated Base Rent or Additional Rent or any free rent or reduced rental rate granted hereunder; and any unamortized portion of the Tenant Improvement Allowance, such Tenant Improvement Allowance to be amortized over the Term in the manner reasonably determined by Landlord, if any; plus
- (e) Such reasonable attorneys' fees incurred by Landlord as a result of a Default, and costs in the event suit is filed by Landlord to enforce such remedy; plus
- (f) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law; and plus.
- (g) The "worth at the time of award" is computed by allowing interest at an annual rate equal to five percent (5%) per annum or the maximum rate permitted by law, whichever is greater. The "worth at the time

of award” is computed by discounting such amount at the discount rate of Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%). Tenant hereby waives for Tenant and for all those claiming under Tenant all right now or hereafter existing including, without limitation, any rights under California Code of Civil Procedure Sections 1174 and 1179 to redeem by order or judgment of any court or by any legal process or writ, Tenant’s right of occupancy of the Premises after any termination of this Lease.

**11.3 Continuation of Lease.** In the event of any Default by Tenant, then in addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord shall have the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's Default and abandonment and recover Rent as it becomes due, provided Tenant has the right to sublet or assign, subject only to reasonable limitations). Landlord shall have a duty to mitigate its damages. However, Landlord shall not be liable in any way whatsoever for its failure or refusal to re-let the Premises. For purposes of this Paragraph 11, the following acts by Landlord will not constitute the termination of Tenant's right to possession of the Premises: (a) Acts of maintenance or preservation or efforts to re-let the Premises, including, but not limited to, alterations, remodeling, redecorating, repairs, replacements and/or painting as Landlord shall consider advisable for the purpose of re-letting the Premises or any part thereof, or (b) The appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease or in the Premises.

**11.4 Re-entry.** In the event of any uncured Default by Tenant, Landlord shall also have the right to terminate this Lease, in compliance with applicable law and pursuant to legal proceeding, or to re-enter the Premises, and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant.

**11.5 Re-letting.** In the event of the abandonment of the Premises by Tenant or in the event that Landlord shall elect to re-enter as provided in Paragraph 11.4 or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then if Landlord does not elect to terminate this Lease as provided in Paragraph 11.6, Landlord may from time to time, without terminating this Lease, re-let the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable with the right to make alterations and repairs to the Premises in Landlord’s sole discretion. In the event that Landlord shall elect to so re-let, then rentals received by Landlord from such re-letting shall be applied in the following order: (i) to reasonable attorneys’ fees incurred by Landlord as a result of a Default and costs in the event suit is filed by Landlord to enforce such remedies; (ii) to the payment of any costs of such re-letting; (iii) to the payment of the costs of any alterations and repairs to the Premises; (iv) to the payment of Rent due and unpaid hereunder; (v) to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; and (vi) the residue, if any, shall be held by Landlord and applied in payment of future Rent and other sums payable by Tenant hereunder as the same may become due and payable hereunder. Should that portion of such rentals received from such re-letting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during the month



by Tenant hereunder, then Tenant shall pay such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in such re-letting or in making such alterations and repairs not covered by the rentals received from such re-letting.

**11.6 Termination.** No re-entry or taking of possession of the Premises by Landlord pursuant to this Paragraph 11 shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any re-letting without termination by Landlord because of any Default by Tenant, Landlord may at any time after such re-letting elect to terminate this Lease for any such Default.

**11.7 Cumulative Remedies.** The remedies herein provided are not exclusive and Landlord shall have any and all other remedies provided herein or by law or in equity.

**11.8 No Surrender.** No act or conduct of Landlord, whether consisting of the acceptance of the keys to the Premises, or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the Premises by Tenant prior to the expiration of the Term, and such acceptance by Landlord of surrender by Tenant shall only flow from and must be evidenced by a written acknowledgment of acceptance of surrender signed by Landlord. The surrender of this Lease by Tenant, voluntarily or otherwise, shall not work a merger unless Landlord elects in writing that such merger take place, but shall operate as an assignment to Landlord of any and all existing subleases, or Landlord may, at its option, elect in writing to treat such surrender as a merger terminating Tenant's estate under this Lease, and thereupon Landlord may terminate any or all such subleases by notifying the sub-lessee of its election so to do within five (5) days after such surrender.

**11.9 Landlord's Lien.** In addition to any statutory lien Landlord has, Tenant hereby grants to Landlord a continuing security interest for all sums of money becoming due hereunder upon personal property of Tenant situated on or about the Premises and such property will not be removed therefrom without the consent of Landlord until all sums of money then due Landlord have been first paid and discharged. If a default occurs under this Lease, Landlord will have, in addition to all other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including, without limitation, the right to sell the Tenant's property at public or private sale upon five (5) days' notice to Tenant. This contractual lien will be in addition to any statutory lien for rent.

**11.10 Breach by Landlord.** Landlord shall not be deemed in breach of this Lease unless Landlord fails within a reasonable time to perform an obligation to be performed by Landlord. For purposes of this Paragraph, a reasonable time shall in no event be less than thirty (30) days after receipt by Landlord, and by any Lender(s) whose name and address shall have been furnished to Tenant in writing for such purpose, of written notice specifying wherein such obligation of Landlord has not been performed; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days after such notice are reasonably required for its performance, then Landlord shall not be in breach of this Lease if performance is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

**12. Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called “**condemnation**”), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of the floor area of the Premises, or more than twenty-five percent (25%) of the portion of the Common Areas designated for Tenant’s parking, is taken by condemnation, Tenant may, at Tenant’s option, to be exercised in writing within ten (10) days after Landlord shall have given Tenant written notice at such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in the same proportion as the rentable floor area of the Premises taken bears to the total rentable floor area of the Premises. No reduction of Base Rent shall occur if the condemnation does not apply to any portion of the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Landlord, whether such award shall be made as compensation for diminution of value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Tenant shall be entitled to any compensation, separately awarded to Tenant for Tenant’s relocation expenses and/or loss of Tenant’s Trade Fixtures. In the event that this Lease is not terminated by reason of such condemnation, Landlord shall to the extent of its net severance damages received, over and above Tenant’s Share of the legal and other expenses incurred by Tenant in the condemnation matter, repair any damage to the Premises caused by such condemnation authority. Landlord shall reimburse Tenant for any costs or expense Tenant may incur up to the amount of the award Landlord may receive.

### **13. Tenancy and Financial Statements**

**13.1 Tenancy Statement.** Each Party (as “**Responding Party**”) shall within ten (10) days after written notice from the other Party (the “**Requesting Party**”) execute, acknowledge and deliver to the Requesting Party a “**Tenancy Statement**,” plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party. For the purposes of this Lease, a Tenancy Statement is that document required to confirm the lease relationship between the Parties of any proposed lender of a Party.

**13.2 Financial Statement.** If Landlord desires to finance, refinance, or sell the Premises or the Property, or any part thereof, Tenant shall deliver to any potential lender or purchaser designated by Landlord such financial statements of Tenant as may be reasonably required by such lender or purchaser, including but not limited to Tenant’s financial statements for the past three (3) years. All such financial statements shall be received by Landlord and such lender or purchaser in confidence and shall be used only for the purposes herein set forth. Purchaser shall be defined as one who has made an offer in the form of a letter of intent, or similar, and who has signed a confidentiality agreement in connection with the financial statements received.

**14. Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

**15. Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

**16. No Prior or Other Agreements.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. This does not include, any agreements with consultants and/or real estate brokers representing either Party which is by separate agreement.

**17. Notices.**

**17.1 Notice Requirements.** All notices required or permitted by this Lease shall be in writing and shall be delivered in person (by hand, messenger or courier service) or by certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 3 to the addresses noted in Section 3 and 6 of the Basic Lease Information. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notice purposes. Either Party may, by written notice to the other, specify a different address for notice purposes, except that upon Tenant's taking possession of the Premises, the Premises shall constitute Tenant's address for the purpose of mailing or delivering notices to Tenant until such time as Tenant is no longer in possession of the Premises. A copy of all notices required or permitted to be given to either party hereunder shall be concurrently transmitted to such Party or Parties at such addresses as either Party may from time to time hereafter designate by written notice to the other Party.

**17.2 Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt, or if no delivery date is shown, the postmark thereon. Notices delivered by courier or by an overnight delivery service, shall be deemed given on the date of delivery shown on the receipt.

**18. Waivers.** No waiver by either party of the Default or Breach of any term, covenant or condition hereof by either party, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by the other party of the same or any other term, covenant or condition hereof. Either party's consent to, or approval of, any such act shall not be deemed to render unnecessary the obtaining of the other party's consent to, or approval of, any subsequent or similar act by the other party, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. Regardless of Landlord's knowledge of a Default or Breach at the time of accepting rent, the acceptance of rent by Landlord shall not be a waiver of any Default or Breach by Tenant of any provision hereof. Any payment given Landlord by Tenant may be accepted by Landlord on account of moneys or damages due Landlord, notwithstanding any qualifying statements or conditions made by Tenant in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Landlord at or before the time of deposit of such payment.

**19. No Recordation.** Neither party will record this Lease or any memorandum or short form of it. Any such recording by Tenant will be void and a default under this Lease.

**20. Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

**21. Covenants and Conditions.** All provisions of this Lease to be observed or performed by Tenant are both covenants and conditions.

**22. Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns, and be governed by the laws of the State of California. Any action at law or in equity brought by either of the Parties hereto for the purpose of enforcing a right or rights provided for by this Lease shall be tried in the Riverside Branch of the Consolidated Courts of Riverside County, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

**23. Subordination; Attornment.**

**23.1 Subordination.** This Lease and any Lease Extension granted hereby shall be subject and subordinate to any ground lease, master lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed by Landlord upon the real property of which the Premises are a part, to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. Tenant agrees that the Lenders holding any such Security Device shall have no duty, liability or obligation to perform any of the obligations of Landlord under this Lease. If any Lender shall elect to have this Lease and/or any Lease Extension granted hereby superior to the lien of its Security Device and shall give written notice thereof to Tenant, this Lease and such Lease Extensions shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

**23.2 Attornment.** Tenant agrees to attorn to a Lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Security Device, and that in the event of such foreclosure, such new owner shall not: (i) be liable for any act or omission of any prior Landlord or with respect to events occurring prior to acquisition of ownership, (ii) be subject to any offsets or defenses which Tenant might have against any prior Landlord, or (iii) be bound by prepayment of more than one month's rent, except where Landlord may have collected such excess amounts in any form.

**23.3 Self-Executing.** The agreements contained in this Section shall be effective without the execution of any further documents, provided, however, that upon written request from Landlord or a Lender in connection with a sale, financing or refinancing of Premises, Tenant and Landlord shall execute such further writings as may be reasonably required to separately document any such subordination or non-subordination, and/or attornment agreement as is provided for herein.

**24. Landlord's Access; Showing Premises; Repairs.** Landlord and Landlord's agents shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times with advance notice for the purpose of showing the same to prospective purchasers, lenders, or Tenants, and making such alterations, repairs, improvements or additions to the Premises or to the Building, as Landlord may reasonably deem necessary. Landlord will make every

reasonably effort to make any such alterations, repairs, or improvements during closed business hours or otherwise during such time and day as to minimize disruption to Tenant's course of business. Landlord may at any time place on or about the Building any ordinary "For Sale" signs and Landlord may at any time during the last one hundred eighty (180) days of the term hereof advertise the Premises "For Lease" on signs placed on or about the Building. All such activities of Landlord shall be without abatement of rent or liability to Tenant.

**25. Auctions.** Tenant shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Landlord's prior written consent. Notwithstanding anything to the contrary in this Lease, Landlord shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

**26. Signs.** Tenant shall be permitted, at Tenant's sole cost and expense, to install upon the exterior of the Premises signs subject to Landlord's prior written consent, not to be unreasonably withheld, and consistent with Landlord's signage criteria for the Property. Such signs shall be in a location designated by Landlord and shall comply with applicable City requirements and ordinances and the signage criteria established for the Project by Landlord. Tenant shall be responsible for the ongoing maintenance, repair and replacement of all such signage. During the term of this Lease, and any Lease Extension, so long as Tenant is not in default under the Lease and is still operating its business, Landlord shall not place any "For Lease" signs on the Premises.

**27. Termination; Merger.** Unless specifically stated otherwise in writing by Landlord, the voluntary or other surrender of this Lease by Tenant, the mutual termination or cancellation hereof, or a termination hereof by Landlord for Breach by Tenant, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, Landlord shall, in the event of any such surrender, termination or cancellation, have the option to continue any one or all of any existing subtenants. Landlord's failure within ten (10) days following any such event to make a written election to the contrary by written notice to the holder of any such lesser interest shall constitute Landlord's election to have such event constitute the termination of such interest.

**28. Consents.** Except for Paragraph 25 hereof (Auctions) or as otherwise provided herein, wherever in this Lease the consent of a Party is required, such consent shall not be unreasonably withheld, or delayed. Within thirty (30) days of written request by Tenant and prior to incurring the below referenced costs, Landlord shall provide to Tenant a written estimate of costs attributable to the consideration of such request. Tenant shall be further advised by Landlord should costs be anticipated to exceed such previously submitted cost estimate. Landlord's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Tenant for any Landlord consent pertaining to this Lease or the Premises, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Tenant to Landlord upon receipt of an invoice and supporting documentation therefore. In addition to the deposit described in Paragraph 4, Landlord may, as a condition to considering any such request by Tenant, require that Tenant deposit with Landlord an amount of money reasonably calculated by Landlord to represent the cost Landlord will incur in considering and responding to Tenant's request. Any unused portion of said deposit shall be refunded to Tenant without interest. Landlord's consent to any act, assignment of this Lease or subletting of the Premises by Tenant shall not constitute an

acknowledgment that no Default or Breach by Tenant of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Landlord at the time of such consent. All conditions to Landlord's consent authorized by this Lease are acknowledged by Tenant as being reasonable.

**29. Quiet Possession.** Upon payment by Tenant of the rent for the Premises and the performance of all of the covenants, conditions and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

**30. Security Measures.** Tenant hereby acknowledges that Landlord is not responsible for guard service, security camera monitoring or other security measures, and that Landlord shall have no obligation whatsoever to provide same. Landlord does, however, have the right to provide those services and charge Tenant for the same. Tenant assumes all responsibility for the protection of the Premises, Tenant, its agents and invitees and their property from acts of third parties on the Premises or the Common Areas.

**31. Reservations.** Landlord reserves the right, from time to time, to grant, without the consent or joinder of Tenant, such easements, rights of way, utility raceways, and dedications that Landlord deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights of way, utility raceways, dedications, maps and restrictions do not reasonably interfere with the use of the Premises by Tenant. Tenant agrees to sign any documents reasonably requested by Landlord to effectuate any such easement rights, dedication, map or restrictions.

**32. Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

**33. Nondiscrimination** Tenant hereby covenants for itself, its heirs, administrators, successors and assigns, and all persons claiming under or through Tenant, that this Lease is made and accepted upon and subject to the condition that there shall be no discrimination on the grounds of race, religious creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, gender, gender identity, genetic information, gender expression, sex, sexual orientation, or military or veterans status in the leasing subleasing, transferring, use occupancy, tenure or enjoyment of the Premises nor shall Tenant, or any person claiming under or through Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, Tenants, sub Tenants, subtenants, or vendees in the Premises herein leased. Further, Tenant agrees to conform to the requirements of the Americans with Disabilities Act in acting under this Lease.

**34. Authority.** If either Party hereto is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. If Tenant is a corporation, Limited Liability Company, trust or partnership, Tenant shall, within thirty (30) days after requested by Landlord, deliver to Landlord evidence satisfactory to Landlord of such authority.

**35. Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

**36. Offer.** Preparation of this Lease by either Landlord or Tenant, or Landlord's agent or Tenant's agent, and submission of same to Tenant or Landlord, shall not be deemed an offer to lease. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

**37. Amendments.** This Lease may be modified only in writing and signed by the parties in interest at the time of the modification. The Parties shall amend this Lease from time to time to reflect any adjustments that are made to the Base Rent or other rent payable under this Lease. As long as they do not materially change Tenant's obligations hereunder, Tenant agrees to make such reasonable non-monetary, non-material modifications to this Lease as may be reasonably required by an institutional insurance company or pension plan Lender in connection with the obtaining of normal financing or refinancing of the property of which the Premises are a part, but in no event shall the rent amount, term assignment or default provisions be subject to such modification.

**38. Multiple Parties.** Except as otherwise expressly provided herein, if more than one person or entity is named herein as either Landlord or Tenant, the obligations of such multiple parties shall be the joint and several responsibilities of all persons or entities named herein as such Landlord or Tenant.

**39. Guaranty.** This Lease, the performance of which shall be personally guaranteed by the Guarantors identified in the Basic Lease Information contained in this Lease and attached hereto as Exhibit "C" and incorporated herein by reference. In the event of any default or breach of Tenant's obligation under this Lease, Landlord may proceed directly against Tenant and Guarantor without first exhausting Landlord's remedies against any other person or entity responsible therefor to Landlord, or any security held by Landlord.

LANDLORD AND TENANT HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LANDLORD AND TENANT WITH RESPECT TO THE PREMISES.

The Parties hereto have executed this Lease at the place and on the dates specified below their respective signatures.

LANDLORD:

TENANT:

THE CITY OF RIVERSIDE

RIVERSIDE FOOD HALL, LP

By: \_\_\_\_\_  
City Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Attested to:

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
City Clerk

Approved as to Form:

By: \_\_\_\_\_  
Chief Assistant City Attorney



The Parties hereto have executed this Lease at the place and on the dates specified below their respective signatures.


LANDLORD:

TENANT:

THE CITY OF RIVERSIDE

RIVERSIDE FOOD HALL, LP

By: \_\_\_\_\_  
City Manager

By:   
Name: Gerald V. Tessier  
Its: Manager

Attested to:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
City Clerk

Approved as to Form:

By:   
Chief Assistant City Attorney

**EXHIBIT “A”**

**DESCRIPTION OF THE PREMISES/SITE PLAN**



**EXHIBIT “B”**

**SCHEDULE OF PERFORMANCE**

### **Schedule of Performance**

|  |                                    |
|--|------------------------------------|
| Submittal of Conditional Use Permit Application    | 10 days from Lease Execution       |
| City Approval of Conditional Use Permit            | 45 days from Submittal             |
| Submittal of Construction Documents for Plan Check | 30 days from Lease Execution       |
| Permit Pulled/Start of Construction                | 30 days from Plan Check Approval   |
| Completion of Construction/Issuance of C of O      | 60 days from Start of Construction |

**EXHIBIT “C”**

**GUARANTY**

**EXHIBIT “C”**

## **GUARANTY OF LEASE**

THIS GUARANTY OF LEASE ("Guaranty") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2019, by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation ("Landlord") and ARTECO PARTNERS, a California corporation ("Guarantor") with reference to the following:

A. A certain lease ("Lease") of even date herewith has been, or will be, executed by and between Landlord and RIVERSIDE FOOD HALL LP, a California limited partnership ("Tenant"), covering certain premises in the City of Riverside, County of Riverside, State of California located at 3633 Market Street, known as the Showcase.

B. Landlord under the Lease requires as a condition to its execution of the Lease that the Guarantor guarantees the full performance of the obligations of Tenant under the Lease.

C. The Guarantor is desirous that Landlord enters into the Lease with Tenant.

NOW, THEREFORE, in consideration of the execution of the Lease by Landlord, Guarantor hereby unconditionally guarantees the full performance of each and all of the terms, covenants and conditions of the Lease to be kept and performed by the Tenant, including the payment of all rentals and other charges to accrue thereunder. Guarantor further agrees as follows:

1. Should Tenant fail to perform any of the terms, covenants or obligations under the Lease, the Guarantor, upon notice from Landlord, shall, within ten (10) days perform as required under the Lease.

2. That this Guaranty shall continue in favor of the Landlord notwithstanding any extension, modification or alteration of the Lease entered into by and between the parties thereto, or their successors or assigns, or notwithstanding any assignment of the Lease, with or without the consent of the Landlord, and no extension, modification, alteration or assignment of the Lease shall in any manner release or discharge the Guarantor.

3. This Guaranty will continue unchanged by any bankruptcy, reorganization or insolvency of the Tenant or any successor or assignee thereof or by any disaffirmance or abandonment by a trustee of Tenant.

4. Landlord may, without notice, assign this Guaranty in whole or in part and no assignment or transfer of the Lease shall operate to extinguish or diminish the liability of the Guarantor hereunder.

5. The liability of Guarantor under this Guaranty shall be primary and that in any right of action which shall accrue to Landlord under the Lease, the Landlord may, at its option, proceed against the Guarantor without having commenced any action, or having obtained any judgment against the Tenant.

6. Guarantor hereby agrees to pay Landlord's reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection or in any negotiations relative

to the obligations hereby guaranteed or enforcing this Guaranty against the undersigned, individually and jointly.

7. That Guarantor does hereby waive notice of any demand by the Landlord, as well as any notice of default in the payment of rent or any other amounts contained or reserved in the Lease.

8. That Guarantor does hereby waive the provisions of Sections 2809, 2810, 2819, 2845, 2850 and 3433 of the California Civil Code.

9. Notices. Any notices required to be given, hereunder shall be in writing and shall be personally served or given by mail. Any notice given by mail shall be deemed given when deposited in the United States Mail, certified and postage prepaid, addressed to the party to be served as follows:

Landlord

City of Riverside  
Attn: Community & Economic  
Development Director  
3900 Main Street  
Riverside, CA 92522

Guarantor

Arteco Partners  
Attn: Gerald Tessier  
191 W. 4<sup>th</sup> Street  
Pomona, CA 91766

The use of the singular herein shall include the plural. The obligation of two or more parties shall be joint and several. The terms and provisions of this Guaranty shall be binding upon and insure to the benefit of the respective successors and assigns of the parties herein named.

Notwithstanding anything to the contrary contained herein, provided Tenant has not been in Default or Breach under the Lease at any time prior to an assignment of this Lease; in the event the Lease is assigned to an assignee approved by Landlord or to a Permitted Transferee, in accordance with the provisions of the Lease, above, this Guaranty will expire at the end of the initial Lease Term. If there was such an assignment during the initial Lease Term, or at the end of the applicable Option Period if the assignment was completed during one of the Option Periods it shall be treated as above.

**[SIGNATURES ON FOLLOWING PAGE.]**



IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be executed as of the date set forth above.

Landlord:

CITY OF RIVERSIDE

Guarantors:

ARTECO PARTNERS

By: \_\_\_\_\_  
City Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Attested to:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
City Clerk

Approved as to form:

By: \_\_\_\_\_  
Chief Assistant City Attorney

## **LEASE AGREEMENT**

### **BASIC LEASE INFORMATION**

1. Effective Lease Date: \_\_\_\_\_, 20\_\_\_\_. The date this Agreement has been approved by the governing body of Landlord and is executed by the Parties.
2. Landlord: The CITY OF RIVERSIDE, a California charter city and municipal corporation ("Landlord")
3. Landlord's Address: City of Riverside  
Community & Economic Development Department  
3900 Main Street, 5<sup>th</sup> Floor  
Riverside, CA 92522  
Attn: Community & Economic Development Director
4. Tenant: Riverside Food Hall, LP
5. Tenant's Contact Person: Jerry Tessier
6. Tenant's Address and Telephone Number: 191 W. 4<sup>th</sup> Street, Pomona, CA 91766
7. Premises Square Footage: Approximately ten thousand (10,000) square feet of leasable space
8. Premises Address: 3633 Market Street, Riverside, CA 92501
9. Property: The Property is the real property commonly known as Fox Entertainment Plaza. The Property includes all buildings, improvements and facilities, now or subsequently located on the Property from time to time.
10. Premises: The space known as the Showcase.
11. Tenant's Proportionate Share of Common Area:
12. Length of Term: Sixty-eight (68) months with three (3) five (5) year options to extend
13. Commencement Date: Effective Lease Date.
14. Expiration Date: Sixty-eight (68) months after Commencement Date.
15. Base Rent: \$3,500 per month beginning in the ninth (9<sup>th</sup>) month
16. Rent Abatement: Months one (1) through eight (8)

17. Rent Commencement Date: Nine (9) months after Commencement Date.
18. Security Deposit: \$2,500
19. Tenant Allowance: None
20. Permitted Use: Arcade and gaming entertainment business with food and alcoholic beverage service.
21. Parking: Available in all City Parking Facilities
22. Guarantor: Arteco Partners
23. Exhibits:
- Exhibit "A" Legal Description/Site Map
  - Exhibit "B" Schedule of Performance
  - Exhibit "C" Guaranty