

TO: James L. App, City Manager

**FROM: Doug Monn, Public Works Director
Meg Williamson, Assistant City Manager**

SUBJECT: Carnegie Library Lease Extension with the Historical Society

DATE: February 5, 2008

NEEDS: For the City Council to consider adopting an amendment to the long term lease agreement for the Carnegie Library.

- FACTS:**
1. The City of Paso Robles entered into a Long Term Lease, with the El Paso de Robles Area Historical Society December 1, 1997.
 2. The lease agreement established the initial term of the lease to be ten (10) years and was set to expire December 1, 2007.
 3. On December 22, 2003, the Carnegie sustained substantial structural damage caused by the San Simeon earthquake which resulted in the premises being declared a "dangerous building" as defined in City's Municipal Code Section 17.04.010. As a consequence of the declaration, the building was vacated by the Historical Society and the lease held in suspension pending repair of the structure.
 4. The proposed lease amendment no. 1 (attached) would amend the original long term lease by the length of time that the Historical Society was displaced due to the earthquake and the subsequent Carnegie repairs.

Example: should the City determine the Carnegie is ready for occupancy by December 22, 2008, the term of the lease would extend until December 1, 2012. The extension is the equivalent of the time between the date of the earthquake (December 22, 2003) and the date the building became available for re-occupancy (December 22, 2008) which is exactly 5 years added to the original lease expiration date of December 1, 2007.

5. Repairs to the Carnegie are anticipated to be complete on or before December 31, 2008. However, the precise date of completion is not known yet based on unforeseen conditions such as weather. Therefore, the Lease amendment would be executed with the extension language parameters as described, but the final date for the new lease expiration would be established once a Certificate of Occupancy and notice of project completion are filed.
6. The Lease Amendment will also extend the date on which the Historical Society can exercise their Options for Extensions (as provided for in their original lease).
7. The Historical Society has reviewed the lease amendment as proposed/described, and have indicated their support of its approval.

**ANALYSIS &
CONCLUSION:**

The City entered in to a long term lease with the Historical Society for a period of ten years. As a result of the San Simeon Earthquake of 2003, the building was rendered uninhabitable for approximately four years of their existing lease. The proposed lease amendment will fulfill the intent of the original lease term and make the Historical Society "whole" for the unforeseen natural disaster that prevented their occupancy of the Carnegie.

POLICY

REFERENCE: Long Term Lease Agreement with the El Paso de Robles Area Historical Society.

FISCAL

IMPACT: Approval of the lease amendment would not impact the General Fund.

OPTIONS:

- a. Adopt the attached resolution approving the lease amendment and authorize the City Manager to execute the amendment, extending the expiration terms of the Historical Society Lease of the Carnegie building.
- b. Amend, modify, or reject the above option.

Attachments

- 1) Resolution
- 2) Lease Amendment (Exhibit A)
- 3) Original Lease with Historical Society

RESOLUTION NO. 08-xx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING AND AUTHORIZING EXECUTION OF A FIRST AMENDMENT
TO LONG TERM LEASE BETWEEN THE CITY OF PASO ROBLES
AND EL PASO DE ROBLES AREA HISTORICAL SOCIETY

WHEREAS, the City of Paso Robles (the "City") has heretofore entered into a Long Term Lease with The El Paso De Robles Area Historical Society ("Lessee") entered into as of December 1, 1997, (the "Lease"); for the property commonly known as the "Carnegie Library" located in the City Park, with a common address of 800 12th Street, El Paso De Robles, CA (the "Premises"); and

WHEREAS, pursuant to the Lease, the City leased the Premises to the Lessee, for the initial term of ten (10) years, commencing on December 1, 1997 (the "Term") and for Options to Extend the Term; and

WHEREAS, since the effective date of the Lease, circumstances have changed in that the Lessee has been unable to occupy the Premises since December 22, 2003 when the Premises sustained substantial structural damage caused by an earthquake, which resulted in the Premises being declared a "dangerous building" as that term is defined in the City's Municipal Code §17.04.010; and

WHEREAS, in light of ongoing circumstances and the further agreements of the parties, the City desires to declare its intent that the term of the Lease be extended by a period of time equal to Lessee's displacement from the Premises.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PASO ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council of the City of Paso Robles does hereby find and determine that the term of the Lease be extended for a period of time equal to the period in which Lessee has been displaced from the Premises. Because the repairs to the Premises have not yet been completed, and it is uncertain when the Premises will be determined to be fit for occupancy, the Council hereby approves the First Amendment to Long Term Lease in the form attached hereto as "Exhibit A" and incorporated herein by reference. The intent of the First Amendment to Long Term Lease is to (1) extend the Term of the Lease, and (2) make conforming changes to the commencement dates of the Options to Extend Term.

Section 2. The City Manager is authorized to execute the First Amendment to Long Term Lease in substantially the form attached hereto as Exhibit A, subject to any minor, clarifying and conforming changes as may be approved by the City Attorney.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 5th day of February, 2008 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor

ATTEST:

Deputy City Clerk

“EXHIBIT A”

FIRST AMENDMENT TO LONG TERM LEASE

THIS FIRST AMENDMENT TO LONG TERM LEASE, (hereinafter referred to as the “First Amendment”) is made and entered into as of _____, 2008, by and between the CITY OF EL PASO DE ROBLES, a municipal corporation of the State of California (the “Lessor” or the “City”) and THE EL PASO DE ROBLES AREA HISTORICAL SOCIETY, a California nonprofit public benefit corporation, (the “Lessee”).

Recitals

A. Lessor and Lessee have heretofore entered into a Long Term Lease, entered into as of December 1, 1997, (the “Lease”) providing for the Lessor to lease to Lessee certain Lessor-owned property commonly known as the “Carnegie Library” located in the City Park, with a common address of 800 12th Street, El Paso De Robles, CA, (the “Premises”) under the Lease. The Lease further provides for the initial term of the Lease to be for ten (10) years, commencing on December 1, 1997 (the “Term”) and for Options to Extend the Term. The capitalized terms used but not defined in this First Amendment shall have the meanings given in the Lease.

B. Since the effective date of the Lease, circumstances have changed in that the Lessee has been unable to occupy the Premises since December 22, 2003 when the Premises sustained substantial structural damage caused by an earthquake, which resulted in the Premises being declared a “dangerous building” as that term is defined in City's Municipal Code § 17.04.010.

C. In light of ongoing circumstances and the further agreements of the parties, the Lessee and Lessor desire to enter into this First Amendment to (1) provide for the extension of the Term of the Lease; and (2) to conform the commencement dates of the Options to Extend Term with the provisions of the extension of the Term of the Lease, as more fully set forth herein.

Agreements

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the parties agree as follows:

Section 1. Purpose of this First Amendment

The purpose of this First Amendment is to (1) extend the Term of the Lease, and (2) make conforming changes to the commencement dates of the Options to Extend Term.

Section 2. Term.

Section 2 of the Lease is hereby deleted in its entirety and replaced as follows:

(a) Lessor and Lessee hereby acknowledge and agree that the Term of the Lease, which is scheduled to expire on December 1, 2007, shall be and hereby is extended by a period of time equal to the time between December 22, 2003 and the date on which the City officials determine that the repairs and/or improvements to the Premises, as a result of the earthquake, have been completed and that the Premises are ready for occupancy (the “Displacement Period”).

The Lessor shall thereupon be required to promptly give Lessee written notice of the date on which the City has determined that the Premises are ready for occupancy, at which time the Lessor and Lessee shall mutually agree and acknowledge, in writing, the date on which the Lessee will take possession of and reoccupy the Premises.

Illustrative Example: By way of example only, City makes determination that the Premises are ready for occupancy on January 22, 2008. The Displacement Period (the time between December 22, 2003 (the date of the earthquake and January 22, 2008 (the City's determination)) is four (4) years and one (1) month. Since the expiration date on the original Lease was December 1, 2007, the Term of the Lease would continue until January 1, 2012.

(b) Lessor and Lessee further agree and acknowledge, for the purposes of specifically reciting the commencement dates for the Options to Extend Term, as provided for in Section 3 of the Lease ("Options"), that the commencement dates for such Options shall be the day following the expiration date of the Term as extended by this First Amendment.

Section 3 Full Force and Effect. Except as modified and amended by this First Amendment, all other provisions of the Lease shall remain unchanged and in full force and effect, and all references to the Lease shall hereafter mean and refer to the Lease, as amended by this First Amendment.

Section 4 This First Amendment, or an abstract of this First Amendment, shall be recorded in the San Luis Obispo County Recorder's Office.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed, all as of the day and year first above written.

Lessor:

CITY OF EL PASO DE ROBLES

By: _____
Printed Name: _____
Title: _____

Executed at Paso Robles on:
_____, 2008

ATTEST

By: _____
Printed Name: _____
Title: _____

Executed at Paso Robles on:
_____, 2008

Lessee:

EL PASO DE ROBLES HISTORICAL SOCIETY

By: _____
Printed Name: _____
Title: _____

Executed at Paso Robles on:
_____, 2008

ATTEST

By: _____
Printed Name: _____
Title: _____

Executed at Paso Robles on:
_____, 2008

LONG TERM LEASE

This Lease (hereinafter "Lease") is executed this 31 day of DECEMBER, 1997 by and between the **CITY OF EL PASO DE ROBLES** (hereinafter referred to as "Lessor", and **THE EL PASO DE ROBLES AREA HISTORICAL SOCIETY** (hereinafter referred to as "Lessee", with reference to the following recitals:

A. Lessor is a Municipal Corporation of the State of California.

B. Lessee is a California-Public Benefit Corporation, organized pursuant to California law.

C. Lessor is the owner of a building commonly known as the "Carnegie Library" located in the City Park with a common address of _____ . The "Carnegie Library" is herein referred to as the "Premises".

D. Lessor agrees to lease said Premises to Lessee and Lessee agrees to lease said Premises from Lessor on the terms and conditions herein stated.

Therefore, the parties hereby agree as follows:

1. Leasing and Description of Property.

Subject to the terms, conditions and covenants set forth in this Lease, Lessor hereby leases to Lessee the Premises.

2. Term.

The initial term of this Lease shall be for ten (10) years, commencing on December 1, , 1997 (hereinafter referred to as the "Term").

3. Options to Extend Term.

Lessee shall have the option to extend the term of this Lease on the following terms and conditions:

(a) Lessee shall give written notice to Lessor of

its intent to renew the Lease not later than ninety (90) days prior to termination of each term.

(b) Provided and upon condition that Lessor has issued four or less notices of default pursuant to Section 16(1)(2) of this Lease during the initial term, Lessee, at its option, may extend the term of this Lease for an additional fifteen (15) year period on the same terms and conditions of this Lease.

(c) Provided and upon condition that Lessee is not in breach of any of the terms and conditions of this Lease at the time it gives written notice pursuant to subparagraph (a), above, Lessee, at its option may extend the term of this Lease for three (3) additional ten (10) year periods on the same terms and conditions of this Lease.

(d) The total term of this Lease shall not exceed fifty-five (55) years.

4. Rent and Payment of Utilities.

(a) Lessee shall pay to Lessor as rent for the Premises One Dollar (\$ 1.00) per year, payable in advance.

(b) Lessee shall make the Premises available to Lessor at no charge as set forth in Section 17 of this Lease.

(c) Lessee shall make all arrangements and pay for all water, gas, heat, light, power, telephone and other utility services supplied to the Premises together with any taxes thereon and for all connection charges. Lessor's use of the exterior electrical outlet shall not unreasonably increase Lessor's electrical cost.

5. Lessee's Use of the Premises.

(a) Lessee shall use the Premises to inform the general public about the rich history of the area and provide an Historical Library for the general public to enjoy, including, but not limited to, the activities referenced in Exhibit "A". Should the Lessee intend to receive revenues through the conduct of any activities described in Exhibit "A", except through the normal and customary donations received by admission to the Premises, then the provisions of subparagraph 1, below, shall apply. To facilitate Lessee's use of the Premises, Lessee may conduct the following ancillary activities on the Premises:

1. Lessee may conduct the fundraising

activities identified on Exhibit "B" provided:

(i) The City Manager is given 30 days notice of the event; and

(ii) Lessee provides the Lessor with appropriate insurance policies for alcohol related uses within the Premises.

2. Lessee may operate a gift shop on the Premises and market the items identified in Exhibit "C" and other items consistent with those identified in Exhibit "C".

3. Lessee may request donations for admittance to the Premises.

4. Lessee may maintain its business office within the Premises.

(b) Tenant's use of the Premises as identified in subparagraph (a) above, is subject to the following:

1. Lessee shall not violate any law or ordinance, or commit waste or nuisance upon or about the Premises.

2. Lessee shall comply with the Lessor's Rules and Regulations for Standard Office Lease (Exhibit "D") that are initialed by each of the parties.

3. Monies raised pursuant to the activities identified in subparagraph A, above, shall be used to provide handicap access in compliance with the Americans With Disabilities Act or other statutes and to support the operation and maintenance of the Premises. Upon Lessee demonstrating to the satisfaction of Lessor that the Premises are in compliance with the handicap access requirements of the Americans With Disabilities Act or other relevant statute, Lessee may use the money raised for any lawful purpose authorized by its Articles of Incorporation and By-Laws, provided that Lessee has established to the satisfaction of Lessor a reasonable sinking fund to provide future retrofit performance and building and operation maintenance.

(c) Except as provided in paragraph A, above, Lessee shall not use the Premises for any other purposes or conduct any other retail activity without the express

written consent of the Lessors.

(d) Except as otherwise provided, the Lessee shall not use any part of the surrounding City Park for any purpose whatsoever without prior written consent of the City Manager, which consent shall not be unreasonably withheld. This provision shall not restrict or require the City Manager's approval for pedestrian access to and from the Premises through the City Park in such areas as may be designated or available for such access.

6. Condition of the Premises.

Except as provided Paragraph 9 herein, the Premises are leased in an "AS-IS" condition, and Lessor shall not be responsible for the present or future condition of the Premises.

7. Maintenance of the Premises by Lessee.

During the entire term of this Lease, Lessee, at its sole expense, shall maintain the Premises in good order and repair, in clean, safe and sanitary condition. Lessee shall perform all required maintenance and repair including the following:

(a) Be responsible for and pay for any interior repair work of any nature including, but not limited to, plumbing, electrical, repairs to windows, walls, ceiling, floors, hot water heater, bathroom fixtures, room heaters, kitchen equipment, cupboards, doors, locks, air conditioning, ventilating, landscaping, and signs.

(b) Be responsible for and pay for the repair, or maintenance of exterior windows, window cases, doors, walls, plate glass, and the roof.

(c) Lessee hereby acknowledges that Lessor shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises. Lessee assumes all responsibility for the protection of Lessee, its agents, and invitees and the property of Lessee and of Lessee's agents and invitees from acts of third parties. Nothing herein contained shall prevent Lessor, at Lessor's sole option, from providing security protection for the Premises or any part thereof.

(d) Should Lessee fail to perform any of the required maintenance or repairs to the Premises after Lessor's demand under Section 16(2), the Lessor shall have the option

to perform such maintenance or repairs for the Lessee's account, and the Lessee agrees to promptly reimburse the Lessor of the cost thereof; provided, however, that the Lessor shall first give Lessee ten (10) days written notice of its intention to perform such maintenance or repairs for the Lessee's account for the purpose of enabling Lessee to proceed with such maintenance or repairs at Lessee's own expense. The Lessor shall not be obligated to make any repairs to or maintain any improvements on the leased Premises.

(e) Lessor and Lessor's agents shall have the right to enter the Premises upon reasonable notice and at reasonable times for the purpose of inspecting the same, and insuring Lessee's compliance with the terms and conditions of this Lease. Lessee shall provide keys to the Premises to Lessor.

(f) Within eight (8) months of the commencement of this Lease the Lessee, at its sole cost and expense, shall bring the Premises into compliance with the Americans With Disabilities Act, if not already in compliance at that time, and shall thereafter keep the Premises within compliance of said act.

8. Alterations by Lessee.

(a) Lessee shall have the right to paint and decorate the interior of the Premises.

(b) All alterations and improvements (except those referenced in paragraph 8(a), above) of the Premises made by Lessee shall be in accordance with plans and specifications filed with and pre-approved by Lessor. All alterations and improvements shall be at the sole expense of Lessee. Lessee's costs shall not be construed as rent. Lessor's approval shall be is deemed conditioned upon Lessee acquiring all necessary permits from appropriate governmental agencies and the compliance by Lessee with all conditions of said permits in a prompt and expeditious manner.

(c) Lessee shall keep the Premises free and clear from any and all liens, claims, and demands for work performed and shall post the appropriate Notice of Nonresponsibility for any alteration work authorized by this paragraph. However, Lessee may, in good faith and at Lessee's own expense, contest the validity of any such asserted lien, claim or demand; provided Lessee has furnished the bond required by § 3143 et seq. of the California Civil Code (or any comparable statute thereafter enacted for providing a bond freeing the Premises from the effect of such a lien claim.)

(d) Alterations, fixtures or equipment installed by Lessee shall remain the property of Lessee. Lessee shall have the right to remove from the Premises immediately before the expiration of the Term, or within ten (10) days after termination of the Term, any alterations, fixtures or equipment, so long as the removal will not cause any structural damage to the Premises, and so long as Lessee at his cost promptly restores any damage caused by the removal. Lessee shall return the Premises to Lessor in as good or better condition than received.

(e) Any signage, including lettering, shall be at the sole expense of Lessee. No signs, names, placards or advertising matter shall be inscribed, painted, or affixed upon the exterior of the Premises without the prior written consent of the Lessor, which shall not be unreasonably withheld.

(f) During the term of this Lease, Lessee shall defend and indemnify Lessor against all liability and loss of any type arising out of works of improvement performed on the leased premises by Lessee or at Lessee's instigation, together with reasonable attorneys' fees and all costs and expenses incurred by Lessor in negotiating, settling, defending or otherwise protecting against such claims.

(g) Lessee is aware that the Premises may contain asbestos, therefore, Lessee shall not move or disturb existing walls and ceilings.

9. Maintenance by Lessor.

(a) Prior to sixty (60) days from the effective date of this lease, Lessor shall repair all windows painted to their sills.

(b) Lessor shall maintain the exterior landscaping around the Premises.

(c) Lessor shall maintain the sewer and water service lines from the exterior of the Premises to the City's service lines.

(d) Except as provided in subparagraphs (a) through (c) above, Lessor shall have no further obligation to perform repair or maintenance work on or to the Premises.

10. Indemnity and Insurance

(a) This Lease is made upon the express condition that Lessor is to be free from all liability and claims for the consequences of Lessee's operation and/or use of the Premises, including:

1. Injury to any person or persons including Lessee, his employees, guests and invitees, and

2. Damage to any property to whomsoever belonging including to Lessee and its employees, guests and invitees.

3. Compliance with the Americans With Disabilities Act and other applicable statutes requiring handicap access to the Premises.

(b) Except for losses that are caused directly by the use of the Premises by Lessor pursuant to Section 4(b) and 12, Lessee agrees to and shall indemnify and hold Lessor, its officers, employees, directors and agents free and harmless from all claims, actions, damages and liabilities of whatsoever kind and nature arising from death, personal injury, property damage or other cause asserted or, based on the condition of the Premises, Lessee's occupation of the Premises, this Lease, or any negligent act or omission of Lessee, its employees, agents, invitees, relating to or in any way connected with the Premises or this Lease, regardless of the existence or degree of fault or negligence on the part of Lessor, its officers, employees, directors or agents. As part hereto of the foregoing indemnity, Lessee agrees to protect and to defend at its own expense, including attorney's fees, Lessor, its officers, employees, directors and agents from any and all legal action based upon any acts, conditions or omissions, as stated hereinabove, by any person or persons.

(c) During the Term of this Lease and any renewals, Lessee, at its own expense, shall maintain in force and effect and shall provide to Lessor a certificate that there is in effect:

1. A policy of public liability insurance insuring against liability or loss for bodily injury and damage to property arising on or in said Premises in policy limits of not less than One Million Dollars (\$1,000,000.00) combined single limit per occurrence for injury to one or more persons. Said policy shall designate Lessor as an additional insured.

2. A policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements to the full replacement value of all personal property, Lessee's improvements, and alterations in or about the Premises. The proceeds from any such policy shall be used by Lessee for replacement of the personal property or the restoration of Lessee's improvements or alterations.

(d) The Lessee will have the Lessor's standard Certificate of Insurance completed and filed with the Lessor within thirty (30) days of the execution of this Lease and prior to occupying the Premises. Said policies shall provide that no cancellation, change in coverage, or expiration by the insurance company or the insured shall occur during the term of this Lease without thirty (30) days' written notice to the Lessor prior to the effective date of such cancellation or change in coverage.

(e) Submission of insurance certificates or submission of other proof of compliance with the insurance requirements in the Agreement does not relieve Lessee from liability under this indemnification and hold harmless clause. The obligations of this indemnity article shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

(f) Lessor shall retain the Premises as an insured structure on its fire insurance policies covering loss or damage to the Premises, but not Lessee's personal property, fixtures, equipment, or tenant improvements. With respect to the Lessor maintaining said insurance, Lessee agrees as follows:

1. Lessee shall not do or permit to be done anything which invalidates the insurance policies carried by Lessor.

2. The Lessee shall within thirty (30) days from written request from Lessor reimburse the Lessor the prorata share attributable to the Premises of the Lessor's cost of its entire insurance requirements. During the first year of the term of the Lease, Lessee's prorata share of costs for fire insurance shall be \$625.00 and payable no later than March 1, 1998.

3. The Lessee shall reimburse Lessor the deductible amounts under the applicable insurance policies in the event of an insured loss.

4. Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for any loss or damage to goods, wares, merchandise or other property of Lessee, caused by fire, or any other cause covered under the City's fire insurance policy.

(g) Lessee and Lessor each hereby release and relieve the other, and waive their entire right of recovery against the other, for direct or consequential loss or damage arising out of or incident to the perils covered by property insurance carried by such party, whether due to the negligence of Lessor or Lessee or their agents, employees, contractors and/or invitees. If necessary all property insurance policies required under this Lease shall be endorsed to so provide.

11. Seismic Retrofitting.

Lessee at its sole expense shall be responsible for seismic retrofitting of the building in accordance with the County and/or City Seismic Safety Ordinances. Lessor and Lessee agree to pursue grants for seismic retrofitting of the building. Upon demand of Lessor to commence retrofitting pursuant to this paragraph, Lessee shall have the option to terminate this lease by giving written notice to Lessor within (30) thirty days of Lessor's demand.

12. Reservations by Lessor.

Lessor is entitled to the exclusive use of the utility closet (as shown on Exhibit "C") which will be kept locked. If the existing anteroom is changed, torn down, or not available for use, Lessee at its sole cost shall construct a new area of the same square footage for the exclusive use of the Lessor. This new area will include overhead lights, wall plugs and adequate shelving. Lessor shall provide keys to the Lessee to allow Lessee access to electrical boxes contained within the utility closet.

13. Damage or Destruction.

(a) Insured Loss: Subject to the provisions of paragraph 10, if any time during the terms of this Lease there is damage which is an Insured Loss, then the party responsible for the insurance shall, as soon as possible and to the extent the required materials and labor are readily available through usual commercial channels, repair such damage to the same condition existing prior to the time of the damage, and this Lease shall continue in full force and effect.

(b) If at any time during the term of this Lease there is damage which is not an Insured Loss, then:

1. The Lessee shall secure the safety of the Premises.

2. In the event that the loss or damage equals or exceeds ten percent (10%) of the floor area of the Premises, Lessee shall have the option to give written notice to the Lessor within ninety (90) days after the date of the occurrence of such damage of Lessee's intention to repair such damage. Lessee shall submit plans and specifications for the repair of the Premises to the City's satisfaction within one hundred and twenty (120) days from the date the Lessee provides notice of its election to repair the damage or destruction.

3. In the event that the loss or damage is less than ten percent (10%) of the floor area of the Premises, Lessee shall have the option to give written notice to the Lessor within thirty (30) days after the date of the occurrence of such damage or Lessee's intention to repair such damage. Lessee shall submit plans and specifications for the repair of the Premises to the City's satisfaction within ninety (90) days from the date Lessee provides notice of its election to repair the damage or destruction.

4. In the event Lessee does not elect to repair the damages pursuant to subparagraph 1, above, then Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage, in which event this Lease shall terminate as of the date of the occurrence of such damage.

14. Early Termination by Lessee.

Notwithstanding any provision of this Lease to the contrary, the Lessee may terminate this Agreement at any time upon giving to the Lessor no less than thirty (30) days advanced written notice. Upon such termination, the Lessee shall be relieved of all liability to the Lessor, provided, however, that (i) the Lessee shall remain liable to the Lessor for any damages caused to the Premises by the gross negligence of the Lessee, and (ii) the indemnity provisions contained in

Section 10 shall survive the termination of this Lease as to any events occurring prior to the date of such termination.

15. Equal Rights.

(a) Lessee agrees that it shall not make any distinction, or restriction on account of sex, color, race, religion, handicap, ancestry, sexual orientation or national origin contrary to the provisions of Sections 51 et. seq. of the Civil Code of the State of California which is incorporated herein by reference as if set forth herein in full. Upon a final determination by a court of competent jurisdiction that the Lessee has violated said section, this Lease may, at Lessor's option, be deemed forfeited.

(b) All provisions of Part 2.8 of Division 3, of Title 2 (§§ 12900 through 12996) of the California Government Code (California Fair Employment and Housing Act) are hereby incorporated herein by reference as if set forth in full. Upon any final determination by a commission or court of competent jurisdiction that the Lessee has violated any of said statutory provisions in the performance of this Lease, this Lease may, at Lessor's options, be deemed terminated if Lessee does not reasonably act to correct any such violation.

16. Default and Termination.

The following events are hereinafter called "Events of Default":

(a) The continuing failure of Lessee to punctually pay the rent or make any other payments required hereunder when due within fifteen (15) days after written notice from Lessor.

(b) The failure of Lessee to keep, perform, and observe any and all promises, covenants, conditions, and agreements set forth in this Lease on its part to be so kept, performed, or observed within thirty (30) days or commenced if correction or cure would reasonably take longer than thirty (30) days after written notice of default thereunder from the Lessor; provided, however, that where fulfillment of such obligation requires activity over a period of time and Lessee shall have commenced to perform whatever may be required to cure the particular default within thirty (30) days after such notice and continues such performance diligently, said time limit may be waived in the manner and to the extent allowed by the Lessor.

(c) The filing of a voluntary petition in bankruptcy by Lessee; the adjudication of Lessee as bankrupt; the appointment of any receiver of Lessee's assets, the making of a general assignment for the benefit of creditors; a petition or answer seeking an arrangement for the reorganization of Lessee under the Federal Reorganization Act; the occurrence of any act which operates to deprive Lessee temporarily or permanently of the rights, powers, and privileges necessary for the proper conduct and operation of the leased premises granted herein; the levy of any attachment or execution which substantially interferes with Lessee's operations under this Lease and which attachment or execution is not vacated, dismissed, stayed, or set aside within a period of sixty (60) days.

(d) The abandonment, vacation, or discontinuance of Lessee's operations on the leased premises.

17. Lessor's Use of the Premises.

(a) Lessee shall make the Premises available to Lessor at no charge upon reasonable request for City-related purposes provided:

(1) Lessor's use does not conflict with Lessee's prior scheduled events; and

(2) Lessor's use does not unreasonably conflict with Lessee's use of the Premises as an historical library.

(b) Lessee shall make the exterior stairs available to the Lessor for the following annual events:

1. Wine Festival
2. Pioneer Day
3. Memorial Day Custom Car Show
4. Labor Day Custom Car Show
5. Cinco de Mayo Celebration

(c) Lessor shall indemnify and hold the Lessee, its officers, employees, directors and agents free and harmless from all claims, actions, damages and liabilities of whatsoever kind and nature, including, but not limited to, attorneys' fees and costs, arising from death, personal injury, property damage or other causes asserted or based the

sole negligent act or omission of Lessor, its employees, agents, invitees, relating to or in any way connected with the use of the Premises by Lessor pursuant to this Section. Nothing herein shall release the Lessee from its obligation to maintain the Premises in a condition legally required for use of the Premises by the public at large.

18. Lessor's Special Indemnity for Deed Restrictions.

Should any action be commenced against either the Lessor or the Lessee alleging the violation by the Lessee of any restrictions imposed against the use of the Premises or the City Park within which the Premises are located, (the "City Park"), as a result of the City Park's dedication or use by the City as a park, then the Lessee shall indemnify, hold harmless and defend the Lessor against such action and any damages resulting therefrom, including attorneys fees and costs, or from any judgment rendered in such action; provided that such use by the Lessee is the sole and exclusive basis for the action and any resulting judgment. In the event, however, that an action is maintained, with a resulting judgment, based upon various uses of the City Park, which include, but are not limited to, those uses of the Premises by the Lessee, then the damages occurring as a result of such judgment shall be apportioned by the Court between the parties to the action based upon the degree of fault. If the Court fails or refuses to apportion such damages, then the Lessee shall not be required to indemnify and hold harmless the City, nor shall the Lessee be liable to the Lessor for contribution under the judgment.

19. Lessor's Remedies on Default.

Upon the occurrence of any one or more of the "events of default," Lessor shall have the right to:

a. Terminate this Lease. Upon such termination, Lessee's right to possession of the Lessee's leased premises shall terminate and Lessee shall surrender possession thereof within a reasonable time for Lessee to cease its operations and to remove all fixtures, equipment and personal property not part of the improvements.

b. Enforce by suit or otherwise all obligations of Lessee under this Lease, and to recover from Lessee all remedies now or later allowed by law. Lessor shall provide written notice to the Lessee of the time and date of the City Council meeting wherein legal action against the Lessee will

be considered.

c. All remedies of Lessor to be cumulative. Election by Lessor to terminate this Lease shall not prejudice any rights or claims Lessor may have for sums remaining due it or for damages or pursuing such other remedies as may be available to Lessor by law or equity, all remedies of the Lessor to be cumulative.

20. Other Governing Provisions.

(a) Assignment and Subletting. Lessee shall not assign, transfer, sublease any portion of the Premises, or in any manner dispose of this Lease without the prior written consent of Lessor.

(b) Covenants and Conditions. All covenants and agreements contained in this Lease are declared to be conditions to this Lease and to the Term of this Lease. Should Lessee default in the performance of any covenant, conditions or agreement contained in this Lease, then this Lease shall terminate and the Premises shall revert to Lessor. Lessor shall be entitled to bring an action to re-enter and regain possession of said Premises as provided by California law.

(c) Abandonment. If Lessee abandons or vacates the Premises, Lessor may at its option terminate this Lease, re-enter the Premises and remove all property.

(d) Attorneys' Fees. If any action or other proceeding arising out of this Lease is commenced by either party to this Lease concerning the Premises, then as between Lessor and Lessee, the prevailing party shall be entitled to receive from the other party, in addition to any other relief that may be granted, the reasonable attorneys' fees, costs, and expenses incurred in the action or other proceeding by the prevailing party.

(e) Entire Agreement. The provisions of this Lease constitute the entire agreement between Lessor and Lessee with respect to the Premises, and neither party is relying on any representation, whether oral or written, that is not contained herein.

(f) Binding on Successors. The rights, duties, and obligations of this Lease shall be binding upon the heirs, successors and assigns of the parties.

(g) **Severability.** If any provision of this Lease is held invalid or unenforceable, such invalidity will not affect other provisions of this Lease. The provisions of this Lease are severable.

(h) **Waiver.** If Lessor agrees to waive any of the terms and conditions of this Lease, such waiver will not be construed as a waiver of any succeeding breach of the same term or condition, or as a waiver of any other term or condition. A waiver by the Lessor as to any term or condition will not be construed as a course of performance.

(i) **Recitals.** The Recitals A through D are incorporated herein by reference as though set at length.

(j) **Captions.** The captions, titles and headings in this Lease shall have no effect on the interpretation of this Lease or any part thereof.

(k) **Modification.** Any Addendum to or modification of this Lease must be in writing and signed by the respective authorized representative of both Lessor and Lessee and when so executed shall become a part of this Lease.

(l) **Venue.** Lessor and Lessee agree that if any legal action is taken to interpret or enforce the terms and conditions of this Lease, such actions shall be filed with the proper court in the County of San Luis Obispo.

(m) **Holding Over.** This Lease shall terminate without further notice at the expiration of the Term. Any holding over shall be on a month-to-month tenancy and shall not constitute a renewal or extension of the term of this Lease.

21. Notices. All notices required by this Lease shall be communicated in writing by either party and shall be delivered to the following addresses:

Lessor:

**CITY MANAGER
CITY OF EL PASO DE ROBLES
1000 Spring Street
Paso Robles, CA 93446**

Lessee:

**PRESIDENT
EL PASO DE ROBLES AREA HISTORICAL SOCIETY**

P. O. Box 2875
Paso Robles, CA 93447

If the notice cannot be delivered personally, a copy of the notice may be delivered by mail. Delivery shall be deemed given when such notice is enclosed in a sealed envelope, with postage thereon fully prepaid, that is addressed to a party on one of the above addresses and that envelope is deposited in a United State Post Office mailbox.

22. Recording.


This Agreement, or an abstract of this Agreement, shall be recorded in the San Luis Obispo County Recorder's office.

IN WITNESS WHEREOF, the said parties have executed this Lease in duplicate the day and year first above written.

Lessor:

City of El Paso De Robles

By:


Duane J. Picanco, Mayor
1000 Spring Street
Paso Robles, CA 93446

ATTEST:

By:

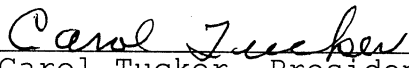

Madelyn Pasmach, City Clerk

Executed at Paso Robles on
_____, 1997

Lessee:

EL PASO DE ROBLES HISTORICAL SOCIETY

By:


Carol Tucker, President
750 Tanner Drive
Paso Robles, CA 93446

Executed at Paso Robles on
_____, 1997

carnegie.5th 11-11-97

BUILDING USES: (not listed in order of importance)

Natural History Exhibits of Rex Sant'onge
Repository for City, North County, and Organization Records, Documents, Charters
Pioneer Teas, Pioneer Day Functions
Festivals - Paderewski, Art, Harvest
Recitals
Conferences
Educational Classes - History of the Area
Genealogy
Indians of the Area
Spanish Heritage
Shows: Art, antique, buttons, stamp, train, etc.
Slide Shows
Walking Tours - Central Point for Downtown History Walks
Paso Robles Schools Classroom Visits
Meeting Room - PR Area Historical Society, local clubs, organizations, small groups
Genealogy Resource Center for the North County
Permanent and Rotating Exhibits of families, clubs, buildings, local histories
Historic Building Information Center - used by Board of Realty for example
Paintings of local area on display
Young Artist Show.....age 5 - 17
Weddings
Anniversary celebrations
reunions/banquets
Car Show: co-sponsor w/Main Street of Antique Car Show and/or Horseless Carriage
Old-timer games
Fashion Show and Tea for period of clothing, hair, make-up
Research on Architectual History
Section of the library for "Main Street Developments" - building improvements
Exhibit of Area Textile Industry, Charcoal Plant
Videos depicting history and interviews of local historians
Basement: storage of magazines, newspapers, maps, library materials
Awards Presentations
Beauty Pageants/body building contests
Craft Show
Comsumer Show
Electronics Conference/exhibits
Flower/Garden Show
Instructional Classes (non-mechanical)
Lectures
Speaking Engagements/ Seminars/ Telethons

EXHIBIT "A" TO DECEMBER 1, 1997
LEASE BETWEEN CITY OF EL PASO
DE ROBLES AND THE EL PASO DE
ROBLES AREA HISTORICAL SOCIETY

FUNDRAISERS: (not listed in order of importance)

Paso Robles Area Historical Society Gift Shop
Admission Donation
Traveling Exhibits
Old-Fashioned Box and Ice-cream Socials
Fashion Show & Tea
Local Western Artist (example: Larry Bees, commission from sales)
Concert/Recital
Auction/Sale: Donated items, bookcases, books
 Rummage Sale
 Flea Market Sale
 White Elephant Sale w/BBQ
 Silent Auction
"Buy a Brick"
Variety/Amateur Show
Bazaar
Dance
Art Show & Sale
Antique Show & Sale
Breakfast/Luncheon
BBQ Benefit
Concessions
Sell Texas Fruitcakes, candy, etc
Bingo
Group Tours
Cuesta College Book Sale
Winery/MicroBrewery Event
Co-Sponsor w/Main Street of Antique Car Show
Raffle tickets/Drawing for Quilt, painting, etc.

EXHIBIT "B" TO DECEMBER 1, 1997
LEASE BETWEEN CITY OF EL PASO
DE ROBLES AND THE EL PASO DE
ROBLES AREA HISTORICAL SOCIETY

GIFT SHOP ITEMS

WITH LIBRARY LOGO:

Drinking glasses
Mugs
Plates
Cups & Saucers
Ceramic - Bookends
 Crocks
 Picture Frames
 Miniature Replica
 Business Card Holders
Wooden Laser-etched - Bookends
 Picture Frames
 Miniature Replica
 Business Card Holders
 Photo Box
 Plaque
Ceramic or Glass-etched Bell
Collector Spoons
Christmas Ornaments
Wearing Apparel - Baseball Caps
 Men's Ties
 Women's Scarfs
 T-Shirts
 Sweatshirts

Shopping Bags
Canvas Purses
Backpacks
Key chains
Pen & Pencil Sets, Erasers
Playing Cards
Computer Mouse Pads
Screen Savers
Children's Coin Purses
Stationary
Note Cards
Postcards
Book Marks
Address Books
Calendars
Recipe Books : *ethnic or Jewish*

Hispanic
Italian

EXHIBIT "C" TO DECEMBER 1, 1997
LEASE BETWEEN CITY OF EL PASO
DE ROBLES AND THE EL PASO DE
ROBLES AREA HISTORICAL SOCIETY

PICTURES: Library
Victorian Homes
Main Street Buildings

Jewelry

Indian Items: Chumash
Salinian

Afghans

Children's Games - Trivia Game (History of the Library)
Puzzles

Coloring books

VCR Tape of Local History

Genealogy Research Supplies

Genealogy Publications

Handmade Boutique Items - Quilts

Wall Hangings

Crocheted & Knitted Gifts

Needlework

Pillows

BOOKS:

1000 California Place Names
According to Madge
Archaeology of California, The
Bicycling San Luis Obispo County
Big Sur: A Complete History & Guide
Builders Behind the Castles, The
California Historical Landmarks
California Indian Country
California Scenic Highway 1
California's Missions
California's Spanish Place Names
Cambria Forest, The
Castle Chronicles
Central Coast Wildflowers
Chumash - A Picture of Their World
Chumash Healing
Chumash, The
Codes, Ciphers & Secret Writing
Course 095 to Eternity
Customs and Traditions
December's Child: A Book of Chumash Oral Narratives
Decoration of the California Missions
Dining Out in San Luis Obispo County
Don't Get Me Started
From Fingers to Finger Bowls
From the Beginning of Time
Gallant Lady, The

Ghosts of Frank and Jesse James, The
 Glimpses of Childhood in the Old West
 Growing California Native Plants
 Hearst's Dream
 Historic Spots in California
 History Comes Alive
 History of Adelaida
 History of San Luis Obispo County/Myron Angel
 It Happened in San Miguel
 Junipero Serra: A Pictorial Biography
 Legends of California Bandidos
 Life and Times of Fr. Junipero Serra, The
 Love Stories of Old California
 Memories of the Land
 Migrants West - Toward the Southern California Frontier
 Mission Bells that Never Rang, The
 Mission Santa Ines, The Hidden Gem
 Missions of the Inland Valleys
 More Back Roads of the Central Coast
 Mountains of Fire
 Native American Portraits
 Native Ways
 Natural World of the California Indians, The
 Pasquala - The Story of a California Indian Girl
 Railroad Crossing: Californians and the Railroad 1850-1910
 Rails Across the Ranchos
 Rock Paintings of the Chumash
 Romualdo Pacheco's California
 S. L. O. County: Looking Backward into the Middle Kingdom
 Saints of the California Missions
 San Miguel At the Turn of the Century
 Sense of Mission, A
 Southern Pacific's Coastline
 Tales of Mexican California
 Vast Pastoral Domain, A
 Walking the California Coast
 War Comes to the Middle Kingdom
 Where the Light Turns Gold
 Whispers From the First Californians
 Wildlife Watchers' Guide
 With Steinbeck in the Sea of Cortez
 Zia

Books: Natural History/ Artifacts

RULES AND REGULATIONS

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety, reputation, or property of the Building and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Building.
4. Lessee shall not keep animals or birds within the Building except as part of an exhibit authorized by the Lease, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized by the Lessor.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts without providing keys for such locks and bolts to the Lessor.
7. Lessee shall not be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the premises or Building.
9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Building.
10. Significant furniture, freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Building arising from any such activity.

EXHIBIT "D" TO DECEMBER 1, 1997
LEASE BETWEEN CITY OF EL PASO DE
ROBLES AND THE EL PASO DE ROBLES
AREA HISTORICAL SOCIETY

11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.

12. Reserved.

13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.

14. No window coverings, shades or awnings that detract from the historical nature of the Building shall be installed or used by Lessee without written authorization from Lessor.

15. Reserved.

16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.

17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.

18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.

19. The Premises shall not be used for lodging. In addition, the Premises shall not be used for manufacturing, cooking or food preparation except as incidental to a use of the Premises as authorized by the Lease.

20. Lessee shall comply with all safety, fire protection and evacuation regulations established according to law by any applicable governmental agency, including the Lessor.

21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.

EXHIBIT "D" PAGE 2

22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.

23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Building and its occupants. Lessee agrees to abide by these and such rules and regulations. Any such rule and regulation shall be deemed to be unreasonable if it diminishes or limits the rights of the Lessee under the terms of the Lease.

RULES AND REGULATIONS
1 THROUGH 23, ABOVE, ARE
HEREBY AGREED TO.

HISTORICAL SOCIETY

By: Carol Trecker

Date: 12-18-97

CITY OF EL PASO DE ROBLES

By: Juan Ponce

Date: 12-18-97

EXHIBIT "D" PAGE 3