

TO: James L. App, City Manager

FROM: Ann Robb, Director, Library and Recreation Services

SUBJECT: Statewide Park Development and Community Revitalization Grant – Oak Park

DATE: February 16, 2010

Needs: For the City Council to consider approving an application for statewide park program grant funds.

Facts:

1. Competitive grant funds are available for construction of new parks and recreation opportunities in proximity to the most critically underserved communities across California. The City is an eligible applicant. Grants may be made up to \$5 million. Grant applications are due March 1, 2010.
2. A new park in Oak Park was identified as an important component in the draft Uptown Specific Plan. If awarded, grant funds could pay for the development of the park. There is no match required.
3. Through the Uptown planning charrette and recent community meetings, community members identified desirable park components. The proposed 2.6 acre park includes an artificial turf soccer field, basketball court, volleyball court, community center, office, picnic area and playground areas. The cost estimate of the park is \$5 million.
4. A draft lease agreement provides for the City to lease the property from the Housing Authority for the park. Once completed, a sub-lease agreement would turn the park back over to the Housing Authority to administer as a public park. The Housing Authority would manage and maintain the park. All costs of park management would be borne by the Housing Authority.
5. The Housing Authority Board considered the Draft Ground Lease, Draft Sublease, and Letter of Intent at their February 9, 2010 meeting. City staff will relay the results of that vote orally with the presentation of this report.

Analysis and

Conclusion: An opportunity exists to apply for grant funds to construct a new park in the Housing Authority Oak Park development. No match is required. Once constructed, the Housing Authority has agreed to administer the park as a public park and pay all associated costs.

Policy

Reference: California Proposition 84 Safe Drinking Water Bond Act
General Plan
Draft Uptown Specific Plan
Economic Strategy

Fiscal
Impact:

Potential receipt of \$5 million to construct a public park.

Options:

- a.
 - 1. Adopt Resolution 10-XXX Approving the Application for Statewide Park Program Grant Funds; AND
 - 2. Authorize the Mayor to sign a Letter of Intent to enter into a ground lease and sublease upon the California Department of Parks and Recreation providing notice that it is irrevocably committed to providing City with grant funds, under its Statewide Park Development and Community Revitalization Program of 2008, in an amount sufficient to fully construct the "Park" (as defined in the Ground Lease); OR
- b. Amend, modify, or reject above options.

Attachments: Letter of Intent
Draft Ground Lease and Sublease
Site Plan

RESOLUTION NO. 10-XXX

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROVING THE APPLICATION FOR
STATEWIDE PARK PROGRAM GRANT FUNDS**

WHEREAS, the State Department of Parks and Recreation has been delegated the responsibility by the Legislature of the State of California for the administration of the Statewide Park Program, setting up necessary procedures governing the Application; and

WHEREAS, said procedures established by the State Department of Parks and Recreation require the applicant to certify by resolution the approval of application(s) before submission of said application(s) to the State; and

WHEREAS, the applicant will enter into a contract with the State of California to complete the grant scope project;

THEREFORE BE IT HEREBY RESOLVED that the City Council of the City of el Paso de Robles, hereby:

Approves the filing of an application for the construction of a park in the Oak Park housing development, and

1. Certifies that said applicant has or will have available, prior to commencement of any work on the project included in this application, the sufficient funds to complete the project; and
2. Certifies that the applicant has or will have sufficient funds to operate and maintain the project(s), and
3. Certifies that the applicant has reviewed, understands, and agrees to the General Provisions contained in the contract shown in the Grant Administration guide; and
4. Delegates the authority to the City Manager to conduct all negotiations, sign, and submit all documents, including, but not limited to applications, agreements,

amendments, and payment requests, which may be necessary for the completion of the grant scope; and

5. Agrees to comply with all applicable federal, state, and local laws, ordinances, rules, regulations, and guidelines.

Approved and adopted the 16th day of February, 2010, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Duane Picanco, Mayor

ATTEST: I, the undersigned, hereby certify that the foregoing Resolution Number _____ was duly adopted by the City Council following a role call vote.

Lonnie Dolan, Deputy City Clerk

January 28, 2010

California State Parks
Office of Grants & Local Services
PO Box 942896
Sacramento, CA 94296-0001

Re: Letter of Intent/Oak Park Ground Lease

Dear _____:

Please accept this Letter of Intent ("LOI") as conformation that the City of El Paso de Robles ("City") and the Housing Authority of the City of Paso Robles ("Housing Authority") have reviewed and approved the proposed form of (i) Ground Lease (Oak Park), attached to this LOI as Exhibit A (the "Ground Lease"); and (ii) Sublease (Oak Park), attached as Exhibit F to the Ground Lease, for the purpose of developing and operating a public park on that certain real property described in Exhibit B and as shown on Exhibit C attached to this LOI.

City and Housing Authority are prepared to execute the Ground Lease upon the California Department of Parks and Recreation providing notice that it is irrevocably committed to providing City with grant funds, under its Statewide Park Development and Community Revitalization Program of 2008, in an amount sufficient to fully construct the "Park" (as defined in the Ground Lease).

If you have any questions regarding this LOI or the Ground Lease, please contact Ann Robb, Director, Library & Recreation Services, City of El Paso de Robles, at (805) 237-3993.

Very truly yours,

HOUSING AUTHORITY OF THE
CITY OF PASO ROBLES

By: _____
Name: _____
Its: Executive Director

CITY OF EL PASO DE ROBLES

By: _____
Name: Duane Picanco
Its: Mayor

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Exhibit A

GROUND LEASE

[to be inserted]

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Exhibit B

LEGAL DESCRIPTION OF PROPERTY

[to be inserted]

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Exhibit C

PROPERTY DEPICTION

[to be inserted]

GROUND LEASE (Oak Park)

This Ground Lease (Oak Park) (this "**Lease**") is made as of _____, 2010 (the "**Commencement Date**"), by and between the Housing Authority of the City of Paso Robles, a public body, corporate and politic ("**Housing Authority**"), and the City of El Paso de Robles, a California municipal corporation ("**City**").

RECITALS

A. The Housing Authority is the owner of an existing 148 unit public housing project located at 3201 Pine Street, Paso Robles, California (the "**Existing Housing Project**"). The Existing Housing Project is in poor physical condition, and the Housing Authority now desires to demolish the Existing Housing Project and construct approximately 300 new affordable multifamily housing units on Housing Authority land located adjacent to the Existing Housing Project (the "**New Housing Project**").

B. After the demolition of the Existing Housing Project, the Housing Authority and the City desire to create a public park (the "**Park**") on the site of the Existing Housing Project (the "**Site**"). The Site consists of approximately 2.6 acres of real property in the City of El Paso de Robles, as shown on the "Site Map" attached hereto as Exhibit A and incorporated herein by this reference, and having the legal description in the "Site Description" attached hereto as Exhibit B and incorporated herein by this reference.

C. The City has applied to the California Department of Parks and Recreation for funds from the Statewide Park Program (the "**Program**"), and has been awarded _____ (\$ _____) for the development of the Park as contemplated herein (the "**SPP Grant**"). This Lease shall constitute the Land Tenure Form for purposes of the City's Program application.

D. The Park will provide recreational opportunities of benefit to the residents of the New Housing Project, and to other members of the community. The Housing Authority is authorized, pursuant to Health and Safety Code Section 34314, to contract for services, privileges, works, or facilities for, or in connection with, a housing project and the occupants thereof.

NOW, THEREFORE, Housing Authority and City hereby agree as follows:

AGREEMENT

1. Lease of the Site. Housing Authority, for and in consideration of the rents, covenants, and agreements hereinafter reserved and contained on the part of City to be paid, kept, performed and observed by City, hereby leases to City, and City hereby leases from Housing Authority, the Site, together with any improvements now or hereafter located on the Site, upon the terms and conditions of this Lease.

2. Term of Lease.

2.1 Initial Term. City shall lease the Site from Housing Authority, and Housing Authority shall lease the Site to City, for a term of thirty (30) years commencing on the Commencement Date (the "**Initial Term**"), upon the terms and condition herein.

2.2 Option Term. City is granted the option to extend the Initial Term as follows (the "**Option Term**" and collectively with the Initial Term, the "**Term**") for five (5) independent consecutive periods of five (5) years each following the expiration of the Initial Term (each, a "**Five Year Option Term**"). To exercise its options granted under this Section 2.2, City shall provide notice to Housing Authority on or before the expiration of (i) the Initial Term; and (ii) each Five Year Option Term thereafter, indicating City's desire to extend the Initial Term, or any subsequent Five Year Option Term then in effect, by another Five Year Option Term.

3. Rent.

3.1 Rent. City agrees to pay in advance yearly rent in the amount of ONE AND NO/100 DOLLAR (\$1.00) (the "**Rent**"). The Rent shall be paid on the Commencement Date and each subsequent _____ during the Term.

3.2 Payment of Rent. All rent that becomes due and payable pursuant to this Lease shall be paid to Housing Authority at the address of Housing Authority listed in Section 20.6 or such other place as Housing Authority may from time to time designate by written notice to City without notice or demand, and without setoff, counterclaim, abatement, deferment, suspension or deduction.

4. Development of Park.

4.1 Demolition of Existing Housing Project. Prior to the commencement of the this Lease, Housing Authority shall be responsible for completing any demolition of improvements on the Site and for relocating any tenants on the Site, in accordance with the requirements of law.

4.2 Construction of Park Improvements. City shall develop the Park (collectively, the "**Park Improvements**") in accordance with (i) the "Scope of Development" attached hereto as Exhibit C and incorporated herein by this reference; and (ii) the plans, drawings and documents submitted by City to Housing Authority for development of the Park, as reasonably approved by Housing Authority and in accordance with the City's application for SPP Funds. City shall enter into a contract with one or more qualified general contractors for the construction of the Park Improvements. All costs and expenses associated with the planning, design, development and construction of the Park Improvements shall be borne solely by City, provided, however, that the parties agree that City's obligations hereunder shall be expressly limited to the amount of SPP Grant received by City.

4.3 Schedule of Performance. City shall submit all required plans and drawings, commence and complete all construction of the Park Improvements, and satisfy all other obligations and conditions of City under this Lease within the times established therefor in

the "**Schedule of Performance**" attached hereto as Exhibit D and incorporated herein by this reference. Housing Authority shall satisfy all of its obligations under this Lease within the times established therefor in the Schedule of Performance.

4.4 Right of Inspection. Housing Authority reserves and shall have the right during reasonable hours to enter the Site for the purpose of ensuring City's compliance with this Section 4, subject to the Housing Authority's indemnification obligations under Section 16.

5. Use of Site. City covenants and agrees for itself, its successors and assigns, that during the Term, the Site and the Park shall be devoted to use as a public park in accordance with this Lease and the Program, and no other uses. City shall not use the Site or the Park for any purpose that is in violation of any law, ordinance or regulation of any federal, state, county or local governmental agency, body or entity.

6. Sublease with Housing Authority. Upon completion of the Park Improvements, City and Housing Authority agree to enter into a sublease (the "**Sublease**"), whereby Housing Authority shall assume certain obligations under this Lease including, but not limited to, all maintenance, management and operation obligations in connection with the Park and in accordance with the terms of the SPP Grant, and all costs and expenses associated therewith. The Sublease shall be in substantially the form attached here to as Exhibit F and incorporated herein by reference.

7. Utilities and Taxes.

7.1 Utilities. City shall pay all charges for water, gas, electricity, heating and cooling, sewer, garbage collection, and other utilities furnished to the Site and the Park and all hookup or similar charges or assessments for utilities levied against the Site and the Park for any period included within the Term.

7.2 Taxes, Permits and Licenses. In the event that any real estate taxes, assessments for improvements to the Site, municipal or county water and sewer rates and charges, or any other assessments or taxes are levied against the Site, the Park, the Park Improvements, the personal property located in the Park, or any interest therein, City shall be responsible for the payment of such amounts. City shall be responsible, at its sole expense, for obtaining and paying the cost of any permits and licenses required by governmental agencies with respect to the construction of the Park Improvements.

8. Stop Notices and Liens. City shall not suffer or permit any liens or stop notices to be enforced against the fee simple estate of Housing Authority as to the Site and Park, nor against City's leasehold interest therein by reason of work, labor, services or materials supplied or claimed to have been supplied to City or anyone holding the Site and the Park, or any part thereof, through or under City. City agrees to defend, indemnify, and hold Housing Authority and its officers, officials, employees, agents, and representatives, harmless against such liens or stop notices. If any such lien or stop notice shall at any time be filed against the Site or the Park, City shall, within thirty (30) days after notice to City of the filing thereof, cause the same to be discharged of record; provided, however, that City shall have the right to contest the amount or validity, in whole or in part, of any such lien or stop notice by appropriate proceedings but in

such event, City shall notify Housing Authority and promptly bond such lien or stop notice in the manner authorized by law with a responsible surety company qualified to do business in the State of California or provide other security acceptable to Housing Authority. City shall prosecute such proceedings with due diligence. Nothing in this Lease shall be deemed to be, nor shall be construed in any way to constitute, the consent or request of Housing Authority, express or implied, by inference or otherwise, to any person, firm or limited partnership for the performance of any labor or the furnishing of any materials for any construction, rebuilding, alteration or repair of or to the Site, the Park, or any part thereof. Prior to commencement of construction of the Park on the Site, or any repair or alteration thereto, City shall give Housing Authority not less than thirty (30) days advance notice in writing of its intention to begin said activity in order that nonresponsibility notices may be posted and recorded as provided by State and local laws.

9. Maintenance and Repair. City agrees to assume full responsibility for the maintenance and repair of the Park and the Site throughout the Term, and to perform all repairs and replacements necessary to maintain and preserve the Park and the Site in good repair, in a neat, clean, safe and orderly condition consistent with its operation as a public park, reasonably satisfactory to Housing Authority and in compliance with all applicable laws. City shall maintain the Park, all buildings, all exterior facades, all sidewalks, and all exterior areas, in a safe and sanitary fashion. The City agrees to provide utility services, administrative services, supplies, contract services, maintenance, maintenance reserves, and management which are necessary for the maintenance of the entire Park. The City shall manage and maintain the Park on the Site in conformity with the El Paso de Robles Municipal Code. Parking lots, lighting fixtures, trash enclosures, and all areas which can be seen from the adjacent streets shall be kept free from any debris or waste materials by regularly scheduled maintenance.

10. Environmental Matters. City acknowledges that it has had an opportunity, prior to the Commencement Date, to engage its own environmental consultant to make such investigations of the Site as City has deemed necessary, and City has approved the environmental condition of the Site. City shall take all commercially reasonable precautions to prevent the release of any hazardous materials from the Site into the environment. Upon and after the Commencement Date, City agrees to indemnify, defend and hold Housing Authority harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, attorneys' fees), resulting from, arising out of, or based upon the release, use, generation, discharge, storage or disposal of any hazardous materials on, under, in or about, or the transportation of any such hazardous materials to or from, the Site that are directly caused by City during the Term. City's obligations under this Section shall survive the expiration of this Lease.

11. Alteration of Park Improvements. Upon completion of the Park Improvements pursuant to the requirements of Section 4, City shall not make or permit to be made any structural alteration of the exterior of the Park, nor demolish all or any part of the Park Improvements, without obtaining the prior written consent of Housing Authority, which consent shall not be unreasonably withheld. In requesting such consent of the Housing Authority, City shall submit to Housing Authority detailed plans and specifications of the proposed work and an explanation of the need and reasons therefor. This provision shall not limit or set aside any obligation of City under this Lease to maintain the Park and the Site in a clean and safe

condition, including structural repair and restoration of damage to the Park. City shall not commit or suffer to be committed any waste or impairment of the Site or the Park, or any part thereof, except as otherwise permitted pursuant to this Lease.

12. Damage or Destruction. If the Park shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty (a "**Casualty**"), City shall promptly proceed to take all steps necessary to begin reconstruction and to promptly and diligently commence the repair or replacement of the Park to substantially the same condition as the Park is required to be maintained in pursuant to this Lease (the "**Required Condition**"), so long as such repair or replacement does not exceed the amount of the insurance proceeds received in connection with such casualty. If the cost to repair or restore the Park to the Required Condition exceeds the value of the insurance proceeds received in connection with such casualty, City may elect to terminate this Lease and both parties shall have no further obligations hereunder, except where expressly provided herein. Disbursement of all insurance proceeds shall as set forth in Section 16.4.

13. Sale, Assignment, Lease or Other Transfer. City shall not sell, assign, sublease, or otherwise transfer this Lease or any right therein, nor make any total or partial sale, assignment, sublease, or transfer in any other mode or form of the whole or any part of the Site or the Park (each, an "**Assignment**"), without prior written approval of Housing Authority. Any purported Assignment without the prior written consent of Housing Authority shall render this Lease absolutely null and void and shall confer no rights whatsoever upon any purported assignee or transferee. Housing Authority may assign or transfer any of its rights or obligations under this Lease with the approval of the City, which approval shall not be unreasonably withheld. Notwithstanding the restrictions contained in this Section, Housing Authority hereby consents to the execution of the Sublease.

14. Financing. City shall not, without the prior written consent of Housing Authority, which may be given or withheld in Housing Authority's sole discretion, obtain any loan or other conveyance for financing secured by the Park or this Lease.

15. Indemnity.

15.1 City. City shall defend, indemnify, assume all responsibility for, and hold Housing Authority and its officers, employees, agents, and representatives harmless from, all claims, demands, damages, defense costs or liability of any kind or nature (including attorneys' fees and costs) and for any damages to property or injuries to persons, including accidental death, which may be caused by or arise out of City's performance or failure to perform its obligations pursuant to this Lease, whether such activities or performance thereof be by the City or by anyone employed or contracted with by the City and whether such damage shall accrue or be discovered before or after termination of this Lease, or from any defect in the Site or the Park, due to the acts of City hereunder. City shall not be liable for property damage or bodily injury occasioned by the negligence of, willful misconduct of, or breach of this Lease by Housing Authority or its officers, employees, agents, or representatives.

15.2 Housing Authority. Housing Authority shall defend, indemnify, assume all responsibility for, and hold City and its officers, employees, agents, and representatives

harmless from, all claims, demands, damages, defense costs or liability of any kind or nature (including attorneys' fees and costs) and for any damages to property or injuries to persons, including accidental death which may be caused by or arise out of the Housing Authority's performance or failure to perform its obligations pursuant to this Lease, whether such activities or performance thereof be by the Housing Authority or by anyone employed or contracted with by the Housing Authority and whether such damage shall accrue or be discovered before or after termination of this Lease. Housing Authority shall not be liable for property damage or bodily injury occasioned by the negligence of, willful misconduct of, or breach of this Lease by City or its officers, employees, agents, or representatives.

16. Insurance.

16.1 General Insurance Provisions. City shall provide insurance coverage for the Park as is provided for all City-owned or leased property under a Memorandum of Liability Coverage administered by the California Joint Powers Insurance Authority. All policies of insurance provided for in this Section 16.1, except for the workers' compensation insurance, shall name City as the insured or an additional insured, and Housing Authority, and its respective officers, employees, agents, and representatives, as additional insureds, as their respective interests may appear. City agrees to timely pay or cause to be timely paid all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. City agrees to submit policies of all insurance required by this Section 16, or certificates evidencing the existence thereof, to Housing Authority on or before the Commencement Date, indicating full coverage of the contractual liability under Section 16.1. At least thirty (30) days prior to expiration of any such policy, copies of renewal policies, or certificates evidencing the existence thereof, shall be submitted to Housing Authority. All policies shall be written by good and solvent insurers qualified to do business in California and reasonably acceptable to the Housing Authority Director or designee. All policies or certificates of insurance shall also: (i) provide that such policies shall not be cancelled or limited in any manner without at least thirty (30) days prior written notice to Housing Authority; and (ii) provide that such coverage is primary and not contributing with any insurance as may be obtained by Housing Authority and shall contain a waiver of subrogation for the benefit of the City and Housing Authority. City agrees that provisions of this Section as to maintenance of insurance shall not be construed as limiting in any way the extent to which City may be held responsible for the payment of damages to persons or property resulting from City's activities, activities of its sublessees or the activities of any other person or persons for which City is otherwise responsible

16.2 Failure to Maintain Insurance. If City fails or refuses to procure or maintain insurance as required by this Lease, Housing Authority shall have the right, at Housing Authority's election, and upon ten (10) days prior notice to City, to procure and maintain such insurance. Housing Authority shall give prompt written notice to City regarding the payment of any insurance premiums paid on behalf of City under this Section, stating the amounts paid and the name of the insured(s), and City shall immediately reimburse Housing Authority for such premiums paid.

16.3 Insurance Proceeds Resulting from Loss or Damage to Park. All proceeds of insurance with respect to loss or damage to the Park during the Term shall be payable, under

the provisions of the policy of insurance, to City, and said proceeds shall constitute a trust fund to be used for the restoration, repair and rebuilding of the Park to the Required Condition. To the extent that such proceeds exceed the cost of such restoration, repair or rebuilding, the excess proceeds shall become the sole property of City.

If the respective cost and expense to restore the Park to the Required Condition exceeds the value of the insurance proceeds received by City for an insured loss or damage, City may terminate this Lease and both parties shall have no further obligations hereunder, except where expressly provided. Upon termination of this Lease pursuant to this Section, all insurance proceeds received from such insured loss or damage shall become the sole property of City.

17. Compliance with Law. City shall, at City's sole cost and expense, comply with all of the requirements of all municipal, State and Federal laws and regulations now in force, or which may hereafter be in force, pertaining to City's use and occupancy of the Site or the Park. in addition, City shall comply with all terms and conditions of the SPP Grant.

18. Events of Default and Remedies.

18.1 Events of Default by City. Subject to the force majeure provisions of Section 19.20, the occurrence of any one (1) or more of the following shall constitute an event of default hereunder:

(a) City shall fail to construct the Park Improvements in accordance with Section 4 and within the times set forth herein, within thirty (30) days of notice from the Housing Authority that such construction has not been completed within the required time; or

(b) City shall abandon or surrender the Site or the Park; or

(c) City shall fail or refuse to pay, within thirty (30) days of notice from Housing Authority that the same is due, any installment of rent or any other sum required by this Lease to be paid by City; or

(d) City shall fail to materially perform any covenant or condition of this Lease, other than as set forth in subparagraphs (a) or (b) above, and any such failure is not cured within thirty (30) days following the service on City of a written notice from Housing Authority specifying the failure complained of, or if it is not reasonably practicable to cure or remedy such failure within such thirty (30) day period, then City shall not be deemed to be in default if City shall commence such cure within such thirty (30) day period and thereafter diligently prosecute such cure to completion.

18.2 Remedies of Housing Authority.

In the event of any such default as described in Section 18.1, Housing Authority may, at its option:

(a) Correct or cause to be corrected said default and charge the costs thereof (including costs incurred by Housing Authority in enforcing this provision) to the account of

City, which charge shall be due and payable within thirty (30) days after presentation by Housing Authority of a statement of all or part of said costs;

(b) Correct or cause to be corrected said default and pay the costs thereof (including costs incurred by Housing Authority in enforcing this provision) from the proceeds of any insurance;

(c) Exercise its right to maintain any and all actions at law or suits in equity to compel City to correct or cause to be corrected said default; and

(d) Maintain and operate the Site and the Park, without terminating this Lease.

In the event that City's default has not been cured within ninety (90) days from the date of Housing Authority's notice pursuant to Section 18.1, in addition to the foregoing remedies Housing Authority shall also be entitled to terminate this Lease and immediately regain possession of the Site.

18.3 Rights and Remedies are Cumulative. The remedies provided by this Section 18 are not exclusive and shall be cumulative to all other rights and remedies possessed by Housing Authority. The exercise by Housing Authority of one or more such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by City.

19. Miscellaneous.

19.1 Governing Law. The laws of the State of California shall govern the interpretation and enforcement of this Lease.

19.2 Legal Actions. In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Lease. Such legal actions must be instituted in the Superior Court of San Luis Obispo County, State of California.

19.3 Acceptance of Service of Process. In the event that any legal action is commenced by City against Housing Authority, service of process on Housing Authority shall be made by personal service upon the Secretary or Executive Director of Housing Authority, or in such other manner as may be provided by law.

In the event that any legal action is commenced by Housing Authority against City, service of process on City shall be made by personal service upon the City Manager or City Clerk or in such other manner as may be provided by law.

19.4 Attorneys' Fees And Court Costs. In the event that either Housing Authority or City shall bring or commence an action to enforce the terms and conditions of this Lease or to obtain damages against the other party arising from any default under or violation of this Lease, then the prevailing party shall be entitled to and shall be paid reasonable attorneys' fees and court costs therefor in addition to whatever other relief such prevailing party may be entitled.

19.5 Interest. Any amount due Housing Authority that is not paid when due shall bear interest from the date such amount becomes due until it is paid. Interest shall be at a rate equal to the lesser of (i) the discount rate established by the San Francisco office of the Federal Reserve Bank, plus two percent (2%), on the first day of the month such amount becomes due, and (ii) the maximum rate permitted by applicable law.

19.6 Notices. All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations hereunder by either party to the other shall be in writing and shall be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified or registered mail, return receipt requested, postage prepaid, and addressed as follows:

To Housing Authority: Housing Authority of the City of Paso Robles
201 Pine Street
Paso Robles, CA 93446
Attention: Executive Director

To City: City of El Paso de Robles
1000 Spring Street
Paso Robles, CA 93446
Attention: City Manager

or to such other address as either party shall later designate for such purposes by written notice to the other party. Notices shall be deemed effective upon personal delivery or within three (3) days after mailing thereof as provided above; provided, however that refusal to accept delivery after reasonable attempts thereto shall constitute receipt. Any notices attempted to be delivered to an address from which the receiving party has moved without notice to the delivering party shall be effective on the third day after the attempted delivery or deposit in the United States mail.

19.7 Time is of the Essence. Time is of the essence in the performance of the terms and conditions of this Lease.

19.8 Non-Merger of Fee And Leasehold Estates. If both Housing Authority's and City's estates in the Site or the Park or both become vested in the same owner, this Lease shall nevertheless not be destroyed by application of the doctrine of merger except at the express election of Housing Authority and City. The voluntary or other surrender of this Lease by City, or a mutual cancellation thereof, shall not work as a merger and shall, at the option of Housing Authority, terminate all or any existing subleases or subtenancies or may, at the option of Housing Authority, operate as an assignment to Housing Authority of any or all such existing subleases or subtenancies.

19.9 Holding Over. The occupancy of the Site after the expiration of the Term shall be construed to be a tenancy from month to month, and all other terms and conditions of this Lease shall continue in full force and effect.

19.10 Conflict of Interest. No member, official or employee of City or Housing Authority shall have any personal interest, direct or indirect, in this Lease nor shall any such member, official or employee participate in any decision relating to the Lease which affects his personal interests or the interests of any limited partnership, partnership or association in which he is directly or indirectly interested.

19.11 Non-Liability of Housing Authority and City Officials And Employees. No member, official, officer, employee, agent, or representative of Housing Authority shall be personally liable to City, or any successor in interest, in the event of any default or breach by Housing Authority or for any amount which may become due to City or its successor or on any obligations under the terms of this Lease. No member, official, officer, employee, agent, or representative of City shall be personally liable to Housing Authority, or any successor in interest, in the event of any default or breach by City or for any amount which may become due to Housing Authority or its successor or on any obligations under the terms of this Lease.

19.12 Relationship. The relationship between the parties hereto shall at all times be deemed to be that of landlord and tenant. The parties do not intend nor shall this Lease be deemed to create a partnership or joint venture.

19.13 Waivers And Amendments. All waivers of the provisions of this Lease must be in writing and signed by the appropriate authorities of Housing Authority or City. The waiver by Housing Authority of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Housing Authority shall not be deemed to be a waiver of any preceding breach of City of any term, covenant or condition of this Lease, regardless of Housing Authority's knowledge of such preceding breach at the time of acceptance of such rent. Failure on the part of Housing Authority to require or exact full and complete compliance with any of the covenants or conditions of this Lease shall not be construed as in any manner changing the terms hereof and shall not prevent Housing Authority from enforcing any provision hereof. All amendments hereto must be in writing and signed by the appropriate authorities of Housing Authority and City. The City's mortgagee permitted by this Lease shall not be bound by any waiver or amendment to this Lease without City's mortgagee giving its prior written consent.

19.14 Entire Agreement; Duplicate Originals; Counterparts. This Lease sets forth the entire understanding of the parties with respect to Housing Authority's ground lease of the Site to City. This Lease is executed in three (3) duplicate originals and counterparts, each of which is deemed to be an original. This Lease includes six exhibits, Exhibits A, B, C, D, E and F.

19.15 Severability. If any provision of this Lease or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Lease and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforceable to the greatest extent permitted by law.

19.16 Terminology. All personal pronouns used in this Lease, whether used in the masculine, feminine, or neuter gender, shall include all other genders; the singular shall

include the plural, and vice versa. Titles of sections are for convenience only, and neither limit nor amplify the provisions of the Lease itself.

19.17 Recordation. A short form memorandum of this Lease, in the form attached hereto as Exhibit F, shall be recorded at or within five (5) working days after the time this Lease is executed.

19.18 Binding Effect. This Lease, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

19.19 Estoppel Certificate. Each of the parties shall at any time and from time to time upon not less than twenty (20) days' prior notice by the other, execute, acknowledge and deliver to such other party a statement in writing certifying that this Lease is unmodified and is in full force and effect (or if there shall have been modifications that this Lease is in full force and effect as modified and stating the modifications), and the dates to which the rent has been paid, and stating whether or not to the best knowledge of the signer of such certificate such other party is in default in performing or observing any provision of this Lease, and, if in default, specifying each such default of which the signer may have knowledge, and such other matters as such other party may reasonably request, it being intended that any such statement delivered by City may be relied upon by Housing Authority or any successor in interest to Housing Authority. Reliance on any such certificate may not extend to any default as to which the signer of the certificate shall have had no actual knowledge.

19.20 Force Majeure. In addition to specific provisions of this Lease, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Lease shall be extended, where delays or defaults are due to causes beyond the control or without the fault of the party claiming an extension of time to perform, which may include the following: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; unusually severe weather; acts or omissions of the other party; or acts or failures to act of any public or governmental agency or entity (other than the acts or failures to act of Housing Authority or City which shall not excuse performance by that party). Notwithstanding anything to the contrary in this Lease, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Lease may also be extended in writing by the mutual agreement of Housing Authority and City.

19.21 Quiet Enjoyment. Housing Authority does hereby covenant, promise and agree that City, for so long as City is not in default hereof, shall and may at all times peaceably and quietly have, hold, use, occupy and possess the Site throughout the Term.

19.22 Housing Authority Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by Housing Authority, the Executive Director of

Housing Authority or his or her designee is authorized to act on behalf of Housing Authority unless specifically provided otherwise or the law otherwise requires.

19.23 City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by City, the City Manager or his or her designee is authorized to act on behalf of City unless specifically provided otherwise or the law otherwise requires.

19.24 Surrender of Site. City shall, upon the termination or expiration of this Lease, quit and surrender the Site, and all right, title and interest in and to all improvements and equipment constructed or installed on the Site, including the Park Improvements, to Housing Authority free and clear of any and all liens and encumbrances created or caused by the City.

19.25 Incorporation of Recitals. The recitals set forth above, and all defined terms set forth in such recitals and in the introductory paragraph preceding the recitals, are hereby incorporated into this Lease as if set forth in full.

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their lawfully authorized officers.

HOUSING AUTHORITY:

HOUSING AUTHORITY OF THE CITY OF PASO ROBLES, a public body corporate and politic

By: _____
Name: _____
Its: Executive Director

ATTEST:

Housing Authority Secretary

APPROVED AS TO FORM:

Housing Authority Counsel

CITY:

CITY OF EL PASO DE ROBLES, a California municipal corporation

By: _____
Name: Duane Picanco
Its: Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBIT A

SITE MAP

[To be provided]

Exhibit A

EXHIBIT B

SITE LEGAL DESCRIPTION

[To be provided]

EXHIBIT C

SCOPE OF DEVELOPMENT

The Park is anticipated to include an athletic/soccer field, basketball court, open space and natural areas, trail walkways, a performing and physical arts venue, picnic areas, playground and tot lot, a community center and administrative office.

EXHIBIT D

SCHEDULE OF PERFORMANCE

[To be provided]

EXHIBIT E

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Housing Authority of the City of Paso Robles)
201 Pine Street)
Paso Robles, California 93446)
Attention: Executive Director)
)

Exempt From Recording Fee Pursuant to Government Code Section 27383

MEMORANDUM OF LEASE

This Memorandum of Lease ("**Memorandum**") is hereby entered into as of _____, 2010 by and between the Housing Authority of the City of Paso Robles, a public body, corporate and politic ("**Housing Authority**"), and the City of El Paso de Robles, a California municipal corporation ("**City**").

RECITALS

A. Housing Authority and City have entered into that certain Ground Lease (Oak Park) (the "**Ground Lease**") dated concurrently herewith for that certain parcel of real property which is legally described in Exhibit A attached hereto and incorporated herein by reference (the "**Site**"). A copy of the Ground Lease is available for public inspection at Housing Authority's office at 201 Pine Street, Paso Robles, California. The term of the Ground Lease is thirty (30) years, with options to extend for up to an additional twenty-five (25) years.

B. The Ground Lease provides that a short form memorandum of the Ground Lease shall be executed and recorded in the Official Records of San Luis Obispo County, California.

NOW, THEREFORE, the parties hereto certify as follows:

Housing Authority, pursuant to the Ground Lease, hereby leases the Site to the City upon the terms and conditions provided for therein. This Memorandum is not a complete summary of the Ground Lease, and shall not be used to interpret the provisions of the Ground Lease.

[Signatures to appear on the following page.]

HOUSING AUTHORITY:

HOUSING AUTHORITY OF THE CITY OF PASO ROBLES, a public body corporate and politic

By: _____
Name: _____
Its: Executive Director

ATTEST:

Housing Authority Secretary

APPROVED AS TO FORM:

Housing Authority Counsel

CITY:

CITY OF EL PASO DE ROBLES, a California municipal corporation

By: _____
Name: Duane Picanco
Its: Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBIT A TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION

[To be provided]

EXHIBIT F

SUBLEASE (Oak Park)

This Sublease (Oak Park) ("**Sublease**") is made as of _____ (the "**Commencement Date**"), by and between the Housing Authority of the City of Paso Robles, a public body, corporate and politic ("**Housing Authority**"), and the City of El Paso de Robles, a California municipal corporation ("**City**").

RECITALS

A. Housing Authority is the owner of that certain real property in the City of El Paso de Robles, consisting of approximately 2.6 acres of land, as more particularly shown on the "Site Map" attached hereto as Exhibit A and incorporated herein by reference, and as described in the "Site Description" attached hereto as Exhibit B and incorporated herein by reference (the "**Site**").

B. Pursuant to that certain Ground Lease (Oak Park) (the "**Ground Lease**"), dated _____, by and between Housing Authority and City, City agreed to construct, maintain and operate a public park (the "**Park**") on the Site. In order to finance the construction of the Park, City applied for and received certain funds from the California Department of Parks and Recreation Statewide Park Program (the "**SPP Grant**").

C. City has completed the construction of the Park and, as required under Section 6 of the Ground Lease, City and Housing Authority are prepared to execute this Sublease setting forth the duties and obligations of each signatory hereto with respect to the operation and maintenance of the Park.

D. The Park will provide recreational opportunities of benefit to the residents and members of the community. The Housing Authority is authorized, pursuant to Health and Safety Code Section 34314, to contract for services, privileges, works, or facilities for, or in connection with, a housing project and the occupants thereof.

NOW, THEREFORE, Housing Authority and City hereby agree as follows:

AGREEMENT

1. Sublease of the Site. City, for and in consideration of the rents, covenants, and agreements hereinafter reserved and contained on the part of Housing Authority to be paid, kept, performed and observed by Housing Authority, hereby leases to Housing Authority, and Housing Authority hereby leases from City, the Site, together with any improvements now or hereafter located on the Site, upon the terms and conditions of this Sublease.

2. Term of Sublease. Housing Authority shall lease the Site from City, and City shall lease the Site to Housing Authority, for a term (the "**Sublease Term**") commencing on the Commencement Date and expiring one (1) day before the expiration of the "Term," as defined in Section 2 of the Ground Lease, upon the terms and condition herein.

3. Rent.

3.1 Net Lease. It is the intent of the parties hereto that the Rent (as hereinafter defined) shall be absolutely net to City and that Housing Authority shall pay all costs, taxes, charges, and expenses of every kind and nature against the Site and the Park which may arise or become due during the Sublease Term, and which, except for execution hereof, would or could have been payable by City.

3.2 Rent. Housing Authority agrees to pay in advance yearly rent in the amount of ONE AND NO/100 DOLLAR (\$1.00) (the "**Rent**"). The Rent shall be paid on the Commencement Date and each subsequent _____ during the Sublease Term.

3.3 Payment of Rent. All rent that becomes due and payable pursuant to this Sublease shall be paid to City at the address of City listed in Section 18.6 or such other place as City may from time to time designate by written notice to Housing Authority without notice or demand, and without setoff, counterclaim, abatement, deferment, suspension or deduction.

4. Use of Site.

4.1 General. Housing Authority covenants and agrees for itself, its successors and assigns, that the Site and the Park shall be devoted to use as a public park in accordance with this Sublease, and no other uses. Housing Authority shall not use the Site or the Park for any purpose that is in violation of any law, ordinance or regulation of any federal, state, county or local governmental agency, body or entity.

4.2 Statewide Park Program. Notwithstanding Section 4.1, Housing Authority hereby agrees to abide by all rules and regulations established by the SPP Grant with regard to maintenance, operation and/or any other acts in connection with the Park.

5. Duties and Obligations: Ground Lease and SPP Grant. Housing Authority hereby expressly agrees to assume all duties, obligations, costs and expenses of City arising under the Ground Lease and the SPP Grant in connection with the operation and maintenance of the Park (collectively, "**Obligations**"), and acknowledges that all such Obligations are the direct obligation of Housing Authority under this Sublease. Any default by City under the Ground Lease or SPP Grant for failure to operate or maintain the Park in accordance therewith shall constitute a default under this Sublease, and Housing Authority shall indemnify City from any loss or damage incurred by City arising from such default. The Obligations assumed by Housing Authority under this Section include, but are not limited to, the following:

5.1 Utilities and Taxes. Housing Authority shall be responsible for all Obligations arising from utilities, taxes, permits or licenses in connection with the Site or the Park, including any Obligation arising under Section 7 of the Ground Lease or the SPP Grant.

5.2 Maintenance and Repair. Housing Authority shall be responsible for all Obligations arising from the maintenance or repair of the Site or the Park, including any Obligation arising under Section 9 of the Ground Lease or the SPP Grant.

5.3 Operation of Park. Housing Authority shall be responsible for all Obligations arising under the Ground Lease, Section 6 or the SPP Grant, in connection with the operation of the Park.

6. Operation of Park. Housing Authority shall perform all operations necessary to competently operate the Park as a public park including, but not limited to, the requirements set forth in Exhibit C, attached hereto and incorporated herein by this reference (the "**Operation Requirements**"), and the SPP Grant. City may, from time to time, amend the Operation Requirements to ensure (i) the competent operation of the Park, in accordance with this Sublease and the Ground Lease; and (ii) compliance with the SPP Grant. All costs and expense of operating the Park under the terms and conditions of this Sublease, the Ground Lease and the SPP Grant shall be the sole responsibility of Housing Authority.

7. Stop Notices and Liens. Housing Authority shall not suffer or permit any liens or stop notices to be enforced against the Site, nor against City's leasehold interest or Housing Authority's leasehold interest by reason of work, labor, services or materials supplied or claimed to have been supplied to Housing Authority or anyone holding the Site, or any part thereof, through or under Housing Authority. Housing Authority agrees to defend, indemnify, and hold City and its officers, officials, employees, agents, and representatives, harmless against such liens or stop notices. If any such lien or stop notice shall at any time be filed against the Site, Housing Authority shall, within thirty (30) days after notice to Housing Authority of the filing thereof, cause the same to be discharged of record; provided, however, that Housing Authority shall have the right to contest the amount or validity, in whole or in part, of any such lien or stop notice by appropriate proceedings but in such event, Housing Authority shall notify City and promptly bond such lien or stop notice in the manner authorized by law with a responsible surety company qualified to do business in the State of California or provide other security acceptable to City. Housing Authority shall prosecute such proceedings with due diligence. Nothing in this Sublease shall be deemed to be, nor shall be construed in any way to constitute, the consent or request of City, express or implied, by inference or otherwise, to any person, firm or limited partnership for the performance of any labor or the furnishing of any materials for any construction, rebuilding, alteration or repair of or to the Site or any part thereof. Prior to any repair, restoration or alteration to the Park, Housing Authority shall give City not less than thirty (30) days advance notice in writing of its intention to begin said activity in order that nonresponsibility notices may be posted and recorded as provided by State and local laws.

8. Environmental Matters. Housing Authority acknowledges that it has had reasonable time and opportunity to engage its own environmental consultant to make such investigations of the Site as Housing Authority has deemed necessary, and Housing Authority has approved the environmental condition of the Site. Housing Authority shall take all commercially reasonable precautions to prevent the release of any hazardous materials from the Site into the environment. Housing Authority agrees to indemnify, defend and hold City harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, attorneys'

fees), resulting from, arising out of, or based upon the release, use, generation, discharge, storage or disposal of any hazardous materials on, under, in or about, or the transportation of any such hazardous materials to or from, the Site. Housing Authority's obligations under this Section shall survive the expiration of this Sublease.

9. Alteration of Park Improvements. Housing Authority shall not make or permit to be made any structural alteration of the exterior of the Park, nor demolish all or any part of the "Park Improvements," as defined in the Ground Lease, without obtaining the prior written consent of City, which consent shall not be unreasonably withheld. In requesting such consent of City, Housing Authority shall submit to City detailed plans and specifications of the proposed work and an explanation of the need and reasons therefor. This provision shall not limit or set aside any obligation of Housing Authority under this Sublease to maintain the Park and the Site in a clean and safe condition, including structural repair and restoration of damage to the Park. Housing Authority shall not commit or suffer to be committed any waste or impairment of the Site or the Park, or any part thereof, except as otherwise permitted pursuant to this Sublease.

10. Damage or Destruction. If the Park shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty (a "**Casualty**"), Housing Authority shall promptly proceed to take all steps necessary to begin reconstruction and to promptly and diligently commence the repair or replacement of the Park to substantially the same condition as the Park is required to be maintained in pursuant to this Sublease (the "**Required Condition**"). Notwithstanding this Section, upon the event of a Casualty, City shall have the sole right to terminate this Sublease and all insurance proceeds received in connection with such Casualty shall become the sole property of City. Upon termination of this Sublease pursuant to this Section, neither party shall have any further obligations hereunder, except where expressly provided herein.

11. Sale, Assignment, Sublease or Other Transfer. Housing Authority shall not sell, assign, sublease, or otherwise transfer this Sublease or any right therein, nor make any total or partial sale, assignment, sublease, or transfer in any other mode or form of the whole or any part of the Site or the Park (each, an "**Assignment**"), without prior written approval of City. Any purported Assignment without the prior written consent of City shall be null and void and shall confer no rights whatsoever upon any purported assignee or transferee.

12. Financing. Housing Authority shall not, without the prior written consent of City, which may be given or withheld in City's sole discretion, obtain any loan or other conveyance for financing secured by the Park or this Sublease.

13. Indemnity. Housing Authority shall defend, indemnify, assume all responsibility for, and hold City and its officers, employees, agents, and representatives harmless from, all claims, demands, damages, defense costs or liability of any kind or nature (including attorneys' fees and costs) and from any damages to property or injuries to persons, including accidental death, which may be caused by or arise out of Housing Authority's performance or obligations under this Sublease, whether such performance be by Housing Authority or by anyone employed or contracted with by Housing Authority and whether such damage shall accrue or be discovered before or after termination of this Sublease, or from any defect in the Site or the Park. Housing Authority shall not be liable for property damage or bodily injury occasioned by the negligence

of, willful misconduct of, or breach of this Sublease by City or its officers, employees, agents, or representatives.

14. Insurance.

14.1 Required Insurance. Housing Authority, at its sole cost and expense, shall take out and maintain, or cause to be taken out and maintained, the following insurance coverage:

14.2 General Insurance Provisions. All policies of insurance provided for in this Section 14, except for workers' compensation insurance, shall name Housing Authority as the insured, and City, and its respective officers, employees, agents, and representatives, as additional insureds, as their respective interests may appear. Housing Authority agrees to timely pay or cause to be timely paid all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Housing Authority agrees to submit policies of all insurance required by this Section 14, or certificates evidencing the existence thereof, to City on or before the Commencement Date, indicating full coverage of the contractual liability under this Section 14. At least thirty (30) days prior to expiration of any such policy, copies of renewal policies, or certificates evidencing the existence thereof, shall be submitted to City. All policies shall be written by good and solvent insurers qualified to do business in California and reasonably acceptable to the City Manager or designee. All policies or certificates of insurance shall also: (i) provide that such policies shall not be cancelled or limited in any manner without at least thirty (30) days prior written notice to City; and (ii) provide that such coverage is primary and not contributing with any insurance as may be obtained by City and shall contain a waiver of subrogation for the benefit of City and Housing Authority. Housing Authority agrees that the provisions of this Section as to maintenance of insurance shall not be construed as limiting in any way the extent to which Housing Authority may be held responsible for the payment of damages to persons or property resulting from Housing Authority's activities, activities of its subcontractors or the activities of any other person or persons for which Housing Authority is otherwise responsible

14.3 Failure to Maintain Insurance. If Housing Authority fails or refuses to procure or maintain insurance as required by this Sublease, City shall have the right, at City's election, and upon ten (10) days prior notice to Housing Authority, to procure and maintain such insurance. City shall give prompt written notice to Housing Authority regarding the payment of any insurance premiums paid on behalf of Housing Authority under this Section, stating the amounts paid and the name of the insured(s), and Housing Authority shall immediately reimburse City for such premiums paid.

14.4 Insurance Proceeds Resulting from Loss or Damage to Park. All proceeds of insurance with respect to loss or damage to the Park shall be payable, under the provisions of the policy of insurance in Section 14.1, to City, and said proceeds shall constitute a trust fund to be used for the restoration, repair and rebuilding of the Park to the Required Condition. To the

extent that such proceeds exceed the cost of such restoration, repair or rebuilding, the excess proceeds shall become the sole property of City.

15. Compliance with Law. Housing Authority shall, at Housing Authority's sole cost and expense, comply with all of the requirements of all municipal, State and Federal laws and regulations now in force, or which may hereafter be in force, pertaining to Housing Authority's use and occupancy of the Site or the Park including, but not limited to, the terms and conditions of the SPP Grant.

16. Events of Default and Remedies.

16.1 Events of Default by Housing Authority. Subject to the force majeure provisions of Section 18.18, the occurrence of any one (1) or more of the following shall constitute an event of default hereunder:

- (a) Housing Authority shall fail to perform or satisfy any covenant, condition or obligation under this Sublease, within ten (10) days of notice from City stating such failure to perform or satisfy;
- (b) Housing Authority shall abandon or surrender the Site or the Park;
- (c) Housing Authority shall fail to comply with any term or condition of the SPP Grant; or
- (d) Housing Authority shall fail or refuse to pay, within five (5) days of notice from City that the same is due, any installment of rent or any other sum required by this Sublease to be paid by Housing Authority.

16.2 Remedies of City.

In the event of any such default as described in Section 16.1, City may, at its option:

- (a) Correct or cause to be corrected said default and charge the costs thereof (including costs incurred by City in enforcing this provision) to the account of Housing Authority, which charge shall be due and payable within thirty (30) days after presentation by City of a statement of all or part of said costs;
- (b) Correct or cause to be corrected said default and pay the costs thereof (including costs incurred by City in enforcing this provision) from the proceeds of any insurance;
- (c) Exercise its right to maintain any and all actions at law or suits in equity to compel Housing Authority to correct or cause to be corrected said default;
- (d) Maintain and operate the Site and the Park, without terminating this Sublease; or
- (e) Terminate this Sublease and immediately regain possession of the Site and the Park.

16.3 Rights and Remedies are Cumulative. The remedies provided by this Section 16 are not exclusive and shall be cumulative to all other rights and remedies possessed by City. The exercise by City of one or more such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by Housing Authority.

17. Right of Inspection. City shall have the right to enter onto the Park and the Site, at any time, for the purpose of inspecting the Park and the Site to ensure compliance with the requirements set forth in this Sublease, the Ground Lease and the SPP Grant. If City determines, in its sole discretion, that Housing Authority's operation and maintenance of the Park is not in compliance with this Sublease, the Ground Lease or the SPP Grant, such failure shall constitute a default under Section 16.

18. Miscellaneous.

18.1 Governing Law. The laws of the State of California shall govern the interpretation and enforcement of this Sublease.

18.2 Legal Actions. In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Sublease. Such legal actions must be instituted in the Superior Court of San Luis Obispo County, State of California.

18.3 Acceptance of Service of Process. In the event that any legal action is commenced by City against Housing Authority, service of process on Housing Authority shall be made by personal service upon the Secretary or Executive Director of Housing Authority, or in such other manner as may be provided by law.

In the event that any legal action is commenced by Housing Authority against City, service of process on City shall be made by personal service upon the City Manager or City Clerk or in such other manner as may be provided by law.

18.4 Attorneys' Fees And Court Costs. In the event that either Housing Authority or City shall bring or commence an action to enforce the terms and conditions of this Sublease or to obtain damages against the other party arising from any default under or violation of this Sublease, then the prevailing party shall be entitled to and shall be paid reasonable attorneys' fees and court costs therefor in addition to whatever other relief such prevailing party may be entitled.

18.5 Interest. Any amount due City that is not paid when due shall bear interest from the date such amount becomes due until it is paid. Interest shall be at a rate equal to the lesser of (i) the discount rate established by the San Francisco office of the Federal Reserve Bank, plus two percent (2%), on the first day of the month such amount becomes due, and (ii) the maximum rate permitted by applicable law.

18.6 Notices. All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations hereunder by either party to the other shall be in writing and shall be given either by (i) personal service, (ii) delivery by

reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified or registered mail, return receipt requested, postage prepaid, and addressed as follows:

To Housing Authority: Housing Authority of the City of Paso Robles
201 Pine Street
Paso Robles, CA 93446
Attention: Executive Director

To City: City of El Paso de Robles
1000 Spring Street
Paso Robles, CA 93446
Attention: City Manager

or to such other address as either party shall later designate for such purposes by written notice to the other party. Notices shall be deemed effective upon personal delivery or within three (3) days after mailing thereof as provided above; provided, however that refusal to accept delivery after reasonable attempts thereto shall constitute receipt. Any notices attempted to be delivered to an address from which the receiving party has moved without notice to the delivering party shall be effective on the third day after the attempted delivery or deposit in the United States mail.

18.7 Time is of the Essence. Time is of the essence in the performance of the terms and conditions of this Sublease.

18.8 Conflict of Interest. No member, official or employee of City or Housing Authority shall have any personal interest, direct or indirect, in this Sublease nor shall any such member, official or employee participate in any decision relating to the Sublease which affects his personal interests or the interests of any limited partnership, partnership or association in which he is directly or indirectly interested.

18.9 Non-Liability of Housing Authority and City Officials And Employees. No member, official, officer, employee, agent, or representative of Housing Authority shall be personally liable to City, or any successor in interest, in the event of any default or breach by Housing Authority or for any amount which may become due to City or its successor or on any obligations under the terms of this Sublease. No member, official, officer, employee, agent, or representative of City shall be personally liable to Housing Authority, or any successor in interest, in the event of any default or breach by City or for any amount which may become due to Housing Authority or its successor or on any obligations under the terms of this Sublease.

18.10 Relationship. The relationship between the parties hereto shall at all times be deemed to be that of landlord and tenant. The parties do not intend nor shall this Sublease be deemed to create a partnership or joint venture.

18.11 Waivers And Amendments. All waivers of the provisions of this Sublease must be in writing and signed by the appropriate authorities of Housing Authority or City. The waiver by City of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or

condition herein contained. The subsequent acceptance of rent hereunder by City shall not be deemed to be a waiver of any preceding breach of Housing Authority of any term, covenant or condition of this Sublease, regardless of City's knowledge of such preceding breach at the time of acceptance of such rent. Failure on the part of City to require or exact full and complete compliance with any of the covenants or conditions of this Sublease shall not be construed as in any manner changing the terms hereof and shall not prevent City from enforcing any provision hereof. All amendments hereto must be in writing and signed by the appropriate authorities of Housing Authority and City. The Housing Authority's mortgagee permitted by this Sublease shall not be bound by any waiver or amendment to this Sublease without Housing Authority's mortgagee giving its prior written consent.

18.12 Entire Agreement; Duplicate Originals; Counterparts. This Sublease sets forth the entire understanding of the parties with respect to City's sublease of the Site to Housing Authority. This Sublease may be executed in two (2) or more duplicate originals and counterparts, each of which is deemed to be an original. This Sublease includes four exhibits, Exhibits A, B, C, and D.

18.13 Severability. If any provision of this Sublease or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Sublease and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforceable to the greatest extent permitted by law.

18.14 Terminology. All personal pronouns used in this Sublease, whether used in the masculine, feminine, or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles of sections are for convenience only, and neither limit nor amplify the provisions of the Sublease itself.

18.15 Recordation. A short form memorandum of this Sublease, in the form attached hereto as Exhibit D, shall be recorded at or within five (5) working days after the time the Sublease is executed.

18.16 Binding Effect. This Sublease, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

18.17 Estoppel Certificate. Each of the parties shall at any time and from time to time upon not less than twenty (20) days' prior notice by the other, execute, acknowledge and deliver to such other party a statement in writing certifying that this Sublease is unmodified and is in full force and effect (or if there shall have been modifications that this Sublease is in full force and effect as modified and stating the modifications), and the dates to which the rent has been paid, and stating whether or not to the best knowledge of the signer of such certificate such other party is in default in performing or observing any provision of this Sublease, and, if in default, specifying each such default of which the signer may have knowledge, and such other matters as such other party may reasonably request, it being intended that any such statement delivered by Housing Authority may be relied upon by City or any successor in interest to City. Reliance on any such certificate may not extend to any default as to which the signer of the certificate shall have had no actual knowledge.

18.18 Force Majeure. In addition to specific provisions of this Sublease, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Sublease shall be extended, where delays or defaults are due to causes beyond the control or without the fault of the party claiming an extension of time to perform, which may include the following: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; unusually severe weather; acts or omissions of the other party; or acts or failures to act of any public or governmental agency or entity (other than the acts or failures to act of Housing Authority or City which shall not excuse performance by that party). Notwithstanding anything to the contrary in this Sublease, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Sublease may also be extended in writing by the mutual agreement of Housing Authority and City.

18.19 Housing Authority Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by Housing Authority, the Executive Director of Housing Authority or his or her designee is authorized to act on behalf of Housing Authority unless specifically provided otherwise or the law otherwise requires.

18.20 City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by City, the City Manager or his or her designee is authorized to act on behalf of City unless specifically provided otherwise or the law otherwise requires.

18.21 Surrender of Site. Housing Authority shall, upon the termination or expiration of this Sublease, quit and surrender the Site, and all right, title and interest in and to all improvements and equipment constructed or installed on the Site, to City free and clear of any and all liens and encumbrances created or caused by Housing Authority.

18.22 Incorporation of Recitals. The recitals set forth above, and all defined terms set forth in such recitals and in the introductory paragraph preceding the recitals, are hereby incorporated into this Sublease as if set forth in full.

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Sublease to be executed by their lawfully authorized officers.

HOUSING AUTHORITY:

HOUSING AUTHORITY OF THE CITY OF PASO ROBLES, a public body corporate and politic

By: _____
Name: _____
Its: Executive Director

ATTEST:

Housing Authority Secretary

APPROVED AS TO FORM:

Housing Authority Counsel

CITY:

CITY OF EL PASO DE ROBLES, a California municipal corporation

By: _____
Name: Duane Picanco
Its: Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBIT A

SITE MAP

[To be provided]

Exhibit A to Exhibit F

EXHIBIT B

SITE LEGAL DESCRIPTION

[To be provided]

EXHIBIT C

OPERATION REQUIREMENTS

[To be provided]

EXHIBIT D

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Housing Authority of the City of Paso Robles)
201 Pine Street)
Paso Robles, California 93446)
Attention: Executive Director)
)

Exempt From Recording Fee Pursuant to Government Code Section 27383

MEMORANDUM OF SUBLEASE

This Memorandum of Sublease ("**Memorandum**") is hereby entered into as of _____, 2010 by and between the Housing Authority of the City of Paso Robles, a public body, corporate and politic ("**Housing Authority**"), and the City of El Paso de Robles, a California municipal corporation ("**City**").

RECITALS

A. Housing Authority and City have entered into a "**Sublease**" (Oak Park) dated concurrently herewith for that certain parcel of real property which is legally described in Exhibit A attached hereto and incorporated herein by reference (the "**Site**"). A copy of the Sublease is available for public inspection at Housing Authority's office at 201 Pine Street, Paso Robles, California ("**Housing Authority's Office**"). The term of the Sublease is commensurate with that certain Ground Lease (Oak park), dated _____, 2010, by and between the Housing Authority and City, a copy of which is available for public inspection at Housing Authority's Office.

B. The Sublease provides that a short form memorandum of the Sublease shall be executed and recorded in the Official Records of San Luis Obispo County, California.

NOW, THEREFORE, the parties hereto certify as follows:

City, pursuant to the Sublease, hereby leases the Site to Housing Authority upon the terms and conditions provided for therein. This Memorandum is not a complete summary of the Sublease, and shall not be used to interpret the provisions of the Sublease.

[Signatures to appear on the following page.]

HOUSING AUTHORITY:

HOUSING AUTHORITY OF THE CITY OF PASO ROBLES, a public body corporate and politic

By: _____
Name: _____
Its: Executive Director

ATTEST:

Housing Authority Secretary

APPROVED AS TO FORM:

Housing Authority Counsel

CITY:

CITY OF EL PASO DE ROBLES, a California municipal corporation

By: _____
Name: Duane Picanco
Its: Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBIT A TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION

[To be provided]

