

TO: James L. App, City Manager
FROM: Doug Monn, Public Works Director
SUBJECT: Carnegie Library Lease
DATE: April 2, 2013

NEEDS: For the City Council to consider approving a new lease agreement with the Historical Society 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 lease was amended in 2005 and extended for that period of time the Historical Society was displaced by the earthquake and resulting repairs.
5. The amended lease expires April of 2013. Staff prepared an update lease and presented to the Historical Society and the Council Ad Hoc Committee February 21, 2013.
6. The Historical Society has reviewed the lease and has indicated their support of its approval.

ANALYSIS &
CONCLUSION: The proposed lease is a continuation of an established lease and the Historical Society has agreed to the terms and conditions provided in the updated agreement. It would appear to be in the best interest of the citizens of Paso Robles to approve the updated lease.

POLICY
REFERENCE: Long Term Lease Agreement (first signed in 1997) with the El Paso de Robles Area Historical Society.

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

OPTIONS:

- a. Adopt the attached resolution approving the lease agreement and authorize the City Manager to execute the agreement between the City and the Paso De Robles Area Historical Society for the use of the Carnegie Library.
- b. Amend, modify, or reject the above option.

Attachments

- 1) Resolution
- 2) Proposed Lease Agreement
- 3) Original Lease with Historical Society

RESOLUTION NO. 13-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES APPROVING AND
AUTHORIZING EXECUTION OF A 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") did enter into a Long Term Lease with The El Paso De Robles Area Historical Society ("Lessee") 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, said lease and its amendment will expires April 2013; and

WHEREAS, the Historical Society in accordance with the provisions of the original lease did provide the City with a request to continue the lease of the Carnegie Library; and

WHEREAS, staff and Council Ad Hoc Committee did meet with the Historical Society and established the parameters for a new long term lease.

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 and content of the new updated lease is acceptable

Section 2. The City Council does hereby recommend the City Manager sign the lease agreement with the Historical Society thereby agreeing to a new long term lease of the Carnegie Library...

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 2nd day of April, 2013 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Duane Picanco, Mayor

Caryn Jackson, Deputy City Clerk

**LEASE AGREEMENT
BETWEEN THE EL PASO DE ROBLES AREA HISTORICAL SOCIETY
AND THE CITY OF EL PASO DE ROBLES FOR USE OF THE
CARNEGIE LIBRARY**

This Lease Agreement (the “Lease”) is entered into as of April 1, 2013, by and between the CITY OF EL PASO DE ROBLES, a municipal corporation of the State of California, hereinafter referred to as “Landlord” or “City” and the EL PASO DE ROBLES AREA HISTORICAL SOCIETY, a California nonprofit public benefit corporation, hereinafter referred to as “Lessee.”

Recitals

A. Landlord is the owner of a building, commonly known as the “Carnegie Library” located in City Park, located generally at 800 12th Street (the “Premises”).

B. Since November 1997, Lessee has occupied the Premises pursuant to a Lease Agreement between Landlord and Lessee, dated December 1, 1997 (the “Prior Lease”) in order to operate an historical library to inform the general public about the rich history of the area.

C. The parties desire to enter into this Lease in order to define their respective rights and obligations in connection with the Lessee’s continued use and occupancy of the Premises. It is the intent of the parties that this Lease will replace in its entire the Prior Lease referenced above.

Agreements

NOW, THEREFORE, in consideration of their mutual promises and covenants herein contained, and subject to the terms, conditions and provisions hereof, the parties hereto agree as follows:

1. Premises. The Premises consists of the historical building, consisting of approximately 4756 square feet, commonly referred to as the Carnegie Library, located as shown on the Map attached hereto as Exhibit B and made a part hereof, on that real property situated in the City of El Paso de Robles, County of San Luis Obispo, State of California, and more particularly described in Exhibit A, attached hereto and made a part hereof. The Premises are located in City Park, at 800 12th Street , in the City of El Paso de Robles.

Except as otherwise provided, 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.

2. Lease. Landlord does hereby lease to Lessee and Lessee hereby hires from Landlord the Premises, on the terms, conditions and provisions hereinafter set forth.

3. Term.

A. Initial Term. The term of this Lease shall be a period of five (5) years commencing on April 1, 2013, and terminating at 11:59 p.m. on March 31, 2018 (the day five years thereafter).

B. Option to Extend Term. If this Lease has not been previously terminated, then Lessee shall have the option to extend the term of this Lease for up to two (2) additional terms of five (5) years each, for a total possible term of fifteen (15) years. Any such extended term shall be upon the same terms and conditions set forth herein.

Provided that Lessee is not in default of any of the terms of this Lease (as evidenced by delivery to Lessee of a written notice from Landlord regarding such default), Lessee may exercise its option to extend the term of this Lease by providing written notice to Landlord not later than 90 days prior to the termination date of the initial term, or any such extended term, as applicable. In the event of any such extension(s), references herein to the term of this Lease shall mean and refer to the initial term, plus any such extended term, as applicable.

4. Rent. Lessee shall pay to Landlord, as and for rent for the Premises, an amount equal to ONE DOLLAR (\$1.00) per year during the term of this Lease. The entire rent amount may be payable in advance on or prior to the commencement date of this Lease, or, at the option of Lessee, may be paid annually. If Lessee elects to pay rent annually, the rent for each year shall be paid in advance, with rent for the first year due and payable in advance on or prior to the commencement date of this Lease, and the rent for each subsequent year shall be due and payable in advance on each anniversary of the commencement date of this Lease.

All other monetary obligations of Lessee of any kind under this Lease shall be considered as additional rent, due and payable in full upon demand by Landlord. Landlord shall have such rights and remedies for failure to pay such monetary obligations as Landlord would have if Lessee failed to pay the annual rent hereunder.

All rent shall be paid, without any off-set, counterclaim or deduction whatsoever, at City of El Paso de Robles, 1000 Spring Street, Paso Robles, CA 93446. If any portion of rent shall be due and unpaid for more than five (5) days, a late charge of N/A (\$-0-) for each dollar so overdue shall be paid by Lessee for the purpose of defraying the expense incident to handling such delinquent payment, together with interest at the per annum rate equal to two percent (2%) per annum greater than the prime rate of interest announced from time to time by Bank of America, as the same may change from time to time, from the due date until the date of payment thereof by Lessee.

In the event this Lease is terminated by the Landlord, a prorated portion of the pre-paid rent shall be returned to Lessee. The obligation of Lessee with respect to the payment of rent shall survive the termination of this Lease.

Lessee hereby acknowledges and agrees that this Lease is intended to be a complete net lease to the Landlord, except as expressly herein set out, that Landlord is not responsible for any costs, charges, expense and outlays of any nature whatsoever arising from or relating to the Premises, or the use and occupancy thereof, or the contents thereof or the business carried on therein, and that Lessee shall pay all charges, impositions, costs and expenses of every nature and kind relating to the Premises, except as expressly otherwise agreed to herein.

5. Abandonment. Lessee shall not vacate or abandon the Premises at any time during the term of this Lease; and if Lessee shall abandon, vacate or surrender the Premises, or be dispossessed by process of law or otherwise, Landlord shall have the right to immediate possession of the Premises, and any improvements or fixtures thereon. All personal property of Lessee, in such event, shall be removed within thirty (30) days. All personal property of Lessee which is not so removed within such period of time shall be deemed to be abandoned, at the option of the Landlord, and title to any such personal property shall pass to Landlord. For purposes of this Lease, Lessee shall be deemed to have abandoned the Premises if Lessee fails to use, operate and/or maintain the Premises in accordance with this Lease for a period of thirty (30) consecutive days. The provisions of this Section shall not apply during any period that buildings on the Premises are undergoing renovations or repair due to any damage to or destruction of the improvements, provided Lessee is diligently pursuing such renovations or repairs pursuant to plans approved by the City.

6. Permitted Uses and Purposes; Income Derived From the Premises.

A. The Premise shall be used solely for the uses and purposes set forth in Exhibit C hereto. Notwithstanding the foregoing, Lessee shall make the Premises available to Landlord at no charge, as set forth in Section 9, below.

B. Lessee may conduct the fundraising activities identified in Section B of Exhibit C and Exhibit C-2, subject to the conditions set forth in said Section B of Exhibit C. All proceeds received by Lessee which are derived from the Premises, including without limitation rental of space, admission fees or charges, sale of goods from the gift shop, fundraising activities, or other income from exhibitions, tours, parties and receptions, conferences and meetings or other use of the Premises by third parties, shall be used solely to pay for the costs for operation and maintenance of the Premises and the acquisition of artifacts, goods, and furnishings and equipment related to the Historical Society's activities on the Premises, any remaining funds to the Historical Society Reserves Fund.

C. Within one hundred twenty (120) days after the end of each fiscal year, Lessee shall submit to the Landlord a financial statement that complies with Generally Accepted Accounting Principles (GAAP) rules applicable to preparing, presenting and reporting financial statement summarizing the activities of Lessee and events held on the Premises during the previous year. All such financial statements shall be submitted in a form acceptable to the Landlord, and shall identify the activities and events from the prior year and the income and expenses of Lessee relating to such activities and events, operating expenses incurred by Lessee during the prior year, together with any other information the Landlord may reasonably request.

7. Uses Prohibited.

A. Lessee shall not, directly or indirectly, use or suffer the Premises or any part thereof, or any improvements or fixtures to be constructed thereon, to be used in violation of any federal, state or local laws, rules, regulations or ordinances. Further, Lessee shall not use or suffer the Premises or any part thereof, or any improvements or fixtures to be constructed thereon, to be used for any purpose or purposes inconsistent with those for which the Premises is hereby leased, without first obtaining the express written consent of the City Manager, consent to be issued upon a finding by the City Manager that such use or facilities will be consistent with the purpose of this Lease, or are required by circumstances not anticipated at the time of execution hereof but are determined by the City Manager to be reasonable. This remedy shall be in addition to any others afforded by law or by this Lease.

B. Except as otherwise provided, 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 front the Premises through the City Park in such areas as may be designated or available for such access

C. Lessee and those acting by, through or under Lessee, shall not improperly store, handle, treat, use release, dispose of, discharge or produce any hazardous substances or hazardous waste, or any pollutant, contaminant or toxic substance as those terms are defined in or as may be regulated or governed by any federal, state or local laws or ordinances intended to protect health, safety or the environment. Lessee shall be responsible to remediate and clean up any and all such hazardous substances, pollutants, contaminants or toxins. Lessee agrees to release, to defend with counsel acceptable to Landlord, indemnify and to hold Landlord harmless of, from and against any and all claims, expense, loss or liability suffered by Landlord by reason of Lessee's breach of any of the provisions of this Section or any claims by Lessee's employees, agents, contractors, visitors or assigns, if permitted under this Lease, caused by, related, to, or arising from such breach. The indemnity contained in this Section shall survive the expiration or earlier termination of this Lease. The parties recognize that no adequate remedy at law may exist for Lessee's breach of this Section. Accordingly, Landlord may obtain specific performance of any provision of this Section.

D. Lessee agrees that it will not protest or oppose the issuance of a liquor license to a commercial business applicant in connection with any proposed development and operation of a restaurant use within a five (5) block radius of the Premises.

8. Waste, Nuisances. Lessee shall not commit, or suffer to be committed, any waste upon the Premises; nor shall Lessee maintain, or suffer to be maintained, any nuisance or any other act or thing which may disturb the enjoyment or the use of any other property or public streets adjacent to the Premises.

9. Rights of Landlord. Landlord shall have the following rights.

A. During the entire term of this Lease, Landlord shall have the right to hold all keys and passkeys to the Premises, including the improvements thereon.

B. Landlord is entitled to the exclusive use of the utility closet (as shown on Exhibit B) which shall 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 as the utility closet for the exclusive use of the Landlord. This new area shall include overhead lights, wall plugs and adequate shelving. Landlord shall provide keys to the Lessee to allow Lessee access to electrical boxes contained within the utility closet.

C. Lessee shall make the Premises available to Landlord, at no charge, upon reasonable request, for City-related purposes, provided:

1. Landlord's use does not conflict with Lessee's prior scheduled events; and
2. Landlord's use does not unreasonably conflict with Lessee's use of the Premises as an historical library.

D. Lessee shall make the exterior stairs available to the Landlord for the following annual events:

1. Wine Festival;
2. Pioneer Day;
3. Labor Day Custom Car Show;
4. Cinco de Mayo Celebration;
5. Festival of the Arts;
6. Holiday Lighting Ceremony.

E. On reasonable prior notice to Lessee, Landlord shall have the right to show the Premises to prospective tenants during the last six (6) months of the term of this Lease (or extended term, as applicable), and to any prospective purchaser, mortgagee, or assignee of any mortgage on the Premises and to others having a legitimate interest in the Premises at any time during the term of this Lease.

F. At any time in the event of an emergency, and otherwise at reasonable times upon not less than twenty-four (24) hours prior notice, Landlord shall have the right to access the Premises and to take any and all measures, including making any inspections, repairs, alterations, additions or improvements to the Premises, as may be necessary or desirable for the safety, protection or preservation of the Premises or Landlord's interests, or as may be necessary or desirable in the operation or improvement of the Premises, including the improvements thereon, or in order to comply with all laws, orders, and requirements of governmental or other authorities.

G. Landlord shall indemnify and hold 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 on the sole negligent act or omission of Landlord, its employees, agents, invitees, relating to or in any way connected with the use of the Premises by Landlord pursuant to this Section 9. 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.

H. Landlord shall not be in default hereunder nor have any liability to Lessee, nor shall Lessee have any right to terminate this Lease or claim an offset against or reduction in rent payable hereunder, due to any damage, annoyance or inconvenience resulting from any such use, inspections, repairs, alterations, additions or improvements. Lessee shall fully cooperate with Landlord and Landlord's agents or contractors in carrying out any such use, inspections, repairs, alterations, additions or improvements.

10. Furnishings, Fixtures and Equipment. Lessee shall furnish and equip the Premises with all fixtures, furnishings, equipment and other personal property, including without limitation movable office, furniture, trade fixtures and office and professional equipment (collectively, "Personal Property") of a quantity and quality as necessary to operate the Premises and the improvements thereon for the purposes set forth in Section 6 of this Lease (except for those fixtures, furnishings, equipment and other Personal Property that are provided by the exhibitors or other users of the Property). Lessee shall take good care of such Personal Property, and keep the same in good order and condition, and promptly, at Lessee's own cost and expense, make all necessary repairs, replacements and renewals thereof. Any and all fixtures, furnishings, equipment and other Personal Property placed in, on or about the Premises by Lessee shall be the Personal Property of Lessee during the term of this Lease, subject to the rights of the Landlord as set forth in this Lease.

Lessee may remove any Personal Property from time to time, during the term of this Lease, and within thirty (30) days following expiration of the term of this Lease, that may be removed without damage to the structural integrity of the Premises and the improvements thereon or that may be removed without impairing or adversely affecting, in the reasonable good faith determination of the Landlord, the Premises. Lessee shall repair all damage caused by any such removal and shall leave the Property in a clean and neat condition.

Any Personal Property not removed by Lessee within thirty (30) days following expiration of the term of this Lease shall be deemed to be abandoned by Lessee and shall, without compensation to Lessee, then become Landlord's property, free and clear of all claims to or against them by Lessee or any other person.

11. Renovation, Alterations and Construction.

A. Lessee shall have the right to paint and decorate the interior of the Premises. Prior to making any other alterations, improvements or additions to the Premises or undertaking any remediation work to be undertaken on the Premises, Lessee shall obtain the Landlord's written approval and shall apply for and obtain all approvals required from the City and other governmental agencies with jurisdiction over such work of all plans and permits relating to any such alterations, improvements or additions and remediation work, and obtain any

and all permits required for such alterations, improvements or additions and remediation work and operation and use of the Premises, including without limitation, building permits and/or use permits. All renovation and remediation work and improvements to be constructed on or made to the Premises shall be completed in accordance with plans approved by the Landlord, and shall comply with all applicable codes, ordinances, rules, and regulations.

B. Any and all alterations and improvements to the Premises shall be made at Lessee's sole cost and expense. Lessee agrees that those usual fees charged by the City for permits and for inspections of development and construction shall be charged to Lessee, and Lessee will be required to pay any charges related to connection and installation of utilities, if any, and any other charges or fees imposed by or on behalf of agencies other than the City relating to the renovation and construction of improvements on the Premises.

C. 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 Landlord, which shall not be unreasonably withheld.

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

E. Mechanic's Liens. Lessee shall not suffer or permit any mechanic's lien to be filed against the interest of the Landlord or Lessee in the Premises, the improvements, or any portion thereof. If because of any act or omission of Lessee, its employees, agents, contractors or subcontractors, any mechanic's lien, charge or order for the payment of money shall be filed against Landlord, or against all or any portion of the Premises, the improvements, or any portion thereof, Lessee shall, at its own cost and expense, cause the same to be discharged of record within thirty (30) days after the filing thereof, and Lessee shall indemnify and save harmless Landlord against and from all costs, liabilities, suits, penalties, claims and demands, including reasonable attorneys' fees, resulting therefrom.

F. At termination of this Lease, title to any and all improvements constructed on the Premises, including any and all alterations, improvements, and permanent fixtures which may be added to the Premises, whether temporary or permanent in character, shall become Landlord's property and shall remain upon the Premises, without compensation to Lessee (excepting only Lessee's Personal Property which may be removed pursuant to Section 10). Landlord and Lessee covenant for themselves and all persons claiming under or through them that the improvements and permanent fixtures are real property.

12. Operating Costs and Expenses. Lessee shall, at its sole cost and expense, furnish all labor, equipment and expenses necessary for the operations and maintenance of the Premises for the purposes set forth herein. As provided in Section 6.B. of this Lease, Lessee may use income derived from the Premises to pay for such operating costs and expenses. Lessee agrees that, during the term of this Lease, Lessee shall not request from Landlord any funding or other financial assistance for operations or maintenance or repair of the Premises or any portion thereof; provided nothing herein shall prohibit Lessee from applying to the City for grants or

other funds (such as Community Development Block Grant funds) which may be available through the City.

13. Maintenance; Management.

A. Maintenance by Lessee. Lessee shall, at its sole cost and expense, keep and maintain the Premises, every part thereof, every improvement and fixture thereon, and every utility structure, piping, or wiring necessary thereto in good, working and sanitary order, condition and repair, reasonable wear and tear and damage by casualty not caused by the negligence of Lessee or its agents, contractors or employees excepted. Lessee shall perform all required maintenance and repair, including the following:

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

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

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

4. Should Lessee fail to perform any of the required maintenance or repairs to the Premises within ten (10) days after receipt of Landlord's written notice of such failure, Landlord shall have the option to perform such maintenance or repairs for the Lessee's account, and the Lessee agrees to promptly reimburse Landlord of the cost thereof. Landlord shall not be obligated to make any repairs to or maintain any improvements on or to the Premises.

5. Landlord, and its agents and representatives, 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 Landlord.

6. Lessee, at its sole cost and expense, shall keep the Premises within compliance of the Americans with Disabilities Act.

As provided in Section 6.B. of this Lease, Lessee may use income derived from the Premises to pay for such maintenance costs.

Landlord shall have the right to review and approve any contract or agreement ("Management Agreement") that Lessee may enter into for the management of the Premises, which approval shall not be unreasonably withheld; provided, Landlord's review and approval shall be limited to that extent necessary to ensure compliance with the terms and

conditions of this Lease. Landlord shall have the right to approve any property manager retained by Lessee to manage the Premises, which approval shall not be unreasonably withheld, and Lessee shall promptly notify Landlord of any change in the property manager.

B. Maintenance by Landlord. Landlord shall maintain the exterior landscaping around the Premises and throughout City Park. Landlord shall maintain the sewer and water service lines from the exterior of the Premises to the City's service lines. Except as specifically provided, Landlord shall have no further obligation to perform repair or maintenance work on or to the Premises.

14. Utilities. Lessee shall be solely responsible for applying to the appropriate utility service provider to ensure utility service is provided to the Premises, as needed by Lessee. Lessee shall subscribe to garbage service consistent with the requirements of the City's Municipal Code. Lessee shall, at its sole cost and expense, pay for the consumption of all utilities used at or on the Premises, including without limitation any and all electric, gas, telephone, internet, sewer, water, garbage, and other services and utilities necessary for the operation of the Premises and the improvements located thereon.

Lessee acknowledges that any one or more such services may be suspended by reason of accident or of repairs, alterations, or improvements necessary to be made, or by strikes or lockouts, or by reason of operation of law, or other causes beyond the reasonable control of Landlord. Lessee shall have no right to any off-set or reduction in rent nor shall Landlord have any liability for any such interruption or suspension of such services.

15. Compliance with Governmental Rules and Regulations.

A. Lessee shall, at its sole cost and expense, comply with all requirements of all municipal, state, and federal authorities now in force, or which may hereafter be in force, pertaining to the Premises, purposes, and operations, and shall faithfully observe in the use of the Premises and in the conduct of its operations all the municipal, state and federal statutes now in force or which may hereafter be in force. Lessee shall be responsible for determining whether this Lease, or any work to be performed on the Premises will require the payment of prevailing wages for such work, and, if so, shall comply with all applicable requirements.

B. Lessee shall conduct its business in accordance with the requirements of the American with Disabilities Act of 1990 (the "Act") and with all other applicable statutes, rules, regulations and ordinances relating to handicapped accessibility. Any renovations, alterations and improvements to be undertaken by Lessee on the Premises, including those provided for under Section 11 of this Lease, shall be performed in compliance with the applicable provisions of the Act and with all other applicable statutes, rules, regulations and ordinances relating to handicapped accessibility.

C. Landlord shall have the right to make such other rules and regulations as in the reasonable judgment of Landlord may from time to time be necessary for the safety, appearance, care and cleanliness of the Premises and the surrounding neighborhood, the safety and well being of the users of the Premises, and for the preservation of good order therein.

16. Nondiscrimination.

During the term of this Lease, Lessee agrees as follows:

A. Lessee shall not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, age, handicap, medical condition, sexual preference, marital status, ancestry or national origin. Lessee shall, in all solicitations or advertisements for employees placed by or on behalf of Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age, handicap, medical condition, sexual preference, marital status, ancestry or national origin.

B. There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, age, handicap, medical condition, sexual preference, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises, or any part thereof, and the Lessee itself, or any person claiming under or through it, shall not establish or permit any such practice of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Premises, or any part thereof.

C. Lessee shall refrain from restricting the rental, sale or lease of the Premises, or any portion thereof, on the basis of race, color, creed, religion, sex, age, handicap, medical condition, sexual preference, marital status, ancestry or national origin of any person.

17. Taxes and Assessments. Lessee recognizes and understands that this Lease may create a possessory interest subject to property taxes levied on such interest.

Lessee agrees to pay, as and when due, all lawful taxes, assessments, fees or charges from which it is not exempt, which at any time may be levied by the state, county, Landlord or any tax or assessment levying body upon any interest in this Lease or on any possessory right which Lessee may have in or to the property, or improvements or fixtures thereon, by reason of its use or occupancy thereof or otherwise, as well as all taxes, assessments, fees, and charges on goods, merchandise, fixtures, appliances, and equipment used by it, or related to its operations or the hiring and employment of agents and employees, provided or used by it, in, about, or for the operation and maintenance of the Premises.

18. Liens. Lessee shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee. Lessee shall give Landlord no less than ten (10) days advance written notice of commencement of any work of improvement on the Premises. Landlord shall be entitled to enter the Premises for the purpose of posting notices of nonresponsibility.

19. Indemnity. Lessee agrees that Landlord shall not be liable for and hereby releases Landlord from (i) any injury to Lessee's operations or any loss of income therefrom or for damage to any machinery or equipment or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises; (ii) the loss of or damage to any property of Lessee by theft or otherwise; or (iii) any injury or damage to persons or property resulting from fire, steam, electricity, gas, water, rain or snow, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or

HVAC systems or lighting fixtures, or from any other cause whatsoever (whether similar or dissimilar to those above specified), whether the same damage or injury result from conditions arising in the Premises, or at or on portions of the building or the Premises, or from other sources or places, except to the extent caused by Landlord's intentional misconduct or gross negligence. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the Premises. This waiver, release and indemnification does not apply to claims or damages arising from any act or neglect of any other tenant or person not the agent or any person doing business with Lessee.

Lessee shall indemnify and hold harmless the Landlord, its officers, officials, directors, employees, agents, and volunteers from and against any and all claims, damages, losses and expenses, including attorneys fees arising out of the occupancy of the Premises described herein, caused in whole or in part by any negligent act or omission of the Lessee, any sublessee, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence or willful misconduct of the Landlord.

Landlord and Lessee each waives any and all rights of recovery against the other or against the directors, officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Landlord and Lessee shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

It is understood that any indemnification obligation of Lessee under this Lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Lessee under workers' or workmen's compensation acts, disability benefit acts or other employee benefits acts.

The indemnity provisions contained in this Section 19 shall survive any termination of this Lease as to any events occurring prior to the date of such termination.

20. Insolvency and Bankruptcy. In the event of either (i) the appointment of a receiver to take possession of all or substantially all of the assets of Lessee, or (ii) a general assignment by Lessee for the benefit of creditors, or (iii) any action taken or suffered by Lessee under any insolvency or bankruptcy act, or (iv) any liquidation or other cessation of Lessee's corporation or business, this Lease shall terminate immediately. Landlord shall have the right of immediate possession of the Premises and any improvements or fixtures thereon. Title to any Personal Property of Lessee remaining on the Premises after thirty (30) days shall be deemed to pass to Landlord.

21. Insurance. Lessee shall procure and maintain during the terms of this Lease, at its sole cost and expense, insurance against claims for injuries to persons or damages to property which may arise from or in connection with Lessee's operation and use of the Premises. The cost of such insurance shall be borne by the Lessee.

A. Minimum Scope of Insurance. Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (“occurrence” form CG0001).
2. Workers' Compensation insurance as required by the State of California and Employer's Liability insurance.
3. “All Risk” property insurance, including extended coverage, insuring the Landlord's buildings, structures, fixtures, equipment and furniture.
4. Property insurance against all risks of loss to any tenant improvements or betterments.

B. Minimum Limits of Insurance. Lessee shall maintain limits no less than:

1. General Liability: Two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Employer's Liability: Two million dollars (\$2,000,000) per accident for bodily injury or disease.
3. Property Insurance: Full replacement cost with no coinsurance penalty provision for tenant improvements and betterments, Landlord's buildings, structures, fixtures, equipment and furniture.

C. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the Landlord. At the option of the Landlord, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Landlord, its officers, officials, employees and volunteers; or the Lessee shall procure a bond or other acceptable security guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions.

1. The general liability policy is to contain, or be endorsed to contain, the following provisions:

a. Landlord, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of property owned, occupied or used by Lessee. The coverage shall contain no special limitations on the scope of protection afforded to the Landlord, its officers, officials, employees or volunteers.

b. The Lessee's insurance coverage shall be primary insurance as respects the Landlord, its officers, officials, employees and volunteers. Any insurance or self-

insurance maintained by the Landlord, its officers, officials, employees or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

c. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Landlord, its officers, officials, employees or volunteers.

d. Coverage shall state that the Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

e. Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt required, has been given to the Landlord.

2. The workers' compensation/employers' liability policy is to contain, or be endorsed to contain, the following provisions:

a. Waiver of Subrogation provision in favor of the Landlord.

b. Coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the Landlord.

E. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

F. Verification of Coverage. Lessee shall furnish the Landlord with original endorsements effecting coverage required by this clause. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. The endorsements are to be forms provided by the Landlord. All endorsements are to be received and approved by the Landlord within ten (10) days of the commencement date of this Lease. As an alternative to the Landlord's forms, the Lessee's insurer may provide complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications.

G. Subcontractors. Lessee shall include all subcontractors as insureds under its policies or shall furnish or cause to be furnished separate certificates and endorsements for each contractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

H. Landlord's Insurance. Landlord agrees to 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 Landlord 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 Landlord.

2. Lessee shall, within thirty (30) days from written request from Landlord, reimburse Landlord the prorate share attributable to the Premises of the Landlord's cost of its entire insurance requirements.

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

4. Landlord shall not be liable for injury to Lessee's business or any loss of income therefrom or from 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.

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

I. Lessee and Landlord 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 Landlord 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.

22. Repairs. Lessee shall, at Lessee's own expense, keep the Premises and each part thereof in good order, condition and repair during the term of this Lease. Lessee shall give to Landlord prompt written notice of any damage to, or defective conditions in, any part or appurtenance of the plumbing, electrical, heating, air-conditioning or other systems serving, located in, or passing through the Premises. If any damage results from any act or neglect of Lessee or its agents, contractors or employees, Landlord may, at Landlord's option, repair such damage and Lessee shall promptly thereupon pay to Landlord the total cost of such repair. Any repairs made to the Premises by Lessee shall be subject to the requirements set forth in Section 11 of this Lease, as applicable.

23. Destruction of the Premises.

A. In the event of damage to or destruction of the Premises caused by fire or other casualty, or any such damage or destruction to the Premises or the facilities necessary to provide services and normal access to the property, Lessee shall undertake to make repairs and restorations with reasonable diligence, unless this Lease has been terminated as hereinafter provided. In the event (i) the damage is of such nature or extent that, in Lessee's reasonable judgment, more than one hundred twenty (120) days would be required (with normal work crews and hours) to repair and restore the part of the Premises which has been damaged, or (ii) the Premises is so damaged that, in Lessee's reasonable judgment, it is uneconomical to restore or repair the Premises or portion thereof damaged, or (iii) less than eighteen (18) months then remain in the current term of this Lease, or (iv) insurance proceeds are not available or insurance proceeds that are available for the Premises are insufficient to repair or rebuild the damage, or (v) any mortgagee shall not permit the application of adequate insurance proceeds for repair or

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restoration, either Lessee or Landlord shall, within ninety (90) days after any such damage or destruction, have the right to terminate this Lease by written notice to the other party, as of the date specified in such notice, which termination date shall be no later than thirty (30) days after the date of such notice. Rent shall be adjusted proportionately as of the date of the termination and Lessee shall promptly vacate the Premises; provided that prior to any such vacation, Lessee shall take such actions as are necessary to ensure that the damaged or destroyed portions of the improvements remaining on the Premises shall be left in a safe condition.

B. Provided this Lease is not terminated and is otherwise in full force and effect, Lessee shall proceed diligently to restore the Premises to substantially its condition prior to the occurrence of the damage, subject to any delay due to reasons beyond Lessee's control.

C. During the period when Lessee shall be deprived of possession of the Premises by reason of such damage of the Premises is, in Landlord's judgment, rendered untenantable, Lessee's obligation to pay rent shall abate in proportion to the area of the Premises not usable.

24. Assignment and Subletting.

A. Lessee shall not, without Landlord's prior written consent, (i) assign, convey, mortgage, pledge, encumber or otherwise transfer, (whether voluntarily or otherwise) this Lease or any interest under it; (ii) allow any transfer of or any lien upon Lessee's interest by operation of law; (iii) sublet the Premises or any part thereof; or (iv) permit the use or occupancy of the Premises or any part thereof by anyone other than Lessee and its employees. The provisions of this Section 24 shall not be deemed to prohibit or restrict or require Landlord's approval for the rental of the Premises or portions thereof for meetings, conferences, private parties and receptions, tours, exhibits, and any other uses as set forth in Section 6 of this Lease.

B. Lessee's request for consent to any sublet or assignment shall be in writing and shall contain the name, address, and description of the business of the proposed assignee or subtenant, its most recent financial statement and other evidence of financial responsibility, its intended use of the Premises, and the terms and conditions of the proposed assignment or subletting.

C. For purposes of this Section 24, any transfer or change in control of Lessee by operation of law or otherwise shall be deemed an assignment hereunder, including, without limitation, any merger, consolidation, dissolution or any change in more than 30% of the interests of Lessee, whether in a single transaction or a series of related transactions.

D. If, with the consent of the Landlord, this Lease is assigned or if the Premises or any part thereof is sublet or occupied by anybody other than Lessee, Landlord may, after default by Lessee, collect rent from the assignee, subtenant, or occupant, and apply the net amount collected to the rent to be paid by Lessee hereunder. If Landlord consents to any such subletting or assignment, it shall nevertheless be a condition to the effectiveness thereof that a fully executed copy of the sublease or assignment be furnished to Landlord and that any assignee assumes in writing all obligations of Lessee hereunder. No consent to any assignment, subletting or occupancy shall be deemed a waiver of any of Lessee's covenants contained in this Lease nor

the acceptance of the assignee, subtenant or occupant as Lessee, nor a release of Lessee from further performance of any covenants and obligations under this Lease, unless otherwise agreed to in writing by Landlord.

E. Any consent given by Landlord to an assignment or subletting of this Lease shall not constitute a waiver of the necessity of such consent to any subsequent assignment or subletting.

F. Should Landlord consent to an assignment or sublease of the Premises, all rent received by Lessee from its subtenants in excess of the rent payable by Lessee to Landlord under this Lease shall be paid to Landlord, and all sums to be paid by an assignee to Lessee in consideration of the assignment of this Lease shall be paid to Landlord, unless otherwise agreed to in writing by Landlord.

G. If Lessee requests Landlord to consent to a proposed assignment or subletting, Lessee shall pay to Landlord, whether or not consent is ultimately given, Landlord's reasonable attorneys' fees incurred in connection with each such request.

25. Condition of Premises. Lessee acknowledges that it has occupied the Premises since 1997 pursuant to the Prior Lease, and continues to occupy the Premises as of the execution of this Lease. Accordingly, Lessee is fully aware of the condition of the Premises and its suitability for the intended use and purposes provided in this Lease. Lessee agrees to accept the Premises, including the land and the buildings and improvements thereon, in an "as is" and in its present condition. No promise of Landlord to alter, remodel, repair or improve the Premises, or any of the buildings or improvements located thereon, and no representation respecting the condition of the Premises or the buildings or improvements thereon, have been made by Landlord to Lessee.

Except with respect to a termination resulting from damage or destruction, which shall be governed by Section 23, at the termination of this Lease, Lessee shall return and surrender the Premises in as good condition as when Lessee executed this Lease, ordinary wear and tear and loss by fire or other casualty not caused by the negligence of Lessee or its agents, contractors or employees excepted. If Lessee fails to comply with the previous sentence, Landlord may restore the Premises to the condition the Premises was in when Lessee executed this Lease, and Lessee shall pay the cost thereof on demand.

26. Eminent Domain. In the event that title to the entire Premises shall be lawfully condemned or taken in any manner for any public or quasi-public use or conveyed in lieu of condemnation, this Lease shall automatically terminate as of the date possession is required to be delivered to the condemnor. In the event that only a portion of the Premises is taken and the Premises is thereby rendered unsuitable for the conduct of Lessee's business, either party may terminate this Lease as of the date when possession of the portion of the Premises so taken is delivered to the condemning authority. In the event of any taking, Landlord shall be entitled to receive the entire amount of any award relating to the Premises, including all real property improvements thereon, and Lessee shall be entitled to an award to recover damages resulting from the taking of its Personal Property, if any, diminution in value of its operation, leasehold value and for Lessee's moving expenses and Lessee's business interruption, if any.

Notwithstanding the foregoing, Landlord agrees that it shall not acquire Lessee's leasehold interest by eminent domain during the term of this Lease.

27. Waivers. The waiver by either party of any breach of any term, condition, or provision herein contained shall not be deemed to be a waiver of such term, condition, or provision herein contained.

28. Termination.

A. This Lease may be terminated by either party upon three (3) months written notice to the other party.

B. In the event that Lessee shall be in default of the payment of rent or any other amount due and owing under this Lease for a period of ten (10) days following written notice of such default from Landlord, or if Lessee shall fail or neglect to do or perform or observe any of the other covenants or agreements contained in this Lease on its part to be kept or performed, and such failure and neglect shall continue for a period of not less than thirty (30) days after Landlord has notified Lessee in writing of Lessee's default, and Lessee has failed to correct such default within said ten (10) day or thirty (30) day period, whichever is applicable, then Landlord may terminate this Lease.

C. In the event Landlord is in default of any of its covenants or agreements contained in this Lease, and such failure and neglect shall continue for a period of not less than thirty (30) days after Lessee has notified Landlord in writing of Landlord's default, and Landlord has failed to correct such default within said thirty (30) day period, then Lessee may terminate this Lease.

D. Upon expiration or within thirty (30) days after earlier termination or mutual cancellation of this Lease, Lessee shall turn over to Landlord the Premises in good and serviceable condition, damage by the elements and ordinary wear and tear excepted. If Lessee fails to surrender the Premises within said thirty (30) days period, then Landlord may lawfully at its option, immediately or at any time thereafter, without demand or notice, enter into and upon the Premises and in the name of the whole, repossess the same of its former estate, and expel Lessee, and those claiming by, through, or under Lessee, and remove their effects, if any, without prejudice to any remedy which otherwise might be used, for arrears, or rent, or other preceding breach of covenant. If Lessee fails to surrender the Premises to Landlord as required by this Section, Lessee shall hold Landlord harmless for all damages resulting from Lessee's failure to surrender the Premises.

E. If Lessee, with Landlord's express consent, remains in possession of the Premises after the expiration or earlier termination of the term (including the initial term and any extended term), or after the date in any notice given by Landlord to Lessee terminating this Lease, such possession by Lessee shall be deemed to be a month-to-month tenancy terminable on 30 days' notice given at any time by either party. During such month-to-month tenancy, the rent required to be paid hereunder shall be increased by 50% over the rent of the last month prior to the expiration or earlier termination of the Lease, or such other amount as mutually agreed upon by the parties. Lessee shall pay such rent and all other sums required to be paid hereunder

monthly on or before the first day of each month. All other provisions of this Lease except those pertaining to the term shall apply to the month-to-month tenancy.

F. No expiration or termination of this Lease (except as expressly provided herein) and no repossession of the Premises or any part thereof shall relieve Lessee of its liabilities and obligations hereunder, all of which shall survive such expiration, termination or repossession, and Landlord may, at its option, sue for and collect all rent and other charges due hereunder at any time as when such charges accrue. In the event Landlord commences any suit for the repossession of the Premises, for the recovery of rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of the Lessee to be kept or performed, and a breach shall be established, Lessee shall pay to Landlord reasonable expenses incurred in connection therewith, including reasonable attorneys' fees.

29. Estoppel Certificate by Lessee. After the commencement of this Lease, Lessee shall, upon request by Landlord, execute and deliver to Landlord within five (5) business days of such request, a written certification in recordable form: (i) ratifying this Lease; (ii) setting forth the commencement date and expiration date; (iii) certifying that Lessee is in occupancy of the Premises; (iv) certifying that this Lease is in full force and effect; (v) certifying that all conditions under this Lease to be performed by Landlord have been completed, or specifying the reasons if such is not the case; (vi) certifying that there are no defenses or offsets against the enforcement of this Lease by Landlord; and (vii) certifying any additional information that Landlord may reasonably request. Such certification shall be executed and delivered by Lessee as may from time to time be requested by Landlord, and shall entitle Landlord's mortgage lenders and/or purchasers to rely upon same. Lessee hereby appoints Landlord as Lessee's attorney-in-fact to execute any such estoppel certificate in the event Lessee does not execute and return such certificate within the time period set forth above.

30. Successors and Assigns. The terms, conditions, and provisions herein contained shall, subject to the provisions as to assignments, apply to and bind the heirs, successors, administrators, executors, and assigns of all the parties hereto.

31. Notices. All notices, demands, requests, consents, or approvals which may or are required to be given by either party to the other shall be in writing and shall be deemed given when sent by United States First-Class Mail, postage prepaid, or by reputable overnight delivery service or personal delivery (i) if for Lessee, addressed to Lessee at the Premises, or at such other place as Lessee may from time to time designate by notice to Landlord; or (ii) if for Landlord, addressed to the City of El Paso de Robles, 1000 Spring Street, Paso Robles, CA 93446, Attn: City Manager, or at such other place as Landlord may from time to time designate by notice to Lessee. All consents and approvals provided for herein must be in writing to be valid. If the term "Lessee" as used in this Lease refers to more than one person, any notice, consent, approval, request, bill, demand or statement given as aforesaid to any one of such persons shall be deemed to have been duly given to Lessee.

32. Brokerage. Lessee represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, and Lessee agrees to defend with counsel acceptable to Landlord,

indemnify and hold Landlord harmless from and against any and all claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Lessee with regard to this leasing transaction. The provisions of this subsection shall survive the termination of this Lease.

33. Employment and Local Contracting.

A. Lessee hereby agrees to use its best efforts to hire qualified City residents for any new positions created on the Premises. Lessee shall, by December 1 of each year, submit to Landlord a list of the names and city of residence of its employees and officers, and shall periodically provide information to Landlord regarding its work force.

B. Lessee hereby agrees to use its best efforts to contract with City businesses for services and/or products, as necessary.

C. Landlord acknowledges that the Lessee has the ultimate right to choose its employees and contractors.

34. Miscellaneous.

A. The section headings of this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

B. If any of the provisions of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

C. Neither party has made any representations or covenants, except as contained herein, or in some further writing signed by the party making such representation or promise. All prior communications or understandings, oral or written, between Landlord and Lessee, including the Prior Lease, are superseded by this Lease and this Lease contains the entire agreement between the parties hereto with respect to the subject matter of this Lease, and shall not be amended, modified or supplemented unless by agreement in writing, signed by both parties.

D. Lessee shall look solely to the Premises and rents and other income derived therefrom for enforcement of any obligations hereunder or by law assumed or enforceable against Landlord, and no other property or other assets of Landlord shall be subjected to levy, execution or other enforcement procedure for the satisfaction of Lessee's remedies or with respect to this Lease, the relationship of Landlord and Lessee hereunder or Lessee's use and occupancy of the Premises.

E. This Lease may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same instrument.

- F. Time is of the essence of every provision of this Lease.
- G. A memorandum of this Lease shall be recorded.

IN WITNESS WHEREOF, the parties have hereto executed this agreement in duplicate on the day and year first above written.

LANDLORD:

CITY OF EL PASO DE ROBLES

James L. App
City Manager

APPROVED AS TO FORM:

Iris P. Yang
City Attorney

ATTEST:

City Clerk

LESSEE:

EL PASO DE ROBLES HISTORICAL
SOCIETY

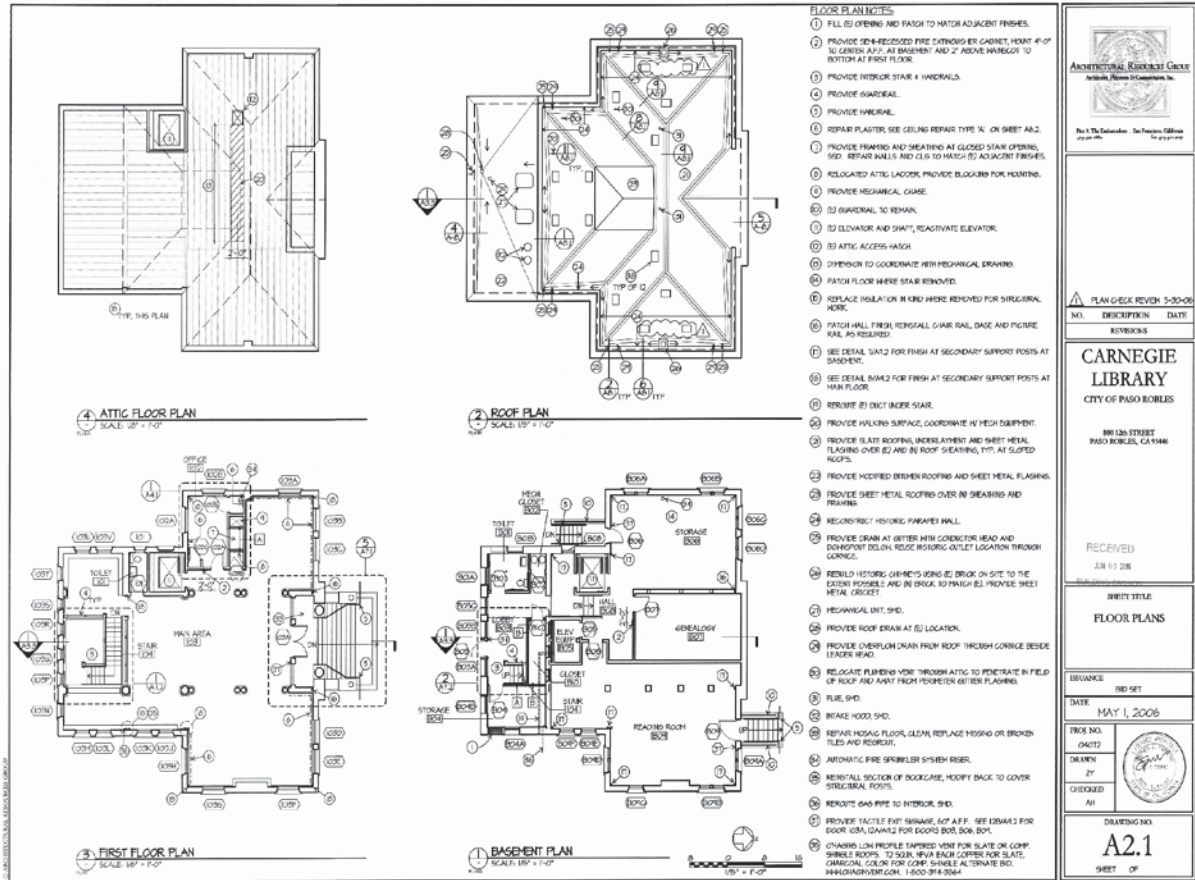
President

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

ALL OF THAT LAND BOUNDED BY SPRING STREET, 12TH STREET, PINE STREET, AND 11TH STREET AND DESIGNATED AS "PARK" IN THE CITY OF EL PASO DE ROBLES AS SHOWN ON THE MAP RECORDED IN BOOK A OF MAPS AT PAGE 169 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

EXHIBIT B MAP OF THE PREMISES



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EXHIBIT C

PERMITTED USES ON THE PREMISES

A. Lessee shall use the Premises to inform the general public about the rich history of the Paso Robles area and provide an Historical Library for the general public to enjoy, including but not limited to the building uses listed in Exhibit C-1, attached hereto and incorporated herein by reference.

B. Should Lessee intend to receive revenues through the conduct of any of the activities described in Exhibit C-1, except through the normal and customary donations received by admission to the Premises, then the provisions of subparagraph B.1 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 C-2 provided:

(a) The City Manager is given 30 days written notice of the fundraising event; and

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

2. Lessee may operate a gift shop on the Premises and market those items, provided it complies with applicable laws and obtains all required permits and approvals in vending such items. Lessee shall indemnify Landlord from its failure to comply with this Section.

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

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

C. Lessee's use of the Premises as identified in the Lease and this Exhibit C 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 Standard Rules and Regulations set forth in Exhibit D to the Lease.

3. Monies raised pursuant to the activities identified in this Exhibit C shall be used to provide a reasonable sinking fund to provide for building operation and maintenance of the Premises and such activities.

4. Except as provided in subsection B, above, Lessee shall not use the premises for any other purposes or conduct any other retail activity without the express written consent of Landlord.

D. Except as otherwise provided, 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 front the Premises through the City Park in such areas as may be designated or available for such access.

EXHIBIT C-1

PERMITTED BUILDING USES

Repository for City, North County and Organization Records, Documents, Charters
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 – Paso Robles Area historical Society, local clubs, organizations, small groups
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)
Fashion Show and Tea for period of clothing, hair, make-up
Research on Architectural History
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
Craft Show
Consumer Show
Electronics Conference / exhibits
Flower /Garden Show
Instructional Classes (non-mechanical)
Lectures
Speaking Engagements / Seminars / Telethons

EXHIBIT C-2

PERMITTED FUNDRAISERS ON THE PREMISES

Paso Robles Area Historical Society Gift Shop
Admission Donation
Exhibits, Programs & Receptions
Old-Fashioned Box and Ice-cream Socials
Fashion Show and Tea
Concert / Recital
Auction / Sale:
 Donated items, bookcases, books
 Rummage Sale
 Flea Market Sale
 White Elephant Sale with Barbeque
 Silent Auction
Variety / Amateur Show
Bazaar
Dance
Art Show and Sale
Antique Show and Sale
Breakfast / Luncheon / Annual Volunteer Dinner
Barbeque Benefit
Concessions
Group tours
Winery ; Microbrewery Event
Raffle tickets / Drawing for Quilt, painting, etc.

EXHIBIT D

STANDARD RULES AND REGULATIONS

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Landlord reserves the right to refuse access to any persons Landlord in good faith judges to be a threat to the safety, reputation, or property of Landlord, the Premises and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with the other occupants or person having business within the Premises.
4. Lessee shall not keep animals or birds within the Premises, 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 Landlord.
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 Landlord.
7. Lessee shall 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.
9. Lessee shall not suffer or permit anything in or around the Premises that causes excessive vibration or floor loading in any part of the Premises.
10. Significant furniture, freight and equipment shall be moved into or out of the building only with the Landlord's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Landlord. Lessee shall be responsible for any damage to the Premises arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Premises except as approved by Landlord.
12. Lessee shall return all keys at the termination of the tenancy and shall be responsible for the cost of replacing any keys that are lost.
13. No window coverings, shades or awnings that detract from the historical nature of the Premises shall be installed or used by Lessee without written authorization from Landlord.

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

15. Lessee shall not use any method of heating or air conditioning other than as provided by or approved by Landlord.

16. Lessee shall not install, maintain for operate any vending machines upon the Premises without Landlords' written consent.

17. 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.

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

19. Landlord 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.

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

21. Landlord reserves the right to establish such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Premises and its occupants. Lessee agrees to abide by these and such other rules and regulations established by Landlord.

February 20, 2009

El Paso de Robles Area Historical Society
2175 Country View Lane
Paso Robles, CA 93446

Attention: John Bertoni, President

Dear John:

In accordance with Resolution 08-006, adopted by the Paso Robles City Council on February 5, 2008 amending the lease with the El Paso de Robles Area Historical Society. The commencement date of the lease shall be April 1, 2009 subject to the affirmation of the following terms/requirements stipulated by the original lease signed in 1997 (copy attached) are submitted to the City prior to March 20, 2009:

- The Lessee must execute the amendment to the long-term lease approved by Resolution No. 08-006.
- Provide the City with evidence of insurance in accordance with that stipulated on page 8; item number two (2) sub-sections (d) through (f).
- Provide the City with evidence that all utilities have been placed in the name of the Lessee in accordance with page 2; item number four (4) sub-section (c).
- A letter acknowledging that the Lessee shall provide on-going maintenance of the facility to ensure the historical building is kept in the condition it has been restored to in accordance with page 4, number seven (7) of the lease.

Based on the terms set forth in the original lease as modified Exhibit "A" of Resolution 08-006, the lease shall expire April 1, 2013.

Yours Truly,

James L. App
City Manager

Attachments: Resolution No. 08-006
Exhibit A to Resolution No. 08-006
1997 Long Term Lease
Exhibit D to December 1, 1997 Lease

RESOLUTION NO. 08-006

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.

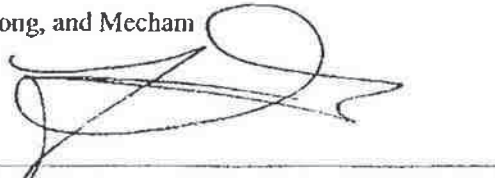
NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PASO ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

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.

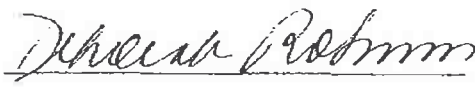
Section 2. The City Manager is authorized to execute the First Amendment to Long Term Lease in substantially the form attached hereto as Exhibit A, subject to any minor, clarifying and conforming changes as may be approved by the City Attorney.

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

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham
NOES:
ABSENT:
ABSTAIN:


Frank R. Mecham, Mayor

ATTEST:


Deborah Robinson, 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 April 1, 2009, 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 (49 months). Since the expiration date on the original Lease was December 1, 2007, the Term of the Lease for this example 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: [Signature]
Printed Name: James L. App
Title: City Manager

Executed at Paso Robles on:
March 18, 2009

ATTEST

By: Catherine M. David
Printed Name: Catherine M. David
Title: Deputy City Clerk

Executed at Paso Robles on:
March 19, 2009

Lessee:

EL PASO DE ROBLES HISTORICAL
SOCIETY

By: [Signature]
Printed Name: John Bertoni
Title: President

Executed at Paso Robles on:
_____, 2009

ATTEST

By: _____
Printed Name: _____
Title: _____

Executed at Paso Robles on:
_____, 2009

Carnegie library

FULLY EXECUTED COPY

CITY CLERK'S FILE COPY

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:

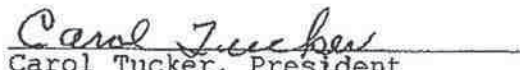

Madelyn Piasch, City Clerk

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 Architectural 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
Consumer 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

[illegible]

- 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

ethnic i.e. Jewish
Hispanic
Italian

1. *Abstract* (100 words or less) – This section should be written last, after you have completed the rest of the paper. It should briefly summarize the main points of your paper, including the research question, the methods used, the results, and the conclusions. It should be written in a clear, concise, and objective style.

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

EXHIBIT "C" PAGE 2

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

off line
Production
Power
Pages

throughout
manuscript

Books: Natural History/ Artifacts

EXHIBIT "C" PAGE 3

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 Tucker

Date: 12-18-97

CITY OF EL PASO DE ROBLES

By: Juan Ponce

Date: 12-18-97

EXHIBIT "D" PAGE 3