



City Council Agenda Report

From: Susan DeCarli

Subject: Hyatt Place Hotel – Property Exchange Agreement between Zen Paso Robles LLC, owner of 1955 Theatre Drive/River Lodge Motel, and City, owner of property located at the Southeast Corner of SR 46W and Theatre Drive

Date: September 19, 2017

Facts

1. Rupesh Patel, of Zenique Hotels, applied for a Development Plan (PD 16-003) May 10, 2016 to construct a 4-story, 116-room Hyatt Place Hotel at 1955 Theatre Drive May 10, 2016. See Attachment 1, Location Map.
2. The Hyatt Place Hotel project would necessitate demolition of the existing River Lodge Motel and removal or relocation of the existing highway sign. The Initial Study prepared for the project in accordance with the California Environmental Quality Act (CEQA), determined that the demolition of this historic resource would result in a Class I, Significant Unavoidable Environmental Impact, which required preparation of an Environmental Impact Report (EIR). A Draft EIR was prepared and circulated for public review, as required by CEQA. See Attachment 4, Historic Resource Study.
3. Among the commenters on the Draft EIR were the Paso Robles Historic Society (Attachment 5), Paso Robles Main Street Association (Attachment 6), and neighboring property owner (Kevin Bierl) (Attachment 7) who all emphasized the importance of maintaining the existing historic motel building and motel sign, as contributors to the unique historic character of the community. As noted in their correspondence, and as documented in the project historic resource analysis, the architectural design of the hotel and sign represent a unique era in history, and are rare, intact examples of “Mid-20th Century” roadside development and the unique era of travel motor lodges, and “Googie” architectural style. The commenters believe that demolition of these resources would result in a loss to the historic fabric and roots of tourism of Paso Robles.
4. The proposed 4-story, 116-room Hyatt Place Hotel at the River Lodge Motel site would result in a large, building mass on the corner of Theatre Drive and Alexa Court, which would present a change in the visual perception of transitioning from lower-scale development towards taller buildings to the west. It would also reduce views of and from the adjacent hotel (La Bellasera) directly to the west, thus compromising the overall development pattern and aesthetics of this gateway to the City. Due to the size and configuration of the River Lodge Motel property, and the applicant’s development goals, the applicant has requested permission to exceed the City’s height limit of 50 feet for a portion of the roofline. See Attachment 2, Project Site Plan and Elevations
5. The City owns approximately 4 acres fronting on Theatre Drive and Highway 46 adjacent to the Hampton Inn. The City Property was acquired approximately 10 years ago in connection with the realignment of and improvements to Theatre Drive. Approximately 3 acres of the City property are proposed to be exchanged for the River Lodge property. The zoning on the City property allows for the development of a hotel such as Hyatt Place.
6. Over the past 12 months, City staff has worked with the applicant (Zen – Patel) and the owner of the neighboring La Bellasera and Hampton Inn hotel properties (Pacific West Hotels & Resorts – Kevin Bierl) to cooperatively resolve three important issues: (i) avoid loss of historic resources; (ii) improve visual gateway aesthetics; and (iii) improve vehicular access from the various hotels to the Target Center on the other side of Theatre Drive. A potential solution that addressed all three issues

involved exchanging a portion of the City Property to Zen for development of the Hyatt Hotel project; conveyance of the River Lodge property to Pacific West Hotels & Resorts, and reconfiguration of access to La Bellasera and the other hotels to be directly aligned with the access to the Target Center. Pacific West Hotels & Resorts' DEIR comment letter said that it had attempted to acquire and was still interested in acquiring the River Lodge property. Its letter also included a River Lodge Preservation and Adaptive Reuse Plan that presented what it believed was a financially feasible alternative to the proposed Hyatt Hotel that would "meet entirely the feasible and financial requirements of the developer to operate independently and financially on its own."

7. Because Pacific West Hotels & Resorts had previously attempted to acquire the River Lodge property and its DEIR comment letter and other correspondence indicated it was still interested in acquiring the River Lodge property, City staff believed Pacific West Hotels & Resorts would be interested in participating in a three-party agreement that would allow it to do so. However, over the past 6-months, the parties were unable to reach an agreement.
8. The proposed property exchange agreement between the City and Zen would alleviate concerns regarding the loss of historic resources, and additionally avoid the visual impacts to the Highway 46 West Gateway area. The property exchange would not occur unless and until all plans for the relocated Hyatt Place hotel have been approved. See Attachment 9, Property Exchange Agreement. In addition, conveyance of the River Lodge property to the City would allow the City ample time to receive additional community input on how the historic character of the River Lodge building and/or sign should be maintained and preserved.
9. If a similar designed hotel were to be developed on the proposed property exchange site currently owned by the City, the hotel building form could be designed to maintain the primary views to the neighboring hotel (Hampton Inn). The design could incorporate landscape setbacks from the adjacent roads, and would mimic the scale and form of the existing Hampton Inn hotel to the east of the new site. Views of a large-scale hotel at this location would be less compromised since it would be less visible from Highway 101 and would be more in scale with surrounding development, as viewed from SR 46W. See Attachment 3, Vicinity Map, including vacant City properties.
10. The proposed property exchange could allow for a number of other improvements that would improve access and safety. First, the public right-of-way on Theatre Drive adjacent to the River Lodge Motel site could be improved to the full planned width, and installation of a sidewalk connection and realignment of the painted bike lane could be completed. Second, the remaining 1 acre of City property could be improved to install access driveways, with reciprocal access agreements, aligning with entrances into the Orchard Supply Hardware and Chili's Restaurant. Currently, a secondary access driveway (with walls on both sides of it) for La Bellasera Hotel extends directly to Theatre Drive without sidewalk or bike lane connections to the west or east. Although outside of the scope of the proposed agreement, a combined "grand entrance" to all four hotels (River Lodge Motel, La Bellasera Hotel, Hampton Inn and Hyatt Place property) could be developed to align with the Chili's Restaurant driveway. This would greatly improve circulation. See Attachment 7, Conceptual Site Plan for City' properties.
11. Benefits of this property exchange agreement include:
 - a. Allow for community input on the best means to preserve historic resources and use of the River Lodge property.
 - b. Allow development of vacant property that will generate new property tax, transient occupancy tax (TOT) and sales tax, as well as new jobs;
 - c. Improve the visual aesthetics of the 101/46 West gateway by maintaining primary views of the La Bellasera Hotel from US 101.
 - d. Create the potential for a more efficient shared circulation pattern that would serve the River Lodge Motel, La Bellasera Hotel, Hampton Inn and future Hyatt Place,

- e. Creation of a “win-win” for the community and the applicant.
12. Property values of the River Lodge Motel property and the 3-acre City exchange property have been determined to be substantially equal. Moreover, it is difficult to put a dollar value to the City of being able to preserve historic resources for the community. There is no requirement that the City solicit bids for property, particularly when as here, it has determined that the property exchange is in the community’s interest and will further public health, safety and welfare.
 13. In accordance with Government Code section 65402, the Planning Commission has reviewed the proposed acquisition of the River Lodge property and disposition of the City exchange property and determined that both the acquisition and disposition of those properties are in conformance with the City’s General Plan.

Options

1. Take no action.
2. Adopt Draft Resolution No. 17-XXX in Attachment 8, approving the proposed Property Exchange Agreement provided in Exhibit A to the Resolution.
3. Modify terms in the proposed Draft Property Exchange Agreement, and adopt Draft Resolution No. 17-XXX in Attachment 8, approving the proposed Property Exchange Agreement provided in Exhibit A to the Resolution.
4. Refer this matter to staff and provide direction on specific issues to renegotiate in the proposed Draft Property Exchange Agreement, and return it to City Council for reconsideration.

Analysis and Conclusions

The applicant of the River Lodge Motel has been in planning review on his project for over a year. Prior to formal application submittal, the applicant worked with staff for approximately three months to develop an application suitable for public review. The City coordinated preparation of a Draft EIR, which was circulated for public review in compliance with all requirements of CEQA. Several comments expressed concern regarding the potential loss of historic resources.

In light of the comments received, and in consideration of existing circulation limitations and the possible viability of nearby undeveloped property owned by the City, staff took a holistic view of the entire development area. Staff initially proposed a three-party agreement that would have accomplished several objectives for all parties, but was unsuccessful. The proposed property exchange agreement accomplishes some of the goals and still leaves open the possibility of achieving the remaining goals. It should be noted that if the City Council approves this agreement, the City will need to address future maintenance and use of the River Lodge Motel..

In accordance with Government Code, Section 65402, prior to the City exchanging, acquiring or selling City property, the Planning Commission must report to the City Council if the proposed disposition and/or acquisition of property is consistent with the General Plan. The Planning Commission considered the consistency of this action with the City’s General Plan at its meeting on September 12, 2017 and determined that the proposed property exchange between the City property located at the corner of Theatre Drive and SR 46W and the River Lodge Motel/Hyatt Place Hotel site, would be consistent with the City’s General Plan.

Option 1 This option would not allow the property exchange agreement to go forward. The City would then continue to process the Hyatt Plaza Hotel application at the River Lodge Motel site, which could result Class I impacts to historic resources unless the City Council disapproved the application.

Option 2 This option would accomplish the goals of better community planning by locating the Hyatt Plaza Hotel to a more suitable location, improve site circulation, meet the interests of the applicant, and allow development of currently vacant City property thus improving the City's tax base.

Options 3 and 4 These options are similar to Option 2, but the terms of the agreement and outcomes are not known, and would depend on the City Council actions.

Fiscal Impact

None. Approval of the Property Exchange Agreement would be fiscally neutral to the City's General Fund. Future improvement of the City's existing vacant property with a new hotel would add TOT to the City's General Funds, which are available to the City for use on a range of public purposes.

Recommendation

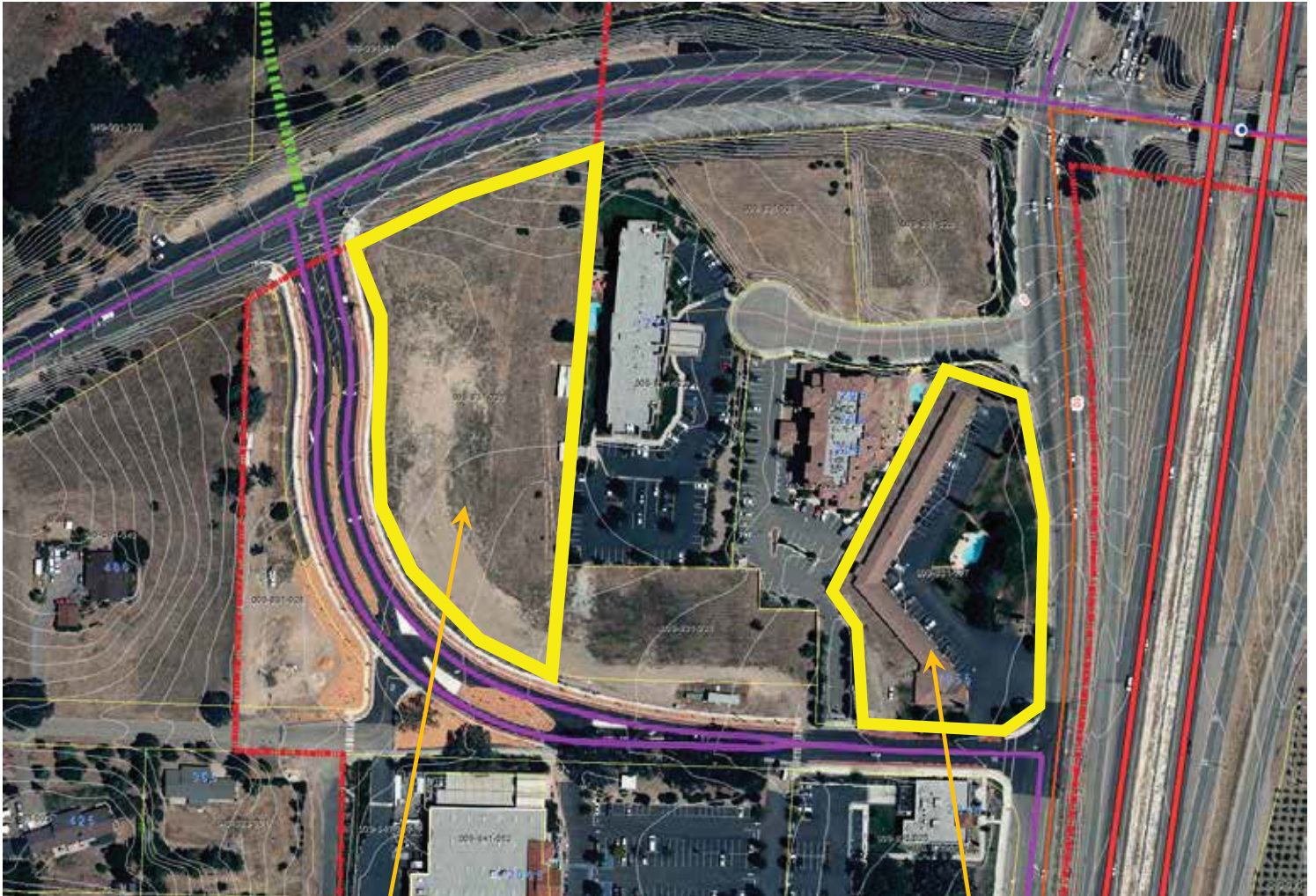
Approve Resolution No. 17-XXX, approving a Property Exchange Agreement with Zenique Hotels for their property at 1955 Theatre Drive/River Lodge Motel and City-Owned Property located at the Southeast Corner of SR 46W and Theatre Drive.

Attachments

1. Vicinity Map, including vacant City properties
2. Hyatt Place Hotel Site Plan and Elevation (for River Lodge Hotel property)
3. Conceptual Area Plan for City's properties
4. Historic Resource Study
5. Historic Society Comment Letter
6. Paso Robles Main Street Association Comment Letter
7. Kevin Bierl Letter of Interest
8. Resolution No. 17-XXX, Approving an Authorizing Execution of a Property Exchange Agreement with Zen Paso Robles LLC
 - a. Property Exchange Agreement

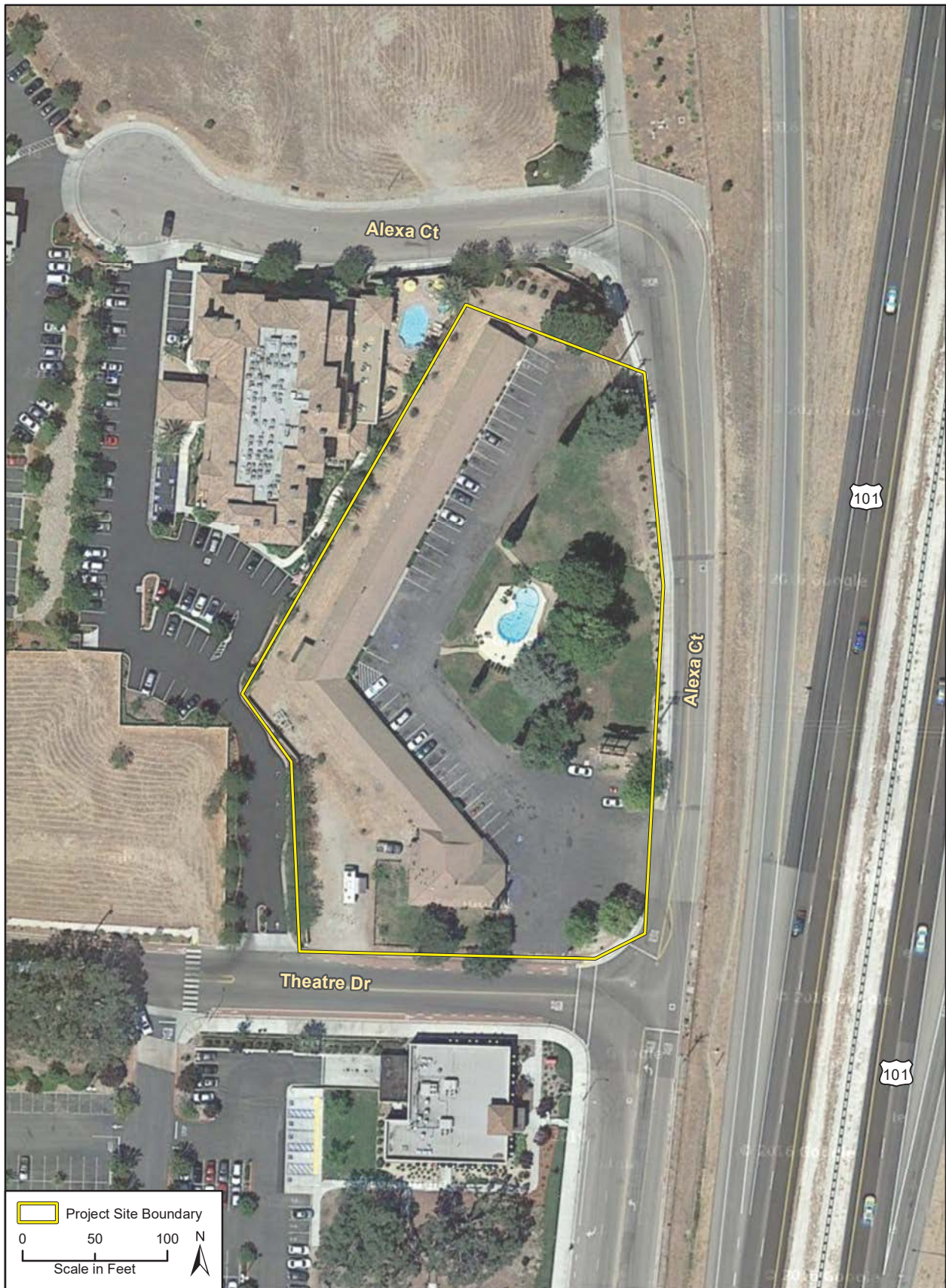
Attachment 1

Location Map



City Parcel

River Lodge - Hyatt
Place Project Site



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Project Site Location Map

Figure 2-2



Building Appearance from Southeast

Figure 2-4
City of Paso Robles



Appendix C

*Hyatt Place Hotel Project Historic Resources Group, Inc. Report:
River Lodge Motel*





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1.0 INTRODUCTION

Hyatt Hotels (the “Applicant”) is proposing a project (the “Project”) for the property at 1955 Theatre Drive in the City of Paso Robles (the “Project Site”).

The purpose of this technical report is to determine if a historic resource as defined by the California Environmental Quality Act (CEQA) is located within the proposed Project Site, and to identify potential impacts to historic resources that may be caused by the proposed Project. This report is intended to inform environmental review of the proposed Project.

The purpose of CEQA is to evaluate whether a proposed project may have a significant adverse effect on the environment and, if so, determine if that effect can be reduced or eliminated by pursuing an alternative course of action or through mitigation measures. Under CEQA the potential impacts of a project on a historic resource are considered environmental impacts:

A project that may cause a substantial adverse change in the significance of a historical resource is a project that may have a significant effect on the environment.¹

¹ California PRC, Section 21084.1.

An evaluation of project impacts under CEQA requires a two-part inquiry: (1) a determination of whether the resource is historically significant and therefore a “historical resource,” and (2) a determination of whether the proposed project will result in a “substantial adverse change” in the significance of the resource.

This report investigates the proposed Project Site to determine if historical resources exist within its boundaries, and reviews the proposed Project in accordance with CEQA.

The Project Site has a motel (originally the Suburban Lodge and now the River Lodge Motel) that was constructed in 1954, and an accompanying sign that was added to the site in c. 1958.

This report contains:

- A review of the potential historic significance of the River Lodge Motel (building and sign).
- A review of the required consideration of historic resources under CEQA.
- Analysis of the proposed Project’s potential impacts to historic resources.

This report was prepared using primary and secondary sources. A review of existing documentation of the property was conducted, including previous evaluations, historic photographs and maps, and building permits. Research,

field inspection, and analysis were performed by Christine Lazzaretto, Principal, and Sian Winship, Architectural Historian; both are qualified professionals who meet the Secretary of the Interior's Professional Qualification Standards.

2.0 PROJECT DESCRIPTION

[insert official project description from project team]

FIGURE 1: PROJECT SITE



3.0 EXISTING CONDITIONS

3.1 Site Description

The Project Site is occupied by the Suburban Lodge Motel, which is now known as the River Lodge Motel.² The River Lodge Motel is located at the northwest corner of the intersection of Alexa Court and Theatre Drive, immediately west of U.S. Highway 101, in the City of Paso Robles. The property is flanked by undeveloped land to the north, a hotel to the west, and a retail center to the south. The motel building occupies the western edge of the parcel. It is flanked to the east along its entire length by a parking area and access drive paved in asphaltic concrete. The drive wraps a landscaped area, roughly triangular in plan, with a kidney-shaped swimming pool and a large pole sign (described in detail below).

3.2 Architectural Description: River Lodge Motel

The Hacienda Ranch-style motel building is one story in height and has a wide, shallow L-shaped plan. It is of expressed masonry construction, with a wood-framed roof composed of low-pitched side gables and hips. A covered veranda runs along the entire east side of the building and wraps its south end, its roof supported on wood posts and corbels. Flush wood doors open from

² For clarity, the motel is referred to as the River Lodge throughout this report.

the veranda directly into guest rooms. Fenestration consists primarily of tripartite steel sash casement windows with projecting wood sills. A roofed, open-sided patio in the middle of the north wing has a circular brick fireplace with a raised hearth, flanked by raised brick planters. There is a prominent Google-style roadside sign on the east edge of the motel property along Alexa Court, adjacent to U.S. Highway 101. The sign is an important feature of the motel property overall, and is further described below.

Character-defining Features

Character-defining features are those constructed during the resource's period of significance that contribute to the integrity of the resource; however, some character-defining features are more important than others in conveying a resource's significance. In general, retaining character-defining features retains the integrity of a historic resource. A resource may remain eligible for designation if some of its character-defining features have been altered, provided that the cumulative effect of the alterations does not result in the inability of the resource to convey its significance and, therefore, retain its eligibility as a historic resource.

The period of significance for the River Lodge Motel and sign is 1954, the estimated date of the motel's construction, to 1958, coinciding with the bypass of Spring Street and widening of U.S. Highway 101 to four

lanes. Character-defining features of the River Lodge Motel include:

- Location adjacent to U.S. Highway 101
- Asphaltic concrete parking area and access drive
- Landscaped area with kidney-shaped swimming pool
- Prominent pole sign (further discussed below)
- Wide, L-shaped plan
- One-story massing
- Masonry construction
- Low-pitched gable and hipped roofs
- Covered veranda with wood posts and corbels
- Flush wood doors
- Steel sash casement windows with wood sills
- Covered patio with brick fireplace and raised planters

3.3 Architectural Description: River Lodge Motel Sign

The sign for the River Lodge Motel is a tall, Googie style, free-standing, double-faced pole sign located on the east edge of the motel property along Alexa Court, adjacent to U.S. Highway 101.

The sign is composed of three steel poles supporting three stacked informational elements: the word MOTEL in staggered white letters, outlined in neon, on a red background; a decorative chevron; and a painted box sign with the name RIVER LODGE in blue on a white background, externally illuminated by cantilevered directional light fixtures. The bases of the three steel poles are enclosed in a plywood screen, which may conceal electrical or other equipment.

The sign has undergone some alterations. The design, name, and font of the box sign have been changed; the sign originally spelled out SUBURBAN LODGE in white cursive script on a dark background. Two additional box signs have been removed, one spelling out POOL and the other, VACANCY. The plywood screen at the base of the sign appears to be a later addition.

Character defining features of the River Lodge Motel sign include:

- Location adjacent to U.S. Highway 101
- Height and configuration
- Googie-style design elements including the use of the chevron, staggered squares and rectangles to create contrast
- Suspension of individual informational and decorative elements (function, chevron,

name) from steel poles to create a fragmented whole

- Use of distinctive lettering and different fonts for each information element (name, function)
- Use of contrasting colors (white on red, blue, and white and blue) for each element (function, chevron, name)
- Materials: Steel poles, metal panels, neon lamps (tubes) and cantilevered external light fixtures

Photographs of existing conditions on the Project Site are included in Appendix A.

4.0 CONTEXT AND SITE DEVELOPMENT HISTORY

Since the mid-20th century, the property was used as a roadside motel. It sits at the intersection of U.S. Highway 101 (formerly Route 2) and SR-46 West – formerly a rural setting becoming increasingly urbanized with residential and commercial development. It is located directly to the west of the Salinas River. The historic address of the property was Rt. 1, Box 25a. The motel building was originally constructed as the Suburban Lodge; it is now the River Lodge Motel.

4.1 Historic Context

Tourism in Paso Robles

Paso Robles' historical association with tourism dates back to California's mission era, where its location on El Camino Real (the Kings Highway), made it a natural stopping point for early Californians who were traveling between the missions. The city's natural hot springs, renowned for their healing powers, originally drew Native Americans to the area, and continued as an important tourist resource into the 20th century. With the development of automobile tourism in the early 20th century, Paso Robles continued to be an important travel destination, and hotels and other tourist amenities were established in the city to serve the growing number of travelers. During the 1920s, the automobile supplanted the railroad as the preferred means of vacation transportation. The automobile also made tourism accessible to the

middle class and changed the way cities developed.³

Highway improvements during the 1920s and 1930s facilitated car travel. The main thoroughfare through Paso Robles was initially El Camino Real, which became Spring Street, and later served as part of the initial route of the 101 Freeway.⁴ As a result of its prominent location, Spring Street has a particular historic association with roadside travel in Paso Robles, and a number of automobile-related resources were clustered along the route. This history was recognized in the 2010 Historic Resources Survey, which identified the "Spring Street Roadside Lodging District" as a non-contiguous thematic grouping "of roadside lodging properties associated with automobile travel to and through Paso Robles."⁵

Vacationing by car continued to be popular after World War II, and Paso Robles was marketed to Californians as a destination for auto tourism. An advertisement that was featured frequently in the *Los Angeles Times* after the war advised readers to:

*Take the Cool, Coast Route
between Los Angeles and San*

³ Historic Resources Group, "City of Paso Robles Historic Resources Survey," August 2010, 17.

⁴ Historic Resources Group, "City of Paso Robles Historic Resources Survey," August 2010, 17.

⁵ Historic Resources Group, "City of Paso Robles Historic Resources Survey," August 2010, 102.

*Francisco. In PASO ROBLES, midway 'tween these cities on the mission trails (US Highway 101) you can now secure hotel rooms at rates from \$1.50 up, to suit your purse. Stop in hotels and save the difference. PASO ROBLES is the HOME of the FAMOUS PASO ROBLES MINERAL BATHS. You will like PASO ROBLES for a stop-over, a night, a week, a month or longer.*⁶

The ads were apparently a success. A 1953 survey by the San Luis Obispo Chamber of Commerce and Cal Poly San Luis Obispo that included Paso Robles in the study area, revealed that 39% of motel guests came from the San Joaquin Valley and east, 19.3% came from Southern California, and 12.2% were from Northern California.⁷ The following year, on January 14, 1954, two well-known honeymooners, Joe DiMaggio and Marilyn Monroe, stayed at the Clifton Motel in Paso Robles.⁸ The manager of the Clifton Motel commented, "I think they stopped here because of our sign out front saying we have television."⁹

⁶ "Display Ad 6," *Los Angeles Times*, August 9, 1946, 8.

⁷ "Social Science Survey: Motels Report Most Tourists Californians," *Los Angeles Times*, July 27, 1953, 20.

⁸ "Marilyn and DiMaggio En Route to Hollywood," *Los Angeles Times*, January 16, 1954, 2.

⁹ Art Ryon, "Ham on Ryon," *Los Angeles Times*, January 20, 1954, A5.

The 1955 book "Adventures in Travel: A Travel Mat," exemplified the auto trip culture of the period. The map book included all of the scenic highways across America along with recommended places to stay along the way. For "Scenic Hi-Way US 101"¹⁰ between Klamath and Los Angeles, it identified "The Suburban Lodge Motel" at mile point 549 as a roadside stop.¹¹

*SUBURBAN LODGE MOTEL, AAA 3 miles south of Paso Robles on the 101 Freeway. 22 large, soundproof units, early American furnishings, tile showers, thermo heat, TVs, heated pool, phones, in room coffee. Service station, restaurant, drive-in theatre. PH 238-3814. Your hosts, Mr. and Mrs. J.F. Holda.*¹²

In the 1950s several highway improvements were undertaken to help alleviate the increased traffic in the area, including widening U.S. Highway 101 to four lanes. In 1958, Highway 101 no longer diverted travelers through town on Spring Street.¹³ The same year, the California Division of Highways began to look at reconstructing the U.S. 101/SR-46W interchange. This was likely a boon to business for the

¹⁰ "Adventures in Travel: A Travel Mat," (Prairie du Chien, WI: Press Publishing Co., 1955), no page.

¹¹ "Adventures in Travel: A Travel Mat," no page.

¹² "Adventures in Travel: A Travel Mat," no page.

¹³ Historic Resources Group, "City of Paso Robles Historic Resources Survey," August 2010, 102.

Suburban Lodge Motel, which was clearly visible and accessible from the highway.¹⁴ Until the mid-1960s, the alignment of SR-46W followed what is now Gahan Place.

Coverage of Paso Robles as a popular tourist destination in the *Los Angeles Times*, *Sunset Magazine*, and other sources continued well into the 1970s. Tourism continues to be significant in Paso Robles, influenced in part by the growth of the wine industry.

Automobile Tourism

In the nineteenth century, travel was typically the privilege of the wealthy, but this began shifting when industrialization produced a middle class with more income and more spare time.¹⁵ The beginning of the mass production of the automobile in 1908 was also a giant leap toward making the automobile accessible to the masses, and to the democratization of travel. In the 1920s, the automobile was the leading consumer product in the country, and by 1925 there was one automobile for every six Americans (compared to one for every 100 in

Great Britain).¹⁶ The automobile and the freedom it represented touched the American spirit of individualism and exploration, and the new motor tourist – upper and middle class alike -- was lured by the adventure of the open road, unencumbered by the routes and schedules of the railroads.

Following an exhilarating day enjoying the freedom of the open road, early auto tourists were faced with where to take their families in the evening to rest for the next day's journey. Hotels were still primarily located along the railroad lines and in the cities, and even for affluent travelers, the prospect of having to face a lobby of guests and hotel employees while dirty and dusty from a day of driving was not desirable. Travelers complained of the hotel industry's unreasonable dress codes, bad service, and bad food.¹⁷ Gender issues were also prevalent, as women felt uncomfortable in business hotels, and men didn't fit in at the leisure hotels that catered mostly to wives and children.¹⁸ Parking was also problematic, and often not conducive to performing the necessary maintenance for continuing the voyage. Thus, many

¹⁴ URS Corporation, "Historic Resources Evaluation Report US Highway 101/State Route 46 West Interchange Improvement Project," June 2007, 3-7.

¹⁵ Clark Davis, "From Oasis to Metropolis: Southern California and the Changing Context of American Leisure," *Pacific Historical Review* (August, 1992), 361.

¹⁶ Calvin Coolidge papers, "Transportation – General 1923-28: Automobiles and the Highways," Library of Congress, American Memory Collection.

¹⁷ Warren James Belasco, *Americans on the Road: From Autocamp to Motel, 1910-1945* (Cambridge, MA: The MIT Press, 1979), 47.

¹⁸ Belasco, *Americans on the Road*, 56.

travelers took up auto camping as a way to combat these inconveniences, with the added benefit of an even greater sense of freedom and spontaneity, unencumbered by the need for schedules and reservations.

Auto camping as an idyllic, anti-establishment pursuit was over by World War I, as farmers, schools, and other property owners grew tired of the increasing numbers of tourists who camped for free on their land, creating pollution, damaging property, stealing produce, and leaving trash and debris in their wake. These “tin can tourists”¹⁹ were no longer welcome, and no trespassing signs were posted, schoolyards were closed, and tickets were issued to offenders. This turn of events prompted local businessmen to create city-run campgrounds in the middle of town, in the hopes of capitalizing on potential tourist revenue by encouraging visitors to shop and eat in local stores and restaurants. These municipal camps tried to capture the romantic essence of the roadside camps, while offering more conveniences and amenities.

¹⁹ John Jakle, Keith Sculle, and Jefferson Rogers, *The Motel in America* (Baltimore: Johns Hopkins University Press, 1996), 31. “Tin can tourists” was a term developed to describe these campers, referring to the debris they left along the road as well as the “tin lizzies” that they drove.

Increasing numbers of motorists overwhelmed the sites, and more affluent travelers, feeling the effect of the democratization of the automobile, abandoned the public camps to avoid spending the night with “undesirable” people. To discourage this unwanted element, the municipal camps started charging fees, which eventually led to competition from private camps and the end to the municipal system.²⁰ Private camp promoters added cabins to their growing list of amenities, so those who wanted more elaborate lodging could still be accommodated outside of the hotels. The cabins became so popular that the use of tents was abandoned altogether, and by the early 1930s the terminology reflected this shift, as owners started using the word court instead of camp to describe their facilities.

The concept for the motel (or motor hotel) was developed by Arthur Heineman, who, along with his brother Alfred, enjoyed a successful architectural practice from 1909 through 1939, producing over one thousand designs for both residential and commercial buildings primarily in Los Angeles and Pasadena. Arthur Heineman, who was an early automobile enthusiast and frequently

²⁰ Chester Liebs, *Main Street to Miracle Mile: American Roadside Architecture* (Baltimore, MD: The Johns Hopkins University Press, 1995), 172.

traveled to Northern California, felt that auto camps provided travelers with a level of accommodation slightly better than total discomfort that did not measure up to the accepted standards of American life. Arthur's concept for better accommodations for traveling motorists included well-appointed cabins with hotel quality amenities such as indoor plumbing, kitchenettes with gas ranges and refrigerators, and superior furnishings, but without the high construction cost of a multi-story hotel.²¹ The Heinemans' Milestone Motel, which opened in nearby San Luis Obispo in 1925, was the country's first motel, and incorporated a variety of influences to produce a new architecture for the automobile age. Arthur's vision of a series of roadside motels at strategic intervals between San Diego and Seattle was never realized.

Motels offered the same accommodations and amenities as their cabin court predecessors, often including an on-premises restaurant and/or filling station. The greatest boom in the motel industry occurred following World War II. In 1939, there were approximately 13,000 motor courts nationwide. By 1948, that number had

²¹ Belasco, *Americans on the Road*, 141. According to Mr. Belasco's research, the average hotel cost \$5,000 per unit to build, the simple cabin \$150-\$300, and a more elaborate cabin like those proposed by Arthur Heineman \$1,000.

doubled, and the number of motels reached 41,000 by 1952.²² This was due in large part to the end of the Depression and the resurgence of the auto industry.

Ranch-style Architecture

The River Lodge Motel was designed in the Hacienda Ranch architectural style. The Ranch style emerged from the 1930s designs of Southern California architects and designers such as Cliff May, who merged modernist ideas with traditional elements of the working ranches of the American West and in particular, the rustic adobe houses of California's Spanish- and Mexican-era *ranchos*.²³ Early Ranch-style houses feature board-and-batten exterior cladding and low-pitch gable roofs with wood shakes.

In the 1930s, many Ranch-style designs interpreted the simpler, more rustic style of traditional haciendas; this variation is commonly referred to as the Hacienda Ranch style. These designs tended to be informal one-story buildings finished in plaster, brick, or board-and-batten siding, with irregular

²² Elizabeth Rosin and Martha H. Bowers, *Historic Context for Evaluation of Commercial Roadside Architecture* (Milford-Georgetown, DE: Delaware Department of Transportation, 1992), 15.

²³ Description of Ranch style architecture largely based on the scholarship of Alan Hess, including his book *Ranch House* (New York: Harry N. Abrams, Inc., 2004); and the work of Cliff May, particularly as described in Paul C. Johnson, ed., *Western Ranch Houses* (Los Angeles: Hennessey + Ingalls, 1997).

or rambling plans, low-pitched tile or wood shake roofs, wide verandas, wood or steel windows, and minimal ornamentation.

The Ranch style combined modernist ideas of open interior space with traditional imagery of working ranches and Spanish ranchos. It became increasingly popular in the post-World War II era, and embodied the mid-20th century ideal of “California living.” It was more conservative than other modern architecture of the period, often using decorative elements based on historical forms and capitalizing on the national fascination with the “Old West.” The underlying philosophy of the Ranch style was informality, outdoor living, and natural materials.

Googie-style Architecture

The River Lodge Motel roadside sign is an example of a Googie sign. As an architectural style, Googie has been described as “Modernism for the masses.”²⁴ The style derives its name from a Los Angeles coffee shop designed by architect John Lautner (1911-1994). It was widely used in roadside commercial architecture of the 1950s including coffee shops, motels, bowling alleys, and car washes. In his seminal book on the subject, author Alan Hess describes the sources of the

common forms in Googie architecture as both “mechanical” and “organic.”²⁵ Mechanical forms were often derived from contemporary automobile design, while organic forms drew inspiration from atomic science. Hess also describes the Googie style as a reflection of the transportation mechanism, “The road system itself was an engineered machine, a vast web interlacing cities with banked curves, graded straight ways, service stations to fuel cars, restaurants to rest drivers and some systems of signs and billboards for guidance.”²⁶

Googie stylistic features and forms were also applied to commercial signs in the post-World War II era. Common features include distinctive lettering, kinetic forms, and oversized stature to be seen from “a car block away.”²⁷ Hess describes quintessential Googie signs as “circles and squares, volumes and lines, script and cursive, neon and rear-lit signs — the design of contrast.”²⁸ All of these elements were used to catch the eye of the passing motorist at high speeds.

²⁴ Historic Resources Group, “City of Paso Robles Historic Resources Survey,” August 2010, 87.

²⁵ Alan Hess, *Googie* (San Francisco, CA: Chronicle Books), 1985, 35.

²⁶ Hess, *Googie*, 42.

²⁷ Hess, *Googie*, 44.

²⁸ Hess, *Googie*, 44.

4.2 Site Development History

Unlike its Spring Street competitors, the Suburban Lodge Motel was located directly adjacent to U.S. Highway 101 at the intersection of SR-46W. Its location was described as “three miles south of Paso Robles” in a postcard from the 1950s. The construction of the motel has been dated to 1954 based on advertisements in contemporary newspapers and a San Luis Obispo County property search.²⁹ The San Luis Obispo County Assessor’s Office, however, currently shows that the building was constructed in 1955.³⁰ Some early photographs date the motel to 1947 or 1949; however, those dates are not corroborated in any other sources. The definitive construction date cannot be confirmed because the property was located outside of the city limits at the time of its construction and no original building permits remain.³¹ Alteration permits are only available beginning in the 1980s.³²

²⁹ URS Corporation, State of California, Department of Parks and Recreation DPR Form, July 2006, 1; and a telephone conversation with Susan DeCarli of the City of Paso Robles Building Department, July 28, 2016.

³⁰ San Luis Obispo County Assessor’s Office, <http://assessor.slocounty.ca.gov/pisa/SearchResults.aspx> (accessed July 27, 2016).

³¹ Historic101.com, http://www.historic101.com/Paso_Robles/Location_A.htm (accessed July 27, 2016).

³² Telephone conversation with Monica Hollenback, City of Paso Robles Building Department, July 27, 2016.

The motel was originally owned by husband and wife Quinton C. Lee and Willie Lee until Quinton’s passing in 1960. Quinton C. Lee, the son of a builder, was a carpenter living in Hanford and working in the house building industry according to the 1930 and 1940 U.S. Census. It is currently unknown if Lee contributed to the design or the construction of the Suburban Lodge Motel. According to Paso Robles City Directories, the Lees lived at the motel, at the Rt.1 Box 25A address. It is believed that the motel’s name, the Suburban Lodge, represented its location away from downtown and adjacent to the Gahan Subdivision (which was developed between 1951 and 1953).³³

Historic photographs show that the 22-guest room, L-shaped, Hacienda Ranch-style motel was first constructed without a swimming pool. It featured soundproof units, early American furnishings, tile showers, thermo heat, televisions, phones, and in-room coffee. By 1955, a heated kidney-shaped swimming pool had been added. The motel was part of a larger complex at the interchange which included a gas station, restaurant, and drive-in movie theater.³⁴ The 1957 San Luis Obispo

³³ URS Corporation, State of California, Department of Parks and Recreation DPR Form, July 2006, 5.

³⁴ “Adventures in Travel: A Travel Mat,” (Prairie du Chien, WI: Press Publishing Co., 1955), no page.

Directory describes the motel as "...family accommodation and recreation area for the entertainment of guests."³⁵

Historic photographs and postcards reveal that the motel's original sign was a wood monument sign featuring a large arrow that directed people off U.S. Highway 101 at Gahan Place/present-day Theatre Drive. In 1958, U.S. Highway 101 was transformed from a divided highway into a four-lane highway and the route down Spring Street was bypassed.³⁶ In the mid-1960s, the interchange was realigned to bypass Gahan Place. This meant that the motel was now located at the southwest corner of the new intersection, instead of the northwest quadrant of the U.S. 101/SR-46W interchange.³⁷ The installation of the new neon pole sign (in the same location as the original sign) may have occurred around or shortly after the highway bypassed Spring Street in 1958, though the exact date has not been confirmed. The eye-catching design reflects the need to attract fast-moving cars traveling along the highway. In keeping with the latest design trends, the new sign was Googie

in style, rather than reflective of the motel's Ranch-style architecture.

In 1993, the Suburban Lodge was renamed the River Lodge Motel.

Historic photographs are included in Appendix B.

³⁵ URS Corporation, State of California, Department of Parks and Recreation DPR Form, July 2006, 5.

³⁶ It is currently unknown if this was part of the National Interstate and Defense Highway Act of 1956 or a state improvement program.

³⁷ URS Corporation, State of California, Department of Parks and Recreation DPR Form, July 2006, 3.

5.0 REGULATORY REVIEW

5.1 Historical Resources under CEQA

CEQA requires that environmental protection be given significant consideration in the decision making process. Historical resources are included under environmental protection. Thus, any project or action which constitutes a substantial adverse change to a historical resource also has a significant effect on the environment pursuant to the State CEQA Guidelines.

When the California Register of Historical Resources was established in 1992, the Legislature amended CEQA to clarify which cultural resources are significant, as well as which project impacts are considered to be significantly adverse. A "substantial adverse change" means "physical demolition, destruction, relocation, or alteration of the resource or its immediate surroundings such that the significance of an historical resource would be materially impaired."³⁸

CEQA defines a historical resource as a resource listed in, or determined eligible for listing, in the California Register of Historical Resources. All properties on the California Register are to be considered under CEQA. However, because a property does not appear on the California Register does not mean it

is not significant and therefore exempt from CEQA consideration. All resources determined eligible for the California Register are also to be considered under CEQA.

The courts have interpreted CEQA to create three categories of historical resources:

- *Mandatory historical resources* are resources "listed in, or determined to be eligible for listing in, the California Register of Historical Resources."
- *Presumptive historical resources* are resources "included in a local register of historical resources, as defined in subdivision (k) of Section 5020.1, or deemed significant pursuant to criteria set forth in subdivision (g) of Section 5024.1" of the Public Resources Code, unless the preponderance of the evidence demonstrates that the resource is not historically or culturally significant.
- *Discretionary historical resources* include buildings which do not fall within the mandatory or presumptive categories but which may still be deemed historical

³⁸ State CEQA Guidelines Section 15064.5(b)(1).

resources at the discretion of the lead agency.³⁹

Section 15064.5 of the CEQA Guidelines (California Code of Regulations, Title 14, Chapter 3) supplements the statute by providing two additional definitions of historical resources, which may be simplified in the following manner. An historic resource is a resource that is:

- Identified as significant in an historical resource survey meeting the requirements of Public Resources Code 5024.1 (g);
- Determined by a lead agency to be historically significant or significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, military, or cultural annals of California. Generally, this category includes resources that meet the criteria for listing on the California Register (Pub. Res. Code 5024.1, Title 14 CCR, Section 4852).

The fact that a resource is not listed in, or determined eligible for listing in, the California Register, not included in a

³⁹ *League for the Protection of Oakland's Architectural and Historic Resources v. City of Oakland* (1997) 52 Cal. App. 4th 896, 906-7; *Valley Advocates v. City of Fresno* (2008) 160 Cal App 4th 1039; and *Citizens for the Restoration of L Street v. City of Fresno* (2014) 239 Cal App 4th 340.

local register of historic resources, or not deemed significant pursuant to criteria set forth in subdivision (g) of Section 5024.1, does not preclude a lead agency from determining that the resource may be an "historic resource" for purposes of CEQA.

Properties formally determined eligible for listing in the National Register of Historic Places are automatically listed in the California Register. Properties designated by local municipalities can also be considered historical resources. A review of properties that are potentially affected by a project for historic eligibility is also required under CEQA.

5.2 Historic Designations

A property may be designated as historic by Federal, State, and local authorities. In order for a building to qualify for listing in the National Register or the California Register, it must meet one or more identified criteria of significance. The property must also retain sufficient architectural integrity to continue to evoke the sense of place and time with which it is historically associated.

National Register of Historic Places

The National Register is "an authoritative guide to be used by Federal, State, and local governments, private groups and citizens to identify the nation's cultural resources. Listing of private property in the National Register does not prohibit under Federal law or

regulation any actions which may otherwise be taken by the property owner with respect to the property.⁴⁰ The National Park Service administers the National Register program.

To be eligible for listing and/or listed in the National Register, a resource must possess significance in American history and culture, architecture, or archaeology. Listing in the National Register is primarily honorary and does not in and of itself provide protection of an historic resource. The primary benefit of listing in the National Register for private owners of historic buildings is the availability of financial and tax incentives. For projects that receive Federal funding, a clearance process must be completed in accordance with Section 106 of the National Historic Preservation Act. Furthermore, state and local regulations may apply to properties listed in the National Register.

The criteria for listing in the National Register follow established guidelines for determining the significance of properties. The quality of significance in American history, architecture, archeology, engineering, and culture is present in districts, sites, buildings, structures, and objects:

- A. That are associated with events that have made a significant contribution to the broad patterns of our history; or
- B. That are associated with the lives of persons significant in our past; or
- C. That embody the distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
- D. That have yielded, or may be likely to yield, information important in prehistory or history.⁴¹

In addition to meeting any or all of the criteria listed above, properties nominated must also possess integrity of *location, design, setting, materials, workmanship, feeling, and association.*⁴²

Special Considerations for Historic Signs

The National Park Service provides specific guidelines for the preservation of historic signs in Preservation Brief

⁴⁰ 36CFR60, Section 60.2.

⁴¹ 36CFR60, Section 60.3. The consideration of potential archaeological resources is outside the scope of the historic resources technical report; therefore, the property is not evaluated for potential significance under Criterion D.

⁴² Historic integrity is discussed in greater detail below.

25.⁴³ A sign can be significant whether they are associated with a historic building, or not. In addition, a sign does not have to continue to be associated with the historic business in order to be significant. According to Preservation Brief 25, signs “often become so important to a community that they are valued long after their role as commercial markers has ceased...in these cases signs transcend their conventional role as vehicles of information, as identifiers of something else...they no longer merely advertise, but are valued in and of themselves. They become icons.”⁴⁴

California Register of Historical Resources

The California Register is an authoritative guide in California used by State and local agencies, private groups, and citizens to identify the State's historical resources and to indicate what properties are to be protected, to the extent prudent and feasible, from substantial adverse change.⁴⁵

The criteria for eligibility for listing in the California Register are based upon National Register criteria. These criteria are:

1. Associated with events that have made a significant contribution to the broad patterns of local or regional history or the cultural heritage of California or the United States.
2. Associated with the lives of persons important to local, California or national history.
3. Embodies the distinctive characteristics of a type, period, region or method of construction or represents the work of a master or possesses high artistic values.
4. Has yielded, or has the potential to yield, information important to the prehistory or history of the local area, California or the nation.⁴⁶

The California Register consists of resources that are listed automatically and those that must be nominated through an application and public hearing process. The California Register includes the following:⁴⁷

- California properties formally determined eligible for (Category 2 in the State

⁴³ Michael J. Auer, “Preservation Brief 25: The Preservation of Historic Signs,” National Park Service, October 1991.

⁴⁴ “Preservation Brief 25,” 6.

⁴⁵ California PRC, Section 5024.1(a).

⁴⁶ The consideration of potential archaeological resources is outside the scope of the historic resources technical report; therefore, the property is not evaluated for potential significance under Criterion 4.

⁴⁷ California PRC, Section 5024.1(d).

Inventory of Historical Resources), or listed in (Category 1 in the State Inventory), the National Register of Historic Places.

- State Historical Landmarks No. 770 and all consecutively numbered state historical landmarks following No. 770. For state historical landmarks preceding No. 770, the Office of Historic Preservation (OHP) shall review their eligibility for the California Register in accordance with procedures to be adopted by the State Historical Resources Commission (commission).
- Points of historical interest which have been reviewed by the OHP and recommended for listing by the commission for inclusion in the California Register in accordance with criteria adopted by the commission.

Local Designation Program

Based on Section 21.50.080B of the City of Paso Robles Historic Preservation Ordinance:

A building, structure, object or site may be designated as a Historic Landmark if it possesses sufficient character-defining features, integrity of location, design, setting, materials, workmanship, feeling

or association and meets at least of the following criteria:

- 1) It reflects special elements of the City's historical, archeological, cultural, social, economic, aesthetic, engineering or architectural development;
- 2) It is identified with persons or events significant in local, state or national history;
- 3) It embodies distinctive characteristics of a style, type, period or method of construction, or it is a valuable example of the use of indigenous materials or craftsmanship; or whether the building or structure represents an established and familiar visual feature of a neighborhood or community of the city; or
- 4) It has yielded, or has the potential to yield, information important to the history or prehistory of Paso Robles, California or the nation.⁴⁸

⁴⁸ "City of Paso Robles Historic Preservation Ordinance," <http://www.prcity.com/government/departments/comdev/pdf/HistoricPreservationOrdinance-Final.pdf> (accessed July 27, 2016). The consideration of potential archaeological resources is outside the scope of the historic resources technical report; therefore, the property is not evaluated for potential significance under Criterion 4.

5.3 Historic Integrity

Historic integrity is the ability of a property to convey its significance and is defined as the “authenticity of a property’s historic identity, evidenced by the survival of physical characteristics that existed during the property’s historic period.”⁴⁹ The National Park Service defines seven aspects of integrity: location, design, setting, materials, workmanship, feeling, and association. These qualities are defined as follows:⁵⁰

- *Location* is the place where the historic property was constructed or the place where the historic event took place.
- *Design* is the combination of elements that create the form, plan, space, structure, and style of a property.
- *Setting* is the physical environment of a historic property.
- *Materials* are the physical elements that were combined or deposited during a particular

period of time and in a particular pattern or configuration to form a historic property.

- *Workmanship* is the physical evidence of the crafts of a particular culture or people during any given period in history or prehistory.
- *Feeling* is a property's expression of the aesthetic or historic sense of a particular period of time.
- *Association* is the direct link between an important historic event or person and a historic property.

In assessing a property's integrity, the National Park Service recognizes that properties change over time. *National Register Bulletin 15* provides:

*To retain historic integrity a property will always possess several, and usually most, of the aspects. It is not necessary for a property to retain all its historic physical features or characteristics. The property must retain, however, the essential physical features that enable it to convey its historic identity.*⁵¹

⁴⁹ Linda F. McLelland, *National Register Bulletin 16A: How to Complete the National Register Registration Form*. Washington, D.C.: U.S. Department of the Interior, National Park Service, U.S. 1997.

⁵⁰ Rebecca H. Shrimpton, ed. *National Register Bulletin 15: How to Apply the National Register Criteria for Evaluation*. Washington D.C.: U.S. Department of the Interior, National Park Service, 1997.

⁵¹ *National Register Bulletin 15*.

A property that has lost some historic materials or details can be eligible if it retains the majority of the features that illustrate its style in terms of the massing, spatial relationships, proportion, pattern of windows and doors, texture of materials, and ornamentation. The property is not eligible, however, if it retains some basic features conveying massing but has lost the majority of the features that once characterized its style.

6.0 IDENTIFICATION OF POTENTIAL HISTORICAL RESOURCES

The Project Site is evaluated for the purposes of identifying potential historic resources as defined by CEQA.

6.1 Previous Assessments

The River Lodge Motel is not listed in the National Register of Historic Places, the California Register of Historical Resources, or as a Historic Landmark by the City of Paso Robles. Neither the building nor the sign have been formally determined eligible as part of a previous study or evaluation.

In June 2007, the URS Corporation evaluated the River Lodge Motel as part of the environmental study of a proposed U.S. Highway 101/State Route 46 West Interchange Improvement Project.⁵² At that time, the River Lodge Motel was determined ineligible for listing in the National Register of Historic Places or the California Register of Historical Resources; the sign was not evaluated independently as a potential historic resource as part of that evaluation. The evaluation determined that the River Lodge Motel is “not a distinctive example of motel architecture in the County or city.”⁵³ The URS Corporation

further noted that the building “does not embody *distinctive* characteristics of a type, period, or method of construction. It is not a distinctive motel or a distinctive example of ranch-style architecture or representative of mid-twentieth century construction.”⁵⁴

In December 2007, the California Office of Historic Preservation issued a letter concurring with the URS Corporation’s assessment that the River Lodge Motel is not eligible for listing in the National Register of Historic Places.⁵⁵

In 2009, the property was formally determined ineligible for listing in the California Register of Historical Resources by Caltrans, as part of the environmental review of proposed modifications to the U.S. Highway 101/State Route 46 West Interchange Improvement Project. In the documentation prepared for the Mitigated Negative Declaration for that project, Caltrans noted the following with respect to the historic resources in the project vicinity [**emphasis added**]:

A Historic Property Survey Report, including an Archaeological Survey

101/State Route 46 West Interchange Improvement Project, June 2007, p. 3-8.

⁵² URS Corporation, State of California, Department of Parks and Recreation DPR Form, July 2006.

⁵³ URS Corporation, “3.2 Highway 101, Highway 46, and Roadside Lodgings in Paso Robles,” *Historic Resources Evaluation Report of the U.S. Highway*

⁵⁴ URS Corporation, State of California, Department of Parks and Recreation DPR Form, July 2006.

⁵⁵ Milford Wayne Donaldson, FAIA, State Historic Preservation Officer, letter to Department of Transportation, December 5, 2007.

*Report and Historic Resources Evaluation Report, was prepared for the proposed project. No historic properties would be affected by this project. Five historic period (pre-1961) buildings were evaluated [including 1955 Theatre Drive]. The State Historic Preservation Officer concurred on December 5, 2007 that none of these properties are eligible for listing in the National Register of Historic Places, for purposes of evaluation under the National Environmental Policy Act and Section 106 of the National Historic Preservation Act. **None of these properties are historical resources for purposes of the California Environmental Quality Act.***⁵⁶

6.2 Historic Resources Assessment

The 2007 and 2009 evaluations did not consider local eligibility in assessing the Project Site as a potential historic resource. This report acknowledges and accepts the previous determinations that the River Lodge Motel is not eligible for listing in the National or California Registers. However, an evaluation for local eligibility is included in this report, in order to make a recommendation as to whether the lead

⁵⁶ Caltrans, *U.S. Highway 101/State Route 46 West Interchange Modification Project, Initial Study with Mitigated Negative Declaration/Environmental Assessment with Finding of No Significant Impact*, December 2009.

agency should exercise its discretion in considering the River Lodge Motel a historical resource for purposes of CEQA.

In addition, the previous evaluations did not assess the sign separately as a potential historic resource at the federal, state, or local levels; such an evaluation would be consistent with National Park Service guidance for the identification of historic signs. Therefore, the sign is evaluated below for potential individual significance, separate from its significance as a character-defining feature of the motel property.

Historic Resources Assessment: River Lodge Motel

Evaluation of Integrity

The River Lodge Motel has been re-roofed with synthetic tile roofing but otherwise has undergone almost no exterior alterations. It therefore retains all seven aspects of historic integrity as defined by the National Park Service:

Location: The motel remains on its original site; therefore, it retains integrity of location.

Design: The motel building retains significant elements of its Hacienda Ranch-style design, including its wide, L-shaped plan, one-story massing, covered veranda with wood posts and corbels, and steel sash casement windows with wood sills. Therefore, it retains integrity of design.

Setting: The motel is situated outside of the commercial thoroughfare of Spring Street, in an area that was historically, and continues to be, removed from the commercial center of Paso Robles. It retains character-defining features of the site, including the open landscaped area and surface parking lot. Although there has been recent development in the area, the motel continues to convey its roadside setting immediately adjacent to U.S. Highway 101. Therefore, it retains integrity of setting.

Materials: The motel building has undergone only minor alterations over time and retains significant exterior character-defining features and finishes. Therefore, it retains integrity of materials.

Workmanship: The motel building has undergone only minor exterior alterations over time, and continues to reflect workmanship from the period. Therefore, it retains integrity of workmanship.

Feeling: The River Lodge Motel retains integrity of location, setting, and design and, therefore, continue to express the aesthetic and historic sense of a mid-20th century, Hacienda Ranch-style motel building associated with automobile tourism in Paso Robles. Therefore, it retains integrity of feeling.

Association: The River Lodge Motel retains integrity of location, setting, design, and feeling. Therefore, it retains its historic association with post-World

War II automobile tourism in Paso Robles.

Evaluation of Potential Significance

The River Lodge Motel has been determined ineligible for listing in the National Register of Historic Places or the California Register of Historical Resources. Therefore, this evaluation only considers its potential eligibility for designation as a City of Paso Robles Historic Landmark.

Local Criterion 1

Tourism has been an important and integral part of the development of Paso Robles throughout its history. The River Lodge Motel reflects automobile tourism in Paso Robles, which has been identified as an important context in the post-World War II development of the city. It is located immediately adjacent to U.S. Highway 101, specifically to attract visiting motorists. The motel concept, which was established in the mid-1920s and continued to grow in popularity after World War II, reflects the increased importance of the car culture in California and the growth of automobile tourism after the war.

The River Lodge Motel represents a significant historic trend that was important in local cultural and economic development. It a rare, intact example of a motel from the postwar period reflecting the growing car culture in California and the increased importance of automobile tourism

during this period. Therefore, the River Lodge Motel property (which includes the building and the sign) are eligible for designation as a City of Paso Robles Historic Landmark under Criterion 1.

Local Criterion 2

There is no evidence that the River Lodge Motel is associated with an important person or event. Therefore, it does not appear eligible for designation as a City of Paso Robles Historic Landmark under Criterion 2.

Local Criterion 3

The River Lodge Motel represents a good and intact local example of a Hacienda Ranch-style commercial architecture, and an excellent example of the motel property type, associated with the City of Paso Robles as a travel and auto tourism destination during the post-World War II period. The motel building retains significant character-defining features of its original Hacienda Ranch-style design, and continues to convey its significance as an example of Ranch-style architecture applied to a commercial building. The use of traditional hacienda elements in the design of the motel evokes a sense of nostalgia and is intended to create a home-like environment meant to appeal to weary traveler.

The River Lodge Motel embodies the distinctive characteristics of Ranch-style architecture, and represents an established and familiar visual feature of the city. Therefore, the River Lodge

Motel is eligible for designation as a City of Paso Robles Historic Landmark under Criterion 3.

Historic Resources Assessment: River Lodge Motel Sign

As identified by the National Park Service, a sign can be significant whether it is associated with a historic building or not, and can transcend its role as a vehicle of information to become a community landmark or icon.⁵⁷ The River Lodge Motel sign is a character-defining feature of the motel property, but it should also be considered as a potential historic resource on its own, in addition to contributing to the significance of the site overall.

Evaluation of Integrity

The River Lodge Motel sign has been altered since its initial construction, and therefore its historic integrity has been compromised:⁵⁸

Location: The sign remains on its original site. Therefore, it retains integrity of location.

Design: The sign retains significant elements of its Googie-style design, including the chevron, staggered

⁵⁷ "Preservation Brief 25."

⁵⁸ Alteration permits for the property exist from the 1980s onward; however, no alteration permits for the sign were located during a telephone conversation with Monica Hollenback, City of Paso Robles Building Department, July 27, 2016.

squares and rectangles, eye-catching height, and location adjacent to U.S. Highway 101. Although some design elements have been removed, the sign continues to convey a kinetic design aesthetic associated with the Google style. Therefore, the sign retains integrity of design.

Setting: The sign is still highly visible from the U.S. Highway 101 from both directions, as it was at the time of its construction. Therefore, the sign retains integrity of setting.

Materials: The sign has been altered over time, and significant original materials have been changed or removed. This includes the alteration of the original neon "Suburban Lodge" sign, the removal of two of the original sign components (the horizontal elements reading "pool" and "vacancy"), and the removal of the original neon tubing on the chevron. Therefore, the sign does not retain integrity of materials.

Workmanship: The sign has been altered over time, and significant neon elements that reflect period workmanship have been removed. Therefore, the sign does not retain integrity of workmanship.

Feeling: The sign retains integrity of location, setting, and design and, therefore, continues to express the aesthetic and historic sense of a mid-20th century, Google-style sign associated with Paso Robles auto

tourism. Therefore, the sign retains integrity of feeling.

Association: The sign retains integrity of location, setting, design, and feeling. Therefore, it retains its historic association with mid-20th century Paso Robles auto tourism.

Evaluation of Potential Significance

Due to alterations to the original sign, the River Lodge (formerly the Suburban Lodge) Motel sign does not retain sufficient integrity for listing in the National Register of Historic Places or the California Register of Historical Resources. It does, however, retain sufficient integrity to be designated on the local level. Therefore, it is evaluated below for potential eligibility as a City of Paso Robles Historic Landmark.

Criterion 1

The motel sign represents a prominent and rare roadside sign in Paso Robles representing the influence and significance of automobile tourism in the city. The sign's location immediately adjacent to U.S. Highway 101 reflects the trend of designing eye-catching signs to capture the attention of the fast-moving automobile tourist. The River Lodge Motel sign reflects special elements of the City's historical, cultural, and economic, development. It retains sufficient character-defining features and aspects of integrity to convey its significance as a local historic resource. Therefore, it is eligible for

designation as a City of Paso Robles Historic Landmark under Criterion 1.

Criterion 2

There is no evidence that the River Lodge Motel sign is associated with an important person or event. Therefore, it is not eligible for designation as a City of Paso Robles Historic Landmark under Criterion 2.

Criterion 3

The River Lodge (formerly the Suburban Lodge) Motel sign represents a rare and important local example of a Googie-style sign associated with the City of Paso Robles as a travel and auto tourism destination during the post-World War II period. The sign retains significant character-defining features of its original Googie-style design, and is a good local example of the type. Its prominent location at the intersection of the U.S. Highway 101 and SR-46 West with visibility from both directions make it an iconic visual feature of the city and the scenic highway. Therefore, the River Lodge Motel sign is eligible for designation as a City of Paso Robles Historic Landmark under Criterion 3.

6.3 Conclusion

Although the River Lodge Motel was determined ineligible for listing in the National Register of Historic Places or the California Register of Historical Resources, it is highly intact and continues to convey its significance as a good and prominent local example of

automobile tourism and a Ranch-style motel. It appears eligible for designation as a City of Paso Robles Historic Landmark under Criteria 1 and 3.

Therefore, it is recommended that the River Lodge Motel be considered a historical resource for purposes of CEQA.

The River Lodge Motel Sign, added to the property in c. 1958, is a character-defining feature of the motel property, and also appears individually eligible for individual designation as a historic sign. Due to alterations, the sign no longer retains integrity of materials and workmanship; therefore, it is not eligible for listing in the National Register of Historic Places or the California Register of Historical Resources. However, it continues to convey its significance on the local level as a good and prominent example of a Googie-style roadside sign and appears eligible for designation as a City of Paso Robles Historic Landmark. Therefore, it is recommended that the River Lodge Motel sign be considered a historical resource for purposes of CEQA.

7.0 ANALYSIS OF POTENTIAL IMPACTS

7.1 Framework for Analysis

The State Legislature, in enacting the California Register, amended CEQA to clarify which properties are significant, as well as which project impacts are considered to be significantly adverse.

A project with an effect that may cause a substantial adverse change in the significance of a historic resource is a project that may have a significant effect on the environment.⁵⁹ A substantial adverse change in the significance of a historic resource means demolition, destruction, relocation, or alteration of the resource or its immediate surroundings such that the significance of a historical resource would be materially impaired.⁶⁰

The CEQA Guidelines further state that “[t]he significance of an historic resource is materially impaired when a project... [d]emolishes or materially alters in an adverse manner those physical characteristics of an historical resource that convey its historical significance and that justify its inclusion in, or eligibility for, inclusion in the California Register of Historical Resources... local register of historic

resources... or its identification in a historic resources survey.”⁶¹

As such, the test for determining whether or not the project will have a significant impact on identified historic resources is whether it will materially impair physical integrity of the historic resource such that it would no longer be listed in the National or California Registers or the local landmark program.

7.2 Analysis of Potential Impacts

The Project proposes the demolition of the River Lodge Motel (and all attendant character-defining features, including the sign) and the construction of a new hotel building in its place. The demolition of the River Lodge Motel would result in significant adverse impacts to a building and sign that are considered collectively and individually as historic resources under CEQA. Demolition of historic resources cannot be mitigated to a less-than-significant level. Therefore, the Project as proposed would result in significant adverse impacts to historic resources.

7.3 Recommended Project Features

Although the physical impact on the environment caused by demolition or destruction of an historical resource cannot be mitigated, CEQA requires that all feasible measures be undertaken

⁵⁹ *CEQA Guidelines*, section 15064.5(b).

⁶⁰ *CEQA Guidelines*, section 15064.5(b)(1).

⁶¹ *CEQA Guidelines*, section 15064.5(b)(2).

even if they do not mitigate below a level of significance.⁶² In this context, recordation serves a legitimate archival purpose. The level of documentation required as a mitigation should be proportionate with the level of significance of the resource.

Relocation of a historical resource may constitute an adverse impact to the resource. However, in situations where relocation is the only feasible alternative to demolition, relocation may mitigate below a level of significance provided that the new location is compatible with the original character and use of the historical resource and the resource retains its eligibility for historic designation.⁶³

The National Park Service provides specific guidance about the reuse and relocation of historic signs.⁶⁴ These guidelines discuss alternatives when a historic sign cannot remain unaltered and in its original location; they do not specify that a sign would retain eligibility for historic designation if one of the alternative solutions was undertaken. Proposed alternatives in lieu of demolishing a historic sign:

- If a historic sign cannot remain in its original location, it can be moved

elsewhere on the building (or property).

- Modifying the sign for use with the new business. This may not be possible without destroying essential features, but in some cases it can be done by changing details only.
- Relocating the sign to the interior, such as in the lobby or above the bar in a restaurant. This option is less preferable than keeping the sign outside the building, but it does preserve the sign, and leaves open the possibility of putting it back in its historic location.

Based on the criteria and integrity thresholds for designating historic resources, it is presumed that if a sign was relocated on the original property or to another location that enabled it to continue to convey its historic significance, it would remain eligible for historic designation. Similarly, if it were modified such that the essential features were retained and it continued to convey its original design, it could also remain eligible for designation despite the alterations. However, the final option of relocating a historic sign to an interior location would render it ineligible for historic designation.

⁶² Office of Historic Preservation, "California Office of Historic Preservation Technical Assistance Series #1: California Environmental Act (CEQA) and Historical Resources," 6.

⁶³ 14 CCR § 4852(d)(1).

⁶⁴ "Preservation Brief 25."

Based on these CEQA and National Park Service guidelines, the following project features are recommended:

1. Explore all commercially viable options to relocate and rehabilitate the River Lodge Motel sign to another location on the Project Site, or to a suitable location on another site such that it would retain its eligibility for designation as a City of Paso Robles Historic Landmark. Any proposed relocation site shall be approved by the City of Paso Robles.
2. If a suitable site for the relocation of the River Lodge Motel sign cannot be identified, salvage the significant character-defining features of the sign and reuse them as part of the new project.
3. Prior to the demolition of the River Lodge Motel, the Applicant will prepare Historic American Building Survey (HABS)-like documentation of the property, including a narrative site history in outline format and large format photography (4" x 5" negative or larger), documenting the existing condition of the site. Views shall include contextual views, all exterior elevations, and detailed views of significant

exterior architectural features. This documentation should be deposited in the City of Paso Robles, and other local archives, as appropriate.

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APPENDIX A: EXISTING CONDITION PHOTOGRAPHS⁶⁵



Context view, looking North

⁶⁵ All existing condition photographs taken by Historic Resources Group, June 24, 2016.



Context view, looking Northwest



Context view, looking Southwest



Context view looking Northwest



View of motel office, looking Northwest



Detail of motel office entrance, looking West



View of motel, looking Northwest



View of motel, looking Northwest



View of the pool and motel, looking Southwest



Detail of covered walkway and planter box



Detail of fire pit

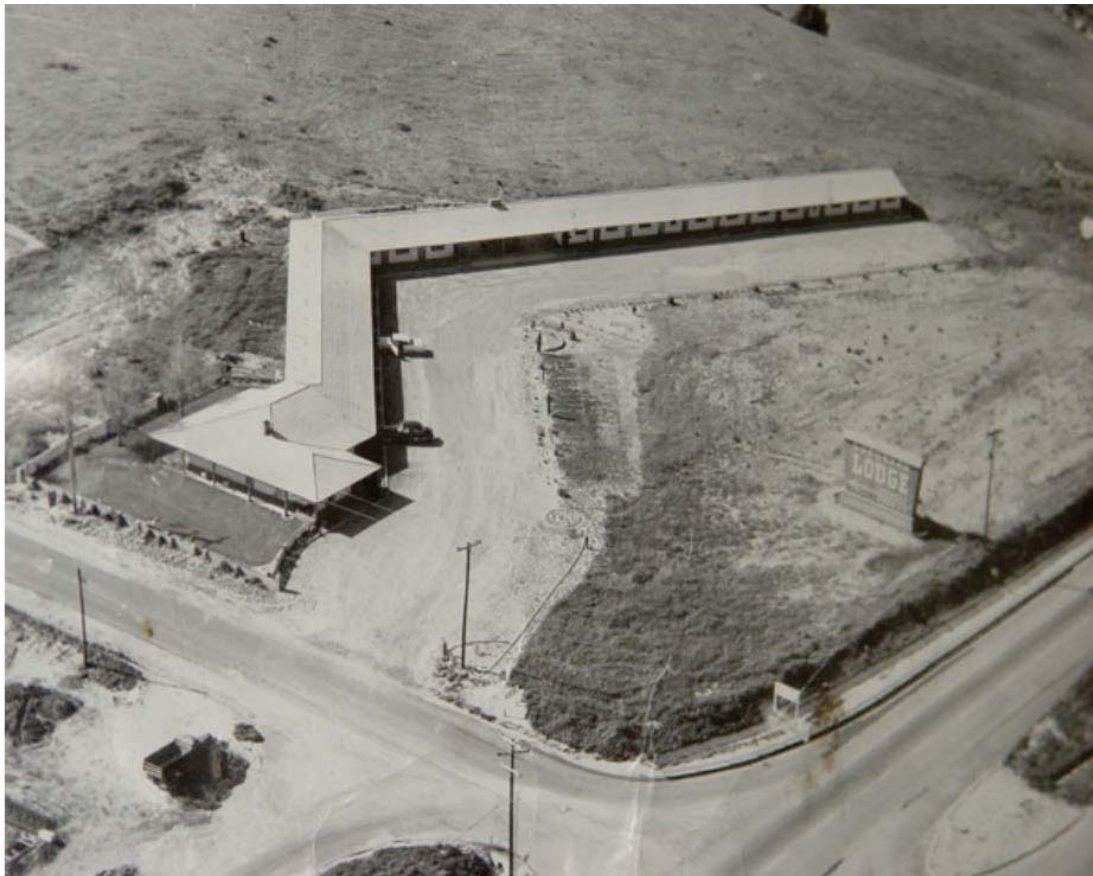


River Lodge Motel sign, looking Northeast

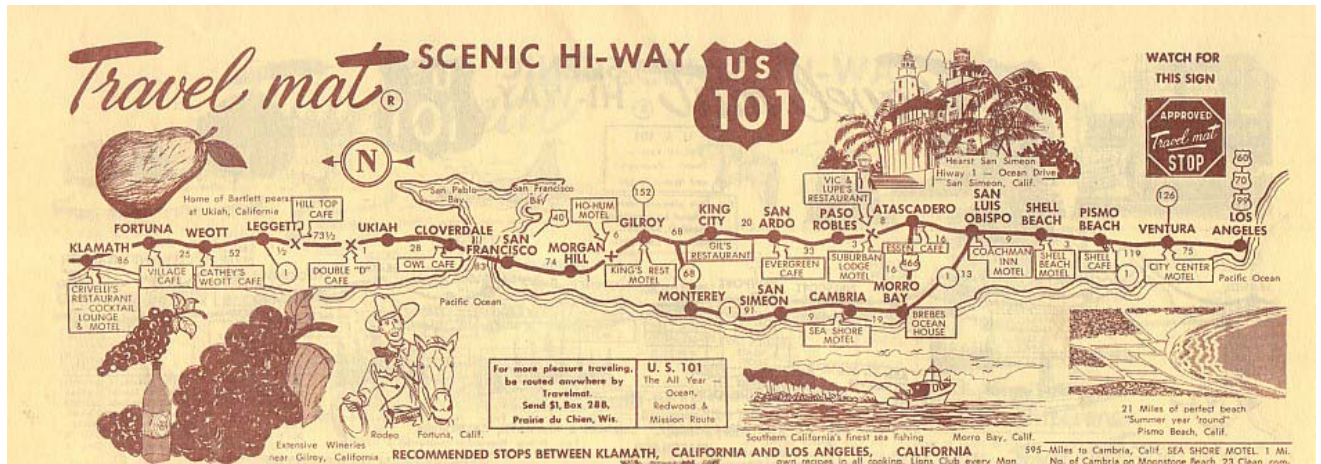


Detail of the River Lodge Motel sign

APPENDIX B: HISTORIC PHOTOGRAPHS



Aerial view of the Suburban Lodge Motel showing the original wood monument sign and no pool. Although the source of the image dates this photo to 1949, no other documentation corroborates that date. The image can be dated prior to 1955 when the pool was installed. Source: [www.Historic 101.com](http://www.Historic101.com) (accessed July 27, 2016).



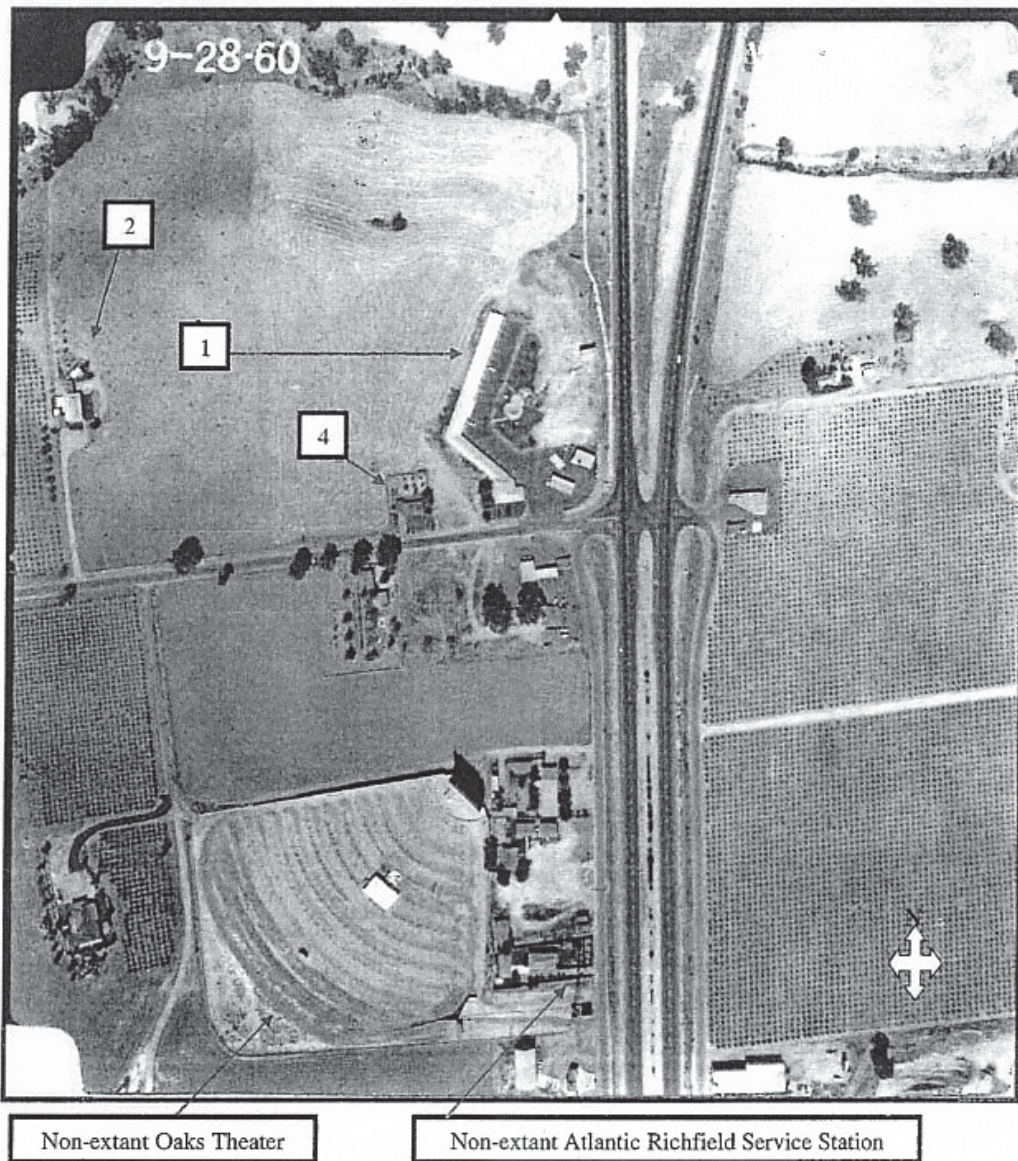
Travel Mat Map of U.S. Highway 101 shows the Suburban Lodge Motel as a recommended stopping place along the route. Source: Private Collection.



Postcard of the Suburban Lodge Motel c. 1956 showing the pool and original wood sign. Source: CardCow.com (accessed July 27, 2016).



Photo of Suburban Lodge Motel Sign c. 1965 shows the Googie-style sign. Source: El Paso de Robles Area Historical Society, San Luis Obispo County Assessor.



September 28, 1960 Aerial of Suburban Lodge Motel (numbered item #1) and immediate area. Drive-in theater and service station are identified. Source: URS Corporation, "Historic Resources Evaluation Report U.S. Highway 101/State Route 46 West Interchange Improvement Project," June 2007, 3-9.



El Paso de Robles Area Historical Society
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Paso Robles, CA 93447
pasohistory1@sbcglobal.net
(805) 238 - 4996

RECEIVED

JUN 05 2017

City of Paso Robles
Community Development Dept.

June 1, 2017

Warren Frace
Community Development Director
City of El Paso de Robles
1000 Spring Street
Paso Robles, CA 93446

RE: Demolition of the River Lodge, 1955 Theatre Drive

Dear Mr. Frace:

On behalf of the El Paso de Robles Area Historical Society we are writing to formally oppose demolition of the River Lodge at 1955 Theatre Drive based on its historic value to the city of Paso Robles.

Both the EIR and the Historic Resources Study done on the property support the significant historical value of the River Lodge. Both studies refer to the standards set by the Secretary of the Interior and indicate that the River Lodge conforms to several of those standards, making it eligible for designation as a historic landmark for the City of Paso Robles and for placement on the National and State registers.

The River Lodge, formerly known as the Suburban Motel, represents a specific era of motel construction in the United States often referred to as Post World War II Roadside Lodging, a genre of architecture now considered of historic value. The property retains much of its original features that embody the characteristics of this period of motel architecture. A number of motels of this era are currently operational in Paso Robles on the north end of Spring Street and represent a district of historic value to our community.

Our city stands at a crossroads in its development plans for the future. It is incumbent upon our leaders to determine at last if the historic fabric of our community is to be swept away for the sake of development, or are the properties that represent the history and growth of Paso Robles to be considered of importance to be preserved for the contributions

Warren Frace
June 1, 2017
Page two

they make to the overall fabric of our community. The Historical Society strongly supports the preservation of such properties when their rehabilitation will create a strong statement of identity for Paso Robles and its long and unique history.

Tourism is important to the financial health of our town. Visitors come not only for the wine, but to experience first-hand our historic downtown, the finely preserved homes on the west side, and the many museums that showcase Paso Robles' long and interesting history. Much of that history resides in our commercial buildings and homes. If we lose those properties in favor of large commercial structures, we are eliminating much of the charm that adds to the fullness of our visitors' experience.

Our Board of Directors was perplexed as to why we were not contacted to comment on the EIR done for this project. We would certainly have provided a letter expressing our perspective on the project and its historic value.

We request that this letter be included with any materials presented to the Planning Commission and/or the City Council relating to the Hyatt request for demolition of the River Lodge.

Sincerely,



Shauna Davis
President



Grace Pucci
Past President

cc: Paso Robles City Council Members
Paso Robles Planning Commissioners

RECEIVED

JUL 21 2017

City of Paso Robles
Community Development Dept



Paso Robles Main Street Association

835 12th St. Suite D, Paso Robles, CA 93446 805-238-4103 Fax 805-238-4029

July 20, 2017

Warren Frace
Community Development Director
City of El Paso de Robles
1000 Spring Street
Paso Robles, CA 93446

RE: RIVER LODGE – 1955 Theatre Drive

Dear Mr. Frace:

The Downtown Paso Robles Main Street Association actively creates and implements a comprehensive program that restores, promotes, and enhances the vitality and unique historical value of our community.

Our organization has become aware of the plan to demolish the River Lodge at 1955 Theatre Drive and we are concerned that this property has significant historic value to our community. The Post-World War II architecture of roadside motels represents a period of history that should be preserved for future generations. The River Lodge, or as it was earlier known, the Suburban Motel, represents this era and should be restored the same as the Motel Inn (formerly known as the Milestone Mo-Tel) currently under restoration in San Luis Obispo. Both motels are located in gateway locations to cities with rich histories.

We must decide now if we plan to “pave paradise” or protect it. Do we want to become just another cookie-cutter city along Highway 101, or do we want to preserve the architecture and history that makes our community the place that tourists crave?

It is our understanding that the original Historic Resources Inventory incorrectly included this property as part of the LaBelle Suites at 206 Alexa Ct. and should have been listed separately as having historic significance.

The Downtown Paso Robles Main Street Association Board of Directors strongly supports preservation of this property as having a unique history and identity for our city. Tourism is important to the financial stability of our community. Tourists love our wine as much as they love the unique charm of Paso Robles that is flavored by historic landmarks like the River Lodge.

Please include this letter in your materials to both the Planning Commission and the City Council in any discussions pertaining to the demolition of the River Lodge historic building.

Sincerely,

MARGARET HOLSTINE
President of the Board of Directors

NORMA MOYE
Executive Director

July 17, 2017

City of El Paso De Robles
Tom Frutchey, City Manager
1000 Spring Street
Paso Robles, Ca. 93446

Re: Parcels APN: 009-831-029 and APN: 009-831-030

Dear Tom:

We have recently been made aware by the City of their potential desire to exchange the subject City property known as parcel APN: 009-831-029 (3.11 acres) and APN: 009-831-030 (1.03 acres) for the River Lodge Motel property known as parcel APN: 009-831-007.

This doesn't seem equitable or orderly for the City to pursue such a transaction that I feel would be publicly unpopular and not in the best interest of the tax payers within the City of Paso Robles. Furthermore, it would no doubt lack the integrity and promise that was represented in earlier conversations year after year between myself and the City. As you have been made aware, we have approached the City on many occasions since the City originally acquired the property and expressed to City officials that when the opportunity comes available for the city to market the property for sale, we would be most interested in providing a proposal to purchase the property as well as presenting to the City a highest and best land use plan that would be most beneficial and desirable to the City. We also sent several letters regarding our desire to purchase the property over the recent years so that City would have on record for future reference when the time arises the City would be in position to sell the property. Each time we approached the City of our desire to purchase the City's property even most recently in 2016, the City promised us that we would have an equal opportunity in the process. The process was described that first the City would be required to obtain an appraisal and then initiate a process to solicit bidders and bid submission instructions and then accept proposals to be reviewed and ultimately accepted by the City Council.

Most recently (summer of 2016) we were approached by the City to assist them in accommodating various traffic, and ingress egress concerns for further development that could occur on adjacent Theater Drive parcels in the near future. We whole heartedly agreed to assist the City with solutions that would ultimately achieve their goals. The significant issues that required solutions were: giving up land for the widening and improvement of existing right of ways on Theater Drive, moving the La Bellasera southern drive further west to line up with the road behind Chilis restaurant entering the Target shopping center, the possible development of a grand entry that would move all traffic off of Theater Drive and provide for a common entry to facilitate the City's property, Hampton Inn, La Bellasera, and River Lodge.

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E-mail: info@pacificwestdevelopment.com

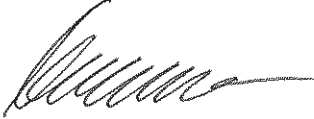
www.pacificwesthotelsandresorts.com

We understand, as a result of the draft Environmental Impact Report, the River Lodge property is subject to a Class I, Significant and Unavoidable Historical Impact that cannot be reduced to below the threshold levels given reasonable available and feasible mitigation measures. As fatal as the EIR determination may be to the proposed Hyatt Hotel project, we must accept that the very purpose of the study is to reveal negative impacts and compel the project to be redesigned or abandoned. Such is the nature of speculative development.

We have recently offered to purchase the River Lodge Property. This offer was made prior to the release of the draft EIR and certainly, now that the Draft document has been made public, the value of the property is negatively affected. Regardless, we would still consider extending our offer in an effort to reasonably compensate the developer. This would allow us ownership of the property with an assurance of preserving the River Lodge Motel and protecting the City's options for the 4 acre parcel to the west.

Since 2001, when we arrived in the City of Paso Robles, we have tried our best to be good members and business owners in the community and have also participated and contributed to many non-profit groups that serve the City's needs and requirements. We have the desire and look forward to a sustained presence in the community, and would hope that you continue to allow us as you always have to make great strides and positive difference for the entire City of Paso Robles as a whole.

Best Regards,



Kevin A. Bierl

CC/ Warren Frace
Meg Williamson

Attachment 8

RESOLUTION NO. 17-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES APPROVING AND AUTHORIZING EXECUTION OF A PROPERTY EXCHANGE AGREEMENT WITH ZEN PASO ROBLES LLC

WHEREAS, Rupesh Patel, of Zenique Hotels, applied for a Development Plan (PD 16-003) May 10, 2016 to construct a 4-story, 116-room Hyatt Place Hotel at 1955 Theatre Drive (the “River Lodge Property”); and

WHEREAS, approval of the development application would require the demolition of the existing River Lodge Motel and removal or relocation of the existing highway sign; and

WHEREAS, a Draft Environmental Impact Report (the “Draft EIR”) was prepared and circulated to the public, as required by the California Environmental Quality Act (“CEQA”); and

WHEREAS, based on the Historic Resource Study prepared in connection with the Draft EIR on the proposed project, the Motel and the sign are historic resources that contribute to the historic character of the Paso Robles community; and

WHEREAS, the City received comments on the Draft EIR from the Paso Robles Historic Society, Paso Robles Main Street Association, and neighboring property owner (Kevin Bierl), all highlighting the importance of the existing historic motel and motel sign as contributors to the unique historic character of the community and that the motel’s demolition would result in a loss to the historic fabric and roots of tourism of Paso Robles; and

WHEREAS, similar comments have been expressed in local and social media; and

WHEREAS, the proposed Property Exchange Agreement would allow for the preservation of historic resources for the community and still allow the developer to develop the proposed Hyatt Place Hotel;

WHEREAS, the General Plan Land Use Element land use designation for both the property owned by Rupesh Patel/Zenique Hotels and the City’s property, is Regional Commercial (RC), which supports hotels and motels in this land use category. Therefore, there is no conflict with the proposed property exchange regarding the General Plan land use designation between the two properties because they have the same land use designation; and

WHEREAS, development of PD 16-003 on the River Lodge property would result in a large, building mass on the corner of Theatre Drive and Alexa Court, which would change and significantly affect the visual impact of this gateway parcel to the City and would also require approval to exceed the City’s height limit for a portion of the roofline, as described in the accompanying staff report; and

WHEREAS, the City owns approximately 4 acres fronting on Theatre Drive and Highway 46, adjacent to the Hampton Inn, which property was acquired in connection with the realignment and improvement of Theatre Drive; and

WHEREAS, the proposed Property Exchange Agreement would convey approximately 3 acres of City Property in exchange for the River Lodge Property, subject to certain terms and conditions; and

WHEREAS, the property exchange would allow the City to receive community input on the best ways to retain and/or preserve the historic resources located on the River Lodge Property; and

WHEREAS, the Property Exchange Agreement could allow for a number of other improvements that would improve access, circulation, and safety, including:

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a) improvement of the public right-of-way on Theatre Drive adjacent to the River Lodge Motel site to the full planned width, and installation of a sidewalk connection and realignment of the painted bike lane could be completed;

b) improvement of the remaining 1 acre of City property to install access driveways, with reciprocal access agreements, aligning with entrances into the Orchard Supply Hardware and Chili's Restaurant. Currently, a secondary access driveway (with walls on both sides of it) for La Bellasera Hotel extends directly to Theatre Drive without sidewalk or bike lane connections to the west or east. Although outside of the scope of the proposed agreement, a combined "grand entrance" to all four hotels (River Lodge Motel, La Bellasera Hotel, Hampton Inn and Hyatt Place property) could be developed to align with the Chili's Restaurant driveway, which would greatly improve circulation; and

WHEREAS, development of the vacant city property will generate new property tax, transient occupancy tax, and sales tax, as well as new jobs; and

WHEREAS, pursuant to Government Code section 65402, the Planning Commission has determined that the proposed disposition of City property and the proposed acquisition of the River Lodge Property are in conformance with the City's General Plan;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso de Robles, as follows:

Section 1. Incorporation of Recitals. All of the above recitals are true and correct and incorporated herein by reference.

Section 2 Findings Based upon the facts and analysis presented in the staff report, and public testimony received, the City Council hereby finds and determines that the Property Exchange Agreement, attached hereto as Exhibit A and incorporated herein by reference, will benefit the public health, safety, and welfare by allowing the City to obtain public input on the best way to preserve and/or retain the historic resources that contribute to the character of the community; allow for the productive use of vacant property that will generate property tax, transient occupancy tax, and sales tax and provide new jobs; and potentially allow for improved circulation and access in the vicinity.

Section 3. Approval Based on all of the above, including the staff report and written and oral testimony presented to it, the City Council hereby approves the Property Exchange Agreement with Zen Paso Robles LLC in substantially the form attached hereto as Exhibit A, and authorizes the City Manager to execute the Property Exchange Agreement, subject to any minor, technical and non-substantive changes approved by the City Attorney, and any other documents required to implement the Property Exchange Agreement.

PASSED AND ADOPTED THIS 19th day of September, 2017 by the following Roll Call Vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John Donaldson, Planning Commission Chair

ATTEST:

Warren Frace, Secretary of the Planning Commission

82473.03053\30149483.1

Attachment 8

Exhibit A

Property Exchange Agreement
[to be inserted]

Exhibit A

AGREEMENT FOR THE EXCHANGE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS

This AGREEMENT FOR THE EXCHANGE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS (the “**Agreement**”), dated as of _____, 2017 (the “**Effective Date**”), is entered into by and between the CITY OF EL PASO DE ROBLES, a municipal corporation (the “**City**”), and ZEN PASO ROBLES, LLC, a California limited liability company (“**Zen**”). City and Zen are sometimes referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

Recitals

A. The City is the owner of that certain unimproved real property, totaling approximately 4.2 acres, located in the City of Paso Robles, County of San Luis Obispo, California, as depicted in Exhibit A, attached hereto and incorporated herein by reference (the “**City Property**”). The City acquired the property in connection with the realignment and construction of Theatre Drive. The City Property is comprised of the City Exchange Property of approximately 3.2 acres, as more particularly described in Exhibit B-1, attached hereto and incorporated herein by reference (the “**City Exchange Property**”), and the City Plaza Property of approximately 1 acre, as more particularly described in Exhibit B-2, attached hereto and incorporated herein by reference (the “**City Plaza Property**”).

B. Zen is the owner of that certain real property consisting of approximately 2.19 acres, located in the City of Paso Robles, County of San Luis Obispo, California, as depicted in Exhibit A, attached hereto, and more particularly described in Exhibit C, attached hereto, together with all improvements thereon (the “**Zen Property**”).

C. The Zen Property is adjacent to Highway 101 near the intersection with State Highway 46 West. It is currently improved with a single-story 22-room motel with pool area and associated parking which was constructed in the mid-20th century (“**Motel**”) as well as a distinctive sign (“**Sign**”) which is visible to traffic on Highway 101. Since acquiring the Zen Property, Zen has continued to operate the Motel.

D. Zen has submitted an application to develop the Zen Property with a new, 116-room hotel, with associated parking, landscaping and amenities (the “**Proposed Project**”).

E. While neither the Motel nor the Sign on the Zen Property is eligible for listing on the National Register of Historic Places or the California Register of Historic Places, each has been determined have sufficient historical integrity to be eligible for listing as a City Historical Landmark under the City’s Historic Preservation Ordinance. The development of the Proposed Project would require the demolition of the Motel, and relocation or removal of the Sign according to the Draft Environmental Impact Report (“**DEIR**”) dated _____ on the Proposed Project, which would result in a significant and unavoidable impact to historic resources.

Exhibit A

F. The City has received comments on the DEIR from, among other entities, the Paso Robles Main Street Association, stating that the Motel and Sign represent a period of history in the City that should be preserved for future generations. Members of the City's Historical Society have expressed a desire to see the Motel restored and preserved as well.

G. The Parties now desire to enter into an exchange whereby the City will provide to Zen the City Exchange Property, and in exchange Zen will provide to City the Zen Property, pursuant to the terms and conditions of this Agreement. Zen would develop a new, 116-room hotel with associated parking, landscaping and amenities on the City Exchange Property (the "**Revised Project**"), a use which the current zoning on the City Exchange Property permits.

H. This Agreement may facilitate the development of a common and shared access point from two existing adjacent hotels, the Motel and the City Property across Theatre Drive to the shopping center to the south, as well as traffic flow along Theatre Drive between Highway 46 and Highway 101.

I. In addition, the conveyance of the Zen Property to the City will allow the City to obtain community input on the most appropriate means to preserve the Motel and/or Sign as historic and cultural resources for the City, while the development of the City Property will generate additional transient occupancy tax and property tax for the City.

J. Based upon the purchase price paid by Zen for the Zen Property, and sales prices of property comparable to the City Exchange Property, the parties believe that the value of the properties to be exchanged to be roughly equal (the "**Exchange Value**"). In addition, by acquiring the Zen Property, the City has the opportunity to preserve a cultural resource whose value to the community is difficult to quantify in dollars.

NOW, THEREFORE, based upon the foregoing facts, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Agreements

1. Recitals are True and Correct. All of the recitals above are true and correct and are hereby incorporated into this Agreement.

2. Property Exchange. Upon the satisfaction or waiver of all of the conditions precedent to the Closing set forth in Section 6 below, as of the Closing (a) City will convey to Zen all of City's rights, title and interest in and to the City Exchange Property; and (b) Zen will convey to City all of Zen's rights, title and interest in and to the Zen Property (all of the above actions are collectively the "**Exchange**").

2.1 City Exchange Property. The City Exchange Property shall include the real property described in Exhibit B-1, attached hereto, together with all rights, privileges and easements currently held by City which are appurtenant to the City Exchange Property.

Exhibit A

2.2 Zen Property. The Zen Property shall include the real property described in Exhibit C, attached hereto, and any and all buildings, structures, parking areas and other improvements located upon the Zen Property.

3. Escrow and Title.

3.1 Escrow Holder. The Exchange shall be consummated through an escrow (the “**Escrow**”) conducted through _____, located at _____, Paso Robles, CA 93446 (the “**Escrow Holder**”).

3.2 Title Company. Any title policies issued for the benefit of City with respect to the Zen Property and Zen with respect to the City Exchange Property, respectively, in connection with the Exchange shall be issued by _____ (the “**Title Company**”).

3.3 Escrow Instructions. Escrow shall be opened within thirty (30) days after the execution of this Agreement by the Parties. This Agreement, together with any General Escrow Provisions from Escrow Holder, and any supplemental escrow instructions provided by the Parties, shall constitute Escrow Holder’s instructions. The Parties agree to execute and deliver in writing to Escrow Holder such additional standard and supplemental instructions as Escrow Holder may reasonably require in order to clarify Escrow Holder’s duties under this Agreement. However, in the event of any conflict or inconsistency between this Agreement and the General Escrow Provisions and any supplemental instructions requested by Escrow Holder, the terms of this Agreement shall govern the duties of Escrow Holder and the rights and obligations of the Parties.

3.4 Definition of Closing. For purposes of this Agreement, the term “**Closing**” shall mean the time when the Parties shall have recorded the City Grant Deed and the Zen Grant Deed as set forth in Section 7.4 of this Agreement.

4. City Approval of Condition of Title/Due Diligence.

4.1 City’s Review of Condition of Title. Within thirty (30) days of the execution of this Agreement by the Parties, City will have received and reviewed a preliminary title report covering the Zen Property (the “**Zen Preliminary Title Report**”) issued by Title Company. Except as to matters to which City objects in a writing delivered to Zen within ten (10) days after City’s receipt of the Zen Preliminary Title Report, City will be deemed to have approved and accepted those exceptions listed in Schedule B of the Zen Preliminary Title Report to the extent they apply. Those exceptions which City has approved in the Zen Preliminary Title Report are hereinafter referred to as the “**Zen Permitted Exceptions.**” The Zen Permitted Exceptions shall exclude any delinquent taxes or any taxes due prior to the Closing and any other monetary liens or encumbrances on the Zen Property. Pursuant to Section 8.1 herein, Zen will pay taxes for the entire year or tax period and then request a prorated refund from the tax assessor’s office for the balance of the year or tax period Zen did not own the Zen Property.

4.2 Zen Title Insurance Policy. The Title Company shall issue to City a policy of title insurance (the “**Zen Title Policy**”) as to the Zen Property, containing the terms and provisions set forth in this Section 4.2. The Zen Title Policy shall be an ALTA Standard Policy of Title Insurance (formerly referred to as a CLTA Title Policy) in an amount determined by City,

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showing fee simple title to the Zen Property vested in Zen, subject only to the Zen Permitted Exceptions, and such other matters as to which City may consent in writing. The premium for the Zen Title Policy and any costs in connection with the search and examination of title and/or for the issuance of Zen Preliminary Title Report shall be paid by City. The Zen Title Policy shall be issued without reliance on any indemnity of Zen or any third party to induce Title Company to issue the Zen Title Policy, without the prior written consent of City. If City so elects and Title Company agrees, the Zen Title Policy may include such endorsements as City may reasonably request; provided, however, that all such endorsements shall be issued at City's sole cost and expense.

4.3 City Due Diligence. City shall have the right to perform, at its sole cost and expense, such due diligence as it deems appropriate to investigate the suitability of the Zen Property for City's intended uses, which investigations may include, but are not limited to, environmental testing, review for conformity with State law and local codes, and review with State and local officials regarding use of the Zen Property (the "**City Due Diligence**") during which time City shall have the absolute right to terminate the proposed Exchange transaction and this Agreement and related transactions for any reason whatsoever without such termination constituting a default and without any further obligations under this Agreement. The due diligence period shall be for a period of sixty (60) days, unless extended by mutual agreement of the parties in writing (the "**City Due Diligence Period**"). City will rely solely on its due diligence investigations in deciding whether to accept the Zen Property in its "as-is" status and condition. Notwithstanding the foregoing, Zen agrees that it has provided, or will provide, to City copies of any and all reports it has regarding the condition of the Zen Property and/or the improvements thereon, including but not limited to, any Phase I and/or Phase II environmental reports.

5. Zen's Approval of Condition of Title/Due Diligence.

5.1 Zen's Review of Condition of Title. Within thirty (30) days of the execution of this Agreement by the Parties, Zen will have received and reviewed a preliminary title report covering the City Exchange Property (the "**City Preliminary Title Report**") issued by Title Company. Except as to matters to which Zen objects in a writing delivered to City within ten (10) days after Zen's receipt of the City Preliminary Title Report, Zen will be deemed to have approved and accepted those exceptions listed in Schedule B of the City Preliminary Title Report to the extent they apply. Those exceptions which Zen has approved in the City Preliminary Title Report are hereinafter referred to as the "**City Permitted Exceptions.**" The City Permitted Exceptions shall exclude any delinquent taxes or any taxes due prior to the Closing and any other monetary liens or encumbrances on the City Exchange Property. Pursuant to Section 8.1 herein, City will pay taxes, if any, for the entire year or tax period and then request a prorated refund from the tax assessor's office for the balance of the year or tax period City did not own the City Exchange Property.

5.2 City Title Insurance Policy. The Title Company shall issue to Zen a policy of title insurance (the "**City Title Policy**") as to the City Exchange Property, containing the terms and provisions set forth in this Section 5.2. The City Title Policy shall be an ALTA Standard Policy of Title Insurance (formerly referred to as a CLTA Title Policy) in an amount determined by City, showing fee simple title to the City Exchange Property vested in City, subject only to the

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City Permitted Exceptions, and such other matters as to which Zen may consent in writing. The premium for the City Title Policy and any costs in connection with the search and examination of title and/or for the issuance of City Preliminary Title Report shall be paid by Zen. The City Title Policy shall be issued without reliance on any indemnity of City or any third party to induce Title Company to issue the City Title Policy, without the prior written consent of Zen. If Zen so elects and Title Company agrees, the City Title Policy may include such endorsements as Zen may reasonably request; provided, however, that all such endorsements shall be issued at Zen's sole cost and expense.

5.3 Zen's Due Diligence. Zen shall have the right to perform, at its sole cost and expense, such due diligence as it deems appropriate to investigate the suitability of the City Exchange Property for Zen's intended uses, which investigations may include, but are not limited to, environmental testing, review for conformity with State law and local codes, and review with State and local officials regarding use of the City Exchange Property (the "**City Due Diligence**") during which time Zen shall have the absolute right to terminate the proposed Exchange transaction and this Agreement and related transactions for any reason whatsoever without such termination constituting a default and without any further obligations under this Agreement. . The due diligence period shall be for a period of sixty (60) days, unless extended by mutual agreement of the parties in writing (the "**Zen Due Diligence Period**"). Zen will rely solely on its due diligence investigations in deciding whether to accept the City Exchange Property in its "as-is" status and condition. Notwithstanding the foregoing, City agrees that it has provided, or will provide, to Zen copies of any and all reports it has regarding the condition of the City Exchange Property and/or the improvements thereon, including but not limited to, any Phase I and/or Phase II environmental reports.

6. Conditions Precedent to Closing.

6.1 City's Conditions. Each of the following shall constitute a condition precedent to the obligations of City to close the Escrow and may be waived only by a written waiver executed by City and delivered to Zen and to Escrow Holder:

(a) Documents. The documents described in Section 7.3(b) below shall have been deposited into Escrow by Zen.

(b) Title Policy. Title Company shall be irrevocably committed to issue the Zen Title Policy upon the Closing.

(c) Parcelization of City Property. The City shall have created parcels for the City Exchange Property and City Plaza Property.

(d) Acceptance of Property. The City shall be satisfied, after reviewing Title and otherwise conducting the City Due Diligence as provided in Section 4.3 that the Zen Property is suitable for its intended uses and acceptable to City. Should City fail to terminate the Exchange within the Due Diligence Period as provided in Section 4.3, the Zen Property shall be deemed suitable to and accepted by City.

(e) Approval of Revised Project. Zen shall have obtained all necessary City approvals for the development of the Revised Project on the City Exchange Property.

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(f) Development Agreement. The Parties have approved and executed a Development Agreement for the development of the Revised Project on the City Exchange Property.

(g) No Material Change. As of the Close of Escrow, there shall be no material change since the Effective Date in the condition or status of the Zen Property.

(h) Representations and Warranties. All of Zen's representations and warranties as set forth herein shall be true as of the Closing.

(i) No Default. Zen shall not be in material default hereunder. If City does not give Escrow Holder written notice of Zen's default, for purposes of this Section 5.1(i) only, Zen shall be deemed not to be in default hereunder, and Escrow Holder shall proceed with the Closing as though Zen were not in default. City's failure to give such notice to Escrow Holder shall not excuse performance by Zen of any obligation hereunder.

6.2 Zen's Conditions. Each of the following shall constitute a condition precedent to the obligations of Zen to close the Escrow and may be waived only by a written waiver executed by Zen and delivered to City and to Escrow Holder:

(a) The documents described in Section 7.3(a) below shall have been deposited in Escrow by City.

(b) Title Policy. The Title Company shall be irrevocably committed to issue the City Title Policy upon the Closing.

(c) Parcelization of City Property. The City shall have created parcels for the City Exchange Property and City Plaza Property.

(d) Acceptance of Property. Zen shall be satisfied, after reviewing Title and otherwise conducting the Zen Due Diligence as provided in Section 5.3 that the City Exchange Property is suitable for its intended uses and acceptable to Zen. Should Zen fail to terminate the Exchange within the Due Diligence Period as provided in Section 5.3, the City Exchange Property shall be deemed suitable to and accepted by Zen.

(e) Approval of Revised Project. Zen shall have obtained all necessary City approvals for the development of the Revised Project on the City Exchange Property.

(f) Development Agreement. The Parties have approved and executed a Development Agreement for the development of the Revised Project on the City Exchange Property.

(g) No Material Change. As of the Closing, there shall be no material change since the Effective Date in the condition or status of the City Exchange Property.

(h) Representations and Warranties. All of City's representations and warranties as set forth herein shall be true as of the Closing.

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(i) No Default. City shall not be in material default hereunder. If Zen does not give Escrow Holder written notice of City's default, for purposes of this Section 6.2(i) only, City shall be deemed not to be in default hereunder, and Escrow Holder shall proceed with the Closing though City were not in default. Zen's failure to give such notice to Escrow Holder shall not excuse performance by City of any obligation hereunder.

7. Close or Cancellation of Escrow

7.1 Closing Date.

(a) Provided that this Agreement is not earlier terminated pursuant to the terms and provisions hereof and provided that all of the conditions precedent to the Closing have been satisfied or waived, the Parties agree that the Escrow shall close and Escrow Holder is instructed to close the Escrow as soon as practicable, but in no event later than _____, 2017 (the "**Closing Date**"). By effectuating the Closing, the Parties shall be deemed to have irrevocably committed to cause the Title Company to issue the City Title Policy and the Zen Title Policy.

(b) In the event that the Closing fails to occur by the Closing Date, and neither Party is in default of its obligations hereunder, then the Party for whose benefit the non-satisfied condition exists may cancel the Escrow by written notice to the other Party and to Escrow Holder. In the event that, due to an "Event of Default" by a "Defaulting Party" (as these terms are defined in Section 10.1, below), the Closing fails to occur by the Closing Date, then without waiving any rights or remedies which the non-Defaulting Party may have against the Defaulting Party under Section 10 of this Agreement, the non-Defaulting Party may cancel the Escrow upon written notice to the Defaulting Party and to Escrow Holder. In the event that the non-Defaulting Party elects not to terminate this Agreement, then the non-Defaulting Party may pursue the remedies for such Event of Default as provided in Section 10 below. Upon a Party's delivery to Escrow Holder of a notice to terminate Escrow and/or this Agreement pursuant to any provision of this Agreement that permits such termination, Escrow Holder will promptly deliver a copy of such notice to the other Party, this Agreement and all related transactions will become null and void, the Parties will be responsible for their respective shares of any outstanding title, escrow and other charges provided for in this Agreement, neither Party shall have any further rights or obligations under this Agreement except as may be expressly declared in this Agreement to survive termination, and Escrow Holder shall dispose of any unused deposits or other funds it holds as provided for in this Agreement and return all documents and instruments to the Party who delivered them.

7.2 Escrow Cancellation.

(a) If, for any reason, the Escrow is cancelled pursuant to Section 7.1(b) above, Escrow Holder shall return to the parties delivering same all instruments which are then held by Escrow Holder in connection with the Escrow.

(b) If the Escrow is cancelled pursuant to Section 7.1(b), above and neither Party is in default of its obligations hereunder, this Agreement shall be deemed to be terminated (with the exception of those provisions which expressly state that they are to survive such

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termination), and City and Zen shall each bear one-half (1/2) of the title and Escrow fee and cancellation charges, if any. In such event, neither Party shall be obligated to the other to close the Escrow hereunder.

(c) If the Escrow is cancelled pursuant to Section 7.1(b), above and City is the Defaulting Party, City shall pay the Escrow fee and cancellation charges.

(d) If the Escrow is cancelled pursuant to Section 7.1(b), above and Zen is the Defaulting Party, Zen shall pay the Escrow fee and cancellation charges.

7.3 Items to be Delivered into Escrow.

(a) City. On or before one (1) business day prior to the Closing Date, City shall execute and deposit in Escrow the following:

(i) Immediately available funds in the amount of City's share of costs and prorations described in Sections 8.1 and 8.2 below;

(ii) A fully executed grant deed conveying fee simple title to the City Exchange Property to Zen (the "**City Grant Deed**"), in the form of Exhibit D, attached hereto, in recordable form;

(iii) A nonforeign transferor declaration (the "**Nonforeign Transferor Declaration**") in the form of Exhibit E, attached hereto;

(iv) A California state tax withholding certificate in accordance with the requirements of California Revenue and Taxation Code Sections 18805(d) and 26131 (California Form 593-W for Non-Individual Sellers and California Form 593-C for Individual Sellers), executed by City (the "**California Tax Certificate**");

(v) A certificate of acceptance for the Zen Grant Deed and such other documents as may be reasonably required by Title Company or Escrow Holder in order to issue the City Title Policy, or otherwise required to transfer the City Exchange Property to Zen in accordance with the terms of this Agreement; and

(vi) Such other documents as may be reasonably required by Title Company or Escrow Holder in order to issue the City Title Policy, transfer the City Exchange Property to Zen or otherwise fulfill the terms and intent of this Agreement.

(b) Zen. On or before one (1) business day prior to the Closing Date, Zen shall execute and deposit in Escrow the following:

(i) Immediately available funds in the amount of Zen's share of costs and prorations described in Sections 8.1 and 8.3 below;

(ii) A fully executed grant deed conveying fee simple title to the Zen Property to City (the "**Zen Grant Deed**"), in the form of Exhibit G, attached hereto, in recordable form;

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(iii) A Nonforeign Transferor Declaration in the form of Exhibit “F” attached hereto;

(iv) A California State Certificate, executed by Zen; and

(v) Such other documents as may be reasonably required by Title Company or Escrow Holder in order to issue the Zen Title Policy, or otherwise required to transfer the Zen Property to City in accordance with the terms of this Agreement.

7.4 Escrow Holder’s Instructions. At such time as the conditions precedent to the Closing have been satisfied or waived, Escrow Holder shall:

(a) Collate the counterparts of the Agreement into two fully executed counterparts;

(b) Date, as of the Closing, all instruments calling for a date;

(c) Record the City Exchange Property parcel map and the City Plaza Property parcel map, if not previously recorded in the Official Records of San Luis Obispo County, California (“Official Records”);

(d) Record the Grant Deeds in the Official Records;

(e) Give City and Zen telephonic and email notice that the Closing has occurred; and

(f) Deliver to City the Zen Title Policy and deliver to Zen the City Title Policy.

7.5 Post-Closing Matters. After the Closing, Escrow Holder shall deliver the following:

(a) To City: A copy, as recorded, of the Zen Grant Deed, the original Nonforeign Transferor Declaration executed by Zen, the original California Tax Certificate executed by Zen, and plain copies of the Nonforeign Transferor Declaration and the California Tax Certificate executed by City.

(b) To Zen: A copy, as recorded, of the City Grant Deed, the original Nonforeign Transferor Declaration executed by City, the original California Tax Certificate executed by City, and plain copies of the Nonforeign Transferor Declaration and the California Tax Certificate executed by Zen.

(c) To Best, Best & Krieger LLP, Counsel for City: Copies of all documents to be delivered to City pursuant to Section 6.5(a) above.

(d) To Samir Patel, Counsel for Zen: Copies of all documents to be delivered to Zen pursuant to Section 6.5(b) above.

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8. Costs and Prorations.

8.1 Prorations. Based on City's status as a public agency that is exempt from payment of real property taxes, Zen will pay all real property taxes and assessments allocable to the City Exchange Property after the Closing Date. If Zen has paid real property taxes and assessments on the Zen Property for any period after the Closing Date, Zen may petition the San Luis Obispo County Tax Collector's Office for a refund of such prorated amounts. Prior to Closing, Escrow Holder and the Title Company will confirm with San Luis Obispo County that no escaped assessments or other property tax liabilities of any type affect either the City Exchange Property or the Zen Property. In the event any such liabilities do exist, Zen will submit such payments into Escrow in order to satisfy such liabilities at the Close of Escrow. Following Closing, if, notwithstanding the above provisions, the Zen Property becomes subject to any real property tax liability for a period prior to Closing, Zen will satisfy such obligation to the taxing authority within thirty (30) days following notification of such liability from City or the taxing authority. If Zen defaults in such obligation and City elects to pay any such tax liability, Zen will reimburse such costs to City within thirty (30) days following receipt of a written demand therefor from City, together with interest on such amount from the date of payment by City at the highest legal rate.

8.2 Costs to be Paid by City. City shall pay the following costs:

- (a) The premium for City Title Policy;
- (b) All costs associated with the parcelization of the City Property; and
- (c) One-half (1/2) of the Escrow fee.

8.3 Costs to be Paid by Zen. Zen shall pay the following costs:

- (a) The premium for the Zen Title Policy;
- (b) Documentary transfer taxes as specified on the Documentary Transfer Tax Statement based on the Exchange Value; and
- (c) One-half (1/2) of the Escrow fee.

9. Representations and Warranties; Covenants.

9.1 City's Representations and Warranties. As a material inducement to Zen to enter into this Agreement, City makes the following covenants, representations and warranties to Zen set forth in this Section 9.1 as of the date hereof and as of the Closing.

(a) Property Owner. City is the owner of the City Exchange Property and has the right, power and authority to transfer the same to Zen pursuant to this Agreement.

(b) City's Authority to Execute Agreement. City is a municipal corporation of the State of California. Neither the execution and delivery of this Agreement nor the performance or consummation of the transactions contemplated by this Agreement will result in

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any breach of or constitute a default under or conflict with any agreement, covenant, law, regulation, ordinance or obligation binding upon City. No further approvals, authorizations or consents of any public body or of any person are necessary in order to consummate the transactions set forth in this Agreement. City has the legal right, power and authority to enter into this Agreement and all documents, instruments or agreements referenced herein to be executed by City, and to consummate the transaction contemplated hereby. All individuals executing this Agreement and all other documents, instruments or agreements required hereunder, on behalf of City, have the legal right, power and actual authority to bind City to the terms and conditions hereof and thereof.

(c) Compliance with Law. City has no knowledge and has received no notice (i) that the City Exchange Property is in violation of any applicable statutes, ordinances, and regulations, including those relating to environmental and health and safety requirements including those governing the storage, discharge, use and cleaning of toxic or hazardous substances and materials; (ii) of any presently pending or threatened action or proceeding under any environmental or health and safety statutes, ordinances, or regulations; or (iii) of the existence of any present or pending order or directive of any city, county, state or federal authority, or any agency thereof, requiring that any work or repair, maintenance, improvement, or pollution or contamination abatement be performed on the City Exchange Property.

(d) No Litigation. There are no actions, suits, or proceedings of any kind or nature whatsoever, legal or equitable, pending or, to the best of City's knowledge, threatened, against the City Exchange Property or against City relating to or arising out of the ownership, management, condition, or operation of the City Exchange Property, in any court or before or by any federal, state, county or municipal department, commission, board, bureau, agency, or other governmental instrumentality.

(e) No Adverse Agreements. There are no adverse possessors, tenancies or use or occupancy agreements affecting possession of the City Exchange Property, or any portion thereof, except as disclosed in this Agreement, nor has any option to purchase the City Exchange Property, or any portion thereof, been granted by City to any party. No party (other than Zen pursuant to this Agreement) has the right to acquire, lease or obtain any interest in the City Exchange Property. There are no liens, encumbrances or easements affecting the City Exchange Property except as disclosed in the City Preliminary Title Report and City Title Policy.

(f) No Bankruptcy Proceedings. City is not the subject of a bankruptcy, insolvency or similar proceeding.

(g) Environmental Status. City acknowledges that California Health and Safety Code Section 25359.7 requires certain notice of the release of hazardous substances. City warrants and represents to Zen that it does not know or have reasonable cause to believe that any release of a Hazardous Material has come to be located upon or beneath the City Exchange Property. Neither City nor, to the actual knowledge of City, without duty of inquiry, any third parties during the period of time the City Exchange Property has been owned by City, have generated, handled, manufactured, stored, used, transported or discharged any Hazardous Materials on, in or under the City Exchange Property, the groundwater or any adjacent property.

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City is not aware of any underground storage tanks located on or under the City Exchange Property.

As used herein, the term “Hazardous Materials” shall mean any toxic or hazardous substance, material or waste or any pollutant or contaminant or infectious or radioactive material that would require remediation and/or removal under applicable Federal, state or local law, including but not limited to those substances, materials or wastes regulated now or in the future under any of the following statutes or regulations promulgated thereto: (1) any “hazardous substance” within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”) 42 U.S.C. §9601, et seq. or the California Hazardous Substance Account Act, Cal. Health and Safety Code §25300 et seq. or the Porter-Cologne Water Quality Act, Cal. Water Code §13000 et seq. or the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq.; (2) any “hazardous waste” within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq.; or (3) any other substance, chemical, waste, toxicant, pollutant or contaminant regulated by any federal, state or local law, statute, rule, regulation or ordinance for the protection of health or the environment, including, without limitation, any petroleum products or fractions thereof.

(h) AS-IS. City acknowledges that City has inspected the Zen Property and made its own independent investigation of the Zen Property. City further acknowledges that it is acquiring the Zen Property “AS-IS, WHERE-IS” in reliance solely on its own inspection and on Zen’s representations and warranties as set forth herein.

(i) No Other Representations or Warranties. Other than the representations and warranties set forth in this Section 9.1 and as may otherwise be expressly set forth in this Agreement, City specifically disclaims any and all other representations and warranties of any nature, express or implied, pursuant to this Agreement and pursuant to the instruments and documents that City is or will be executing and/or delivering pursuant to this Agreement, or relating in any way to the transactions contemplated in this Agreement.

9.2 Zen’s Representations and Warranties; Covenants. As a material inducement to City to enter into this Agreement, Zen makes the following covenants, representations and warranties to City set forth in this Section 9.2 as of the date hereof and as of the Closing.

(a) Property Owner. Zen is the owner of the Zen Property and has the right, power and authority to transfer the same to City pursuant to this Agreement.

(b) Zen’s Authority to Execute Agreement. Zen is a duly organized, validly existing limited liability company organized and existing under the laws of the State of California. Neither the execution and delivery of this Agreement nor the performance or consummation of the transactions contemplated by this Agreement will result in any breach of or constitute a default under or conflict with any agreement, covenant, law, regulation, ordinance or obligation binding upon Zen. No approvals, authorizations or consents of any public body or of any person are necessary in order to consummate the transactions set forth in this Agreement. Zen has the legal right, power and authority to enter into this Agreement and all documents, instruments or agreements referenced herein to be executed by Zen, and to consummate the transaction contemplated hereby. All individuals executing this Agreement and all other

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documents, instruments or agreements required hereunder, on behalf of Zen, have the legal right, power and actual authority to bind Zen to the terms and conditions hereof and thereof.

(c) Compliance with Law. Zen has no knowledge and has received no notice (i) that the Zen Property is in violation of any applicable statutes, ordinances, and regulations, including those relating to environmental and health and safety requirements including those governing the storage, discharge, use and cleaning of toxic or hazardous substances and materials; (ii) of any presently pending or threatened action or proceeding under any environmental or health and safety statutes, ordinances, or regulations; or (iii) of the existence of any present or pending order or directive of any city, county, state or federal authority, or any agency thereof, requiring that any work or repair, maintenance, improvement, or pollution or contamination abatement be performed on the Zen Property.

(d) No Litigation. There are no actions, suits, or proceedings of any kind or nature whatsoever, legal or equitable, pending or, to the best of Zen's knowledge, threatened, against the Zen Property or against Zen relating to or arising out of the ownership, management, condition, or operation of the Zen Property in any court or before or by any federal, state, county or municipal department, commission, board, bureau, agency, or other governmental instrumentality.

(e) No Adverse Agreements. There are no adverse possessors, tenancies or use or occupancy agreements affecting possession of the Zen Property or any portion, nor has any option to purchase the Zen Property or any portion been granted by Zen to any party which is still in effect. No party (other than City pursuant to this Agreement) has the right to acquire or obtain any interest in the Zen Property. Zen shall, if and to the extent applicable, comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. Section 4601, et seq.) and implementing regulations at 49 C.F.R. Part 24; Section 104(d) of the Housing and Community Development Act of 1974 and implementing regulations at 24 C.F.R. Part 42; 24 C.F.R. Section 92.353; and California Government Code Section 7260 et seq. and implementing regulations at 25 California Code of Regulations Sections 6000 et seq. If and to the extent that this Agreement results in the permanent or temporary displacement of tenants, then Zen shall comply with all applicable local, state, and federal statutes and regulations with respect to relocation planning, advisory assistance, and payment of monetary benefits. Zen shall be solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with such relocation laws. Zen shall indemnify, defend (with counsel reasonably chosen by the City), and hold harmless the City against all claims which arise out of relocation obligations to tenants permanently or temporarily displaced as a result of this Agreement.

(f) No Bankruptcy Proceedings. Zen is not the subject of a bankruptcy, insolvency or similar proceeding.

(g) Environmental Status. Zen acknowledges that California Health and Safety Code Section 25359.7 requires certain notice of the release of hazardous substances. Zen warrants and represents to City that it does not know or have reasonable cause to believe that any release of a Hazardous Material has come to be located upon or beneath the Zen Property. Neither Zen nor, to the actual knowledge of Zen, without duty of inquiry, any third parties during

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the period of time the Zen Property has been owned by Zen, have generated, handled, manufactured, stored, used, transported or discharged any Hazardous Materials on, in or under the Zen Property, the groundwater or any adjacent property. Zen is not aware of any underground storage tanks located on or under the Zen Property.

(h) AS-IS. Zen acknowledges that Zen has inspected the City Exchange Property and made its own independent investigation of the City Exchange Property. Zen further acknowledges that it is acquiring the City Exchange Property “AS-IS, WHERE-IS” in reliance solely on its own inspection and on City’s representations and warranties as set forth herein.

(i) No Other Representations or Warranties. Other than the representations and warranties set forth in this Section 9.2 and as may otherwise be expressly set forth in this Agreement, Zen specifically disclaims any and all other representations and warranties of any nature, express or implied, pursuant to this Agreement and pursuant to the instruments and documents that Zen is or will be executing and/or delivering pursuant to this Agreement, or relating in any way to the transactions contemplated in this Agreement.

9.3 City’s Covenants.

(a) Operation of the City Exchange Property. Prior to the Closing Date, City shall not hypothecate, transfer, encumber, or affirmatively take any other action with respect to the City Exchange Property which would render City unable to convey the City Exchange Property to Zen at the Close of Escrow or impair Zen’s intended use of the City Exchange Property as contemplated herein.

9.4 Zen’s Covenants.

(a) Operation of the Zen Property. Prior to the Closing Date, Zen will conduct its operations at the Zen Property according to its ordinary and usual course of business, and shall not hypothecate, transfer, encumber, or affirmatively take any other action with respect to the Zen Property which would render Zen unable to convey the Zen Property to City at the Closing or impair City’s intended use of the Zen Property as contemplated herein.

10. Default.

10.1 Events of Default. The failure of a Party (the “Defaulting Party”) to perform any material act to be performed by such Party, to refrain from performing any material prohibited act, or to fulfill any condition to be fulfilled by such Party under this Agreement or under any agreement referred to herein or attached hereto as an exhibit, within ten (10) days after receiving written notice of such failure from the Non-Defaulting Party, shall be an “Event of Default” by the Defaulting Party with respect to the Defaulting Party’s obligations hereunder; provided, however, that if more than ten (10) days are reasonably required in order to cure such Event of Default, then the Defaulting Party shall be entitled to a maximum of thirty (30) days to effect such cure, provided the Defaulting Party commences cure within such ten (10) day period and diligently proceeds to complete such cure within such thirty (30) day period.

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10.2 Remedies. Upon the occurrence of any Event of Default by a Defaulting Party, the non-Defaulting Party shall have such rights and remedies available to it under this Agreement and at law or in equity.

11. Casualty Loss; Condemnation.

11.1 Notice Re Condemnation or Casualty; Election. In the event that, prior to the Closing, all or any portion of the City Exchange Property or the Zen Property is taken or proposed to be taken as a result of the exercise or proposed exercise of the power of eminent domain (a "Condemnation Action"), or all or any portion of the City Exchange Property or the Zen Property is damaged by earthquake, flood or fire (a "Casualty"), then the Party that is the current property owner shall, within ten (10) days thereafter, give written notice of such Condemnation Action or Casualty to the other Party ("Noticed Party"). Such Noticed Party shall have thirty (30) days following receipt of such notice to elect in writing to accept or not to accept the City Exchange Property or the Zen Property, as the case may be, subject to such Casualty or Condemnation Action. Failure of a Noticed Party to notify the other Party of its election within such thirty (30) day period shall be deemed an election not to accept the City Exchange Property or the Zen Property, as the case may be, subject to such Casualty or Condemnation Action.

11.2 Termination of Agreement. In the event that a Noticed Party elects not to accept the City Exchange Property or the Zen Property, as the case may be, subject to such Casualty or Condemnation Action as provided in Section 11.1 above, Noticed Party shall cancel the Escrow by written notice to Escrow Holder and the Party that is the current property owner and this Agreement shall be deemed to be terminated (with the exception of those provisions which expressly state that they are to survive such termination), and City and Zen shall each bear one-half (1/2) of the Escrow fee and cancellation charges. In such event, neither Party shall be obligated to the other to close the Escrow hereunder.

11.3 Proceeds of Condemnation or Casualty Insurance. In the event that a Noticed Party elects to accept the City Exchange Property or the Zen Property, as the case may be, subject to a Casualty or Condemnation Action pursuant to Section 11.1 above, then the Party owning the property shall assign to the Noticed Party all rights, causes of action, claims, benefits, payments and awards arising from such Condemnation Action or Casualty (including, without limitation, any amount due from or paid by any insurance company or any other party as a result of the damage).

12. Possession. Possession of the City Exchange Property shall be delivered to Zen upon the Closing, subject only to City Permitted Exceptions. Possession of the Zen Property shall be delivered to City upon the Closing, subject only to Zen Permitted Exceptions.

13. Brokerage Commissions. Each Party warrants and represents to the other that no broker, finder or other intermediary hired or employed by it is entitled to a commission, finder's fee or other compensation based upon the transaction contemplated hereby and each Party shall indemnify and hold harmless the other Party from and against any and all claims, liabilities, losses, damages, costs and expenses (including, but not limited to, reasonable attorneys' fees, court costs and litigation expenses) caused by or arising out of the claim of any broker, finder or other intermediary alleging to have been employed or hired by such Party to a commission,

Exhibit A

finder's fee or other compensation based upon the transaction contemplated hereby. The obligations of City and Zen pursuant to this Section 13 shall survive beyond the Closing or if the Escrow is cancelled, beyond any termination of this Agreement.

14. Miscellaneous.

14.1 Notices. As used in this Agreement, notice includes but is not limited to, the communication of any notice, request, demand, approval, statement, report, acceptance, consent, waiver and appointment. All notices must be in writing. Notice is given either (i) when delivered in person to the person or company intended named below, (ii) when delivered via facsimile; or (iii) twenty-four (24) business hours after being sent via reputable overnight courier (such as Federal Express), addressed by name and addressed to the party or persons intended, as follows:

To City: City of Paso Robles
1000 Spring Street
Paso Robles, CA 93446
Attn: Tom Frutchey, City Manager
Tel: (805) 237-3888

With a copy to: Best Best & Krieger LLP
500 Capitol Mall, Suite 1700
Sacramento, CA 95814
Attn: Iris P. Yang
Tel: (916) 325-4000

To Zen: Rupesh Patel
Zen Paso Robles LLC
433 Airport Blvd., #100
Burlingame, CA 94010
Tel.: (650) 483-9968

With a copy to: Samir C. Patel
KPPB Law
990 Hammond Drive NE
Suite 800
Atlanta, GA 30328
Tel.: (678) 443-2220

until such time as a party gives notice of the change of address in accordance with the terms of this section.

14.2 Time of the Essence. Time is of the essence for this Agreement and each and every term and provision hereof.

14.3 Interpretation; Governing Law. This Agreement shall be construed as if prepared by both Parties, and no Party shall be deemed the drafter or have any ambiguities construed

Exhibit A

against it. This Agreement shall be construed, interpreted and governed by the laws of the State of California and the laws of the United States of America prevailing in California. Each Party represents that it has consulted with its own attorney regarding the meaning and consequences of signing this Agreement, and that it has read and understands this Agreement and its exhibits and has entered into and signed this Agreement freely and voluntarily without duress, fraud, undue influence or coercion.

14.4 Severability. In the event that any phrase, clause, sentence, paragraph, section, article or other portion of this Agreement shall become illegal, null or void, or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void, or against public policy, the remaining portions of this Agreement shall not be affected thereby and shall remain in force and effect to the full extent permissible by law.

14.5 Performance of Acts on Business Days. Unless specifically stated to the contrary, all references to days herein shall be deemed to refer to calendar days. In the event that the final date for payment of any amount or performance of any act hereunder falls on a Saturday, Sunday or holiday, such payment may be made or act performed on the next succeeding business day.

14.6 Attorneys' Fees. In the event of any legal action or other proceeding between the Parties regarding this Agreement, any of the documents attached hereto as exhibits, the City Exchange Property or the Zen Property, the prevailing Party shall be entitled to the payment by the other Party of its reasonable attorneys' fees, court costs and litigation expenses (including expert witness and consultant fees), as determined by the court.

14.7 Further Assurances; Survival. Each Party will, whenever and as often as it is reasonably requested to do so by the other Party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all such further conveyances, assignments, approvals, consents and any and all other documents and do any and all other acts as may be reasonably necessary to carry out the intent and purpose of this Agreement.

14.8 Entire Agreement; Amendments. This Agreement, together with the other written agreements referred to herein, is intended by the Parties to be the final expression of their agreement with respect to the subject matter hereof, and is intended as the complete and exclusive statement of the terms of the agreement between the Parties. As such, this Agreement supersedes any and all prior understandings, agreements, representations and negotiations between the Parties, whether oral or written. Any amendments to this Agreement shall be in writing and signed by all Parties. This Agreement may not be modified orally or by a course of conduct.

14.9 No Waiver. A waiver by either Party hereto of a breach of any of the covenants or agreements hereof to be performed by the other Party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions hereof. Unless otherwise expressly provided herein, no waiver by any Party of any provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by such Party. Failure on the part of a Party to complain of any act or failure to act by the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such Party of its rights under this Agreement.

Exhibit A

14.10 Assignment. Neither Party hereto shall assign its rights under this Agreement without the prior written consent of the other Party, which consent may be given or withheld in such Party's sole discretion. In the event of any assignment, the assigning Party shall remain fully liable and responsible to perform, fulfill and comply with all of its covenants and obligations under this Agreement.

14.11 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, representatives, successors and permitted assigns.

14.12 Headings; Cross-References; Exhibits. The headings and captions used in this Agreement are for convenience and ease of reference only and shall not be used to construe, interpret, expand or limit the terms of this Agreement. All cross-references in this Agreement, unless specifically directed to another agreement or document, shall refer to provisions in this Agreement and shall not be deemed to be references to any other agreements or documents. Each of the recitals in and the exhibits attached to this Agreement are hereby incorporated into this Agreement by this reference.

14.13 Force Majeure. If either of the Parties hereto is delayed or prevented from fulfilling any obligation, other than the payment of money, set forth in this Agreement by any act of God, act or omission of civil or military authorities of a nation or state, a terrorist act, civil unrest, fire, strike, flood, riot, war or unavoidable delay of transportation, then said Party shall not be liable or penalized under this Agreement for said delay or failure.

14.14 Third Parties Not Benefited. This Agreement is made for the sole benefit and protection of City and Zen and their successors and permitted assigns. No other person or entity shall have any rights of any nature under or by reason of this Agreement

14.15 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document. True and complete facsimile-transmitted or electronically-transmitted copies of this Agreement and executed signature pages shall be equivalent to originals.

{Signatures on following page}

Exhibit A

SIGNATURE PAGE TO AGREEMENT FOR THE EXCHANGE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS

CITY:	ZEN:
City of El Paso de Robles, a municipal corporation	Zen Paso Robles LLC, a California limited liability company
By: _____	By: _____
Attest: By _____	
Approved as to Form: By: _____ Iris P. Yang, City Attorney	

EXHIBIT A

MAP OF SITE

[showing City Property, City Exchange Property, City Plaza Property, Zen Property and Adjacent Properties]

DRAFT

EXHIBIT B-1

Legal Description of City Exchange Property

Real property in the City of Paso Robles, County of San Luis Obispo, State of California,
described as follows:

DRAFT

EXHIBIT B-2

Legal Description of City Plaza Property

Real property in the City of Paso Robles, County of San Luis Obispo, State of California,
described as follows:

DRAFT

EXHIBIT C

Legal Description of Zen Property

Real property in the City of Paso Robles, County of San Luis Obispo, State of California, described as follows:

PARCEL 1:

THAT PART OF THE PORTION OF LOT 23 OF THE SUBDIVISION OF A PART OF THE RANCHO PASO DE ROBLES, IN THE CITY OF EL PASO DE ROBLES, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO MAP FILED OCTOBER 22, 1886, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF THE PARCEL CONVEYED TO THE STATE BY DEED RECORDED JUNE 30, 1965 IN BOOK 1356, PAGE 447 OF OFFICIAL RECORDS; THENCE (1) NORTH 59° 00' 17" EAST, 52.17 FEET; THENCE (2) NORTH 02° 25' 45" EAST, 109.38 FEET TO THE NORTHERLY LINE OF SAID PARCEL; THENCE (3) WESTERLY ALONG LAST SAID LINE, 43.19 FEET TO THE NORTHWESTERLY CORNER OF SAID PARCEL; THENCE (4) SOUTHERLY ALONG THE WESTERLY LINE OF SAID PARCEL TO THE POINT OF BEGINNING.

PARCEL 2:

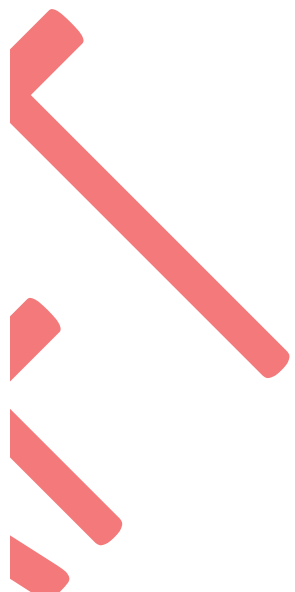
THAT PORTION OF LOT 23 OF THE SUBDIVISION OF A PART OF THE RANCHO PASO DE ROBLES, IN THE CITY OF EL PASO DE ROBLES, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA ACCORDING TO MAP FILED OCTOBER 22, 1886, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A 6" X 6" C. H. C. CONCRETE RIGHT OF WAY MONUMENT ON U. S. HIGHWAY 101 OF THE WESTERLY RIGHT OF WAY LINE OF THE LAND CONVEYED TO THE STATE OF CALIFORNIA, BY DEED DATED OCTOBER 10, 1950, AND RECORDED NOVEMBER 17, 1950, IN BOOK 586, PAGE 518 OF OFFICIAL RECORDS, BEARING 95 FEET AT RIGHT ANGLES FROM HIGHWAY ENGINEER'S STATION 428 + 42.11 ON THE CENTERLINE OF THE SURVEY OF SAID HIGHWAY; THENCE NORTH 6° 33' 30" EAST ALONG SAID WESTERLY RIGHT OF WAY LINE, 60 FEET TO THE TRUE POINT OF BEGINNING, SAID TRUE POINT OF BEGINNING BEING THE NORTHEAST CORNER OF THE PROPERTY CONVEYED TO WILLIAM C. BRENCHLEY, ET AL., BY DEED DATED MAY 27, 1958, AND RECORDED OCTOBER 3, 1958, IN BOOK 970, PAGE 38 OF OFFICIAL RECORDS; THENCE NORTH 85° 43' 10" WEST, ALONG THE NORTHERLY LINE OF THE PROPERTY SO CONVEYED, 120 FEET TO THE NORTHWESTERLY CORNER THEREOF; THENCE SOUTH 1° 36' 22" WEST, ALONG THE WESTERLY LINE OF SAID BRENCHLEY PROPERTY, 140 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF CALIFORNIA STATE HIGHWAY NO. V-SLO-33-E; THENCE SOUTH 89° 53' WEST, ALONG SAID RIGHT OF WAY 35.96 FEET; THENCE NORTH 89° 40' 40" WEST, ALONG SAID RIGHT OF WAY, 139.33 FEET; THENCE NORTH 4° 27' 10" WEST, 129.97 FEET; THENCE NORTH 41° 39' 25" WEST, 54.91 FEET; THENCE NORTH 26° 54' 50" EAST, 330.55 FEET; THENCE SOUTH 70° 13' 02" EAST, 209.65 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF U. S. HIGHWAY 101; THENCE SOUTH 16° 38' 25" EAST, ALONG SAID RIGHT OF WAY LINE, 73.00 FEET TO A 6" X 6" C. H. C. MONUMENT; THENCE SOUTH 6° 33' 30" WEST, ALONG THE SAID WESTERLY RIGHT OF WAY LINE, 195.47 FEET, (RECORD 195.89 FEET), TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION OF SAID LAND DESCRIBED IN THE FINAL ORDER OF CONDEMNATION TO THE STATE OF CALIFORNIA; RECORDED FEBRUARY 4, 1966, IN BOOK 1384, PAGE 637 OF OFFICIAL RECORDS.

PARCEL 3:

AN EASEMENT FOR TELEVISION ANTENNA GUY WIRES AND ANCHOR OVER THAT PORTION OF LOT 23 OF THE SUBDIVISION OF A PART OF THE RANCHO PASO DE ROBLES, IN THE COUNTY OF SAN LUIS OBISPO,



STATE OF CALIFORNIA ACCORDING TO MAP FILED FOR RECORD OCTOBER 22, 1886, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS.

BEGINNING AT A 6" X 6" C. H. C. CONCRETE RIGHT OF WAY MONUMENT ON U. S. HIGHWAY 101 ON THE WESTERLY RIGHT OF WAY LINE OF THE LAND CONVEYED TO THE STATE OF CALIFORNIA, BY DEED DATED OCTOBER 10, 1950 AND RECORDED NOVEMBER 17, 1950, IN BOOK 586, PAGE 518 OF OFFICIAL RECORDS, BEARING 95 FEET AT RIGHT ANGLES FROM HIGHWAY ENGINEER'S STATION 428 - 24.11 ON THE CENTERLINE OF THE SURVEY OF SAID HIGHWAY; THENCE NORTH 6° 33' 30" EAST ALONG SAID WESTERLY RIGHT OF WAY LINE, 60 FEET TO THE NORTHEAST CORNER OF THE PROPERTY CONVEYED TO WILLIAM C. BRENCHLEY, ET AL., BY DEED DATED MAY 27, 1958 AND RECORDED NORTH 85° 43' 10" WEST, ALONG THE NORTHERLY LINE OF THE PROPERTY SO CONVEYED, 120.00 FEET TO THE NORTHWESTERLY CORNER THEREOF; THENCE SOUTH 1° 36' 22" WEST, ALONG THE WESTERLY LINE OF SAID BRENCHLEY PROPERTY, 140 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF CALIFORNIA STATE HIGHWAY NO. V SLO 33 E; THENCE SOUTH 89° 53' WEST, ALONG SAID RIGHT OF WAY, 35.96 FEET; THENCE NORTH 89° 40' 40" WEST, 139.33 FEET; THENCE NORTH 4° 27' 10" WEST, 129.97 FEET; THENCE NORTH 41° 39' 25" WEST, 54.91 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 41° 39' 25" WEST, 17.20 FEET, THENCE NORTH 26° 54' 50" EAST 29.32 FEET, THENCE SOUTH 63° 05' 10" EAST, 16.01 FEET, THENCE SOUTH 26° 54' 50" WEST, 35.60 FEET TO THE TRUE POINT OF BEGINNING.

APN: 009 831 007

DRAFT

EXHIBIT D

Form of City Grant Deed

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO

Zen Paso Robles, LLC
433 Airport Blvd., #100
Burlingame, CA 94010
Attn: Rupesh Patel

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: _____

Grant Deed

The undersigned Grantor(s) declare(s):

Documentary transfer tax is \$ _____.

- Computed on full value of property conveyed, or
- Computed on full value less value of liens and encumbrances remaining at time of sale.
- Unincorporated area City of Paso Robles, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
CITY OF EL PASO DE ROBLES, a California municipal corporation,

hereby GRANT(S) to
ZEN PASO ROBLES, LLC, a California limited liability company,

the following described real property in the City of Paso Robles, County of San Luis Obispo,
State of California:

SEE ATTACHED EXHIBIT A.

Dated: _____, 2017 City of El Paso de Robles, a California municipal corporation

By: _____
Thomas Frutchey
City Manager

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of _____)

On _____ before me, _____, Notary Public
(insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A to City Grant Deed

LEGAL DESCRIPTION

Real property in the City of Paso Robles, County of San Luis Obispo, State of California,
described as follows:

DRAFT

EXHIBIT E

CERTIFICATE OF NON-FOREIGN STATUS

CITY OF EL PASO DE ROBLES, a California municipal corporation (“**Seller**”), is the transferor of that certain real property located in the City of Paso Robles, County of San Luis Obispo, California and more particularly described on Exhibit A attached hereto (the “**Property**”).

Section 1445 of the Internal Revenue Code of 1986 (the “**Code**”) provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. California Revenue and Taxation Code Section 18662 et. seq. contains similar provisions. To inform the transferee that withholding of tax will not be required in connection with the disposition of the Property pursuant to that certain Agreement for the Exchange of Real Property and Joint Escrow Instructions dated as of _____, 2017, by and between Seller and Zen Paso Robles, LLC, a California limited liability company, the undersigned certifies the following on behalf of Seller:

1. Seller is not a foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Code and the regulations promulgated thereunder;
2. U.S. employer identification number is _____.
3. Seller’s address is 1000 Spring Street, Paso Robles, CA 93446.

It is understood that this certificate may be disclosed to the Internal Revenue Service and California Franchise Tax Board and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined the foregoing certification and, to the best of my knowledge and belief, it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Seller.

Date: _____, 2017

Signature: _____

Thomas Frutchet
City Manager

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of Paso Robles, County of San Luis Obispo, State of California,
described as follows:

APN: _____

DRAFT

EXHIBIT F

CERTIFICATE OF NON-FOREIGN STATUS

ZEN PASO ROBLES, LLC, a California limited liability company (“**Seller**”), is the transferor of that certain real property located in the City of Paso Robles, County of San Luis Obispo, California and more particularly described on Exhibit A attached hereto (the “**Property**”).

Section 1445 of the Internal Revenue Code of 1986 (the “**Code**”) provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. California Revenue and Taxation Code Section 18662 et. seq. contains similar provisions. To inform the transferee that withholding of tax will not be required in connection with the disposition of the Property pursuant to that certain Agreement for the Exchange of Real Property and Joint Escrow Instructions dated as of _____, 2017, by and between Seller and Zen Paso Robles, LLC, a California limited liability company, the undersigned certifies the following on behalf of Seller:

1. Seller is not a foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Code and the regulations promulgated thereunder;

2. U.S. employer identification number (or Taxpayer identification number) is

_____.

3. Seller’s address is _____.

It is understood that this certificate may be disclosed to the Internal Revenue Service and California Franchise Tax Board and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined the foregoing certification and, to the best of my knowledge and belief, it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Seller.

Date: _____, 2017

Signature: _____

(Name)

(Title)

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of Paso Robles, County of San Luis Obispo, State of California,
described as follows:

APN: _____

DRAFT

EXHIBIT G

Form of Zen Grant Deed

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO

City of El Paso de Robles
1000 Spring Street
Paso Robles, CA 93446
Attn: City Clerk

EXEMPT FROM RECORDING FEES PURSUANT
TO GOVERNMENT CODE SECTION 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: _____

Grant Deed

The undersigned Grantor(s) declare(s): City of El Paso de Robles is exempt from property taxes. (Rev & Tax Code 11922)

Documentary transfer tax is \$ -0-.

- Computed on full value of property conveyed, or
- Computed on full value less value of liens and encumbrances remaining at time of sale.
- Unincorporated area City of Paso Robles and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

ZEN PASO ROBLES, LLC, a California limited liability company,

hereby GRANT(S) to

CITY OF EL PASO DE ROBLES, a California municipal corporation,

the following described real property in the City of Paso Robles, County of San Luis Obispo, State of California:

SEE ATTACHED EXHIBIT A.

Dated: _____, 2017

ZEN PASO ROBLES, LLC, a California limited liability company

By: _____

(Name)
(Title)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _____)

On _____ before me, _____, Notary Public
(insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE

Pursuant to Section 27281 of the
California Government Code

This is to certify that the interest in real property conveyed by the Grant Deed dated _____, 2017, from ZEN PASO ROBLES, LLC, a California limited liability company, as Grantor thereunder, to CITY OF EL PASO DE ROBLES, a California municipal corporation, as Grantee thereunder, is hereby accepted by the undersigned officer on behalf of CITY OF EL PASO DE ROBLES pursuant to the authority conferred by Resolution No. _____, adopted by the City Council of the City of El Paso de Robles, on _____, 2017, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2017 _____

By _____
Thomas Frutchey
City Manager

DRAFT

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _____)

On _____ before me, _____, Notary Public
(insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

LEGAL DESCRIPTION to Zen Grant Deed

Real property in the City of Paso Robles, County of San Luis Obispo, State of California, described as follows:

PARCEL 1:

THAT PART OF THE PORTION OF LOT 23 OF THE SUBDIVISION OF A PART OF THE RANCHO PASO DE ROBLES, IN THE CITY OF EL PASO DE ROBLES, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO MAP FILED OCTOBER 22, 1886, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF THE PARCEL CONVEYED TO THE STATE BY DEED RECORDED JUNE 30, 1965 IN BOOK 1356, PAGE 447 OF OFFICIAL RECORDS; THENCE (1) NORTH 59° 00' 17" EAST, 52.17 FEET; THENCE (2) NORTH 02° 25' 45" EAST, 109.38 FEET TO THE NORTHERLY LINE OF SAID PARCEL; THENCE (3) WESTERLY ALONG LAST SAID LINE, 43.19 FEET TO THE NORTHWESTERLY CORNER OF SAID PARCEL; THENCE (4) SOUTHERLY ALONG THE WESTERLY LINE OF SAID PARCEL TO THE POINT OF BEGINNING.

PARCEL 2:

THAT PORTION OF LOT 23 OF THE SUBDIVISION OF A PART OF THE RANCHO PASO DE ROBLES, IN THE CITY OF EL PASO DE ROBLES, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA ACCORDING TO MAP FILED OCTOBER 22, 1886, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A 6" X 6" C. H. C. CONCRETE RIGHT OF WAY MONUMENT ON U. S. HIGHWAY 101 OF THE WESTERLY RIGHT OF WAY LINE OF THE LAND CONVEYED TO THE STATE OF CALIFORNIA, BY DEED DATED OCTOBER 10, 1950, AND RECORDED NOVEMBER 17, 1950, IN BOOK 586, PAGE 518 OF OFFICIAL RECORDS, BEARING 95 FEET AT RIGHT ANGLES FROM HIGHWAY ENGINEER'S STATION 428 + 42.11 ON THE CENTERLINE OF THE SURVEY OF SAID HIGHWAY; THENCE NORTH 6° 33' 30" EAST ALONG SAID WESTERLY RIGHT OF WAY LINE, 60 FEET TO THE TRUE POINT OF BEGINNING, SAID TRUE POINT OF BEGINNING BEING THE NORTHEAST CORNER OF THE PROPERTY CONVEYED TO WILLIAM C. BRENCHLEY, ET AL., BY DEED DATED MAY 27, 1958, AND RECORDED OCTOBER 3, 1958, IN BOOK 970, PAGE 38 OF OFFICIAL RECORDS; THENCE NORTH 85° 43' 10" WEST, ALONG THE NORTHERLY LINE OF THE PROPERTY SO CONVEYED, 120 FEET TO THE NORTHWESTERLY CORNER THEREOF; THENCE SOUTH 1° 36' 22" WEST, ALONG THE WESTERLY LINE OF SAID BRENCHLEY PROPERTY, 140 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF CALIFORNIA STATE HIGHWAY NO. V-SLO-33-E; THENCE SOUTH 89° 53' WEST, ALONG SAID RIGHT OF WAY 35.96 FEET; THENCE NORTH 89° 40' 40" WEST, ALONG SAID RIGHT OF WAY, 139.33 FEET; THENCE NORTH 4° 27' 10" WEST, 129.97 FEET; THENCE NORTH 41° 39' 25" WEST, 54.91 FEET; THENCE NORTH 26° 54' 50" EAST, 330.55 FEET; THENCE SOUTH 70° 13' 02" EAST, 209.65 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF U. S. HIGHWAY 101; THENCE SOUTH 16° 38' 25" EAST, ALONG SAID RIGHT OF WAY LINE, 73.00 FEET TO A 6" X 6" C. H. C. MONUMENT; THENCE SOUTH 6° 33' 30" WEST, ALONG THE SAID WESTERLY RIGHT OF WAY LINE, 195.47 FEET, (RECORD 195.89 FEET), TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION OF SAID LAND DESCRIBED IN THE FINAL ORDER OF CONDEMNATION TO THE STATE OF CALIFORNIA; RECORDED FEBRUARY 4, 1966, IN BOOK 1384, PAGE 637 OF OFFICIAL RECORDS.

PARCEL 3:

AN EASEMENT FOR TELEVISION ANTENNA GUY WIRES AND ANCHOR OVER THAT PORTION OF LOT 23 OF THE SUBDIVISION OF A PART OF THE RANCHO PASO DE ROBLES, IN THE COUNTY OF SAN LUIS OBISPO,

STATE OF CALIFORNIA ACCORDING TO MAP FILED FOR RECORD OCTOBER 22, 1886, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS.

BEGINNING AT A 6" X 6" C. H. C. CONCRETE RIGHT OF WAY MONUMENT ON U. S. HIGHWAY 101 ON THE WESTERLY RIGHT OF WAY LINE OF THE LAND CONVEYED TO THE STATE OF CALIFORNIA, BY DEED DATED OCTOBER 10, 1950 AND RECORDED NOVEMBER 17, 1950, IN BOOK 586, PAGE 518 OF OFFICIAL RECORDS, BEARING 95 FEET AT RIGHT ANGLES FROM HIGHWAY ENGINEER'S STATION 428 - 24.11 ON THE CENTERLINE OF THE SURVEY OF SAID HIGHWAY; THENCE NORTH 6° 33' 30" EAST ALONG SAID WESTERLY RIGHT OF WAY LINE, 60 FEET TO THE NORTHEAST CORNER OF THE PROPERTY CONVEYED TO WILLIAM C. BRENCHLEY, ET AL., BY DEED DATED MAY 27, 1958 AND RECORDED NORTH 85° 43' 10" WEST, ALONG THE NORTHERLY LINE OF THE PROPERTY SO CONVEYED, 120.00 FEET TO THE NORTHWESTERLY CORNER THEREOF; THENCE SOUTH 1° 36' 22" WEST, ALONG THE WESTERLY LINE OF SAID BRENCHLEY PROPERTY, 140 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF CALIFORNIA STATE HIGHWAY NO. V SLO 33 E; THENCE SOUTH 89° 53' WEST, ALONG SAID RIGHT OF WAY, 35.96 FEET; THENCE NORTH 89° 40' 40" WEST, 139.33 FEET; THENCE NORTH 4° 27' 10" WEST, 129.97 FEET; THENCE NORTH 41° 39' 25" WEST, 54.91 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 41° 39' 25" WEST, 17.20 FEET, THENCE NORTH 26° 54' 50" EAST 29.32 FEET, THENCE SOUTH 63° 05' 10" EAST, 16.01 FEET, THENCE SOUTH 26° 54' 50" WEST, 35.60 FEET TO THE TRUE POINT OF BEGINNING.

APN: 009 831 007

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