

LEASE AGREEMENT

By and Between

City of Cathedral City

and

Cathedral City Chamber of Commerce

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made and entered into as of this 1st day of July, 2015, by and between the City of Cathedral City, a California municipal corporation ("City") and the Cathedral City Chamber of Commerce, a California non-profit corporation ("Chamber").

RECITALS

WHEREAS, the City is the owner of that certain real property located at 68-700 Avenida Lalo Guerrero, Cathedral City, California 92234, housing general government and public safety services and more commonly referred to as the Cathedral City Civic Center (the "Property", or the "Civic Center"); and

WHEREAS, a portion of the Civic Center that has been used as the Cathedral City Visitor's Center and Chamber Office and as more fully described herein (the "Lease Area") will be available for these same uses through September 1, 2015; and

WHEREAS, the Lease Area is suited to continue to accommodate these activities on a short-term basis; and

WHEREAS, accordingly, the City desires to continue to lease the Lease Area to the Chamber for a limited period and the Chamber desires to lease the Lease Area from the City pursuant to the terms and conditions of this Lease.

NOW, THEREFORE, IN CONSIDERATION OF THE TERMS, COVENANTS AND CONDITIONS CONTAINED HEREIN, THE CITY AND CHAMBER HEREBY AGREE AS FOLLOWS:

ARTICLE 1 General Provisions

1.1 Description of Lease Area. The City will lease a portion of the Civic Center to the Chamber as more fully described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Lease Area").

1.2 Parties to the Lease

1.2.1 City. The City of Cathedral City, a California municipal corporation exercising local governmental functions and powers, is located at 68-700 Avenida Lalo Guerrero, Cathedral City, California 92234. Whenever the term "City" is used in this

Lease, it includes the City of Cathedral City and any assignee of or successor to its rights, powers and responsibilities.

1.2.2 Chamber. The Cathedral City Chamber of Commerce is a California non-profit corporation providing business services and representation to Cathedral City Chamber members and Cathedral City Visitor's Center services to the general public. Whenever the term "Chamber" is used in this Lease, it includes the Cathedral City Chamber of Commerce and any assignee of or successor to its rights, powers and responsibilities.

ARTICLE 2 Occupation of the Lease Area

2.1 Acceptance of the Lease Area. Except as may be otherwise herein provided, Chamber shall, by occupying the Lease Area, be deemed to have accepted the Lease Area as fit for the Chamber's intended use.

2.2 Ownership of Equipment and Furniture. The City and the Chamber acknowledge and agree that as of the Commencement Date, as that term is hereinafter defined, the Lease Area included office equipment and furniture owned by the City (the "City Office Equipment and Furniture"). A list of the City office equipment and furniture is attached hereto as Exhibit "B" and incorporated herein by this reference. Throughout the Term of this Lease, as that term is hereinafter defined, the City will allow the Chamber to use the City office equipment and furniture at no additional cost, unless the City determines in its sole discretion that the City requires use of all or a portion of the City office equipment or furniture. In the event the City makes a determination that it requires the use of all or a portion of the City office equipment or furniture, the City shall provide the Chamber with a fifteen (15) day notice before removing any of the City Office equipment or furniture. The City and the Chamber further acknowledge and agree that all electrical, plumbing and/or HVAC systems in place prior to occupancy of the Lease Area is owned by the City. The Chamber shall not remove, damage or demolish any equipment or furniture in the Lease Area. If any equipment or furniture is removed, damaged or demolished, Chamber agrees to replace such equipment or furniture at the sole expense of the Chamber. Notwithstanding the foregoing, and anything to the contrary herein, the City and the Chamber acknowledge and agree that the City shall not provide the Chamber with a copy machine or any copying services pursuant to this Lease.

2.3 Surrender of the Lease Area and Equipment and Furniture. Upon the expiration or termination of this Lease, the Chamber shall surrender the Lease Area in a "broom clean" condition, free of debris, trash or other materials. Title to all equipment permanently secured to the Lease Area shall fully vest in the City. Surrender and

restoration of the Lease Area by the Chamber shall include the removal of any exterior signage, restoration of any other improvements to their original appearance.

2.4 Hours of Operation. The Chamber recognizes that general municipal operations occur Monday through Thursday between 7:00 a.m. and 6:00 p.m.

ARTICLE 3 Term

3.1 Duration and Commencement. The term of this Lease (the "Term") shall commence on July 1, 2015 (the "Commencement Date") and shall continue thereafter until September 1, 2015 (the "Termination Date"). A one-time lease extension of up to three (3) months, until December 1, 2015 (the "Final Termination Date"), may be granted upon request by the Chamber.

ARTICLE 4 Rent

4.1 Rent. The Chamber shall pay rent equal to eighty-five cents (\$0.85) per square foot per month for a total of eight hundred eighty-four dollars (\$884.00) per month for the months of July and August 2015. Should the Chamber exercise the lease extension, the Chamber shall pay rent equal to one dollar twenty-five cents (\$1.25) per square foot per month for a total of one thousand three hundred dollars (\$1,300) per month for the months of September, October, and November, plus triple net per month. The City and the Chamber acknowledge and agree that because of the professional relationship between the City and the Chamber, no security deposit is necessary.

4.2 Rental Payment. Rent for the months of July and August 2015 shall be due and payable on the Termination Date (September 1, 2015) whether or not the lease extension is exercised. Should the Chamber exercise the lease extension, rent shall be due and payable on the first of each month of the extension period commencing on September 1, 2015. A payment will be considered late if it is not received by the 5th of the month in which it is due and a 10 percent penalty of one hundred thirty dollars (\$130) will be applied.

4.3 Waiver of Rent. Should the Chamber vacate the premises on or before September 1, 2015 and not exercise any portion of the lease extension, the rent for the months of July and August 2015 will be waived.

4.4 Common Area Expenses. The City will maintain the exterior premises of the Lease Area, except that the Chamber agrees to clean the entrance windows on a

regular basis, clear the entrance area free of dirt and debris and maintain the entrance in an attractive manner.

4.5 Parking. The Chamber agrees to request that their employees park in the parking structure west of the Civic Center or the parking lot north of the Civic Center. Parking on the street east of the Civic Center (Pickfair Street) is discouraged.

4.6 Public and Private Utility Services. The City will pay or cause to be paid all charges for public utility services to include power, water and wastewater, and natural gas for the lease area. Private utility services to include telephone, internet, cable television and other private utilities are the responsibility of the Chamber.

4.7 Janitorial Services. The Chamber shall be responsible to maintain the Lease Area in a sanitary manner with regular janitorial services. The Chamber may use the trash enclosures at the Civic Center. Disposal of large amounts of recyclable materials shall be coordinated with the City.

4.8 Taxes, Assessments and Charges. The Chamber hereby represents and warrants that it is a tax-exempt entity. To the extent the Chamber is assessed taxes, assessments or other charges including, without limitation, possessory interest, license fees, permit fees, inspection fees and other authorization fees and other charges, foreseen or unforeseen of every type of character, such fees and charges are the sole responsibility of the Chamber, and the Chamber shall pay all prior to delinquency.

4.9 Liability Insurance. The Chamber will provide proof of insurance for all contents of the Lease Area not owned by the City along with a general liability insurance policy in an amount and form acceptable to the City Attorney of Cathedral City. The City, in its sole discretion, throughout the term of this Lease, shall have the right to obtain a comprehensive general liability insurance policy on the Lease Area or alternatively, may self-insure the Lease Area.

ARTICLE 5 Use of the Lease Area

5.1 Permitted Use. The Lease Area shall be used only for appropriate activities associated with the administration of the Chamber. This may include meetings, negotiations, general office activities and similar operations. No personal or private business activities shall be conducted within the Lease Area.

5.2 Compliance with Laws. The Chamber shall comply with all laws, orders, ordinances or other public requirements now or hereafter pertaining to the Chamber's

use of the Lease Area, and shall obtain and maintain in force all permits or license required by law.

5.3 Nondiscrimination. In connection with its use of the Lease Area, the Chamber covenants that there shall be no discrimination by it against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, sexual orientation, marital status, domestic partnership status, national origin, or ancestry. Any such discrimination or segregation is prohibited and will result in immediate termination of this Lease.

ARTICLE 6 Tenant Improvements

6.1 Tenant Improvements. No tenant improvements shall be made to the Lease Area during the Term of this Lease.

ARTICLE 7 SIGNS

7.1 Restrictions. All signage shall be consistent with the provisions of the Cathedral City Sign Ordinance and approved, in writing, by the City. The Chamber is responsible for all costs related to specific signage requirements.

ARTICLE 8 Indemnification

8.1 Indemnification. The Chamber hereby indemnifies, holds harmless and agrees to defend the City against all claims, damages, expenses (including, without limitation, reasonable attorneys' fees and reasonable investigative and discovery costs), liabilities and judgments on account of injury to persons, loss of life, or damage to property occurring in the Lease Area and on any area immediately adjoining the Lease Area caused by the alleged active or passive negligence or willful misconduct of the Chamber, its agents or employees. This obligation with respect to indemnification hereunder shall remain effective, notwithstanding the expiration or termination of this Lease, as to claims arising or accruing prior to the expiration or termination of this Lease.

ARTICLE 9 Assignment and Subletting

9.1 Assignment and Subletting Prohibited. The Chamber may not assign or sublet any portion of the Lease Area.

ARTICLE 10 Representations

10.1 City Representations. The City represents and warrants to the Chamber that the City has full right and authority to grant the provisions of this Lease as described herein and to execute and perform all of the terms and conditions of this Lease.

10.2 Chamber Representations. The Chamber represents that it (i) has the right, power and authority to enter into this Lease and to perform all the obligations herein; (ii) will comply with all the terms of this Lease in return for the ability to peaceably and quietly have, hold and enjoy the full possession and use of the Lease Area throughout the Term; and (iii) has examined the Lease Area and finds that it is fit for the intended purpose. The Chamber acknowledges that the City has not made any representations or warranties regarding the condition of the Lease Area or its suitability for the Chamber's intended purpose or any other purpose.

ARTICLE 11 Default and Remedies

11.1 Events of Default. Any one or all of the following events after thirty (30) days written notice to the Chamber, unless a shorter period is specified, shall constitute an Event of Default:

- The failure to use the Lease Area for appropriate Chamber of Commerce activities more fully described in Article 5 herein.
- The abandonment or vacation of the Lease Area by the Chamber.
- The entry of any decree or order for relief by any court with respect to the Chamber.

11.2 Remedies. If an Event of Default occurs, then in addition to any other remedies available to the City by law or in equity, the City shall have the immediate option to terminate this Lease. If an Event of Default occurs, the City shall also have the right, with or without terminating this Lease, to enter the Lease Area and remove all persons and property. Property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of the Chamber.

11.3 Effect on Indemnification. Nothing contained in this Article is construed to limit the right of the City of indemnification as otherwise provided in this Lease.

ARTICLE 12 Right of Entry

12.1 Right of Entry. The City and its authorized representatives shall have the right to enter the Lease Area at all reasonable times for the purpose of conducting necessary municipal business and inspecting the area to ensure proper use.

ARTICLE 13 Supplemental Provisions

13.1 Notices. All notices and other communications shall be in writing and addressed to:

(a) City:

The City of Cathedral City
68-700 Avenida Lalo Guerrero
Cathedral City, California 92234
Attn: City Manager

With a copy to:

Green de Bortnowsky
23801 Calabasas Rd., Ste. 1015
Calabasas, CA 91302
Attn: Charles R. Green

(b) Chamber:

Cathedral City Chamber of Commerce
68-700 Avenida Lalo Guerrero
Cathedral City, California 92234
Attn: President/Chief Executive Officer

13.2 Subordination. This Lease is subject and subordinate at all times to the lien of existing and future mortgages or encumbrances. The Chamber hereby appoints the City as its attorney-in-fact, irrevocably, to execute and deliver any such instrument for the Chamber

13.3 Attorney's Fees. If either party to this Lease shall bring any action, suit, counterclaim, appeal, arbitration, or mediation for any relief against the other, declaratory or otherwise, to enforce the terms hereof or to declare rights hereunder (collectively, an "Action") for any relief against the other part, the losing party shall pay to the other party all of its attorneys' fees and costs incurred in bringing, prosecuting or defending the Action.

13.4 Integration. This Lease, and the exhibits attached hereto are the entire agreement between and final expression of the parties, and there are no agreements or representations between the parties except as expressed herein or therein.

13.5 Amendment. This Lease can be modified, supplemented, amended or rescinded only in writing expressly referring to this Lease and signed by the City and the Chamber.

13.6 Severability; Consent. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby. Unless otherwise expressly provided herein, any approval or consent of the City required hereunder shall not be unreasonably withheld or delayed. This Lease shall be binding upon and inure to the benefit of and be enforceable by the respective successors of the parties hereto.

13.7 Warranty Against Payment of Consideration. The Chamber warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Lease.

13.8 Non-liability of City Officials and Employees. No official or employee of the City shall be personally liable to the Chamber, or any successor in interest, in the event of any default or breach by the City or for any obligations under the terms of this Lease.

13.9 Time of the Essence. Time is of the essence of this Lease and all of the terms, provisions, covenants and conditions hereof.

13.10 Pronouns. Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution or substitutions.

13.11 Interpretation.

13.11.1 Law. The laws of the State of California shall govern the validity, construction and effect of this Lease.

13.11.2 Covenants. Whenever in this Lease any words of obligation or duty are used in connection with either party, such words shall have the same force and effect as though framed in the form of express covenants on the part of the party obligated.

13.11.3 Joint and Several Liability. In the event either party hereto now or hereafter shall consist of more than one person, firm or corporation, then and in such event all such persons, firms or corporations shall be jointly and severally liable as parties hereunder.

13.12 Attachments. All attachments and exhibits referred to in this Lease are attached to and incorporated herein by reference.

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IN WITNESS WHEREOF, the City and the Chamber have caused this Lease to be signed on their behalf by their respective signatories thereunto duly authorized.

“City”

CITY of CATHEDRAL CITY, a California municipal corporation

By: _____
Charles P. McClendon, City Manager

ATTEST:

By: _____
Gary Howell, City Clerk

Approved as to Form:

By: _____
Charles R. Green,
Green de Bortnowsky
City Attorney

“Chamber”

CATHEDRAL CITY CHAMBER OF COMMERCE, a California non-profit corporation

By: _____
Lynn Malotto
President/CEO

Acknowledged:

By: _____
Valerie Ward
Chairman of the Board

EXHIBIT "A"

LEASE AREA DESCRIPTION

AN APPROXIMATE 1,040 SQUARE-FOOT PORTION OF THE CATHEDRAL CITY CIVIC CENTER GENERALLY LOCATED IN THE SOUTHEAST CORNER ON THE GROUND FLOOR TO INCLUDE:

- An outside entrance
- A visitor waiting area with display space and reception desk
- An executive office
- A small break area
- An ADA-compliant unisex restroom

EXHIBIT "B"

CITY OFFICE EQUIPMENT AND FURNITURE

CITY FURNITURE

- One (1) U-shaped built-in executive desk with one (1) two-drawer lateral file cabinet and two (2) three-drawer cabinets;
- One (1) U-shaped built-in work station with two (2) three-drawer cabinets and one (1) two-drawer lateral file cabinet;
- One (1) U-shaped built-in work station with one (1) three-drawer cabinet;
- One (1) desk with return, attached in place, with one (1) attached three-drawer cabinet and one (1) free-standing three-drawer cabinet;
- One (1) built in 8.5' lobby display table;
- One (1) freestanding 7' long free-standing work table;
- Three (3) low-back task chairs, dark green/teal;
- Two (2) high-back executive chairs, green

CITY OFFICE EQUIPMENT

- Five (5) GTE/Meridian Desk phones
(returned to City's IT Department May 2014 - Chamber purchased its own phone system)