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CITY OF SACRAMENTO

October 19th, 1982

DEPARTMENT OF ENGINEERING

915 I STREET
CITY HALL ROOM 207

SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5281

J.F. VAROZZA
CITY ENGINEER
M.H. JOHNSON
ASSISTANT CITY ENGINEER

City Council
Sacramento, California

Honorable Members In Session:

SUBJECT: Sublease of Parcel No. 8, 13th and J Streets Community Center Parking Garage (1237 J Street)

SUMMARY

Attached is a Resolution establishing the rental rate for Parcel No. 8 in the 13th and J Street Community Center Parking Garage, also known as 1237 J Street, and authorizing the City Clerk to advertise said parcel for lease. Adoption of the Resolution is recommended.

BACKGROUND INFORMATION

On October 4th, 1977, the Council approved a sublease between the City of Sacramento and John E. Lamoreaux, Allen W. Weatherwax, Sue Wolf and George Noda, dba Farmers Insurance Group, to lease the premises commonly known as Parcel No. 8 in the Community Center Parking Garage, 1237 J Street. The lease term was for 5 years starting November 1st, 1977 at a rate of $536.00 per month, or 47 cents per square foot, for 1,140 square feet.

Paragraph 32 of the sublease calls for the Lessee to have an option to renew the sublease for an additional 5 years at a rental rate acceptable to both parties.

We have had the commercial space in said Parking Garage appraised by a private, independent appraiser and he has established the rental rate for the premises located at 1237 J Street at $1.00 per square foot, or $1,140.00 per month, with the Lessee paying all utility services except water and sewer charges.

The existing tenants, Farmers Insurance Group, wish to remain at their present location but are unwilling to pay the $1.00 per square foot ($1,140.00 per month), but have offered to pay 80 cents per square foot or $912.00 per month plus utilities (see Mr. Lamoreaux's attached letter).

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In the past year, two of our other tenants in the 13th and J Streets Community Center Parking Garage, Beneficial Finance and Sac-Tel, have signed agreements for additional 5 year subleases based on our rental value of $1.00 per square foot plus utilities in accordance with their option under the existing sublease.

As we seem to have reached an impasse with the present tenants as to what the rental rate should be, we are proposing that the premises be advertised for lease by calling for sealed bids in accordance with Section 12.32 of the City Code with the minimum bid price being $1,140.00 per month ($1.00 per square foot).

FINANCIAL DATA

The current lease is generating $6,432.00 per year. At $1,140.00 per month, it will generate $13,680.00 per year.

RECOMMENDATION

It is recommended that the offer of $912.00 per month from Farmers Insurance Group to sublease the premises at 1237 J Street be rejected and that the Council adopt the attached Resolution establishing the minimum rental rate for said premises at $1,140.00 per month and direct the City Clerk to advertise said premises for lease with bids to be received on November 16th, 1982.

Respectfully submitted,

John F. Varozza
City Engineer

Recommendation Approved

Walter J. Slipe
City Manager

JFV:IEM:bb
Attachment

October 19th, 1982
DISTRICT NO. 1

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THE
Farmers Insurance Group OF COMPANIES

JOHN E. LAMOREAUX, Agent
1237 J. Street
Sacramento, California 95814
Bus: 441-2776
Res: 487-9123

Mr. Irvin E. Moraes
Real Estate Supervisor
915 I Street
City Hall, Room 207
Sacramento CA 95814

September 30, 1982

Dear Mr. Moraes,

With reference to your letter of June 24, 1982 and due to the economic conditions prevailing today, we cannot agree to commit ourselves for a period of five years to a $1.00 per square foot plus utility costs lease.

However, I am quite sure that I can get my partners to agree to pay rental value of either 80 cents per square foot plus utility costs or 90 cents per square foot with the city continuing to pay utility costs.

As you are aware, two of my partners are in their retirement years, both being age 68. They do not desire to have a financial commitment of this magnitude for five years. The undersigned does feel though, that he and his remaining partner, Ms. Susan Wolf, would be able to absorb the costs in the event of death or retirement of the senior partners.

If either of the above proposals meet your and the city councels approval, we would be happy to sign the new lease agreement immediately.

Sincerely,

John E. Lamoreaux

John E. Lamoreaux

cc: City Councel Members

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82-716

RESOLUTION NO. 82-716

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

OCTOBER 19, 1982

ESTABLISHING RENTAL RATE FOR PARCEL NO. 8, IN THE 13TH AND J STREETS COMMUNITY CENTER PARKING GARAGE (LOT E) AND AUTHORIZING THE ADVERTISING FOR SUBLEASE OF COMMERCIAL SPACE, PARCEL NO. 8 (1237 J STREET) IN 13TH AND J STREETS COMMUNITY CENTER PARKING GARAGE (LOT E)

WHEREAS, the City of Sacramento has leased from the Parking Authority of the City of Sacramento a parking facility at the north side of J Street between 12th and 13th Streets; and

WHEREAS, said parking facility contains commercial space on the ground floor; and

WHEREAS, the Council of the City of Sacramento is desirous of establishing a minimum rental rate for the premises for purposes of receiving bids for the subleasing of the premises as provided in Chapter 12 of the Sacramento City Code,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That the rental rate for Parcel No. 8 set aside for commercial use within the 13th and J Streets (Lot E) Parking Garage be not less than $1,140.00 per month.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That pursuant to Article II of Chapter 12 of the Sacramento City Code, the City Council hereby calls for bids for the subleasing of commercial space in the 13th and J Streets Parking Garage owned by the Parking Authority of the City of Sacramento and leased to the City of Sacramento, the space to be subleased being designated as Parcel 8 on the map on file in the office of the City Engineer. Said call for bids shall be in accordance with the attached Notice to Bidders and the City Clerk is hereby instructed to publish said notice in compliance with Section 12.32 of the City Code.

MAYOR

CITY CLERK

APPROVED
BY THE CITY COUNCIL

OCT 19 1982

OFFICE OF THE
CITY CLERK

PARCEL NO. 8
(1237 J Street)

Notice to Bidders

ALL BIDDERS ARE ADVISED THAT:

1. The premises consist of 1,140 square feet, more or less, of office or commercial space.

2. Sublease is for 60 months (5 years).

3. Minimum bid that the City will accept is $1,140.00 per month.

4. Lessee to accept the premises as is, any alteration or interior decorating shall be at the expense of the Lessee.

5. There is an existing sublease on the premises which expires November 1st, 1982 and the existing sublease must be given 30 days notice to vacate. Said 30 days notice shall be given upon approval of the sublease by the City Council.

6. Prior to the award of the sublease of the premises, the City may require the highest bidder to fill out and submit to the City a Statement of Financial Worth for evaluation. In the event the City feels that said highest bid does not meet the financial stability requirements as determined by our City Treasurer or Director of Finance, said bid will be rejected and the bid will be awarded to the next highest bidder that meets the financial stability required by the City.

SUBLEASE OF COMMERCIAL SPACE IN 13TH & J STREETS

COMMUNITY CENTER PARKING GARAGE: PARCEL NO. 8

THIS SUBLEASE, hereinafter referred to as a lease, executed in duplicate at Sacramento, California, on _____, 19___, between CITY OF SACRAMENTO, a municipal corporation and _____ _____, hereinafter called respectively the Lessor and Lessee, without regard to number or gender.

1. DESCRIPTION OF PREMISES. The Lessor hereby leases to Lessee, and Lessee hires from Lessor, on the terms and conditions hereinafter set forth, those certain premises situated in the City of Sacramento, County of Sacramento, State of California, and described as that portion of the ground floor space in the Sacramento City Parking Garage situated in the block bounded by 12th, 13th, I and J Streets, commonly known as the Community Center Parking Garage, consisting of approximately 1,140 square feet of floor space which is designated and described as Parcel No. 8 in the diagram attached hereto and marked Exhibit "A".

2. TERM. The term of this lease shall be for the period of 60 full calendar months, plus the partial month, if any, immediately following the commencement of the lease term, commencing upon the date of commencement set forth in Paragraph 6 and expiring, unless sooner terminated, at midnight on the last day of the 60th full calendar month thereafter, herein called the "lease term".

3. RENT. The total rent is ($)

lawful money of the United States of America, which Lessee agrees to pay to Lessor, without deduction or offset, at such place or places as may be designated from time to time by Lessor, in installments as follows: $ on the First (1st) day of January, 1983 and $ on the first day of each and every succeeding calendar month during the term of this lease until the total sum of said total rent is paid. Rent for any partial month of occupancy shall be prorated. Each of said monthly payments shall constitute the minimum rental and shall be supplemented by any additional payments required by the terms of this lease.

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The minimum monthly rental payments shall be due and payable on the first day of each month in advance. In the event that payment is not actually received by City on or before the fifth day of any month, the minimum monthly rental for that month shall be automatically increased to $1,200.00. The foregoing increase in minimum monthly rental shall be in addition to and not in lieu of all other remedies of Lessor for default in timely payment of rentals pursuant to this sublease.

4. CONSTRUCTION BY PARKING AUTHORITY. DELETED

5. LESSOR'S RIGHT TO FIX LOCATION. The proposed location of the premises in the building in which the premises form a part is designated on a floor plan attached as Exhibit "A". The location of the premises in the building shall be subject to such minor changes as Lessor's Architects find to be desirable in the work to be done by Lessor. On request by either party, both parties agree to modify the description of the premises on Exhibit "A" to the extent that Lessor's Architects certify to be desirable, and no changes so certified to be desirable shall invalidate or affect this lease. No such minor changes in the plans, that may be appropriate during the preparation of the premises for Lessee or during construction shall affect, change or invalidate this lease.

6. COMMENCEMENT OF LEASE TERM AND LESSEE'S OPENING DAY. DELETED

7. ABATEMENT OF RENT DURING PREPARATION FOR OCCUPANCY. DELETED

8. LESSEE ACCEPTANCE OF PREMISES. The opening by Lessee of its business in the premises shall constitute an acknowledgement by Lessee that the premises are then in the condition called for by this lease, that Lessor has performed all its work with respect to the premises, and that Lessee waives all patent defects in the premises.

9. COMMENCEMENT OF CONSTRUCTION. DELETED

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10. COMPLETION OF CONSTRUCTION. DELETED

11. USE. The premises are leased to the Lessee for the purpose of operation of _____. Lessee shall not use, or permit said premises, or any part thereof, to be used for any purpose or purposes other than the purpose or purposes for which the said premises are hereby leased, or for a purpose agreed to by Lessor pursuant to Paragraph 25.

12. INSURANCE HAZARDS. No use shall be made or permitted to be made of the said premises, nor acts done, which will increase the existing rate of insurance upon the building in which said premises may be located, or cause a cancellation of any insurance policy covering said building, or any part thereof, nor shall Lessee sell, or permit to be kept, used, or sold, in or about said premises, any article which may be prohibited by the standard form of fire insurance policies. Lessee shall, at its sole cost and expense comply with any and all requirements, pertaining to said premises, of any insurance organization or company, necessary for the maintenance of reasonable fire and public liability insurance, covering said building and appurtenances.

13. WASTE. QUIET CONDUCT. Lessee shall not commit, or suffer to be committed, any waste upon the said premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of any other tenant in the building in which the demised premises may be located.

14. ALTERATIONS. MECHANICS' LIENS.

(a) Lessee shall not make, or suffer to be made, any alterations of the said premises, or any part thereof, without the written consent of Lessor first had and obtained. All alterations, improvements, additions, or fixtures, other than trade fixtures not permanently affixed to realty, that may be made or installed upon the premises by either of the parties and that in any manner are attached to the floors, walls, or ceilings, shall be the property of the Lessor, and, at the termination of this lease, shall remain upon and be surrendered

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with the premises as a part of the premises, without disturbance, molestation, or injury; provided, however, Lessee may remove any partitions which it has installed in the premises, if Lessee repairs any damage to the premises caused by such removal. Any floor covering that may be cemented or otherwise affixed to the floor of the premises shall be and become the property of Lessor.

(b) Lessee shall pay, when due, all sums of money that may become due or purportedly due for any labor, services, materials, supplies, or equipment alleged to have been furnished or to be furnished to or for Lessee in, at, upon or about the premises and which may be secured by any mechanics', materialmen's or other lien against the premises or Lessor's interest in the premises, and Lessee shall cause each such lien to be fully discharged and released at the time performance of the obligation secured matures or becomes due. Lessor shall have the right to post and maintain on the premises such notices of nonresponsibility as are provided for under the mechanics' lien law of California.

15. UTILITIES. Lessor shall pay all water and sewage bills. Lessee shall pay all other utility bills for utility services provided for the premises.

16. ABANDONMENT OF PREMISES, TRADE FIXTURES. Lessee shall not vacate or abandon the premises at any time during the term, and if Lessee shall abandon, vacate, or surrender said premises, or be dispossessed by process of law, or otherwise, any personal property belonging to Lessee and left on the premises shall be deemed to be abandoned at the option of Lessor.

17. CARE AND MAINTENANCE OF THE DEMISED PREMISES.

(a) Lessee shall maintain the demised premises, but expressly excepting all structural portions thereof, in the same order and condition as when received, wear and tear in the usual and ordinary operation of Lessee's business, action of the elements, depreciation, obsolescence and other causes, happenings and occurences, beyond the reasonable control of Lessee, excepted. The term "structural portions" as used in this Paragraph, shall mean and include the foundations, interior walls, exterior walls, concrete slabs, the beams and columns bearing the main load on the roof, and the floors of the premises. Lessee shall not be obligated to reapir the exterior or interior of

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doors, windows, plate glass located on the premises, and the store front of the premises, except to the extent that damage to same is caused by the negligent or intentional act or omission of Lessee, its employees, agents, invitees, licensees, or contractors.

(b) Lessor shall keep in good order, condition and repair (i) the structural portions of the premises, as hereinabove defined, (ii) the plumbing and sewage system serving the premises, (iii) the heating, ventilating and air conditioning equipment provided for the premises; except (as to all items) for reasonable use and wear for any damage caused by any negligent or intentional act or omission of Lessee or its employees, agents, invitees, licensees, or contractors.

(c) Neither party shall be obligated to make repairs until after the expiration of ten (10) days written notice from the other party stating the need for repairs.

(d) The plumbing facilities shall not be used for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be thrown in the plumbing facilities. The expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by Lessee if Lessee or its employees, agents, or invitees shall have caused it.

18. ACCEPTANCE OF PREMISES AS IS. SURRENDER AT END OF TERM. By entry hereunder, Lessee accepts the premises as being in good and sanitary order, condition and repair and in the size and condition represented by Lessor and agrees on the last day of said term, or sooner termination of this lease, to surrender unto Lessor all and singular said premises with said appurtenances in the same condition as when received, reasonable use and wear thereof and damage by act of God or by the elements excepted, and to remove all of Lessee's signs from said premises.

19. COMPLIANCE WITH LAW. Lessee shall, at its sole cost and expense, comply with all of the requirements of all Municipal, State and Federal authorities now in force, or which may hereafter be in force, pertaining to the said premises, and shall faithfully observe in the use of the premises all Municipal ordinances and regulations and State and Federal statutes and regulations now in force or which may hereafter be in force.

The judgement of any court of competent jurisdiction, or the admission of Lessee in any action or proceeding against Lessee, whether Lessor be a party thereto or not, that Lessee has violated any such ordinance or statute in the use of the premises shall be conclusive of that fact as between Lessor and Lessee.

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20. NON-LIABILITY FOR DAMAGES. This lease is made upon the express condition that Lessee shall indemnify and hold harmless Lessor from and against any and all claims, damages, causes of action, suits, or damages (including costs and expenses incurred in connection therewith) for death or injury to persons or for loss of or damage to property arising out of or in connection with the use and occupancy of the premises by Lessee, its agents, servants, employees, or invitees and not caused by Lessor's negligence; provided, however, Lessor shall be liable for loss, damages, or injury resulting from structural defects of the building in which the premises are situated which are not caused by negligence or intentional act of Lessee, its agents, servants, employees, or invitees. In the event of any claims made or suits filed Lessor shall give Lessee notice thereof and Lessee shall have the right to defend or to settle the same to the extent of its interests hereunder.

21. INSURANCE REQUIREMENTS. During the term of this lease, Lessee shall at its own cost and expense maintain insurance as set forth below:

(a) Liability insurance as shall protect Lessee, the Lessor, its officials, officers, and employees from claims which may arise from operations conducted by Lessee. This liability insurance shall include, but shall not be limited to, protection against claims arising from bodily injury, personal injury and damage to property arising from Lessee's operations. Said policy shall cover premises liability, products liability, professional liability (where applicable such as beauty parlors, barber shops or activities involving nurses or doctors), automobile liability with respect to owned or non-owned vehicles and contractural liability. The amounts of insurance shall be not less than $1,000,000 single limit applying to bodily injury, personal injuries and property damage or a combination thereof. Said policy(ies) shall cover Lessor, its officials, officers and employees as insured and shall provide that coverage afforded Lessor shall be primary and no other insurance carried by Lessor will be called on to contribute to a loss covered by said policy(ies). Said policy(ies) shall provide thirty (30) days' notice of change or cancellation to the Director of Finance of the City of Sacramento, 915 I Street, Sacramento, California 95814.

(b) Worker's Compensation and Employee's Liability Insurance for all employees of Lessee shall be maintained all in strict compliance with State laws. Employer's Liability limit shall be not less than $1,000,000. Said policy shall provide thirty (30) days' notice of cancellation or change to Lessor.

(c) The Certificate of Insurance marked Exhibit "B" is to be completed as part of this lease and certified copies of all policies required by this section

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shall be furnished Lessor within fifteen (15) days of commencement of the lease.

(d) It is understood and agreed that approval of said policy(ies) shall in no way effect the terms and conditions of the hold harmless clause in this lease which remain in full force and effect.

22. AUCTIONS. SIGNS. Lessee shall not conduct or permit to be conducted any sale by auction on said premises. Lessee shall not place or permit to be placed any sign, decoration, marquee or awning on the front of the said premises without the prior written consent of Lessor; and, Lessee, upon request of Lessor, shall immediately remove any sign, decoration, marquee or awning which Lessee has placed or permitted to be placed in, on or about the front of the premises without the prior written consent of Lessor, and which, in the opinion of Lessor, is objectionable or offensive, and if Lessee fails immediately to do so, Lessor may enter upon said premises and remove any such sign, decoration, marquee or awning and Lessee shall pay the cost of such removal to Lessor upon demand. Lessee shall not place or permit to be placed upon any wall, sidewall, rear wall, or roof, any sign, advertisement, or notice without the prior written consent of Lessor.

23. ENTRY BY OWNER. Lessee shall permit Lessor and its agents to enter into and upon said premises at all reasonable times for the purpose of inspecting the same or for the purpose of maintaining the building in which said premises are situated, or for the purpose of making repairs, alterations, or additions to any other portion of said building in which the premises are located, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, for the purpose of posting notices of non-liability for alterations, additions or repairs, or for the purpose of enforcing the provisions of Paragraph 22 above without any rebate of rent and without any liability to Lessee for any loss of occupation or quiet enjoyment of the premises thereby occasioned. Lessee shall permit Lessor, at any time within sixty (60) days prior to the expiration of this lease, to place upon said premises any usual or ordinary "to let" or "to lease" signs.

24. DESTRUCTION OF PREMISES. In the event of a partial destruction of the said premises during the said term, from any cause for which Lessor is responsible for repair according to the terms and conditions of this lease, Lessor shall forthwith repair the same, provided such repairs can be made within ninety (90) days under the laws and regulations of State, Federal, County or Municipal authorities, and can be

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made pursuant to the terms and conditions of Resolution No. 5, adopted by the Parking Authority of the City of Sacramento, adopted October 3, 1968, as Amended October 10, 1968 and as Amended by Resolution No. 74, adopted by the Parking Authority of the City of Sacramento on April 17, 1975, but such partial destruction shall in no way annul or void this lease, except that Lessee shall be entitled to a proportionate reduction in rent to be based upon the extent to which the making of such repairs shall interfere with the occupancy of the demised premises by Lessee. If such repairs cannot be made within ninety (90) days, Lessor may, at its option, make same within a reasonable time, this lease continuing in full force and effect and the rent to be proportionately reduced as aforesaid in this Paragraph. In the event that Lessor does not so elect to make such repairs which cannot be made in ninety (90) days, or such repairs cannot be made under such laws, regulations or Parking Authority Resolution, this lease may be terminated at the option of either party.

In respect to any partial destruction which Lessor is obligated to repair or may elect to repair under the terms of this Paragraph, the provisions of Section 1932, Subdivision 2, and of Section 1933, Subdivision 4, of the Civil Code of the State of California are waived by Lessee.

Notwithstanding anything to the contrary herein, in the event that the building in which the demised premises may be situated be destroyed to the extent of not less than twenty percent (20%) of the replacement cost thereof, Lessor may elect to terminate this lease, whether the demised premises be injured or not. A total destruction of the building in which the said premises may be situated shall terminate this lease. In the event of any dispute between Lessor and Lessee relative to the provisions of this Paragraph, they shall select an arbitrator, the two (2) arbitrators so selected shall select a third arbitrator and the three (3) arbitrators so selected shall hear and determine the controversy and their decision thereon shall be final and binding upon both Lessor and Lessee, who shall bear the cost of such arbitration equally between them.

25. ASSIGNMENT OR SUBLETTING. Lessee shall not assign this lease, or any interest therein, and shall not sublet the said premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Lessee excepted) to occupy or use the said premises, or any portion thereof, without the written consent of Lessor first had and obtained (which Lessor shall not unreasonably withhold), and a consent to one assignment, subletting, occupation or use

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by another person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use by another person. Any such assignment or subletting without such consent shall be void, and shall, at the option of Lessor, terminate this lease. This lease shall not, nor shall any interest therein, be assignable, as to the interest of Lessee, by operation of law, without the written consent of Lessor.

26. INSOLVENCY. RECEIVER. Either (a) the appointment of a receiver to take possession of all or substantially all of the assets of Lessee, or (b) a general assignment by Lessee for the benefit of creditors, or (c) any action taken or suffered by Lessee under any insolvency or bankruptcy act shall constitute a breach of this lease by Lessee.

27. REMEDIES OF LESSOR. The following rights and remedies shall be available to Lessor in the event Lessee commits any act of default during the term. These rights and remedies shall not be exclusive, but shall be cumulative and in addition to any and all rights and remedies now or hereafter allowed by law:

(a) Even though Lessee breaches this lease, or abandons the leased premises, this lease shall continue in full force and effect for so long as Lessor does not terminate Lessee's right to possession of the leased premises; and Lessor shall be entitled to enforce all its rights and remedies under the lease, including the right to collect rent as it becomes due. It is hereby specifically agreed between the parties that acts of maintenance or efforts to relet the premises, and/or the appointment of a receiver on initiative of Lessor to protect Lessor's interest under this lease will not constitute a termination of Lessee's right to possession. After the occurrence of the acts of default or abandonment by Lessee, and for so long as Lessor does not terminate Lessee's right to possession of the leased premises, Lessee shall be permitted to sublet the property or assign his interest in the lease, with the consent of Lessor; and Lessor shall not unreasonably withhold such consent. Lessor shall not be deemed to have elected to terminate Lessee's right to possession of the leased premises unless Lessor gives written notice of such election to terminate.

(b) Lessor may elect, by written notice to Lessee, to terminate Lessee's right to possession of the leased premises at any time after the occurrence of any act of default by Lessee, and in such event may, at Lessor's option, declare this lease and Lessee's right to possession terminated. It is hereby specifically agreed between the parties that acts of maintenance or efforts to relet the leased premises, and/or the appointment of a receiver on initiative of Lessor to protect Lessor's interest

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under this lease will not constitute a termination of Lessee's right to possession. In the event Lessor elects to terminate this lease and Lessee's right to possession as aforesaid, Lessor may recover as damages from Lessee the following:

(i) The worth at the time of award of the unpaid rental which has been earned at the time of termination of the lease; and

(ii) The worth at the time of award of the amount by which the unpaid rental which would have been earned after the date of termination of this lease until the time of award exceeds the amount of such loss of rental that Lessee proves Lessor could have reasonably avoided; and

(iii) The worth at the time of the award of the amount by which the unpaid rental for the balance of the term after the time of award exceeds the amount of the loss of such rental that Lessee proves Lessor could have reasonably avoided; and

(iv) Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's act or default or which in the ordinary course of things would be likely to result therefrom.

The phrase "the worth at the time of the award" as referred to in subparagraphs (b) (i) and (ii) is to be computed by the allowing interest at the rate of ten percent (10%) per annum. The phrase "the worth at the time of the award" as referred to in subparagraph (b) (iii) shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%).

(c) Efforts by Lessor to mitigate the damages caused by Lessee's breach of this lease shall not waive Lessor's right to recover damages under the foregoing provisions.

(d) Nothing in the foregoing subparagraphs shall affect the right of Lessor to indemnification against liability arising prior to the termination of this lease for personal injuries or property damage, or against mechanic's liens or other liens, claims or expenses.

28. SURRENDER OF LEASE NOT MERGER. The voluntary or other surrender of this lease by Lessee, or mutual cancellation thereof, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subleases or subtenancies, or may, at the option of Lessor, operate as an assignment to it of any or all such subleases or subtenancies.

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29. ATTORNEYS' FEES ON DEFAULT. In case suit shall be brought for an unlawful detainer of the said premises, for the recovery of any rent due under the provisions of this lease, or because of the breach of any other covenant herein contained, on the part of Lessee to be kept or performed, Lessee shall pay to Lessor reasonable attorneys' fees which shall be fixed by the Court.

30. NOTICES. Any and all notices or demands by or from Lessor to Lessee, or Lessee to Lessor, shall be in writing. They shall be served either personally or by registered mail or by telegraph. If served personally, service shall be conclusively deemed made at the time of service. If served by registered mail, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail, postage prepaid, addressed to the party to whom such notice or damand is to be given, as hereinafter provided, and the issuance of the registry receipt therefor. If served by telegraph, service shall be conclusively deemed made at the time that the telegraphic agency shall confirm to the sender delivery thereof to the addressee.

Any notice or demand to Lessor may be given at the office of the City Clerk, City of Sacramento, 915 I Street, Sacramento, California, 95814.

Any notice or demand to Lessee may be given at _____

_____.

Any party hereto may change the address for notice by giving written notice to the other party according to this paragraph.

31. WAIVER. The waiver by Lessor of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of any delinquent rental payment hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

32. OPTION TO RENEW AND HOLDING OVER.

(a) Lessee is hereby granted and shall, if not at the time in default under this lease, have an option to renew this lease for an additional period of sixty (60) months only from the expiration date hereof, but otherwise on the same terms, covenants and conditions herein contained except that the rent for the renewed term

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shall be fixed by agreement of the parties or by arbitration on the failure of the parties to mutually agree on a rental figure as follows:

One hundred twenty (120) days before the expiration of the term hereof if the parties have not at that time mutually agreed on the rental to be paid for this renewal, each party hereto shall appoint one real estate appraiser who is a member of the American Institute of the Real Estate Appraisers to act as arbitrators. The two real estate appriasers so appointed shall then appoint a third real estate appraiser who is also a member of the same Institute. When all three have been appointed they shall then appraise the leased premises and determine a rental value for the use for which Lessee is then using the premises. The appraisal and determination shall be made within sixty (60) days prior to expiration of the term hereof and in writing and signed by the arbitrators in duplicate. One of the writings shall be delivered to the Lessor and the other to the Lessee. Each party hereto shall pay the charges of the arbitrator appointed by him and the expenses incurred by such arbitrator. The charges and expenses of the third arbitrator shall be paid by the parties hereto in equal shares. The parties hereto expressly agree to be bound by the decision of the appraisers acting as a board of arbitration as herein provided. If the parties fail to mutually agree on a rental figure and if either or both fail to appoint an appraiser as herein provided, or if the two appraisers appointed fail to appoint a third appraiser as herein provided, or if at least two of the three appraisers so appointed do not agree on a rental figure on or before the sixtieth (60th) day prior to expiration of the term hereof, the reasonable rental value of the leased premises shall be determined by the Superior Court of the State of California for the County of Sacramento in a declaratory relief or other action brought therein for that purpose, and in any such action, each part shall bear his own attorneys fees and costs, and each expressly agrees to be bound by the rental figure as determined by the judgment of the Court.

(b) This option shall be exercised only by Lessee giving notice of his election to renew this lease as herein provided to Lessor according to Paragraph 30 on or before the one hundred eightieth (180th) day prior to the expiration of the term hereof.

(c) In the event that Lessee elects to renew this lease and shall serve notice of such election, and the rental for the renewed term is fixed, all as hereinabove provided, the parties hereto shall, on expiration of the term hereof, execute a new

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lease whereby Lessor shall lease to Lessee and Lessee shall hire from Lessor the leased premises hereinbefore described for the term of sixty (60) months from the datc of the expiration of the term hereof in the terms, covenants and conditions herein contained and subject to the exceptions and reservations herein set forth.

(d) In the event that Lessee does not renew this lease as hereinabove provided, and holds over beyond the expiration of the term hereof, such holding over shall be deemed to be a month-to-month tenancy only at a rental of $ 1,710.00 per month, payable on the first day of each and every month thereafter until the tenancy is terminated in a manner provided by law.

33. BINDING ON SUCCESSORS. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors executors, administrators and assigns of all of the parties hereto, and all of the parties hereto shall be jointly and severally liable hereunder.

34. TIME. Time is of the essence of this lease.

35. CONDEMNATION. If any part of the premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible of occupation hereunder, this lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the rent Lessee shall be required to pay for the remainder of the term shall be only such portion of the rent specified herein as the value of the part of the premises remaining in possession of Lessee after the condemnation; but in such event both Lessor and Lessee shall have the option to terminate this lease as of the date when title to the part so condemned vests in the condemnor. If all the demised premises, or such part thereof, be taken or condemned so that there does not remain a portion susceptible for occupation hereunder, this lease shall thereupon terminate. If a part or all of the demised premises be taken or condemned, all compensation awarded upon such condemnation or taking shall go to the Lessor and the Lessee shall have no claim thereto, and the Lessee hereby irrevocably assigns and transfers to the Lessor any right to compensation or damages to which the Lessee may become entitled during the term hereof by reason of the condemnation of all, or a part of the demised premises.

36. TAXES. The Lessee shall, in addition to all other sums agreed to be paid under this lease, pay to the County of Sacramento all personal property taxes which shall be levied against the personal property of the Lessee. The Lessor shall

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pay out of the rent all Real Estate taxes levied upon Lessee's possessory interest in the demised premises; provided, however, said payment of any possessory interest tax shall not exceed the amount established by the County of Sacramento for the first year said possessory interest appears upon the County's Unsecured Rolls. Any possessory interest tax imposed which exceeds the amount established by the County of Sacramento for the first year said possessory interest appears upon the County's Unsecured Rolls shall be paid by the Lessee to Lessor on demand and in addition to the monthly rental specified in Paragraph 3.

37. CHANGE IN FORM OF OWNERSHIP If Lessee be a partnership, a withdrawal or change, voluntary, involuntary, by operation of law, or otherwise of any of the partners thereof, or if Lessee be composed of more than one (1) person, a purported assignment or transfer, voluntary, or involuntary, by operation of law, or otherwise from one (1) thereof unto the other or others thereof, or if Lessee be a corporation, a change in the ownership (voluntary, involuntary, or by operation of law, or otherwise) of thirty-three and one third percent (33 1/3%) or more of its capital stock as owned as of the date of execution hereof during the term and any renewal of this lease, shall be deemed an assignment prohibited hereby unless the written consent of Lessor be obtained thereto.

38. SERVICE AREAS. Lessee agrees that all receiving and delivery of goods and merchandise and all removal of garbage and refuse shall be made only by way of the loading areas or such portion of the parking areas within parking structure operated by Lessor as Lessor may designate from time to time for such use by Lessee, and at such hours as may be designated by Lessor from time to time.

39. PARKING OPTION. Lessor agrees to make available to Lessee or its employees not more than TWO (2) monthly parking spaces in the parking facility which houses the demised premises at the current rental rate applicable to monthly parking in the garage by members of the public. Rental paid for said monthly parking spaces shall be in addition to the minimum monthly rental specified in Paragraph 3.

40. EXCUSABLE DELAYS Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party

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obligated to perform shall excuse performance by such party for a period equal to any such prevention, delay or stoppage, except the obligations imposed by Paragraph 3.

41. LAST DATE FOR COMMENCEMENT OF LEASE TERM. Deleted.

42. CAPTIONS. The title or headings to the Paragraphs of this lease are not a part of this lease and shall have no effect upon the construction or interpretation of any part of this lease.

43. RULES AND REGULATIONS. Lessor shall have the right from time to time to promulgate rules and regulations and amendments thereto for the safety, care and cleanliness of the building in which the demised premises are located and for the preservation of good order. Upon delivery of a copy of such rules and regulations or upon receiving written notice of such rules and regulations, together with a copy thereof, Lessee will comply with the rules and regulations, and a violation of any of them shall constitute a breach and default of this lease. If there is a conflict between the lease and any rule or regulation, the lease shall prevail. Lessor shall make all reasonable efforts to enforce any such rules and regulations uniformly against all tenants in the building. No such rules and regulations shall require Lessee to pay any additional rent under this lease.

IN WITNESS WHEREOF, Lessor and Lessee have executed this lease on the date hereinabove first written.

Initial _____

CITY OF SACRAMENTO, a Municipal corporation, Lessor

By_____

LESSEE:

_____

ATTEST:

_____
CITY CLERK

Approved as to form:

_____
CITY ATTORNEY

Initial _____

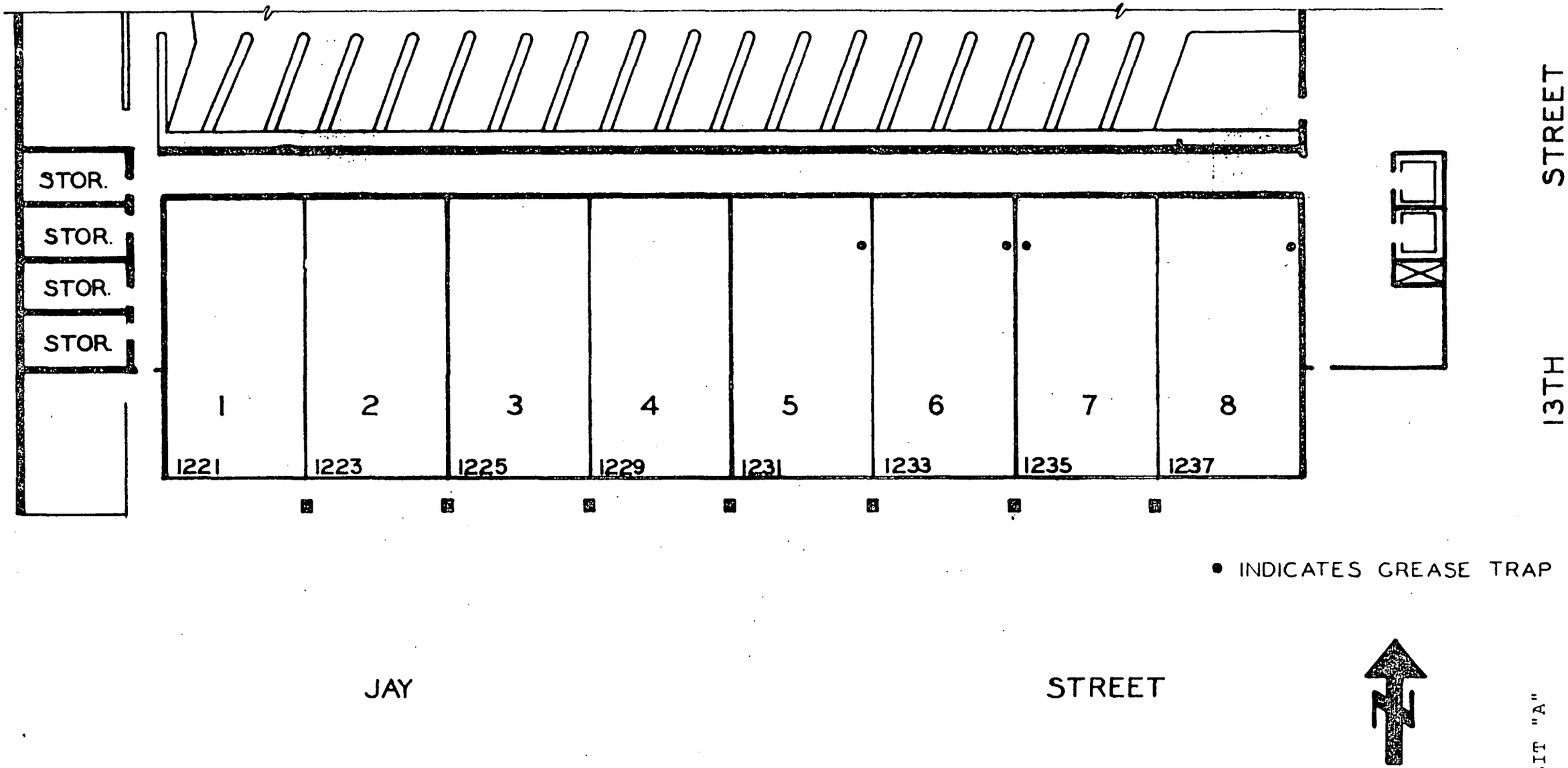

EXHIBIT "A"

1 UNIT = 1140 SQ. FT. (APPROX.)
8 UNITS = 9120 SQ. FT. "

LEASE SPACE
COMMUNITY CENTER GARAGE

CERTIFICATE OF INSURANCE

This certifies to CITY OF SACRAMENTO
that the following described policies have been issued to:

Insured _____

Address _____

Location of operations insured _____

Description of work (show project name and/or number, if any) _____

POLICIES AND INSURERS	LIMITS		POLICY NUMBER	EXPIRATION DATE
	Bodily Injury	Property Damage		
Workmen's Compensation	Employer's Liability $_____			
(Insurer)				
Comprehensive General Liability	Each Person	Each Occurrence		
	Each Occurrence	Aggregate		
(Insurer)	Combined Single Limit			
Comprehensive Auto Liability	Each Person	Each Accident		
	Each Occurrence			
(Insurer)	Combined Single Limit			

All policies are in effect at this time and will not be cancelled, limited, or allowed to expire without renewal until after 30 days written notice has been given to the certificate holder named on the top line.

The following coverages or conditions are in effect:

	Yes	No
Broad Form Property Damage		
Products and Completed Operations		
Contractual Liability		
Professional Liability		
Errors & Omissions		
Legal Liability		
X, C, U Hazards Included		
Named Additional Insured(1)		
Insurance policy(ies) will be deemed Primary Insurance		

_____ (Date)

_____ (Authorized Signature) (2)

_____ (At)

_____ (Insurance Company)

(1) City of Sacramento, its officers, employees, and agents

(2) Authorized signature may be the agent's if agent has placed insurance through an agency agreement with the insurer. If insurance is brokered, authorized signature must be that of official of insurer.

NOTE: Forward completed Certificate within 15 days of execution of this contract and prior to engaging in any activity set forth in this contract to: CITY OF SACRAMENTO, DEPARTMENT OF FINANCE, 915 I STREET, ROOM 100; SACRAMENTO, CA 95814