

**ORIGINAL**

**LEASE NO. 1429**

**BETWEEN**

**KENNETH SAMPLE**

**AND**

**DEPARTMENT OF WATER AND POWER  
OF THE CITY OF LOS ANGELES**

**ARTICLE I. SPECIFIC TERMS AND PROVISIONS**

The Department of Water and Power of the City of Los Angeles, hereinafter Lessor, and:

**Kenneth Sample**

hereinafter Lessee, agree as follows:

1. **LEASED PREMISES:** Lessor leases to Lessee that certain real property consisting of 1.5 acres located at 1290 N. Main Street, Bishop, California, more particularly shown on the drawing marked *Exhibit A*, attached hereto and made a part hereof.
2. **TERM:**
  - 2.1. **Term:** This term of this lease, upon approval by the Board of Water and Power Commissioners of the Department of Water and Power of the City of Los Angeles (Board of Water and Power Commissioners), or their designee(s), shall commence on \_\_\_\_\_ (the first day of the month immediately following the date of full execution of this lease) and terminate five (5) years thereafter, unless sooner terminated as herein provided.
  - 2.2. **Full Execution:** Full execution shall mean the first date upon which this lease has been signed by Lessor or by the person authorized by Lessor to sign on its behalf and also signed by Lessee's authorized representative; this lease has been approved by the Los Angeles City Council or by the Board of Water and Power Commissioners, or by the City's or the Board's officer or employee authorized to give such approval; and the Office of the City Attorney has indicated in writing its approval of this lease as to form and legality.
  - 2.3. **Renewal:** The term of this lease is for a period of five (5) years only and no longer. Further, this lease is subject to the prior approval by the Board of Water and Power Commissioners, by resolution. Lessee further acknowledges that Lessor has no power or authority to agree to a renewal of this lease. Any approval for a lease after this lease term is not within the contemplation or understanding of the parties and would also similarly be subject to prior approval by the Board of Water and Power Commissioners as to which approval no inference, understanding, or expression is hereby made.
3. **DESIGNATED USE:** The leased premises shall be used as a site for a service station, mini-market, and truck stop only, and for no other purpose.
4. **RENT:**
  - 4.1. **Rent / Rent Adjustments:**
    - 4.1.1 **Rent:** Lessee shall pay to Lessor the sum of Four Thousand Five Hundred Ninety-Three and No/100 Dollars (\$4,593) per month, in advance, payable on the first day of each month of this lease, commencing on the commencement date and continuing during the term of this lease.
    - 4.1.2 **Rent Adjustments:**

4.1.2.1 The rent shall be adjusted one year after the commencement date and each year thereafter during the term of this lease. The adjustment shall be based on a change in the Consumer Price Index (CPI) Bureau of Labor Statistics of the U.S. Department of Labor for the Los Angeles-Long Beach-Anaheim Index for All Urban Consumers, All Items (1982–1984 = 100).

4.1.2.2 The adjustment shall be calculated as follows: the then-current monthly rent shall be increased by the previous 12-month percentage change in the CPI using the calendar month three months prior to the rent adjustment date. The sum so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less 100% or greater than 105% of the rent payable for the month immediately preceding the rent adjustment.

4.2. Rent Payment:

4.2.1. Lessee agrees to pay all rent, or any other amount due under the terms of this lease, promptly when due and without deduction, offset, prior notice, or demand, to the Department of Water and Power, 300 Mandich Street, Bishop, California 93514-3449. **All payments shall reference Account No. 16266.**

4.2.1.1. Prompt payment shall mean payment at the office of Lessor not more than five (5) days after the due date for the rent as set forth in this lease. Rent due and not paid promptly shall be deemed delinquent.

4.2.2. Lessor is not required to make any demand on Lessee for the payments, whether on the leased premises or elsewhere. Billing for any payment shall be for the convenience of Lessee and not required of Lessor.

4.2.3. Rent not paid when due shall bear interest from due date until paid, at the rate of 10/12<sup>th</sup> of 1% per month (10% per annum) from the date rent is due. Said sum shall be deemed additional rent.

4.2.4. If any check offered by Lessee in payment of rent or any other amount due under this lease is returned for any reason other than that caused by Lessor's negligence, Lessee shall pay to Lessor a check return processing charge in the amount of Thirty and No/100 Dollars (\$30.00).

5. **NOTICES:**

5.1. Any notice to be given hereunder by either party to the other shall be in writing, and either served personally or sent by prepaid U.S. first-class mail. Any such notice shall be addressed as follows:

To Lessor:

Los Angeles Department of Water and Power  
Real Estate Group  
300 Mandich Street  
Bishop, California 93514-3449

To Lessee:

Kenneth Sample

c/o Inyo Crude  
1274 North Main Street  
Bishop, California 93514

- 5.2. Or to such other address as Lessor and Lessee may hereafter designate by written notice. Notice shall be deemed communicated within twenty-four (24) hours from the time of mailing if mailed as provided in this paragraph.
6. **CORRECTIVE ACTION BY LESSOR:** At any time prior to the expiration or termination of this lease, if Lessor determines that prompt corrective action is necessary to correct or prevent an unreasonable risk of harm to persons, property, or the environment due to Lessee's negligence, improper operation or use of the leased premises, or failure to comply with this lease, and either (a) there is insufficient time to notify Lessee or otherwise provide Lessee with an opportunity to take corrective action, or (b) Lessee has been notified but has failed or refused to take corrective action, then Lessor may take reasonable corrective action and charge Lessee for the costs incurred by Lessor for such action.
7. **DOMESTIC WATER:** Lessor shall not furnish domestic water for the leased premises.
8. **IRRIGATION/STOCKWATER:** Lessor shall not furnish irrigation water or stockwater for the leased premises.

## ARTICLE II. STANDARD TERMS AND PROVISIONS

### 1. LIMITATIONS/RESERVATIONS:

- 1.1. Limitations on Use of Leased Premises: Lessee shall not use the leased premises, nor any portion thereof, for any purpose other than that hereinabove set forth in Article I.
- 1.2. Reservations:
  - 1.2.1 This lease is subject to all existing uses, all matters of record, and to the reservations hereinafter set out.
  - 1.2.2 There is excepted from this lease and reserved to Lessor all water and water rights, whether surface, subsurface, or of any other kind; and all water and water rights appurtenant or in anywise incident to the lands or premises leased herein, or used thereon or in connection therewith, together with the right to develop, take, transport, control, regulate, and use all such water and water rights.
  - 1.2.3 There is also excepted and reserved to Lessor the right to use, operate, and maintain any ways, waterways, ditches, pipelines, canals, wells, and appurtenances thereto, or desirable in connection therewith, together with the right to grant easements, rights of way, licenses, and permits for other purposes that will not unreasonably interfere with Lessee's use of the leased premises.
  - 1.2.4 The right, from time to time to overflow, flood, submerge, and spread water upon the leased premises, provided, however, that if in the exercise of the rights defined and described in this Subsection, Lessor shall cause physical damage to any structure or improvement lawfully erected or maintained by Lessee upon said leased premises, Lessor shall pay just compensation for such physical damage, and no more.
  - 1.2.5 The right, from time to time, to raise or lower the water level underlying the leased premises by taking, or failing to take, water from the Mono Basin or Owens River watersheds or drainage areas, or both such areas, or by the importation or nonimportation of such water into the watershed within which said leased premises are located.
  - 1.2.6 The right to develop, take, collect, import, store, control, regulate, and use any and all such waters and, from time to time, at the option and discretion of Lessor, to transport and export any and all such waters to places and areas outside the Mono Basin or Owens River watersheds and drainage areas, or both such areas (including, but not limited to, the City of Los Angeles, Lessor herein), for any and all of the reasonable and beneficial uses and purposes of Lessor.
  - 1.2.7 The right to construct, maintain, control, and operate upon and within said leased premises dikes, dams, reservoirs, ponds, and settling basins, together with appurtenant facilities (including, but not limited to, ditches, pipelines, conduits, and wells), and to affect said leased premises in any way by raising or lowering, from time to time, the level of the water of any such reservoirs, ponds, or settling basins, or all of them.
  - 1.2.8 The right to use any and all existing easements, servitudes, ways, waterways, and ditches on said leased premises; to make inspections, investigations, and

surveys thereon; and to construct, maintain, and operate thereon works and structures in connection with Lessor's management and control of its works and properties.

- 1.2.9 The right to have ingress and egress to, from, in, and over, and enter upon said leased premises and every part thereof and thereon to do all things necessary or convenient in the exercise of the rights herein reserved.
- 1.2.10 The right, at any time during the term of this lease, to delete certain lands leased hereunder for public benefit.
- 1.2.11 UNLESS OTHERWISE STATED HEREIN, LESSEE SHALL HAVE NO RIGHTS OR ENTITLEMENT TO DEVELOP, TAKE, TRANSPORT, CONTROL, REGULATE, OR USE ANY WATER, WHETHER SURFACE, SUBSURFACE, OR OF ANY OTHER KIND, OR INFRINGE ON THE WATER RIGHTS OF LESSOR.
- 1.2.12 Lessor finds that (1) the property to be leased is not presently needed for Departmental purposes, and (2) the grant of the lease will not interfere with Departmental purposes.

## **2. IMPROVEMENTS:**

### **2.1. Lessee Improvements and Alterations:**

- 2.1.1. Lessee shall not make any structural improvements, additions, or alterations in, to or upon the leased premises without first obtaining the written consent of the Manager of Aqueduct of the Los Angeles Department of Water and Power (Manager). Any conditions, restrictions, or limitations placed upon the approval by Lessor shall be conditions of this lease as though fully set forth herein once the document is fully executed by both parties.
- 2.1.2. Prior to the construction of any improvements, additions, or alterations Lessee shall submit to Lessor, for concept approval, the preliminary plans and estimated construction cost for such improvements. Said approval, subject to the conditions set forth herein, shall be given in writing, in a reasonably timely manner. Upon approval by the Manager of Lessee's preliminary plans, Lessee shall prepare working drawings and specifications, which shall be true and correct developments of the preliminary plans so approved. Lessee shall then submit a written request for construction approval and a minimum of two (2) complete sets of said approved working drawings and copies of the specifications to Lessor for written approval by the Manager. Manager's written approval and any conditions related to the construction of the improvements or alterations shall become a part of the lease as though fully set forth herein once the document is fully executed by both parties. Upon receipt of Manager's approval, Lessee shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining Manager's approval in writing. Upon completion of the improvements, Lessee shall furnish to Lessor, at no charge, one (1) complete set of "as-built" drawings. These drawings must include any applicable permit numbers, the structural and other improvements installed by Lessee in the leased premises, and the location and details of installation of all

improvements, equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters. Lessee shall keep said drawings current by updating them in order to reflect any changes or modifications, which may be made in or to the leased premises.

2.1.3. For each and every construction or alteration project undertaken on the leased premises, Lessee shall prepare a construction report. This report shall contain the following elements: (1) type of improvement constructed or altered; (2) floor area or capacity of improvement constructed or altered; (3) total cost of construction or alteration; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be mailed to Lessor at the address provided in this lease in Article I, Section 5, entitled *Notices*, not later than sixty (60) days following completion of the construction or alteration.

2.1.4. Lessee shall hold Lessor harmless from liability with respect to any claims regarding any improvements, additions, or alterations made thereto. Lessee shall also keep the leased premises and any improvements constructed thereon free and clear of liens for labor and material expended by or for Lessee or on its behalf in accordance with Article II, Section 3, entitled *Liens*.

## 2.2. Ownership of Improvements:

2.2.1. During the term the property is leased, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee shall be vested to Lessee. Upon the termination of Lessee's tenancy, said structures, improvements, facilities, or alterations, other than machines, equipment, trade fixtures, and similar installations of a type commonly removed without structural damage to the leased premises, shall become a part of the land upon which they are constructed, or of the building to which they are affixed, and title thereto shall thereupon vest in Lessor, unless Lessor requests Lessee to remove some or all of said structures, improvements, facilities, or alterations, in which case Lessee shall promptly remove said items at Lessee's sole cost and expense. In the event the removal of any fixture damages any part of the leased premises, Lessee shall repair such damage and restore the leased premises to as good condition as the same was in prior to said damage, reasonable wear and tear excepted.

2.2.2. During the term of this lease, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee for which Lessee has been reimbursed by Lessor shall thereupon vest in Lessor.

2.2.3. Upon vesting of title to said structures, improvements, facilities, or alterations in Lessor, Lessor shall be entitled to additional reasonable rent, fees and/or other charges, as determined by the Board of Water and Power Commissioners, and Lessee shall be obligated to pay the same for as long as Lessee occupies said structures, improvements, facilities and alterations.

## 2.3. Damage to or Destruction of Improvements:

2.3.1. If, during the term of this lease, any buildings, structures, or improvements on the leased premises, whether such improvements are Lessee- or Lessor-owned, are partially or totally destroyed from a risk covered by the insurance described in Article II, Section 11, entitled *Insurance*, herein, thereby rendering said leased premises partially or totally inaccessible or unusable,

such destruction shall not automatically terminate this lease, and Lessee, unless otherwise directed by Lessor, shall be obligated to restore the leased premises to substantially the same condition as they were immediately before destruction. Approval from Lessor for reconstruction of such improvements shall be in accordance with Article II, Subsection 2.1, entitled *Lessee Improvements and Alterations* and shall not unreasonably be withheld.

- 2.3.2. If, during the term of this lease, any improvements on the leased premises, whether such improvements are Lessee- or Lessor-owned, are partially or totally destroyed from a risk not covered by the insurance described in Article II, Section 11, entitled Insurance, herein, thereby rendering said leased premises partially or totally inaccessible or unusable, such destruction shall not automatically terminate this lease. If, however, the cost of restoration exceeds ten percent (10%) of the full replacement value of improvements, as said value existed immediately before destruction, Lessee may, at Lessee's option, terminate this lease by giving written notice to Lessor within sixty (60) days from the date of destruction. If Lessee elects to terminate as above provided, Lessee shall be obligated, unless otherwise directed by Lessor, to demolish all damaged improvements and remove all debris from the leased premises at Lessee's sole cost. If Lessee fails to exercise its right to terminate this lease, this lease shall continue in full force and effect for the remainder of the term specified herein and Lessee shall restore the leased premises to substantially the same condition as they were in immediately before destruction. Approval from Lessor for reconstruction of such improvements shall be in accordance with Article II, Subsection 2.1, entitled *Lessee Improvements and Alterations* and shall not unreasonably be withheld.
- 2.3.3. Lessee expressly waives the provisions of California Civil Code Sections 1932.2 and 1933.4.

3. **LIENS:** During the term of this lease, the fee interest in the real property underlying the leased premises shall not be used as security for any loans or mortgages nor otherwise have any liens placed on it. Additionally, Lessee shall keep any Lessor-owned improvements on the leased premises free and clear of any liens or other encumbrances. By way of specification without limitation, Lessee shall keep the leased premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Lessee, and shall indemnify, hold harmless, and defend Lessor from any liens and encumbrances arising out of any work performed or materials furnished by or at the request of Lessee. In the event that Lessee does not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond, Lessor shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause upon ten (10) business days prior written notice to Lessee the same to be released by such means as it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. All such sums paid by Lessor and all expenses incurred by it in connection therewith, including costs and attorney's fees, shall be paid by Lessee to Lessor on demand. Nothing in this Section shall be construed to limit any rights of Lessee to use its leasehold interest as security for any loans to the extent that such use is permitted under this lease. Nothing in this Section shall be construed to place any obligations upon Lessee with respect to liens, loans, or mortgages placed upon the leased premises by Lessor, its Board of Water and Power Commissioners, City of Los Angeles, or their respective officers, agents, or employees.

**4. MODIFICATION TO SIZE OF LEASED PREMISES:** It is mutually agreed that land not exceeding ten percent (10%) of the total area of the leased premises may be added to or deleted from said leased premises upon approval of the Manager of Aqueduct and without requiring additional action by the Board of Water and Power Commissioners unless the modification involves an amount in excess of \$150,000 per year, in which case prior Board of Water and Power Commissioners approval shall be required. In all instances said changes shall become effective immediately upon written notice to Lessee. The amount of rent payable under this lease shall be increased or decreased on a pro rata basis to reflect any such addition to or deletion of lands.

**5. SIGNS:**

5.1. No identification signs pertaining to Lessee's operations shall be installed or placed in or on the leased premises until Lessee has submitted to Lessor drawings, sketches, design dimensions, and type and character of such identification signs proposed to be placed thereon or therein and has received written approval from Lessor. Lessor's written approval and any conditions related to the subject signs shall become a part of the lease as though fully set forth herein.

5.2. Other than approved identification signs, Lessee shall not, at any time, under any circumstances, install, place, or maintain any type of advertising, on the leased premises.

**6. LAWS, RULES, AND REGULATIONS:**

6.1. Lessee shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local government authority.

6.2. Lessee shall be solely responsible for any and all civil and/or criminal penalties assessed as a result of its failure to comply with any of these rules, regulations and/or restrictions related to its use or operation of the leased premises, or with any ordinances, statutes, laws, orders, directives and or conditions.

**7. CARE, MAINTENANCE, AND REPAIR OF LEASED PREMISES:**

**7.1. Care of Leased Premises:**

7.1.1. Lessee is the current tenant and has examined the leased premises, knows the condition thereof, and accepts possession thereof in its present condition relying solely on its own inspection and not on any representations that may have been made by Lessor or any of its agents.

7.1.2. Lessee agrees at its cost to keep the leased premises in good, clean, orderly, and sanitary condition, and shall not commit nor allow to be committed any waste, nuisance, or disposal of hazardous material or wastes upon the leased premises. Lessee further agrees to remove from the leased premises anything placed or stored there which Lessor considers to be undesirable or unsightly.

7.1.3. Any restoration of or repairs to the leased premises made necessary by the installation or removal of any structure, personal property, alteration, or trade fixture owned, placed, attached, or installed by Lessee on the leased premises shall be made at Lessee's sole cost and expense.

7.2. Maintenance and Repair:

7.2.1. As part of the consideration for this lease, Lessee agrees, at all times hereunder and at its own expense, to keep, maintain, paint, and repair the leased premises and all improvements thereon, if there be any, whether owned by Lessor or Lessee, in as good and substantial condition and state of repair as the same now are or in such improved condition as the same may hereafter be placed, reasonable wear and tear and damages by causes beyond Lessee's control excepted, except that regardless of the present condition or state of repair and regardless of the reasonableness or cause of wear, tear, or damages, Lessee shall keep and maintain, at all times hereunder and at its own expense, the leased premises and all improvements and facilities thereon in as good condition and repair as may be necessary for the safety of all persons who may lawfully enter thereupon.

7.2.2. If Lessee fails to so maintain or repair the leased premises, Lessor may serve a "Notice to Cure" (Notice) upon Lessee. Said Notice shall prescribe the work to be accomplished by Lessee in order to correct the maintenance deficiencies and shall state the number of calendar days Lessee shall have to complete the work. A copy of the Notice may, at Lessor's election, be posted on the leased premises in a conspicuous place.

7.2.2.1. If, in the opinion of Lessor, any deficiency is of such nature that it cannot physically be corrected within the period originally specified by Lessor, and if Lessee has responded with a course of action and has commenced to remedy such deficiency promptly after the receipt of such Notice, and continuously and diligently proceeds in good faith to eliminate such default, then the period for correction may, at Lessor's election, be extended.

7.2.2.2. If the work prescribed in the Notice is not completed by Lessee in a manner reasonably satisfactory to Lessor, and Lessee fails to correct such work within the time specified by Lessor in the Notice, or as set forth in this Section, Lessor, in addition to all other remedies available to Lessor, may, at its sole option, and at Lessee's sole cost and expense, enter upon the leased premises and perform whatever work may, in the opinion of Lessor, be required to correct the maintenance deficiencies. If Lessor exercises this option, Lessee shall pay to Lessor a sum equal to the direct cost of labor and materials expended for said work, plus a surcharge equal to fifty percent (50%) of said direct cost. Payment shall be made by Lessee within thirty (30) days of the date of Lessor's invoice date for such costs and charges, or, if such payment is not made, Lessor may, upon thirty (30) days' written notice to Lessee, increase the rent by an amount necessary for Lessor to recover all or part of such payment, as Lessor shall determine, over the remaining term of this lease, or any lesser portion thereof as Lessor shall determine.

7.2.3. In the absence of a written agreement to the contrary, Lessor shall not be required at any time to maintain, paint, or make repairs, improvements, alterations, or additions on or to the leased premises. Lessor reserves the right, however, at any time to perform such maintenance or make such repairs or

perform such other acts on or to the leased premises as shall be by Lessor deemed necessary for the preservation of any portion thereof, or the protection of Lessor's investment therein, and the further right to remove trees, weeds, and other things which Lessor may deem to be unsightly or undesirable; but such works performed by Lessor shall constitute, in no event, a waiver of Lessee's obligation hereunder to keep said leased premises in good repair and free from rubbish, noxious weeds, and other unsightly matter.

- 7.2.4. Lessee waives the provisions of California Civil Code Sections 1941 and 1942 with respect to Lessor's obligations for tenantability of the leased premises and Lessee's right to make repairs and deduct the expenses of such repairs from rent.**

  
\_\_\_\_\_  
**Lessee Initials**

- 7.2.5. Should Lessor agree at the request of Lessee to perform any maintenance, repairs, removals, alterations, construction, or other works of improvement on the leased premises, Lessor may, at its sole option, and at Lessee's sole cost and expense, enter upon the leased premises and perform such works and either bill Lessee for the entire costs of same, which Lessee agrees to pay on demand, or Lessor may, upon thirty (30) days' written notice to Lessee, increase the rent by an amount necessary for Lessor to recover all or part of the cost of such works, as Lessor shall determine, over the remaining term of this lease, or any lesser portion thereof as Lessor shall determine.
- 7.3. Tree Maintenance: Lessee shall spray trees as needed for pest control, and maintain and trim trees for safe condition near buildings. No tree shall be cut down without Lessor's prior written consent.
- 7.4. Burn Permits: Lessee shall not burn off any part of the leased premises without first obtaining Lessor's written consent and all necessary permits and permissions from the governmental authorities with jurisdiction. Lessee, at all times and at its sole cost and expense, shall do all things reasonably necessary to protect said leased premises from fire and fire hazards.

## **8. DISABLED ACCESS:**

- 8.1. Lessor hereby advises Lessee that the leased premises has not undergone an inspection by a certified access specialist. The following disclosure is hereby made pursuant to applicable California law: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." [Cal. Civ. Code Section 1938(e)]. Lessor shall have no liability or responsibility to make any repairs or modifications to the leased premises in order to comply with accessibility standards. Any CASp inspection shall be conducted in compliance with reasonable rules

in effect at the leased premises with regard to such inspections and shall be subject to Lessor's prior written consent.

- 8.2. Lessee shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local governmental entity and/or court regarding disabled access to improvements on the leased premises, including any services, programs, or activities provided by Lessee. Lessee shall be solely responsible for any and all damages caused by, and/or penalties levied as the result of, Lessee's noncompliance.
- 8.3. Should Lessee fail to comply with this Section, then Lessor shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Lessee will then be required to reimburse Lessor for the actual cost of achieving compliance, plus a fifteen percent (15%) administrative charge.

**9. LESSOR'S RIGHT OF ACCESS AND INSPECTION:** Lessor, by and through its officers, employees, agents, representatives, and contractors, shall have the right at all reasonable times and in a reasonable manner, upon notice to Lessee, to enter upon the leased premises for the purpose of inspecting the same or for doing any act or thing that Lessor may be obligated or have the right to do under this lease, or otherwise, and no abatement of rent shall be claimed by or allowed to Lessee by reason of the exercise of such rights. In the exercise of its rights under this Section, Lessor, its officers, employees, agents, and contractors shall not unreasonably interfere with the conduct of Lessee's business on the leased premises as herein authorized.

## **10. COMPLIANCE WITH ENVIRONMENTAL LAWS**

10.1. Definitions: For purposes of this lease:

10.1.1. "Clean-Up Actions" mean any and all actions that (a) Lessor deems reasonably necessary to address the presence of Hazardous Substances on or under the leased premises or other properties, lands, or waters, or to address the Release of Hazardous Substances on, under, or from the leased premises; (b) any federal, state, or local governmental authority requires or deems necessary to address the presence of Hazardous Substances on or under the leased premises or other properties, lands, or waters, or to address the Release of Hazardous Substances on, under, or from the leased premises; or (c) are required by any Environmental Law. Clean-Up Actions may include, without limitation, conducting evaluations, investigations, studies, assessments, and testing, as well as removing, disposing, remediating, containing, capping, encapsulating, and monitoring Hazardous Substances, both on and under the leased premises and any other properties, lands, or waters affected or potentially affected by Hazardous Substances.

10.1.2. "Environmental Laws" mean any and all existing or hereinafter adopted or amended federal, state, and local statutes, common law, ordinances, regulations, rules, orders, decrees, or governmental policies regulating, relating to, or imposing liability (including, but not limited to, response, removal, and remediation costs) or standards of conduct or performance concerning the natural environment, pollution control, Hazardous Substances, or toxic, dangerous, restricted, or designated substances, wastes, or materials. Environmental Laws include, without limitation, the following federal and state laws, amendments thereto, and all regulations, rules, orders, decrees, and governmental policies promulgated thereunder: (a) the Comprehensive

Environmental Response, Compensation, and Liability Act (commonly referred to as CERCLA or Superfund), 42 U.S.C. § 9601, et seq.; (b) the Resource Conservation and Recovery Act (commonly referred to as RCRA), 42 U.S.C. § 6901, et seq.; (c) the Federal Water Pollution Control Act (commonly referred to as the Clean Water Act), 33 U.S.C. § 1251, et seq.; (d) the Clean Air Act, 42 U.S.C. § 7401, et seq. (e) the Hazardous Materials Transportation Act, 49 U.S.C. § 5101, et seq.; (f) the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq. (commonly referred to as TSCA); (g) the Federal Insecticide, Fungicide, and Rodenticide Act (commonly referred to as FIFRA), 7 U.S.C. § 136, et seq.; (h) the Emergency Planning and Community Right-to-Know Act (commonly referred to as EPCRA), 42 U.S.C. § 11001, et seq.; (i) the Atomic Energy Act and Low-Level Radioactive Waste Policy Amendments Act, 42 U.S.C. § 2011, et seq.; (j) the Nuclear Waste Policy Act, 42 U.S.C. § 10101, et seq. (commonly referred to as NWPA); (k) the Porter-Cologne Water Quality Control Act, California Water Code § 13000, et seq.; (l) the Carpenter-Presley-Tanner Hazardous Substance Account Act (commonly referred to as HSAA), California Health and Safety Code § 25300, et seq.; (m) the Safe Drinking Water and Toxic Enforcement Act (commonly referred to as Proposition 65), California Health and Safety Code § 25249.5, et seq.; (n) the California Hazardous Waste Control Law, California Health and Safety Code § 25100, et seq.; (o) California's hazardous materials release response plan and inventory laws set forth in California Health and Safety Code § 25500, et seq.; and (p) California's underground storage of hazardous substances laws set forth in California Health and Safety Code § 25280, et seq.

- 10.1.3. "Hazardous Substance" means (a) any substance, product, waste, or other material of any nature that is or becomes listed, regulated, or addressed under any Environmental Law; (b) any substance, product, waste, or other material of any nature that may give rise to liability under any Environmental Law or under any other statutory or common-law tort theory; (c) any substance, product, waste, or other material that is explosive, corrosive, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous to human health or the environment and is regulated by any governmental authority (or by executive or judicial order) as a hazardous material; (d) petroleum, including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, and synthetic gas useable for fuel, and any mixture thereof; (e) asbestos; (f) polychlorinated biphenyls; (g) urea formaldehyde foam insulation; (h) fossil fuel combustion wastes including, but not limited to, fly ash waste, bottom ash waste, slag waste, and flue gas emission control waste; (i) solid wastes resulting from the extraction and processing of ore; (j) cement kiln dust wastes; (k) lead, arsenic, mercury, chromium, and other metals; (l) volatile organic compounds and semi-volatile organic compounds; (m) polycyclic/polynuclear aromatic hydrocarbons; (n) perchlorate; and (o) radon gas.
- 10.1.4. "Lessee's Personnel" means Lessee's officers, employees, agents, contractors, customers, guests, invitees, and sub-lessees.
- 10.1.5. "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into groundwater, surface water, soil, soil vapor, or air, or otherwise into the environment, as well as continuing migration through groundwater, surface water, soil, soil vapor, or air, or otherwise through the environment. The term

does not include actions approved by Lessor related to the incorporation in a lawful manner of building materials into a permanent improvement to the leased premises.

10.2. Use of Hazardous Materials:

- 10.2.1. As the owner of three petroleum storage tanks, piping, or equipment located on the leased premises, the Lessee acknowledges and represents that it irrevocably accepts full and complete responsibility keeping the leased property, the soil beneath same, and the groundwater free and clear of any contamination by petroleum or hydrocarbon substances of any nature, whether any such contamination be caused in a gradual or a sudden manner.
- 10.2.2. Lessee agrees to maintain a monitoring and testing program of the storage tanks, piping, equipment, soil, and groundwater pursuant to a plan acceptable to the Lessor, Lahontan Regional Water Quality Control Board, and County, to ensure that there has been no spill or leakage of petroleum or hydrocarbon substance, whether sudden or gradual, from the tanks, piping, or distributing equipment to the leased premises, soil, or groundwater. In the event any such contamination is found, Lessee shall promptly comply with Article II, Subsection 10.3 entitled *Lessee Notice Obligations* and Subsection 10.4 entitled *Lessee Cleanup Obligations*.
- 10.2.3. Lessee may bring and store petroleum fuel on the leased premises for use in its lawful business, so long as it does so in compliance with all applicable laws and regulations including, without limitation, Environmental Laws. Lessee will not cause or allow any other Hazardous Substances to be brought, stored, manufactured, generated, blended, handled, recycled, treated, or used on or under the leased premises, or cause or allow any Hazardous Substance to be Released on, under, or from the leased premises. Lessee shall take all steps necessary to protect against acts, errors, or omissions of Lessee's Personnel, persons residing on the leased premises, and third parties that might result, directly or indirectly, in the Release of Hazardous Substances on, under, or from the leased premises, or in the presence of Hazardous Materials on or under other properties, lands, or waters.

10.3. Lessee Notice Obligations:

- 10.3.1. Within 24 hours of discovering any Hazardous Substance on, under, or emanating from the leased premises, Lessee shall notify Lessor by contacting Lessor's Safety Coordinator at (760) 920-2701 and Lessor's Environmental Affairs at the email address or phone number set forth in Article I, Section 5 entitled *Notices*.].
- 10.3.2. Upon discovering any Hazardous Substance on, under, or emanating from the leased premises, Lessee also shall comply with the notification requirements in all applicable Environmental Laws.
- 10.3.3. Lessee shall supply Lessor with written confirmation of any notices or reports Lessee makes orally to any governmental authority regarding the Release of Hazardous Substances on, under, or from the leased premises. Lessee also shall promptly supply Lessor with complete and legible copies of all notices, reports, correspondence, and other documents sent by Lessee to, or received by Lessee from, any governmental authority regarding any Hazardous Substance on, under, or emanating from the leased premises.

10.3.4. Lessee shall promptly notify Lessor in advance of any meeting scheduled between Lessee and any governmental authority concerning a Release of Hazardous Substances or other matters governed by or regulated under Environmental Laws.

10.4. Lessee Clean-Up Obligations:

10.4.1. If Lessee, Lessee's Personnel, or any person residing on the leased premises causes any Hazardous Substance to be Released to or emanate from the leased premises, or to otherwise become present on or under the leased premises or other properties, lands, or waters, Lessee shall be obligated to perform all Clean-Up Actions at its sole cost and expense. Lessee, however, shall not undertake any Clean-Up Action without Lessor's prior written approval, except in cases of emergency or where immediate action is necessary to comply with Environmental Laws.

10.4.2. Notwithstanding the foregoing, Lessor may, at its option, perform any or all Clean-Up Actions and bill Lessee for all costs incurred (including, without limitation, all legal, engineering, consulting, permitting, and administrative costs and fees), which Lessee agrees to pay on demand, or Lessor may, upon thirty (30) days' written notice to Lessee, increase the lease rental by the amount necessary for Lessor to recover such Clean-Up Action costs over the remaining term of this lease.

10.5. Environmental Indemnification:

10.5.1. The parties intend for this lease to be construed as an agreement made in accordance with 42 U.S.C. § 9607(e) and California Health and Safety Code § 25364.

10.5.2. Lessee, on behalf of itself and its successors and assigns, undertakes and agrees to indemnify and hold harmless Lessor, the Board of Water and Power Commissioners, the City of Los Angeles ("City"), and all of their respective officers, agents, employees, insurers, successors, and assigns (individually and collectively, "Indemnitees"), and at the option of the City, defend the Indemnitees with counsel satisfactory to the City, from and against any and all liens, claims of lien, suits, actions, causes of action, claims, charges, costs, fees (including, without limitation, attorneys' fees and consultants' fees), assessments, liabilities, damages, demands, judgments, fines, penalties, or losses of any kind or nature whatsoever, whether known or unknown, fixed or contingent (individually and collectively, "Claims") that are incurred by or asserted against the Indemnitees as a result of or in connection with (a) Lessee's failure to perform or comply with the terms of Section 10 entitled *Compliance with Environmental Laws* or its subsections; (b) Lessee's failure to comply with any Environmental Law; (c) the Release of any Hazardous Substance on, under, or from the leased premises during the term of this lease; or (d) the presence of Hazardous Substances on or under any other properties, lands, or waters as a result of Releases or other acts, errors, or omissions by Lessee, Lessee's Personnel, or persons residing on the leased premises.

10.5.3. Lessee's obligations under Subsection 10.5.2 shall (a) exist regardless of any negligence on the part of Indemnitees, except for the sole negligence or willful misconduct of the Lessor; (b) apply and be effective for all accidents, occurrences, and events that occur during the term of this lease that give rise to

future Claims, even if the actual Claim is asserted against the Lessor after this lease has expired or terminated; and (c) be in addition to any other rights or remedies that Indemnitees have under law or under other provisions of this lease.

- 10.6. Survival of Clean-Up and Environmental Indemnity Obligations: Article II, Subsection 10.4 entitled *Lessee Clean-Up Obligations* and Subsection 10.5 entitled *Environmental Indemnification*, their subsections, and the obligations therein, shall survive the expiration or termination of this lease.
- 10.7. Right of Inspection: Lessee shall permit Lessor and Lessor's agents, consultants, and employees access to the leased premises for the purpose of conducting environmental inspections and sampling during regular business hours and during other hours either by agreement of the parties or in the event of an environmental emergency. Lessee shall not restrict access to any part of the leased premises or impose conditions to access. In the event that Lessor's environmental inspection includes sampling and testing on or under the leased premises, Lessor shall use its best efforts to avoid interfering with Lessee's use of the leased premises, and upon completion of sampling and testing shall repair and restore the affected areas of the leased premises.

## 11. INSURANCE:

- 11.1. Additional Insured Status Required: Lessee shall procure at its own expense, and keep in effect at all times during the term of this lease, the types and amounts of insurance specified in the Contract Insurance Requirements, marked Exhibit B, attached hereto and made a part hereof. The specified insurance shall also, either by use of an Acord certificate of insurance accompanied with the required specific endorsement listing the Los Angeles Department of Water and Power (LADWP) in the policy schedule, or by use of the City of Los Angeles' (City) own endorsement form, include and insure City, its Department of Water and Power, its Board of Commissioners (hereinafter referred to as "Board"), and all of its officers, employees and agents, their successors and assigns, as Additional Insureds against the area of risk described herein as respects Lessee's negligent acts, errors, or omissions in its performance of the lease, hereunder or other related functions performed by or on behalf of Lessee. Such insurance shall not limit or qualify the liabilities and obligations of the Lessee assumed under the lease.
- 11.2. Separation of Insured's Interest and Cross Liability Required: Each specified insurance policy shall contain a Separation of Interest and Cross Liability clause and a Contractual Liability Endorsement which shall also apply to liability assumed by the Lessee under this lease.
- 11.3. Primary and Non-Contributory Insurance Required: All such insurance shall be Primary and Noncontributing with any other insurance held by Lessor where liability arises out of or results from the negligent acts, errors, or omissions of Lessee, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Lessee. Any insurance carried by Lessor which may be applicable shall be deemed to be excess insurance, and Lessee's insurance is primary for all purposes despite any conflicting provision in Lessee's policies to the contrary.
- 11.4. Proof of Insurance for Renewal or Extension Required: Lessee shall provide evidence of the required insurance at least ten (10) days after the expiration date of any of the policies required on the attached Exhibit B (Contract Insurance Requirements) showing

that the insurance coverage has been renewed or extended and shall be filed with Lessor.

- 11.5. Submissions of Acceptable Proof of Insurance and Notice of Cancellation: Lessee shall provide proof to Lessor's Risk Manager of all specified insurance and related requirements either by use of an Acord certificate of insurance accompanied with the required specific endorsement listing LADWP in the policy schedule, or by use of the City's own endorsement form. Any other written evidence of insurance must be acceptable to the Risk Manager. The documents evidencing all specified coverages shall be filed with Lessor prior to Lessee beginning operations hereunder. Said proof shall contain at a minimum, the applicable policy number, the inclusive dates of policy coverages, the date the protection begins for LADWP, and the insurance carrier's name. It shall provide that such insurance shall not be subject to cancellation, material reduction in coverage or non-renewal except after written notice by first class or electronic mail to the LADWP Risk Management Section (30) calendar days prior to the effective date thereof. The notification shall be sent by first class mail to: The Risk Management Section, Los Angeles Department of Water and Power, Post Office Box 51111, JFB Room 465, Los Angeles, California 90051-0100 or electronically to riskmanagement.risky@ladwp.com.
- 11.6. Claims-Made Insurance Conditions: Should any portion of the required insurance be on a "Claims Made" policy, Lessee shall, at the policy expiration date following the lease term, provide evidence that the "Claims Made" policy has been renewed or replaced with a retroactive effective date to the policy in place at the inception of the lease with the same limits, terms and conditions of the expiring policy.
- 11.7. Failure to Maintain and Provide as Cause for Termination: Failure to maintain and provide acceptable evidence of the required insurance for the required period of coverage shall constitute a breach of this lease, upon which Lessor may immediately terminate or suspend this lease.
- 11.8. Contractor and Subcontractor Compliance: Lessee shall be responsible for all contractors and subcontractors. Lessee shall require all contractors and subcontractors performing any work to maintain insurance limits in accordance with Lessee's standard agreements with such subcontractors.

## **12. LESSOR HELD HARMLESS / INDEMNIFICATION:**

- 12.1. Lessee has inspected the leased premises, knows the condition thereof, and on behalf of itself and its successors, assigns, and sublessees undertakes and agrees to indemnify and hold harmless the Indemnitees, and at the option of Lessor, defend by counsel satisfactory to Lessor, the Indemnitees from and against any and all liens and claims of liens, suits, causes of action, claims, administrative proceedings, charges, damages (including but not limited to indirect, consequential, and incidental), demands, judgments, civil fines, penalties, including but not limited to costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation, penalties and fines arising from the violation of any local, regional, state, or federal law, or regulation, disbursements, and other environmental response costs or losses of any kind or nature whatsoever that are incurred by or asserted against the Indemnitees, for death, bodily injury or personal injury to any person, including but not limited to Lessee's employees, customers, invitees and agents, or persons who enter onto the leased premises, or damage or destruction or loss of use of any property of either party hereto, or third persons in any manner arising

by reason of, incidental to, or connected in any manner to: 1) this lease; 2) the leased premises; 3) the acts or omissions of Lessee or its officers, employees, contractors, agents, or invitees; or 4) the release or spill of any legally designated hazardous material or waste, resulting from or incident to the presence upon or performance of activities by Lessee or its officers, agents, employees, contractors or sublessees with respect to any area/property covered under this lease, regardless of any negligence on the part of the Indemnitees; except for the sole negligence or willful misconduct of Lessor.

- 12.2. This indemnity shall apply whether occurring during the term of this lease and any time thereafter, and shall be in addition to any other rights or remedies which the Indemnitees have under law or under this lease.

### **13. CITY OF LOS ANGELES ORDINANCE-MANDATED PROVISIONS:**

- 13.1. Non-Discrimination: During the term of this lease, Lessee shall not discriminate in its employment practices against any employee or applicant for employment because of race, religion, national origin, ancestry, sex, sexual orientation, age disability, marital status, domestic partner status, or medical condition. Any subleases shall contain a like nondiscrimination clause. The applicable provisions of Executive Order No. 11246 of September 24, 1965; Part 60-741 of 41 CFR pertaining to handicapped workers, including 60-741.4 Affirmative Action Clause; and Sections 10.8 to 10.13 of the Los Angeles Administrative Code pertaining to nondiscrimination in employment in the performance of City contracts are incorporated herein by reference and made a part hereof as if they were fully set forth herein.
- 13.2. Affirmative Action Plan: Lessee shall have, as per Los Angeles Administrative Code Section 10.8.4, an Affirmative Action Plan on file with the Director of Corporate Purchasing Services. Lessee's Plan shall be submitted on Lessor's form, available from the Director of Corporate Purchasing Services.
- 13.3. Child Support Assignment Orders: Lessee shall comply with Section 10.10, of the Los Angeles Administrative Code. Lessor requires all lessees and sublessees entering into a contract with Lessor to comply with all reporting requirements and court-ordered wage earning assignments.
- 13.4. Service Contractor Worker Retention Ordinance and Living Wage Ordinance: Under provisions of Section 10.36 et seq., and Section 10.37 et seq. of the Los Angeles Administrative Code, all employers (except where specifically exempted) under contracts primarily for the furnishing of services to or for Lessor and that involve an expenditure in excess of \$25,000 and a contract term of at least three months; leases; use permits, licenses; or, certain recipients of Lessor financial assistance, shall comply with all applicable provisions of the Ordinances. Lessor shall have the authority, under appropriate circumstances, to terminate the contract and otherwise pursue legal remedies that may be available, if Lessor determines that the subject contractor or financial recipient violated the provisions of the referenced Code Section.
- 13.5. Equal Benefits Ordinance: This lease is subject to Section 10.8.2.1 of the Los Angeles Administrative Code related to equal benefits to employees. Lessee agrees to comply with the provisions of Section 10.8.2.1.
- 13.6. Equal Employment Practices Ordinance: This lease is subject to Section 10.8.3 of the Los Angeles Administrative Code related to equal employment practices. Lessee agrees to comply with the provisions of Section 10.8.3.

- 13.7. Slavery Disclosure Ordinance: This lease is subject to the applicable provisions of the Slavery Disclosure Ordinance (SDO) Section 10.41, et seq., of the Los Angeles Administrative Code. Unless otherwise exempt in accordance with the provisions of this Ordinance, Lessee certifies that it has complied with the applicable provisions of the Ordinance. Under the provisions of Section 10.41.2(b) of the Los Angeles Administrative Code, Lessor has the authority, under appropriate circumstances, to terminate this lease and otherwise pursue legal remedies that may be available to Lessor if Lessor determines that Lessee failed to fully and accurately complete the SDO affidavit or otherwise violated any provision of the SDO.
- 13.8. Prevailing Wages:
- 13.8.1. To the extent applicable Lessee shall pay or cause to be paid to all workers employed in connection with the construction of the improvements, not less than the prevailing rates of wages, as provided in the statutes applicable to City public work contracts, including without limitation Sections 1770-1780 of the California Labor Code.
- 13.8.2. If federal funds were at any time used in the acquisition of this land or will be used in connection with the construction of any improvements, Lessee shall comply with or cause its general contractor and all subcontractors to comply with the requirements of the Davis-Bacon Act (40 U.S.C. 276 et. seq.). The Davis-Bacon Act requires the payment of wages to all laborers and mechanics at a rate not less than the minimum wage specified by the Secretary of Labor in periodic wage rate determinations as described in the Federal Labor Standards Provisions (HUD-4010). In the event both State Prevailing wages and Davis-Bacon Act wages will be required, all works shall be paid at the higher of the two wages.
- 13.8.3. Prior to the commencement of construction, and as soon as practicable in accordance with the applicable Schedule of Performance, Lessee shall contact the City to schedule a preconstruction orientation meeting with Lessee and with the general contractor to explain such matters as the specific rates of wages to be paid to workers in connection with the construction of the improvements, preconstruction conference requirements, record keeping and reporting requirements necessary for the evaluation of Lessee's compliance with this Section.
- 13.8.4. Lessee shall monitor and enforce any applicable prevailing wage requirements imposed on its contractors and subcontractors, including withholding payments to those contractors or subcontractors who violate these requirements. In the event that Lessee fails to monitor or enforce these requirements against any contractor or subcontractor, Lessee shall be liable for the full amount of any underpayment of wages, plus costs and attorney's fees, as if Lessee was the actual employer, and the City or the State Department of Industrial Relations may withhold monies owed to Lessee, may impose penalties on Lessee in the amounts specified herein, may take action directly against the contractor or subcontractor as permitted by law, and/or may declare Lessee in default of this lease and thereafter pursue any of the remedies available under this lease.
- 13.8.5. Lessee agrees to include, or cause to be included, the above provisions in all bid specifications for work covered under this lease.

13.8.6. Lessee shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the City) the Indemnitees against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Lessee, its contractor and subcontractors) to pay prevailing wages as determined pursuant to California Labor Code Sections 1720 et seq. and implementing regulation or comply with the other applicable provisions of California Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations in connection with construction of the improvements or any other work undertaken or in connection with the leased premises. This indemnity shall apply whether occurring during the term of this lease and any time thereafter, and shall be in addition to any other rights or remedies which Indemnitees have under law or under this lease. This Section and the obligations herein, shall survive the expiration or earlier termination of this lease.

13.9. Amendments to Ordinances and Codes: The obligation to comply with the aforementioned ordinances and Los Angeles Administrative Code Sections, which have been incorporated into this lease by reference, shall extend to any amendments, which may be made to those ordinances and Administrative Code Sections during the term of this lease.

#### **14. TAXES:**

##### **14.1. General:**

14.1.1. Lessee shall pay any and all taxes of whatever character that may be levied or charged upon Lessee's improvements, fixtures, equipment, or other property thereon or upon Lessee's use thereof.

14.1.2. Lessee shall also pay all license or permit fees necessary or required by law or regulation for the conduct of Lessee's business or use of the leased premises.

14.1.3. If a claim is made against Lessor for any of the above charges, Lessor shall promptly notify Lessee in writing; provided, however, that failure by Lessor to give such notice shall not constitute a waiver of Lessee's obligation to pay such taxes, license and/or permit fees.

14.2. Special Assessments: In the event any special assessments or taxes are levied against the leased premises by a district, special district, assessment district, or any other political entity or public corporation with power to levy taxes and/or assessments, such as a watermaster service or a water district, Lessor shall pay said taxes and/or assessments, and said payment, unless Lessor shall otherwise find and determine, will be added to the rent at the beginning of any rental period.

14.3. Substitute and Additional Taxes: If at any time during the term of this lease the State of California or any political subdivision of the state, including any county, city, public corporation, district, or any other political entity or public corporation of this state, levies or assesses against Lessor a tax, fee, or excise on rent on the square footage of the leased premises on the act of entering into this lease or on the occupancy of Lessee, or levies or assesses against Lessor any other tax, fee, or excise, however described, including, without limitation, a so-called value-added tax, as a direct substitution in whole or in part for or in addition to any real property taxes, Lessee shall pay before

delinquency that tax, fee, or excise. Lessee's share of any such tax, fee, or excise shall be substantially the same as Lessee's proportionate share of real property taxes as provided in this lease.

14.4. Possessory Interest Tax: By executing this lease and accepting the benefits thereof, a property interest may be created known as a "possessory interest," and such property interest will be subject to property taxation. Lessee, as the party in whom the possessory interest is vested, will be subject to the payment of the property taxes levied upon such interest. Lessee herewith acknowledges that by this paragraph, Lessor has provided notice of possessory liability as required by California Revenue and Taxation Code Section 107.6.

14.5. Exemption or Contest: The obligations of Lessee under Article II, Section 14, entitled *Taxes*, however, shall not prevent Lessee from seeking an exemption or contesting the validity and/or applicability of any of the above charges and during the period of seeking any such lawful exemption or contest, Lessee shall not refrain from making, or direct the withholding of, any such tax or fee payment. Upon a final determination in which Lessee is held responsible for such taxes and/or fees, Lessee shall promptly pay the required amount plus all legally imposed interest, penalties and surcharges. If all or any part of such taxes and/or fees, interest, penalties, or surcharges paid by Lessee are refunded to Lessor, Lessor shall remit to Lessee such sum(s) to which Lessee is legally entitled.

15. **UTILITIES:** Lessee agrees to promptly pay all charges for public utility services furnished for use on the leased premises and any other charges accruing or payable in connection with Lessee's use and occupancy of the leased premises.

**16. ASSIGNMENTS AND SUBLEASES:**

16.1. Lessee shall not, in any manner, assign, transfer, or encumber this lease, or any portion thereof or any interest therein, nor sublet or sublease the whole or any part of the leased premises, nor license or permit the use of the same, in whole or in part, without the prior written consent of Lessor. Any attempts to transfer, assign, or sublease without the consent required by this Section shall be void and shall transfer no rights to the leased premises. Consent to one assignment, subletting, or use, or occupation shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use. This lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law without the prior written consent of Lessor.

16.2. Involuntary Assignment:

16.2.1. No interest of Lessee in this lease shall be assignable by operation of law (including, without limitation, the transfer of this lease by testacy or intestacy). Each of the following acts shall be considered an involuntary assignment:

16.2.1.1. If Lessee is or becomes bankrupt or insolvent; makes an assignment for the benefit of creditors; institutes, or is a party to, a proceeding under the Bankruptcy Act in which Lessee is the bankrupt or debtor; or, if Lessee is a partnership or consists of more than one person or entity, if any partner of the partnership or other person or entity is or

becomes bankrupt or insolvent, or makes an assignment for the benefit of creditors;

16.2.1.2. If a writ of attachment or execution is levied on this lease; or

16.2.1.3. If, in any proceeding or action to which Lessee is a party, a receiver is appointed with authority to take possession of the leased premises.

16.2.2. An involuntary assignment shall constitute a default by Lessee, and Lessor shall have the right to terminate this lease, in which case this lease shall not be treated as an asset of Lessee. If a writ of attachment or execution is levied on this lease, Lessee shall have ten (10) days in which to cause the attachment or execution to be removed. If any involuntary proceeding in bankruptcy is brought against Lessee, or if a receiver is appointed, Lessee shall have sixty (60) days in which to have the involuntary proceeding dismissed or the receiver removed.

### 16.3. Corporation or Partnership

16.3.1. If Lessee is a corporation, this lease is to the corporation as it currently exists. Any dissolution, merger, consolidation, or other reorganization of Lessee, or the sale or other transfer of stock ownership of the corporation, voluntary, involuntary, or by operation of law, greater than ten percent (10%) shall be deemed a voluntary assignment of this lease and, therefore, subject to the provisions of this lease as to voluntary assignment thereof, including that provision requiring Lessor's prior written consent. This paragraph shall not apply to corporations the stock of which is traded through an exchange.

16.3.2. If Lessee is a partnership, this lease is to the partnership as it currently exists. A withdrawal or change, voluntary, involuntary, or by operation of law, of any partner, or the dissolution of the partnership shall be deemed a request to assign this lease and, therefore, subject to the provisions of this lease as to voluntary assignment thereof.

16.4. Each request for consent to an assignment shall be in writing, accompanied by the following:

16.4.1. A copy of the purchase/sale agreement, which shall include a detailed list of the assets that comprises the sales price.

16.4.2. A copy of the escrow instructions pertaining to the transaction.

16.4.3. Information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee, including but not limited to the intended use and/or required modification of the leased premises, if any, together with a fee of \$500 as consideration for Lessor's considering and processing said request.

16.4.4. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested.

16.5. In the case of an assignment, Lessee shall pay to Lessor any monetary or other economic consideration received by Lessee that is attributed to the leasehold as an

asset. Said amount shall be over and above the amount of Lessee's rent and other payments due Lessor pursuant to this lease.

- 16.6. In the case of a sublease, it shall not be deemed to be an unreasonable restraint by Lessor, as a condition to the consent to sublease, for Lessor to require that Lessee pay to Lessor a percentage, to be negotiated, of any monetary or other economic consideration received by Lessee as a result of the sublease over and above the amount of Lessee's rent and other payments due Lessor pursuant to this lease.

## 17. CONDEMNATION:

- 17.1. The parties hereby agree that if the leased premises, or any portion thereof, or any interest therein, are taken by eminent domain for public use, or otherwise, by any governmental authority, or by a "quasi-public entity" having the power of condemnation, or sold to a governmental authority threatening to exercise the power of eminent domain, this lease, and Lessee's obligation to pay rent hereunder, shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs, and the rent, fees and/or other charges hereunder shall be apportioned and paid to the date of such taking. A taking of the leased premises includes the taking of easements for air, light and any other easements in the land, including, but not limited to an impairment or taking of access to adjoining streets.

- 17.2. Effect of Partial Condemnation: In the event a portion of the leased premises are appropriated or taken and Lessee, at its sole discretion, determines that the remainder thereof is not suitable for the continued use of the leased premises by Lessee for conducting Lessee's operations thereon in the same manner and extent as carried on prior to such taking, Lessee shall have the right to terminate this lease upon giving Lessor written notice of its intent to exercise said right. Said notice shall be given not more than one hundred twenty (120) days following the date of service of a complaint in eminent domain upon Lessee, or one hundred twenty (120) days following Lessor's demand that Lessee acknowledge its intent to terminate this lease, unless Lessor and Lessee agree, in writing, to an earlier termination or to extend said period. If Lessee exercises its right to terminate this lease pursuant to this Subsection, Lessee shall give Lessor thirty (30) days prior written notice of the effective date of said termination.

- 17.2.1. If, in the event of such taking of a portion of the leased premises, Lessee does not terminate this lease, this lease shall continue in full force and effect as to the part not taken, and the rent to be paid by Lessee during the remainder of the term, subject to adjustment as provided elsewhere in this lease, shall be as follows: the land and improvement rent shall be reduced in the same proportion as the land taken by eminent domain bears to the area of the leased premises before the taking.

- 17.2.2. In determining whether a partial condemnation renders the remainder of the leased premises unsuitable for the use then being made of the leased premises by Lessee, Lessee, among other things, shall take into consideration the cost of restoration, the rentable area of the remaining improvements and the suitability of the remaining leased premises for conducting Lessee's operations thereon in the same manner and extent as carried on prior to such taking.

- 17.2.3. Except as provided for in Article II, Subsection 2.2, entitled *Ownership of Improvements*, should Lessee terminate this lease pursuant to this Section, title to all improvements, additions or alterations constructed or installed by Lessee upon the leased premises and which have not already vested in Lessor shall thereupon vest in Lessor.
- 17.3. Application of Award Upon a Total or Partial Taking:
- 17.3.1. If this lease is terminated pursuant to this Section, or, if all or a portion of the leased premises are taken, then the entire award or compensation paid for land, improvements, and buildings owned by Lessor, the amortized portion of the value of buildings and improvements built by Lessee and which will become the property of Lessor upon termination of this lease, shall be the property of Lessor.
- 17.3.2. Lessee shall have the right to receive compensation for the unamortized value of the buildings and any improvements that are still owned by Lessee and that were placed on the leased premises by Lessee and located thereon at the time of such taking or appropriation, and for its trade fixtures, equipment, and supplies, and for loss or damage to Lessee's business goodwill. The "amortized value" that Lessor shall be entitled to receive is a portion of the award for said Lessee-owned buildings and improvements equal to an amount determined by a ratio equal to the number of years the building and/or improvements have been in existence over the original term of the lease, without consideration of any possibility or probability of renewal, or of options, if any. There shall be no amortization of partially constructed improvements authorized by Lessor, if said construction is incomplete within the time period set forth in the approval granted by Lessor. The value, to be determined by Lessor, of such partially constructed improvements shall be paid to Lessee.
- 17.4. Severance Damages: The entire award of compensation paid for any severance damages, whether paid for impairment of access, for land, buildings, and/or improvements shall be the property of Lessor, regardless of whether any buildings or improvements so damaged are owned or were constructed by Lessor or Lessee. However, should Lessor determine that improvements are to be restored, that portion of the severance damages necessary to pay the cost of restoration, as set forth in this Section, shall be paid to Lessee upon the written request of Lessee, accompanied by evidence that the sum requested has been paid for said restoration and is a proper item of such cost and used for such purpose.
- 17.5. Partial Taking: Restoration: In case of a taking of the leased premises other than a total taking and/or should Lessee elect not to terminate this lease pursuant to this Section, Lessor and Lessee may mutually agree that Lessee shall restore any improvements on the leased premises, and Lessee shall, at Lessee's expense, whether or not the awards or payments, if any, on account of such taking are sufficient for the purpose, promptly commence and proceed with reasonable diligence to effect (subject to Force Majeure) restoration of the improvements on the remaining portion of the leased premises as nearly as possible to their condition and character immediately prior to such taking, except for any reduction in area caused thereby, or with such changes or alterations as may be made at the election of Lessee in accordance with Article II, Subsection 2.1, entitled *Lessee Improvements and Alterations*.

- 17.5.1. In the event the improvements damaged and/or taken belong to Lessor, Lessor shall not be obligated to restore said improvements should Lessor, in its sole discretion, determine not to do so.
- 17.6. Taking for Temporary Use: In the event of a taking of all or any portion of the leased premises for temporary use, this lease shall continue in full force and effect without reduction or abatement of rent or other sum payable hereunder, and Lessee shall be entitled to make claim for, recover and retain any awards or proceeds made on account thereof, whether in the form of rent or otherwise, unless such period of temporary use or occupancy extends beyond the term of this lease, in which case such awards or proceeds shall be apportioned between Lessor and Lessee as heretofore specified. Lessee shall restore or cause to be restored any such areas temporarily taken to the condition existing before the taking.

## 18. DEFAULT:

- 18.1. Default Events: The occurrence of the following shall constitute a default by Lessee:
- 18.1.1. Failure to pay rent when due as provided for in paragraphs concerning rent payment and taxes.
- 18.1.2. Lessee fails to comply with any term, provision, condition, or covenant of this lease, other than paying rent, and does not cure such failure within thirty (30) days (or within such longer period of time as may be granted by Lessor in writing) after Lessor has sent written notice to Lessee specifying such failure.
- 18.2. Lessor's Remedies: Upon the occurrence of a Default Event, Lessor, in addition to any other rights or remedies available to Lessor at law or in equity, shall have the right to:
- 18.2.1. Terminate this lease and all rights of Lessee under this lease, by giving Lessee thirty (30) days written notice that this lease is terminated, in which case, Lessor may recover from Lessee the aggregate sum of:
- 18.2.1.1. The worth at the time of award of any unpaid rent that had been earned at the time of termination;
- 18.2.1.2. The worth at the time of award of the amount by which (A) the unpaid rent that would have been earned after termination until the time of award exceeds (B) the amount of rental loss, if any, that Lessee affirmatively proves could be reasonably avoided;
- 18.2.1.3. The worth at the time of award of the amount by which (A) the unpaid rent for the balance of the term after the time of award exceeds (B) the amount of rental loss, if any, that Lessee affirmatively proves could be reasonably avoided;
- 18.2.1.4. Any other amount necessary to compensate Lessor for all the detriment caused by Lessee's failure to perform its obligations or that, in the ordinary course of things, would be likely to result from Lessee's failure; and
- 18.2.1.5. All other amounts in addition to or in lieu of those previously set out as may be permitted from time to time by applicable California law.
- 18.2.1.6. As used in Subsections 18.2.1.1 and 18.2.1.2, the "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum.

- 18.2.1.7. As used in Subsection 18.2.1.3, the "worth at the time of award" is computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%).
- 18.2.1.8. As used in this Section, the term "rent" shall include the rent and any and all other payments required by Lessee under this lease.
- 18.2.2. Continue this lease, and from time to time, without terminating this lease, either:
  - 18.2.2.1. Recover all rent and other amounts payable as they become due; or
  - 18.2.2.2. Re-let the leased premises or any part on behalf of Lessee on terms and at the rent that Lessor, in Lessor's sole discretion, may deem advisable, all with the right to make alterations and repairs to the leased premises, at Lessee's sole cost, and apply the proceeds of re-letting to the rent and other amounts payable by Lessee. To the extent that the rent and other amounts payable by Lessee under this lease exceed the amount of the proceeds from re-letting, Lessor may recover the excess from Lessee as and when due.
- 18.2.3. Upon the occurrence of a Default Event, Lessor shall also have the right, with or without terminating this lease, to re-enter the leased premises and remove all property from the leased premises. Lessor may store the property removed from the leased premises at the expense and for the account of Lessee.
- 18.2.4. None of the following remedial actions, alone or in combination, shall be construed as an election by Lessor to terminate this lease unless Lessor has in fact given Lessee written notice that this lease is terminated or unless a court of competent jurisdiction decrees termination of this lease: any act by Lessor to maintain or preserve the leased premises; any efforts by Lessor to re-let the leased premises; any re-entry, repossession, or re-letting of the leased premises by Lessor pursuant to this Section. If Lessor takes any of the previous remedial actions without terminating this lease, Lessor may nevertheless, at any later time, terminate this lease by written notice to Lessee.
- 18.2.5. If Lessor re-lets the leased premises, Lessor shall apply the revenue from the re-letting as follows: first, to the payment of any indebtedness other than rent due from Lessee to Lessor; second, to the payment of any cost of re-letting; third, to the payment of the cost of any maintenance and repairs to the leased premises; and fourth, to the payment of rent and other amounts due and unpaid under this lease. Lessor shall hold and apply the residue, if any, to payment of future amounts payable under this lease as the same may become due, and shall be entitled to retain the eventual balance with no liability to Lessee. If the revenue from re-letting during any month, after application pursuant to the previous provisions, is less than the sum of (a) Lessor's expenditures for the leased premises during that month and (b) the amounts due from Lessee during that month, Lessee shall pay the deficiency to Lessor immediately upon demand.
- 18.2.6. After the occurrence of a Default Event, Lessor, in addition to or in lieu of exercising other remedies, may, but without any obligation to do so, cure the breach underlying the Default Event for the account and at the expense of Lessee. However, Lessor must by prior written notice first allow Lessee a reasonable opportunity to cure, except in cases of emergency, where Lessor

may proceed without prior notice to Lessee. Lessee shall, upon demand, immediately reimburse Lessor for all costs, including costs of settlements, defense, court costs, and attorney fees that Lessor may incur in the course of any cure.

- 18.2.7. No security or guaranty for the performance of Lessee's obligations that Lessor may now or later hold shall in any way constitute a bar or defense to any action initiated by Lessor or unlawful detainer or for the recovery of the leased premises, for enforcement of any obligation of Lessee, or for the recovery of damages caused by a breach of this lease by Lessee or by a Default Event.
- 18.2.8. Except where this is inconsistent with or contrary to any provisions of this lease, no right or remedy conferred upon or reserved to either party is intended to be exclusive of any other right or remedy, or any right or remedy given now or later existing at law or in equity or by statute. Except to the extent that either party may have otherwise agreed in writing, no waiver by a party of any violation or nonperformance by the other party of any obligations, agreements, or covenants under this lease shall be deemed to be a waiver of any subsequent violation or nonperformance of the same or any other covenant, agreement, or obligation, nor shall any forbearance by either party to exercise a remedy for any violation or nonperformance by the other party be deemed a waiver by that party of the rights or remedies with respect to that violation or nonperformance.
- 18.3. Cross Default: A material breach of the terms of any other lease, license, permit, or contract held by Lessee with the City shall constitute a material breach of the terms of this lease, and shall give the City the right to terminate this lease for cause in accordance with the procedures set forth in Article II, Section 19, entitled *Termination by Parties*.
- 18.4. Waiver:
  - 18.4.1. No delay or omission in the exercise of any right or remedy of Lessor on any default by Lessee shall impair such a right or remedy or be construed as a waiver.
  - 18.4.2. The receipt and acceptance by Lessor of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular rent payment involved.
  - 18.4.3. No act or conduct of Lessor, including, without limitation, the acceptance of the keys to the leased premises, shall constitute an acceptance of the surrender of the leased premises by Lessee before the expiration of the term. Only a notice from Lessor to Lessee shall constitute acceptance of the surrender of the leased premises and accomplish a termination of the lease.
  - 18.4.4. Lessor's consent or approval of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent to or approval of any subsequent act by Lessee.
  - 18.4.5. Any waiver by Lessor of any default shall not be a waiver of any other default concerning the same or any other provision of the lease.
- 18.5. Cumulative Nature of Remedies: Lessor shall have the remedies allowed in this lease if Lessee commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

**19. TERMINATION BY PARTIES:**

- 19.1. This lease may be terminated by either party by giving to the other party not less than thirty (30) days' advance written notice of such termination; but, for reasons other than nonpayment of rent, such right of termination shall be exercised by Lessor only when Lessee is in default of this lease, or in the event the Board of Water and Power Commissioners determine that the operations of Lessor or the public interest require such termination.
- 19.2. Lessor shall have the unconditional right to terminate this lease by giving Lessee one hundred and eighty (180) days advance written notice of such termination.

**20. SURRENDER OF LEASED PREMISES:**

- 20.1. Upon the expiration of the term of this lease or sooner termination as herein provided, Lessor has the right to discontinue leasing the leased premises and has no obligation to Lessee to renew, extend, transfer, or re-lease the leased premises. If this right is exercised by Lessor, Lessee shall vacate the leased premises and shall peaceably surrender the same. Lessee is obliged to, and shall remove any and all Lessee-owned personal property, trade fixtures, and goods, and hazardous materials and wastes located in or upon the leased premises, except for trees and shrubs, and structures and improvements, title to which automatically passes to Lessor pursuant to this lease. Lessee shall leave the leased premises in a level, graded condition.
- 20.2. Lessor may waive the obligation to remove and restore, in writing, upon prior written request therefor by Lessee. If the obligation is waived, Lessee shall quit and surrender possession of the leased premises to Lessor in at least as good and usable condition as the same are required to be maintained under this lease. In this event, Lessor shall acquire title to any and all such personal property, trade fixtures and goods, located in or upon the leased premises and remaining there upon the expiration or any termination of this lease, and Lessee agrees that title to same shall and by this agreement does vest in Lessor, and that Lessee shall thereafter have no rights whatsoever in any such personal property, trade fixtures, and goods left on the leased premises.
- 20.3. Should Lessee fail to remove any Lessee-owned or sublessee-owned personal property, trade fixtures, and goods or fail to request Lessor's waiver of removal, Lessor can elect to retain or dispose of, in any manner, any such personal property, trade fixtures, and goods that Lessee does not remove from the leased premises on expiration or termination of the term as allowed or required by this lease by giving thirty (30) days' written notice to Lessee. Title to any such personal property, trade fixtures, and goods shall vest in Lessor on the expiration of the thirty (30) day notice. Lessee waives all claims against Lessor for any damage to Lessee resulting from Lessor's retention or disposal of any such property. Lessee shall be liable to Lessor for Lessor's costs for storing, removing, or disposing of any property of Lessee or sublessees.

- 21. HOLDING OVER:** If Lessee shall hold over after expiration or other termination of this lease, whether with the apparent consent or without the consent of Lessor, such shall not constitute a renewal or extension of this lease, nor a month-to-month tenancy, but only a tenancy at will with liability for reasonable rent, and in all other respects on the same terms and conditions as are herein provided. The term reasonable rent as used in this Section shall be no less than 1/12<sup>th</sup> of the total yearly rent, taxes, and assessments provided for elsewhere in this lease, per month, and said reasonable rent during the holdover period shall be paid, in advance, on the first day of each month.

- 22. QUITCLAIM OF LESSEE'S INTEREST UPON TERMINATION:** Upon termination of this lease for any reason, including, but not limited to, termination because of default by Lessee, Lessee shall execute, acknowledge, and deliver to Lessor immediately upon written demand therefor a good and sufficient deed whereby all right, title, and interest of Lessee in the leased premises is quitclaimed to Lessor. Should Lessee fail or refuse to deliver the required deed to Lessor, Lessor may prepare and record a notice reciting the failure of Lessee to execute, acknowledge, and deliver such deed, and said notice shall be conclusive evidence of the termination of this lease and of all right of Lessee or those claiming under Lessee in and to the leased premises.
- 23. SUCCESSORS IN INTEREST:** This lease shall inure to the benefit of, and be binding upon the parties hereto and any heirs, successors, executors, administrators, and any permitted assigns, as fully and to the same extent specifically mentioned in each instance, and every term, covenant, condition, stipulation, and agreement contained in this lease shall extend to and bind any heir, successor, executor, administrator, and assign, all of whom shall be jointly and severally liable hereunder.
- 24. AUDITS:** Lessor may, at its sole discretion and with reasonable notice to Lessee, require Lessee to provide access to all records and other information necessary to perform an audit of rent, fees, and other charges paid and payable to Lessor. Lessor's right to access such records and information shall survive three (3) years beyond the expiration or early termination of this lease. Lessee shall retain all records and other information necessary to perform an audit as described above for a minimum of seven (7) years.
- 25. RECORDING:** Neither this lease nor a memorandum thereof shall be recorded without Lessor's consent in writing.
- 26. ESTOPPEL CERTIFICATES:**
- 26.1. Estoppel Certificate From Lessee: Within fifteen (15) days following any written request that Lessor may make from time to time pursuant to the request of a lender or prospective purchaser, Lessee shall execute and deliver to Lessor a statement certifying: (a) the commencement date of this lease; (b) the fact that this lease is unmodified and in full force and effect (or, if there have been modifications hereto, that this lease is in full force and effect as modified, and stating the date and nature of the such modifications); (c) the date to which the rent and other sums payable under the lease have been paid; and (d) the fact that there are no current defaults under the lease by either party except as specified in Lessee's statement. The parties intend that any statement delivered pursuant to this Section may be relied on by any mortgagee, beneficiary, purchaser or prospective purchaser of the leased premises or any interest therein.
- 26.2. Lessee's Failure to Provide Statement: Lessee's failure to deliver such statement within such time shall be conclusive upon Lessee that (a) this lease is in full force and effect, without modification except as may be represented by Lessor; and that (b) there are no uncured defaults in Lessor's performance.
- 26.3. Estoppel Certificate From Lessor: Within fifteen (15) business days following any written request that Lessee may make from time to time pursuant to the request of a prospective assignee or sublessee, Lessor shall execute and deliver to Lessee a statement certifying: (a) the commencement date of this lease; (b) the fact that this lease is unmodified and in full force and effect (or, if there have been modifications hereto, that this lease is in full force and effect, as modified, and stating the date and nature of such

modifications); (c) the date to which the rent and other sums payable under this lease have been paid; and (d) the fact that there are no current defaults under this lease by Lessee, except as specified in Lessor's statement. The parties intend that any statement delivered pursuant to this Section may be relied upon by the proposed assignee or sublessee for whom it was requested. Lessor's failure to deliver such statement within such time shall be conclusive upon Lessor that (1) this lease is in full force and effect without modification, except as represented by Lessee; and that (2) there are no uncured defaults of Lessee under the lease; provided, however, that such conclusive effect is applicable only to the failure of Lessor to respond after an additional five (5) working days' notice to Lessor and only with respect to the proposed assignee or sublessee for whom it was requested.

## **27. MISCELLANEOUS PROVISIONS:**

- 27.1. Fair Meaning: The language of this lease shall be construed according to its fair meaning, and not strictly for or against either Lessor or Lessee.
- 27.2. Section Headings: The section and subsection headings appearing herein are for the convenience of Lessor and Lessee, and shall not be deemed to govern, limit, modify, or in any manner affect the scope, meaning, or intent of the provisions of this lease.
- 27.3. Void Provisions: If any provision of this lease is determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this lease, and all such other provisions shall remain in full force and effect.
- 27.4. Two Constructions: It is the intention of the parties hereto that if any provision of this lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.
- 27.5. Laws of California: This lease shall be construed and enforced in accordance with the laws of the State of California.
- 27.6. Lessor's Consent: In each instance herein where the City of Los Angeles', Board of Water and Power Commissioners' or Lessor's approval or consent is required before Lessee may act, such approval or consent may be withheld in the City's, Board's or Lessor's, respectively, sole and absolute discretion.
- 27.7. Gender: The use of any gender herein shall include all genders, and the use of any number shall be construed as the singular or the plural, all as the context may require.
- 27.8. Time: Time shall be of the essence in complying with the terms, conditions, and provisions of this lease.
- 27.9. Integration Clause: It is understood that no alteration or variation of the terms of this lease shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement, not incorporated herein in writing, shall be binding on any of the parties hereto.

- 27.10. Force Majeure: Except as otherwise provided in this lease, whenever a day is established in this lease on which, or a period of time, including a reasonable period of time, is designated within which, either party hereto is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is unreasonably interfered with, the doing or completion of such act, matter or thing because of strikes, lockouts, embargoes, unavailability of services, labor or materials, disruption of service or brownouts from utilities not due to action or inaction of Lessor, wars, insurrections, rebellions, civil disorder, declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control--financial inability excepted; provided, however, that nothing contained in this Subsection shall excuse Lessee from the prompt payment of any rent or other monetary charge required of Lessee hereunder.
- 27.11. Approvals: Any consent or approvals required by Lessor under this lease shall be approvals of Lessor acting as Lessor and shall not relate to, constitute a waiver or, supersede or otherwise limit or affect the governmental approvals or rights of Lessor as a governmental agency, including the approval of any permits required for construction or maintenance of the leased premises and the passage of any laws including those relating to zoning, land use, building and safety.
- 27.12. Conflicts in this Lease: If there are any direct conflicts between the provisions of Article I and Article II of the lease, the provisions of Article I shall be controlling.
- 27.13. Days: Unless otherwise specified, "days" shall mean calendar days.
- 27.14. Deprivation of Lessee's Rights: Lessor shall not be liable to Lessee for any diminution or deprivation of Lessee's rights under this lease that may result from Lessee's obligation to comply with any and all applicable laws, rules, regulations, restrictions, ordinances, statutes, and/or orders of any federal, state and/or local government authority and/or court hereunder on account of the exercise of any such authority as is provided in this Section, nor shall Lessee be entitled to terminate the whole or any portion of the lease by reason thereof.
- 27.15. Executed in Counterpart: This lease may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties further agree that facsimile signatures or signatures scanned into .pdf (or signatures in another electronic format designated by Lessor) and sent by e-mail shall be deemed original signatures.
28. **OTHER AGREEMENTS NOT AFFECTED**: Except as specifically stated herein, this lease, and the terms, conditions, provisions and covenants hereof, shall apply only to the leased premises herein particularly described, and shall not in any way change, amend, modify, alter, enlarge, impair, or prejudice any of the rights, privileges, duties, or obligations of either of the parties hereto, under or by reason of any other agreement between said parties, except that nothing contained in such other agreement shall limit the use by Lessee of the within leased premises for the herein referred to purpose.
29. **SUPERSEDURE**: This lease, upon becoming effective, shall supersede and annul any and all permits, leases, or rental agreements heretofore made or issued for the leased premises between Lessor and Lessee; and any such permits, leases, or rental agreements shall hereafter be void and of no effect except as to any rents, royalties, or fees that may have accrued

thereunder, or other liabilities or obligations of Lessee that expressly survive expiration or termination of such permits, leases, or rental agreements.

- 30. ENTIRE UNDERSTANDING:** This lease contains the entire understanding of the parties, and Lessee, by accepting the same, acknowledges that it supersedes and annuls any writings or oral discussions, statements, understandings, or representations that may have been made concerning the subject matter hereof; and that there is no other written or oral understanding between the parties in respect to the leased premises or the rights and obligations of the parties hereto. No modification, amendment, or alteration of this lease shall be valid unless it is in writing and signed by the parties hereto.

LEASE NO.: 1429  
ACCOUNT NO.: 16266

IN WITNESS WHEREOF, the parties hereto have themselves, or through their duly authorized officers, caused this lease to be executed as of the day and year herein below written.

The signature affixed hereto of Lessee, or the authorized representative of Lessee, certifies that Lessee has read and does understand each and every section and paragraph contained in this lease and agrees to abide by and be bound by same.

Date 6/8/23

By   
**Kenneth Sample**

c/o Inyo Crude  
1274 North Main Street  
Bishop, CA 93514

**LESSEE**

LEASE NO.: 1429  
ACCOUNT NO.: 16266

IN WITNESS WHEREOF, the parties hereto have themselves, or through their duly authorized officers, caused this lease to be executed as of the day and year herein below written.

**DEPARTMENT OF WATER AND POWER  
OF THE CITY OF LOS ANGELES BY  
BOARD OF WATER AND POWER COMMISSIONERS**

By signing below, the signatories attest that they have no personal, financial, beneficial, or familial interest in this contract.

Date \_\_\_\_\_ By \_\_\_\_\_  
**JANISSE QUINOÑES**  
Chief Executive Officer and Chief Engineer

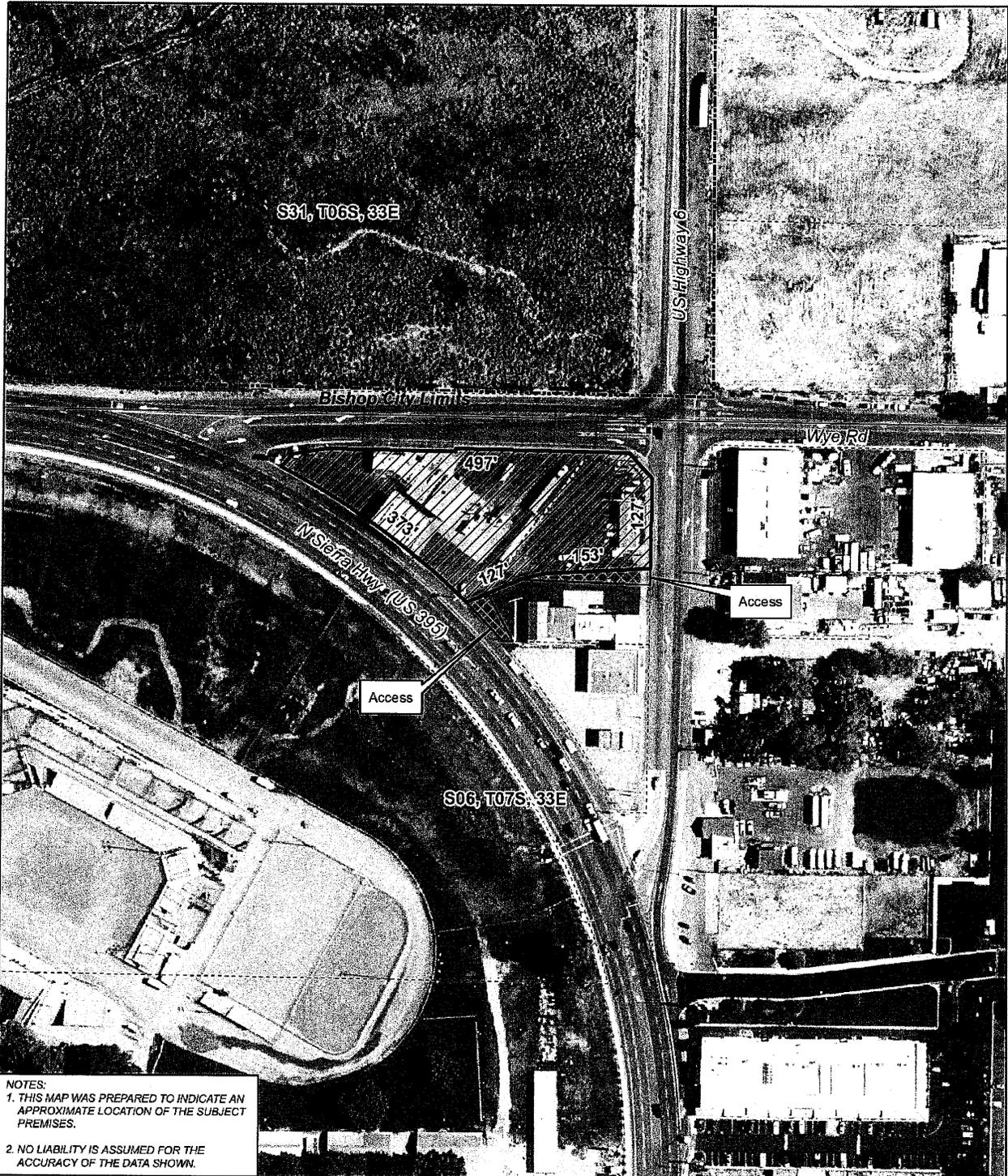
Date \_\_\_\_\_ And \_\_\_\_\_  
**CHANTE L. MITCHELL**  
Board Secretary

**LESSOR**

APPROVED AS TO FORM AND LEGALITY  
HYDEE FELDSTEIN SOTO, CITY ATTORNEY

AUG 21 2024  
BY John B.  
JOHN BEANUM  
DEPUTY CITY ATTORNEY

EXHIBIT A



NOTES:  
1. THIS MAP WAS PREPARED TO INDICATE AN APPROXIMATE LOCATION OF THE SUBJECT PREMISES.  
2. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN.

Subject Premises  
BL 1429  
1.5 Ac.

08-030-01A

User: Nshar\_bach  
Date: 2/7/2008  
Document Path: M:\Real\_Estate\RealEstate\_MXD\_Files\BL\_1429\BL\_1429.mxd

**EXHIBIT B**

**CONTRACT INSURANCE REQUIREMENTS -- DEPARTMENT OF WATER AND POWER  
For Contractors, Service Providers, Vendors, and Tenants**

Agreement/Activity/Operation: BL-1429 - Service Station, Mini-market and Truck Stop  
 Reference/Agreement: CERTIFICATE ACCEPTABLE (w/ Required Specific Endorsements)  
 Term of Agreement: 5 Years  
 Contract Administrator and Phone: Niki Lopez/Ext. 30360  
 Buyer and Phone Number: \_\_\_\_\_

Contract-required types and amounts of insurance as indicated below by checkmark are the minimum which must be maintained. All limits are Combined Single Limit (Bodily Injury/Property Damage) unless otherwise indicated. Firm 30 day Notice of Cancellation required by Receipted Delivery.

**PER OCCURRENCE LIMITS**

- (✓) WORKERS' COMPENSATION(Stat. Limits)/Employer's Liability: ( \$1,000,000.00 )
  - (✓) Broad Form All States Endorsement ( ) US L&H (Longshore and Harbor Workers)
  - ( ) Jones Act (Maritime Employment) ( ) Outer Continental Shelf
  - (✓) Waiver of Subrogation ( ) Black Lung (Coal Mine Health and Safety)
  - ( ) Other: \_\_\_\_\_ ( ) Other: \_\_\_\_\_
- (✓) AUTOMOBILE LIABILITY: ( \$1,000,000.00 )
  - (✓) Owned Autos ( ) Any Auto
  - (✓) Hired Autos (✓) Non-Owned Auto
  - ( ) Contractual Liability (✓) Additional Insured
  - ( ) MCS-90 (US DOT) ( ) Trucker's Form
  - ( ) Waiver of Subrogation ( ) Other: \_\_\_\_\_
- (✓) GENERAL LIABILITY: ( ) Limit Specific to Project ( ) Per Project Aggregate ( \$3,000,000.00 )
  - (✓) Broad Form Property Damage (✓) Contractual Liability (✓) Personal Injury
  - (✓) Premises and Operations (✓) Products/Completed Ops. (✓) Independent Contractors
  - (✓) Fire Legal Liability ( ) Garagekeepers Legal Liab. ( ) Child Abuse/Molestation
  - ( ) Corporal Punishment ( ) Collapse/Underground ( ) Explosion Hazard
  - ( ) Watercraft Liability ( ) Pollution (✓) Additional Insured Status
  - ( ) Waiver of Subrogation ( ) Airport Premises ( ) Hangarkeepers Legal Liab.
  - ( ) Marine Contractors Liability ( ) Other: \_\_\_\_\_ ( ) Other: \_\_\_\_\_
- ( ) PROFESSIONAL LIABILITY: ( )
  - ( ) Contractual Liability ( ) Waiver of Subrogation ( ) 3 Year Discovery Tail
  - ( ) Additional Insured ( ) Vicarious Liability Endt. ( ) Other: \_\_\_\_\_
- ( ) AIRCRAFT LIABILITY: ( )
  - ( ) Passenger Per Seat Liability ( ) Contractual Liability ( ) Hull Waiver of Subrogation
  - ( ) Pollution ( ) Additional Insured ( ) Other: \_\_\_\_\_
- ( ) PROPERTY DAMAGE: ( ) Loss Payable Status (AOIMA) ( )
  - ( ) Replacement Value ( ) Actual Cash Value ( ) Agreed Amount
  - ( ) All Risk Form ( ) Named Perils Form ( ) Earthquake: \_\_\_\_\_
  - ( ) Builder's Risk:\$\_\_\_\_\_ ( ) Boiler and Machinery ( ) Flood: \_\_\_\_\_
  - ( ) Transportation Floater:\$\_\_\_\_\_ ( ) Contractors Equipment\$\_\_\_\_\_ ( ) Loss of Rental Income: \_\_\_\_\_
  - ( ) Scheduled Locations/Propt. ( ) Other: \_\_\_\_\_ ( ) Other: \_\_\_\_\_
- ( ) WATERCRAFT: ( )
  - ( ) Protection and Indemnity ( ) Pollution ( ) Additional Insured
  - ( ) Waiver of Subrogation ( ) Other: \_\_\_\_\_ ( ) Other: \_\_\_\_\_
- (✓) POLLUTION: ( \$5,000,000.00 )
  - (✓) Incipient/Long Term (✓) Sudden and Accidental (✓) Additional Insured
  - (✓) Waiver of Subrogation ( ) Contractor's Pollution ( ) Other: \_\_\_\_\_
- ( ) CRIME: ( ) Joint Loss Payable Status ( ) Additional Insured ( )
  - ( ) Fidelity Bond ( ) Financial Institution Bond ( ) Loss of Monies/Securities
  - ( ) Employee Dishonesty ( ) In Transit Coverage ( ) Wire Transfer Fraud
  - ( ) Computer Fraud ( ) Commercial Crime ( ) Forgery/Alteration of Docs.
  - ( ) Other: \_\_\_\_\_ ( ) Other: \_\_\_\_\_
- ( ) ASBESTOS LIABILITY: ( ) Additional Insured ( )