

LEASE AGREEMENT

This LEASE AGREEMENT ("Agreement" or "Lease") is made and entered into on _____, 2026 (the "Effective Date") by and between the CITY OF FRESNO, a California municipal corporation ("Landlord" or "the City") and DOWNTOWN DEVELOPMENT GROUP LLC DBA FRIDA CAFE, a California limited liability company ("Lessee").

RECITALS

WHEREAS the City owns property located at the intersection of Fresno Street and O Street, Fresno, California, (the "Premises"), commonly referred to as the Fresno Water Tower ("Water Tower"); and

WHEREAS the Water Tower is on both the National Register of Historic Places and on the Local Historic Register for the City of Fresno; and

WHEREAS Lessee desires to operate a coffee shop and cafe to sell coffee products, small food items, art, historical and City of Fresno related souvenirs at the Water Tower; and

WHEREAS the City and Lessee desire to execute a lease agreement to define the terms and conditions under which the Lessee will be allowed to operate as defined herein at the Water Tower.

AGREEMENT

NOW, THEREFORE, the parties hereto, in consideration of the foregoing and of the covenants, conditions, and promises hereinafter contained, to be kept and performed by the respective parties, agree as follows:

SECTION 1. DESCRIPTION OF THE PREMISES.

- A. The physical address of the Water Tower is 2444 Fresno St, Fresno, CA 93721. For the purposes of this Lease Agreement, the Leased Premises shall be defined as:
 - a. The interior commercial area of the Water Tower,
 - b. All paved and unpaved exterior courtyard areas surrounding the Water Tower that are located within the fence on the property, and
 - c. The restroom facility located adjacent to the Water Tower.
- B. Three (3) parking passes in a City owned parking lot within 500 feet of the premises for use by Lessee's employees.
- C. The City shall also designate three metered parking spots as short-term parking.
- D. The Lessee shall have non-exclusive use of the restroom facility and shall keep them open to the public during operating hours or as defined by an issued Conditional Use Permit.
- E. The Lessee shall have non-exclusive use of the courtyard area and will remain open to the public during business hours. The courtyard is subject to use by the City through Section 15 of this Lease.
- F. The Lessee shall be prohibited from using any other property or land area in the vicinity of the Water Tower, except for those listed above. The City leases the

Leased Premises to Lessee "as is," in its existing physical condition and without warranty, on the terms and conditions set forth herein.

- G. The Lessee has examined the Premises prior to execution of this Lease Agreement and represents the Premises are suitable for the stated purposes contained in this Lease Agreement.
- H. The Leased Premises, and all contents and artifacts within the Premises boundary, shall always remain the property of the City, including all alterations, repairs, and improvements commissioned by the Lessee.
- I. Lessee is expressly prohibited from changing the locks to any doors to any part of the Leased Premises. The City shall maintain one set of keys for the Premises and the Lessee shall maintain one set of keys for the Leased Premises. If Lessee's set of keys are lost or stolen, the City will change all locks, and Lessee shall reimburse the City for the full cost to change all locks. In addition, the City shall charge Lessee a Lock Change Fee of \$200.

SECTION 2. TERM AND EFFECTIVE DATE.

- A. The term of this Lease Agreement ("Term") is for a period of three (3) years, commencing 12:00 a.m. on _____, 2026 and terminating 11:59:59 p.m. on _____, 2029 unless sooner terminated in accordance with the provisions of this Lease. The Lease may be extended for two (2), one-year extensions upon mutual written agreement of the parties. A written request for extension must be submitted by the requesting party 30 days prior to term date above. If the lease is extended for two (2), one-year extensions, the lease shall terminate four (4) years and 364 days following the commencement date.

SECTION 3. SECURITY DEPOSIT.

- A. Prior to the City granting the Lessee access to the Premise to improve the property or initiate operations, the Lessee shall deposit the sum seven-hundred and fifty dollars \$750.00 as a Security Deposit with the City. This Security Deposit will serve as a surety instrument to ensure the Lessee complies with all the terms of this Lease Agreement. This Security Deposit may not be used to pay the last month's rent without the City Manager's prior written consent. If the Lessee breaks or otherwise violates this Lease prior to the expiration of this Lease, then the City may, at the City's discretion, retain all or part of the Security Deposit to recover unpaid rent or pay for repair damage to the property. If the Lessee has complied with all terms of this Lease and returns the Premises to the City in the same condition as when Lease Agreement was executed by both parties, then City will return the \$750.00 Security Deposit within 30 days

SECTION 4. LEASE PAYMENT.

- A. The City shall charge per month, or fraction thereof, for the use of the 771 interior square feet of the Water Tower associated with the Leased Premises as defined by the Rent Schedule. The lease payment is inclusive of natural gas, water, and sewer. The first lease payment shall become effective and due upon Lessee being issued an occupancy permit for the Premises.

B. Rent Schedule shall be defined as follows:

Period	SF Rate	Monthly Rent	Annual Rent
Year 1	\$1.00	\$771.00	\$9,252.00
Year 2	\$1.03	\$794.13	\$9,529.56
Year 3	\$1.06	\$817.95	\$9,815.45
Optional Year 4	\$1.09	\$842.49	\$10,109.91
Optional Year 5	\$1.13	\$867.77	\$10,413.21

C. Rent is late if not paid by the 5th day of each month.

D. A \$90 late fee will apply for any payments on or after the 5th of each month.

E. Lessee's failure to pay Rent or any other amounts within five (5) days of its due date under this Agreement shall constitute a default under Section 18 of this Agreement.

F. Failure of the Lessee to pay Rent as and when due may cause the City to incur costs not contemplated by the City when entering into this Agreement, the exact nature and amount of which would be extremely difficult and impracticable to ascertain. If any Rent, or any other amount due under this Agreement is not received by the City as and when due, then, without any notice to Lessee, Lessee shall pay to the City an amount equal to 1.5% of the past due amount, which the Parties agree represents a fair and reasonable estimate of the costs incurred by the City as a result of the late payment by Lessee. Acceptance of the late charge by the City shall not constitute a waiver of Lessee's default for the overdue amount, nor prevent the City from exercising the other rights and remedies granted under this Agreement.

G. All sums of money due to the City under this Agreement not specifically characterized as Rent or as a Late Fee, shall constitute Additional Rent. Nothing contained in this Agreement shall be deemed to suspend or delay the payment of any sum of money at the time it becomes due and payable under this Agreement.

H. The City's acceptance of less than the full amount of any payment due from Lessee shall not be deemed an accord and satisfaction or compromise of such payment unless the City specifically consents in writing to payment of such lesser sum as an accord and satisfactory promise of the amount which the City claims.

AS Initials of Lessee

SECTION 5. OPERATIONAL COSTS.

A. Lessee shall pay all operational costs required to operate a coffee shop on the Premises, including daily cleaning of the courtyard area, and daily cleaning, sanitizing, and supplying of the restroom facilities. "Operational Costs" shall be defined as all business-related costs not explicitly assigned to the City herein.

SECTION 6. UTILITIES.

- A. The City shall remain the owner for natural gas, water, and sewer utilities bills associated with the Water Tower. Lessee shall secure and maintain solid waste services for the Leased Premises. The City shall designate waste disposal, organics disposal, and recyclable material disposal locations. The location may be adjusted and changed based on the level of municipal solid waste, organics waste, and recyclable materials generated at the Leased Premises. Lessee is solely responsible for electricity, telephone, internet, and security services for the premises. Landlord shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of utilities due to any cause whatsoever, and rent shall not abate as a result thereof.

SECTION 7. USE OF LEASED PREMISES.

- A. The Lessee shall use the Leased Premises for the operation of a coffee shop and café, including the sale of coffee products, pastries, small food items, and other food and beverage items customarily offered in a café setting.
- a. The sale of alcoholic beverages is not permitted, unless approved by the City Manager and this Agreement is amended by mutual written agreement under Section 33. Insurance must be approved by the City prior to the sale of any alcohol.
 - b. If Lessee desires to change or add uses for the Leased Premises, then Lessee shall submit a written request for additional uses to the City Manager for approval, provided that such uses are lawful, consistent with the Fresno Municipal Code, and are in full compliance with the Water Tower's registered historic designations. The Lessee shall not change or add uses, without receiving prior written approval from the City Manager.
- B. The Lessee shall be required to operate the coffee shop within the interior structure of the Water Tower. The Lessee shall be prohibited from operating the coffee shop outdoors. Lessee is allowed to provide table service to patrons in the courtyard.
- C. The Lessee is authorized to operate the coffee shop between the following hours:
- a. Sunday – Thursday: 6:00 AM – 10:00 PM
 - b. Friday - Saturday: 6:00 AM – 12:00 AM
 - c. Actual operational hours (i.e. open to public) within the restrictions noted in (a) through (b) are at the discretion of the Lessee.
 - d. This authorization does not supersede any conditions approved for the operation of this business. Lessee shall be bound by the more restrictive requirement.
 - e. The Lessee shall be authorized to reduce the number of days and number of hours of operation without prior written approval from the City Manager. However, Lessee may not increase the daily hours of operation without receiving prior written approval from the City Manager.
- D. During regular business hours, the outdoor turf shall be available to the general public as community space for civic, ceremonial, or other community events or social gatherings as required by State of California Assembly Bill 1572.

- E. Lessee shall be permitted to use the exterior Leased Premises for the following ancillary uses to support café operations:
 - a. Entertainment, cultural or historic programming, and music
 - i. All outdoor audio must be in strict compliance with City noise ordinances.
 - ii. Music containing vulgar or profanity is not permitted.
 - b. Events permitted through Special Events Permit process
 - i. Lessee shall obtain all applicable permits for all special events in which alcohol will be served; including a Special Events Permit and an ABC permit. If drinking of alcoholic beverages is approved by a Special Event permit, Lessee agrees to limit the drinking of alcoholic beverages on the Leased Premises in accordance with all applicable state and local legal requirements and agrees to diligently enforce such limitation.
 - ii. Lessee agrees to provide added security for Special Events held as reasonably necessary based upon the nature of the event, whether alcoholic beverages will be served, the number of persons attending and the timing of such events to the City's reasonable satisfaction and to ensure that the City's property and operations are not adversely affected by Lessee's use of the Leased Premises.
 - iii. Approval of each Special Event shall be exclusively provided by the City through the permitting process. The Lease Agreement does not constitute approval of any Special Event sponsored by Lessee.
- F. Outside vendors are not approved to conduct business from the Leased Premises, unless specifically approved by the City through the Special Events permit process.
- G. The City and Lessee shall cooperate and operate the light-emitting-diode (LED) accent lighting system for the exterior of the Water Tower. The Lessee may not change the programming of the LED accent lighting system without approval from the City.
- H. The Lessee shall be authorized to operate the annunciator horn at the Water Tower, once per day for 15 seconds at 12 noon. The annunciator horn shall not be operated at any other time. Operation of the annunciator horn shall be subject to Fresno Municipal Code, Chapter 10, Article 1, Noise Regulations. If the annunciator horn becomes inoperable or requires repair and refurbishment, the costs for the work shall be incurred by the Lessee. The City shall not incur costs to repair or refurbish the annunciator horn.
- I. The Lessee shall be authorized to purchase and install tables, umbrellas, and chairs for the interior and exterior of the Water Tower for customer seating, and no items may be fixed or anchored to the ground and shall remain mobile and portable. All costs for table, chairs, and umbrellas shall be the sole responsibility of the Lessee.

- J. The Lessee may install café string lights. Structural attachment or support from the Water Tower structure is prohibited. Lessee is responsible for obtaining all permits and approvals necessary for installation of these lights. Lessee may only utilize a power source which is metered separately for its own operations.
- K. The Lessee shall be prohibited from using, permitting, or allowing the Leased Premises, or any part thereof, to be used for any other purpose except as a coffee shop as defined in Section 7.
- L. If the Lessee requests City Manager approval for changed or added uses for the Premises, Lessee shall change or modify the business license to reflect the changed or added uses, and the City Manager shall increase the monthly Lease Payments paid by the Lessee for the changed or added uses and amend the insurance requirements.
- M. Lessee may only place or mount signs on the interior of the Water Tower that are usual and customary for a coffee shop. The placing and mounting of signs on the interior of the Water Tower shall conform to the regulations of the Fresno Municipal Code and not violate or compromise the Water Tower's registered historic designations.
- N. Lessee may install one freestanding business sign at Lessee's own expense. Lessee is responsible for obtaining all permits and approvals necessary for installation of sign.
- O. Lessee may utilize freestanding, non-permanent, A-frame signage within the Leased Premises.
- P. Lessee shall comply, at Lessee's sole cost and expense, with all applicable Legal Requirements when conducting Lessee's activities and Lessee shall obtain, at Lessee's sole cost and expense, any and all necessary permits, authorizations and approvals applicable to Lessee's activities. The City shall have a right to observe Lessee's activities at any time to confirm Lessee's compliance with the requirements of this Lease and applicable laws.
- Q. Lessee shall obtain and maintain in good standing a City of Fresno business license.
- R. Lessee will not use or permit the Premises to be used in any manner that will cause the cancellation of or increase the costs of any fire, liability, or other insurance policy covering the Premises or any improvements on the Premises. Lessee, at its sole cost and expense, shall comply with any requirement for or alteration to the Premises that any Insurance organization or company deems necessary to maintain reasonable fire and public liability insurance rates for the Premises.
- S. Compliance with Laws. Lessee, at its expense, will comply with all statutes, ordinances, regulations, and requirements of all governmental and regulatory entities, relating to Lessee's use and occupancy of the Leased Premises, including environmental laws and legal requirements regarding the sale of alcohol. The judgment of any court of competent jurisdiction, or Lessee's admission in a proceeding brought against Lessee by any government entity that Lessee has violated any statute, ordinance, regulation, or requirement will be conclusive between Landlord and Lessee and will be grounds for the Landlord to terminate this Agreement.

SECTION 8. WASTE, NUISANCE, UNLAWFUL USE PROHIBITED.

- A. Lessee shall do all of the following:
- a. At all times cooperate with the City to keep and maintain the Leased Premises and common areas in a neat, clean, and orderly condition.
 - b. Shall remove waste materials and trash daily from the Leased Premises to prevent the accumulation of waste materials which might constitute a fire hazard, public health hazard or public nuisance.
 - c. Not use or permit the Leased Premises or common areas to be used for any unlawful purpose.
 - d. Comply with city noise ordinances.

SECTION 9. QUIET ENJOYMENT.

- A. Neither party shall do any act which may or does disturb the quiet enjoyment of the Leased Premises by the other party.
- B. The City shall make reasonable efforts to inform Lessee in advance of permitted Special Events planned for Eaton Plaza or adjacent parking lot.

SECTION 10. ALTERATIONS, REPAIRS, IMPROVEMENTS AND TRADE FIXTURES.

- A. The Lessee is prohibited from undertaking alteration, repair, and improvement projects for the Leased Premises without receiving prior written approval from the City Manager. Written approval from the City Manager does not relieve Lessee from obtaining all necessary and required permits and inspections from state, county, and the City government agencies.
- a. Upon receiving written approval from the City Manager to undertake alterations, repairs, and improvements, including trade fixtures, for the Premises, Lessee shall be solely responsible for all costs required to complete the alteration, repair, and improvement projects.
 - b. With exception to Lessee's trade fixtures, all alterations, repairs, and improvements undertaken by the Lessee shall become the property of the City, subject to Lessee's use thereof during the term of this Lease. Upon expiration of the term of this Lease, or upon the earlier termination thereof, all alterations, repairs, and improvements commissioned by the Lessee for Leased Premises shall remain the property of the City, and the Lessee shall not be reimbursed for the costs of alterations, repairs, and improvements.
 - c. At the expiration or any earlier termination of this Agreement, Lessee may remove those trade fixtures that are removable without damage to the Leased Premises. Those items that are not removable without damage will remain and become the property of the Landlord. Landlord has the right to require Lessee to remove all trade fixtures and to repair any damage caused by the removal. Lessee must remove any trade fixtures on or before the termination or expiration date. Any trade fixtures that remain on the Leased Premises for 30 days after this Agreement expires or terminates will be deemed abandoned by Lessee. Landlord may then elect to keep the property as its own, or require Lessee to remove same, at Lessee's sole expense, including the cost of repair of any damage to the Leased Premises

caused by the removal, or Landlord may elect to remove the abandoned trade fixtures at a cost to be billed to Lessee.

- B. The Lessee shall keep the Leased Premises free from any liens and encumbrances because of work done, materials furnished, or obligations incurred by Lessee in connection with any alteration, addition, or improvement on or to the Leased Premises. Lessee shall defend and hold harmless the City from any cost or expense which the City shall incur because of any such lien or encumbrance.
- C. From time to time, the City may construct improvements to the Leased Premises or Premises or common areas. Lessee will allow the City access needed to complete the work. Upon reasonable notice (at least 24 hours), Lessee will allow the City any access needed to complete the work.

SECTION 11. MAINTENANCE AND REPAIRS.

- A. The Lessee, at Lessee's own cost and expense, shall:
 - a. At its sole cost and expense, Lessee shall undertake the routine cleaning and maintenance to the Leased Premises. The Leased Premises should be maintained in good order, condition, and repair. Lessee's obligations to maintain Leased Premises shall include, without limitation, windows (interior and exterior), doors (interior and exterior), and the interior walls, floors, lighting, and ceilings. Lessee is responsible for maintenance and repair of its own improvements. Lessee shall repair all non-structural damage to the Leased Premises and adjacent common areas, and in full compliance with all maintenance and repair standards established by statute, ordinance, rule, or regulation of any governmental body, without expense to the City.
 - b. Lessee's maintenance obligations do not extend to the parts of the Leased Premises that the City is obligated to repair and maintain as outlined in Section 11 of the Agreement. In an emergency, the City may make the necessary repairs for the Lessee or perform the necessary maintenance for the Lessee. Lessee will reimburse the City for such repairs or maintenance on demand, with interest, at the maximum rate then permitted by law.
 - c. Lessee shall be responsible for clearing blocked toilets to the extent a toilet plunger can resolve the obstructions.
 - d. Lessee shall be responsible for general upkeep of decomposed granite planter(s). This includes mechanical weed abatement and containment of decomposed granite materials through general sweeping and upkeep.
 - e. Upon request of the City, Lessee shall assist the City with manually watering any new plant materials installed by the City on the Leased Premises. Watering shall be performed in compliance with Fresno Municipal Code regulations.
 - f. Lessee hereby waives all rights under Section 1942 of the California Civil Code to make repairs at Landlord's expense and waives any rights under California Civil Code Section 1941 regarding Landlord's obligations to maintain tenant ability.

- B. The City, at City's own cost and expense, and subject to the City Council's discretionary appropriation of funds shall:
- a. Maintain the structural elements of the Premises in good condition and repair. For purposes of this section, Structural Elements means the exterior roof, exterior walls (except window glass and doors), structural supports, and the foundation. Structural Elements will also include plumbing pipes to the extent that the pipes are an integral part of the flooring or foundation inaccessible to Lessee.
 - b. Provide all necessary maintenance and repair services for all electrical, mechanical, plumbing, security, and fire protection systems installed by the City serving the Premises.
 - c. Provide all necessary maintenance and repair to the exterior perimeter fence.
 - d. The City shall endeavor to coordinate routine maintenance and repairs with the Lessee. This courtesy does not extend to urgent emergency repairs.
 - e. Provide landscape maintenance for the Premises. The City shall make reasonable efforts to coordinate the scheduling of landscaping activities for the Premises with the Lessee.
 - f. Notwithstanding anything in this section to the contrary, Lessee shall promptly repair any structural elements that need repair because of the negligence or other fault of Lessee, its employees, agents, or invitees.
- C. ADA Compliance. Modifications, changes or construction of the Leased Premises may be necessary to ensure compliance with the Americans with Disabilities Act. If modifications are required, they must be made according to the terms of this Agreement.
- D. Required Accessibility Disclosure. A Certified Access Specialist (CASp) can inspect the Leased Premises and determine whether the Leased 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 Leased Premises, the City may not prohibit the Lessee from obtaining a CASp inspection of the Leased Premises for the occupancy or potential occupancy of the Lessee, if requested by the Lessee. If applicable, 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.

SECTION 12. ALTERATIONS, REPAIRS, AND IMPROVEMENTS OF REGISTERED HISTORICAL RESOURCE.

- A. The Water Tower portion of the Premises is on the National Register of Historic Places and is subject to additional requirements prior to any direct or indirect alteration, remodeling, demolishing, grading, removal, construction, reconstruction, or restoration of the exterior, interior, or auxiliary buildings. The Lessee shall be responsible for complying with the requirements of the City of

Fresno Municipal Code, Chapter 12, Article 16, *Historical Preservation Ordinance*, and the conditions described below.

- a. Any alteration, remodeling, demolishing, grading, removal, construction, reconstruction, or restoration of the exterior, interior, or auxiliary buildings shall conform with the State Historical Building Code and Uniform Building Conservation Code.
- b. Within the Leased Premises resides tangible objects of historical significance that through the duration of the Lease Agreement will remain the property of the City. An inventory of these objects will be taken prior to the effective date of the Lease Agreement. The altering, moving, and storing of these historical objects must receive prior written approval from the City Manager. The Lessee shall be liable for any damage or destruction of these historic objects as a result of the Lessee's actions or neglect.
- c. Lessee, at its own cost and expense, may alter, repair, or improve the interior portion of the Premises, subject to meeting the requirements of the *Historical Preservation Ordinance*, the conditions described herein, and receiving prior written approval of the City Manager. Prior to commencement of any alteration, repair, or improvement of the Leased Premises, Lessee shall obtain at its own expense, and submit for the City Manager approval, cost estimates for the work, and complete drawings and specifications, including dimensioned architectural and other necessary drawings fully describing the work proposed to be done.
- d. Alterations, repairs, or improvements to the exterior portion of the Leased Premises by the Lessee are prohibited.
- e. The City Manager and Historic Preservation Commission shall have the right to reject the drawings or specifications, or any part thereof, or any revision thereof, as to the proposed architectural, structural, electrical, mechanical, or plumbing design; quality of materials or equipment selected; color scheme; or any feature of the proposed improvement which, the City Manager or Historic Preservation Commission determine will cause excessive damage or alteration, degrade the appearance, or compromise the historic designation of the Leased Premises.
- f. Lessee shall be bound by, and comply with, all applicable provisions of the Labor Code and such other Federal, State, and local laws which affect the conduct of the work.
- g. Inspection of alteration, repair, or improvement work shall be performed during the progress of construction and upon final completion of construction and shall be the responsibility of the architect acting for, and compensated for such inspection and approval by, Lessee. The City shall have the right, however, to reject any work not in compliance with the drawings or specifications, and Lessee shall remove the non-compliant work, and repeat the installation of the work at no cost to the City.
- h. All alterations, repairs, and improvements made or installed on the Leased Premises by the Lessee pursuant to this section, or other sections in the Lease Agreement, shall become a part of the realty and be the property of

the City from and after the date of the installation thereof on the Leased Premises.

- i. Lessee shall obtain and pay for all applications, permits, and inspections required by any governmental authority for any alteration, repair, or improvement made or installed by Lessee on the Leased Premises. Any approval or consent of the City provided for in this section shall be in addition to, and separate and apart from, that required by any law or ordinance governing the issuance of any such permit.

SECTION 13. DAMAGES TO OR DESTRUCTION OF THE PREMISES.

- A. The City reserves the right to restrict access to the Leased Premises in the event of fire, earthquake, storm, riot, civil disturbance, or other casualty or emergency or in connection with City's response to or if emergency repairs or maintenance are required to the City's facilities within or in the vicinity of the Leased Premises; or otherwise, when the City deems it advisable to do so.
- B. If the Leased Premises is damaged or destroyed, the City may elect to terminate this Lease Agreement. The complete destruction of the Leased Premises shall terminate this Lease Agreement as of the date of the casualty. Lessee shall be liable to the City for all damages resulting from such destruction caused by Lessee's, its agent's, servant's or employee's want of ordinary care or degree of greater culpability.

SECTION 14. EMINENT DOMAIN. "Condemned" and "right of eminent domain" mean the right of the government to take property for public use and shall include the intention to condemn expressed in writing as well as the filing of any action or proceeding for condemnation. If a body or entity, having the power to do so, condemns, begins an action or proceeding to condemn, or advises Landlord or Lessee in writing of its intent to condemn, all or part of the Leased Premises, then the following shall apply:

- A. Landlord, without any obligation or liability to Lessee, and without affecting the validity and existence of this Agreement other than as expressly provided herein, may agree to sell or convey the Leased Premises or any part of it to the condemner, without first requiring that any action or proceeding be instituted in court. If an action or proceeding has been instituted, Landlord may convey or sell without requiring any trial or hearing. Landlord may stipulate to judgment therein for the taking of the Leased Premises, or part of it, as sought by the condemner, free from this Agreement and the rights of Lessee.
- B. Lessee shall have no claim against Landlord for, and shall not be entitled to, any part of the sale or conveyance proceeds or any condemnation award. Lessee hereby assigns such interest, if any, that Lessee may have under this Agreement to any proceeds or condemnation award to Landlord. Lessee, however, may seek to recover against the condemner for Lessee's trade fixtures and any removable Lessee improvements that Lessee is entitled to remove upon the expiration or termination of this Agreement and Landlord will not have a claim to the recovery.
- C. If 25% or more of the interior floor area of the Leased Premises is condemned, or if the condemnation renders the Leased Premises unusable, this Agreement shall terminate without further notice on the date that the condemner takes physical possession. If the part of the Premises condemned is less than 25% of the interior

floor area, or the Leased Premises are useable for Lessee's purposes after condemnation, at the sole option of Landlord, this Agreement shall remain in effect and shall not terminate. Subject to any discretionary appropriations, if Landlord elects to continue the Agreement, Landlord shall repair and reconstruct the Leased Premises. During any repair and reconstruction and after, Landlord shall abate Lessee's rent according and to the extent that Lessee's use of the Premises for the purposes intended are impaired. If Landlord elects to terminate this Agreement, the Agreement will terminate on the date the condemner takes physical possession.

SECTION 15. USE BY THE CITY.

- A. The City may use the Leased Premises for public meetings, events, or other similar uses if:
 - a. The City notifies Lessee in writing thirty (30) calendar days prior to any proposed use; and
 - b. Lessee consents in writing to the City's proposed use, which consent shall only be withheld if the proposed use unreasonably interferes with Lessee's use.
- B. The City shall not be required to pay Lessee for any such use. This section is not intended to waive any rights or obligations either party may have pursuant to Government Code section 7260 et seq., if any.

SECTION 16. THE CITY OBLIGATIONS CONTINGENT ON APPROPRIATION OF FUNDS.

- A. The City's obligation to perform any obligation under this Lease Agreement or future improvements shall be contingent upon the appropriation of funds by the City's governing body sufficient to provide such services or payments during the City's respective fiscal year (July 1 through June 30). The performance of obligations shall be funded only from current funds, budgeted and appropriated, on deposit in a reserve fund, or otherwise legally available for funding such service obligations throughout the term of the Lease Agreement, and it is not a pledge of the City's full faith and credit. During its annual budgeting process, the City shall consider and will use best efforts to appropriate funding to meet its estimated costs under this Lease Agreement for the fiscal year under consideration.

SECTION 17. RIGHT OF ENTRY AND INSPECTION.

- A. Right of Entry and Inspection. The City, by its officers, agents, or employees, shall have the right to enter on the Leased Premises at all reasonable times for purposes of inspecting the Leased Premises and observing the performance by Lessee of its obligations under this Lease Agreement.
- B. The City will make reasonable efforts to schedule planned alterations, repairs, and improvements; or performing any act which the City is obligated to perform or has the right to perform under this Lease Agreement or otherwise.

SECTION 18. DEFAULT BY LESSEE.

- A. Default Defined. The occurrence of any of the following will be a material breach and a default of this Agreement:
- a. Payment of Money. Lessee's failure to pay rent or to make any other payment under this Agreement within five (5) days of the due date.
 - b. Abandonment. Lessee's abandonment or vacation of the Leased Premises. Lessee's absence from or failure to conduct business on the Leased Premises for more than 30 consecutive days will be abandonment or vacation for purposes of this Agreement.
 - c. Insolvency. Lessee does any of the following: (a) Lessee makes any general Assignment for the benefit of creditors, (b) Lessee files bankruptcy, or a third party petition to have Lessee adjudged bankrupt, and does not dismiss the petition within 60 days, (c) Lessee files a petition for reorganization or arrangement under any law relating to bankruptcy, (d) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets at the Premises, or of Lessee's interest in this Agreement, and possession is not restored to Lessee within 30 days, or (e) the attachment, execution, or other judicial seizure of substantially all of Lessee's assets at the Premises, or of Lessee's Interest In this Agreement, and that seizure is not discharged within 30 days.
 - d. Failure to Maintain Insurance. If at any time during the life of the Agreement or any extension, Lessee or any of its subcontractors fail to maintain any required insurance in full force and effect, all Lessee activities shall be discontinued immediately until notice is received by Landlord that the required insurance has been restored to full force and effect without lapse in coverage. Any failure to maintain the required insurance shall be sufficient cause for Landlord to terminate this Agreement immediately.
 - e. Termination of Agreement and Recovery of Damages. Upon any Lessee default, the Landlord may terminate this Agreement and all Lessee's rights under it by giving thirty (30) days written notice of the termination. In addition, the Landlord may exercise any other remedies available to it at law or in equity. No act of the Landlord, other than a written termination notice from the Landlord to Lessee, will terminate this Agreement.
 - f. Landlord's Right to Relet if Lessee Breaches this Agreement. In the event of Lessee's breach of the Agreement and abandonment of the Leased Premises, Landlord may enter the Leased Premises and relet it to a third party for any term, at any rental, and on any other conditions that Landlord in its sole discretion may deem advisable. The Landlord may also make alterations and repairs to the Leased Premises.
 - g. The Landlord's Right to Cure Lessee Defaults. If Lessee breaches or fails to perform any provision of this Agreement, the Landlord, at its option, may cure Lessee's breach. Lessee will reimburse the Landlord, on demand, for the Landlord's costs to cure the default.
 - h. Cumulative Remedies. The Landlord's remedies in this Section are not exclusive but cumulative, and in addition to all remedies now or after this

allowed by law or provided elsewhere in this Agreement.

- i. Waiver of Breach. If the Landlord waives any Lessee breach or default of any Agreement provision, the waiver will not be a continuing waiver or a waiver of Lessee's subsequent breach of the same or any other provision. The Landlord's acceptance of rent shall not be a waiver of any preceding breach by Lessee, other than the failure to pay the particular rent so accepted.

SECTION 19. TERMINATION OF AGREEMENT.

- A. In the event of a default, as defined in Section 18; the City may terminate the Lease at the expiration of the 30-day period following the notice of correction.
- B. Either party may terminate this Agreement by giving at least ninety (90) days prior written notice thereof. The rent shall be due and payable through and including the date of termination. If the Lessee terminates the Agreement prior to end of the lease's term without cause, the Lessee forfeits the Security Deposit.
- C. Upon the expiration or earlier termination of this Lease, at Lessee's sole cost and expense, Lessee shall remove all of Lessee's personal property and all debris and waste material resulting from Lessee's activities. Except for ordinary wear and tear and any improvements made to the Leased Premises by the City or Lessee pursuant to this Lease. Lessee shall repair and restore the Leased Premises to the condition that existed prior to the Effective Date. Lessee shall repair and restore each improvement made to the Leased Premises pursuant to this Lease to the condition that existed at the time of completion of the respective improvement, ordinary wear and tear excepted. Lessee shall bear the entire cost of such removal, repair and restoration, and the City shall bear no liability for any costs caused or related to any expiration or termination of this Lease. In the event Lessee fails to comply with the requirements of this section, the City may elect to remove such personal property and effect such removal, repair or restoration as necessary and recover such costs and expenses from Lessee. Lessee shall pay such costs and expenses within 10 days of receipt of an invoice. Lessee's obligations under this section shall survive the expiration or termination of this Lease.
- D. Any amounts outstanding by Lessee will immediately become due and owing to the City. If the Lessee terminates the agreement prior to end of the lease's term without cause, the Lessee forfeits the Security Deposit.

SECTION 20. REPRESENTATIONS OF THE CITY.

- A. Prior to the execution of this Lease Agreement, both Lessee and the City shall inspect the Leased Premises to determine the "as-is" condition.
- B. Neither the City, nor any agent of the City, has made any representation or promise with respect to the Leased Premises, except as herein expressly set forth. Execution of the Lease Agreement shall be conclusive evidence, as against Lessee, that the Leased Premises were in good and satisfactory condition at the time of Lease Agreement was executed by both parties.

SECTION 21. INDEMNIFICATION.

- A. To the furthest extent allowed by law, Lessee shall indemnify, hold harmless and

defend the City and each of its officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage) incurred by the City, Lessee or any other person, and from any and all claims, demands and actions in law or equity (including reasonable attorney's fees, litigation expenses and cost to enforce this agreement), arising or alleged to have arisen directly or indirectly out of, or are in any way connected with, Lessee's activities, or the entry on, occupancy or use of, the Property by Lessee or Lessee's representatives, or the exercise by Lessee of Lessee's rights hereunder, or the performance of, or failure to perform, Lessee's duties under this Agreement and Lease, including, but not limited to, Claims arising out of: (i) injury to or death of persons, including but not limited to employees of Landlord or Lessee (and including, but not limited to, injury due to exposure to Potential Environmental Hazards in, on or about the Property); (ii) injury to property or other interest of Landlord, Lessee or any third party; (iii) violation of any applicable federal, state, or local laws, statutes, regulations, or ordinances, including all Legal Requirements relating to the environment and including any liability imposed by law or regulation without regard to fault. Lessee's obligations under the preceding sentence shall apply regardless of whether the City or any of its officers, officials, employees, agents or volunteers are negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused solely by the gross negligence, or caused by the willful misconduct, of City or any of its officers, officials, employees, agents or volunteers.

Lessee acknowledges that all Claims arising out of or in any way connected with releases or discharges of a Hazardous Substance, or the exacerbation of a Potential Environmental Hazard, occurring as a result of Lessee or in connection with Lessee's use or occupancy of the Property, Lessee's activities or the activities of any of Lessee's representatives, and all costs, expenses and liabilities for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation and other response costs, including reasonable attorneys' fees and disbursements and any fines and penalties imposed for the violation of any Legal Requirements relating to the environment or human health, are expressly within the scope of the indemnity set forth above.

Lessee's use and occupancy of the Property shall be at Lessee's sole risk and expense. Lessee accepts all risk relating to Lessee's occupancy and use of the Property. The City shall not be liable to Lessee for, and Lessee hereby waives and releases the City from, any and all liability, whether in contract, tort, strict liability or on any other basis, for any injury, damage, or loss resulting from or attributable to an occurrence on or about the Property.

Lessee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold the City harmless against claims, losses, costs (including attorneys' fees and costs), liabilities and damages resulting from the failure of Lessee, or any of Lessee's consultants, contractors or subcontractors, to comply with the insurance requirements set forth in this Agreement. If Lessee shall contract any work on the premises, Lessee shall require all subcontractors to indemnify, hold harmless and defend the City in accordance with the terms as set forth above.

The provisions of this Section shall survive the expiration or termination of this Lease.

SECTION 22. ASSIGNMENT.

- A. Lessee shall not assign, sublet, or otherwise transfer this Lease Agreement, any right or interest in this Agreement, any right of interest in the Leased Premises or any improvements on the Lease Premises. Any encumbrance, assignment, subletting or transfer of the Lease Agreement, whether voluntary or involuntary, by operation of law or otherwise, shall be void and shall terminate the Lease Agreement.

SECTION 23. SURRENDER AND REMOVAL.

- A. Lessee agrees to surrender to the City, at the expiration of the Term of this Lease, or any extension thereof or period of holding over, or upon any sooner termination of the Term, the entire Leased Premises, and all alterations, repairs, improvements, furniture thereon, complete and in good condition and repair, reasonable use and wear thereof excepted. Lessee shall have the right to remove all personal property belonging to Lessee, including, without limitation, product inventory for coffee shop. Any of said personal property remaining on the Leased Premises after the expiration or sooner termination of the Term of this Lease Agreement, or any extension thereof or period of holding over, shall, at the City's election, become the property of the City. All damage done to the Leased Premises or any improvement thereon belonging to the City, by or during the removal by the City of said personal property, shall be repaired by Lessee at Lessee's expense.

SECTION 24. PAYMENTS, NOTICES AND DEMANDS.

- A. All rents and other sums payable by Lessee to the City hereunder shall be delivered in person or mailed to:

The City of Fresno Finance Department
Monthly Water Tower Lease Payment
2600 Fresno Street
Fresno, California 93721

All Notices and Demands between the City and Lessee shall be delivered in person or mailed to:

To Lessee:

Downtown Development Group LLC
c/o Attention: Albee Sanchez
2444 Fresno Street
Fresno CA 93721
Phone: (323) 875-2038

To the City:

City of Fresno
c/o City Manager
2600 Fresno Street
Fresno, California 93721

- B. Any notice required or intended to be given to either party under the terms of this Lease shall be in writing and shall be deemed to be duly given if delivered personally, transmitted by email followed by telephone confirmation of receipt, or sent by United States registered or certified mail, with postage prepaid, return receipt requested, addressed to the party to which notice is to be given at the party's address set forth on the signature page of this Lease or at such other address as the parties may from time to time designate by written notice. Notices served by United States mail in the manner above described shall be deemed sufficiently served or given at the time of the mailing thereof.

SECTION 25. RULES AND REGULATIONS.

- A. Lessee agrees during the life of this Lease, to comply with and conform to all rules, regulations, and ordinances of the City of Fresno and County of Fresno and all laws of the State of California and the United States, and all orders of any governmental agency which shall be applicable to Lessee's use of the said Leased Premises or the business thereon being conducted by Lessee. Nothing in this Lease shall be construed as a limitation on the City's police power.
- B. Lessee acknowledges that Lessee, not the City, is responsible for determining applicability of and complying with all local, state, and federal laws. The City makes no express or implied representation as to the applicability or inapplicability of any such laws to this Lease or the parties, respective rights, or obligations hereunder.

SECTION 26. ATTORNEYS' FEES.

- A. In the event any action, suit or proceeding is brought to collect any rental or other sums payable or to take possession of the Premises, or to enforce compliance with any of the covenants or conditions of this Lease, the party in whose favor final judgment is entered shall be entitled to reasonable attorneys' fees from the other party, to be fixed by the court in which judgment is entered, in addition to the ordinary costs of suit awarded to the prevailing party.

SECTION 27. NONWAIVER.

- A. Any waiver by either party of any breach of covenant or condition required herein to be performed and observed shall not be deemed or considered a continuing waiver and shall not operate to prevent said party from declaring a default for any subsequent breach, either of the same covenant or condition, or otherwise.

SECTION 28. EXCLUSIVE VENUE.

- A. Exclusive venue in all actions arising under the Lease shall be and hereby is laid in Fresno County, California.

SECTION 29. TIME OF ESSENCE.

- A. Time is of the essence in this Lease Agreement.

SECTION 30. EXTENT OF AGREEMENT.

- A. This Lease Agreement represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, or agreements, either written or oral. This Lease Agreement may be modified only by written instrument duly authorized and executed by both the City and Lessee.

SECTION 31. NO PARTNERSHIP.

- A. The City does not, in any way or for any purpose by executing this Lease Agreement, become a partner of Lessee in the conduct of Lessee's coffee shop, or otherwise, or a joint venture partner, or a member of a joint-party enterprise with Lessee. Operation of the coffee shop, and any alterations, repairs, and improvements commissioned by the Lessee, will be at Lessee's sole cost and expense, without subsidy from the City.

SECTION 32. PROPERTY TAXES & POSSESSORY INTEREST

- A. Lessee acknowledges that any possessory property interest arising by entering into this Lease may be subject to property taxation and that Lessee shall pay any property taxes levied on such interest. NOTIFICATION TO LESSEE PURSUANT TO CALIFORNIA REVENUE AND TAXATION CODE SECTION 107.6: A POSSESSORY INTEREST SUBJECT TO PROPERTY TAXATION MAY BE CREATED BY ENTERING INTO THIS LEASE AND LESSEE MAY BE SUBJECT TO THE PAYMENT OF PROPERTY TAXES LEVIED ON SUCH INTEREST.
- B. Lessee will pay, before delinquency, all taxes, assessments, and other charges levied or imposed by any governmental entity on the furniture, trade fixtures, appliances, and other personal property that Lessee places in, on, or about the Premises.
- C. Lessee shall indemnify, defend, and hold the Landlord and the Premises harmless from any liability for personal and real property taxes and assessments including, without limitation, any interest, penalty, or other expense relating to the taxes or assessments, and from any lien therefore or sale or other proceeding to enforce payment thereof.

SECTION 33. AMENDMENTS

- A. This Agreement may be amended only by a written agreement mutually agreed to and signed by all parties. The City Manager shall have the authority to approve and execute amendment to this Agreement on behalf of the City.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement at Fresno, California, on the day and year first above written.

CITY OF FRESNO,
a California municipal corporation

DOWNTOWN DEVELOPMENT GROUP
LLC, a California limited liability company

By: _____
Georgeanne A. White
City Manager

Signed by:
By: Albee Sanchez 5/28/2026
76D3223746A2484...
Name: Albee Sanchez

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

Title: Owner
(If corporation or LLC., Board Chair,
Pres. or Vice Pres.)

Signed by:
By: Angela M. Karst 5/28/2026
0A8F88F889DD447...
Angela M. Karst Date
Senior Deputy City Attorney

Signed by:
By: Albee Sanchez 5/28/2026
76D3223746A2484...
Name: Albee Sanchez

ATTEST:
AMY K. ALLER
Interim City Clerk

Title: Owner
(If corporation or LLC., CFO,
Treasurer, Secretary or Assistant
Secretary)

By: _____
Deputy Date

Addresses:
THE CITY:
The City of Fresno
c/o City Manager
2600 Fresno Street
Fresno, California 93721

LESSEE:
Downtown Development Group LLC
Attention: Albee Sanchez
2444 Fresno Street
Fresno CA 93721
Phone: (323) 875-2038

- Attachments:
1. Exhibit A Insurance Requirements

Exhibit A Insurance Requirements

(a) Throughout the life of this Agreement, LESSEE shall pay for and maintain in full force and effect all insurance as required herein with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated no less than "A-VII" in the Best's Insurance Rating Guide, or (ii) as may be authorized in writing by the CITY'S Risk Manager or his/her designee at any time and in his/her sole discretion. The CITY, its officers, officials, employees, agents and volunteers (hereinafter referred to collectively as "CITY") requires policies of insurance as stated herein shall maintain limits of liability of not less than those amounts stated therein. However, the insurance limits available to the CITY shall be the greater of the minimum limits specified therein or the full limit of any insurance proceeds to the named insured.

(b) If at any time during the life of the Agreement or any extension, LESSEE or any of its subcontractors fail to maintain any required insurance in full force and effect, all LESSEE activities shall be discontinued immediately until notice is received by the CITY that the required insurance has been restored to full force and effect without lapse in coverage. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Agreement. No action taken by the CITY pursuant to this section shall in any way relieve LESSEE of its responsibilities under this Agreement. The phrase "fail to maintain any required insurance" shall include, without limitation, notification received by the CITY that an insurer has commenced proceedings, or has had proceedings commenced against it, indicating that the insurer is insolvent.

(c) The fact that insurance is obtained by LESSEE shall not be deemed to release or diminish the liability of LESSEE, including, without limitation, liability under the indemnity provisions of this Agreement. The duty to indemnify the CITY shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by LESSEE. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of LESSEE, vendors, suppliers, invitees, contractors, subcontractors, or anyone employed directly or indirectly by any of them.

Coverage shall be at least as broad as:

1. The most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01, providing liability coverage arising out of your business operations. The Commercial General Liability policy shall be written on an occurrence form and shall provide coverage for "bodily injury," "property damage" and "personal and advertising injury" with coverage for premises and operations (including the use of owned and non-owned equipment), products and completed operations, and contractual liability (including, without limitation, indemnity obligations under the Agreement) with limits of liability not less than those set forth under "Minimum Limits of Insurance."

2. The most current version of ISO *Commercial Auto Coverage Form CA 00 01, providing liability coverage arising out of the ownership, maintenance or use of automobiles in the course of your business operations. The Automobile Policy shall be written on an occurrence form and shall provide coverage for all owned, hired, and non-owned automobiles or other licensed vehicles (Code 1- Any Auto).

3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

MINIMUM LIMITS OF INSURANCE

LESSEE, or any party the LESSEE subcontracts/contracts with, shall maintain limits of liability of not less than those set forth below. However, insurance limits available to the CITY and each of their officers, officials, employees, agents and volunteers as additional insureds, shall be the greater of the minimum limits specified herein or the full limit of any insurance proceeds available to the named insured:

1. COMMERCIAL GENERAL LIABILITY:
 - (i) \$1,000,000 per occurrence for bodily injury and property damage;
 - (ii) \$1,000,000 per occurrence for personal and advertising injury;
 - (iii) \$2,000,000 aggregate for products and completed operations;
 - (iv) \$300,000 damage to premises rented to you and,
 - (iv) \$2,000,000 general aggregate applying separately to the Agreement.
2. COMMERCIAL AUTOMOBILE LIABILITY:

\$1,000,000 per accident for bodily injury and property damage.
3. WORKERS' COMPENSATION INSURANCE as required by the State of California with statutory limits and EMPLOYER'S LIABILITY with limits of liability not less than:
 - (i) \$1,000,000 each accident for bodily injury;
 - (ii) \$1,000,000 disease each employee; and,
 - (iii) \$1,000,000 disease policy limit.
4. PROPERTY: Limits of insurance in an amount equal to the full (100%) replacement cost (without deduction for depreciation) of LESSEE'S business property.

UMBRELLA OR EXCESS INSURANCE

In the event LESSEE purchases an Umbrella or Excess insurance policy(ies) to meet the "Minimum Limits of Insurance," this insurance policy(ies) shall "follow form" and afford no less coverage than the primary insurance policy(ies). In addition, such Umbrella or Excess insurance policy(ies) shall also apply on a primary and non-contributory basis for the benefit of the CITY and each of their officers, officials, employees, agents and volunteers.

DEDUCTIBLES AND SELF-INSURED RETENTIONS

LESSEE shall be responsible for payment of any deductibles contained in any insurance policy(ies) required herein and LESSEE shall also be responsible for payment of any self-insured retentions.

OTHER INSURANCE PROVISIONS/ENDORSEMENTS

All policies of insurance required herein shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after thirty (30) calendar days written notice has been given to the CITY, except ten (10) days for nonpayment of premium. LESSEE is also responsible for providing written notice to the CITY under the same terms and conditions. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, LESSEE shall furnish CITY with a new certificate and applicable endorsements for such policy(ies). In the event any policy is due to expire during the work to be performed for the CITY, LESSEE shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than fifteen (15) calendar days prior to the expiration date of the expiring policy.

The Commercial General and Automobile Liability policies of insurance shall be endorsed

to name the CITY, its officers, officials, employees, agents and volunteers as additional insureds.

LESSEE shall establish additional insured status for the CITY and for all operations by use of ISO Form CG 20 11 04 13 or CG 20 26 04 13 or by an executed manuscript insurance company endorsement providing additional insured status as broad as that contained in ISO Form CG 20 11 04 13 or CG 20 26 04 13.

The Commercial General and Automobile Liability policies of insurance shall be endorsed so LESSEE's insurance shall be primary, and no contribution shall be required of the CITY. Primary and Non Contributory coverage under the General Liability policy shall be as broad as that contained in ISO Form CG 20 01 04 13. The coverage shall contain no special limitations on the scope of protection afforded to the CITY, its officers, officials, employees, agents and volunteers.

Should any of the required policies provide that the defense costs are paid within the Limits of Liability, thereby reducing the available limits by any defense costs, then the requirement for the Limits of Liability of these policies will be twice the above stated limits.

All policies of insurance shall contain, or be endorsed to contain, a waiver of subrogation as to the CITY, its officers, officials, employees, agents and volunteers.

The property insurance policy is to contain, or be endorsed to contain, the following provisions:

1. Full replacement value of any permanent improvements on the Leased Premises, with the CITY named as a Loss Payee.
2. The coverage shall contain:
 - (i) No coinsurance penalty.
 - (ii) No limitations or exclusions for vacancy of any part of the Premises.
 - (iii) No special limitations on the scope of protection afforded to City.

PROVIDING OF DOCUMENTS - LESSEE shall furnish the CITY with all certificate(s) and applicable endorsements effecting coverage required herein. All certificates and applicable endorsements are to be received and approved by the CITY'S Risk Manager or his/her designee prior to CITY'S execution of the Agreement and before work commences. All non-ISO endorsements amending policy coverage shall be executed by a licensed and authorized agent or broker. Upon request of the CITY, LESSEE shall immediately furnish the CITY with a complete copy of any insurance policy required under this Agreement, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of this Agreement. All subcontractors working under the direction of LESSEE shall also be required to provide all documents noted herein.

SUBCONTRACTORS - -If LESSEE subcontracts or contracts any or all of the services to be performed under this Agreement or any work on the premises, LESSEE shall be solely responsible for ensuring that its subcontractors maintain insurance coverage at levels no less than those required by applicable law and is customary in the relevant industry, and to name the City of Fresno as an Additional Insured with Primary and Non Contributory coverage and a Waiver of Subrogation as required herein.