

**GROUND LEASE
by and between
THE CITY OF FRESNO
and
CENTRAL VALLEY COMMUNITY SPORTS FOUNDATION
Regarding GRANITE PARK**

This Ground Lease ("Lease") is made as of the _____ day of _____, 2015, (the "Effective Date") by and between the CITY OF FRESNO, a municipal corporation ("Landlord"), and CENTRAL VALLEY COMMUNITY SPORTS FOUNDATION, a California non-profit corporation ("Tenant").

RECITALS

A. Landlord is the owner of record of all of that certain real property commonly known as Granite Park (the "Property") situated in Fresno, California.

B. Tenant wishes to develop the Property as a regional recreational asset providing a wide array of recreational opportunities and valuable public activity space, including baseball fields, volleyball courts, and associated commercial development.

C. Landlord wishes to lease a portion the Property to Tenant (the "Premises"), together with all rights, privileges, and easements appurtenant thereto, and improvements thereon, on the terms and conditions set forth herein.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Lease of Premises. Landlord hereby leases, transfers and demises to Tenant, and Tenant hereby leases and takes from Landlord, the Premises for the terms and upon the agreements, covenants and conditions set forth in this Lease. A description of the Premises is more fully set forth in Exhibit A attached hereto.
2. Term. The Initial Term of this Lease shall be twenty-five years (the "Initial Term") commencing on the Effective Date. This Lease shall automatically renew for five additional ten-year Terms thereafter, unless either party gives notice to the other at least three months prior to the end of the current term of that party's desire to modify or terminate all or any portion of this Lease at the end of the current Term. Together, the Initial Term and any extensions shall be referred to herein as the "Term."
3. Rent. Rent shall be accrued at \$62,500 annually and credited against the value of the Capital Improvements constructed on the Premises by Tenant, estimated at \$2.7 million, and more fully described in Section 10.2 of this Lease. Rent shall be increased annually at a rate of 2.75%. At the conclusion of the Initial Term, rent shall be renegotiated, taking into account the value of (i) any capital improvements made during the Initial Term in addition to the \$2.7 million in Capital Improvements contemplated in this Lease, and (ii) any capital improvements contemplated over the next extension

term. Tenant shall be given rent credit for the value/anticipated value of those improvements.

4. Taxes and Assessments.

4.1 Tenant covenants and agrees to pay and discharge, during the entire Term, before delinquency, all taxes, assessments, water charges, sewer charges, utility rates and fees, levies or other charges, general, special, ordinary, extraordinary and otherwise, of every kind and character which are or may during the Term be levied, charged, assessed or imposed upon or against the Premises or any buildings or improvements which are now or hereafter located thereon, or against any of Tenant's personal property now or hereafter located thereon, or which may be levied, charged, assessed or imposed upon or against the leasehold estate created hereby. In addition, Tenant shall pay any tax assessed exclusively on rental income of Landlord to the extent such income is allocable to this Lease, if and only if such tax is assessed by State or local authorities upon the elimination and in lieu of taxation based on the ownership of real property. At the commencement and at the end of the Term, such taxes, assessments and other charges to be paid by Tenant shall be prorated on the basis of the fiscal year of the taxing authority in question so that, at the commencement and at the end of the Term, as to any such taxes, assessments and other charges levied or assessed for a fiscal year preceding the commencement or extending beyond the end of the Term, Tenant will pay only such proportion of such taxes, assessments and other charges as the portion of such fiscal year following the commencement and preceding the end of the Term bears to the entire fiscal year.

4.2 Landlord shall have the right, but not the obligation, at all times during the Term to pay any taxes, assessments or other charges levied or assessed upon or against the Premises or any buildings or improvements which are now or hereafter located thereon, and to pay, cancel and clear off all tax sales liens, charges and claims upon or against the Premises or any buildings or improvements which are now or hereafter located thereon, and to redeem the Premises from the same, or any of them, from time to time, without being obligated to inquire as to the validity of the same. Any sum so paid by Landlord shall become due and payable by Tenant on the next day after any such payment by Landlord.

4.3 Tenant shall be subject to and responsible for compliance with any Granite Park Common Area regulations. City shall pay Granite Park Common Area Maintenance (CAM) charges applicable to the Premises.

5. Quiet Enjoyment. Landlord covenants that upon payment by Tenant of the rent herein reserved and upon performance and observance by Tenant of all of the agreements, covenants and conditions herein contained on the part of Tenant to be performed and observed, Tenant shall peaceably hold and quietly enjoy the Premises during the entire Term without hindrance, molestation or interruption by Landlord or by anyone lawfully or equitably claiming by, through or under Landlord.

6. Use. Tenant shall have the right to use the Premises for any lawful purpose; provided, however, in no event shall the Premises be used for any purpose or use (nor shall any activity be carried on upon the Premises) which in any manner causes,

creates or results in a public or private nuisance, or diminishes the value of Landlord's fee estate.

6.1 **Billboard and Signage Rights.** Tenant shall own the exclusive right to, sublease or operate limited areas on the Premises for digital or other billboard signage. The exact location and dimensions of digital billboard signage is to be mutually agreed upon by Landlord and Tenant. The number and location of other billboards and signs shall be approved by City at its discretion. Tenant may, at its election, participate in the City's RFP process for selection of an electronic billboard contractor.

6.2 For each year the digital billboard is in operation, Tenant shall retain \$60,000 in revenue generated by the billboard, which shall be used to partially fund a capital reserve account. Any revenue in excess of \$60,000 annually shall be split equally between Landlord and Tenant. All revenue generated from the sublease or operation of billboards and signs shall be reinvested into the Premises, for uses including but not limited to, payment of debt service, operating expenses, funding capital improvements, and community and municipal recreational programming. Signage must comply with the regulations of any state, federal or local agency with jurisdiction over such matters, such as Caltrans. Obtaining approval from other state, federal or local agencies shall be the sole responsibility of Tenant.

6.3 **Concessions.** All concessions shall be subject to the prior approval of Landlord, and such approval shall not be unreasonably withheld.

6.4 **Proximity to Airport.** Because of the proximity of the Premises to Fresno Yosemite International Airport ("Airport"), Tenant acknowledges it shall not engage in or conduct or permit the conduct of any activity on the Premises which will interfere in any manner with the operation of the Airport or with aircraft operations or related operations conducted on the airport by Landlord or its lessees, and shall not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft from the Airport, or otherwise constitute an airport hazard.

7. **Title to Buildings and Improvements.**

7.1 Title to all buildings, structures and improvements that now, or may from time to time constitute a part of the Premises, shall be and remain in Tenant until the termination of this Lease. Upon the termination of this Lease, title to all such property, buildings, structures and improvements shall pass to and vest in Landlord without cost or charge to it, free and clear of all liens, and in good condition, reasonable wear and tear excepted.

7.2 Tenant, on termination of this Lease, shall execute and deliver any and all deeds, bills of sale, assignments, and other documents which in Landlord's sole judgment may be necessary or appropriate to transfer, to evidence or to vest in Landlord clear title to any of the property described in the foregoing subsection 7.1 located on the Premises at the time of such termination.

7.3 Tenant, in addition, shall deliver to Landlord on termination of this Lease originals or certified copies of any plans, reports, surveys, contracts or other items relating to the ownership or operation of the Premises.

7.4 Upon the termination of this Lease, Landlord reserves the right to require Tenant to demolish and clear the site of any buildings, structures or improvements made by Tenant, at Tenant's expense.

8. Permits, Licenses, etc. When requested by Tenant, Landlord will from time to time during the Term execute and deliver all applications for permits, licenses or other authorizations relating to the Premises required by any municipal, county, state, or Federal authorities, or required in connection with the construction, reconstruction, repair or alteration of any buildings or improvements now or hereafter constituting a part of the Premises. When requested by Tenant, Landlord will from time to time during the Term execute, acknowledge and deliver any and all instruments required to grant rights-of-way and easements in favor of municipal and other governmental authorities or public utility companies incident to the installation of water lines, fire hydrants, sewers, electricity, telephone, gas, and other facilities and utilities reasonably required for the use and occupancy of the Premises. Tenant shall reimburse Landlord for any sum paid by Landlord in respect of the matters specified in this Section 8, including reasonable attorney fees.

9. Maintenance, Repairs, Governmental Regulations and Waste.

9.1 Tenant shall, during the Term, at its own cost and expense and without any cost or expense to Landlord:

9.1.1 Assume all maintenance, security, repair, landscaping, and associated costs for the Premises. This includes but is not limited to keeping and maintaining all buildings and improvements now or hereafter located on the Premises and all appurtenances thereto in good and neat order and repair and shall allow no nuisances to exist or be maintained therein. Tenant shall likewise keep and maintain the grounds, sidewalks, roads and parking and landscaped areas on the Premises in good and neat order and repair. Landlord shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Premises or any buildings or improvements now or hereafter located thereon, and Tenant hereby expressly waives all right to make repairs at Landlord's expense under sections 1941 and 1942 of the California Civil Code, or any amendments thereof; and

9.1.2 Comply with and abide by all federal, state, county, municipal and other governmental statutes, ordinances, laws and regulations affecting the Premises, all buildings and improvements now or hereafter located thereon, or any activity or condition on or in the Premises.

9.2 Landlord agrees to make reasonable efforts to provide 'purple' water for irrigation of the Premises when available. Landlord will pay for all infrastructure improvements needed to make such 'purple' water available to the site.

9.3 Tenant agrees that it will not commit or permit waste upon the Premises.

10. Improvements, Changes, Alterations, Demolition and Replacement.

10.1 Tenant shall have the right at any time and from time to time during the Term to make such improvements to the Premises and such changes and alterations,

structural or otherwise, to any buildings, improvements, fixtures and equipment now or hereafter located on the Property as Tenant shall deem necessary or desirable.

10.2 Following the Effective Date, Tenant shall proceed with due diligence and dispatch to complete the construction on the Premises of the following: (i) completely refurbish three baseball fields, with irrigation, fencing, turf, and lighting; (ii) new construction of basketball/volleyball and sand volleyball courts, with ; (iii) construction of a new restaurant, shop and sundry facility, including dining patio; (iv) site electrical and plumbing for all requisite fire, storm water, and sanitary sewer lines; (v) walking/jogging paths; and (vi) signage, fencing, and site clean-up, (collectively, the "Capital Improvements"). Capital Improvements shall be valued at least at \$2.7 million, and Tenant shall complete construction of such improvements not later than two years from the Effective Date.

10.3 Any demolition activity and all improvements, changes and alterations (other than changes or alterations of movable trade fixtures and equipment, or improvements, changes or alterations involving costs less than Ten Thousand Dollars (\$10,000)) shall be undertaken in all cases subject to the following additional conditions which Tenant covenants to observe and perform:

10.3.1 No improvement, change or alteration, and no demolition and replacements shall be undertaken until Tenant shall have procured and paid for, so far as the same may be required from time to time, all municipal and other governmental permits and authorizations of the various municipal departments and governmental subdivisions having jurisdiction. When requested by Tenant, Landlord agrees to join in the application for such permits or authorizations whenever such action is necessary.

10.3.2 All work done in connection with any improvement, change, alteration or demolition and replacement shall be done promptly and in a good and workmanlike manner and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all Federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof. All such work shall be at the sole cost and expense of Tenant. Any improvement or repair shall be constructed by a contractor licensed and bonded by the California Contractor's State License Board. Tenant may be subject to Conditional Use Permit approval. Certain planning, land use, zoning, conditional use permits, and public actions required in connection with any Tenant improvement project are discretionary government actions. Nothing in this Lease obligates City or any other governmental entity to grant final approval of any matter described herein. Such actions are legislative, quasi-judicial, or otherwise discretionary in nature. City shall not be liable, in law or equity, to Tenant or any of its executors, administrators, transferees, successors-in-interest, or assigns for any failure of any governmental entity to grant approval on any matter subject to discretionary approval.

10.3.3 Tenant shall be solely responsible for determining whether payment of prevailing wage is required. Tenant shall indemnify, hold harmless, and defend (with counsel reasonably acceptable to Landlord) the Landlord 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 Tenant, its contractors and subcontractors) to pay prevailing wages as required by law or to comply with the other applicable provisions of Labor Code Sections 1720 et seq., and the implementing regulations of the Department of Industrial Relations.

10.3.4 Tenant will notify Landlord at least seven days prior to the commencement of any construction. Landlord shall have the right to post and keep posted on the Premises, and record, a Notice of Non-responsibility. Tenant shall keep the Premises free from any and all liens and encumbrances arising out of or in any way connected with the work performed, materials furnished or obligations incurred by Tenant in connection with any alteration, addition or improvement to the Premises.

10.3.5 Tenant shall prepare a work plan and cost estimate which describes in detail and with specificity the nature, scope, location, estimated costs and purpose of all of Tenant's improvements and activities to be performed on the Premises, including, without limitation, the specific areas in which Tenant and Tenant's representatives may have access and may conduct Tenant's activities and a schedule of Tenant's activities (the "Work Plan"). The Work Plan will be submitted to Landlord for preliminary approval, care of the City Manager, 2600 Fresno Street, Fresno, California 93721. Tenant acknowledges and agrees Landlord's review of the Work Plan is solely for the purpose of protecting Landlord's interests, and shall not be deemed to create any liability of any kind on the part of Landlord, or to constitute a representation on the part of Landlord that the Work Plan is adequate or appropriate for any purpose, or complies with applicable legal requirements. Tenant and Tenant's representatives shall not commence activities associated with Tenant's improvements on the Premises without the prior written consent of Landlord to the Work Plan as set forth above, which consent shall not be unreasonably withheld. Tenant agrees and covenants all of Tenant's activities shall be performed in strict compliance to the approved Work Plan. Tenant shall not modify the Work Plan without the prior written approval of Landlord.

10.3.6 Tenant covenants and agrees Tenant shall conduct Tenant's activities in compliance with the Work Plan approved by Landlord and in such a manner so as to protect the Premises, the Property, the environment and human health and safety. Except as may be expressly provided in such Work Plan, Tenant shall not cause or permit any Hazardous Substances, as defined herein, to be brought upon, produced, stored, used, discharged or disposed of on, or in the vicinity of, the Premises. In the event Landlord determines Tenant's activities in any way endanger the Premises, the Property, the environment, or human health and safety, Landlord may, at Landlord's sole discretion, require Tenant halt Tenant's activities until appropriate protective measures may be taken to eliminate such endangerment to Landlord's satisfaction. Tenant shall hold Landlord harmless for any claims in any way resulting from any delay under this section. Landlord's right to halt activities under this section shall not in any way alter or affect Tenant's insurance or indemnity obligations under this Lease, nor

shall it relieve Tenant from any of Tenant's obligations hereunder that pertain to health, safety, or the protection of the environment.

10.3.7 Landlord reserves the right to restrict access to the Premises in the event of fire, earthquake, storm, riot, civil disturbance, or other casualty or emergency, or in connection with City's response thereto, or if emergency repairs or maintenance are required to City facilities within or in the vicinity of the Premises, or otherwise when Landlord deems it advisable to do so.

10.3.8 In addition to the insurance coverage referred to in Section 15 below, Workers' Compensation Insurance covering all persons employed in connection with the work and with respect to whom death or injury claims could be asserted against Landlord, Tenant or the Premises, and a general liability policy coverage, naming Landlord with limits of not less than Three Million Dollars (\$3,000,000), shall be maintained by Tenant, at Tenant's sole cost and expense, at all times when any work is in process in connection with any improvement, change, alteration or demolition and replacement. All such insurance shall be obtained and kept in force as otherwise provided in Section 15 below.

10.4 If construction of the Capital Improvements is not completed within two years of the Effective Date, Landlord reserves the right to reenter the Premises, so long as Tenant is compensated for the fair market value of improvements that have been completed. Landlord reserves the right to demolish incomplete improvements at Tenant's expense, rather than completing construction of improvements.

10.5 Tenant is prohibited from demolishing or removing any improvements without the prior written consent of Landlord.

10.6 Construction of all improvements shall be done in such a manner as to reduce interference to the Property and other tenants on the Property.

11. Damage or Destruction. No loss or damage by fire or other cause required to be insured against hereunder resulting in either partial or total destruction of any building, structure, or other improvement on the Property, shall operate to terminate this Lease, or to relieve or discharge Tenant and/or Landlord from the payment of rents or amounts payable as rent as they become due and payable, or from the performance and observance of any of the agreements, covenants and conditions herein contained on the part of Tenant and/or Landlord to be performed and observed. Tenant and Landlord hereby waive the provisions of subsection 2 of section 1932 and subsection 4 of section 1933 of the California Civil Code, as amended from time to time.

12. Assignment and Subletting. Tenant shall not assign its interest under this Lease, or sublet any portion of the Premises, without the prior written consent of Landlord.

13. Mortgage of Leasehold. Subject to the prior written approval of Landlord, Tenant shall have the right to encumber the leasehold estate created by this Lease by a mortgage, deed of trust or other security instrument, including, without limitation, an assignment of the rents, issues and profits from the Premises, (the "Leasehold Mortgage") to secure repayment of any loan to Tenant, and associated obligations.

Lender must be an institutional lender not affiliated with Tenant. Tenant shall give prompt notice to Landlord when the Leasehold Mortgage is extinguished.

14. Protection of Lender. During the continuance of any Leasehold Mortgage and until such time as the lien of any Leasehold Mortgage has been extinguished:

14.1 Landlord shall not accept any surrender of this Lease, nor shall Landlord consent to any amendment or modification of this Lease, without the prior written consent of any Lender.

14.2 Notwithstanding any default by Tenant in the performance or observance of any agreement, covenant or condition of this Lease on the part of Tenant to be performed or observed, Landlord shall have no right to terminate this Lease or interfere with the occupancy, use, and enjoyment of the Premises unless (i) an event of default shall have occurred and is continuing, (ii) Landlord shall have given any Lender written notice of such event of default, and (iii) the Lender(s) shall have failed to remedy such default, acquire Tenant's leasehold estate created hereby, or commence foreclosure or other appropriate proceedings, all as set forth in, and within the time specified by, this Section 14.

14.3 Any Lender shall have the right, but not the obligation, at any time prior to termination of this Lease and without payment of any penalty, to pay all of the rents due hereunder, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of this Lease. All payments so made and all things so done and performed by a Lender shall be as effective to prevent a termination of this Lease as the same would have been if made, done and performed by Tenant instead of by a Lender.

14.4 Should any event of default under this Lease occur, any Lender shall have sixty days after receipt of written notice from Landlord setting forth the nature of such event of default, within which to remedy the default; provided that in the case of a default which cannot with due diligence be cured within such sixty day period, the Lender(s) shall have the additional time reasonably necessary to accomplish the cure, provided that (i) such Lender has commenced the curing within such sixty days and (ii) thereafter diligently prosecutes the cure to completion. If the default is such that possession of the Premises may be reasonably necessary to remedy the default, the Lender(s) shall have a reasonable additional time after the expiration of such sixty day period, within which to remedy such default, provided that (i) the Lender(s) shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease within such sixty day period and shall continue to pay currently such monetary obligations as and when the same are due and (ii) the Lender(s) shall have acquired Tenant's leasehold estate or commenced foreclosure or other appropriate proceedings seeking such acquisition within such period, or prior thereto, and is diligently prosecuting any such proceedings.

14.5 Any event of default under this Lease which is not susceptible to remedy by a Lender shall be deemed to be remedied if (i) within sixty days after receiving

written notice from Landlord setting forth the nature of such event of default, or prior thereto, a Lender shall have acquired Tenant's leasehold estate created hereby or shall have commenced foreclosure or other appropriate proceedings seeking such acquisition, (ii) a Lender shall diligently prosecute any such proceedings to completion, and (iii) a Lender shall have fully cured any default in the payment and performance of any monetary or other obligations of Tenant hereunder which do not require possession of the Premises within such sixty day period and shall thereafter continue faithfully to perform all such monetary obligations which do not require possession of the Premises, and (iv) after gaining possession of the Premises, a Lender shall perform all other obligations of Tenant hereunder as and when the same are due.

14.6 If a Lender is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings the times specified in subsections above for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided that Lender shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease and shall continue to pay currently such monetary obligations as and when the same fall due.

14.7 Landlord shall mail by certified or registered post, return receipt requested, or personally deliver to any Lender a duplicate copy of any and all notices in writing which Landlord may from time to time give to or serve upon Tenant pursuant to the provisions of this Lease, and such copy shall be mailed or delivered to any Lender at, or as near as possible to, the same time such notices are given or served by Landlord. No notice by Landlord to Tenant hereunder shall be deemed to have been given unless and until a copy thereof shall have been so mailed or delivered to any Lender. Upon the execution of any Leasehold Mortgage, Landlord shall be informed in writing of the vesting of the security interest evidenced by the Leasehold Mortgage and of the address to which all notices to the Lender are to be sent. Notwithstanding any other provision of this Section 14, any Lender shall be deemed to have waived any right to receive notice pursuant to this Section unless and until Landlord has received such information.

14.8 Foreclosure of the Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the leasehold mortgage, or any assignment or conveyance of the leasehold estate created by this Lease from Tenant to a Lender or other purchaser through, or in lieu of, foreclosure or other appropriate proceedings of a similar nature shall not constitute a breach of any provision of or a default under this Lease. Upon such foreclosure, sale or conveyance Landlord shall recognize the Lender, or any other foreclosure sale purchaser, as Tenant hereunder. In the event a Lender becomes Tenant under this Lease, such Lender shall be liable for the obligations of Tenant under this Lease only for the period of time that such Lender remains Tenant. Such Lender shall have the right to assign this Lease at any time after becoming Tenant, subject to the approval of Landlord, and shall be fully released from liability under the Lease from and after the date of such assignment.

14.9 Should Landlord terminate this Lease by reason of any default by Tenant hereunder, Landlord shall, upon written request by a Lender given within thirty days after such termination, immediately execute and deliver a new lease of the Premises to such Lender, or its nominee, purchaser, assignee or transferee, for the remainder of the Term with the same agreements, covenants and conditions (except for any requirements which have been fulfilled by Tenant prior to termination) as are contained herein and with priority equal to that hereof; provided, however, that such Lender shall promptly cure any defaults of Tenant susceptible to cure by such Lender and that such Lender's right to possession of the Premises under the new lease shall commence only upon Tenant's vacating of the Premises. Upon execution and delivery of such new lease Landlord, at the expense of the new lessee, which expenses shall be paid by the new Tenant as they are incurred, shall take such action as shall be necessary to cancel and discharge this Lease and to remove Tenant named herein from the Premises.

14.10 Landlord and Tenant will cooperate in including in this Lease by suitable amendment from time to time any provision which may reasonably be necessary to implement the provisions of this Section 14; provided, however, that such amendment shall not in any way affect the Term hereby demised nor affect adversely in any material respect any rights of Landlord under this Lease.

15. Insurance.

15.1 Throughout the life of this Lease, Tenant and each of its contractors and subcontractors shall pay for and maintain in full force and effect all insurance as required in the attached Exhibit "B" or as may be authorized or required in writing by Landlord's Risk Manager or his/her designee at any time and in his/her sole discretion.

15.2 If at any time during the life of this Lease or any extension, Tenant or any of its contractors or subcontractors fail to maintain any required insurance in full force and effect, all Tenant's activities under this Lease shall be discontinued immediately, until notice is received by Landlord that the required insurance has been restored to full force and effect and that the premiums therefor have been paid for a period satisfactory to Landlord. Any failure to maintain the required insurance shall be sufficient cause for Landlord to terminate this Lease. No action taken by Landlord pursuant to this section shall in any way relieve Tenant of its responsibilities under this Lease. The phrase "fail to maintain any required insurance" shall include, without limitation, notification received by Landlord that an insurer has commenced proceedings, or has had proceedings commenced against it, indicating that insurer is insolvent.

15.3 The fact that insurance is obtained by Tenant shall not be deemed to release or diminish the liability of Tenant, including, without limitation, liability under the indemnity provisions of this Lease. The duty to indemnify indemnitees (as defined in this Lease) 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 Tenant. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of Tenant, or its contractors or subcontractors.

15.4 Upon request of Landlord, Tenant shall immediately furnish Landlord with a complete copy of any insurance policy required under this Lease, 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 Lease.

15.5 Tenant is also responsible for the compliance of Tenant's consultants, contractors and subcontractors with the insurance requirements in this section, except that any required certificates and applicable endorsements shall be on file with Tenant and Landlord prior to the commencement of any work or services by the respective contractor or subcontractor.

16. Mechanics' and Other Liens. Tenant shall promptly discharge or remove by bond or otherwise prior to foreclosure thereof any and all mechanics', materialmen's and other liens for work or labor done, services performed, materials, appliances, teams or power contributed, used or furnished to be used in or about the Premises for or in connection with any operations of Tenant, any alterations, improvements, repairs or additions which Tenant may make or permit or cause to be made, or any work or construction by, for or permitted by Tenant on or about the Premises, and to save and hold Landlord and all of the Premises and all buildings and improvements thereon free and harmless of and from any and all such liens and claims of liens and suits or other proceedings pertaining thereto. Tenant covenants and agrees to give Landlord written notice not less than twenty days in advance of the commencement of any construction, alteration, addition, improvement or repair costing in excess of Twenty Five Thousand Dollars (\$25,000) in order that Landlord may post appropriate notices of Landlord's non-responsibility.

17. Indemnity.

17.1 To the furthest extent allowed by law, Tenant shall indemnify, hold harmless and defend Landlord and 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, including damage by fire or other casualty) incurred by Landlord, Tenant or any other person, and from any and all claims, demands and actions in law or equity (including attorney's fees and litigation expenses), arising or alleged to have arisen directly or indirectly out of Tenant's: (i) occupancy, maintenance, use, renovation and/or improvement of the Property; or (ii) performance of, or failure to perform, this Lease. Tenant's obligations under the preceding sentence shall not apply to the active negligence of Landlord, and shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused by the sole negligence or willful misconduct, of Landlord.

17.2 If Tenant should contract any work on the Property or subcontract any of its obligations under this Lease, Tenant shall require each consultant, contractor and subcontractor to indemnify, hold harmless and defend Landlord and its officers, officials, employees, agents and volunteers in accordance with the terms of the preceding paragraph.

17.3 Tenant's occupancy, maintenance, use, renovation and improvement of the Property shall be at Tenant's sole risk and expense. Tenant accepts all risk relating to Tenant's: (i) occupancy, maintenance, use, renovation and/or improvement of the Property; and (ii) the performance of, or failure to perform, this Lease. Landlord shall not be liable to Tenant or Tenant's insurer(s) for, and Tenant and his insurer(s) hereby waives and releases Landlord from, any and all loss, liability, fines, penalties, forfeitures, costs or damages resulting from or attributable to an occurrence on or about the Property in any way related to the Tenant's operations and activities. Tenant shall immediately notify Landlord of any occurrence on the Property resulting in injury or death to any person or damage to property of any person.

17.4 The provisions of this Section 17 shall survive the expiration or termination of this Lease.

18. Eminent Domain.

18.1 If the whole of the Premises should be taken by any public or quasi-public authority under the power or threat of eminent domain during the Term, or if a substantial portion of the Premises should be taken so as to materially impair the use of the Premises contemplated by Tenant, and thereby frustrate Tenant's purpose in entering into this Lease, then, in either of such events, this Lease shall terminate at the time of such taking. In such event, of the compensation and damages payable for or on account of the Property, exclusive of the buildings and improvements thereon, Tenant and Lender, as their interests may appear, shall receive a sum equal to the worth at the time of the compensation award of the amount by which the fair rental value of the Premises exceeds the rental payable pursuant to the terms of this Lease for the balance of the Term; the balance of such compensation and damages shall be payable to and be the sole property of Landlord. All compensation and damages payable for or on account of the buildings and improvements located on the Property and constituting a part of the Premises shall be divided among Landlord, Tenant, and Lender as follows:

18.1.1 All compensation and damages payable for or on account of buildings and improvements having a remaining useful life less than the remaining Term as of the date of such taking shall be payable to and be the sole property of Tenant and Lender, as their interests may appear; and

18.1.2 A proportionate share of all compensation and damages payable for or on account of buildings and improvements having a remaining useful life greater than the remaining Term as of the date of such taking, determined by the ratio that the then remaining Term bears to the then remaining useful life of such buildings and improvements, shall be payable to and be the sole property of Tenant and Lender, as their interests may appear, and the remaining share thereof shall be payable to and be the sole property of Landlord.

18.2 If less than the whole of the Premises should be taken by any public or quasi-public authority under the power or threat of eminent domain during the Term and this Lease is not terminated as provided in subsection (a) above, Tenant shall promptly reconstruct and restore the Premises, with respect to the portion of the Premises not so taken, as an integral unit of the same quality and character as existed prior to such

taking. The Minimum Rent payable by Tenant following such taking shall be equitably reduced by agreement of Landlord and Tenant in accordance with the reduced economic return to Tenant, if any, which will occur by reason of such taking. The compensation and damages payable for, or on account of, such taking shall be applied to the reconstruction and restoration of the Premises by Tenant pursuant to this subsection (b) by application, first, of any sums payable for or on account of the buildings and improvements situated on the Property, and second, of any sums payable for or on account of the Property exclusive of such buildings and improvements. The remainder, if any, after reconstruction and restoration shall be divided among Landlord, Tenant and Lender in the manner provided in subsection (a) above.

18.3 No taking of any leasehold interest in the Premises or any part thereof shall terminate or give Tenant the right to surrender this Lease, nor excuse Tenant from full performance of its covenants for the payment of rent and other charges or any other obligations hereunder capable of performance by Tenant after any such taking, but in such case all compensation and damages payable for or on account of such taking shall be payable to and be the sole property of Tenant and Lender.

19. Landlord's Right of Inspection. Landlord may, at any reasonable time and from time to time during the Term, enter upon the Premises for the purpose of inspecting the buildings or improvements now or hereafter located thereon and for such other purposes as may be necessary or proper for the reasonable protection of its interests.

20. Tenant's Defaults and Landlord's Remedies. It shall be an event of default hereunder (each an "Event of Default") if (i) default shall be made by Tenant in the punctual payment of any rent or other moneys due hereunder and shall continue for a period of ten days after written notice thereof to Tenant; (ii) default shall be made by Tenant in the performance or observance of any of the other agreements, covenants or conditions of this Lease on the part of Tenant to be performed and observed and such default shall continue for a period of thirty days after written notice thereof to Tenant, or, in the case of a default which cannot be cured by the payment of money and cannot be cured within thirty days, shall continue for an unreasonable period after such written notice; (iii) Tenant shall abandon the Premises; (iv) Tenant shall admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation under any law or statute of the federal government or any state government or any subdivision of either now or hereafter in effect, make an assignment for the benefit of its creditors, consent to, or acquiesce in the appointment of a receiver of itself or of the whole or any substantial part of the Premises; (v) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of Tenant or of the whole or any substantial part of the Premises, and such order, judgment or decree shall not be vacated, set aside or stayed within sixty days from the date of entry of such order, judgment or decree, or a stay thereof be thereafter set aside; (vi) a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Tenant under any bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation law or statute of the Federal government or any state government or any subdivision of either now or hereafter in effect, and such order judgment or decree shall not be vacated, set aside or stayed within sixty days from the

date of entry of such order, judgment or decree, or a stay thereof be thereafter set aside; or (vii) under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of Tenant or of the whole or any substantial part of the Premises, and such custody or control shall not be terminated within sixty days from the date of assumption of such custody or control. Upon the occurrence of any Event of Default by Tenant hereunder, Landlord shall have the following rights and remedies, in addition to all other rights and remedies of Landlord provided hereunder or by law:

20.1 The right to terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises, and pay to Landlord all rent and all other amounts payable by Tenant hereunder to the date of such termination;

20.2 The remedies described in California Civil Code Section 1951.2, including, without limitation, the right to recover the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subdivision (b) of section 1951.2 of the California Civil Code;

20.3 The remedies described in California Civil Code Section 1951.4, including, without limitation, the right to collect, by suit or otherwise, each installment of rent or other sums that become due hereunder, or to enforce, by suit or otherwise, performance or observance of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed; or

20.4 The right to cause a receiver to be appointed in any action against Tenant to take possession of the Premises or to collect the rents or profits therefrom. Neither appointment of such receiver nor any other action taken by Landlord shall constitute an election on the part of Landlord to terminate this Lease unless written notice of termination is given to Tenant.

20.5 Landlord's remedies contained in subsections 20.1 through and including 20.4 shall be subject to any stay order issued by a bankruptcy court.

21. Nonwaiver. If any action or proceeding is instituted or if any other steps are taken by Landlord or Tenant, and a compromise part payment or settlement thereof shall be made, either before or after judgment, the same shall not constitute or operate as a waiver by Landlord or Tenant of any agreement, covenant or condition of this Lease or of any subsequent breach thereof. No waiver of any default under this Lease shall constitute or operate as a waiver of any subsequent default hereunder, and no delay, failure or omission in exercising or enforcing any right, privilege, or option under this Lease shall constitute a waiver, abandonment or relinquishment thereof or prohibit or prevent any election under or enforcement or exercise of any right, privilege, or option hereunder. No waiver of any provision hereof by Landlord or Tenant shall be deemed to have been made unless and until such waiver shall have been reduced to writing and signed by Landlord or Tenant, as the case may be. The receipt by Landlord of rent with knowledge of any default under this Lease shall not constitute or operate as a waiver of such default. Payment by Tenant or receipt by Landlord of a lesser amount

than the stipulated rent or other sums due Landlord shall operate only as a payment on account of such rent or other sums. No endorsement or statement on any check or other remittance or in any communication accompanying or relating to such payment shall operate as a compromise or accord and satisfaction unless the same is approved in writing by Landlord, and Landlord may accept such check, remittance or payment without prejudice to its right to recover the balance of any rent or other sums due by Tenant and pursue any remedy provided under this Lease or by law.

22. No Merger.

22.1 There shall be no merger of the leasehold estate created by this Lease with any other estate in the Premises, including the fee estate, by reason of the fact that the same person may own or hold the leasehold estate created by this Lease, or an interest in such leasehold estate, and such other estate in the Premises, including the fee estate, or any interest in such other estate; and no merger shall occur unless and until Landlord, Tenant and any Lender shall join in a written instrument effecting such merger and shall duly record the same.

22.2 No termination of this Lease shall cause a merger of the estates of Landlord and Tenant, unless Landlord so elects and any such termination shall, at the option of Landlord, either work a termination of any sublease in effect or act as an assignment to Landlord of Tenant's interest in any such sublease. Notwithstanding the foregoing, in the event of the termination of this Lease and the execution of a new lease with Lender or its nominee, the termination of this Lease shall neither work a merger of estates nor a termination of any subleases in effect unless Lender so elects.

23. No Partnership. It is expressly understood and agreed that Landlord does not, in any way or for any purpose by executing this Lease, become a partner of Tenant in the conduct of Tenant's business, or otherwise, or a joint venturer or a member of a joint enterprise with Tenant. Design, construction and site preparation for improvements and repairs at the Premises as well as ongoing operations and staffing will be at Tenant's sole cost and expense. Landlord may assist Tenant with grant opportunities which from time to time become available.

24. Covenants Run With Land.

24.1 The agreements, covenants and conditions in this Lease contained are and shall be deemed to be covenants running with the land and the reversion and shall be binding upon and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns and all subsequent Landlords and Tenants respectively hereunder.

24.2 All references in this Lease to "Tenant" or "Landlord" shall be deemed to refer to and include successors and assigns of Tenant or Landlord, respectively, without specific mention of such successors or assigns.

25. Notices. Except as otherwise provided hereunder; any notice or communication to Landlord, Tenant or Lender shall be in writing and be mailed by certified mail, postage prepaid. Notices or communications shall be addressed to Landlord at:

City of Fresno
2600 Fresno Street
Fresno, California 93721
Attention: City Manager

or such other address or addresses as Landlord shall from time to time designate, or to such agent of Landlord as it may from time to time designate, by notice in writing to Tenant. Notices or communications shall be addressed to Tenant at:

Central Valley Community Sports Foundation
1411 L Street, Suite M
Fresno, California 93721
Attention: Terance Frazier, Chairman and Founder

or such other address or addresses as Tenant shall from time to time designate, or to such agent of Tenant as it may from time to time designate, by notice in writing to Landlord. Notices or communications to Lender shall be addressed to Lender at such address as Lender shall from time to time designate by notice in writing to Landlord. Any notice mailed in the manner above set forth shall be deemed to have been received unless returned to the sender by the post office.

26. Limitation of Landlord's Liability. In the event of any transfer of Landlord's interest in this Lease, the Landlord herein named (and in case of any subsequent transfer, the then transferor) shall be automatically freed and relieved from and after the date of such transfer of all personal liability for the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed; provided, however, that any funds in the hands of Landlord or the then transferor at the time of such transfer, in which Tenant has an interest shall be turned over to the transferee and any amount then due and payable to Tenant by Landlord or the then transferor under any provision of this Lease shall be paid to Tenant; and provided, further, that upon any such transfer, the transferee shall expressly assume, subject to the limitations of this Section, all of the agreements, covenants and conditions in this Lease to be performed on the part of Landlord, it being intended hereby that the covenants and obligations contained in this Lease on the part of Landlord shall, subject as aforesaid, be binding on each Landlord, its successors and assigns, only during its period of ownership.

27. Estoppel Certificates. Tenant or Landlord, as the case may be, will execute, acknowledge and deliver to the other and/or to Lender, promptly upon request, its certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which the Minimum Rent, Percentage Rent, and other monetary obligations have been paid, (c) whether there are then existing any charges, offsets or defenses against the enforcement by Landlord of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed (and, if so, specifying the same), and (d) whether there are then existing any defaults by Tenant in the performance or observance by Tenant of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed and

whether any notice has been given to Tenant of any default which has not been cured (and, if so, specifying the same). Any such certificate may be relied upon by a prospective purchaser, mortgagee or trustee under a deed of trust of the Premises or any part thereof.

28. Holding Over. This Lease shall terminate without further notice upon the expiration of the Term, and any holding over by Tenant after the expiration of the Term shall not constitute a renewal hereof or give Tenant any rights hereunder or in or to the Premises, except as otherwise herein provided, it being understood and agreed that this Lease cannot be renewed, extended or in any manner modified except in writing signed by Landlord and Tenant.

29. Default Interest. In the event that Landlord or Tenant shall fail to pay any monetary obligations owed to the other hereunder within ten days of the date that such amounts are due and payable, each shall pay to the other, in addition to such amounts, interest thereon at 2% above the "prime rate" of interest, or the maximum interest rate permitted by law, whichever is less, from the first day of the month in which such monetary obligation was payable to the date of actual payment thereof by one to the other.

30. Severability. In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Lease, but this Lease shall be construed as if such invalid, illegal, or unenforceable provisions had not been contained herein.

31. Time of the Essence. Time is of the essence of each and all of the agreements, covenants, and conditions of this Lease.

32. Attorney Fees. In the event of any action or proceeding at law or in equity between Landlord and Tenant to enforce any provision of this Lease or to protect or establish any right or remedy of either party hereunder, the unsuccessful party to such litigation shall pay to the prevailing party all costs and expenses, including reasonable attorney fees, incurred therein by such prevailing party, and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses and attorney fees shall be included in and as a part of such judgment.

33. Integration. This instrument constitutes the entire agreement between Landlord and Tenant with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral or written. This Lease may not be amended or modified in any respect whatsoever except by an instrument in writing signed by Landlord, Tenant and, if required by any Lender, by Lender.

34. Amendments. This Lease may be modified only in writing and only if signed by the parties at the time of the modification.

35. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of California. Venue shall be Fresno County.

36. Option to Purchase. Commencing with the date that is two years from the Effective Date, and continuing throughout the Term of the Lease, Landlord hereby

grants to Tenant the exclusive right to purchase the Property at a price and under the terms and conditions set forth herein. This option is granted in consideration of Tenant's payment for the improvements made by Tenant to the site. If Tenant is not in breach of this Lease, it may exercise this option by execution and tender to Landlord of a written notice of Tenant's intent in accordance with the procedure set forth in section 25 of this Lease. The purchase price shall be determined based upon the average value established by two appraisals, one obtained by Landlord and one obtained by Tenant, following the delivery of Tenant's notice of intent to purchase as set forth herein. This option may not be assigned by Tenant.

37. Tenant's Right of First Refusal. Subject to the rights set forth in subsection 37.3 below, in the event Landlord desires to sell, transfer, or convey Landlord's interest in the Premises, or any portion thereof, Landlord shall have the right to sell, transfer or convey Landlord's interest, or any portion thereof, only after complying with the following requirements:

37.1 In the event Landlord desires to sell the Premises, or any portion of its interest in the Premises, Landlord shall give written notice of its intent to sell (the "Notice of Intent to Sell") to Tenant, and Tenant shall have the option to purchase the Premises or such interest at the then-appraised value, as determined by a qualified appraiser acceptable to both Landlord and Tenant. If Tenant elects to exercise its option, it shall give Landlord written notice of such election within sixty days after receipt of the Notice of Intent to Sell. If Tenant fails to exercise its option within such sixty day period, (a) Landlord shall be free to solicit and accept an offer to sell the Premises or interest therein at the then-appraised value or greater, at any time within ninety days after expiration of the sixty day period, and (b) Tenant shall, upon request, deliver to Landlord a written acknowledgement of Tenant's failure to exercise its option and Landlord's right to sell the Premises or interest therein pursuant to this section.

37.2 In the event Landlord desires to sell the Premises, or any portion of its interest in the Premises, and has received an acceptable bona fide offer to purchase the Premises or such interest (the "Offer"), Landlord shall give Notice of Intent to Sell to Tenant, together with an executed copy of the Offer setting forth all of the terms of the proposed purchase and identifying the prospective purchaser. Tenant shall have the right to purchase the Premises or such interest on the same terms and conditions as set forth in the Offer. If Tenant elects to exercise its right, it shall give Landlord written notice of such election within sixty days after receipt of the Notice of Intent to Sell. If Tenant fails to exercise its right within such sixty day period, (a) Landlord shall be free to accept an offer to sell the Premises or interest therein on the terms set forth in the Offer at any time within ninety days after the expiration of such sixty day period, and (b) Tenant shall, upon request, deliver to Landlord a written acknowledgement of Tenant's failure to exercise the option and Landlord's right to sell the Premises or interest therein pursuant to this section.

37.3 Notwithstanding the foregoing, Landlord shall be free to convey, transfer or assign the Premises or any portion of its interest in the Premises without compliance with subsection 37.1 in the event such conveyance, transfer or assignment is made to any mortgagee of Landlord's fee estate in the Premises, provided that the lien of any

fee mortgage or other security instrument shall expressly remain subordinate to Tenant's leasehold interest herein created.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

LANDLORD:
CITY OF FRESNO, a municipal
corporation

TENANT:
CENTRAL VALLEY COMMUNITY
SPORTS FOUNDATION, a California non-
profit corporation

By: _____
Bruce Rudd, City Manager

By: _____
Terance Frazier, Chairman & Founder

ATTEST:
YVONNE SPENCE, CMC
City Clerk

By _____
(Deputy)

APPROVED AS TO FORM:
DOUGLAS T. SLOAN
City Attorney

By _____
Katherine B. Doerr
Assistant City Attorney

Exhibit A: Description of the Premises
Exhibit B: Insurance Requirements

KBD:ns [69063ns/kbd]

EXHIBIT A

DESCRIPTION OF PREMISES AND SITE PLAN

EXHIBIT "B"
INSURANCE REQUIREMENTS

Lease between City of Fresno ("City")
and Central Valley Community Sports Foundation ("Tenant")

Granite Park

Minimum Scope of Insurance

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, which shall include insurance for "bodily injury," "property damage" and "personal and advertising injury" with coverage for premises and operations, products and completed operations, fire legal liability and contractual liability (including, without limitation, indemnity obligations under the Lease).
2. Property insurance with a Cause of Loss – Special or All Risk Form. **Only required of Tenant and not of Tenant's consultants, contractors or subcontractors.**
Workers' Compensation insurance as required by the California Labor Code and Employer's Liability Insurance.

Minimum Limits of Insurance

Tenant shall maintain limits of liability of not less than:

1. General Liability:
\$3,000,000 per occurrence for bodily injury and property damage
\$3,000,000 per occurrence for personal and advertising injury
\$2,000,000 aggregate for products and completed operations
\$2,000,000 general aggregate applying separately to the work performed under the Lease
2. Property: Limits of insurance in an amount equal to the full (100%) replacement cost (without deduction for depreciation).
3. Employer's Liability:
\$1,000,000 each accident for bodily injury
\$1,000,000 disease each employee
\$1,000,000 disease policy limit

Umbrella or Excess Insurance

In the event Tenant 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).

Deductibles and Self-Insured Retentions

Tenant shall be responsible for payment of any deductibles contained in any insurance policies required hereunder and Tenant shall also be responsible for payment of any self-insured retentions. Any deductibles or self-insured retentions must be declared to, and approved by, the City's Risk Manager or his/her designee. At the option of the City's Risk Manager or his/her designee, either (i) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its officers, officials, employees, agents and volunteers; or (ii) Tenant shall provide a financial guarantee, satisfactory to City's Risk Manager or his/her designee, guaranteeing payment of losses and related investigations, claim administration and defense expenses. At no time shall City be responsible for the payment of any deductibles or self-insured retentions.

Other Insurance Provisions

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

1. City, its officers, officials, employees, agents and volunteers are to be covered as additional insureds.
2. The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, officials, employees, agents and volunteers.
3. Tenant's insurance coverage shall be primary and no contribution shall be required of City.

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

1. City shall be named as a loss payee.
2. The coverage shall contain:
 - (i) No coinsurance penalty.
 - (ii) No limitations or exclusions for vacancy.
 - (iii) No special limitations on the scope of protection afforded to City.

The Workers' Compensation insurance policy is to contain, or be endorsed to contain, the following provision: Tenant and its insurer shall waive any right of subrogation against City, its officers, officials, employees, agents and volunteers.

All policies of insurance required hereunder shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after 30 calendar day written notice by certified mail, return receipt requested, has been given to City. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, Tenant 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 City, Tenant shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than 15 calendar days prior to the expiration date of the expiring policy.

Acceptability of Insurers

All policies of insurance required hereunder shall be placed with an insurance company(ies) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A-VII" in Best's Insurance Rating Guide.

Verification of Coverage

Tenant shall furnish City with all certificate(s) and **applicable endorsements** effecting coverage required hereunder. 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 Lease and before work commences.