LEASE AGREEMENT
5051-5059 E. McKinley

THIS LEASE AGREEMENT ("Lese") is made and entered into this 30 day of June, 2019, by and between HR, LLC, a California limited liability company, 1715 N. Fine Avenue, Fresno, California 93727 (hereinafter "LESSOR"), and the CITY OF FRESNO, a municipal corporation, 2600 Fresno Street, Fresno, California 93721 (hereinafter "LESEEE").

1. LEASED PREMISES. LESSOR hereby leases to LESSEE approximately 7,246 square feet office space more particularly illustrated on Exhibit A, attached hereto and incorporated by this reference, at the location commonly known as 5051-5059 E. McKinley Avenue, Fresno, California 93727, together with the common area parking that shall be accessible to LESSEE at all times (hereinafter, "Premises").

2. TERM. The term of this LEASE shall begin on July 1, 2019 and terminate on June 30, 2022. Except as otherwise set forth herein, this LEASE, after the first full year of occupancy, may be terminated by LESSEE without cause at any time by providing LESSOR with one hundred eighty (180) days prior written notice.

3. RENT. LESSEE agrees to pay rent to LESSOR for the Premises beginning June 30, 2019, a monthly rental payment of Six Thousand One Hundred Fifty Nine dollars (6159.00) flat rate per month ending June 30, 2022. All monthly rent payments shall be payable in advance at the LESSOR'S address set forth in this LEASE.

4. UTILITIES. Electricity, natural gas, water, garbage and sewer services for the Premises are in addition to the rent. LESSOR shall pay the cost of for the electricity, natural gas, water garbage and sewer services, and LESSOR shall submit to LESSEE a monthly statement for its proportionate share of such utility costs based upon the proportionate square footage of the Premises to the total rentable square footage of the LESSOR's property of which the Premises is a part. LESSEE shall pay to LESSOR the proportionate share of the utility costs. LESSEE shall pay all costs associated with its use of telephone service.

5. USE. LESSEE shall use the Premises as office space and LESSEE agrees to comply with all applicable laws, ordinances and regulations in connections with such use.

LESSOR covenants that the Premises are suitable for the intended use. LESSOR further covenants that the Premises are in compliance with all applicable laws, ordinances and regulations, including but not limited to safety regulations, health and building codes, and that the Premises shall remain in such compliance throughout the term of the LEASE.

6. MAINTENANCE. Except for damage caused by the negligent or willful acts of LESSEE, its agents or employees, LESSOR shall be responsible for the structural condition of the Premises and for all exterior and interior maintenance, including but not limited to the air conditioning, heating, roof, paint6ing, landscaping and parking lot. LESSOR shall make any repairs promptly, with first class materials, in a good and workmanlike manner, and in compliance with all applicable laws of all governmental authorities and in a style, character, and quality conforming to the existing construction. LESSOR covenants that the Premises shall be maintained in substantially the same condition as that existing at the commencement of this LEASE.

LESSEE shall during the term of this LEASE maintain the Premises in a good, clean and safe condition. LESSEE shall be responsible for janitorial services, including paper supplies, at the premises.

7. RADIO ANTENNA. LESSEE shall have the right to install and operate radio transmission devices on the roof of the Premises. Upon termination of this LEASE, LESSEE will remove such device and have the roof repaired at such sites as necessary.

8. BREACH OF OBLIGATION TO MAINTAIN. In the event LESSOR breaches its obligation to maintain the Premises as herein provided. LESSEE shall give written notice to LESSOR within fifteen (15) days of the discovery of such breach. LESSOR shall then have fifteen (15) days from the date of notice to cure its breach. If the period for cure expires and if, in LESSEE'S sole determination, LESSOR has failed to cure, then LESSEE may, at its election:

(A) Terminate this LEASE immediately upon written notice to LESSOR. In such case, LESSEE shall have the right to demand LESSOR refund any monies which, in the judgement of LESSEE, were paid to LESSOR pursuant to the LEASE but which were not earned by LESSOR by consequence of its breach. Upon receipt of such demand, Lessor shall promptly refund all such monies.

OR

(B) Cure LESSOR'S breach and deduct the cost of such cure, together with reasonable administrative costs, from LESSEE'S future rent obligation. LESSEE'S decision to cure LESSOR'S breach shall not constitute a waiver of any rights or remedies that LESSEE may have arising from this LEASE or by operation of law.

9. DESTRUCTION OR DAMAGE FROM CASUALTY. If the Premise are damaged or destroyed as a result of fire, earthquake, act of God, or any other identifiable event of a sudden, unexpected, or unusual nature (hereinafter referred to as "Casualty"), then LESSOR shall either promptly and diligently repair the damage at its own cost, or terminate the LEASE as hereinafter provided.

(A) LESSOR'S Election to Repair: If a LESSOR elects to repair the Casualty damage to the Premises, then it shall within fifteen (15) days after the date of Casualty provided written notice (hereinafter "Notice of Repair") to LESSEE indicating the anticipated time required to repair. LESSOR shall bear the cost of all repairs to the Premises, including the cost to repair any alterations or fixtures installed or attached thereto by LESSEE. Such repairs shall restore the Premises to substantially the same condition as that existing at the commencement of this LEASE; such repairs shall also be made in compliance with all applicable state and local building cost. LESSOR shall not be liable to LESSEE for compensation for any loss of business, or any inconvenience or annoyance arising from repair of the Premises as a result of Casualty except for rent reduction as hereinafter provided. LESSEE shall be responsible at its sole cost and expense for the replacement of its personal property.

(B) LESSOR'S election to Terminate Due to Casualty: LESSOR may only elect to terminate the LEASE due to casualty if: the Premises have been destroyed or substantially destroyed by said casualty; and the estimated time to repair the Premises exceeds sixty (60) days from the date of Casualty. LESSOR shall provide LESSEE with written notice of its election to terminate within fifteen (15) days after the date of Casualty.

(C) Rent Reduction Due to Casualty: In the event of Casualty, LESSEE'S obligation to pay rent shall be reduced beginning on date of the Casualty.

Such reduction shall be proportional to damage caused to the Premises by the Casualty as determined by LESSEE. If LESSOR elects to repair the Premises pursuant to the term of this LEASE then the rent reduction shall continue until the date of substantial completion of repair.

(D) LESSEE'S Election to Terminate Due to Casualty. If LESSEE does not receive a Note of Repair from LESSOR within fifteen (15) days after a Casualty, or if the anticipated period of repair contained in the Notice of Repair exceeds sixty (60) days, then LESSEE may elect to immediately terminate this LEASE upon written notification to LESSOR. In such case, LESSEE shall have the right to demand that LESSOR refund any monies which, in the judgement of LESSEE, were paid to LESSOR pursuant to the LEASE but which were not earned by LESSOR by consequence of the Casualty. Upon receipt of such demand, LESSOR shall promptly refund all such monies.

10. NOTICE OF TERMINATION. If pursuant to the terms provided herein, either LESSOR or LESSEE has an election to terminate the LEASE and so elects, then notice of such termination shall be made in writing to the non-terminating party. In the case of LESSEE, the City Manager or Chief of Police or their designee, shall have the power to provide such notice.

11. HOLD HARMLESS. Each party agrees to indemnify, save, hold harmless, and at other party's request, defend the other party, its officers, agents and employees from any and all costs and expenses, damages, liabilities, claims, and loses occurring or resulting to the other party in connection with performance, or failure to perform, by the indemnifying party, its damages liabilities, claims, and losses occurring or resulting to any persons, firm, or corporation who may be injured or damaged by the performance, or failure to perform of the indemnifying party, its officers, agents or employee under the LEASE. The LEASE is made upon the expressed condition that the LESSEE is to be free of all liability, damages or injury arising from structural failures of the Premises, including, but not limited to external walls, glass, doors, roof and floor. The parties acknowledge that as between LESSOR and LESSEE, each is responsible for the negligence of its own employees and invitees.

LESSOR shall not be responsible for any injury or damaged to any person or property in or about the Premises caused by any act, neglect, fault of, or omission of any duty by LESSEE, its officers, agents, employees or invitees.

12. INSURANCE. LESSOR shall, at its sole cost and expense, maintain in full force and effect during the term of this LEASE the following policies of insurance:

(A) Commercial General liability insurance with limits of not less than One Million Dollars ($1,000,000) per occurrence and annual aggregate limit of not less than Two Million Dollars ($2,000,000). This policy shall be issued on an occurrence basis; and

(B) Fire Insurance and extended Coverage.

LESSOR shall provide to LESSEE a Certificate of Insurance describing the coverage shown above within thirty (30) days from the date LESSOR executes this LEASE and naming the certificate holders as the City of Fresno, and mailing or otherwise delivering copies of the Certificate of Insurance to the City of Fresno, c/o Real Estate, 2600 Fresno Street, Room 4019, Fresno, California 93721.

LESSEE shall maintain during the term of this lease the following policies of insurance, which coverage's may be provided in whole or in part through one or more program of self-insurance:

(A) Commercial General liability insurance with limits of not less than One Million Dollars ($1,000,000) per occurrence and an annual aggregate of not less than Two Million Dollars ($2,000,000). This policy shall be issued on an occurrence basis.

(B) All-Risk property insurance covering the personal property owned by LESSEE.

13. NON-FUNDING TERMINATION. This LEASE is contingent on the appropriation of funds by the LESSEE'S governing body. Should funds not be appropriated sufficient for LESSEE'S continued performance under this LEASE, this LEASE may be terminated by the City Manager or city's Chief of Police or their designee, at any time, after the first full year of occupancy, by giving at least ninety (90) days prior written notice to LESSOR.

14. SURRENDER OF POSSESION. Upon the expiration of termination of this LEASE, LESSEE will surrender the Premises to LESSOR in such condition as existing at the commencement of this LEASE less reasonable wear and tear, less the effects of any Casualty as herein defined, and less the effects of any breach of LESSOR'S covenant to maintain. LESSEE will not be responsible for any damage which LESSEE was not obligated hereunder to repair.

15. FIXTURES. LESSOR agrees that any equipment, fixtures or apparatus installed in or about the Premises by LESSEE shall continue to be property of LESSEE and may be removed by LESSEE at any time. LESSOR may by written notice within thirty (30) days of the termination of the LEASE require LESSEE to remove any such equipment, fixtures or apparatus in or about the Premises by LESSEE. LESSEE shall repair any damage caused by the removal of fixtures. Any fixtures not required to be removed when LESSEE surrenders possession shall become the property of LESSOR.

16. RIGHT OF ENTRY. LESSOR, or its representative(s), upon giving 24 hours written notice, shall have the right to enter the Premises at any time during business hours, or at such other time as LESSEE deems appropriate, to make any altercations, repairs or improvements to the Premise. The normal business of LESSEE or its invitees shall not be unnecessarily inconvenienced.

17. ADMENDMENT. This LEASE may be amended in writing by the mutual consent of the parties without in any way affecting the remainder.

18. NON-ASSIGNMENT. LESSEE shall not assign, transfer, or sub-lease this LEASE, or the rights or duties under this LEASE, without the prior written consent of LESSOR, which consent will not be unreasonably withheld.

19. GOVERNING LAW. Venue for any action arising out of or relating to this LEASE shall be in Fresno County, California. This LEASE shall be governed by the laws of the State of California.

20. ATTORNEY'S FEES. In the event of a claim by either party for breach of, or failure to perform, or any inaccuracy in, any of the representations, warranties, covenants, or agreements contained in this Lease, then in any action or proceeding the prevailing party shall be entitled to be reimbursed for all costs, fees, and expenses incurred in connection with prosecuting or defending such claim, including reasonable attorneys' fees.

21. NOTICES. All notices, demands, requests, exercise, and other communications under this LEASE by either party shall be in writing and:

(A) Sent by United States Certified Mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States mail, or

(B) Sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, as follows:

LESSEE:

City of Fresno, Police Department
Attn: Business Manager
2326 Fresno Street
Fresno, CA 93721

LESSOR:

HR, LLC
ATTN: Raymond Doumanian
1715 N. Fine Avenue
Fresno, CA 93727

Or to such person or at such other place as either Party may from time to time designate by written notice to the other Party.

22. EXHIBITS. Each exhibit and attachment referenced in this LEASE is incorporated into and made a part of this LEASE.

23. BINDING ON SUCCESSORS. All rights and obligations herein given to, or imposed upon, the respective parties hereto shall extend to and bind the respective heirs, executors, administrators, successors and assignees of said parties; and if there shall be more than one LESSEE, they shall all be bound jointly and severally by the terms, covenants and agreements herein.

24. QUIET POSSESSION. Upon LESSEE keeping, observing and performing all of the covenants, conditions, promises and provisions on LESSEE'S part to be kept, observed or performed hereunder, LESSEE shall have quiet possession of the Premise during the term hereof and any extensions thereto subject to all of the provisions of this LEASE.

25. HOLDING OVER. Should LESSEE retain possession after any termination of this LEASE, LESSEE shall become a tenant on a month to month basis on the same terms and conditions s herein provided and the leasehold may be terminated by either party giving at least thirty (30) days prior written notice.

26. ENTIRE LEASE. This LEASE constitutes the entire LEASE between the LESSOR and LESSEE with respect to the subject matter hereof and supersedes all prior leases, negotiations, proposals, commitments, writings, advertisements, publications and understandings of any nature whatsoever unless expressly referenced in this LEASE.

27. CONDITION OF PREMISES: The EXISTING space, as referenced in EXHIBIT "A" , currently occupied of 5,498 square feet shall be "AS IS", except that the existing wall highlighted and "X"ed out will be removed by LESSOR.

. 28. PARKING: LESSOR shall provide non-exclusive parking for all tenants of this building as part of the LEASE as referenced in EXHIBIT "B". LESSOR currently leases, from the adjacent property owner, the eleven parking spaces on the East end of the building. LESSOR will use its best efforts to maintain this lease provided the rental rate does not increase by more than ten (10%) in any one given year.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

SIGNATURES APPEAR ON NEXT PAGE.

IN WITNESS WHEREOF, the parties have caused this LEASE to be executed by their authorized representatives as of the date first above written.

LESSOR:
HR, LLC.
a California limited liability company

By: _____
Raymond Doumanian, President

LESSEE:
CITY OF FRESNO
a municipal corporation

By: _____
Jerry P. Dyer, chief of Police

ATTEST:
Yvonne Spence
City Clerk

By: _____

APPROVED AS TO FORM:
DOUGLAS SLOAN
City Attorney

By: _____
John Hastrup
Deputy City Attorney

Attachments:

Exhibit A- Premises
Exhibit B-Parking