

LEASE AGREEMENT

THIS LEASE AGREEMENT (“Lease”) is made and entered into this ___ day of _____ 2020, by and between the City of Merced, a California Charter Municipal Corporation (“Lessor”), and Transit Joint Powers Authority for Merced County (“Lessee”).

WHEREAS, The Lessor is the owner of the Merced Transportation Center building located on a tract of land in Merced, California, at 710 West 16th Street; and,

WHEREAS, Lessee operates a public transit system and desires to lease approximately 275 square feet of office area and certain bus shelters and common area at the Merced Transportation Center.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the Lessor and Lessee do hereby agree as follows:

1. DEFINITIONS

A. Building. “Building” is defined as that certain building known as the Merced Transportation Center located at 710 West 16th Street, Merced, California, and labeled Transpo Center on Exhibit A.

B. Facility. “Facility” shall be defined as the office area within the Building, consisting of approximately 275 square feet, reserved for the exclusive use of Lessee, and labeled Facility on the attached Exhibit B.

C. Bus Concourse. “Bus Concourse” shall be defined as the area on 16th Street taken up by the curbside bus shelters and surrounding area reserved for the exclusive use of Lessee, and labeled Bus Concourse on the attached Exhibit C.

D. Common Area. “Common Area” shall be defined as the waiting area, restroom facilities and entryways of the building located at the Building and land labeled Common Area on the attached Exhibit D.

2. FACILITY AND BUS CONCOURSE

The Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental rate, and upon all the conditions set forth herein the Facility and Bus Concourse as shown in Exhibits B and C, which is attached hereto and made a part hereof, situated in the City of Merced, County of Merced, State of California, and subject to the conditions set forth herein, the continuous and uninterrupted right of Lessee and its officers, employees, business invitees, customers and patrons, of access to and from Facility, for any purpose contemplated herein, including the Common Area.

3. TERM

The term of this Lease shall be five (5) years. The Lease shall commence on January 1, 2020 and end on December 31, 2024.

4. RENT

A. Facility.

Lessee shall pay to Lessor as rent for use of the Facility equal monthly installments as indicated below, payable in advance on or before the first day of each calendar month of the term, together with Lessee's pro rata share of costs and expenses as specified under this Lease. Rent shall be payable to Lessor at the address first stated above or to such other person or at such other place as Lessor shall designate as provided in this Lease.

Rent for Facility shall be payable as follows:

Year 1 – \$848.13 per month
Year 2 – \$873.57 per month
Year 3 – \$899.79 per month
Year 4 – \$926.77 per month
Year 5 – \$954.57 per month

B. Bus Concourse.

Lessee shall pay to Lessor as rent for the use of the Bus Concourse annually as indicated below, payable in advance on or before the

commencement of next year's term, together with Lessee's pro rata share of costs and expenses as specified under this Lease. Rent shall be payable to Lessor at the address first stated above or to such other person or at such other place as Lessor shall designate as provided in this Lease.

Rent for Bus Concourse shall be payable as follows:

Year 1 - \$33,286.32 per year

Year 2 - \$34,284.91 per year

Year 3 - \$35,313.46 per year

Year 4 - \$36,372.86 per year

Year 5 - \$37,464.05 per year

Rents shall be used by Lessor to accomplish the duties and responsibilities borne upon Lessor as described in Section 8 of this Lease.

5. USE

The Lessee and its patrons shall have the right of reasonable access to the Common Area, including restrooms, for the term of this Lease. Restrooms are cleaned at 6:30 a.m. and 1:30 p.m., Monday through Friday, Saturdays and Sundays they are cleaned at 6:00 a.m. Should additional cleaning be requested the cost will be sole responsibility of Lessee.

Lessee shall have one or more employees present within the facility during extended hours. Lessee shall have a counter person or a security guard (at their discretion) inside the premises every day from 6:00 a.m. to 8:00 a.m. and from 5:00 p.m. to 8:00 p.m. to secure the safety of the business or businesses being operated on the premises.

Lessee shall not commit or permit any act or acts in or on the Facility, Building, Bus Concourse, or the Common Area, or use the same or suffer the same to be used in any manner which will cause a cancellation of any fire, liability, or other insurance policy covering the Building, Facility, Bus Concourse, or the Common Area, or any part thereof.

6. LESSOR'S WARRANTY OF TITLE

Lessor represents and warrants that:

A. Lessor is the sole owner in fee simple of the Building and has full right and power to grant the estate demised and to execute and perform this Lease;

B. The Building will remain free and clear of all encumbrances that could adversely affect Lessee's leasehold estate;

C. The intended use of the Facility for purposes stated herein is permitted by all applicable zoning laws and regulations; and,

D. The Building will comply with all applicable ordinances, regulations, and zoning and other laws.

7. QUIET ENJOYMENT

Lessor covenants and agrees that so long as Lessee observes and performs all the agreements and covenants required of it hereunder, Lessee shall peaceably and quietly have, hold and enjoy the Facility for the Term without any encumbrance or hindrance by Lessor. If Lessee's use of the Facility is significantly limited, or denied, through rezoning, environmental impact edict, or other action of any public or quasi-public agency, this Lease, at the sole option of Lessee, shall terminate as of the effective date of such action and the rent applying to the unexpired portion of the Term will abate.

8. REPAIRS, MAINTENANCE AND UTILITIES

A. Exterior of Building. Lessor shall provide and pay for a pro rata share of the day-to-day maintenance and repair of the exterior area of the Building, including but not limited to the exterior landscaping, driveways, exterior roof, and exterior side walls.

The Lessor shall pay the total cost of the water and electricity services for the exterior area of the Building.

B. Facility. The Lessee shall provide, perform, and pay for the total costs of its day-to-day maintenance, repair, and janitorial services for the Facility. The Lessee shall also pay the total cost of its telephone and communication services used at the Facility.

C. Bus Concourse. Consistent with the provisions of Section 8.E, Lessor shall provide general maintenance and repair of the Bus Concourse, including, but not limited to, the bus shelters, concourse seating, and public improvements. Lessee shall be solely responsible for its personal property, including, but not limited to, signage, electronic devices, reader boards, and other of Lessee's improvements.

D. Interior of Building. Except as provided in Subsections A, B and C above, the Lessor shall provide, perform, and pay all costs for maintenance, repairs, janitorial services, garbage services, water, gas, electricity, telephone services, maintenance and janitorial supplies, security alarm costs, and other public utility services for the Building, including the Facility and Bus Concourse, during the term of this Lease, or any renewals thereof as provided herein; and, Lessee shall, upon receipt of a proper accounting from Lessor, reimburse Lessor for Lessee's pro rata share of said costs, on a monthly basis, pro rata as determined by reference to Subsection E below.

E. Pro Rata Share Computation. Wherever in this Lease the Lessee agrees to provide, perform, or pay its pro rata share of services or costs, the Lessee shall provide, perform, or pay a percentage of the total of said services or costs, as determined by this subsection.

For the purposes of this Lease:

The "Interior Area" shall mean the total square footage of the leasable floor space in the interior of the Building. Such square footage will be 5300.

The "Facility Area" shall mean the square footage of the Facility, equaling 275 square feet.

Lessee's "pro rata share" as referred to throughout this Lease, shall be the ratio of the Facility Area to the Interior Area, equaling seven percent (7%). Lessee's "pro-rata share" of the Bus Concourse is assessed in Rent, Section 4.B, such payments shall be applied by Lessor where it deems fit for janitorial, maintenance, utilities and security services for the Building, Bus Concourse and Common Area.

9. ALTERATION AND IMPROVEMENTS

Lessee shall have the right to make alterations and improvements to the Facility subject to the following terms and conditions:

A. No alteration or improvements made by Lessee shall in any way impair the structural integrity and stability of the Facility or diminish the value of the property;

B. All alterations or improvements shall be first approved in writing by the Lessor, but said approval shall not be unreasonably withheld by Lessor;

C. Lessee shall keep the Facility free and clear of any mechanics' liens or materialmen's liens arising out of the construction of any such alterations or improvements;

D. All alterations and improvements made to the Facility shall become the property of the Lessor and shall remain on and be surrendered with the Facility at the expiration of this Lease or sooner if terminated pursuant to Section 20 below, or any extension thereof;

E. Lessee's personal property and its trade fixtures, including machinery, equipment, and furnishings, shall remain the property of Lessee and may be removed by Lessee. However, any personal property, trade fixtures, or equipment not removed by Lessee within thirty (30) calendar days from the termination of this Lease, or any extension thereof, shall automatically become the property of the Lessor. Lessee shall repair any damage to the Facility, Building, and Common Area caused by Lessee's removal of its personal property, trade fixtures or equipment.

10. RESERVED

11. DAMAGE/DESTRUCTION

If the Facility, Building, Bus Concourse, or Common Area is damaged or destroyed in whole or in part by fire or other casualty, Lessor shall repair and restore the same to a good tenantable condition. Lessor shall commence and complete all work required to be done under this paragraph

with reasonable promptness and diligence, but Lessor shall not be in default in any required performance if delay in performance results from fire, flood, storm, labor disputes, shortage of materials or transportation facilities, governmental regulations, war, act of God or other causes beyond Lessor's reasonable control. If Lessor shall not commence such repair or restoration within thirty (30) days after such damage or destruction, or if repair or restoration will require more than one hundred twenty (120) days to complete, Lessee may thereafter, at its option, terminate this Lease by giving the Lessor written notice of its election to do so at any time prior to the commencement of such repair or restoration. In that event, this Lease shall terminate as of the date such notice is received by Lessor. Notwithstanding any other provisions of this section, Lessee shall be responsible for repair and restoration of Lessee's trade fixtures and personal property located in or on the Facility, Building, or Common Area in the event of damage or destruction of said property.

Notwithstanding any provision to the contrary, Lessee shall be responsible for any damage to the Facility, Building, Bus Concourse, or the Common Area, or other property belonging to Lessor, resulting from Lessee's activities conducted pursuant to this Lease.

12. FIRE INSURANCE

Lessee represents that it is a government entity and that its insurance provides coverage against fire damage on Lessee's lease of the Facility. In the event of any fire damage at the Building or the Common Area, Lessee shall be responsible for its own equipment and property but shall be entitled to recover from any third party responsible for the damage.

13. INSURANCE

Lessee represents that it is an insured government entity and that its insurance provides and maintains coverage against public liability and property damage during the entire term of this Lease, in amounts not less than:

A. \$1,000,000.00 for injury to or death, including accidental death, of one or more persons as result of any one accident or incident; and,

B. \$500,000.00 for damage to or destruction of any property of others.

The insurance shall:

- (1) Insure against all liability of Lessee and its authorized representatives arising out of or in connection with Lessee's use or occupancy or the Building or Facility, including the Common Area.
- (2) Insure performance by Lessee of the indemnity provisions of Section 28.
- (3) Provide that Lessor be named as an additional insured and contain cross-liability endorsements.
- (4) Be considered by the parties hereto as primary insurance as to matters covered under this Agreement.

Prior to the commencement of this Lease, Lessee shall furnish Lessor with a letter evidencing the aforesaid self-insurance coverage.

Notwithstanding the above, it is further agreed to between the parties hereto that the limits of insurance coverage specified above are the minimum amounts required and shall be subject to revision by the Lessor from time to time.

14. WAIVER OF SUBROGATION

Lessee agrees to waive all rights of subrogation against Lessor, its officers, agents, and employees for losses arising from the performance of this Lease.

15. SIGNS

Any and all signs or advertisements of any nature extending into, on, or located over the Facility, Building, Bus Concourse, or Common Area shall conform to all City of Merced zoning, building, and safety codes, now existing or as amended in the future, shall be consistent with already existing

signage at the Facility, Building, or Common Area, and shall be approved by Lessor in writing prior to construction, use, or erection thereof. Approval by Lessor shall not be unreasonably withheld, as to location graphics types, content, dimensions, and architectural or engineering standards. Any signs posted not in conformance with this provision shall be subject to immediate removal by Lessor at the cost of Lessee.

16. RESERVED

17. TAXES

The terms of this Lease may result in the creation of a possessory interest. If such a possessory interest is vested in a private party to this Lease, the private party may be subjected to payment of personal property taxes levied on such interest. Lessee shall be responsible for the payment of, and shall pay before they become delinquent, all taxes, assessments and fees assessed or levied upon Lessee or the Facility, the Building, Bus Concourse, or the Common Area or any interest therein, including, but not limited to, buildings, structures, fixtures, equipment or other property installed, or constructed thereon. Lessee further agrees not to allow such taxes, assessments or fees to become delinquent and as such to become a lien against said Facility, Building, Bus Concourse, or Common Area or any improvement thereto. Nothing herein contained shall be deemed to prevent or prohibit Lessee from contesting the validity or amount of any such tax, assessment or fee in the manner authorized by law.

The obligation to make any payments pursuant to this Section shall survive the expiration of the term of this Lease, provided Lessee's obligation arose out of or is equitably allocable to the period covered by this Lease.

18. ASSIGNMENT AND SUBLETTING

Lessee shall not encumber, assign, or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in the Facility, Building, or Common Area without the prior written consent of Lessor. Neither shall Lessee sublet the Facility, Building, or Common Area, or any part thereof, or allow any persons, other than Lessee's employees, agents, or servants, to occupy or use the Facility, Building, or Common Area or any part thereof without the prior written consent of Lessor. A consent of Lessor

to one assignment, subletting, or occupation and use by another person shall not be deemed to be a consent to any subsequent assignment, subletting, or occupation and use by another person. Any encumbrance, assignment, transfer, or subletting without the prior written consent of Lessor, whether it be voluntary or involuntary, by operation of law, or otherwise, is void and of no effect and shall, at the option of the Lessor, terminate this Lease.

The consent of Lessor to any assignment of Lessee's interest in this Lease or the subletting by Lessee of the Facility, shall not be unreasonably withheld or delayed.

Notwithstanding anything to the contrary, Lessee may, without Lessor's consent, assign or sublease all or a portion of the Facility to a related subsidiary, affiliate, or parent company of Lessee or any subsequent purchaser of Lessee provided that the assigned entity assumes all of the terms, conditions, and obligations under this Lease. Any assignment or sublease shall not relieve the Lessee from any obligations set forth herein.

19. PUBLIC ACCESS

The public shall have open and unobstructed access from 8:00 a.m. to 5:00 p.m. daily, and during all operating hours as determined by Lessor, to the Facility by way of the Common Area identified in Exhibit B.

20. TERMINATION OF LEASE

A. In the event the Lessee determines in good faith that it no longer practicably, economically, or operationally can do business from the Facility, upon making a reasonable showing of same to Lessor, lessee shall have the right to terminate this Lease on ninety (90) day's prior written notice to Lessor.

B. It is understood and agreed by the parties hereto that Lessor and its successors in interest shall and hereby do reserve the right to cancel or terminate this Lease prior to expiration of the term or renewed or extended term hereof as follows:

- (1) If the Lessee is in default or breach of this Lease, as specified in this Lease or as otherwise provided by law; or

- (2) If the Lessee assigns or sublets the Facility without the prior written consent or Lessor, as specified in Section 19 of this Lease.

21. COMPLIANCE WITH LAWS

During the term of this Lease and any renewals or extensions hereof, Lessee shall promptly execute and comply with all federal, State, County, and City statutes, ordinances, regulations, laws, or other requirements applicable to the Facility, Building, or Common Area, and the operation of the Building as a Multipurpose Transportation Facility.

22. LESSEE'S DEFAULT AND REMEDIES

The occurrence of any one or more of the following events constitutes a material default and breach of this Lease by Lessee:

A. The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where the failure continues for a period of twenty (20) days after written notice thereof from Lessor to Lessee.

B. The failure by Lessee to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Lessee, other than those described in Subsection A above, where the failure continues for a period of thirty (30) days after notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed in default if Lessee commences such cure within the thirty (30) day period and thereafter diligently completes the cure.

C. The making by Lessee of any general assignment, or general arrangement for the benefit of creditors.

D. The filing by Lessee of a petition to have Lessee adjudged a bankrupt.

E. The judicial declaration of Lessee as a bankrupt.

F. The appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Facility or of Lessee's interest in this Lease, if possession is not restored within thirty (30) days.

In the event of any such default or breach by Lessee, with the exception of bankruptcy or receivership, Lessor may, after giving written notice, pursue those remedies available to Lessor under the law or judicial decisions of the State of California. In the event of bankruptcy or receivership, this Lease shall immediately terminate. Even though Lessee breaches this Lease or is in default, as provided above, this Lease continues in effect for so long as the Lessor does not terminate Lessee's right of possession; and the Lessor may enforce all its rights and remedies under this Lease, including the right to recover all payments that become due under this Lease.

The right of the Lessor under this Lease shall be cumulative to all other rights or remedies now or hereafter given to Lessor by law. Nothing in this Lease affects the right of the Lessor or Lessee to equitable relief where such relief is appropriate.

Nothing in this section affects the right of the Lessor to indemnification for liability arising prior to the termination of this Lease for personal injuries or property damage as provided in Section 23 of this Lease.

23. LESSOR'S DEFAULT AND REMEDIES

Lessor shall not be in default unless Lessor fails to perform obligations required of it within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor; provided that if the nature of Lessor's obligation is such that more than thirty (30) days are reasonably required for performance, then Lessor shall not be in default if Lessor commences performance within the thirty (30) day period and thereafter diligently completes performance.

24. CONDEMNATION

If all the Building or a substantial portion thereof is taken under the power of eminent domain, sold under the threat of the exercise of said power, or disposed of for public use (all of which are herein called

“condemnation”), this Lease shall automatically terminate as of the date the condemning authority takes title or possession, whichever occurs first. If any other taking adversely substantially affects Lessee’s use of the Facility, then Lessee may elect to terminate this Lease as of the date the condemning authority takes possession. Lessee’s election to terminate shall be made in writing thirty (30) days after Lessor has given Lessee written notice of the taking (or in the absence of such notice, within thirty (30) days after the condemning authority has taken possession). If Lessee does not terminate this Lease in accordance with this paragraph, this Lease shall remain in full force and effect as to the portion of the Facility remaining, except that rent shall be reduced in the proportion that the area taken diminishes the value and use of the Facility to Lessee.

Any award or payment made upon condemnation of all or any part of the Facility shall be the property of Lessor, whether such award or payment is made as compensation for the taking of the fee or as severance damages; provided Lessee shall be entitled to the portion of any such award or payment for loss of or damage to Lessee’s trade fixtures, removable personal property, and additions, alterations, and improvements made to the Facility by Lessee, or for its loss of the leasehold interest herein created.

Lessor shall give notice to Lessee within five (5) days after receipt of notification from any condemning authority of its intention to take all or a portion of the Facility; however, failure of Lessor to provide notice shall not impair the parties’ rights and entitlements under said eminent domain proceeding.

Notwithstanding anything to the contrary contained in this Lease, Lessee at its own expense, may in good faith contest any such award for loss of or damage to Lessee’s trade fixtures, removable personal property, and additions, alterations, and improvements made to the Facility by Lessee, and for its loss of the leasehold interest herein created.

25. BINDING EFFECT

This Agreement and the Lease hereunder shall be binding upon the parties hereto, their heirs, personal representatives, administrators, successor and assigns.

26. ASSUMPTION BY NEW OWNER

If the City of Merced transfers any interest in the Facility, Building, or Common Area to any other party or entity, this Lease shall remain in full force and effect, with the new owner assuming the role of Lessor with all rights and duties specified in this Lease.

27. SURRENDER

Lessee agrees to take good care of the Facility, Building, and the Common Area and to commit no waste, and suffer no injury to be done to the same, and to return the possession of the same to Lessor at the expiration of the term, in as good condition as at the commencement of this Lease, normal wear and tear excepted.

If Lessee fails to surrender the Facility upon the expiration or termination of this Lease, Lessee shall indemnify and hold the Lessor harmless from all liability and expense resulting from the delay or failure to surrender, including, without limitation, claims made by any succeeding tenant founded on or resulting from Lessee's failure to surrender.

28.EMPLOYEE CONDUCT

Lessee's employees, agents, contractors, and subcontractors shall be subject to all street and highway safety rules, including, but not limited to, the provisions in the California Vehicle Code, while traveling through or stopping upon the Building, Common Area, or Bus Concourse.

29.INDEMNITY

Lessee and Lessor shall indemnify, protect, defend, save and hold each other and their respective officers, employees, and agents, harmless from any and all claims or causes of action for death or injury to persons, or damage to property resulting from intentional or negligent acts, errors, or omissions of Lessee or Lessor, or their respective officers, employees, volunteers, and agents during performance of this Lease, or from any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct, negligent acts, or omissions of Lessee or Lessor, or their respective employees,

subcontractors, or agents. This indemnification and hold harmless clause shall survive the termination of this Lease and shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply.

30. COVENANTS AGAINST DISCRIMINATION

Lessee and Lessor covenants for themselves and their respective heirs, executors, administrators and assigns, and all persons claiming under or through them, that no person or groups of persons on the grounds of race, creed, religion, disability, sex, sexual orientation, age, marital status, color, national origin, ancestry, political belief, ethnic group identification, medical condition (including HIV and AIDS), or physical or mental disability may be excluded from the use of the Lessee's public transit system or the services provided at the Merced Transportation Center. Furthermore, any deed or deeds shall contain the following covenants:

“There shall be no discrimination against or segregation of any person or groups of persons on account of race, creed, religion, disability, sex, sexual orientation, age, marital status, color, national origin, ancestry, political belief, ethnic group identification, medical condition (including HIV and AIDS), or physical or mental disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Facility, Building, or Common Area herein leased, nor shall Lessee or Lessor themselves, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, occupancy of tenants, lessees, sublessees, subtenants or vendees in the Facility, Building, and Common Area herein leased.”

31. NOTICES

All notices and other communications contemplated shall be in writing and shall be deemed given when personally delivered or on the fifth (5th) day if sent by mail, and shall be personally delivered or mailed by

certified mail, return receipt requested, with postage and fees paid, as follows:

LESSOR: City of Merced
c/o City Clerk
678 West 18th Street
Merced, California 95340

COPY TO: Director of Economic Development
City of Merced
678 West 18th Street
Merced, California 95340

City Attorney
City of Merced
678 West 18th Street
Merced, California 95340

LESSEE: Transit Joint Powers Authority of
Merced County
c/o Transit Manager
369 West 18th Street
Merced, California 95340

COPY TO: Executive Director
369 West 18th Street
Merced, California 95340

Robert T. Haden
Professional Corporation
2241 N Street
Merced, California 95340

32. ENTIRE AGREEMENT

This Lease constitutes the entire understanding and agreement of the parties and supersedes all previous and/or contemporaneous understanding or agreement between the parties with respect to all or any part of the subject matter hereof. All preliminary and contemporaneous agreements and

understandings are merged and incorporated into this Lease which contains the entire agreement between the parties. This Lease may not be modified or amended in any manner except by an instrument in writing executed by the parties hereto.

33. TAXES, UTILITIES AND MECHANICS' LIENS

Notwithstanding anything expressed or implied to the contrary contained in this Lease, Lessee, at its own expense, may in good faith contest charges for taxes or utilities or mechanics' lien claims and, in the event of such contest, may permit the items contested to remain unpaid during the period of the contest and any appeal therefrom; provided that such nonpayment shall not be permitted to cause a loss or forfeiture of any part of the Facility, Building, or the Common Area. Lessor shall render to Lessee all assistance reasonably possible in contesting such charges; however, Lessor shall not be obligated to join Lessee as a party in any claim, lawsuit, administrative hearings or other similar legal proceedings. Should any refund be made of any charges paid by Lessee, the amount of such refund shall belong to and be paid to Lessee.

34. ATTACHMENTS, HEADINGS, TERMS

All Attachments referred to herein are hereby incorporated by reference into this Lease. The headings and underscorings contained herein are for convenience purposes only and shall not be used to interpret nor be deemed to extend or limit the specific sections. The word or words enclosed in quotation marks shall be construed as defined terms for purposes of this Lease. The terms "Lessor" and Lessee" shall be construed to mean, when required by the context, the directors, officers, employees, invitees, contractors, materialmen, servants, and agents of Lessor and Lessee.

35. EXECUTION AND DELIVERY

This Lease shall not be binding nor confer any rights upon either party unless and until executed and mutually delivered by and between both parties.

36. RELATIONSHIP OF PARTIES

This Lease does not create the relationship of principal and agent or a partnership or joint venture, or of any association other than that of Lessor and Lessee.

37. TIME OF THE ESSENCE

Time and specific performance are each of the essence of this Lease.

38. BOOKS AND RECORDS

Lessee shall have the right at all reasonable times to review the Lessor's records with respect to the operation, maintenance, repair, and utility costs of the Building for the sole purpose of determining and verifying such costs and Lessee's pro rata share thereof, including insurance and taxes for a period of six (6) months following the calendar month in which said costs were incurred.

39. SUBORDINATION

Lessor shall have the right, at any time or times during the term of this Lease, to mortgage Lessor's interest in the Facility, Building, or the Common Area for any purposes, and Lessee shall, if requested by Lessor's lender, subordinate its interest in said Facility, Building, or the Common Area to the lien of lender's mortgage or trust deed, provided the lender agrees in writing, in recordable form, not to disturb Lessee's possession of the Facility, Building, or the Common Area under this Lease, so long as Lessee is not in default of any of the terms, conditions, and covenants of this Lease, and to accept the performance by Lessee of its covenants and obligations hereunder if such mortgage shall be foreclosed (hereinafter referred to as "non-disturbance agreement").

Any mortgage or lien created against the Facility, Building, or the Common Area, or any portion thereof shall contain, and the mortgagee or lienholders shall execute, a non-disturbance agreement in favor of Lessee and its successor and assigns.

40. EMPLOYEE CONDUCT

Lessee's employees, agents, contractors, and subcontractors shall be subject to all street and highway safety rules, including but not limited to the provisions in the California Vehicle Code, while traveling through or stopping upon the Facility, Building, and/or the Common Area.

41. SEVERABILITY

If any provision of this Lease is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Lease.

42. ATTORNEY FEES

The prevailing party in any action pertaining to this Lease shall be entitled to all other remedies provided herein and all its costs and expenses, including reasonable attorneys' fees.

43. CHOICE OF LAW

This Lease shall be governed and construed in accordance with the laws of the State of California. Venue shall be in Merced County.

44. WAIVER

In the event that either Lessor or Lessee shall at any time or times waive any breach of this Lease by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Lease, whether of the same or any other covenant, condition or obligation. Waiver shall not be deemed effective until and unless signed by the waiving party.

45. AUTHORITY TO EXECUTE

The person or persons executing this Lease on behalf of the parties hereto warrants and represents that he/she/they has/have the authority to execute this Lease on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

46. COUNTERPARTS

This Lease may be executed in one or more counterparts with each counterpart being deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other parties hereto are in the physical possession of the party or parties seeking enforcement thereof

IN WITNESS WHEREOF, the parties have caused this Lease to be executed on the date and year first above written.

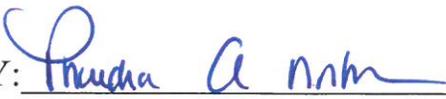
LESSOR
CITY OF MERCED
A California Charter Municipal
Corporation

BY: _____
City Manager

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY:  _____
City Attorney

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

LESSEE:
TRANSIT JOINT POWERS
AUTHORITY FOR MERCED
COUNTY

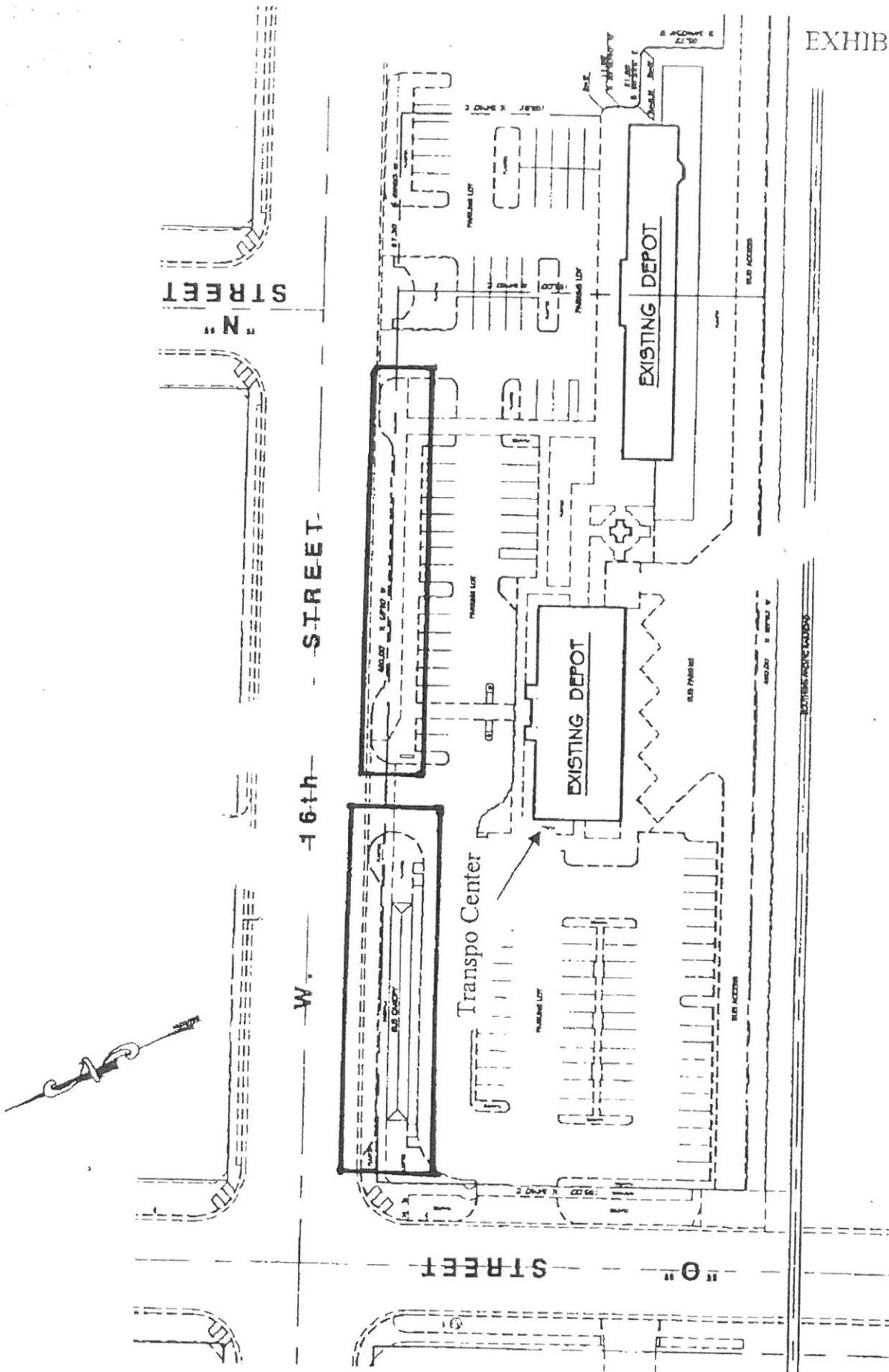
BY: Stacie Guzman
Stacie Guzman

Title: Executive Director

Taxpayer I.D. No. 37-1544347

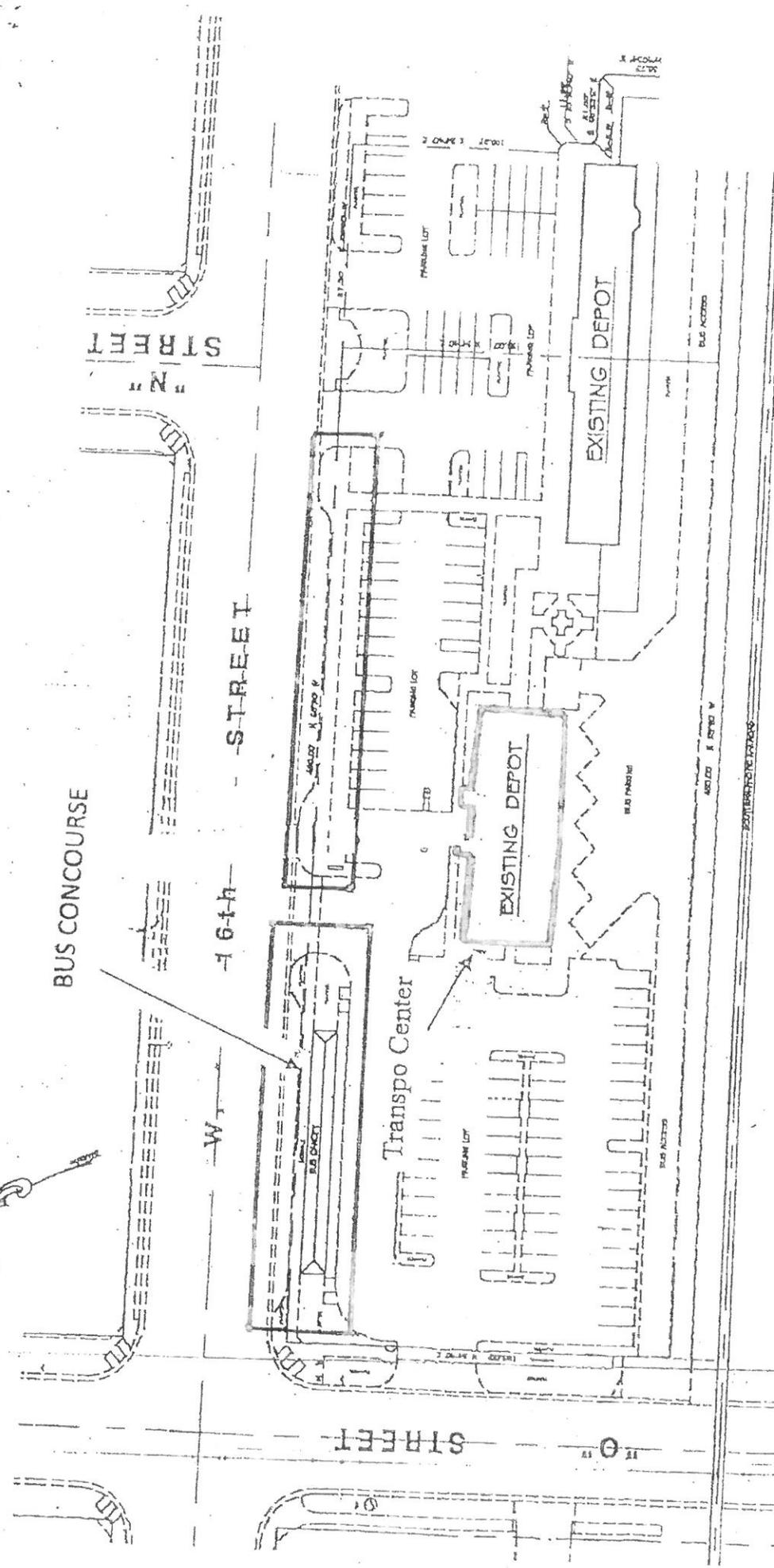
ADDRESS: 369 W. 18th Street
Merced, CA 95340

TELEPHONE: (209) 723-3153



MERCED TRANSPO CENTER
SITE PLAN
 SCALE 1"=70'

EXHIBIT C



MERCED TRANSPO CENTER
SITE PLAN
SCALE 1"=70'

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED - DESIGNATED
PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

<p>Name Of Additional Insured Person(s) Or Organization(s): CITY OF MERCED 678 W 18TH STREET MERCED, CA 95340</p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

- A. Section II - Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
1. In the performance of your ongoing operations; or
 2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

- B. With respect to the insurance** afforded to these additional insureds, the following is added to **Section III - Limits Of Insurance**:
- If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:
1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.