

LEASE AGREEMENT

THIS LEASE made this _____ day of _____, 2018, by and between the City of Merced, a municipal corporation ("Lessor"), and Greyhound Lines, Inc., a Delaware Corporation ("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 transit system and desires to lease certain bus concourses at the Merced Transportation Center.

WHEREAS, the prior written Lease between Lessor and Lessee expired on or about August 6, 2010, and Lessee has occupied the premises as a month-to-month tenant since that time.

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 buildings consisting of one story and a total of approximately 5,300 square feet of floor space, located at 710 West 16th Street, Merced, California, and labeled Transpo Center on Exhibit B.

b. Facility. "Facility" shall be defined as the area within the Building reserved for the exclusive use of Lessee, and labeled Facility on the attached Exhibit B.

c. Common Area. "Common Area" shall be defined as the waiting area, restroom facilities and entryways of the Building located inside the building and labeled Common Area on the attached Exhibit B.

d. Bus Concourse Area. "Bus Concourse Area" shall be defined as the bus driveways and bus boarding areas as outlined and labeled on the attached Exhibit A. Lessee shall have exclusive use of three (3) bus boarding bays as illustrated on Exhibit A.

2. FACILITY. The Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all the conditions set forth herein that certain part of the Building, labeled Facility in Exhibit B, which is attached hereto and made a part hereof, situated in the City of Merced, County of Merced, State of California, containing approximately 440 square feet of Building area, together with all improvements thereon and appurtenances thereto, excepting therefrom the land upon which the Building and Facility are located; 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 over and across any part of Lessor's adjacent property which is not part of the Facility, for any purpose contemplated herein, including the Common Area and Bus Concourse Area.

3. TERM. The term of this Lease shall be five (5) years beginning on May 1, 2018, and one (1) five (5) year option to extend.

4. RENT. Lessee shall pay to Lessor as rent for use of the Facility and appurtenant rights equal monthly installments as indicated below payable in advance on or before the first day of each calendar month of the term. Rent for any period less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable to Lessor at the address stated herein or to such other person or at such other place as Lessor shall designate as provided herein.

Rent shall be payable as follows:

Year 1 – \$1,304.00 per month
Year 2 – \$1,304.00 per month
Year 3 – \$1,326.00 per month
Year 4 – \$1,326.00 per month
Year 5 – \$1,348.00 per month

5. USE. The Lessee shall have the right of reasonable access to the Common Area and Bus Concourse Area, during normal business hours, for the life of this Lease.

Lessee shall not commit or permit any act or acts in or on the Facility or use the Facility or suffer it to be used in any manner which will cause a cancellation of any fire, liability, or other insurance policy covering the Building 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 is and will remain free and clear of all encumbrances that could adversely affect Lessee's leasehold estate;

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

d. The Building does and 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 Lease 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 Lease term will abate.

8. REPAIRS, MAINTENANCE AND UTILITIES.

a. Exterior of Building. Lessor shall provide and pay for day-to-day maintenance and repair of the exterior area of the Building, including but not limited to the exterior landscaping, bus concourse area, 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 day-to-day maintenance, repair, and janitorial services for the Facility, as defined in Subsection 1.b. above. The Lessee shall pay the total cost of its telephone and communication services used at the Facility.

c. Interior of Building. Except as provided in Subsections a. and b. above, the Lessor shall provide, perform, and pay all costs for maintenance, repairs, janitorial services, garbage and rubbish services, water, gas, electricity, telephone services, maintenance and janitorial supplies, security costs, and all other public utility services for the Building 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 said costs, on a monthly basis, its pro rata share of said costs as determined by reference to subsection d. below.

d. Pro Rata Share Computation. Lessee shall pay a monthly pro-rata share of eleven percent (11%) of the incurred costs for maintenance, repairs, janitorial services and supplies of the Building.

Lessee shall pay a monthly pro-rata share of eight percent (8%) for garbage and rubbish services, water, sewer, gas, electricity, telephone services, security costs, and other public utility services for the Building, during the term of this Lease, or any renewals thereof as provided herein.

For the purposes of this Lease:

The "Interior Area" shall mean the total square footage of leasable floor space in the interior of the Building. Such square footage to be determined prior to occupancy and to be approved by both Lessee and Lessor.

The "Facility Area" shall mean the square footage of the Facility, equaling 440 square feet.

The "Pro Rata Share," hereby defined, shall be the ratio of the Facility Area to the Interior Area.

9. **ALTERATIONS AND IMPROVEMENTS.** Lessee shall have the right to make alterations and improvements to the Facility subject to the following terms and conditions:

a. No alterations or improvements made by Lessee shall in any way impair the structural stability of the Building 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 and every part of the Building 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 or sooner termination of this Lease or any renewal of this Lease.

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. Any personal property, trade fixtures, or equipment not removed by Lessee within thirty (30) days after 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 or Building caused by Lessee's removal of its personal property, trade fixtures, or equipment, but Lessee shall have no obligation to remove such items from the Facility or Building at any time.

10. MECHANICS LIENS. The Lessor and Lessee agree to keep the Building free from any and all claims of persons or firms or corporations who, at the request of Lessor or Lessee or their employees or contractor, furnish labor or materials to or for the benefit of the Building and Lessor and Lessee further agree to hold each other harmless from any and all claims.

11. DAMAGE/DESTRUCTION. If the Facility or Building is damaged or destroyed in whole or in part by fire or other casualty, Lessor shall repair and restore the Facility or Building to a good tenantable condition. All rent shall wholly abate in case the entire Facility or Building is untenable, or shall abate pro rata for the portion rendered untenable, or shall abate pro rata for the portion rendered untenable in case a part only is untenable, until the Facility and Building is restored to a 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 shall occur 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 Building or Facility in the event of damage or destruction of said property.

12. FIRE INSURANCE. Lessor shall maintain during the period of construction of the Building and Facility, during the term of this Lease and any renewal hereof, coverage against loss or damage to the Building (excluding personal property or trade fixtures of Lessee) in the amount of not less than 90 percent of its full insurable value, against perils included within the classifications of fire, extended coverage, vandalism, malicious mischief and special extended perils; and, Lessee shall reimburse Lessor its pro rata share, as defined in Section 8.d. above, of the costs thereof, upon receipt of a proper accounting.

13. INSURANCE.

a. Lessee at its sole cost shall maintain public liability and property damage insurance during the entire term of this Lease, which shall include coverage of contractual liability as respects this Lease, in amounts not less than:

- (1) \$1 million for injury to or death, including accidental death, of one or more persons as a result of any one accident or incident; and
- (2) \$500,000.00 for damage to or destruction of any property of others

b. The insurance shall:

- (1) Insure against all liability of Lessee and its authorized representative arising out of or in connection with Lessee's use or occupancy of the Building or Facility, including the Common Area and Bus Concourse Area.
- (2) Insure performance by Lessee of the indemnity provisions of Section 29.

- (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.
- (5) Contain an endorsement requiring thirty (30) days written notice from the insurance company to Lessor before cancellation or change in the coverage, scope, or amount of any policy.

c. Lessee represents to Lessor and Lessor acknowledges that Lessee self-insures in the ordinary course of its business. Notwithstanding any other provision contained herein to the contrary, the insurance obligations of Lessee set forth in this Paragraph may be satisfied by endorsements to existing excess/umbrella blanket policies written by companies of recognized standing showing a self-insurance retention of not more than \$1.5 million per occurrence for automobile liability and general liability insurance coverage; workers' compensation insurance coverage is subject to a \$1.0 million deductible per occurrence with a deductible of \$100,000 per occurrence for property damage insurance coverage, to the extent required under this Lease.

d. The Lessee shall furnish a certificate of insurance evidencing the aforesaid 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 if a need is indicated. The Lessor hereby agrees to act reasonably at all times with respect to the provisions of this paragraph.

14. **WAIVER OF SUBROGATION.** Lessor and Lessee and all parties claiming under or through them hereby mutually release and discharge each other, any other tenants or occupants of the Building in which the Facility is located, and the officers, employees, agents, representatives, customers and business visitors of Lessor or Lessee or such other tenants or occupants, from all claims, losses and liabilities arising from or caused by any hazard covered by insurance on or in connection with the Facility or said Building, even if caused by the fault or negligence of a released party. This release shall apply only to the extent that such claim, loss or liability is covered by insurance.

15. SIGNS. Any and all signs or advertisements of any nature extending into, on, or located over the Building, Facility, or Bus Concourse Area, shall conform to all City of Merced, California, zoning and building codes, shall be consistent with already existing signage at the Facility 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 type, content, dimensions, architectural or engineering standards.

16. 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, 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 the Building or Facility 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.

Unless otherwise provided by this Section, the Lessee shall pay the Lessor its pro rata share, as defined in Section 8.d. above, of any other taxes, assessments, or fees, which the Lessor may become obligated to pay in connection with the ownership or maintenance of the Building.

17. 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, without the prior written consent of Lessor. Neither shall Lessee sublet the Facility or any part thereof, or allow any persons, other than Lessee's customary commissioned sales contractor, agents or servants, to occupy or use the Facility 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 shall, at the option of 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 as set forth above, Lessee may, without Lessor's consent, assign or sublease all or a portion of the Facility to a subsidiary, affiliate or parent company of Lessee or any subsequent purchaser of Lessee. Any permitted assignment or sublease shall not relieve the Lessee from any obligations set forth herein.

18. PUBLIC ACCESS. The public shall have access at all times to the Facility by way of the Common Area identified on Exhibit B.

19. 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) days' prior written notice.

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 Section 21 of this Lease or as otherwise provided by law; or
- (2) If the Lessee assigns or sublets the Facility without the prior written consent of Lessor, as specified in Section 17 of this Lease.

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

21. DEFAULT/REMEDIES.

Lessee:

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 bankrupt.
- f. The appointment of a trustee or receiver to take possession of substantially all Lessee's assets located at the Facility or of Lessee's interest in this Lease, if possession is not restored within thirty (30) days.
- g. The attachment, execution or other judicial seizure of substantially all Lessee's assets located at the Facility or of Lessee's interest in this Lease, if the seizure is not discharged within thirty (30) days.

In the event of any such default or breach with the exception of bankruptcy or receivership, by Lessee, Lessor may, after giving written notice as provided above, 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.

If Lessee breaches this Lease or is in default, as provided above, the Lessor may terminate this Lease upon written notice as provided herein. On such termination, the Lessor may recover from Lessee:

- (i) The worth at the time of award of the unpaid rent which has been earned at the time of termination;
- (ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been unreasonably avoided;
- (iii) 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 such period that Lessee proves could be reasonably avoided; and
- (iv) Any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform his obligations under this Lease, or which in the ordinary course of things would likely result therefrom.

The "worth at the time of award" of the amounts referred to in Subsections (i) and (ii) hereinabove is computed by allowing interest at the legal rate. The worth at the time of award of the amount referred to in paragraph (iii) of this subsection is computed by discounting such amount at the legal rate of interest.

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 the rent as it becomes due under this Lease, unless the breach by Lessee constitutes a breach and abandonment of the Lease, in which case the Lessor may enforce all its rights and remedies except its right to recover rent as it becomes due.

For the purposes of this Lease, acts of maintenance or preservation or efforts to relet the Facility do not constitute a termination of Lessee's right to possession.

The rights 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 to equitable relief where such relief is appropriate.

Nothing in this Lease affects the rights of the parties under statutory provisions relating to actions for unlawful detainer, forcible entry, and forcible detainer. If Lessor brings an action in unlawful detainer, and possession of the property is no longer an issue because possession of the property is delivered to Lessor before trial or, if there is no trial, before judgment is entered, unless Lessor amends the complaint to state a claim for damages not recoverable in the unlawful detainer proceeding, the bringing of an unlawful detainer, forcible entry, or forcible detainer action as described hereinabove does not affect Lessor's right to bring a separate action for relief on termination, or in equity; but no relief shall be requested and no damages shall be recovered in the subsequent action for any detriment for which claim for damages was made and determined on the merits in the previous action.

Efforts by the Lessor to mitigate the damages caused by Lessee's breach of this Lease do not waive the Lessor's right to recover damages under this section.

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 28 of this Lease.

22. DEFAULT/REMEDIES.

Lessor:

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.

If Lessor defaults in the performance of any of the obligations or conditions required to be performed by Lessor under this Lease, Lessee may, after giving

notice as provided above, either cure the default and deduct the cost thereof from rent subsequently becoming due hereunder, or elect to terminate this Lease upon giving thirty (30) days' written notice to Lessor of its intention to do so. In that event, this Lease shall terminate upon the date specified in the notice, unless Lessor has meanwhile cured the default. Lessee may also pursue those remedies available to it under the law or judicial decisions of the State of California.

23. CONDEMNATION. If all of 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 to satisfy federal requirements (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. In addition, Lessor, at its expense, shall promptly repair any damage to the Facility caused by condemnation and restore the remainder of the Facility to the reasonable satisfaction of 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.

Notwithstanding anything, expressed or implied, 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.

24. SEVERABILITY; CHOICE OF LAW. No waiver of any breach of any covenant, condition or stipulation hereunder shall be taken to be a waiver of any succeeding breach of the same covenant, condition or stipulation. In the event of default, either party may also pursue those remedies available to it under the laws or judicial decisions of the State of California.

25. BINDING EFFECT. This Lease 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 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 the rights and duties specified in this Lease.

27. SURRENDER. Lessee agrees to take good care of the Facility 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, unavoidable accidents and damage by casualty 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. INDEMNITY. Lessee shall indemnify, defend and hold harmless Lessor and its officers, employees and agents from any and all claims or demands, actions, damages, costs and expenses for injuries to persons or property arising out of the negligence or improper acts or omissions of Lessee, its agents, officers or employees which are connected with or incident to Lessee's operations, use or occupancy at or of the Merced Transportation Facility.

Lessor shall indemnify, defend and hold harmless, Lessee and its officers, employees and agents from any and all claims or demands, actions, damages, costs and expenses for injuries to persons or property arising out of the sole negligence of Lessor, its officers, employees or agents; provided, however, that the foregoing

hold harmless provision of Lessor shall have no force or effect on actions or claims which are the result of Lessor's non-negligent fulfilling of its obligations under this agreement or which are the result of Lessor being named in a lawsuit, action or claim merely by virtue of the business relationship which exists between the parties hereto.

29. COVENANTS AGAINST DISCRIMINATION. The Lessee agrees for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through them, that any deed or deeds shall contain the following covenants:

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, national origin, religion, sex, marital status, physical disability or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Facility herein leased, on or shall the Lessee itself, 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 herein leased."

30. NOTICES. All notices and other communications contemplated shall be in writing and shall be deemed given when personally delivered or received 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 Manager
678 West 18th Street
Merced, CA 95340

LESSEE: Greyhound Lines, Inc.
Real Estate Department
P.O. Box 660362
Dallas, TX 75266-0362

COPY TO: Greyhound Lines, Inc.
Legal Department
P.O. Box 660362
Dallas, TX 75266-0362

31. RENEWAL OPTIONS. Lessee shall have the option to extend the term of this Lease for one (1) additional period of five (5) years on the same terms and conditions as contained herein. Lessee may exercise said renewal options by notifying Lessor in writing of its election on or before one hundred twenty (120) days prior to the expiration of the term. Rent for the renewal term shall be \$1,414.00 per month unless a lesser amount is agreed upon within ninety (90) days prior to the expiration of the term.

32. ENTIRE AGREEMENT. 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 any appeal therefrom; provided that such nonpayment shall not be permitted to cause a loss or forfeiture of any part of the Building. Lessor shall render to Lessee all assistance reasonably possible in contesting such charges including joining in and signing any protest or pleadings which Lessee deems advisable to file. 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. MISCELLANEOUS.

34.1 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 Agreement. 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.

34.2 Attorney's Fees. If either party named herein brings an action to enforce the terms of this Lease or to declare rights hereunder, the prevailing party

in any such action, on trial or appeal, shall be entitled to its reasonable attorney's fees to be paid by losing party as fixed by the court.

34.3 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.

34.4 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.

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

34.6 Books and Records. Lessee shall have the right at all reasonable times to review the Lessor's books, accounting, and other records with respect to the operation, maintenance, repair, and utility costs, to determine and verify such costs and Lessee's pro rata share thereof, including insurance and taxes set forth in Sections 12 and 15 herein. Lessor must maintain said books and records for a period of at least two (2) years following the calendar month in which said costs were incurred.

35. **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 for any purposes, and Lessee will, if requested by the lender, subordinate its interest in the Facility 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 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 or any portion thereof shall contain, and the mortgagee or lienholders shall execute, a nondisturbance agreement in favor of Lessee and its successor and assigns.

36. **CONTINGENCY.** This lease is subject to approval by Caltrans, State of California. If this contingency is not satisfied, neither the Lessor or Lessee shall have any claim against the other and both parties shall be relieved of all obligations of this Lease.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date and year first above written.

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:  3-21-2008
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

GREYHOUND LINES, INC.
A Delaware Corporation

BY: _____

Title: _____

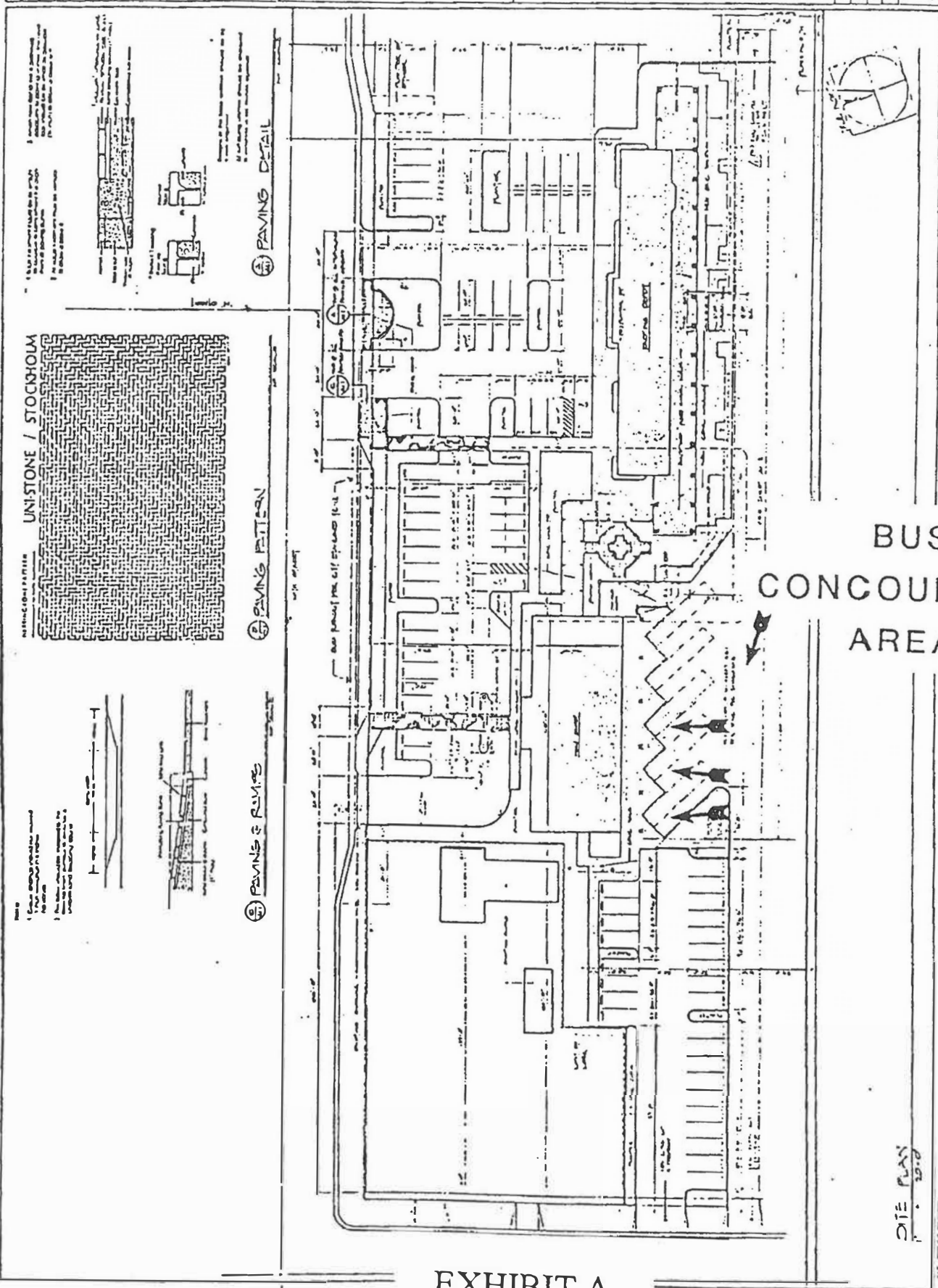
Taxpayer I.D. No. _____

Address: P.O. Box 660362
Dallas, TX 75266-0362

Telephone: (214) 849-83899

DATE	10/1/83
BY	W. J. B. / J. B. B.
FOR	ARCHITECTS
PROJECT	MERCED STATION
LOCATION	MERCED COUNTY, CALIF.
SCALE	AS SHOWN
REVISIONS	
NO.	DESCRIPTION
1	ISSUED FOR PERMIT
2	ISSUED FOR CONSTRUCTION
3	ISSUED FOR RECORD
4	ISSUED FOR AS-BUILT
5	ISSUED FOR FINAL
6	ISSUED FOR ARCHIVE
7	ISSUED FOR DESTRUCTION
8	ISSUED FOR REMEDIATION
9	ISSUED FOR REPAIR
10	ISSUED FOR REPLACEMENT
11	ISSUED FOR RENOVATION
12	ISSUED FOR RECONSTRUCTION
13	ISSUED FOR REDEMPTION
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MERCED STATION
MULTI-MODAL TRANSPORTATION CENTER



Transpo Center

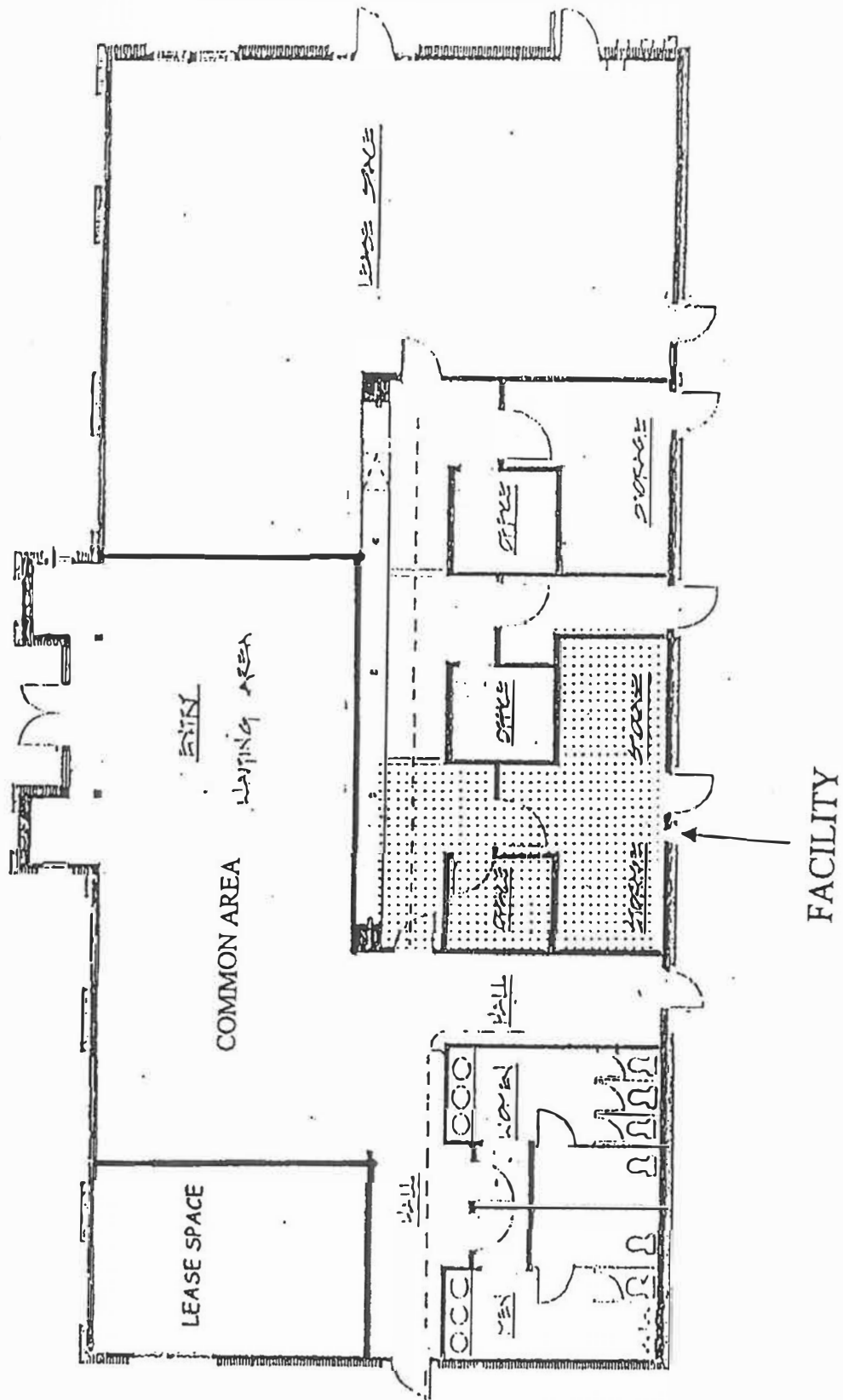


EXHIBIT B