

**LEASE AGREEMENT  
(Shannon Arcade Office Space)**

THIS LEASE AGREEMENT (hereinafter "Lease") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2020, by and between the City of Merced, a California Charter Municipal Corporation, whose address of record is 678 West 18th Street, Merced, California 95340, ("Lessor") and the Merced City Chamber of Commerce, Inc., a California Non-Profit Corporation, whose address of record is 531 West Main Street, Merced, California 95340, ("Lessee").

Lessor does hereby demise and let unto Lessee, and Lessee hires from Lessor the Premises at 626 West 18th Street, Merced, California, 1,682 square feet, as more fully illustrated in Exhibit A attached hereto (hereinafter the "Premises") upon the following TERMS and CONDITIONS:

1. TERM. The term hereof shall commence upon mutual execution of this Lease and Lessee providing evidence of insurance, business license and payment of security deposit. This Lease shall continue from March 1, 2020 to December 31, 2020.

2. RENT. Rent shall be payable on the 1st of each calendar month and shall be in the following amounts:

March 2020 to December 2020:        \$1.00 monthly

In addition to the One Dollar (\$1.00) per month rent, Lessee agrees to provide services outlined in Exhibit C. All such services contained in Exhibit C are to be coordinated with the City and results of the work shall be monitored by the Director of Economic Development or designee. The means by which the work is accomplished shall be proposed by the Lessee and approved by the City.

All rents shall be paid to Lessor or its authorized Agent, at the following address: 678 West 18th Street, Merced, California 95340, or at such other places as may be designated by Lessor from time to time. In the event rent is not paid within ten (10) days after Due Date, Lessee agrees to pay a late charge of One Hundred Dollars (\$100.00) plus interest at twelve percent (12%) per annum on the delinquent amount. Lessee further agrees to pay One Hundred Dollars (\$100.00) for each dishonored bank check. The late charge period is NOT a grace period, and Lessor is entitled to make written demand for any rent not paid when due. Rent for any partial calendar month shall not be prorated.

3. RESERVED.

4. USE. The Premises are to be used for general office purposes and related uses and for no other purpose, without prior written consent of Lessor. Lessee shall not commit any waste upon the Premises, or any nuisance or act which may disturb the quiet enjoyment of any tenant in the building.

5. USES PROHIBITED. Lessee shall not use any portion of the Premises for purposes other than those specified. No use shall be made or permitted to be made upon the Premises, nor acts done, which will increase the existing rate of insurance upon the Premises or the property of which the Premises are a part, or cause cancellation of insurance policies covering the property. Lessee shall not conduct or permit any sale by auction on the premises.

6. ASSIGNMENT AND SUBLETTING. Lessee shall not assign this Lease or sublet any portion of the Premises. Any such assignment or subletting constitutes a breach of this Lease. Lessor may not assign this Lease to any party without the approval of the Lessee. However, Lessor may terminate this Lease at any time by providing ten (10) days written notice to Lessee. Lessee shall vacate the Premises within forty-eight (48) hours. Failure to vacate shall result in Lessee being subject to paragraph 29 of this Lease.

7. ORDINANCES AND STATUTES. Lessee shall comply with all statutes, ordinances, and requirements of all municipal, state and federal authorities now in force, or which may later be in force.

8. COVENANTS AND AGREEMENTS. Lessee covenants and agrees that no exterior or interior amplified music or noise shall be emanated from the Premises. No parking is allowed on the alleyway. Reserved or leased parking shall not be part of this Lease. Loading or unloading shall be serviced by public parking lots or alleyway. Lessee to pay the costs of alarm installation and service. Lessee to pay costs of pest control within the Premises.

9. MAINTENANCE, REPAIRS, ALTERATIONS. Unless otherwise indicated, Lessee acknowledges that the Premises are in good order and repair. Lessee shall, at its own expense, maintain the Premises in a good and safe condition, including plate glass, electrical wiring, plumbing and heating installations, and any other system or equipment. The Premises shall be surrendered, at termination of the Lease, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, except

the roof, exterior walls, HVAC system and structural foundations, structural plumbing and structural electrical systems which shall be maintained by Lessor.

10. ENTRY AND INSPECTION. Lessee shall permit Lessor or Lessor's agents to enter the Premises at reasonable times and upon reasonable notice for the purpose of inspecting the Premises, and shall permit Lessor, at any time within sixty (60) days prior to the expiration of this Lease to place upon the Premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the Premises to inspect the Premises at reasonable times.

11. INDEMNIFICATION OF LESSOR. To the extent any such claims are not covered by applicable insurance, Lessee agrees to hold Lessor harmless from any claims for damages arising out of Lessee's use of the Premises, and to indemnify Lessor for any reasonable expense incurred by Lessor in defending any such claims unless such claim arises from the sole negligence of Lessor or Lessor's failure to perform its obligations under this Lease.

12. TENANT IMPROVEMENTS. All tenant improvement installation and costs shall be the responsibility of the Lessee. Lessor to provide for accessibility of the building and common areas to persons under the Americans with Disabilities Act (ADA). Lessee to obtain the necessary building permits with the City of Merced, and comply with all local and state laws.

13. LESSEE'S INSURANCE. Lessee, at its expense, shall maintain plate glass and public liability insurance, including bodily injury and property damage, insuring Lessee and Lessor with minimum coverage as follows: One Million Dollars (\$1,000,000.00) combined personal injury and property damage.

Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The policy shall require thirty (30) DAYS' WRITTEN NOTICE TO LESSOR PRIOR TO CANCELLATION OR MATERIAL CHANGE OF COVERAGE.

Lessee at its cost shall maintain on all its personal property, Lessee improvements, and alterations, in, on, or about the Premises, a policy of standard fire and extended coverage insurance with vandalism and malicious mischief endorsements, to the extent of at least 100% of their full replacement value. The proceeds from any such policy shall be used by Lessee first for the restoration of Lessee's improvements or alterations and any remaining amount for the replacement of personal property.

Lessor shall maintain on the building in which the Premises are located a policy of standard fire and extended coverage insurance which shall name Lessee as an additional insured, but shall provide that any proceeds shall be payable to Lessor.

14. UTILITIES. Lessee agrees that it shall be responsible for a pro-rata payment of all utilities, including water, gas, electricity, heat, and other services delivered to the Premises. In the event that such utilities are not separately metered or measurable, Lessee shall reimburse Lessor for Lessee's pro rata share of the costs of such utility determined based on the floor area of the Premises as that floor area relates to the total floor area of the portion of the property which is separately metered and which includes the Premises. Refuse costs shall be prorated in a likely manner. Utilities including cable, internet and phone services shall be the sole cost of the Lessee. Alarm service shall be sole cost of the Lessee.

15. CAM/ TAXES/ INSURANCE. Janitorial and maintenance services shall be supplied by Lessor to common areas of the building. This Lease is net of taxes, Lessee shall pay costs of possessory interest tax or other property taxes, if assessed. Lessee shall provide One Million Dollars (\$1,000,000) commercial liability insurance, including hazard and personal injury at minimum. An ACCORD certificate shall be provided to Lessor naming City of Merced, its officers, employees, and agents, and the Redevelopment Agency of the City of Merced, its officers, employees, and agents, as additionally insured.

16. SIGNS. Signs may be erected by Lessee on the exterior of the building in which the Premises are located, if in compliance with the City sign ordinance and which shall be subject to review as tenant improvements. Lessee is allowed six (6) square feet of contiguous permanent signage along the exterior of the building and six (6) square feet of vinyl window signage along the frontage of the building. Lessor also reserves the right to the roof, side and rear walls of the Premises for signage purposes, except that such additional signage shall not unreasonably interfere with Lessee's signage.

17. ABANDONMENT OF PREMISES. Lessee shall not vacate or abandon the Premises at any time during the term of this Lease. If Lessee abandons or vacates the Premises, or is dispossessed by process of law, or otherwise, any personal property belonging to Lessee left on the Premises shall be deemed to be abandoned, at the option of Lessor.

18. CONDEMNATION. If any part of the Premises is condemned for public use, and a part remains which is susceptible of occupation by Lessee, this Lease shall, as to the part taken, terminate as of the date the condemnor acquires possession. Lessee shall be required to pay such proportion of the rent for the remaining term as the value of the Premises remaining bears to the total value of the Premises at the date of condemnation; provided, however, that Lessor may at its option, terminate this Lease as of the date the condemnor acquires possession. In the event that the Premises are condemned in whole, or the remainder is not susceptible for use by the Lessee, this Lease shall terminate upon the date which the condemnor acquires possession. All sums which may be payable on account of any condemnation shall belong solely to the Lessor; except that Lessee shall be entitled to retain any amount awarded to it for its goodwill, trade fixtures, or moving expenses.

19. TRADE FIXTURES. Any and all improvements made to the Premises during the term shall belong to the Lessor, except trade fixtures of the Lessee. Lessee may, upon termination, remove all its trade fixtures, but shall pay for all costs necessary to repair any damage to the Premises occasioned by the removal.

20. DESTRUCTION OF PREMISES. In the event of a partial destruction of the Premises during the term, from any cause, Lessor shall promptly repair the Premises, provided that such repairs can be reasonably made WITHIN SIXTY (60) DAYS. Such partial destruction shall not terminate this Lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs interferes with the business of Lessee on the Premises. However, should Lessee fail to maintain the insurance required under this Lease or the loss result from an uncovered event, then Lessor shall be entitled full rental and CAM payments. If the repairs cannot be made WITHIN SIXTY (60) DAYS, this Lease may be terminated at the option of either party by giving written notice to the other party WITHIN THE SIXTY (60) DAY PERIOD.

21. HAZARDOUS MATERIALS. Lessee shall not use, store, or dispose of any hazardous substances upon the Premises, except the use and storage of such substances that are customarily used in Lessee's business, and are in compliance with all environmental laws. The term "hazardous substances" means any hazardous waste, substance, or toxic materials regulated under any environmental law or regulations.

22. INSOLVENCY. The appointment of a receiver, an assignment for the benefits of creditors, or the filing of a petition in bankruptcy by or against Lessee, shall constitute a breach of this Lease by Lessee.

23. DEFAULT. In the event of any breach of this Lease, Lessor may, at its option, terminate the Lease and recover from Lessee:

- (a) The worth at the time of award of the unpaid rent, which had been earned at the time of termination;
- (b) 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 the award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided;
- (c) 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 that the Lessee proves could be reasonably avoided; and,
- (d) Any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result therefrom.

Lessor may, in the alternative, continue this Lease in effect, as long as Lessor does not terminate Lessee's right to possession, and Lessor may enforce all of Lessor's rights and remedies under the Lease, including the right to recover the rent as it becomes due under the Lease. If said breach of Lease continues, Lessor may, at any time thereafter, elect to terminate the Lease.

Nothing contained herein shall be deemed to limit any other rights or remedies which Lessor may have.

24. SECURITY. A security deposit shall not be required for the term of this Lease.

25. RESERVED.

26. ATTORNEY'S FEE AND COSTS. In any action or proceeding involving a dispute between Lessor and Lessee arising out of this Lease, the prevailing party shall be entitled to reasonable costs, expenses, and attorney's fees.

27. WAIVER. No failure of Lessor or Lessee to enforce any term of this Lease shall be deemed to be a waiver.

28. NOTICES. Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the Premises, or to Lessor at the address shown in Section 2, or at such other places as may be designated by the parties from time to time. Notice shall be effective FIVE (5) DAYS AFTER MAILING, or upon personal delivery.

29. HOLDING OVER. Any holding over after the expiration of this Lease, with or without the consent of Lessor, shall become month-to-month tenancy at a monthly rent of One Thousand Six Hundred Eighty-Two Dollars (\$1,682.00) payable in advance and otherwise subject to the terms of this Lease, as applicable, until either party shall terminate the same by giving the other party NINETY (90) DAYS WRITTEN NOTICE.

30. TIME. Time is of the essence of this Lease.

31. HEIRS, ASSIGNS, SUCCESSORS. This Lease is binding upon and inures to the benefit of the heirs, assigns, and successors of the parties.

32. LESSOR'S LIABILITY. In the event of a transfer of Lessor's title or interest to the Premises during the term of this Lease, Lessee agrees that the grantee of such title or interest shall be substituted as the Lessor under this Lease, and the original Lessor shall be released of all further liability for any occurrences after the date of the substitution; provided, that all deposits shall be transferred to the grantee.

33. IMPROVEMENTS SUPPLIED BY LESSEE. Premises are supplied "as is" by Lessor. All interior (tenant) improvements are to be supplied by Lessee. All other improvements, other than trade fixtures, shall remain in place upon termination of the Lease. Lessee shall obtain all necessary permits and complete all building modifications utilizing current building codes. All improvements are subject to Lessor's written consent which shall not be unreasonably withheld or delayed.

34. IMPROVEMENT DESIGN. Tenant improvement design shall be approved by Lessor prior to start of construction. Consent shall not be unreasonably withheld.

35. COMMON AREAS: Lessee shall have rights of access and use of common areas. Common areas are: interior hallway, and restrooms, as more fully illustrated in Exhibit B. Lessee covenants that common area surfaces shall be kept in a clean and sanitary condition and shall not permit waste upon the property.

36. FIRST RENT PAYMENT. The first rent payment shall be due on the Rent Commencement Date in the amount of One Dollar (\$1.00).

37. LAST MONTH'S RENT. Lessee shall pay a last month's rent payment of One Dollar (\$1.00) upon mutual execution of this Lease.

38. PARKING. The Premises do not include any parking spaces for Lessee's exclusive use.

39. TRIPLE NET. This Lease is net of taxes, utilities, and insurance. Lessee's occupancy of the Premises may give rise to a possessory interest tax, and Lessee agrees to pay such tax or other property taxes as may be levied. Nothing in this Paragraph shall amend any other specific provision of this Lease.

40. BROKERS' COMMISSIONS. Lessee and Lessor agree and warrant that no brokers are involved in this transaction and neither a broker nor any other party is entitled to a leasing commission or any similar fee relating to this transaction. Each party shall bear its own legal fees, if any.

41. RECORDING. A memorandum of Lease shall be prepared for the purpose of recordation, and shall in no way modify the provisions of this Lease.

42. GENERAL PROVISIONS.

A. This Lease contains the complete, final, entire, and fully integrated understanding and agreement between the parties hereto. All prior negotiations, understandings, writings, and oral agreements pertaining to the subject matter hereof are superseded by this Lease. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any Party hereto, except as specifically set forth in this Lease. All prior discussions, negotiations, and

understandings have been and are merged and integrated into, and are superseded by, this Lease.

B. Both Lessor and Lessee are entering into this Lease based solely upon the representations set forth herein and upon each Party's own independent investigation of any and all facts such party deems material.

C. This Lease may be amended only in writing, signed by the Lessor and Lessee.

D. This Lease has been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. In addition, each Party has been represented by experienced and knowledgeable legal counsel in the negotiation and drafting of this Lease. Accordingly, any rule of law, including, but not limited to, Section 1654 of the Civil Code of California, or any other statutes, legal decisions, or common-law principles of similar effect, that would require interpretation of any ambiguities in this Lease against the Party that drafted this agreement is of no application and is hereby expressly waived.

E. Lessor and Lessee understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the Parties to this Lease and also govern the interpretation of this Lease without regard to any applicable conflicts of law, including all matters of construction, validity, and performance.

F. Lessor and Lessee that jurisdiction and venue for any legal challenge to the provisions of this Lease or the enforcement of the rights or obligations hereunder shall be brought in the Superior Court serving the County of Merced.

G. 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.

H. 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.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed on the date 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:

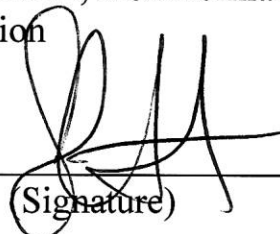
BY: Theresa A. Miller 8-26-2020  
City Attorney Date

ACCOUNT DATA:

BY: \_\_\_\_\_  
Verified by Finance Officer


*(Signatures Continued on Next Page)*

LESSEE  
MERCED CITY CHAMBER OF  
COMMERCE, a California Non-Profit  
Corporation

BY:   
(Signature)

SARA Hill  
(Typed Name)

Its: CEO / PRESIDENT  
(Title)

BY:   
(Signature)

Joe Ramirez  
(Typed Name)

Its: PRESIDENT  
(Title)

Taxpayer I.D. No. 94-0675250

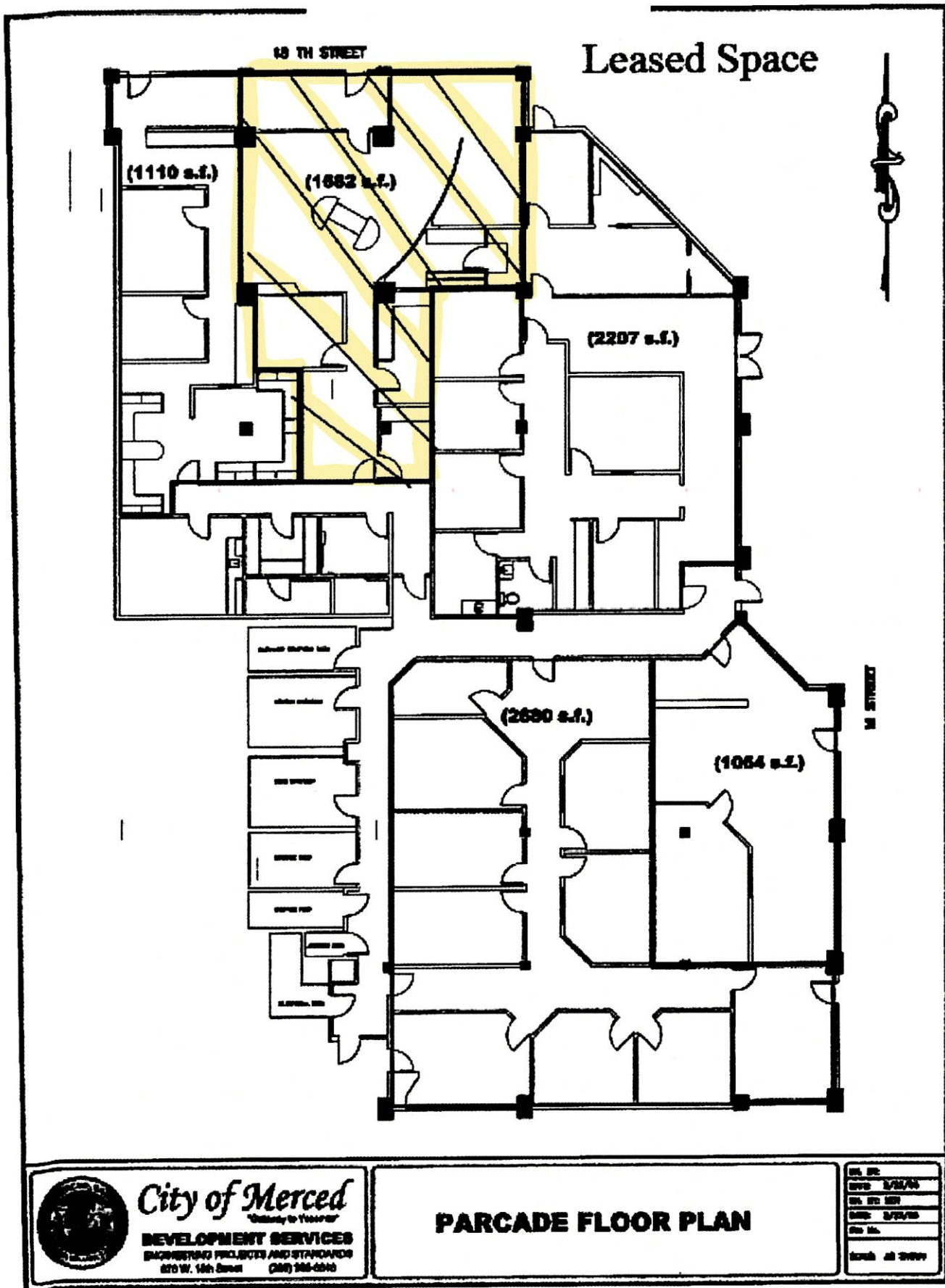
ADDRESS: 531 W. Main Street  
Merced, CA 95340

TELEPHONE: 408.705.5654

FAX: N/A

E-MAIL: SARA@MERCEDCHAMBER.COM

# EXHIBIT A



# EXHIBIT B

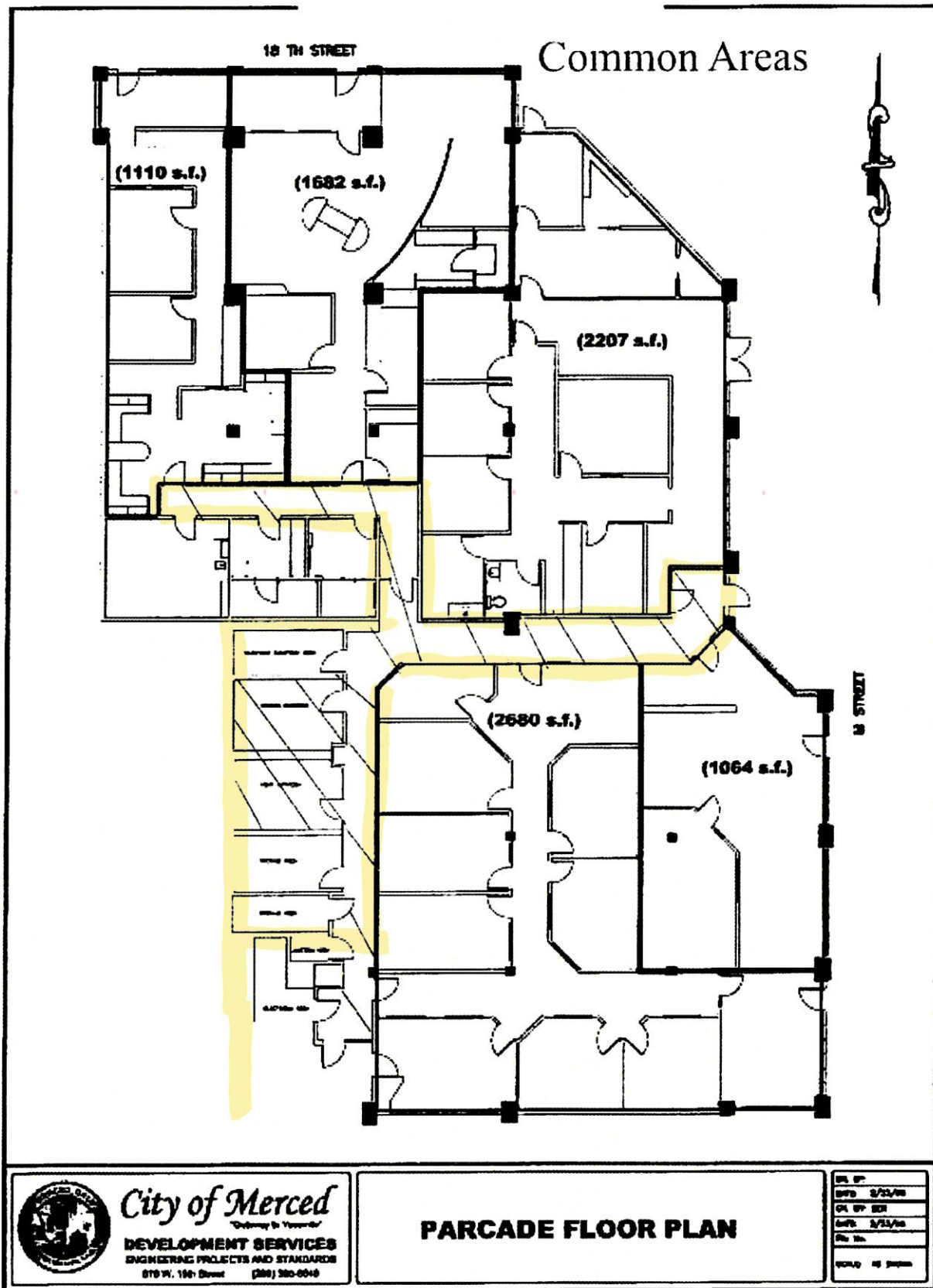


EXHIBIT B

## **EXHIBIT C**

### **SERVICES TO BE PROVIDED TO LESSOR (CITY OF MERCED) BY LESSEE (GREATER MERCED CHAMBER OF COMMERCE)**

**LEASE TERM: MARCH 1, 2020 TO DECEMBER 31, 2020**

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- A. Provide one-year free membership to the Lessor.
- B. Provide one free half-page ad in the Merced Today.
- C. Conduct an on-line resident retail survey.
- D. Promote the City as "business friendly"
- E. Create and promote a small business development cluster in conjunction with the Small Business Development Center, Merced College Business Resource Center, and the City of Merced
- F. Assist the City of Merced Office of Economic Development with developing and creating promotional material as requested.

**EXHIBIT C**