

**CITY OF CORONA - HISTORIC CIVIC CENTER
LEASE AGREEMENT
(CORONA ART ASSOCIATION)**

1. PARTIES AND DATE

THIS LEASE AGREEMENT (hereinafter "Agreement") is entered into by and between the City of Corona, a California municipal corporation (hereinafter "Landlord"), and Corona Art Association, a California non-profit corporation (hereinafter "Tenant"). This Agreement shall become effective as of April 5, 2017. Tenant and Landlord are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

2. RECITALS

2.1 Property. Landlord is the owner of certain real property located at 815 West Sixth Street, in the City of Corona, County of Riverside, State of California, commonly referred to as the "Historic Civic Center" (the "Property").

2.2 Leased Premises. Tenant desires to lease a portion of the Property known as Suite 145 consisting of approximately 1,183 square feet as depicted in Exhibit "A" attached hereto and incorporated herein by reference (the "Leased Premises").

3. GENERAL LEASE TERMS

3.1 Right of Possession; Specific Use Exclusion. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, the Leased Premises on the terms and conditions hereinafter set forth in this Agreement, for the specific use and purpose of providing art training and related art activities, such as art therapy to developmentally disabled adults, art exhibits open to the general public, art classes in cooperation with the City of Corona summer school program, and other similar art-related uses. ("Specific Use"). Certain of the Specific Uses shall be expressly contingent upon the use of floor coverings, as provided for in Section 3.11.6 below.

3.1.1 Lease Space Occupancy Limitations. Notwithstanding anything herein to the contrary, in no event shall the square footage of the Leased Premises cause the occupancy limit at the Property to reach the Occupancy Threshold, as defined in Section 3.11.1. If Landlord determines, in its sole and absolute discretion, that the size of the Leased Premises may result in the Occupancy Threshold being met or exceeded, the Leased Premises shall be reduced in size in accordance with Landlord's sole and absolute discretion, in which case, the Base Rent described in Section 3.3.1 and the CAM charges described in Section 3.5 shall be calculated based upon the reduced square footage of the Leased Premises, and an amendment to this Agreement shall be executed by the Parties in accordance with Section 7.5.

3.2 Term. The term of this Agreement shall commence retroactively on April 1, 2017 ("Commencement Date") and continue until March 31, 2022 unless terminated earlier as provided in Section 5 herein ("Term"). In addition, Tenant and Landlord (through its Community Development Director) may, at any time prior to March 31, 2022, mutually agree to amend this Agreement to extend the Term for an additional two (2) years through March 31, 2024 ("Extended Term") under the same terms and conditions as provided for herein, except that the Base Rent shall be increased annually during the Extended Term commencing on April 1, 2022 by the greater of: (1) three percent (3%); or (2) the

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annual percentage increase in the Consumer Price Index, all Urban Consumers, for the Los Angeles-Orange-Riverside County Area, as determined by the United States Department of Labor Statistics, or its successor, measured using the most recent June to June data.

3.2.1 No Holdover. Tenant has no right to retain possession of the Leased Premises or any part thereof beyond the expiration or termination of this Agreement. In the event that Tenant holds over, then the Base Rent shall be increased to one-hundred fifty percent (150%) of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained in this Section 3.2.1 shall be construed as consent by Landlord to any holding over by Tenant.

3.2.2 Month-to-Month Tenancy During Term Extension Negotiations. Notwithstanding Section 3.2.1 of this Agreement, upon expiration of the Term or the Extended Term, Tenant may remain in possession of the Leased Premises on a month-to-month basis subject to all terms and conditions set forth in this Agreement for the period of time that Landlord and Tenant are actively and diligently negotiating an extension of the Term of this Agreement. Nothing contained in this Section 3.2.2 shall be construed as consent by Landlord to any holding over by Tenant.

3.3 Rent. All monetary obligations of Tenant to Landlord under the terms of this Agreement (except for the Security Deposit) are deemed to be rent ("Rent").

3.3.1 Base Rent. As a component of Rent, Tenant shall pay to Landlord, Base Rent for leasing the Leased Premises, in the amount set forth below, without offset or deduction ("Base Rent"). The first payment of Base Rent shall be due on the Commencement Date ("Rent Commencement Date").

April 1, 2017 to March 31, 2018	Zero Dollars (0.00) per month. If Tenant terminates this Agreement prior to March 31, 2018, Landlord shall retain the Security Deposit as Base Rent.
April 1, 2018 to March 31, 2020	Five Hundred Ninety One Dollars and Fifty Cents (\$591.50) per month
April 1, 2020 to March 31, 2021	Market value of the Leased Premises as determined by Landlord's City Manager as of April 1, 2020, but no less than Eight Hundred Eighty-Seven Dollars and Twenty-Five Cents (\$887.25) per month
April 1, 2021 to March 31, 2022	Market value of the Leased Premises as determined by Landlord's City Manager as of April 1, 2021, but no less than Eight Hundred Eighty-Seven Dollars and Twenty-Five Cents (\$887.25) per month

If the Rent Commencement Date is not on the first (1st) day of a calendar month, then Tenant shall pay to Landlord, on or before the Rent Commencement Date, Tenant's pro rata share of the Base Rent for that partial month pro-rated on the basis of a thirty (30) day month. Subsequent monthly Base Rent payments shall be due and payable on the first day of each month following the first Base Rent payment. Payment of Base Rent shall be made to Landlord at its address stated herein or to such other persons or place as

Landlord may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Landlord's rights to the balance of such Rent, regardless of Landlord's endorsement of any check so stating. Payments will be applied first to accrued late charges and attorney's fees, second to other outstanding charges or costs, and any remaining amount to Base Rent.

3.3.2 Deferred Rent: INTENTIONALLY OMMITED.

3.4 Security Deposit. Tenant shall submit to Landlord on or before the Commencement Date a security deposit in the amount of ONE THOUSAND SEVEN HUNDRED SEVENTY-FOUR DOLLARS AND FIFTY CENTS (\$1,774.50) (the "Security Deposit") as security for Tenant's faithful performance of its obligations under this Agreement. The Parties agree to waive the provisions of Civil Code section 1950.7 and instead agree that Landlord may (but shall not be required to) apply or retain all or any portion of said Security Deposit for the payment of any amount due Landlord from Tenant or to reimburse or compensate Landlord for any liability, expense, loss or damage which Landlord may suffer or incur by reason thereof, including but not limited to damage to the Leased Premises or future rent damages caused by Tenant's abandonment of the Leased Premises. If Landlord uses or applies all or any portion of the Security Deposit, Tenant shall within ten (10) days after written request, deposit monies with Landlord sufficient to restore said Security Deposit to the full amount required by this Agreement. Should the Specific Use be amended to accommodate a material change in the Tenant's business or to accommodate a sublessee or assignee, Landlord shall have the right to increase the Security Deposit to the extent necessary, in Landlord's reasonable judgment, to account for any increased wear and tear that the Leased Premises may suffer as a result thereof. If a change in control of Tenant occurs during this Agreement and following such change the financial condition of Tenant is, in Landlord's reasonable judgment, significantly reduced, Tenant shall deposit such additional monies with Landlord as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. This deposit shall be refunded to Tenant upon expiration of tenancy, less any amounts retained by Landlord pursuant to this paragraph. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Tenant under this Agreement.

3.5 Common Area Maintenance Charges. During the Term, Tenant shall pay Common Area Maintenance (hereinafter "CAM") charges as a part of Rent. CAM charges are defined as all expenses incurred by Landlord during each calendar year for the administration, maintenance and operation of the Property, including but not limited to all utilities, cleaning (except for in-suite janitorial service), landscaping, staffing, security, real property taxes, personal property taxes on assets located in the building (excluding personal property taxes paid by Tenant), parking maintenance, special tax assessments, increases in real property taxes, insurance premiums, repairs and maintenance, and other like charges. Tenant's CAM charge shall be determined by multiplying the approximately 1,183 square feet of floor space of the Leased Premises by \$0.20 per square foot per month, which equates to TWO HUNDRED THIRTY-SIX DOLLARS AND SIXTY CENTS (\$236.60) per month. The CAM charges shall be due and payable at the same time as the Base Rent, and shall be increased by three percent (3%) each year on the anniversary of the Commencement Date.

3.6 Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of any payment under this Agreement or any other sums due hereunder will cause Landlord to incur costs not contemplated by this Agreement, the exact amount of which will be extremely difficult to ascertain. Accordingly, if any payment, or any other sum due from Tenant to Landlord is not received by the Landlord within five (5) days after such amount is due, whether or not any notice of default or another notice has been given, Tenant shall pay a late fee equal to five percent (5%) of all delinquent amounts. The Parties hereby agree that such interest charges represent a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Landlord's acceptance of payment of such fees

shall not constitute a waiver of Tenant's default with respect to the overdue sum, or prevent Landlord from exercising any of its other rights and remedies under this Agreement. In the event that any check or other instrument of payment given by Tenant to Landlord is dishonored for any reason, the Landlord may charge a returned check fee, in addition to five (5) percent of the delinquent amount, if any.

3.7 Utilities; Janitorial Services. Tenant shall make all arrangements for and pay for its own telephone services, including all facsimile and internet services, if required. Upon request from Tenant, Landlord shall make available to Tenant high-speed Internet access in the Leased Premises, provided that if Tenant requires Internet access at locations in the Leased Premises without existing connections or access points, Tenant shall reimburse Landlord for the cost of any work required to provide access at each desired location ("Location"). The charge for Internet access shall be as reasonably established by Landlord from time to time, which amount is currently THIRY-EIGHT DOLLARS (\$38.00) per month for the first Location and THIRY-EIGHT DOLLARS (\$38.00) for each additional location in the Leased Premises. If Internet access is requested by Tenant, the Internet access charge shall be added to the monthly rent and CAM expenses, and shall be paid by Tenant concurrently with rent payments. Tenant's obligation to pay any outstanding Internet charges shall survive termination of this Agreement. All other utilities, including but not limited to gas, electricity, water, heat, light power, and trash collection, and associated connection charges, other than for telephone service, shall be paid by Landlord and consist of a part of CAM charges. Tenant shall pay for janitorial services for the Leased Premises.

3.8 Obligation to Refrain from Discrimination. Tenant covenants and agrees for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person, or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12936.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Leased Premises nor shall the Tenant, 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 or occupancy, of tenants, lessees, subtenants, sublessees or vendees in the Leased Premises.

3.9 Waste and Nuisance. Tenant shall not commit any waste on or about the Leased Premises, nor commit or maintain any public or private nuisance on or about the Leased Premises. Tenant shall use its best efforts to prevent any third party from committing any waste on or about the Leased Premises, or from committing any public or private nuisance on or about the Leased Premises.

3.10 Compliance with Laws, Rules, Regulations. Tenant shall at all times comply with the requirements of local, state and federal laws, rules, orders and regulations now in force or which may hereinafter be in force ("Regulations"). In order to comply with the Regulations, Tenant shall obtain, at its sole cost and expense, all licenses, permits and approvals that the Regulations require for the use or operation of the Leased Premises. The Tenant shall maintain all licenses, permits and approvals throughout the Term of this Agreement.

3.11 Use of Leased Premises.

3.11.1 Tenant's Personnel and Invitees. Tenant shall be responsible for the use of the Property, including without limitation, the Leased Premises and Common Areas, by the Tenant and its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property on behalf of or in connection with Tenant's presence or activities under this Agreement ("Tenant's Personnel and Invitees").

3.11.2 General Rule. Tenant shall use and occupy the Leased Premises only for the Specific Use and no other purpose. Changes in Specific Use of the Leased Premises must be submitted for approval by Landlord, prior to any change. Landlord will not approve any uses that are not consistent with Landlord's Lease and Use Policy and Procedures, or similarly named document, as such document may be amended from time to time. A current copy of the Lease and Use Policy and Procedures is attached as Exhibit "B" hereto and incorporated herein by reference, and Landlord shall provide an updated copy to Tenant following any revisions approved by Landlord. Tenant shall also not occupy or use, or permit the Leased Premises or any part thereof to be occupied or used, for any unlawful or illegal business, use or purpose, nor for any business, use or purposes which is disreputable or extra-hazardous. Tenant shall immediately, upon discovery of any such unlawful, illegal, disreputable or extra-hazardous use, take all necessary steps, legal and equitable, to compel the discontinuance of such use and to oust and remove occupants or other persons guilty of such unlawful, illegal, disreputable or extra-hazardous use.

3.11.3 Occupancy Threshold. Notwithstanding anything in this Agreement to the contrary, in no event shall Tenant's use of the Leased Premises cause the occupancy limit at the Property to reach the legal threshold which would mandate, as determined by Landlord in its sole and absolute discretion, certain seismic, ADA and other improvements to the Property ("Occupancy Threshold"). If Landlord determines, in its sole and absolute discretion, that the use to which the Leased Premises will be used by Tenant may result in the Occupancy Threshold being met or exceeded, the Specific Use of the Leased Premises shall be revised to Landlord's sole and absolute satisfaction.

3.11.4 Sale and/or Use of Alcohol. Tenant agrees that it shall not allow for the sale or use of alcoholic beverages on the Leased Premises at any time, or in any manner, without first obtaining prior written consent of the Landlord allowing for such sale and/or use. Tenant's failure to strictly adhere to this provision shall result in Tenant immediately being declared in material breach of this Agreement, and shall result in an event of Default as provided in Section 5 herein. Notwithstanding the foregoing, the sale and on-site consumption of alcoholic beverages, subject to Tenant obtaining the appropriate authorization from the City of Corona, as specified in the Corona Municipal Code, and the California Department of Alcoholic Beverage Control ("ABC"), will be supported by Landlord for Tenant's special events held on the Property.

3.11.5 No Smoking. Tenant agrees that it shall not allow the combustion of tobacco or any other substance in a cigar, cigarette, pipe or any similar smoking device in any area of the Leased Premises. In accordance with Chapter 8.02 of the Corona Municipal Code (Smoking Regulations In City Facilities and Vehicles), smoking shall be prohibited inside of, and within an outdoor area which is within 20 feet of a main exit, entrance or operable window of any building owned, leased or occupied by the Landlord. Tenant agrees that it shall take all reasonable steps to ensure that Tenant's Personnel and Invitees shall comply with this provision.

3.11.6 Floor Covering. Tenant shall cause the floors in the Leased Premises to be protected with a moisture barrier covering, as approved by a representative of the Landlord's Maintenance Services Department, any time that Tenant is using the Leased Premises for art training activities or any other Specific Use that could result in paint or other art materials being spilled on the floors of the Leased Premises.

3.12 Common Areas & Use of Other Facilities.

3.12.1 Common Areas. Landlord shall use reasonable diligence to maintain or cause to be maintained the Common Areas, which areas are generally described as those portions of the Property made available by the Landlord for the non-exclusive use of tenants of the Property and their owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased

Premises on behalf of or in connection with the tenant's presence or activities under this Agreement ("Common Areas"). Landlord shall operate, manage, equip, light, repair and maintain the Common Areas for their intended purpose. Landlord shall have the right to expand, restrict or otherwise change the Common Areas. Except as provided in Sections 3.12.2 through 3.12.4 below, Tenant and Tenant's Personnel and Invitees shall have the non-exclusive right, in common with the Landlord and all others to whom Landlord has granted or may hereafter grant rights, to use the Common Areas, subject to such reasonable rules and regulations as Landlord may from time to time impose. Tenant expressly understands, acknowledges and agrees that Landlord shall not be liable or responsible in any manner for any property owned, used or maintained by Tenant or Tenant's Personnel and Invitees, or any other property for which any of them is or may be responsible, which is located, stored or left in the Common Areas, either with or without permission of the Landlord, and Tenant hereby assumes the risk and waives all claims and demands, pursuant to Section 3.22 below, and shall defend, indemnify and hold harmless, pursuant to Sections 3.23 and 3.24 below, the Indemnified Parties (as defined in Section 3.23) for anything that may happen to such property.

3.12.2 Conference Facilities. Currently, the Suite 180 area designated as "Conference Facilities" on Exhibit "A" attached hereto is included in the Property's Common Areas ("Conference Facilities"). As part of the rules and regulations adopted by Landlord for the Conference Facilities, use of the Conference Facilities shall be subject to such scheduling requirements as Landlord may from time to time impose. Tenant acknowledges that the City does not guarantee that the Conference Facilities will be available at the times Tenant wishes to use them, or at all.

3.12.3 Historic Community Room. Currently, the Suite 120 area, commonly referred to as the "Historic Community Room" ("Historic Community Room"), is not included in the Property's Common Areas. However, during the term of this Agreement, Tenant shall be eligible to use the Historic Community Room at no cost to Tenant one (1) day per month, for up to three (3) consecutive hours, so long as the use is related to Tenant's business purposes. Any additional uses shall be subject to all applicable usage and rental charges established by the Landlord for use of the Historic Community Room. Notwithstanding the foregoing, Tenant's use of the Historic Community Room shall be contingent upon Tenant's compliance with such reasonable rules, regulations and scheduling requirements as the City of Corona Library and Recreation Services Department may from time to time impose, including, but not limited to, submission and approval of a City of Corona facilities permit. Tenant acknowledges that the City does not guarantee that the Historic Community Room will be available at the times Tenant wishes to use it, or at all. Tenant expressly understands, acknowledges and agrees that Landlord shall not be liable or responsible in any manner for any property owned, used or maintained by Tenant or its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement, or any other property for which any of them is or may be responsible, which is located, stored or left in the Historic Community Room, either with or without permission of the Landlord, and Tenant hereby assumes the risk and waives all claims and demands, pursuant to Section 3.22 below, and shall defend, indemnify and hold harmless, pursuant to Sections 3.23 and 3.24 below, the Indemnified Parties (as defined in Section 3.23) for anything that may happen to such property.

3.12.4 Historic Civic Center Auditorium. Currently, the portion of the Property commonly referred to as the "Historic Civic Center Auditorium" ("Historic Civic Center Auditorium") is not included in the Property's Common Areas. However, during the term of this Agreement, Tenant shall be eligible to use the Historic Civic Center Auditorium subject to all applicable usage and rental charges established by the City of Corona Library and Recreation Services Department for use of the Historic Civic Center Auditorium. Notwithstanding the foregoing, Tenant's use of the Historic Civic Center Auditorium shall be contingent upon Tenant's compliance with such reasonable rules, regulations and scheduling requirements as the City of Corona Library and Recreation Services Department may from

time to time impose, including, but not limited to, submission and approval of a City of Corona facilities permit. Tenant acknowledges that Landlord does not guarantee that the Historic Civic Center Auditorium will be available at the times Tenant wishes to use it, or at all. The sale and on-site consumption of alcoholic beverages, subject to Tenant obtaining the appropriate authorization from the City of Corona and an applicable ABC license, will be supported by the Landlord's staff for Tenant's special events held at the Historic Civic Center Auditorium. Tenant expressly understands, acknowledges and agrees that Landlord shall not be liable or responsible in any manner for any property owned, used or maintained by Tenant or its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement, or any other property for which any of them is or may be responsible, which is located, stored or left in the Historic Civic Center Auditorium, either with or without permission of the Landlord, and Tenant hereby assumes the risk and waives all claims and demands, pursuant to Section 3.22 below, and shall defend, indemnify and hold harmless, pursuant to Sections 3.23 and 3.24 below, the Indemnified Parties (as defined in Section 3.23) for anything that may happen to such property.

3.13 Vehicle Parking. Tenant, its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement may park in the public parking areas around the Leased Premises and Buena Vista Street public parking lot. Said parking areas shall be used for parking by vehicles no larger than full-size passenger automobiles, pick-up trucks or sport utility vehicles.

3.14 Repairs and Maintenance.

3.14.1 Obligations of Tenant. Tenant shall, at Tenant's expense, maintain, repair and replace, and keep in good and safe condition, all portions of the Leased Premises not required to be maintained, repaired or replaced by Landlord as provided in Section 3.14.2.

3.14.2 Obligations of Landlord. Landlord shall, at Landlord's expense, maintain, repair and replace, and keep in a good and safe condition the following (i) the roof, foundation, exterior walls and all structural components of the Property and the Leased Premises; (ii) the plumbing, electrical wiring and systems, and the heating, ventilating and air conditioning systems, except for routine maintenance or repair of such items solely within the Leased Premises; and (iii) the common areas. The foregoing obligations of Landlord shall not apply to any damage to the Leased Premises or the Property (including the common areas) arising as a result of the willful acts or negligence of Tenant, its employees, agents, invitees or assigns, the repair or restoration of which shall be the sole responsibility of Tenant.

3.14.3 Graffiti. In addition to any other maintenance obligation herein, Tenant shall be responsible for the prompt removal of any graffiti on the Leased Premises after Tenant is provided notice that graffiti is present thereon. Within forty-eight (48) hours after Tenant is provided notice that graffiti is present on the Leased Premises, Tenant shall remove any graffiti by either painting over the vandalized area with a paint that has been color-matched to the surface on which the paint is applied, or by use of solvents, detergents or water as appropriate. If such graffiti is not removed within the required forty-eight (48) hours by Tenant, Landlord shall have the right to enter on or upon the Leased Premises to remove the graffiti. Tenant shall reimburse any sum expended by Landlord to remove the graffiti. For assistance with graffiti remediation, the tenant may also report the graffiti to the City of Corona's Graffiti Hotline (currently, the telephone number is 951-278-3227).

3.14.4 Signs. All signs and graphics of every kind visible from public view corridors, or the exterior of the Property will be subject to Landlord's prior written approval, and will be subject to any applicable governmental laws, ordinances and design standards set forth in Exhibit "E" Signage attached

hereto and incorporated herein by this reference. Tenant must remove all signs and graphics prior to the termination of this Agreement.

3.15 Condition of Leased Premises.

3.15.1 As-Is. Tenant acknowledges that it has examined the Leased Premises and any common areas to which Tenant and its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement will have access, and agrees to take possession of the Leased Premises in an AS-IS condition. Tenant acknowledges and agrees that Landlord has made absolutely no representations, guarantees or warranties regarding the Leased Premises, nor has Landlord made representations, guarantees or warranties regarding whether the Leased Premises and improvements thereon comply with applicable covenants and restrictions of record, building codes, ordinances or statutes in effect at the commencement of this Agreement.

3.15.2 Seismic Conditions. Tenant understands and acknowledges that: (i) the Property and any improvements thereon, including the Leased Premises were constructed more than thirty years prior to the execution of this Agreement, and has not undergone seismic reinforcement or seismic upgrades; (ii) the Property, including the Leased Premises, may contain mold, bird excrement, and/or other conditions common to older structures; and (iii) the indemnification and hold harmless provisions of this Agreement are applicable to claims and causes of action arising out of the condition of the Leased Premises and the Property. Landlord shall have no liability to Tenant or its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement arising out of or due to the use of the Leased Premises or the Property by any person.

3.15.3 Asbestos. Tenant understands and acknowledges that asbestos has been found to be present on the Property, and that Landlord has taken steps to remediate potential asbestos contamination and reduce the risk of future asbestos exposure, but that asbestos remains on the Property and may be present in the Leased Premises and/or any common areas to which Tenant or its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement may have access. Tenant further understands and acknowledges that Landlord's remediation procedures are intended to reduce the health risks associated with asbestos exposure, but that disturbance or removal of asbestos other than by qualified asbestos removal technicians under controlled conditions may create asbestos-related health risks. Tenant shall immediately notify Landlord in writing of any known or suspected deterioration of or damage to any area of the Property or the Leased Premises in any area believed to contain asbestos. Landlord shall make available to Tenant and/or its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement Landlord's records regarding the presence and remediation of asbestos on the Property and the Leased Premises. A copy of an Asbestos Report obtained by Landlord is attached as Exhibit "C" to this Agreement. On behalf of itself and its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement, Tenant shall defend, indemnify, and hold Landlord harmless from and against any claims, liability, loss, damage, or expenses arising out of or pertaining to the presence of asbestos in the Property and/or the Leased Premises.

3.15.4 Certified Access Specialist Disclosure. As required by Civil Code Section 1938, in executing this Agreement Tenant is on notice that the Property, including the Leased Premises and Buyer Controlled Space, has not undergone inspection by a Certified Access Specialist.

3.16 Delay in Possession. INTENTIONALLY OMITTTED

3.17 Keys and Security Alarm. Tenant has received two sets of keys for the Leased Premises. Tenant has also deposited with Landlord ONE HUNDRED (\$100.00) as a lock and key deposit, as part of the Security Deposit outlined above in Section 3.4. Landlord shall not be required to keep the lock and key deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposits. Tenant understands that each time a key is lost, Tenant will be charged One Hundred Dollars (\$100.00) for replacing the lock/key set. If Tenant requests replacement of the lock/key set, Tenant will deposit an additional One Hundred Dollars (\$100.00) to replace the fee charged against the lock and key deposit. Tenant shall not make copies of any keys for the Leased Premises or for any other locks in the Historic Civic Center. At the termination of this Agreement, the lock and key deposit shall be returned to Tenant less any amounts owed to Landlord pursuant to the provisions of this Agreement. Tenant shall have the right to install and maintain at Tenant's sole cost and expense, a security alarm system for the Leased Premises. Tenant understands that installation of the alarm system must comply in all respects with the provisions of the City of Corona Municipal Code, Chapter 8.30 Corona False Alarm Ordinance and this Agreement. Tenant further understands that upon installation of any security system, contact information must be given to Landlord's representative for the Leased Premises. Tenant has also received key cards for electronic access to the Property common areas and secured parking facility. Tenant understands that each time a key card is lost, Tenant will be charged Ten Dollars (\$10.00) for replacing the key card. Landlord may allow Tenant to be issued one or more key cards for Tenant and its owners, officers and employees, only.

3.18 Damage or Destruction of Leased Premises. Unless as the result of negligence or intentional unlawful act of Tenant, if during the term of this Agreement, any portion of the Leased Premises shall be damaged by fire or other catastrophic cause, so as to render such portion of the Leased Premises untenable, the obligations under this Agreement may be suspended while such portion of the Leased Premises remains untenable. In the event of such damage, Tenant shall give Landlord notice of such untenable conditions and the Landlord shall elect in its sole discretion, whether to repair the Leased Premises or to cancel this Agreement with respect thereto. Landlord shall notify Tenant in writing of its election within thirty (30) days after service of notice by Tenant. In the event that Landlord elects not to repair the Leased Premises or portion thereof, this Agreement shall be deemed canceled as of the date the damage occurred with respect to the applicable portion(s).

3.19 Alterations, Additions and Improvements. Tenant may not make any alterations, improvements or additions in, on or about any of the Leased Premises, including but not limited to Tenant's occupied portion, without first submitting detailed plans and drawings of proposed work to Landlord, obtaining Landlord's prior written consent and obtaining building permits as required by the Corona Municipal Code, except as expressly provided for in this Agreement. Tenant and its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement, including, without limitation, contractors and maintenance workers, shall take all precautionary measures not to disturb the asbestos existing in the Property and to immediately notify Landlord if any leakage, spillage or release of a hazardous substance occurs. The Leased Premises consist of historic property. Tenant acknowledges that the historic integrity of the Property must be preserved and not be compromised in any manner. Unless expressly provided for herein or consented to in writing by Landlord, Tenant and its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement shall not attach or affix any item to the masonry walls of the Property.

3.19.1 Secretary of Interior Standards. All improvements to the Leased Premises, including those made by Tenant in accordance with the provisions of this Section, must be in accordance

with The Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring & Reconstructing Historic Buildings, which publication is hereby incorporated herein by this reference. Prior to the commencement of any construction or installation, Tenant shall submit complete plans and specifications to the City of Corona Community Development Department, Building Division for review and approval by the Director and other responsible City departments, commissions or boards, which approval shall not be unreasonably withheld. Approval of the plans and specifications for the proposed improvement by the Community Development Department, its Director and any other City departments, commissions or boards, shall not relieve Tenant of the obligation to apply for and obtain any necessary building permit or from any obligation imposed on Tenant by law or ordinance relating to the construction or installation of such improvements.

3.19.2 Fixtures. Should any alterations to the Leased Premises become fixtures under California law those items shall at once become a part of the realty and belong to Landlord. However, Landlord may, in its sole discretion, require Tenant to remove any alterations, fixtures, or other tenant improvements prior to vacating the Leased Premises. Tenant shall be responsible for repair for any damage caused by said removal.

3.19.3 No Liens. Tenant shall keep the Leased Premises free from any liens arising out of any work performed, materials furnished or obligations incurred by the Tenant, and Tenant shall be responsible for the removal of any such liens and all costs to remove same. Failure to remove any such liens within thirty (30) calendar days of written request by Landlord shall constitute a default of this Agreement.

3.19.4 Removal of Liens. At its election, but without having any obligation to do so, the Landlord may pay such liens not so removed by the Tenant and the Tenant shall, within ten (10) days following the receipt of written request from the Landlord, reimburse Landlord for all such costs incurred by Landlord with respect to the removal of such liens.

3.19.5 Required Improvements. Tenant shall make the repairs or improvements to the Leased Premises as indicated in the attached Exhibit "D" during the term of this Agreement. Until and unless Landlord has agreed in writing that Tenant has completed the following repairs and improvements to Landlord's satisfaction, Landlord shall be entitled to enter upon the Leased Premises at any time, without notice, to inspect the progress and condition of the repairs and improvements.

3.20 Entry and Inspection. Except for in the case of an emergency, Tenant shall permit Landlord or Landlord's agents to enter the Leased Premises at all times upon reasonable prior oral or written notice for the purpose of inspecting the Leased Premises, for necessary repairs, restorations and replacements to the Leased Premises as set forth above, and for otherwise determining Tenant's compliance with this Agreement. In the case of an emergency, Landlord shall be permitted to immediately enter the Leased Premises, without any prior notice to Tenant.

3.21 No Assignment and Subletting Allowed. Tenant shall not sell, assign, sublease, mortgage, pledge, hypothecate or otherwise transfer this Agreement or any right therein, nor make any total or partial sale, assignment, sublease, mortgage, pledge, hypothecation or transfer in any other mode or form of the whole or any part of the Leased Premises.

3.22 Assumption of Risk, Waiver, and Landlord's Non-liability. To the maximum extent allowed by law, except for Landlord's willful or actively negligent acts, Tenant assumes any and all risk of loss, damage or injury of any kind to any person or property which is in, on or about the Leased Premises. Tenant's assumption of risk shall include, without limitation, loss or damage caused by defects within the Leased Premises or any fixture therein, accident, fire or other casualty on the Leased Premises.

To the maximum extent allowed by law, except for Landlord's willful or actively negligent acts, Tenant hereby waives all claims and demands against Landlord and its officials, officers, employees, volunteers and agents for injury to persons, damage to property or any other interest of Tenant sustained by Tenant or any person claiming to be Tenant resulting from any occurrence on or about the Leased Premises.

Tenant has been advised by its legal counsel concerning the content and effect of California Civil Code Section 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Tenant hereby waives the benefits of Civil Code Section 1542 and all other state or federal statutes or judicial decisions of similar effect. The provisions of this Section shall survive the termination of this Agreement.

_____ Tenant's Initials

3.23 Indemnification. To the fullest extent permitted by law, Tenant agrees to defend, indemnify and hold harmless Landlord and its officials, officers, employees, volunteers and agents (collectively, "Indemnified Parties") from and against any and all claims, suits, actions or other proceedings of every kind relating to or arising from Tenant's possession, use, occupancy, management, operation, repair, maintenance or control of the Leased Premises or Common Areas, or any portion thereof, specifically including, without limitation, any loss, action, damages, liability, or expense (including attorneys' fees) arising by reason of: (i) the death or injury of any person or persons, including Tenant or its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement, or by reason of the damage or destruction of any property, including property owned by Tenant or its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement, and caused or allegedly caused by either the condition of said premises, or some act or omission on the Leased Premises of the Tenant or its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement; (ii) the willful or negligent act or omission of Tenant or its owners, officers, employees, agents, guests, invitees, customers and others who enter the Property and/or Leased Premises on behalf of or in connection with Tenant's presence or activities under this Agreement, including without limitation any subtenants (if applicable); (iii) the breach, default, violation or nonperformance of this Agreement by Tenant; (iv) the Tenant's failure to comply with any requirement of local, state or federal law or any requirement imposed by Landlord or by any duly authorized governmental agency or political subdivision. Tenant must pay, satisfy and discharge any and all money judgments that may be recovered against any Indemnified Party in connection with the foregoing. Tenant's obligation hereunder shall survive termination or expiration of this Agreement, and shall not be restricted to insurance proceeds, if any, received by any Indemnified Party.

3.24 Duty to Defend. Upon written request from an Indemnified Party, Tenant shall defend (with counsel acceptable to that Indemnified Party, in the Indemnified Party's reasonable discretion, and at Tenant's sole cost and expense) any claim, suit, action or other proceedings covered by Section 3.23. Tenant shall pay or satisfy all reasonable costs, fees or expenses of any kind incident to such defense or incident to enforcing this defense and indemnity obligation, including, but not limited to, attorneys' fees, investigators' fees, litigation expenses, expert or other consultant fees, settlement payments, and amounts

paid in satisfaction of any judgment, award or decree that may be rendered against an Indemnified Party. Tenant shall specifically and expressly be obligated to reimburse any Indemnified Party for the cost of any settlement paid by any Indemnified Party, whether paid for themselves or on behalf of another Indemnified Party, as part of any such claim, suit, action or other proceeding. Tenant's obligation hereunder shall survive termination or expiration of this Agreement, and shall not be restricted to insurance proceeds, if any, received by any Indemnified Party.

3.25 Subordination. This Agreement is and shall be subordinate to any reciprocal easement agreement, ground lease, facilities lease or other underlying lease and the lien of any mortgage or deed of trust and all renewals, modifications, consolidations, replacements and extensions of any of the foregoing, that may now exist or hereafter be executed by Landlord affecting the Property, or any part thereof, or Landlord's interest therein, without the necessity of executing any instrument to effectuate such subordination; provided, however, upon Landlord's request, Tenant, or Tenant's successor-in-interest, shall execute and deliver any and all instruments desired by Landlord evidencing such subordination in the manner requested by Landlord. Notwithstanding the foregoing, Landlord or the holder shall in its respective discretion, have the right to subordinate any such interests to this Agreement. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or conveyance in lieu of foreclosure is made for any reason, Tenant shall attorn to the successor-in-interest to Landlord, at the option of such successor-in-interest. The provisions of this Section shall be self-operative and no further instrument shall be required. Tenant agrees however, to execute and deliver, upon demand by Landlord and in the form requested by Landlord, any additional documents evidencing the priority or subordination of this Agreement.

3.26 Hazardous Materials Prohibited. The use, generation, storage or disposal of Hazardous Materials on the Leased Premises is strictly prohibited, and any such use, generation, storage, or disposal shall result in a default and termination of this Agreement. For the purpose of this Section, Hazardous Materials shall include, without limitation, substances defined as "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes," "extremely hazardous wastes," or "restricted hazardous wastes," or stated to be known to cause cancer or reproductive toxicity, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. sections 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. sections 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. sections 6901, et seq.; the Federal Water Pollution Control Act, 33 U.S.C. sections 1317, et seq.; sections 25115, 25117, 25122.7, 25140, 25249.5, 25249.8, 25281, 25316 or 25501 of the California Health & Safety Code; or any substances so defined or stated in any of the regulations adopted and publications promulgated pursuant to said laws as they may be amended from time to time.

3.27 Taxable Possessory Interests. Tenant acknowledges that the execution of this Agreement for the Leased Premises creates a taxable possessory interest pursuant to Revenue Taxation Code Section 107, as amended from time to time, subjecting Tenant to pay any and all taxes levied on this interest in government owned real property. A taxable possessory interest exists when a person or entity has the right to a beneficial use of tax exempt, government owned real property whether Rent is paid or not. These possessory interest taxes are to be paid by Tenant directly to the County Tax Collector and shall be kept current, without delinquency. **TENANT IS ADVISED TO CONTACT THE COUNTY ASSESSOR PRIOR TO ENTERING INTO THIS AGREEMENT FOR INFORMATION.** All possessory taxes are assessed yearly as of January 1st of each year. If the payment of the taxes become delinquent, Landlord may consider the failure to pay taxes owed a breach of this Agreement and grounds for termination. The person or entity in actual or constructive possession of the property on the lien date is liable for the tax for the entire year. There is no provision for proration of the taxes. Upon termination of the occupancy and thereby the taxable possessory interest, the Tenant is still responsible for the remaining portion of the tax bill through the end of that year.

_____ Tenant's Initials

3.28 Taxes. In addition to the possessory taxes described herein, Tenant shall pay as part of Rent during the term of this Agreement, without abatement, deduction, or offset, any and all real and personal property taxes, general and special assessments, and other charges (including any increase caused by a change in the tax rate or by a change in assessed valuation) of any description levied or assessed during the term of this Agreement by any governmental agency or entity on or against the Leased Premises, personal property located on or in the Leased Premises, and the leasehold estate created by this Agreement.

3.29 Termination of Agreement and Recapture of Space; Relocation of Tenant

3.29.1 Landlord's Right to Recapture Space. In addition to Landlord's rights to terminate this Agreement pursuant to Section 5, Landlord may terminate this Agreement at any time, without cause and upon thirty (30) days' written notice to Tenant, if Landlord determines, in its sole discretion, that the Leased Premises are necessary for Landlord's use. A termination of the Agreement under this Section for Landlord's use of the Leased Premises shall be known as a "Recapture." If Landlord elects to recapture all or a portion of the Leased Premises from Tenant, the following shall apply:

(a) Recapture of Space. The portion of the Leased Premises subject to Recapture (the "Recapture Space") shall be deleted from the Leased Premises for all purposes hereunder, and Tenant and Landlord shall be relieved of all their rights and obligations hereunder with respect to the Recapture Space except to the extent the same would survive the expiration or termination of this Agreement pursuant to the provisions hereof, and Landlord shall pay any cost incurred in physically separating the Recapture Space (if less than the entire Leased Premises) from the balance of the Leased Premises and in complying with any applicable governmental laws or regulations relating to such separation. Landlord shall not be liable or responsible for any payments or expenses for relocation, loss of goodwill, just compensation, inverse condemnation, or unlawful pre-condemnation conduct incurred by Tenant or allowed by law, and Tenant specifically waives and disclaims any right to such payments.

(b) Relocation. In addition to Landlord's rights under this Section and Section 5, Landlord may, upon thirty (30) days' written notice to Tenant, relocate Tenant from the Leased Premises to alternate premises within the Property or elsewhere within the City. Landlord shall pay the reasonable costs of tenant improvements necessary to make the alternate premises suitable for Tenant's use, and may require Tenant to furnish receipts, contractors' estimates, or other proof of such costs. If Landlord exercises its rights under this Section, Landlord and Tenant shall either terminate this Agreement and execute a new lease, or execute appropriate amendments to this Agreement reflecting the relocation, including any adjustments to the Base Rent that may be appropriate to reflect differences in size of the Leased Premises and alternate premises.

4. INSURANCE

4.1 Time for Compliance. This Agreement shall not commence until Tenant has provided evidence satisfactory to the Landlord that it has secured all insurance required under this Section.

4.2 Insurance Requirements. Tenant shall, at its expense, procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the possession, use, occupancy, management, operation, repair, maintenance or control of the Leased Premises by the Tenant and/or its officers, officials, agents, representatives, volunteers or employees.

4.2.1 Minimum Scope of and Limits of Coverage. Coverage shall be at least as broad as the latest version of the following: (A) General Liability: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (B) Proof of Automobile Liability: Insurance business or personal auto coverage and (C) Workers' Compensation and Employer's Liability: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance. Tenant shall maintain limits no less than: (A) General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (B) Proof of business or personal Automobile Liability coverage for bodily injury and property damage; and (C) Workers' Compensation and Employer's Liability: Workers' compensation limits as required by the Labor Code of the State of California. Employers Liability limits of \$1,000,000 per accident for bodily injury or disease. If the Tenant maintains higher limits than the minimums shown above the Landlord requires and shall be entitled to coverage for the higher limits maintained by the Tenant.

4.2.2 Fire Legal Liability and Extended Coverage. Tenant shall also procure and maintain, at its own expense, for the duration of this Agreement fire legal liability and extended coverage insurance for Tenant's fixtures, goods, wares, or personal property on or in the Leased Premises.

4.2.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Tenant or the primary insured shall provide endorsements on forms supplied or approved by the Landlord to add the following provisions to the insurance policies:

(a) General Liability. The general liability policy shall be endorsed to state that: (A) the Landlord, its directors, officials, officers, employees, volunteers and agents shall be covered as additional insurers with respect to the possession, use, occupancy, management, operation, repair, maintenance or control of the Leased Premises by the Tenant and its officers, officials, agents, representatives, volunteers or employees; and (B) the insurance coverage shall be primary insurance with respect to the Landlord, its officials, officers, employees, volunteers and agents, or if excess, shall stand in an unbroken chain of coverage excess of the Tenant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Landlord, its directors, officials, officers, employees, volunteers and agents shall be excess of the Tenant's insurance and shall not be called upon to contribute with it.

(b) Automobile Liability. No endorsement required.

(c) Workers' Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against the Landlord, the City and their directors, officials, officers, employees, volunteers and agents for losses paid under the terms of the insurance policy which arise from work performed by the Tenant.

(d) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, or canceled except after thirty (30) days prior written notice has been given to the Agency or ten (10) days if cancellation is due to non-payment of premium, provided that if a thirty (30) days' notice of cancellation endorsement is not available Tenant shall notify Agency of this unavailability in writing and shall forward any notice of cancellation to the Agency within two (2) business days from date of receipt by Tenant; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the Agency, its directors, officials, officers, employees, agents, and volunteers. Tenant's failure either to obtain an endorsement providing thirty (30) days prior written notice of cancellation endorsement or to forward the Agency any notice of cancellation issued to Tenant shall be considered breach of contract.

4.2.4 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the Landlord, the City and their directors, officials, officers, employees, volunteers and agents.

4.2.5 Deductibles and Self-Insurance Retentions. Landlord may require that any deductibles or self-insured retentions must be declared to and approved by the Landlord. Tenant shall ensure that, at the option of the Landlord, either: (A) the primary insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Landlord, its directors, officials, officers, employees and agents; or (B) the primary insured shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

4.2.6 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:IV, licensed and admitted to do business in California, and satisfactory to the Landlord.

4.2.7 Verification of Coverage. Tenant shall furnish Landlord with original certificates of insurance and endorsements affecting coverage required by this Agreement on forms satisfactory to the Landlord. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the Landlord if requested. All certificates and endorsements must be received and approved by the Landlord. The Landlord reserves the right to require complete, certified copies of all required insurance policies, at any time.

5. DEFAULT/ BREACH; REMEDIES

5.1 Default; Breach. A "Default" is defined as a failure by the Tenant to comply with or perform any of the terms, covenants, or conditions of this Agreement. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Tenant to cure such Default within any applicable grace period:

5.1.1 Abandonment. The abandonment of the Leased Premises; or the vacating of the Leased Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance required by this Agreement is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

5.1.2 Failure to Pay. The failure of Tenant to make any payment of Rent or any Security Deposit required to be made by Tenant hereunder, whether to Landlord or to a third party, when due.

5.1.3 Failure to Provide Insurance. The failure of Tenant to provide reasonable evidence of insurance or to fulfill any obligation under this Agreement which endangers or threatens life or property, where such failure continues for a period of three (3) business days following written notice to Tenant.

5.1.4 Default. A Default by Tenant as to the terms, covenants, conditions or provisions of this Agreement, other than those described above, where such Default continues for a period of three (3) days after written notice.

5.1.5 Misrepresentation. The discovery by Landlord that any financial statement of Tenant given to Landlord was materially false.

5.1.6 Breach of Guarantor. If the performance of Tenant's obligations under the Agreement are guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Agreement other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Tenant's failure, within thirty (30) days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Tenant, equals or exceeds the combined financial resources of Tenant and the Guarantors that existed at the time of execution of this Agreement.

5.2 Remedies. If Tenant fails to perform any of its affirmative duties or obligations, Landlord may, at its option, perform such duty or obligation on Tenant's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Tenant shall pay to Landlord an amount equal to 115% of the costs and expenses incurred by Landlord in such performance upon receipt of an invoice therefore. In the event of a Breach, Landlord may, with or without further notice or demand, and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such Breach, take any of the following actions:

5.2.1 Termination. Terminate Tenant's right to possession of the Leased Premises by any lawful means, in which case this Agreement shall terminate and Tenant shall immediately surrender possession to Landlord. In such event, Landlord shall be entitled to recover from Tenant: (i) the unpaid Rent which had 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 the Tenant proves could have been reasonably 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 that the Tenant's failure to perform its obligations under Agreement or which the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Leased Premises, expenses of reletting, including necessary renovation and alternation of the Leased Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Landlord in connection with this Agreement applicable to the unexpired term of this Agreement. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Leased Premises are located at the time of award plus one percent. Efforts by Landlord to mitigate damages caused by Tenant's Breach of this Agreement shall not waive Landlord's right to recover damages under any other Section of this Agreement.

5.2.2 Civil Code 1951.4. Have the remedy available under California Civil Code section 1951.4 by continuing the lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due, in which event Tenant may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Tenant's interests, shall not constitute a termination of the Tenant's right to possession.

5.2.3 All Other Remedies. Pursue any other remedy now or hereafter available under the law or judicial decisions of the State of California. The expiration or termination of this Agreement and/or the termination of the Tenant's right to possession shall not relieve Tenant from liability under any indemnity provisions of this Agreement as to matters occurring or accruing during the term hereof or by reason of Tenant's occupancy of the Leased Premises.

5.3 Breach by Landlord. Tenant may terminate this Agreement upon Landlord's breach of any of its obligations under this Agreement and Landlord's failure to cure such breach within thirty (30) days after receipt of written notice from the Tenant or, if such cure cannot be completed within thirty (30) days, Landlord's failure to commence such cure within thirty (30) days after its receipt of written notice and thereafter diligently prosecute such cure to completion.

6. ENFORCEMENT OF AGREEMENT

6.1 Governing Law and Venue. This Agreement shall be governed by the laws of the State of California without regard to conflicts of laws principles. This Agreement shall be deemed to have been made in the County of Riverside, California, regardless of the order of the signatures of the Parties affixed hereto. Any litigation or other legal proceedings that arise under or in connection with this Agreement shall be conducted in a federal or state court located within or for the County of Riverside, California. Tenant consents to the personal jurisdiction and venue in federal or state court located within or for the County of Riverside, California and hereby waives any defenses or objections thereto including defenses based on the doctrine of forum non conveniens.

6.2 Default. In the event Tenant fails to comply with all the terms and conditions of this Agreement, in addition to any other remedy provided for herein or available at law or in equity, Tenant shall pay to Landlord all Deferred Rent within fifteen (15) days of Termination of this Agreement.

6.3 Waiver. No delay or omission in the exercise of any right or remedy of a non-defaulting Party on any default shall impair such right or remedy or be construed as a waiver. Landlord's consent or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act of Tenant. Any waiver by any Party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

6.4 Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by any Party of one or more of such rights or remedies shall not preclude the exercise by that Party, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

6.5 Legal Action. In addition to any other rights or remedies, any Party may take legal action, at law or at equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

6.6 Attorneys' Fees. If any Party commences an action against the other Party arising out of or in connection with this Agreement, the prevailing Party shall be entitled to recover reasonable attorneys' fees and costs of suit from the losing Party.

7. MISCELLANEOUS PROVISIONS

7.1 Construction; References; Captions. Since the Parties or their agents have reviewed this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Tenant include all personnel, employees, agents, and subcontractors of Tenant, except as otherwise specified in this Agreement. All references to Landlord include its elected officials, officers, employees, agents, and volunteers except as otherwise

specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

7.2 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

7.3 Notice. Any notice, demand, request, consent, approval, communication either Party desires or is required to give the other Party or any other person shall be in writing and either served personally, by facsimile transmission, email, or sent by prepaid, first-class mail to the address set forth below. Either Party may change its address by notifying the other Party of the change of address in writing. Notice shall be deemed communicated forty-eight (48) hours from the time of mailing if mailed as provided in this Section. Notices transmitted by facsimile transmission shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient). Notices transmitted by electronic mail transmission shall be deemed delivered upon being sent, but only if no message of unavailability or undeliverability is received. If notice is deemed received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day. Any notices required to be given by Landlord under this Agreement, including but not limited to those required pursuant to Section 5, shall be in lieu of, and not in addition to, the notices required by California's Unlawful Detainer Statutes (Civil Code of Procedure section 1161 et seq.).

Landlord:

Darrell Talbert
Administrative Services Director
City of Corona
400 S. Vicentia Avenue
Corona, CA 92882
Fax: (951) 736-2488
Email:
darrell.talbert@ci.corona.ca.us

Tenant:

Mary Lou Wallace
President
Corona Art Association
815 W. Sixth Street, Suite 145
Corona, CA 92882
Fax:
Email:
coromax@sbcglobal.net

7.4 Integrated Agreement. This Agreement contains all of the agreements of the Parties and all previous understanding, negotiations and agreements are integrated into and superseded by this Agreement.

7.5 Amendment. This Agreement may be amended at any time by the mutual consent of the Parties by an instrument in writing signed by both Parties.

7.6 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

7.7 Exhibits. All exhibits attached hereto are hereby incorporated by reference as if fully set out in the body of this Agreement.

7.8 Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the Parties hereunder.

7.9 Authority. The persons executing this Agreement on behalf of the Parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that by so executing this Agreement the Parties hereto are formally bound to the provisions of this Agreement.

7.10 Independent Representation by Counsel. The Parties represent and declare that in executing this Agreement they rely solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently-selected counsel, concerning the nature, extent and duration of their rights and claims hereunder, and that, except as provided herein, they have not been influenced to any extent whatsoever in executing this Agreement, by any representations, statements or omissions pertaining to any of the matters herein contained by any Party or by any persons representing any Party.

7.11 Binding Effect. This Agreement shall bind and inure to the benefit of the Parties and the Landlord's heirs, successors and assigns.

7.12 Memorandum of Lease. The Landlord may record in the Riverside County Recorder's Office this Agreement or a memorandum of this Agreement in a form approved by the City Attorney, which memorandum shall be lawfully executed by Tenant upon request by Landlord.

[SIGNATURES ON NEXT PAGE]

**LANDLORD'S SIGNATURE PAGE FOR
CITY OF CORONA - HISTORIC CIVIC CENTER
LEASE AGREEMENT
(CORONA ART ASSOCIATION)**

CITY OF CORONA

By: _____
Darrell Talbert
City Manager

Attest: _____
Lisa Mobley
City Clerk

APPROVED AS TO FORM:

By: _____
Dean Derleth
City Attorney

**TENANT'S SIGNATURE PAGE FOR
CITY OF CORONA - HISTORIC CIVIC CENTER
LEASE AGREEMENT
(CORONA ART ASSOCIATION)**

CORONA ART ASSOCIATION
a California non-profit corporation

By: _____
Signature

Name (Print)

Title (Print)

By: _____
Signature

Name (Print)

Title (Print)

EXHIBIT “A”

**MAP OF THE PROPERTY DEPICTING THE
LEASED PREMISES & SOME COMMON AREAS**

[SEE ATTACHED 2 PAGES]

EXHIBIT “B”

LEASE AND USE POLICY AND PROCEDURES

[SEE ATTACHED 5 PAGES]

EXHIBIT “C”
ASBESTOS REPORT

[SEE ATTACHED 11 PAGES]

EXHIBIT "D"

LANDLORD'S APPROVED IMPROVEMENTS & REPAIRS

All alterations, additions, improvements and repairs must comply with Section 3.19. The list below is a general description of improvements to be conducted. Final written approval will be provided by Landlord upon receipt of required plans, specifications, etc., as outlined in Section 3.19.

NOT APPLICABLE

The following are repairs or improvements specifically not permitted:

NOT APPLICABLE

EXHIBIT “E”

SIGNAGE

[SEE ATTACHED 1 PAGES]