ITEM NO. 13

STAFF REPORT

CITY OF OCEANSIDE

DATE: May 7, 2014

To: Honorable Mayor and City Councilmembers

From: Property Management Division

Subject: **APPROVAL OF A LEASE AGREEMENT WITH INTERFAITH COMMUNITY SERVICES FOR PREMISES AT LIBBY LAKE RESOURCE CENTER**

SYNOPSIS

Staff recommends that the City Council approve a five-year lease agreement with Interfaith Community Services, for minimum total revenue of $7,956 per year for use and occupation of the premises at Libby Lake Resource Center for employment assistance services to the public; and authorize the City Manager to execute the agreement.

BACKGROUND

Interfaith Community Services ("ICS") has been providing emergency needs, which includes providing sheltering, food, clothing, family self-sufficiency case management programs and employment assistance services to economically disadvantaged persons in Oceanside since 1982. ICS has been located at an alternate location within the City since 1997, and desires to relocate to the Libby Lake Resource Center ("Center").

ANALYSIS

The terms of the lease agreement ("Lease") with ICS are as follows:

Premises: ICS will have exclusive use of approximately 633 square feet in Building #3, Suite C as well as approximately 30 square feet of the kitchen facility located in Building #2 ("Premises").

Uses: ICS shall provide emergency needs and family self-sufficiency case management program and employment assistance services to economically disadvantaged persons in Oceanside.

Term: Five-years, between May 1, 2014 and April 30, 2019. ICS may request one extension of the Lease for one additional five-year term, subject to City Council approval.

Termination:	In the event that ICS does not occupy the Premises or is not able to obtain adequate or sufficient funding during the term of the Lease to allow ICS to continue to provide services at the Center, either party shall have the right to terminate the Lease upon providing sixty (60) days prior written notice to the other party.
Rent:	ICS shall pay $662 per month for its use and occupation of the Premises at the Center.
Utilities:	ICS agrees to order, obtain, and pay for all utilities and service and installation charges in connection with the development, occupation and operation of the Premises.
Maintenance:	City shall maintain common areas of the Center and major components of the buildings within the Center ("Buildings"). ICS agrees to maintain and make all repairs and replacements, including painting, necessary to keep the Premises clean and in decent condition.
CAM Costs:	ICS shall pay City an amount equal to ICS's prorata share of the Common Area Maintenance Costs ("CAM Costs") for the Center and the common areas of the Buildings within the Center in the amount of 5.2 percent of the total CAM Costs. Said amount is determined by dividing the Premises square feet of 662 SF by the total square feet of the Buildings consisting of 12,726 SF.

FISCAL IMPACT

Annual rent to be paid by ICS for its use and occupation of the Premises is $7,956. Rent revenue will be appropriated and deposited to account 900876000101.4353.0006. Additionally, ICS will be required to pay CAM costs, estimated to be $2,250 annually.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council approve a five-year lease agreement with Interfaith Community Services, for minimum total revenue of $7,956 per year for use and occupation of the premises at Libby Lake Resource Center for employment assistance services to the public; and authorize the City Manager to execute the agreement.

PREPARED BY:

Curtis M. Jackson
Property Agent

SUBMITTED BY:

Steven R. Jepsen
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Margery Pierce, Housing and Neighborhood Services Director

Douglas Eddow, Real Property Manager

James R. Riley, Financial Services Director

LEASE AGREEMENT

BY AND BETWEEN

THE CITY OF OCEANSIDE

AND

INTERFAITH COMMUNITY SERVICES

AT THE LIBBY LAKE RESOURCE CENTER

DATED

April 30, 2014

INTERFAITH COMMUNITY SERVICES
LEASE AGREEMENT
LIBBY LAKE COMMUNITY CENTER

SECTION	PARAGRAPH	PAGE
SECTION 1:	**PREMISES**	
1.01	Property	1
1.02	Premises	2
1.03	Uses	2
1.04	Related Discretionary Actions	2
1.05	Quiet Possession	3
1.06	Reservation of Rights	3
SECTION 2:	**TERM**	
2.01	Commencement	4
2.02	Extension Term	4
2.03	Termination Provisions	4
2.04	Holdover	5
2.05	Abandonment by Lessee	5
2.06	Quitclaim of Lessee's Interest	5
2.07	Surrender of Premises	5
2.08	Time is of Essence	5
SECTION 3:	**RENT**	
3.01	Time and Place of Payment	6
3.02	Rent	6
3.03	Inspection of Records	6
3.04	Delinquent Payment	7
3.05	Security Deposit	7
SECTION 4:	**INDEMNITY AND INSURANCE**	
4.01	Indemnity	7
4.02	Insurance	8
4.03	Accident Reports	9
SECTION 5:	**COMMON AREAS**	
5.01	Common Area Defined	9
5.02	Use of Common Areas	10
5.03	Common Area Maintenance Costs	10
5.04	Lessee's Share	11
5.05	Changes by City	12
5.06	Rules	12
5.07	City's Maintenance and Control	12

INTERFAITH COMMUNITY SERVICES
LEASE AGREEMENT
LIBBY LAKE COMMUNITY CENTER

SECTION	PARAGRAPH	PAGE
SECTION 6:	**MAINTENANCE OF PREMISES**	
6.01	Acceptance of Premises	12
6.02	Lessee's Maintenance	12
6.03	Waste, Damage or Destruction	13
SECTION 7:	**UTILITIES AND TAXES**	
7.01	Utilities	13
7.02	Taxes	14
SECTION 8:	**IMPROVEMENTS/ALTERATIONS AND PERSONAL PROPERTY**	
8.01	Improvements/Alterations	14
8.02	Ownership of Improvements and Personal Property	14
8.03	Liens	15
8.04	Encumbrances	15
SECTION 9:	**CITY'S MAINTENANCE**	
9.01	City's Maintenance	16
SECTION 10:	**DAMAGE AND/OR DESTRUCTION**	
10.01	City's Obligations	16
10.02	Reconstruction	16
SECTION 11:	**CONDEMNATION**	
11.01	Eminent Domain	16
SECTION 12:	**DEFAULT BY LESSEE**	
12.01	Defaults and Termination	17
12.02	Bankruptcy	18
SECTION 13:	**GENERAL PROVISIONS**	
13.01	Notices	19
13.02	City Approval	20
13.03	Nondiscrimination	20
13.04	Equal Opportunity	20
13.05	Entire Agreement	20
13.06	Interpretation of the Agreement	20
13.07	Agreement Modification	21
13.08	Waiver	21

INTERFAITH COMMUNITY SERVICES
LEASE AGREEMENT
LIBBY LAKE COMMUNITY CENTER

SECTION	PARAGRAPH	PAGE
13.09	Attorney's Fees	21
13.10	Assignment and Subletting - No Encumbrance	21
13.11	Section Headings	22
13.12	Gender/Singular/Plural	22
SECTION 14:	**SPECIAL PROVISIONS**	
14.01	Standards of Operation	22
14.02	Hours of Operation	22
14.03	Signs	22
14.04	Manner of Providing Service	22
14.05	Continued Occupancy	23
14.06	Hazardous Substances	23
14.07	Use of City Property	24
SECTION 15:	**SIGNATURES**	
15.01	Signature Page	25

EXHIBITS

Exhibit "A" – Center Site Plan
Exhibit "B" – Building Floor Plan w/ Premises Outlined
Exhibit "C" – Commencement Date Memorandum

INTERFAITH COMMUNITY SERVICES
LEASE AGREEMENT
LIBBY LAKE COMMUNITY CENTER

THIS LEASE AGREEMENT, dated April 30, 2014, hereinafter called "Lease," is executed between the **CITY OF OCEANSIDE**, a California charter city, hereinafter called "City," and **INTERFAITH COMMUNITY SERVICES.** a California non-profit corporation, hereinafter called "Lessee."

RECITALS

WHEREAS, City is the lawful owner of that certain real property upon which there are situated those certain buildings, commonly known as the Libby Lake Resource Center, located at 4700 North River Road, Oceanside, California; and

WHEREAS, Lessee is a recognized non-profit public services organization providing emergency family needs and family self-sufficiency case management programs and employment assistance services to economically disadvantaged members of the Oceanside community; and

WHEREAS, Lessee is desirous of leasing 663 square feet at the Resource Center in order to provide said services to the public; and

WHEREAS, City is willing to lease space in said buildings at the Libby Lake Resource Center located on the City's real property to Lessee for the term and upon the covenants, conditions and provisions hereinafter set forth.

AGREEMENT

NOW THEREFORE, in consideration of the covenants, conditions and provisions contained herein, the parties hereto do mutually agree as follows:

SECTION 1: PREMISES

1.01 Property. The City is the owner of that certain real property situated in the City of Oceanside, County of San Diego, State of California, commonly known as 4700 North River Road, upon which is situated the Libby Lake Resource Center (hereinafter called the "Center"), consisting of approximately 58,480 square feet. The Center consists of common areas (as more specifically defined below) and three (3) buildings as follows: a) Building #1 consisting of 2,148 square feet; b) Building #2 consisting of 4,811 square feet; and c) Building #3 consisting of 5,767 square feet for a total of 12,726 square feet (hereinafter collectively referred to as the "Buildings"). The

Center and the Buildings are more particularly described in Exhibits "A" and "B" attached hereto and by this reference made a part of this Lease.

1.02 Premises. City hereby leases to Lessee and Lessee hereby leases from City, in accordance with the terms, conditions, covenants, and provisions of this Lease, certain portions of the Center to wit: a) **exclusive use of approximately 633 square feet in Building #3, Suite C as well as approximately 30 square feet of the kitchen facility located in Building #2** and b) subject to section 14.07 herein, the shared and non exclusive use of the common areas, hereinafter collectively called the "Premises", as illustrated and delineated in said Exhibit "B". In return for this permission, Lessee hereby agrees to act in accordance with and abide by the terms, covenants, conditions and provisions of this Lease.

a. Premises Condition. The City shall deliver the Premises in a "plain vanilla" condition, which shall be defined as a space with a drop ceiling, painted walls, carpeted floor and with standard electricity, plumbing and HVAC service thereto. It is expressly understood by the parties that Lessee shall be responsible for any other improvements to the Premises.

1.03 Uses. It is expressly agreed that the Premises is leased to Lessee solely and exclusively for the purpose of emergency needs and family self sufficiency case management programs and employment assistance services and/or other related business and economic opportunities, services, programs and activities to economically disadvantaged members of the public, and for such other related or incidental purposes as may be first approved in writing by the City Manager and for no other purpose whatsoever.

Lessee covenants and agrees to actively and continuously use and operate the Premises for the above specified, limited and particular exclusive use and to diligently pursue said purposes throughout the term of this Lease, except for failure to so use caused by reasons or events beyond the reasonable control of Lessee and acts of God. Said active and continuous use and operation enhances the value of the public's asset, provides needed public services, additional employment, taxes and other benefits to the general economy of the area. In the event that Lessee fails to continuously use the Premises for said purposes, or uses the Premises for purposes not expressly authorized herein, Lessee shall be deemed in default under this Lease. Lessee shall not use the Premises in any manner that disrupts the quiet enjoyment of surrounding Lessees' use of their premises.

1.04 Related Discretionary Actions. By the granting of this Lease, neither City nor the City Council is obligating itself or any other governmental agent, board,

commission, or agency with regard to any other discretionary action relating to development or operation of the Premises. Discretionary action includes, but is not limited to, issuance of building permits, rezoning, variances, conditional use permits, environmental clearances or any other governmental agency approvals which may be required for the development and operation of the Premises.

1.05 Quiet Possession. Lessee, paying the rent and performing the covenants and agreements herein, shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Premises.

If City for any reason cannot deliver possession of the Premises to Lessee at the commencement of the term of this Lease, or if during the term hereof Lessee is temporarily dispossessed through action or claim of a title superior to the City of Oceanside, then and in either of such events, this Lease shall not be voidable nor shall City be liable to Lessee for any loss or damage resulting therefrom, but there shall be determined and stated in writing by the City a proportionate reduction of the rate of rent for the period or periods during which Lessee is prevented from having the quiet possession of all or a portion of the Premises. In the event that such dispossession causes an extraordinary economic burden on Lessee, Lessee shall have the option to terminate this Lease by submitting to the City a **thirty (30) day** written notice together with its justifications for such termination. The City shall have the right to approve such termination and shall provide Lessee with a written determination thereof. Said approval shall not be unreasonably withheld.

1.06 Reservation of Rights. City shall not unreasonably or substantially interfere with Lessee's use of the Premises while Lessee is in possession of the Premises; however, the City specifically retains the following rights:

a. Subsurface Rights. City hereby reserves all rights, title and interest in any and all subsurface natural gas, oil, minerals and water on or within the Center.

b. Easements. City reserves the right to grant and use easements or to establish and use rights-of-way over, under, along and across the Center for utilities, thoroughfares, or access as it deems advisable for the public good.

c. Right to Enter. City has the right to enter the Premises for the purpose of performing maintenance, inspections, repairs or improvements, or developing municipal resources and services.

City will not reimburse Lessee for damages, if any, to the improvements, located on the Premises resulting from the City exercising the rights reserved in this Lease.

City will pay the costs of the maintenance and repair of all City installations made pursuant to these reserved rights. City's use of the Premises is paramount to that of the Lessee's use.

SECTION 2: TERM

2.01 Commencement. The term of this Lease shall be for a period of **five (5) years** commencing on April 30, 2014.

2.02 Extension Term. The Lessee may request an extension of the term of this Lease for an additional term of **five (5) years**, under the terms and conditions of this Lease, provided that the Lessee is not in default or breach of any term, condition, covenant or provision of this Lease. The extension request must be in writing and must be approved by the Oceanside City Council (the "City Council") as set forth below:

The Lessee may request an extension of the term of this Lease provided that Lessee provides written notice to the City no later than **ninety (90) days** prior to the expiration of the initial term of this Lease. The extension is not automatic and is subject to the recommendation of the City's City Manager. The City Manager or City Manager's designee shall notify the Lessee not later than **sixty (60) days** after receipt of such request whether such request will be recommended to the City Council for approval, at which time the City Manager shall provide Lessee with the terms and conditions the City is willing to accept for Lessee's use and occupation of the Premises during the extension term. City Manager's failure to provide the new terms and conditions within said timeframe shall not defeat City's ability to make adjustments to the terms and conditions of the Lease. Recommendation by the City Manager does not constitute City approval of the extension request. The City Manager in his capacity as the City's authorized representative, shall, in his sole discretion, have the authority to deny any such request. Any such denial shall be provided to Lessee in writing not later than **sixty (60) days** from receipt of the request for extension.

The City Council, at its sole discretion, may approve or deny the extension of the term of this Lease. In the event the City Council is unable to consider the extension request in sufficient time as to provide Lessee with **thirty (30) days** notice of termination in the case of denial, the Lease shall be extended for a period not to exceed **thirty (30) days**, to allow for such **thirty (30) day** notice of termination.

2.03 Termination Provisions. In the event that Lessee does not occupy the Premises or that Lessee is not able to obtain adequate or sufficient funding from its funding sources during the term of this Lease to allow Lessee to continue to provide the

services from the Premises as set forth in Section 1.03 hereinabove, either party shall have the right to terminate this Lease upon providing **sixty (60) days** prior written notice to the other party. No other special termination options are available except those described elsewhere in this Lease.

2.04 Holdover. Any holding over by Lessee after expiration or termination shall not be considered as a renewal or extension of this Lease. The occupancy of the Premises by Lessee or by Lessee's property after the expiration or termination of this Lease constitutes a month-to-month tenancy, and all other terms and conditions of this Lease shall continue in full force and effect.

2.05 Abandonment by Lessee. Even though Lessee has breached the Lease and abandoned the Premises, this Lease shall continue in effect for so long as City does not terminate this Lease, and City may enforce all its rights and remedies hereunder, including but not limited to the right to recover the rent as it becomes due, plus damages.

2.06 Quitclaim of Lessee's Interest. On termination of this Lease for any reason, City may provide Lessee with and Lessee shall execute and deliver to City a quitclaim deed in recordable form quitclaiming all its rights in and to the Premises. Lessee or its successor in interest shall deliver the same within **five (5) days** after receiving written demand therefor. City may record such deed only on the expiration or earlier termination of this Lease. If Lessee fails or refuses to deliver the required deed, the City may prepare and record a notice reciting Lessee's failure to execute this Lease provision and the notice will be conclusive evidence of the termination of this Lease and all Lessee's rights to the Premises.

2.07 Surrender of Premises. At the expiration or earlier termination of this Lease, Lessee shall surrender the Premises to City free and clear of all liens and encumbrances created by Lessee, except those liens and encumbrances which existed on the date of the execution of this Lease by City. The Premises, when surrendered by Lessee, shall be in a safe and sanitary condition and shall be in as good or better condition as the condition at commencement of this Lease, absent normal wear and tear.

2.08 Time is of Essence. Time is of the essence of all of the terms, covenants, conditions and provisions of this Lease.

SECTION 3: PAYMENT

3.01 **Time and Place of Payment.** The Lessee shall make all payments due under this Lease monthly in advance on or before the **first (1st) day** of each new month. In the event the commencement of this Lease is after the **first (1st) day** of the month, the first month's payment shall be prorated based on a **thirty (30) day** proration formula.

Checks should be made payable to the City of Oceanside and delivered to the City at the address set forth in Section 13.01 of this Lease. The place and time of payment may be changed at any time by City upon **thirty (30) days** written notice to Lessee. Lessee assumes all risk of loss and responsibility for late payment charges. Lessee agrees to pay City an additional **Fifteen Dollars ($15.00)** for any returned check, which is not honored by the financial institution from which the check is drawn.

3.02 **Rent.** City hereby agrees that the programs, services and activities provided by Lessee at the Premises are valuable consideration received from Lessee, that the provision of such programs, services and activities shall constitute a portion of the rent to be paid by Lessee for its use and occupation of the Premises in accordance with the terms, covenants, conditions and provisions of the Lease. In addition to providing said programs, services and activities, Lessee shall pay to City a minimum annual rent amount of **Seven Thousand Nine Hundred Fifty-Six ($7,956.00)** and rent shall be payable monthly in advance, without demand from City, at a monthly rate of **Six Hundred Sixty-three Dollars ($663.00)** as set forth in Subsection 3.01 above. In addition, Lessee shall be required to pay its prorata share of Common Area Maintenance Costs as set forth in Section 5 below and other costs as set forth in this Lease.

3.03 **Inspection of Records.** Lessee shall maintain accurate financial books and records for the operation of its business provided at, or from, the Premises. Said books and records shall be maintained in accordance with good accounting practice and standards within the industry. The records must be supported by source documents of original entry such as invoices, or other pertinent documents.

Lessee agrees to make any and all records and accounts available to City for inspection at all reasonable times, so that City can determine Lessee's compliance with this Lease. These records and accounts will be made available by Lessee at the Premises or City's offices, at City's sole discretion, and will be complete and accurate showing all income and receipts from Lessee's use of the Premises. Lessee's failure to keep and maintain such records and make them available for inspection by City shall be deemed a default of this Lease.

Lessee shall maintain all such books, records and accounts for the term of this Lease, and a minimum period of **five (5) years** thereafter. This provision shall survive the expiration or sooner termination of this Lease.

3.04 **Delinquent Payment.** If Lessee fails to pay any payment within **ten (10) days** after it is due, Lessee will pay in addition to the unpaid payment, five percent (5%) of the delinquent amount. If the payment is still unpaid at the end of **fifteen (15) days**, Lessee shall pay an additional five percent (5%) [being a total of ten percent (10%)] which is hereby mutually agreed by the parties to be appropriate to compensate City for loss resulting from any delinquency, including lost interest, opportunities, legal costs, and the cost of servicing the delinquent account.

3.05 **Security Deposit.** Lessee shall not be initially required to pay a security deposit under this Lease to the City. In the event the City determines in its discretion, that a reasonable security deposit is required in order to protect City's interest in this Lease, Lessee shall pay the amount determined by City, immediately upon demand. The City agrees that a reasonable security deposit shall be equal to one (1) month's fair market rental for similar office space in the Oceanside area. Thereafter, City may use a portion of said security deposit to remedy any defaults in the payment of any amounts owed to City under the Lease, to repair damages caused by Lessee, and/or to clean the Premises if necessary upon termination of tenancy. If used toward amounts owed under the Lease or damages during the term of this Lease, Lessee agrees to reinstate said total security deposit upon **five (5) days** written notice delivered to Lessee. The security deposit or balance thereof, if any, together with an itemized accounting, shall be mailed to Lessee at last known address within **fourteen (14) days** after surrender of the Premises.

SECTION 4: INDEMNITY AND INSURANCE

4.01 **Indemnity.** Lessee shall indemnify and hold harmless the City and its officers, agents and employees against all claims for damages to persons or property arising out of the conduct of the Lessee or its employees or in connection with its use and occupation of the Premises under this Lease, except only for those claims arising from the sole or active negligence or sole willful misconduct of the City, its officers, agents, or employees. Lessee's indemnification shall include any and all costs, expenses, attorneys' fees and liability incurred by the City, its officers, agents, or employees in defending against such claims, whether the same proceed to judgment or not. Further, Lessee at its own expense shall, upon written request by the City, defend any such suit or action brought against the City, its officers, agents, or employees.

4.02 **Insurance.** Lessee shall take out and maintain at all times during the term of this lease the following insurance at its sole expense:

a. Lessee shall maintain the following minimum limits:

General Liability

Combined Single Limit per occurrence	$1,000,000
General Aggregate	$2,000,000

b. All insurance companies affording coverage to the Lessee shall be required to add the City of Oceanside as "additional insured" under the insurance policy(s) required in accordance with this Lease.

c. All insurance companies affording coverage to the Lessee shall be insurance organizations acceptable to the City, and authorized by the Insurance Commissioner of the State Department of Insurance to transact business of insurance in the State of California.

d. All insurance companies affording coverage shall provide **thirty (30) days** written notice to the City of Oceanside should the policy be cancelled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation.

e. Lessee shall provide evidence of compliance with the insurance requirements listed above by providing a certificate of insurance, in a form satisfactory to the City Attorney, concurrently with the submittal of this Lease.

f. Lessee shall provide a substitute certificate of insurance no later than thirty (30) days prior to the policy expiration date. Failure by the Lessee to provide such a substitution and extend the policy expiration date shall be considered a default by Lessee and may subject the Lessee to a termination of this Lease.

g. Maintenance of insurance by the Lessee as specified in this Lease shall in no way be interpreted as relieving the Lessee of any responsibility whatever and the Lessee may carry, at its own expense, such additional insurance as it deems necessary.

h. City shall not be responsible to insure Lessee's leasehold improvements

and Lessee's personal property and that Lessee shall be responsible for said items and for the insurance thereof.

i. If Lessee fails or refuses to take out and maintain the required insurance, or fails to provide the proof of coverage, City has the right to obtain the insurance. Lessee shall reimburse City for the premiums paid with interest at the maximum allowable legal rate then in effect in California. City shall give notice of the payment of premiums within **thirty (30) days** of payment stating the amount paid, names of the insurer(s) and rate of interest. Said reimbursement and interest shall be paid by Lessee on the first (1st) day of the month following the notice of payment by City.

Notwithstanding the preceding provisions of this Subsection, any failure or refusal by Lessee to take out or maintain insurance as required in this Lease, or failure to provide the proof of insurance, shall be deemed a default under this Lease.

j. City, at its discretion, may require the revision of amounts and coverage at any time during the term of this Lease by giving Lessee **sixty (60) days** prior written notice. City's requirements shall be designed to assure protection from and against the kind and extent of risk existing on the Premises. Lessee also agrees to obtain any additional insurance required by City for new improvements, in order to meet the requirements of this Lease.

4.03 Accident Reports. Lessee shall, within **seventy-two (72) hours** after occurrence, report to City any accident causing property damage or any serious injury to persons on the Premises. This report shall contain the names and addresses of the parties involved, a statement of the circumstances, the date and hour, the names and addresses of any witnesses and other pertinent information.

SECTION 5: COMMON AREAS

5.01 Common Areas Defined.

a. Center Common Areas. Center Common Areas shall mean all areas, facilities and improvements, including but not limited to, parking areas, sidewalks, walkways, delivery areas, trash facilities, landscaped areas, access and interior roads and walls, provided in the Center from time to time for the non-exclusive common use of City and Lessee's and their respective employees, agents and invitees.

b. Building Common Areas. Building Common Areas shall mean all areas, facilities and improvements, including but not limited to, lobby areas, elevators,

hallways, restrooms, stairways and service corridors, provided in each of the Buildings in the Center from time to time for the non-exclusive common use of City and Lessees and their respective employees, agents and invitees.

5.02 Use of Common Areas. Lessee, its employees, agents and invitees are, except as otherwise specifically provided in this Lease, authorized during the term of the Lease to use the Center Common Areas and the applicable Building Common Areas in which Lessee occupies space (hereinafter sometimes collectively referred to as "Common Areas"), for their respective intended purposes in common with others. City shall at all times have the right to use the Common Areas for promotions, exhibits, public gatherings and any other use which, in City's judgment, tends to benefit the Center and/or the public in general.

5.03 Common Area Maintenance Costs. Common Area Maintenance costs ("CAM Costs") means all sums incurred which, in City's judgment are reasonable and appropriate and for the best interest of the Center and the Buildings in connection with the operation, maintenance, repair and replacement of the Common Areas, including, but not limited to, the expense of: (i) maintenance, repair and replacement of drainage facilities, security systems, utility systems, lighting systems (including fixtures, poles and bulbs), directories, information and traffic markers and signs, conduits and similar items; (ii) trash removal, cleaning, painting, pest control, sweeping, repair and replace sidewalks, parking surfaces and service areas; (iii) premiums for insurance provided by City for the Center and the Buildings; (iv) maintenance, repair and replacement of the irrigation system, interior and exterior landscaping; (v) maintenance and repair of the Common Areas, including floors, ceilings, roofs, entrances and skylights; (vi) maintenance and repair of all machinery and equipment used in the operation and maintenance of the Common Areas; (vi) all costs associated with providing gas, water, electricity and other utilities; (vii) all licenses and permit fees; (viii) personnel or contractors providing personnel, including security and maintenance; (ix) security equipment; (x) City's administration costs in an amount equal to **five percent (5%)** of the total cost of maintaining and repairing the Common Areas. The City shall have the right to cause any or all services for the Common Areas to be provided by others.

a. Exclusions to Common Area Maintenance Costs. Notwithstanding anything to the contrary above, CAM Costs shall not include repairs and/or replacements to the structural components of the Buildings; replacement of the roof or repairs to the roof structure; and replacement of the major components of the Buildings (e.g. HVAC, elevator) and the Center (e.g. driveways), unless caused by Lessee's negligence or willful misconduct. In addition, CAM Costs shall not include the costs associated with City personnel that are not providing a direct benefit to the Center and/or the Buildings.

5.04 Lessee's Share.

a. Lessee shall pay City an amount equal to Lessee's prorata share of the CAM Costs for the Center and the Buildings common areas in which the Premises are located in the amount of **five and 2/10 percent (5.2%)**. Said amount is determined by dividing the Premises square feet of **663 SF** by the total square feet of the Buildings consisting of 12,726 SF.

b. Lessee's initial estimate of CAM Costs for both the Center and the Building common areas is **Three and 60/100 Dollars ($3.60) per square foot per year** based on the anticipated expenses for the Center and the Buildings. It is expressly understood by the parties hereto that this amount is an estimate only and is subject to change pursuant to Subsection c. below.

c. Lessee shall pay City on the Lease Commencement Date, in addition to any other amounts to be paid by Lessee, and on the first day of each month of the term of the Lease, the amounts estimated by City to by payable monthly for any given calendar year or portion thereof under Section 5.04a above. City may adjust said amounts at the end of any month based on City's reasonable anticipated costs.

d. Within **ninety (90) days** after the end of each calendar year or portion thereof, City shall furnish Lessee a statement covering such year or portion thereof, certified as correct by an authorized representative of City, showing actual CAM Costs, the amount payable by Lessee and payments by Lessee for such period. If Lessee's payment for such CAM Costs with respect to such period exceed Lessee's share of such CAM Costs, the excess shall be credited against the next payment becoming due; if said payments are less than said share, Lessee shall pay City the difference within **ten (10) days** after demand therefor.

e. City shall make its CAM Costs records for the preceding year available for a reasonable time at City's address, during normal business hours for inspection by Lessee's representative experienced in audit procedures, within **ten (10) days** after receiving Lessee's written request to inspect, provided Lessee has paid its share of CAM Costs for such year.

f. City agrees to meet with Lessee and other Lessees on a regular basis to discuss future increases in CAM Costs and the benefit to the Center and the Buildings. City agrees to use reasonable efforts to keep increases to CAM Costs at a minimum. Provided, however, Lessee acknowledges and agrees that City shall have the sole and

absolute discretion to determine whether or not CAM Costs shall be increased in the future.

5.05 Changes by City. City may determine the nature and extent of the Common Areas, and make such changes, additions or reductions therein from time to time as it deems desirable or which are required as a result of any law.

5.06 Rules. City may establish and amend and enforce against Lessee such reasonable rules as City deems necessary or advisable for proper and efficient use, operation and maintenance of the Common Areas.

5.07 City's Maintenance and Control. City shall cause the Common Areas to be maintained and operated. City shall have the exclusive control, management and direction of the Common Areas. City may at any time exclude and restrain any person from use or occupancy thereof, excepting Lessee and other Lessees of City and bona fide invitees of either who use the Common Areas for their intended purposes and in accordance with the rules established by City. The rights of Lessee in the Common Areas shall be subject to the rights of others to use them in common with Lessee, and it is Lessee's duty to keep all of the Common Ares free of any obstructions created or permitted by Lessee or resulting from Lessee's operation.

SECTION 6: MAINTENANCE OF PREMISES

6.01 Acceptance of Premises. Lessee represents and warrants that it has independently inspected the Premises and made all tests, investigations, and observations necessary to satisfy itself of the condition of the Premises. Lessee acknowledges it is relying solely on such independent inspection, tests, investigations, and observations in making this Lease. Lessee further acknowledges that the Premises are in the condition called for by this Lease and that Lessee does not hold City responsible for any defects in the Premises.

6.02 Lessee's Maintenance. As part of the consideration for the leasing thereof, Lessee agrees to assume full responsibility and cost for the operation, maintenance (including painting) and repair of the Premises, throughout the term of this Lease and without expense to City. Lessee will perform all maintenance, repairs and replacements necessary to maintain and preserve the Premises in a decent, safe, healthy, and sanitary condition satisfactory to City and in compliance with all Premises laws. Lessee further agrees to provide approved containers for trash and garbage and to keep the Premises free and clear of rubbish and litter, or any other fire hazards. Lessee waives all right to make repairs at the expense of City as provided in Section 1942 of the California Civil Code and all rights provided by Section 1941 of said code.

For the purpose of keeping the Premises in a good, safe, healthy and sanitary condition, City shall always have the right, but not the duty, to enter, view, inspect, determine the condition of, and protect its interests in, the Premises. In the event that City finds that the Premises are not in a decent, safe, healthy, and sanitary condition, Lessee must perform the necessary maintenance, repair or replacement work within **ten (10) days** after written notice from City. In the event Lessee fails to perform such work, City shall have the right, upon written notice to Lessee, to have any necessary maintenance work done at the expense of Lessee, and Lessee shall promptly pay any and all costs incurred by City in having such necessary maintenance work done, in order to keep said Premises in a decent, safe, healthy, and sanitary condition. Lessee shall make payment no later than **ten (10) days** after City's written demand therefor. City shall not be required at any time to perform maintenance or to make any improvements or repairs whatsoever, on or for the benefit of the Premises. The rights reserved in this section shall not create any obligations or increase obligations for City elsewhere in this Lease.

6.03 Waste, Damage, or Destruction. Lessee shall give notice to City of any fire or other damage that occurs on the Premises within **seventy-two (72) hours** of such fire or damage. Lessee shall not commit or suffer to be committed any waste or injury or any public or private nuisance, agrees to keep the Premises clean and clear of refuse and obstructions, and to dispose of all garbage, trash, and rubbish in a manner satisfactory to City. If the Premises shall be damaged by any cause which puts the Premises into a condition which is not decent, safe, healthy and sanitary, Lessee agrees to make or cause to be made full repair of said damage and to restore the Premises to the condition which existed prior to said damage; or, at City's option, and upon receipt of written demand thereof, Lessee agrees to clear and remove from the Premises all debris resulting from said damage and rebuild the Premises in accordance with plans and specifications previously submitted to City and approved in writing in order to replace in kind and scope the operation which existed prior to such damage. Lessee shall be responsible for all costs incurred in the repair and restoration, or rebuilding of the Premises.

SECTION 7: UTILITIES AND TAXES

7.01 Utilities. Lessee agrees to order, obtain, and pay for all utilities and service and installation charges in connection with the development, occupation and operation of the Premises. In the event that the Premises or any portion thereof are not separately metered, Lessee shall pay its prorata share of utilities used by Lessee in the Premises or any portion thereof in proportion to the total utilities used by the occupants of the Buildings sharing any such utilities. Lessee's prorata share shall be determined

by the City in its reasonable discretion. Lessee shall make such payments to City in the same manner as set forth in Section 5 above. In the event City, in its discretion, determines that Lessee is using more utilities than the other occupants in the Buildings in relation to each occupant's prorata share of occupied space, the City may require a separate meter, sub-meter or other device be installed at the Premises, which shall be at Lessee's sole cost and expense.

7.02 Taxes. Lessee shall pay, before delinquency, all taxes, assessments, and fees assessed or levied upon Lessee or the Premises, including the land, any buildings, structures, machines, equipment, appliances, or other improvements or property of any nature whatsoever erected, installed, or maintained by Lessee or levied by reason of the business or other Lessee activities related to the Premises, including any licenses or permits.

Lessee recognizes and agrees that this Lease may create a possessory interest subject to property taxation, and that Lessee may be subject to the payment of taxes levied on such interest, and that Lessee shall pay all such possessory interest taxes before they become delinquent.

SECTION 8: IMPROVEMENTS/ALTERATIONS AND PERSONAL PROPERTY

8.01 Improvements/Alterations. No improvements, structures, or installations shall be constructed on the Premises, and the Premises may not be altered by Lessee without prior written approval by the City Manager. Further, Lessee agrees that major structural or architectural design alterations to approved improvements, structures, or installations may not be made on the Premises without prior written approval by the City Manager and that such approval shall not be unreasonably withheld. This provision shall not relieve Lessee of any obligation under this Lease to maintain the Premises in a decent, safe, healthy, and sanitary condition, including structural repair and restoration of damaged or worn improvements. City shall not be obligated by this Lease to make or assume any expense for any improvements or alterations.

8.02 Ownership of Improvements and Personal Property.

a. Any and all improvements, trade fixtures, structures, and installations or additions to the Premises now existing or constructed on the Premises by Lessee, excepting such fixtures which may be removed without causing damage to the Premises, shall at Lease expiration or termination be deemed to be part of the Premises and shall become, at City's option, City's property, free of all liens and claims except as otherwise provided in this Lease.

b. If City elects not to assume ownership of all or any improvements, trade fixtures, structures and installations, City shall so notify Lessee in writing **thirty (30) days** prior to expiration or termination of this Lease, and Lessee shall remove all such improvements, structures and installations as directed by City at Lessee's sole cost and expense on or before Lease expiration or termination. If Lessee fails to remove any improvements, structures, and installations as directed, Lessee agrees to pay City the full cost of any removal.

c. Lessee-owned machines, appliances, equipment (other than trade fixtures), and other items of personal property shall be removed by Lessee by the date of the expiration or termination of this Lease. Any said items which Lessee fails to remove will be considered abandoned and become City's property free of all claims and liens, or City may, at its option, remove said items at Lessee's expense.

d. If any removal of such personal property by Lessee results in damage to the remaining improvements on the Premises, Lessee shall repair all such damage.

8.03 Liens. Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to all or any portion of the Premises without the prior written consent of the City Manager. Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim on or with respect to all or any portion of the Premises for which Lessee does not have the prior written consent of the City Manager

8.04 Encumbrance. Upon receiving prior consent by the City Manager, Lessee may encumber this Lease, its leasehold estate and its improvements thereon by deed of trust, mortgage, chattel mortgage or other security instrument to assure the payment of a promissory note or notes of Lessee, upon the express condition that the net proceeds of such loan or loans be devoted exclusively to the purpose of developing and/or improving the Premises. However, a reasonable portion of the loan proceeds may be disbursed for payment of incidental costs of construction, including but not limited to the following: off-site improvements for service of the Premises; on-site improvements; escrow charges; premiums for hazard insurance, or other insurance or bonds required by City; title insurance premiums; reasonable loan costs such as discounts, interest and commissions; and architectural, engineering and attorney's fees and such other normal expenses incidental to such construction.

Any subsequent encumbrances on the Premises or on any permanent improvements thereon, shall also have prior approval in writing of City Manager. Such subsequent encumbrances shall also be for the exclusive purpose of development of

the Premises or otherwise to the benefit of the City at the discretion of the City Manager. Any deed of trust, mortgage or other security instrument shall be subject to all of the terms, covenants and conditions of this Lease and shall not amend or alter any of the terms, covenants or conditions of this Lease.

SECTION 9: CITY'S MAINTENANCE

9.01 City's Maintenance. City will keep the roof, foundation and the structural columns in good repair. City shall not, however, be liable to Lessee unless Lessee has given City prior written notice of the necessity for such repairs and any damage arising there from shall not have been caused, in whole or in part by the negligent or willful act or omission of Lessee, its employees, agents or invitees, or by the failure of Lessee to perform any of its obligations under this Lease, or caused by any risk which Lessee is required to insure pursuant to Section 4.

SECTION 10: DAMAGE AND/OR DESTRUCTION

10.01 City's Obligations. In the event the Center and/or Building(s) is damaged and/or destroyed to any extent for any reason whatsoever, the City in its sole discretion shall have the right to either repair said damage and/or destruction, or to elect not to repair. In the event the City elects not to repair the damage or destroyed portion of the Center and/or Building(s), and said damage and/or destruction materially affects Lessee's ability to conduct its operation in the Premises, either party shall have the right to terminate the Lease by giving at least **sixty (60) days** written notice to the other party.

10.02 Reconstruction. In the event the City elects to repair the damage and/or destruction and Lessee's Premises is not materially affected as set forth above, Lessee's shall continue to occupy its Premises in full compliance with the terms, conditions and provisions of the Lease. In the event Lessee's Premises is materially affected, Lessee's shall not be required to make any payments under the Lessee until such time as the damage and/or destruction has been repaired. City's obligation to repair any damage and/or destruction to the Premises shall not include any tenant improvements made to the Premises by Lessee or personal property of the Lessee, which repair and/or replacement shall be sole responsibility of Lessee.

SECTION 11: CONDEMNATION

11.01 Eminent Domain. If all or parts of the Premises are taken through condemnation proceedings or under threat of condemnation by any public authority with

the power of eminent domain, the interests of City and Lessee (or beneficiary or mortgagee) will be as follows:

a. Total Taking. In the event the entire Premises are taken, this lease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.

b. Partial Taking. In the event of a partial taking, if, in the opinion of Lessee, the remaining part of the Premises is unsuitable for the lease operation, this lease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.

In the event of a partial taking, if, in the opinion of Lessee, the remainder of the Premises is suitable for continued lease operation, this lease shall terminate in regard to the portion taken on the date of the transfer of title or possession to the condemning authority, whichever first occurs, but shall continue for the portion not taken. The minimum rent shall be equitably reduced to reflect the portion of the Premise taken.

c. Award. All monies awarded in any such taking of the Premises shall belong to City, whether such taking results in diminution in value of the leasehold or the fee or both; provided, however, Lessee shall be entitled to any award attributable to the taking of or damages to Lessee's then remaining leasehold interest in installations or improvements of Lessee. City shall have no liability to Lessee for any award not provided by the condemning authority.

d. Transfer. City has the right to transfer City's interests in the Premises in lieu of condemnation to any authority entitled to exercise the power of eminent domain. If a transfer occurs, Lessee shall retain whatever interest it may have in the fair market value of any improvements placed by it on the Premises in accordance with this lease.

e. No Inverse Condemnation. The exercise of any City right under this lease shall not be interpreted as an exercise of the power of eminent domain and shall not impose any liability upon City for inverse condemnation so long as such rights do not unreasonably or substantially interfere with Lessee's operations.

SECTION 12: DEFAULT BY LESSEE

12.01 <u>Defaults and Termination</u>. It is mutually understood and agreed that if any default be made in the payment of rental herein provided or in the performance of the covenants, conditions, or agreements herein (any covenant or agreement shall be construed and considered as a condition); or should Lessee fail to fulfill in any manner

the uses and purposes for which the Premises are leased as stated in this Lease, and such default is not cured within **five (5) days** after written notice thereof if default is in the submittal of rent as required in this Lease; or **ten (10) days** after written notice thereof if default is in the performance of the failure to use provisions pursuant to Section 1.03 of this Lease; or **thirty (30) days** after written notice thereof if default is in the performance of any other covenant, condition and agreements (any covenant or agreement shall be construed and considered as a condition), City shall have the right to immediately terminate this Lease; and that in the event of such termination, Lessee shall have no further rights hereunder and Lessee shall thereupon forthwith remove from the Premises and shall have no further right to claim thereto, and City shall immediately thereupon, without recourse to the courts, have the right to reenter and take possession of the Premises. City shall further have all other rights and remedies as provided by law, including without limitation the right to recover damages from Lessee in the amount necessary to compensate City 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 there from.

In the event City consents to an encumbrance of the Lease for security purposes in accordance with the terms of this Lease, it is understood and agreed that City shall furnish copies of all notices of defaults to the beneficiary or mortgagee under said encumbrance by certified mail contemporaneously with the furnishing of such notices to Lessee, and in the event Lessee shall fail to cure such default or defaults within the time allowed above, said beneficiary or mortgagee shall be afforded the right to cure such default at any time within **five (5) days**, if the default is for the failure to submit rent as required, or within **fifteen (15) days** following the expiration of the period within which Lessee may cure such default, provided, however, City shall not be required to furnish any further notice of default to said beneficiary or mortgagee.

In the event of the termination of this Lease pursuant to the provisions of this section, City shall have any rights to which it would be entitled in the event of the expiration or sooner termination of this Lease under the provisions of this Lease.

12.02 <u>Bankruptcy</u>. In the event Lessee becomes insolvent, makes an assignment for the benefit of creditors, becomes the subject of a bankruptcy proceeding, reorganization, arrangement, insolvency, receivership, liquidation, or dissolution proceedings, or in the event of any judicial sale of Lessee's interest under this Lease, City shall have the right to declare this Lease in default.

The conditions of this section shall not be applicable or binding on Lessee or the beneficiary in any deed of trust, mortgage, or other security instrument on the demised Premises which is of record with City and has been consented to by resolution of the

City Council, or to said beneficiary's successors in interest consented to by resolution of the City Council, as long as there remains monies to be paid by Lessee to such beneficiary under the terms of such deed of trust; provided that such beneficiary or its successors in interest, continuously pay to City all rent due or coming due under the provisions of this Lease and the Premises are continuously and actively used in accordance with Section 1.03 of this Lease.

SECTION 13: GENERAL PROVISIONS

13.01 Notices. All notices, demands, requests, consents or other communications which this Lease contemplates or authorizes, or requires or permits either party to give to the other, shall be in writing and shall be personally delivered or mailed to the respective party as follows:

To CITY:

CITY OF OCEANSIDE
Property Management
300 North Coast Highway
Oceanside, CA 92054

To LESSEE:

Interfaith Community Services
Attn: Patti Hamic-Christensen
550 West Washington Ave.
Escondido, CA 92025

Either party may change its address by notice to the other party as provided herein.

Communications shall be deemed to have been given and received on the first to occur of: i) actual receipt at the offices of the party to whom the communication is to be sent, as designated above; or (ii) **three (3) working days** following the deposit in the

and replacements on the Premises to insure the public's health, safety, and welfare. Lessee shall ensure that its employees shall at all times conduct themselves in a creditable and dignified manner, and they shall conform to all laws, rules, regulations and requirements, as well as all rules and regulations as hereafter may be promulgated, or put into operation by the City. Lessee shall maintain a staff in adequate size and number, to City's satisfaction, to effectively operate, maintain and administer all services offered and facilities located on the Premises.

14.05 Continued Occupancy. Lessee covenants and agrees to, and it is the intent of this Lease that the Lessee shall, continuously and uninterruptedly during the term of the Lease, occupy and use the Premises for the purposes hereinabove specified, except while Premises are untenantable by reason of fire, flood, or other unavoidable casualty, and, in that event, City shall be promptly notified by Lessee.

14.06 Hazardous Substances. No goods, merchandise or material shall be kept, stored or sold in or on the Premises which are in any way explosive or hazardous; and no offensive or dangerous trade, business or occupation shall be carried on therein or thereon, and nothing shall be done on said Premises, which will cause an increase in the rate of or cause a suspension or cancellation of the insurance upon said or other premises and the improvements thereon.

No machinery or apparatus shall be used or operated on or about the Premises which will in any way injure the Premises or improvements thereon, or adjacent or other premises, or improvements thereon, or persons; provided, however, that nothing contained in this section shall preclude Lessee from bringing, keeping or using on or about the Premises such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its said business, or from carrying on its business in all usual respects.

Open flame burning, gasoline, or other fuel storage is expressly prohibited without prior written consent of the City.

Lease does not limit any other rights or remedies available to City.

The Lessee shall be responsible for complying with all Local, State, and Federal laws whether or not said laws are expressly stated or referred to herein.

Should any provision herein be found or deemed to be invalid, the Lease shall be construed as not containing such provision, and all other provisions, which are otherwise lawful, shall remain in full force and effect, and to this end the provisions of this Lease are severable.

This Lease shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, and assigns.

13.07 Agreement Modification. This Lease may not be modified orally or in any manner other than by an Agreement in writing signed by the parties hereto.

13.08 Waiver. Any City waiver of a default is not a waiver of any other default. Any waiver of a default must be in writing and be executed by the City Manager in order to constitute a valid and binding waiver. City delay or failure to exercise a remedy or right is not a waiver of that or any other remedy or right under this lease. The use of one remedy or right for any default does not waive the use of another remedy or right for the same default or for another or later default. City's acceptance of any rents is not a waiver of any default preceding the rent payment. City and Lessee specifically agree that the property constituting the Premises is City-owned and held in trust for the benefit of the citizens of the City of Oceanside and that any failure by the City Manager or City staff to discover a default or take prompt action to require the cure of any default shall not result in an equitable estoppel, but City shall at all times, subject to applicable statute of limitations, have the legal right to require the cure of any default when and as such defaults are discovered or when and as the City Council directs the City Manager to take action or require the cure of any default after such default is brought to the attention of the City Council by the City Manager or by any concerned citizen.

13.09 Attorney's Fees. In the event a suit is commenced by City against Lessee to enforce payment of rent due, or to enforce any of the terms and conditions hereof, or in case City shall commence summary action under the laws of the State of California relating to the unlawful detention of property, for forfeit of this Lease, and the possession of the Premises, provided City effects a recovery, Lessee shall pay City all costs expended in any action, together with a reasonable attorney's fee to be fixed by the Court.

13.10 Assignment and Subletting - No Encumbrance. This Lease and any

United States Mail of registered or certified mail, postage prepaid, return receipt requested, addressed to the offices of the party to whom the communication is to be sent, as designated above.

13.02 City Approval. The City Manager shall be the City's authorized representative in the interpretation and enforcement of all work performed in connection with this Lease. The City Manager may delegate authority in connection with this Lease to the City Manager's designee(s). For the purposes of directing Lessee in accordance with this Lease, which does not result in a change to this Lease, the City Manager delegates authority to the City's Supervising Property Agent.

13.03 Nondiscrimination. Lessee agrees not to discriminate in any manner against any person or persons on account of race, marital status, sex, religious creed, color, ancestry, national origin, age, or physical handicap in Lessee's use of the Premises.

13.04 Equal Opportunity. Lessee shall take affirmative action to assure applicants are employed and that employees are treated during employment without regard to race, color, religion, sex or national origin. Lessee shall certify in writing to CITY that Lessee is in compliance and throughout the term of this Lease will comply with Title VII of the Civil Rights Act of 1964, as amended, the California Fair Employment Practices Act, and any other applicable Federal, State and Local law, regulation and policy (including without limitation those adopted by City) related to equal employment opportunity and affirmative action programs, including any such law, regulation, and policy hereinafter enacted.

Compliance and performance by Lessee of the equal employment opportunity and affirmative action program provision of this Lease is an express condition hereof and any failure by Lessee to so comply and perform shall be a default of this Lease and City may exercise any right as provided herein and as otherwise provided by law.

13.05 Entire Agreement. This Lease comprises the entire integrated understanding between City and Lessee concerning the use and occupation of the Premises and supersedes all prior negotiations, representations, or Agreements. Each party has relied on its own examination of the Premises, advice from its own attorneys, and the warranties, representations, and covenants of the Lease itself.

13.06 Interpretation of the Agreement. The interpretation, validity and enforcement of the Lease shall be governed by and construed under the laws of the State of California. The venue of any judicial action brought to enforce any condition, covenant or provision of this Lease shall be in San Diego County, California. The

Lease does not limit any other rights or remedies available to City.

The Lessee shall be responsible for complying with all Local, State, and Federal laws whether or not said laws are expressly stated or referred to herein.

Should any provision herein be found or deemed to be invalid, the Lease shall be construed as not containing such provision, and all other provisions, which are otherwise lawful, shall remain in full force and effect, and to this end the provisions of this Lease are severable.

This Lease shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, and assigns.

13.07 Agreement Modification. This Lease may not be modified orally or in any manner other than by an Agreement in writing signed by the parties hereto.

13.08 Waiver. Any City waiver of a default is not a waiver of any other default. Any waiver of a default must be in writing and be executed by the City Manager in order to constitute a valid and binding waiver. City delay or failure to exercise a remedy or right is not a waiver of that or any other remedy or right under this lease. The use of one remedy or right for any default does not waive the use of another remedy or right for the same default or for another or later default. City's acceptance of any rents is not a waiver of any default preceding the rent payment. City and Lessee specifically agree that the property constituting the Premises is City-owned and held in trust for the benefit of the citizens of the City of Oceanside and that any failure by the City Manager or City staff to discover a default or take prompt action to require the cure of any default shall not result in an equitable estoppel, but City shall at all times, subject to applicable statute of limitations, have the legal right to require the cure of any default when and as such defaults are discovered or when and as the City Council directs the City Manager to take action or require the cure of any default after such default is brought to the attention of the City Council by the City Manager or by any concerned citizen.

13.09 Attorney's Fees. In the event a suit is commenced by City against Lessee to enforce payment of rent due, or to enforce any of the terms and conditions hereof, or in case City shall commence summary action under the laws of the State of California relating to the unlawful detention of property, for forfeit of this Lease, and the possession of the Premises, provided City effects a recovery, Lessee shall pay City all costs expended in any action, together with a reasonable attorney's fee to be fixed by the Court.

13.10 Assignment and Subletting - No Encumbrance. This Lease and any

portion thereof shall not be assigned, transferred, or sublet, nor shall any of the Lessee's duties be delegated, without the express written consent of City. Any attempt to assign or delegate this Lease without the express written consent of City shall be void and of no force or effect. A consent by City to one assignment, transfer, sublease, or delegation shall not be deemed to be a consent to any subsequent assignment, transfer, sublease, or delegation.

13.11 Section Headings. The Table of Contents and the section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision thereof.

13.12 Gender/Singular/Plural. The neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter, and the feminine includes the masculine and neuter, and each includes corporation, partnership, or other legal entity when the context so requires. The singular number includes the plural whenever the context so requires.

SECTION 14: SPECIAL PROVISIONS

14.01 Standards of Operation. Lessee agrees that it shall operate and manage the services and facilities offered upon or from the Premises in a manner consistent with other similar operations in North San Diego County.

14.02 Hours of Operation. The Lessee agrees that it shall conduct business on the Premises to conform to the published hours and days of operation as established, and in the best interest of the public, unless otherwise approved in writing by the City.

14.03 Signs. Lessee shall not erect or display any banners, pennants, flags, posters, signs, decorations, marquees, awnings, or similar devices or advertising without the prior written consent of the City Manager and device(s) shall conform to all City of Oceanside and City ordinances and regulations. If any such unauthorized item is found on the Premises, Lessee shall remove the item at its expense within **twenty-four (24) hours** of written notice thereof by City, or City may thereupon remove the item at Lessee's cost.

14.04 Manner of Providing Service. Lessee shall provide an experienced and well-qualified "on-site" supervisor to oversee all operations conducted by Lessee on the Premises. Said supervisor shall be empowered with authority to act on behalf of Lessee in response to reasonable requests from City to perform maintenance, repairs,

and replacements on the Premises to insure the public's health, safety, and welfare. Lessee shall ensure that its employees shall at all times conduct themselves in a creditable and dignified manner, and they shall conform to all laws, rules, regulations and requirements, as well as all rules and regulations as hereafter may be promulgated, or put into operation by the City. Lessee shall maintain a staff in adequate size and number, to City's satisfaction, to effectively operate, maintain and administer all services offered and facilities located on the Premises.

14.05 Continued Occupancy. Lessee covenants and agrees to, and it is the intent of this Lease that the Lessee shall, continuously and uninterruptedly during the term of the Lease, occupy and use the Premises for the purposes hereinabove specified, except while Premises are untenantable by reason of fire, flood, or other unavoidable casualty, and, in that event, City shall be promptly notified by Lessee.

14.06 Hazardous Substances. No goods, merchandise or material shall be kept, stored or sold in or on the Premises which are in any way explosive or hazardous; and no offensive or dangerous trade, business or occupation shall be carried on therein or thereon, and nothing shall be done on said Premises, which will cause an increase in the rate of or cause a suspension or cancellation of the insurance upon said or other premises and the improvements thereon.

No machinery or apparatus shall be used or operated on or about the Premises which will in any way injure the Premises or improvements thereon, or adjacent or other premises, or improvements thereon, or persons; provided, however, that nothing contained in this section shall preclude Lessee from bringing, keeping or using on or about the Premises such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its said business, or from carrying on its business in all usual respects.

Open flame burning, gasoline, or other fuel storage is expressly prohibited without prior written consent of the City.

14.07 Use of City Equipment. Lessee, its employees, agents, clients and/or invites shall exercise reasonable diligence in the use of any and all City owned equipment utilized by Lessee in carrying out its operations under this agreement. Lessee shall promptly notify City of any and all damage to any of said equipment resulting from Lessee's use thereof. Lessee hereby agrees to, at City's sole discretion and determination, replace or repair any and all equipment damaged as a result of Lessee's, its employees, agents, clients, and/or invites, use or misuse thereof. City retains the right, at its sole discretion, to disallow Lessee's use any or all of City's equipment, without liability of any kind or nature.

THE REMAINDER OF THIS IS PAGE IS INTENTIONALLY LEFT BLANK

/
/
/
/
/
/
/
/
/
/
/
/
/
/
/

SECTION 15: SIGNATURES

15.01 Signature Page. The individuals executing this Lease represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Lease on behalf of the respective legal entities of the Lessee and the City.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Lease to be executed on the day and year respectively written hereinbelow.

"CITY"

THE CITY OF OCEANSIDE

By _____
City Manager

Date _____

APPROVED AS TO FORM

By _____
City Attorney

"LESSEE"

INTERFAITH COMMUNITY SERVICES
a California non-profit corporation

By: _____

Name: Craig Bruce Jones

Title: Interim Executive Director
Chief Operations Officer

Date: 4/15/2014

By: _____

Name: JAMES F. BURKE

Title: CHIEF FINANCIAL OFFICER

Date: 4/15/2014

NOTARY ACKNOWLEDGMENTS OF LESSEE'S SIGNATURE(S) MUST BE ATTACHED

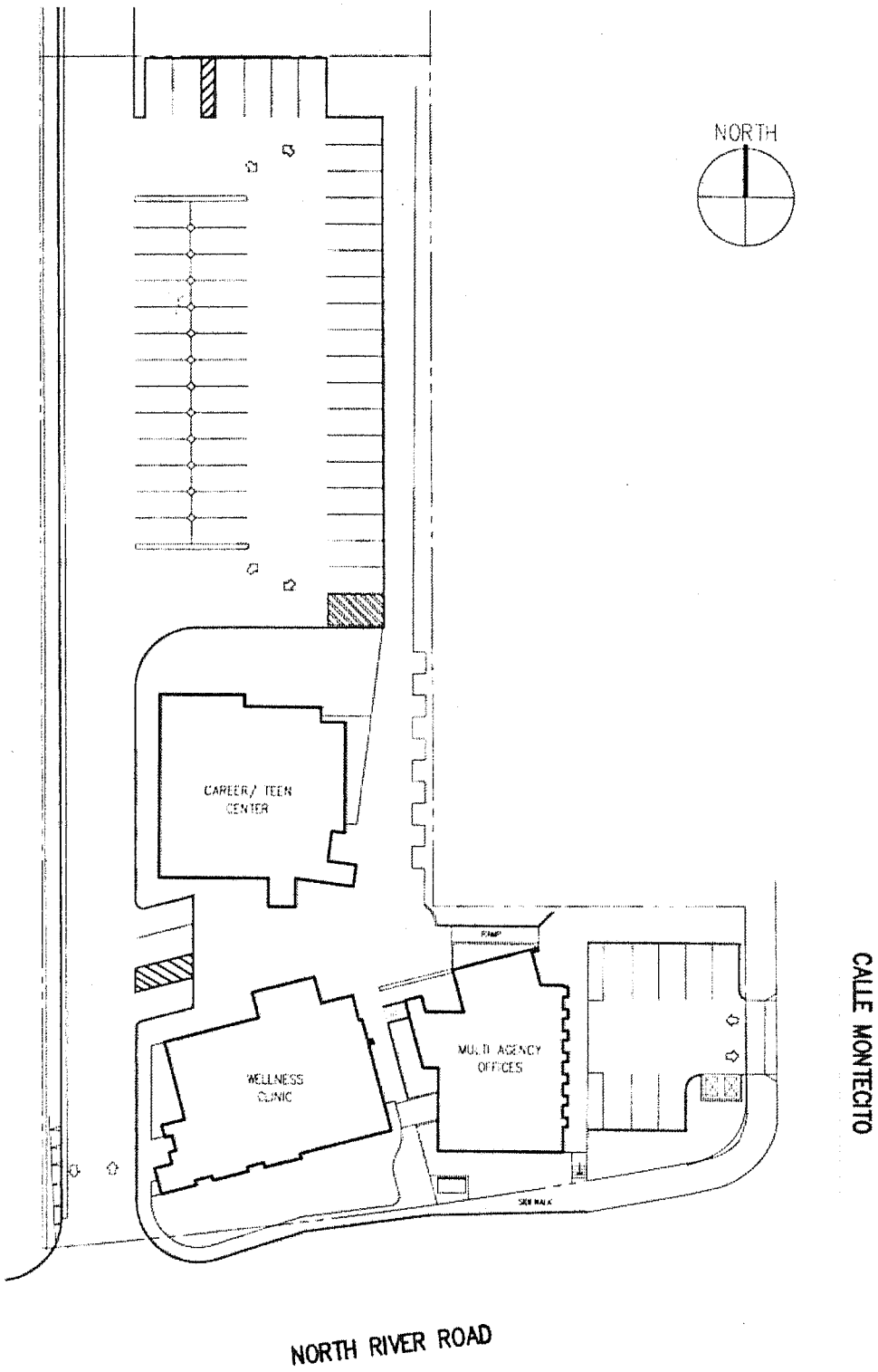
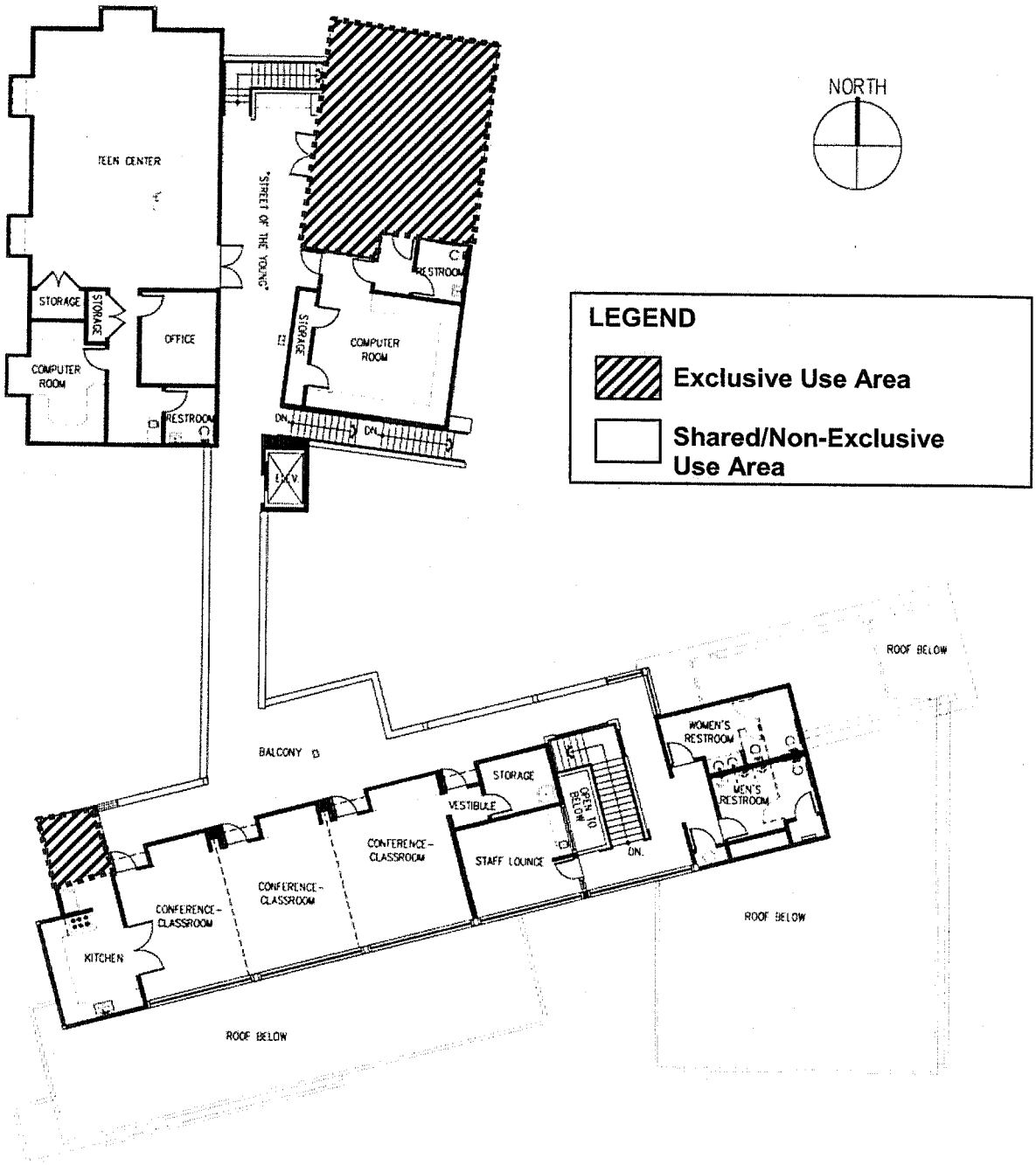


EXHIBIT "A"

SITE PLAN

SKETCH SHOWING CENTER AND BUILDINGS
LIBBY LAKE RESOURCE CENTER
4700 NORTH RIVER ROAD
OCEANSIDE, CA



SECOND FLOOR PLAN

EXHIBIT "B"
Sheet 2 of 2

SKETCH SHOWING PREMISES
(INTRFAITH COMMUNITY SERVICES)
LIBBY LAKE COMMUNITY CENTER
4700 NORTH RIVER ROAD

EXHIBIT "C"

COMMENCEMENT DATE MEMORANDUM

This Commencement Date Memorandum, dated as of April 15, 2014 is executed between the City of Oceanside, a municipal corporation ("CITY") and Interfaith Community Services, a California non-profit corporation ("LESSEE").

RECITALS

WHEREAS, CITY and LESSEE have entered into that certain Lease Agreement ("Agreement") dated April 30, 2014 for premises at the Libby Lake Resource Center in the City of Oceanside, County of San Diego, State of California; and

WHEREAS, pursuant to the terms of the Agreement the parties are to execute a memorandum to confirm the commencement date of the Agreement.

NOW, THEREFORE, in consideration of the conditions and covenants contained herein, the parties hereto mutually agree as follows:

1. The CITY and LESSEE agree that the commencement date of the Agreement is April 30, 2014 and the termination date is April 29, 2019.

IN WITNESS WHEREOF, the parties hereto for themselves, their heirs, executors, administrators, successors and assigns do hereby agree to the above, as of the day and year first written above.

"CITY"
City of Oceanside, a municipal corporation

By: _____
Steven R. Jepsen
Title: City Manager

"LESSEE"
Interfaith Community Services,
a California non-profit corporation

By: _____

Name: Craig Bruce Jones
Interim Executive Director
Title: Chief Operations Officer

State of California)
County of San Diego)

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

On 4-15-2014 before me, _____,
(here insert name and title of the officer)

personally appeared Craig B. Jones and James F. Burke

_____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

NRO1 IRMGARD M. RYAN COMM. #2042912 Notary Public - California San Diego County My Comm. Expires Sep. 26, 2017 NRO1

WITNESS my hand and official seal.

Signature Irmgard M. Ryan

(Seal)

OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this acknowledgment to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The preceding Certificate of Acknowledgment is attached to a document titled/for the purpose of Lease Agreement with the City of Oceanside and Interfaith re Libby Lake

containing 31 pages, and dated 4-30-2014.

The signer(s) capacity or authority is/are as:

- [x] Individual(s)
- [ ] Attorney-in-Fact
- [ ] Corporate Officer(s) _____ Title(s)
- [ ] Guardian/Conservator
- [ ] Partner - Limited/General
- [ ] Trustee(s)
- [ ] Other: _____

representing: _____ Name(s) of Person(s) or Entity(ies) Signer is Representing

Additional Information

Method of Signer Identification

Proved to me on the basis of satisfactory evidence:
(✓) form(s) of identification ( ) credible witness(es)

Notarial event is detailed in notary journal on:
Page # 1 Entry # 3 + 4

Notary contact: 760. 489. 6380

Other

- [ ] Additional Signer(s)
- [ ] Signer(s) Thumbprint(s)
- [ ] _____

© Copyright 2007-2013 Notary Rotary, Inc. PO Box 41400, Des Moines, IA 50311-0507. All Rights Reserved. Item Number 101772. Please contact your Authorized Reseller to purchase copies of this form.