

LEASE AGREEMENT

This LEASE AGREEMENT (this "Lease"), is made and entered into this day of June, 2013 by and between the CITY OF LANCASTER, a California municipal corporation and charter city (the "Lessor"), and the TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY, ON BEHALF OF CALIFORNIA STATE UNIVERSITY LONG BEACH (the "Lessee"). The Lessor and Lessee are referred to individually as a "Party" and collectively as the "Parties".

WHEREAS, Lessor owns that certain real property (the "Site") illustrated and designated on the Site Map attached hereto as Attachment No. 1 and incorporated herein by reference (the "Site Map"), and as more particularly described in the Site Description attached hereto as Attachment No. 2 and incorporated herein by reference (the "Site Description"); and

WHEREAS, Lessee has requested permission to use the Site for the reason(s) and purpose(s) described in the Description of Use attached hereto as Attachment No. 3 and incorporated herein by reference (the "Description of Use"); and

WHEREAS, pursuant to Government Code Section 37350, Lessor is authorized to lease the Site to the Lessee.

NOW, THEREFORE, in consideration of the foregoing and of the mutual conditions, promises and covenants hereinafter contained, the parties hereto hereby agree as follows:

1. SITE SUBJECT TO THIS LEASE

Lessor agrees to and hereby does lease to Lessee, and Lessee agrees to and hereby does lease from Lessor the Site in an "as-is" condition, in accordance with the following terms and conditions.

2. USE OF SITE

During the term hereof, the Site shall be used by Lessee solely for the purpose(s) set forth in the Description of Use.

3. TERM OF LEASE

The term of this Lease shall commence upon approval by the Lessor's governing body (the "Effective Date") and shall terminate at 11:59 p.m. on December 31, 2014 (the "Term").

4. RENT

Lessee agrees to and shall pay Lessor rent for the use and occupancy of the Site payable monthly in advance on the first day of each month, in the amount of Seven Thousand Five Hundred Dollars (\$7,500) (the "Rent"). The Rent amount is based on a rate of \$.375 per square foot for the 20,000 square foot tenant space. In the event that the Effective Date is not the same as the first day of the month, Rent owed for any portion of a month shall be pro rated for that month.

5. REPAIR AND MAINTENANCE

(a) Lessor shall maintain the leased premises in good repair and tenable condition, so as to minimize breakdowns and loss of the Lessee's use of the premises caused by deferred or inadequate maintenance, including, but not limited to:

(i) Generally maintaining the leased premises in good, vermin free, operating condition and appearance.

(ii) Furnishing prompt, good quality repair of the building, equipment and appurtenances.

(iii) Furnishing preventative maintenance, including, but not limited to, manufacturers recommended servicing of equipment such as elevator (if any), heating, air conditioning and ventilating equipment and fixtures.

(iv) Furnishing and promptly replacing any inoperative light bulbs, fluorescent tubes, ballast's, starters, and filters for the heating, ventilating, and air conditioning equipment as required.

(v) Furnishing remedial painting as necessary to maintain the premises in a neat, clean and orderly condition.

(vi) Annual testing and maintenance of all fire extinguishers in or adjacent to the leased premises.

(vii) Repairing and replacing as necessary intrabuilding network cable and inside wire cable used for voice and data transmission.

(viii) Repairing and replacing parking lot bumpers and paving as necessary. Repaint directional arrows, striping, etc., as necessary.

(ix) Maintaining landscaped areas, including sprinklers, drainage, etc., on at least a semi-monthly basis, in a growing, litter-free, weed free, and neatly mowed and/or trimmed condition.

(x) Repairing and replacing floor covering as necessary. Lessor shall arrange for moving of furniture and equipment prior and subsequent to the repair or replacement of floor covering.

(xi) Keeping all walkways, parking lots, entrances, and auxiliary areas free of snow, water, oil spills, debris, or other materials which may be hazardous to users of the building.

(b) Lessor shall provide prompt repair or correction on any damage except damage arising from a willful or negligent act of the Lessee's agents, employees or invitees.

(c) In case Lessor, after notice in writing from the Lessee requiring the Lessor to comply with the requirements of this paragraph in regard to a specified condition, shall fail, refuse or neglect to comply with such notice, or in the event of an emergency constituting a

hazard to the health or safety of the Lessee's employees, property, or invitees, the Lessee may terminate this lease without further obligation or perform such maintenance or make such repair at its own cost and, in addition to any other remedy the Lessee might have, may withhold rent due and deduct the amount thereof, including necessary costs incurred by the Lessee required for the administration of such maintenance and repairs, from the rent that may then be or thereafter become due hereunder.

6. SECURITY

Lessee shall be responsible for providing security on the Site for its invitees, employees and students.

7. UTILITIES AND SERVICES

Lessor shall be solely responsible for payment of all utilities and services furnished to, or used by Lessee at the Site, including without limitation, gas, electricity, water, sewer, telephone, cable, janitorial service, landscaping service, general maintenance service and waste refuse, repair and maintenance performed by the Lessor pursuant to Section 5 of this Lease and all applicable taxes, levies, connection charges, fees, and surcharges imposed on the Site or on Lessee's possessory interest therein, if applicable.

8. CONDITION OF SITE; ALTERATIONS AND REPAIRS

Lessor has provided Lessee with the opportunity to review all documentation in Lessor's possession regarding the Site, including without limitation all environmental, fire and peer review reports, and has allowed Lessee and its designated representatives to inspect the Site and improvements located thereon.

Lessor shall appoint a contact with whom Lessee may confer regarding the terms of this agreement.

Lessee acknowledges that it accepts the Site in its existing condition and agrees to make no demands upon Lessor for any alterations or improvements, unless agreed to by the Lessor. Lessee shall have the right to make alterations or improvements only upon receipt of written approval thereof from Lessor. If and to the extent Lessee makes approved alterations and/or improvements to the Site, such alterations and/or improvements shall be at Lessee's sole cost and expense and shall be subject to all applicable laws, regulations, ordinances and conditions imposed by Lessor.

Lessee shall contact Lessor point of contract for emergency repairs.

9. TAXES

Lessee shall be liable for any and all taxes which may be levied or assessed upon the personal property and fixtures belonging to Lessee and located on the Site. The parties understand that this Lease may create a possessory interest. Lessee hereby agrees to be solely responsible, and pay or otherwise legally resolve any taxes imposed on such possessory interest should it be determined to exist.

10. LIABILITIES AND INDEMNIFICATION

Both Lessor and Lessee are public entities under Government Code Section 895.2. Pursuant to Government Code Section 895.4 each party, shall assume liability for bodily injury or death and property damage caused by its negligence or willful misconduct arising from or connected with its performance under this agreement to the extent that such liability would be imposed in the absence of Government Code Section 895.2. To that end, each party shall indemnify and hold the other harmless from and against any damage, demand, cause of action, claim loss, cost, expense or liability that may be imposed on such other party by virtue of Government Code Section 895.2 arising from or connected with its performance under this Agreement. Each party waives subrogation. The provisions of Civil Code Section 2778 are made a part hereof as if fully set forth.

Lessee warrants that, with regard to its officers, employees, and servants, it is self-insured with no specified monetary limit pursuant to the provisions of the California Government Code. This self-insurance covers liability including that of bodily injury, personal injury, professional liability and property damage.

11. RIGHT OF ENTRY

The Site shall be open to the inspection of proper governmental authorities within reasonable hours and with reasonable notice to the Lessee designated site contact.

12. AUTHORITY TO STOP

In the event that an authorized representative of Lessor finds that the activities being held on the Site unnecessarily endanger the health and/or safety of persons on or near said Site, or endanger said Site, such authorized representative may require that the Site be closed until said endangering activities cease.

13. DEFAULT

The Parties agree that if a default is made in any of the covenants and agreements herein contained to be kept by the Parties, the non-defaulting party may immediately terminate this Lease.

14. ASSIGNMENT

This Lease is personal to Lessee, and in the event Lessee shall attempt to assign or transfer the same in whole or part, without the prior written consent of Lessor (which consent shall not be unreasonably withheld), this Lease shall terminate and all rights hereunder shall immediately cease and come to an end.

15. OPERATIONAL RESPONSIBILITIES

Lessee shall:

- (a) Use the Site as an educational facility;

(b) Comply with the covenants, conditions, and restrictions set forth in this Lease;

(c) Comply with and abide by all applicable rules and regulations reasonably adopted by Lessor;

(d) Comply with all applicable City of Lancaster, State and Federal laws and, in the course thereof, obtain and keep in effect all permits and licenses required to conduct the authorized activities on the Site;

(e) Maintain the Site in a clean and sanitary condition;

(f) Conduct the authorized activities in a courteous and non-profane manner; and remove any agent, servant or employee who fails to conduct the authorized activities on the premises in the manner heretofore described;

(g) Assume the risk of loss, damage or destruction due to theft, fire and casualty of any and all fixtures and personal property belonging to Lessee that are installed or placed within or upon the Site;

(h) During the Term of the Lease, repair damage to the Site, improvements upon the Site, fixtures upon the Site and/or personal property owned by Lessor that is located upon the Site related to the Lessee's use of the Site unless such damage is caused by Lessor, its agents or employees;

(i) Permit Lessor and/or its authorized representatives to enter the Site during business hours for the purpose of determining whether the Lessee's use of the Site complies with the terms of this Lease; and

(j) Prohibit signs or matter to be displayed upon the Site other than signs displaying the Lessee's name and/or directly related to Lessee use of the Site pursuant to and consistent with the terms and conditions of this Lease.

16. COVENANTS

The Lessee covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through it, and this Lease is made and accepted upon and subject to the following conditions:

(a) 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, 12926.1, 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 Site nor shall the Lessee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in Site.

17. NOTICES

Notices desired or required to be given by this Lease or by any law now or hereafter in effect may be given by personal service or by enclosing the same in a sealed envelope addressed to the party for whom intended and by depositing such envelope with postage prepaid in the United States Post Office or any substation thereof, or any public letter box, and any such notice and the envelope containing the same shall be addressed to Lessee as follows:

California State University, Long Beach
Procurement Department
1250 Bellflower Boulevard, BH 346 MS 0123
Long Beach, California 90840
Attention: Procurement Director

or such other place as may hereinafter be designated in writing by the Lessee and the notices and envelopes containing the same to Lessor shall be addressed to:

City of Lancaster
44933 North Fern Avenue
Lancaster, California 93534
Attn: City Manager

or such other place as may hereinafter be designated in writing by the Lessor.

18. AUTHORITY

Each of the undersigned signatories for the each party hereby personally covenants, warrants and guarantees that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the other party from all damages, costs, and expenses, which result from a breach of this material representation.

19. TERMINATION OF LEASE

Termination of this Lease for any reason whatsoever shall not release either party from liability or obligation hereunder resulting from an event which may have occurred before such termination, or thereafter in case by the terms of this Lease it is provided that certain things shall or may have to be done after such termination (including, but not limited to, removal of fixtures and equipment placed on the Site by the Lessee).

20. LIENS

Lessee shall have no power to do any act or make any contract which may be created or be the foundation for any lien, mortgage or other encumbrance upon the Site or in the buildings or improvements thereon; it being agreed that should Lessee cause any alterations, rebuilding, replacements, changes, additions, improvements, or repairs to be made to the Site, or labor performed or material furnished therein, thereon or thereto, neither Lessor nor the Site under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished, but all such alterations, rebuilding, replacements, changes, additions, improvements, and repairs, and labor and material, shall be made, furnished and performed at

Lessee's expense, and Lessee shall be solely and wholly responsible to the contractors, laborers and materialmen furnishing and performing such labor and material.

If, because of any act or omission (or alleged act or omission) of Lessee, any mechanic's or other lien, charge or order for the payment of money shall be filed against the demised Site or any buildings or improvements thereon, or against Lessor (whether or not such lien, charge or order is valid or enforceable as such), Lessee shall, at its own cost and expense, cause the same to be cancelled and discharged of record or bonded within ten (10) days after notice to Lessee of the filing thereof, and Lessee shall indemnify and save harmless Lessor against and from all costs, expenses, liabilities, losses, damages, suits, fines, penalties, claims and demands, including reasonable counsel fees, resulting therefrom.

21. LESSOR ADMINISTRATION OF LEASE

The City Manager of the City of Lancaster, or his or her designee, shall have the authority to administer the Lessor's responsibilities under this Lease in accordance with its terms.

22. DESTRUCTION

If the Site or the building located thereon is totally destroyed by fire or other casualty, this Lease shall terminate.

If ten percent (10%) or less of the Site is destroyed by fire or other casualty, this Lease shall not terminate and the Lessor shall repair and restore the Site or cause such repair and restoration as soon as is reasonably practicable, at Lessor's expense.

If ten percent (10%) or more of the Site is destroyed by fire or other casualty, Lessor shall, as soon as reasonably practicable but in no event later than thirty (30) days following the date of such destruction, evaluate or cause the evaluation of such destruction, and give written notice to Lessee as to whether Lessor elects to (a) repair and restore the Site at Lessor's expense, or (b) terminate this Lease. Within thirty (30) days following Lessor's notification to Lessee of Lessor's intent to terminate the Lease, Lessee may give notice to Lessor of Lessee's intention to complete the repair and restoration of the Site at Lessee's cost, in which event Lessor's election to terminate the Lease shall be ineffective.

While Lessee remains in possession of the Site pursuant to this Lease during the period of restoration and repair thereof, the monthly rent as herein provided for shall be reduced by the same ratio as the portion of the Site which is unusable bears to the total square footage of the Site. Thus, if fifteen percent (15%) of the Site is rendered unusable due to the casualty damage, the monthly rent shall be reduced by fifteen percent (15%) during the period in which such portion of the Site is unusable.

23. NO ORAL AGREEMENTS

It is mutually understood and agreed that no alterations or variations of the terms of this lease shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.

[Signatures begin on next page.]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the day and year above first written.

LESSOR:

CITY OF LANCASTER, a California municipal corporation and charter city

By: _____
Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

LESSEE:

CALIFORNIA STATE UNIVERSITY LONG BEACH

By: _____
Its: _____

ATTACHMENT NO. 1

SITE MAP

[Insert]

ATTACHMENT NO. 2

DESCRIPTION OF THE SITE

ADDRESS: Challenger Memorial Hall Building
45356 Division Street, Lancaster, California 93535

LEASE SPACE: 20,000 square feet

APN: 3176-005-901 (portion of)

ATTACHMENT NO. 3

DESCRIPTION OF USE

California State University Long Beach (the “Lessee”) shall use the Site to meet its educational needs, which includes classroom areas for instruction, individual office spaces, a conference area, a science lab, reception and waiting areas, storage rooms and restrooms.