



Agenda Item D.1
DISCUSSION/ACTION ITEM
Meeting Date: June 18, 2019

TO: Mayor and Councilmembers

FROM: Michelle Greene, City Manager

CONTACT: Winnie Cai, Assistant City Attorney

SUBJECT: Consideration of Term Extension to Goleta Valley Community Center Management and Lease Agreement

RECOMMENDATION:

- A. Adopt Amendment Number 2 to the Interim Management and Lease Agreement with the Goleta Valley Community Center to extend the term from January 30, 2020 to January 30, 2021; or
- B. Adopt Amendment Number 2 to the Interim Management and Lease Agreement with the Goleta Valley Community Center to extend the term from January 30, 2020 to June 30, 2022.

BACKGROUND:

The City owns the Goleta Community Center ("GCC") building and has a lease with the nonprofit organization, Goleta Valley Community Center ("GVCC"), for the provision of recreational, literary, scientific and educational opportunities to the public. The Interim Goleta Valley Community Center Management and Lease Agreement ("Lease") provides for the functions of the GVCC and had an original termination date of January 30, 2019.

At its meeting on December 18, 2018, the City Council approved a one-year extension to the Lease from January 30, 2019 to January 30, 2020, in order to allow for staff to complete (1) an updated analysis of whether the community center functions should be provided by GVCC, another nonprofit or City staff, and (2) seismic and ADA improvements to the Goleta Community Center building. These two tasks are underway but would not be completed in time before the Lease would terminate. Staff brings this item to discuss potential extensions of the term of the Lease.

On February 19, 2019, the City Council adopted a resolution establishing an Ad Hoc Goleta Valley Community Center Committee. Mayor Perotte and Mayor Pro Tem Richards were appointed to that committee. The purpose of establishing the committee is for the City Council to better understand the community's desires for programming and uses at the GCC and to discuss how the facility can best serve those needs. The

committee was tasked with discussing what types of programming are appropriate, as well as what the best management structure might be for the facility. One of the core questions that the Committee is exploring is whether the GCC should be a place for other programs to operate in a “space for rent” model, or if there is interest in incorporating specific programming into GCC operations based on the community’s needs. The committee was also tasked with discussing what the scope of services should be for any future request for proposals for management of the GCC, as well as serving as a forum for communication between the City and the GVCC board about the current management of the facility.

At present the Committee is exploring a facilitated GCC visioning and stakeholder input process that will help inform the Council about what needs and uses for the GCC the community identifies. The Committee feels that this is important information for the City Council to have before moving forward with decisions about the future uses and management of the facility.

DISCUSSION

The Lease requires the City to provide 180 calendar days’ notice prior to the termination of the Agreement if it intends to exercise a right to have the term extend by two successive one-year periods. (Lease, Section 2(A).) The date to provide such notice of extending the current termination date of January 30, 2020 is July 30, 2019. Therefore, staff brings this item to Council now to determine whether an extension should be granted on the Lease.

1. Community Center Analysis – 1 Year Extension

As noted above, one of the reasons staff recommended an extension to the original Lease was to allow time for the City to conduct an analysis of whether the GVCC should continue to operate the facility or whether another nonprofit or City staff should operate the facility. As presented in its work program in a recent City Council workshop, the City Manager’s Office will bring this analysis to Council in December 2019. Since the City must provide 180 days’ notice of a 1-year extension of the current lease, which means notice must be provided by July 30, 2019, waiting until December 2019 to give notice of another 1-year extension would be too late.

If Council does not provide notice of the exercise of a 1-year extension by July 30, 2019, the GVCC must assume that the Lease would terminate on January 30, 2020. It should be noted that nothing precludes the parties from negotiating an extension in December 2019, but it would be best to handle the issue now rather than wait until the last minute.

If the determination of who should operate the GCC were the sole consideration for Council and the seismic and ADA improvements were not a factor, then staff recommends that Council move to extend the Lease by one year from January 30, 2020 to January 30, 2021.

2. Seismic and ADA Improvements – 2.5 Year Extension

As noted above, the second reason for Council’s extension in December 2018 was to allow for Public Works staff to complete seismic and ADA improvements to the GCC

building. The seismic improvements will not be completed until spring 2020 and the first of multiple phases of ADA improvements will not be completed until early 2022. ADA improvements span various levels of severity and are not going to be completed all at the same time. However, the first phase of ADA improvements will be completed by early 2022.

In December 2018, the Council discussed that the reason for waiting until construction was completed was to attract more nonprofits to submit a proposal to provide management services at the GCC. The idea is a nonprofit would not want to operate a building that is under construction. That idea was confirmed by staff in conversations with three nonprofits who expressed initial interest in submitting proposals for the management of the GCC. If this were a priority for Council, then staff recommends a termination date of June 30, 2022, which is approximately a 2.5 year extension from the current termination date.

In addition, the Council might want to take into consideration the time it will take for the Ad Hoc Committee to complete its work of exploring the needs and uses for the GCC through the facilitated stakeholder input process. Certainly either a 1 year or 2.5 year extension would enable the Committee to continue the task of soliciting input on the uses for the facility, however, a 2.5 year extension would provide the most time for stakeholder input and synthesis of that input into a vision for the future use of the GCC.

Staff have consulted with GVCC staff and have been told that the GVCC Board is amenable to both term extensions. The Board prefers the longer extension to June 30, 2022 because the certainty of their location in the GCC allows them to hire staff, recruit Board members, and apply for grants more easily.

FISCAL IMPACTS:

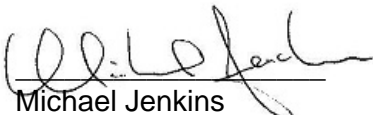
There is no fiscal impact for extension of the agreement.


ALTERNATIVES:

In addition to the two recommendations above, the City Council could choose to not extend the agreement and go to a month-to-month lease.

Legal Review By:

Approved By:


Michael Jenkins
City Attorney


Michelle Greene
City Manager

ATTACHMENTS:

1. Proposed Amendment No. 2 to Interim Lease and Management Agreement – 1 Year Extension
2. Proposed Amendment No. 2 to Interim Lease and Management Agreement – 2.5 Year Extension
3. Interim Lease and Management Agreement (Agreement No. 2016-156) and Amendment No. 1 to Interim Lease and Management Agreement (available online only)

Attachment 1

Proposed Amendment No. 2 to Interim Lease and Management Agreement – 1
Year Extension

**AMENDMENT NO. 2
TO AN INTERIM LEASE AND MANAGEMENT AGREEMENT
BETWEEN THE CITY OF GOLETA
AND
GOLETA VALLEY COMMUNITY CENTER**

This **Amendment No. 2** to an INTERIM LEASE AND MANAGEMENT AGREEMENT by and between the **City of Goleta**, a municipal corporation ("**City**") and **Goleta Valley Community Center**, a California nonprofit corporation ("**Lessee**") dated January 30, 2017 ("**Agreement**," Agreement No. 2016-156) is made this 18th day of June 2019.

RECITALS

WHEREAS, the Agreement was entered into to allow Lessee to operate the Goleta Community Center at 5679 Hollister Avenue ("**Property**"), owned by City, for recreational, literary, scientific and educational purposes;

WHEREAS, Section 2A of the Agreement had an original term of two years, which would have expired on January 30, 2019 and provides for the parties to extend the expiration date for two successive one-year periods;

WHEREAS, on December 21, 2018, the parties entered into Amendment No. 1 (Agreement No. 2016-156.1) to extend the term to January 30, 2020;

WHEREAS, the parties now desire to amend the Agreement so as to extend the term to January 30, 2021; and

WHEREAS, the City Council approved this Amendment No. 2, on this 18th day of June 2019.

AMENDED TERMS

Now therefore City and Lessee agree as follows that the Agreement be, and hereby is, amended as follows:

1. Section 2A is amended to read in its entirety:

"The term of the Agreement is from the Effective Date (January 30, 2017) to January 30, 2021."

2. Except as otherwise specifically provided herein, all other provisions of the Agreement shall remain in full force and effect.

In concurrence and witness whereof, this Amendment No. 2 has been executed by the parties effective on the date and year first above written.

City of Goleta
Amendment No. 2 to Agreement No. 2016-156
Page 1 of 2

CITY OF GOLETA

**LEESEE
GOLETA VALLEY COMMUNITY CENTER**

Michelle Greene, City Manager

Brian Larinan, GVCC Board Chair

ATTEST:

Deborah Lopez, City Clerk

APPROVED AS TO FORM



Winnie Cai, Assistant City Attorney

Attachment 2

Proposed Amendment No. 2 to Interim Lease and Management Agreement –
2.5 Year Extension

**AMENDMENT NO. 2
TO AN INTERIM LEASE AND MANAGEMENT AGREEMENT
BETWEEN THE CITY OF GOLETA
AND
GOLETA VALLEY COMMUNITY CENTER**

This **Amendment No. 2** to an INTERIM LEASE AND MANAGEMENT AGREEMENT by and between the **City of Goleta**, a municipal corporation ("**City**") and **Goleta Valley Community Center**, a California nonprofit corporation ("**Lessee**") dated January 30, 2017 ("**Agreement**," Agreement No. 2016-156) is made this 18th day of June, 2019.

RECITALS

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WHEREAS, Section 2A of the Agreement had an original term of two years, which would have expired on January 30, 2019 and provides for the parties to extend the expiration date for two successive one-year periods;

WHEREAS, on December 21, 2018, the parties entered into Amendment No. 1 (Agreement No. 2016-156.1) to extend the term to January 30, 2020;

WHEREAS, the parties now desire to amend the Agreement so as to extend the term to June 30, 2022; and

WHEREAS, the City Council approved this Amendment No. 2, on this 18th day of June 2019.

AMENDED TERMS

Now therefore City and Lessee agree as follows that the Agreement be, and hereby is, amended as follows:

1. Section 2A is amended to read in its entirety:

"The term of the Agreement is from the Effective Date (January 30, 2017) to June 30, 2022."

2. Except as otherwise specifically provided herein, all other provisions of the Agreement shall remain in full force and effect.

In concurrence and witness whereof, this Amendment No. 2 has been executed by the parties effective on the date and year first above written.

City of Goleta
Amendment No. 2 to Agreement No. 2016-156
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CITY OF GOLETA

**LEESEE
GOLETA VALLEY COMMUNITY CENTER**

Michelle Greene, City Manager

Brian Larinan, GVCC Board Chair

ATTEST:

Deborah Lopez, City Clerk

APPROVED AS TO FORM



Winnie Cai, Assistant City Attorney

Attachment 3

Interim Lease and Management Agreement (Agreement No. 2016-156) and
Amendment No. 1 to Interim Lease and Management Agreement

**FIRST AMENDMENT TO
INTERIM MANAGEMENT AND LEASE AGREEMENT
BETWEEN
THE CITY OF GOLETA
AND
THE GOLETA VALLEY COMMUNITY CENTER**

This First Amendment to Interim Management and Lease Agreement ("First Amendment") is entered into by and between the City of Goleta, a municipal corporation ("City") and the Goleta Valley Community Center, a nonprofit public benefit corporation ("GVCC") as of December 21, 2018.

RECITALS

A. An Interim Lease and Management Agreement ("Agreement"), was entered into as of the 30th day of January, 2017, by and between the City and GVCC for a term of two years through January 30, 2019.

B. Section 2A of the Agreement allows the parties to extend the Agreement for two successive one-year extension terms.

C. The CITY and GVCC agree that an extension of the term for an additional one year would be in the public interest.


NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

The term of the Agreement is extended an additional one year and shall expire on January 30, 2020.


All other provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed the day and year first above written.

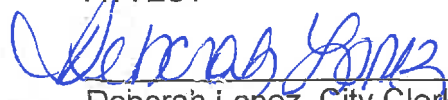
CITY OF GOLETA


Michelle Greene, City Manager

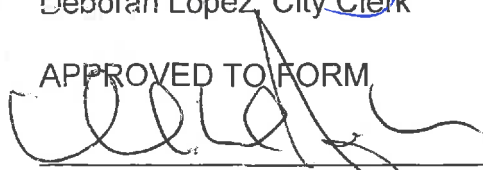
GVCC


Brian Larinan
GVCC Board Chair

ATTEST


Deborah Lopez, City Clerk

APPROVED TO FORM


Michael Jenkins, City Attorney

INTERIM LEASE AND MANAGEMENT AGREEMENT BETWEEN THE CITY OF GOLETA AND THE GOLETA VALLEY COMMUNITY CENTER

This Interim Lease and Management Agreement is made and entered into by and between the City OF GOLETA, a municipal corporation, and the GOLETA VALLEY COMMUNITY CENTER, a California non-profit public benefit corporation.

RECITALS

A. In 1983, the County of Santa Barbara ("County") as Lessee and the Goleta Union School District (School District) as Lessor entered into a 30 year Lease with Option to Purchase ("Lease/Option") for the Property known as Goleta Union School, located at 5679 Hollister Ave, Goleta, and as further described in Exhibit "A" attached hereto ("Property" or "Premises").

B. In 1984, the County of Santa Barbara ("County") as Sublessor and the GOLETA VALLEY COMMUNITY CENTER ("GVCC") as Sublessee entered into a 30-year Lease Agreement under which GVCC subleased the Property for use as a Community Center for recreational, literary, scientific and educational opportunities for the general benefit of the public. Initially, County and GVCC agreed that GVCC would pay \$3000.00 per month as rent for the Property, but in 1986 the Lease Agreement was amended to suspend lease payments.

C. In 2002, the County assigned the Lease/Option to the newly formed City of Goleta ("City" or "Goleta") and Goleta assumed and accepted all liabilities and obligations of County with respect to the Lease/Option. The Goleta Union School District consented to the assignment.

D. In October of 2013, the City timely exercised its option to purchase the Property pursuant to the assigned Lease/Option and the School District approved and transferred title to the Property to Goleta pursuant to Grant Deed.

E. The term of the Lease Agreement expired in 2014 and GVCC currently occupies the Property as a month to month tenant. The City has, since it exercised its option in 2002, foregone collection of any rent in order to support the important civic and community functions performed by GVCC. As the result of the age of the Property, it is now in need of substantial and significant repairs and renovation.

F. The City Council has conducted a feasibility analysis and held public workshops to study the potential future location of a civic center on the Property, including discussions and analysis of:

1. Construction requirements and costs for needed improvements, repairs and maintenance of the Property;
2. Future programming options and community benefits for the Property; and,
3. Potential future management structure for the Property.

G. As a result of these analyses and workshops, the City desires to move forward to seek proposals for repair and renovation of the Property, and management and programming options for the Property.

H. The City has determined that it is advisable and in the best interests of the community to allow GVCC to continue to lease the Property and manage certain existing programs on the Property, all in the manner as set forth in this Agreement, for the interim period. This Agreement is within the goals and policies of the City.

1. This Interim Lease and Management Agreement ("Agreement") is entered into with GVCC and hereby gives GVCC the right to occupy the Property, and use and manage it on the City's behalf for the purpose of recreational, literary, scientific and educational opportunities for the general benefit of the public.

NOW, THEREFORE, IT IS AGREED by and between the parties hereto as follows:

1. **EFFECTIVE DATE:** This Agreement shall become effective on January 30, 2017 (the "Effective Date").

2. **TERM.**

A. Except as otherwise provided herein, the original term hereof shall be two (2) years commencing on the Effective Date. Goleta may elect to extend the term of this Agreement for two (2) successive one-year periods subject to the approval of the Goleta City Council. Goleta shall notify GVCC of such election in writing no less than 180 calendar days prior to the termination date of this Agreement. Within sixty (60) days after receipt of such notice from Goleta, GVCC shall provide written notice of acceptance or rejection of such extension of the term.

B. In the event GVCC holds over beyond the term herein provided with the express consent of City, such holding over shall be from month to month only, subject to the conditions of this Agreement, unless expressly waived in writing by City. Such holding over shall not be construed as a renewal of this AGREEMENT. Either party may, during the holdover period, terminate this Agreement by giving the other party at least thirty (30) days' prior written notice.

C. No later than 30 days before the termination or expiration of this Lease or any holdover period, Lessee shall provide City with all documentation (e.g., sublease, rental agreement, insurance certificates, etc., bank or other financial statements showing deposits, etc.) relating to the following:

1. All current sub-lessees, users and or occupiers of the Premises who have a fixed or regular schedule for use of any part of the Premises, a fixed or assigned location on the Premises, who regularly provide or sponsor classes, activities, programs, meetings, services, and/or resources on the Premises, and/or who have reserved all or a portion of the Premises for any purpose during the 12-month period preceding the termination or expiration of this Lease.

2. All written policies and forms currently in effect relating to use of Premises by any person or entity or organization, including but not limited to insurance requirements, hold harmless forms, policies for use and consumption of alcohol on the Premises, reservation forms, etc.

3. **ACCEPTANCE AND SUITABILITY OF THE PREMISES.** The Premises are offered and accepted in their "As Is" condition now existing. GVCC acknowledges that neither City nor any agent of the City has made any representation of warranty with respect to the Premises or the suitability or fitness thereof for the conduct of Lessee's business, current or prospective activities. GVCC is currently in possession of the Property and has been for over 30 years and acknowledges that the Premises are currently in satisfactory condition for the purposes of this AGREEMENT.

4. **RENT.**

A. Rent shall be \$ 1.00 per year for the original term of this Lease. Said amount shall be paid to the City on the Effective Date, and on the one-year anniversary thereof, without deduction or offset in lawful money of the United States of America by delivery to the City Manager at Goleta City Hall or to such other person or at such other place as the City may from time to time designate in writing. In any notice of the City's election to extend the term of this Agreement for an additional one-year period provided pursuant to Paragraph 2.A. above, the City shall specify the amount and terms of the rent to be paid by GVCC for such period.

B. Except and unless otherwise provided in this AGREEMENT, it is the intent of the parties hereto that GVCC shall pay all costs, taxes, charges, and expenses of every kind and nature against the Premises for operation of all Programs and activities on the Premises which may arise or become due during the Term.

5. PREMISES DEFINED; ALLOWED AND PROHIBITED USE OF PREMISES.

A. "Premises" shall mean and refer to the Real Property formerly known as the Goleta Union High School, located at 5679 Hollister Ave, Goleta and as more specifically described in Attachment "A" herein. For purposes of this Agreement, GVCC shall have exclusive use of the Premises with the exception of the drive aisles, parking areas, tennis courts and playing fields, as shown in Attachment "A". GVCC shall have the right to manage, coordinate, and control the scheduling of uses of all of the Premises, including the non-exclusive areas, as provided herein.

A. Except where otherwise provided herein, Lessee shall use, manage and operate the Premises for the operation of a Community Center for recreational, literary, scientific and educational opportunities for the general benefit of the public, including – without limitation – pay-to-enter events so long as they are open to all members of the public (e.g. concerts, dances, performances, classes), and invitation-only events so long as they are free (e.g. weddings, birthday celebrations). Lessee shall use the Premises for no other purpose without the prior written consent of the City Manager or his or her designee. In addition:

1. Lessee shall not use or allow such uses that are not otherwise permitted under applicable laws, ordinances, codes, rules, regulations, orders and other lawful requirements of local, state and federal governmental bodies having appropriate jurisdiction. Lessee shall apply in its own name for and obtain at its own expense any and all licenses, permits and other approvals which may be required from such governmental bodies, including the City, in connection with any particular use of the Premises during the Term.

2. Lessee shall not do or permit activities on or in the Premises, nor bring or keep anything in or on the Premises, that will in any way invalidate or increase the City's existing premium rates, or otherwise affect, any fire or other insurance upon the Premises.

3. To the extent that Lessee allows the use of Premises by other persons, organizations, and entities, whether by sub-lease, rental agreement, reservation or any other manner, Lessee shall require that any such user shall apply in its own name for and obtain at its own expense any and all licenses, permits and other approvals which may be required from such governmental bodies in connection with any particular use of the Premises.

B. Lessee shall not allow the use of the Premises for any business activity, or acts for commercial or for-profit purposes, by any person, organization or entity that is not

an IRS-recognized non-profit organization without the prior written consent of the City Manager or his or her designee.

C. Lessee shall not use or allow the use of the Premises for any type of hazardous or ultra-hazardous recreational or other activity that creates a substantial (as distinguished from a minor, trivial, or insignificant) risk of injury to a participant or a spectator, as defined in the California Health and Safety and Government Codes, whether or not a fee is charged for admission to or participation in such hazardous recreational activity, without the prior written consent of the City Manager or his or her designee. (Examples include skate park, roller hockey, etc.) This provision shall also apply to any use of the Property in a manner that is not consistent with the use provisions of all applicable building and zoning codes. (Examples include, using parking lot for uses other than parking cars, using interior rooms within the facility for active sports, or cooking, etc.)

D. City shall have the sole and exclusive discretion to determine whether to approve any such commercial and for-profit uses of the Premises requiring the City's approval pursuant to Subparagraph B above, and any use of the Premises or any part thereof for any type of hazardous or ultra-hazardous recreational activity on the Premises. City Manager may, within his or her discretion, approve, disapprove, or condition any such use.

E. Any proposed use of the Property which requires any permit from the City, including those requesting street closures, barricades, or requiring law enforcement security, and all requests by Lessee for uses requiring City Manager approval as set forth herein shall be submitted to the City and/or City Manager as soon as possible, and no later than 30 days before the scheduled event. Late submittals can result in denial.

F. City shall have the sole and exclusive discretion to determine and establish insurance and indemnity requirements for all uses of the Premises by any person, organization and/or entity, whether for profit or non-profit.

F. Lessee agrees not to commit or suffer to be committed any waste or nuisance in, or about the Premises, and agrees to comply in all material respects with all governmental laws, ordinances and regulations which pertain to or apply to the use of the Premises, now or subsequently imposed.

G. The Premises shall only be used during the hours of 7:00 a.m. and 11:00 p.m. except upon the prior written consent of the City Manager, or in the case of an emergency, in which case notice shall be provided to City Manager as soon as practicable.

6. LESSEE TO PROVIDE DOCUMENTATION OF USERS AND FINANCIAL RECORDS TO City.

A. No later than 30 days after the Effective Date, Lessee shall provide City with a written list and supporting documents (e.g., sublease, rental/user agreement, insurance certificates, ABC permit, etc.) relating to the following:

1. All current sub-lessees, users and or occupiers of the Premises who have a fixed or regular schedule for use of any part of the Premises, a fixed or assigned location on the Premises, who regularly provide or sponsor classes, activities, programs, meetings, services, and/or resources on the Premises, and/or who have reserved all or a portion of the Premises for any purpose (collectively "Users" and individually, a "User") during the 12-month period prior to the Effective Date.

2. An Audited Financial Statement generated within 12 months prior to the Effective Date showing all revenues received by Lessee from any source using any part of

the Premises, whether temporarily or on a regular and/or ongoing basis for at least the 12 months preceding the date of such Statement.

3. All written policies and forms currently in effect relating to use of Premises by any person or entity or organization, including but not limited to insurance requirements, hold harmless forms, policies for use and consumption of alcohol on the Premises, reservation forms, etc.

B. Beginning one month after the execution of this Lease, Lessee shall provide a monthly report to the City Manager summarizing all activities that have occurred on the Property during the past month, including a list of all Users during the time period covered in the report, a list of all programming activities occurring on the Property, an itemization of revenues and expenses, a description of all repairs, and a detailed description of all calls for police or fire services.

C. GVCC shall at all times maintain satisfactory financial accounts, documents and records pertaining to their operations and management of the Premises, and shall make them available to City staff upon request at reasonable times and intervals. Such accounts, documents and records shall be retained by GVCC for three years following termination of this Agreement. GVCC may use any generally accepted accounting system, provided such system meets minimum State of California requirements.

D. City shall have the right to request that GVCC conduct, at City's expense, an audit of its financial transactions, records, documentation, etc. consistent with generally accepted financial and auditing principals.

7. REPAIR AND MAINTENANCE OF PREMISES.

A. Except as otherwise provided herein, City shall retain full responsibility for capital improvements of the Property and further, City shall retain full responsibility for the maintenance and repair of, and references to the "Premises" hereafter in this Section 7 shall exclude, the Property's athletic field, outdoor courts, parking lot, building exterior, roof, security lights, exterior hardscape, trees and landscaping, but not lawns and shrubs.

B. Lessee shall assume full responsibility for the maintenance and repair of the improvements on the Premises throughout the Term without expense to City. Lessee accepts the Premises as is, and Lessee agrees, at its own sole cost and expense and without right of reimbursement from the City, to perform such maintenance and make such repairs and replacements to the Premises as may be necessary for Lessee's use and to keep the Premises in as good and sanitary order and repair and in as complete compliance with all current applicable laws, ordinances and regulations, including the City's Municipal Code requirements, as exists as of the Effective Date. Lessee's total obligation under this Section 7 in any twelve-month period shall not exceed \$5,000.

C. Lessee agrees to return the Premises to City in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the elements and other disaster or casualty excepted to the extent insurance is provided as required by this Lease.

D. Any agreements or understandings between Lessee and individuals or entities performing maintenance at the Premises shall recognize City as a third-party beneficiary with respect to the commitments or obligations made or undertaken by those individuals or entities.

E. Notwithstanding the foregoing, in the event Lessee breaches any of the covenants contained in this Agreement, and such default continues for a period of ten (10) days after written notice from City (with respect to graffiti, debris, waste material, and general maintenance), or thirty (30) days after written notice from City (with respect to building repair

or replacements), then City, in addition to whatever other remedy it may have at law or in equity, shall have the right to enter upon the Premises and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, City shall be permitted (but is not required) to enter upon the Premises and perform all acts and work necessary to protect, maintain, and preserve the improvements on the Premises. All costs – up to in any twelve-month period the greater of the sum of \$2500.00 or one-half of the City's annual deductible under its applicable insurance policies – incurred by City pursuant to exercise of its right to enter the Premises and perform works of maintenance, shall be paid by Lessee within thirty (30) days of receipt of an invoice from City. Payment of such invoice by Lessee shall not come from or reduce any Rent or other monies due City pursuant to this Lease.

F. Maintenance Standards.

Maintenance of the Premises shall include, but not be limited to: regular cleaning and maintenance of all interior and exterior areas used so that the Premises are clear of graffiti, dirt, pests, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from the Premises; and:

1. Janitorial services, including cleaning, provision of restroom supplies, trash removal, carpet cleaning, and any other cleaning required to maintain the Premises in a safe and sanitary condition suitable for use as a community center/recreation facility.
2. Minor painting and finish repairs;
3. Minor plumbing and electrical fixture repairs;
4. Trash removal and recycling;
5. Removal of all graffiti within 24 hours.

G. All maintenance work shall conform to all applicable federal and state Occupation Safety and Health Act standards and regulations for the performance of maintenance. City has no obligation to monitor Lessee's compliance with such standards and regulations.

H. Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied only by persons possessing valid California applicators licenses, and in strict accordance with all governing regulations. Precautionary measures shall be employed recognizing that all areas are open to public access.

I. Any agreements or understandings between Lessee and individuals or entities performing maintenance at the Premises shall recognize City as a third-party beneficiary with respect to the commitments or obligations made or undertaken by those individuals or entities.

J. City Responsibility for Capital Improvements and Major Repairs.

City shall be responsible for all capital repairs to and replacement of improvements related to the Property including, without limitation, the following: carpet, wood, and any other flooring replacement; drape replacement; appliance replacement; interior painting, including trim; HVAC replacement; lighting fixture replacement; kitchen and bathroom renovation; and any health and safety-related capital repairs and improvements as determined necessary during the term of this Lease solely within the discretion of the City Manager.

K. Emergency Services. In regard to emergency services, both City and Lessee will provide each other with the names and telephone numbers of at least two (2) qualified persons who can be called at any time of the day or night, including on weekends for assistance when emergency maintenance or other conditions occur at the Premises. For

purposes of this section, emergency shall refer to events which impact the habitability or health and safety of the users or occupants of the Premises. City representatives shall be notified as soon as possible of any event, occurrence or condition that impacts the health, safety and welfare of any users or occupants of the Premises, or precludes the safe use or occupancy of the Premises by any person or persons.

L. Non-responsibility of City. Lessee agrees that City shall not be required to perform any maintenance, repairs or services or to assume any expense in connection with the Property except as expressly set forth in this Lease or otherwise separately agreed to by City. Lessee shall provide notice to City prior to allowing any contractor to perform work on the Property so that City may post notices of non-responsibility if necessary. Lessee hereby waives the benefit of California Civil Code Section 1941 and 1942 and any other law that would otherwise afford Lessee the right to make repairs at City's expense.

M. Utilities and Services. Lessee shall provide and pay for all water, sewage, gas, and electricity services supplied, and shall provide and pay for general trash collection serving the Center and the Property. Lessee agrees to provide for administrative services, supplies, maintenance and janitorial services and shall pay for any and all telephone and internet services and connections required for Lessee's use of the Premises. The services provided by the Lessee shall include, but not be limited to, providing all fire, General liability and other types of required insurance in the amounts set forth in this Lease, payment of all personal Property taxes, any and all assessments, maintenance and replacements related to Lessee's use of, and operations on, the Premises.

N. Compliance with Laws. During the Term Lessee shall comply, at its own cost and expense, with: all applicable laws, ordinances, codes, rules, regulations, orders, and other lawful requirements of the governmental bodies having jurisdiction, which are applicable to, or by reason of, Lessee's particular use, or that of any of its sub-lessees, renters, permissive users, etc., of the Premises or the fixtures and equipment therein, and its construction of improvements at the Premises, including without limitation, payment of prevailing wages if applicable; the orders, rules and regulations of the National Board of Fire Underwriters, or any other body hereafter constituted exercising similar functions, which may be applicable to the Premises or the fixtures and equipment therein or thereon or the use thereof; and the requirements of all policies of public liability, fire and all other types of insurance at any time in force with respect to the Premises, and the fixtures and equipment therein and thereon; except that nothing in this Subparagraph N or otherwise in this Agreement shall require GVCC to comply, or cause the Property or any fixture or equipment therein to comply, with any law or other requirement with which the Property or any fixture or equipment therein is not already in compliance as of the Effective Date.

O. Signs. Lessee shall not post signs upon the Premises or improvements thereon, unless prior written approval therefore is obtained from City and only in compliance with all local regulations and the Premises Usage Rules.

P. Nuisances and Annoyances. Lessee shall not use or permit the use of the Premises for any purpose which would constitute a nuisance or unreasonable annoyance to adjacent properties, and shall at all times comply with the Goleta Noise ordinance, Goleta Municipal Code, Chapter 9.09.

8. HAZARDOUS MATERIALS AND ENVIRONMENTAL CONDITIONS.

A. Hazardous Materials Defined: For purposes of this Agreement "Hazardous Material" means any substance which is (i) designated, defined, classified or regulated as a hazardous substance, hazardous material, hazardous waste, pollutant or

contaminant under any Environmental Law, as currently in effect or as hereafter amended or enacted, (ii) a petroleum hydrocarbon, including crude oil or any fraction thereof and all petroleum products, (iii) PCBs, (iv) lead, (v) asbestos, (vi) flammable explosives, (vii) infectious materials, or (viii) radioactive materials. "Environmental Law(s)" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901, et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 5101, et seq., and the Clean Water Act, 33 U.S.C. Sections 1251, et seq., as said laws have been supplemented or amended to date, the regulations promulgated pursuant to said laws and any other federal, state or local law, statute, rule, regulation or ordinance which regulates or proscribes the use, storage, disposal, presence, clean-up, transportation or release or threatened release into the environment of Hazardous Material.

B.. 1. Lessee's Obligation and Indemnity.

Lessee shall not (either with or without negligence) cause or permit the escape, disposal or release of, nor shall Lessee cause or permit any Hazardous Materials to be brought onto, stored, used, generated, recycled, or disposed of in, on, under or about the Leased Premises by Lessee, its agents, employees, contractors, licensees, sublessees or invitees, without the prior written consent of City or in any manner prohibited by law. City shall not unreasonably withhold or delay so long as Lessee demonstrates to City's reasonable satisfaction that the Hazardous Materials, and the quantities thereof, are necessary or useful to Lessee's business. Lessee shall demonstrate that such Hazardous Materials are necessary or useful by submitting information to City in accordance with this paragraph. Notwithstanding the foregoing, Lessee shall have the right to bring onto, store, use and handle on the Premises (i) minor quantities of generally available Hazardous Materials used for routine cleaning and maintenance of the Premises and other operational aspects of its business, and (ii) products containing Hazardous Materials that are used for common household, yard or family purposes, provided that same are held for sale at retail in their original manufacturer's containers and provided that the same are at all times stored, used, handled and disposed of in compliance with all Environmental Laws. Lessee shall indemnify and hold City harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, attorneys' fees, and consultants' and experts' fees) from the release of any Hazardous Materials on the Leased Premises if caused by Lessee or persons acting under Lessee.

2.. Cleanup and Remediation. Lessee covenants and agrees that it shall, at its own expense, clean up and remediate, to the satisfaction of City, any discharge or release by Lessee on or from the Premises of any Hazardous Materials. For purposes of this paragraph, any acts or omissions of Lessee or of any sublessee, renter or occasional User of the Premises, or by employees, agents assignees, contractors or subcontractors of Lessee or any sublessee or by others acting for or on behalf of Lessee or any sublessee (whether or not they are negligent, intentional, willful or unlawful), shall be strictly attributable to Lessee.

3. Lessee shall indemnify, defend, protect and hold harmless City, and each of City's successors, from and against any and all claims, liabilities, penalties, fines, judgments, forfeitures, losses (including, without limitation, diminution in the value of the Premises and damages for the loss of or restriction on the Premises), costs or expenses (including attorneys' fees, consultants' fees and experts' fees) arising out of or in connection with Lessee's use and occupancy of the Premises, caused in whole or in part, directly or indirectly, by (i) the presence in, on, under or about the Premises due to Lessee's activities, or

any discharge or release by Lessee on or from the Premises of any Hazardous Materials, (ii) the use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation by Lessee of Hazardous Materials in, on, under, about or from the Premises, or (iii) Lessee's failure to comply with any Environmental Law. Lessee's obligations under this indemnification shall include, without limitation, whether foreseeable or unforeseeable, any and all costs incurred in connection with any investigation of any such conditions, and any all costs of any repair, cleanup, detoxification or decontamination of the Premises (including, without limitation, the soil and ground water on, under or about the Premises), and the preparation and implementation of any closure, remedial action, or other plans in connection therewith.

4. Disposal of Toxic Materials. Notwithstanding anything to the contrary contained in this Section, Lessee shall not release or dispose of any Hazardous Material, in the drains, storm drains, sewers, plumbing, or any other drainage facility within the Site or adjacent streets that will cause or contribute to a violation of Environmental Laws or contamination of soil, subsoil or groundwater in excess of action levels used by any governmental authority or agency having jurisdiction over such contamination. The offsite disposal of Hazardous Materials by Lessee shall be in strict compliance with all Environmental Laws.

5. Safety. To the extent required by applicable law, Lessee shall maintain Material Safety and Data Sheets (MSDS) for each and every item or product containing Hazardous Material brought onto the Site as required by applicable Environmental Laws. Such information shall be kept current at all times.

6. Disclosure. To the extent required by applicable law, on each January 1st during the term of this Lease, Lessee shall submit to the City the following documents: (i) an inventory of all compounds or products located on the Leased Premises that contain Hazardous Materials and were used in the operation of the business during the prior year (ii) all MSDS for said compounds or products containing Hazardous Materials to the extent such MSDS are required for Lessee's compliance with the Hazard Communication Standard in 29 CFR §1910.1200; (iii) an estimate of the quantity or volume of such products or compounds used on or about the Leased Premises during the prior year.

7. Indemnity. Lessee shall be solely responsible for and shall indemnify, hold harmless and defend City, its officers, employees and agents, from and against any and all Liabilities arising from or in any way relating to the use of Hazardous Materials on the Leased Premises, or the presence of Hazardous Materials in or originating from the soil, subsoil, or groundwater located in, on or under the Leased Premises, provided that the Liabilities are or are reasonably likely to be a result of or related to the receiving, handling, use, storage, accumulation, transportation, generation, spillage, migration, discharge, release or disposal of Hazardous Materials in, on, under or about the Leased Premises at any time before or after the date of this Lease but not before the date of Lessee's first possession of the Premises, and provided that the Liabilities are or were, caused by Lessee or its agents, employees, contractors, licensees, sub-Lessees or invitees. The indemnification by Lessee under this Section shall survive the termination of this Lease.

8. Cleanup. If Lessee, its agents, employees, contractors, licensees, sublessees, or invitees, causes Hazardous Material contamination or deterioration of groundwater, subsoil or soil in, on, under or originating from the Leased Premises in excess of action levels used by any governmental authority or agency having jurisdiction over such contamination, the Lessee shall promptly notify all appropriate regulatory agencies and take any and all action (the "Necessary Action") required by appropriate regulatory agencies to

clean up such contamination in the manner required by law. Lessee shall promptly furnish City with a copy of all correspondence with regulatory agencies concerning the Necessary Action. Lessee shall furnish City with a copy of any work plans, descriptions of Necessary Action or progress reports submitted to regulatory agencies for City's review and comment. City shall have the right to submit written comments on all aspects of the work plan to Lessee and the regulatory agencies, including without limitation, comments on the remediation methodology and appropriateness of cleanup levels. Lessee shall provide City with ten (10) business days' written notice of all meetings with regulatory agencies concerning the Necessary Action. City and its consultants shall have the right to attend and participate actively in all meetings with regulatory agencies concerning the Necessary Action, and Lessee shall use its best efforts to facilitate City's exercise of this right to attend and participate, including but not limited to, advocacy with regulatory agencies on City's behalf. Except in the case of an emergency, no Necessary Action shall be commenced without (1) written approval by all regulatory agencies having jurisdiction over the Necessary Action and (2) prior written notice to City. City shall have the right to have a representative present on the Leased Premises at all times during the implementation of the Necessary Action by Lessee and its agents. Lessee agrees that the Necessary Action will be supervised by and certified by a registered or licensed professional engineer or contractor. Lessee hereby releases City, its officers, employees and agents, from responsibility for, and indemnifies City, its officers, employees and agents, (with counsel approved by City) against any Liability) against any Liability in connection with the Necessary Action. If Lessee fails to take Necessary Action on a timely basis, City may, but shall not be obligated to, take Necessary Action and in such event, all costs incurred by City with respect thereto shall be for the account of Lessee and recoverable as additional Rent hereunder.

9. Timing for Clean-up/Emergencies. In the event of contamination of the Premises described in Subparagraph 6 immediately above, Lessee agrees and warrants and guarantees to City that Lessee shall remediate such contamination, at no cost to City, upon discovery of such contamination. If Lessee fails to initiate cleanup of the contamination (i) within 48 hours after discovery, or (ii) if the contamination poses an imminent hazard to Lessee's employees, agents, invitees, the public, the Premises, adjacent or other Property and/or the environment, within 24 hours of the earlier of discovery of such hazard by Lessee or notice of each contamination to City by any person in or in any manner whatsoever, City shall obtain cleanup of the contamination remediation costs. In the event Lessee fails to begin cleanup of the contamination within the time period set forth above considering the extent of the contamination and the hazard posed, City may, at City's sole option, declare the Lessee in default under this Lease.

10. Notice. If Lessee is required by statute or regulation to give notice to any state, federal or local regulatory authority about the spilling, discharging, releasing or disposing of Toxic Materials on, in, under or about the Leased Premises by Lessee, Lessee shall immediately notify City. This obligation to notify City shall also extend to any personal injuries or Property damage to third parties resulting directly or indirectly from said spilling, discharging, releasing or disposing of Toxic Materials. If Lessee becomes aware of or has reason to suspect the presence of any Toxic Materials present on, under, or about or coming onto the Leased Premises or of any release of Toxic Materials that has come to be located on or beneath the Leased Premises Lessee shall immediately give written notice of such condition to City as required by California Health and Safety Code §25359.7. City hereby acknowledges that Lessee has notified City that the floor tiling in the Premises may contain asbestos.

11. Storage and Use of Toxic Materials. Any and all Toxic Materials permitted in, on, under or about the Leased Premises pursuant to this Lease shall be stored and used in strict compliance with all Environmental Laws. There shall be no ponding or uncovered surface storage whatsoever of Toxic Materials in, on or about the Leased Premises. No underground storage tanks shall be constructed, installed or used without City's prior written consent, which consent may be withheld by City in its absolute discretion.

9. ALTERATIONS BY TENANT.

A. Lessee shall not make any changes or alterations in or to the structure of the Premises (including installation of any cables or data transfer wires) or which adversely affect the safety, structure, value, or architectural integrity of the Premises without City's prior written consent. Any such change or alteration is hereinafter referred to as an "Alteration" or "Alterations." Any Alteration shall be made on the following conditions: (i) before proceeding with any Alteration, Lessee shall submit to City for City's approval plans and specifications for the work to be done, and contractors proposed to be used to perform the work which shall be first approved by City in its reasonable discretion. Lessee shall not proceed with such work until it obtains City's approval; (ii) before proceeding with any Alteration which will cost more than Five Thousand and 00/100 Dollars (\$5,000.00) (exclusive of the cost of decorating work and items constituting Lessee's Property), as estimated by a reputable contractor reasonably acceptable to City, Lessee shall obtain and deliver to City either (1) a performance bond and a labor and materials payment bond (issued by a corporate surety licensed to do business in California), each in an amount equal to one hundred twenty five percent (125%) of such estimated cost and in form satisfactory to City, or (2) such other security as shall be satisfactory to City; (iii) Lessee shall obtain and maintain insurance on tenant's improvements and betterments. Policy shall be provided for replacement value on an "all risk" basis. There shall be no coinsurance penalty provision in any such policy. (iv) Lessee shall fully and promptly comply with and observe the rules and regulations of City then in force with respect to the making of Alterations; (v) the entire cost of the Alterations shall be borne by Lessee; (vi) Lessee agrees that any review or approval by City of any plans or specifications with respect to any Alterations is solely for City's benefit, and without any representation or warranty whatsoever to Lessee with respect to the adequacy, correctness or efficiency thereof or otherwise; and (vii) if at the time City consents to any Alteration(s), City requires that Lessee, upon the expiration or termination of this Lease, remove the Alterations (or such part thereof as City may designate) and restore the Premises to its condition prior to such Alterations having been made, then Lessee shall, at its sole cost and expense, cause such removal to occur and such restoration to be performed.

B. Lessee, at its expense, shall obtain all necessary governmental permits and certificates for the commencement and performance of Alterations and for final approval thereof upon completion, and shall cause Alterations to be performed in compliance therewith and with all applicable law and requirements of public authorities and with all applicable requirements of insurance bodies. Alterations shall be diligently performed in a good and workmanlike manner, using new materials and equipment at least equal in quality and class to the better of (i) the original installations of the Premises, or (ii) the then standards for the Premises reasonably established by City. Alterations shall be performed in such manner as not to unreasonably interfere with or delay and as not to impose an additional expense upon City in the maintenance, repair or operation of the Center; and if any such additional expense shall be incurred by City as a result of Lessee's performance of any Alterations, Lessee shall pay such additional expense upon demand.

C. Throughout the performance of Alterations, Lessee, at its expense, shall carry, or cause to be carried, workmen's compensation insurance in statutory limits and general liability insurance, with completed operation endorsement, for any occurrence in or about the Premises, under which City and its agent shall be named as additional insureds, in such limits as City may reasonably require, with insurers reasonably satisfactory to City. Lessee shall furnish City with reasonably satisfactory evidence that such insurance is in effect at or before the commencement of Alterations and, on request, at reasonable intervals thereafter during the continuance of Alterations. If any Alterations shall involve the removal of any fixtures, equipment or other Property in the Premises which are not Lessee's Property, such fixtures, equipment or other Property shall be promptly replaced at Lessee's expense with new fixtures, equipment or other Property of like utility and at least equal value unless City shall otherwise expressly consent.

D. Lessee, at its expense, and with diligence and dispatch, shall procure the cancellation or discharge of all notices of violation arising from or otherwise connected with Alterations, or any other work, labor, services or materials done for or supplied to Lessee, or any person claiming through or under Lessee, which shall be issued by any public authority having or asserting jurisdiction. Lessee shall defend, indemnify and save harmless City from and against any and all mechanics' and other liens and encumbrances filed in connection with Alterations, or any other work, labor, services or materials done for or supplied to Lessee, or any person claiming through or under Lessee, including, without limitation, security interests in any materials, fixtures or articles so installed in and constituting part of the Premises and against all costs, expenses and liability incurred in connection with any such lien or encumbrance or any action or proceeding brought thereon. Lessee, at its expense, shall procure the satisfaction or discharge or record of all such liens and encumbrances within thirty (30) days after the filing thereof.

10. INDEPENDENT CONTRACTOR.

A. This Lease is by and between City and Lessee and is not intended and shall not be construed, to create the relationship of agent, servant, employee, or representative of City by Lessee. All persons furnishing services to Lessee pursuant to this Lease are, for purposes of workers' compensation liability, employees or contractors solely of Lessee, and not of City.

B. Lessee shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any person for injuries from or connected with services performed on behalf of Lessee pursuant to this Lease.

11. HOLD HARMLESS AND INDEMNIFICATION.

A. Lessee shall indemnify and save harmless City and its officers, council members, employees and agents thereof from all claims, suits, or actions of every name, kind, and description, brought for, or on account of, injuries to or death of any person including, but not limited to, workmen and the public, or damage to Property resulting from Lessee's use and occupancy of the Premises, the construction of any work initiated or by or in consequence of any negligence regarding any such work, the use of improper materials or equipment in construction of any such work, the neglect or refusal of the Lessee to faithfully perform any such work and all of any Lessee's obligations under this Lease, or by or account of any act or omission by Lessee or its agents or a subcontractor or its agents or a third party during the progress of said work. This indemnification by Lessee shall include all costs and expenditures including attorney's fees incurred by City or its employees, council members,

officers or agents with respect to such claim or suit and Lessee will, if requested by City, defend any litigation arising out of such claims at the sole cost and expense of Lessee. City shall have the right to select legal counsel of its choice in connection with such defense.

B. Neither City, nor any officer, agent or employee of City, shall be liable for (a) loss of or damage to any Property of Lessee, or of any other person, entrusted to any of City's agents or employees, (b) loss of or damage to any Property of Lessee or of any other person by theft or otherwise, (c) any injury or damage to any person or Property resulting from fire, explosion, falling plaster, steam, gas, electricity, dust, or water, or leaks from any part of the Premises or from the pipes, appliances or plumbing system, or from the roof, street or subsurface or any other place or by dampness, or from any other cause whatsoever, (d) any such damage caused by other occupants or persons on the Premises or by construction of any private, public or quasi-public work, or (e) any latent defect in the Premises.

12. INSURANCE.

A. Without limiting Lessee's indemnification of City, Lessee shall provide and maintain at its own expense during the term of this Lease the following program(s) of insurance covering its operations hereunder. Such insurance shall be provided by insurer(s) licensed to do business in, and in good standing in, the State of California, and satisfactory to the City. Lessee shall provide certificates of insurance confirming insurance coverage required herein and a waiver of subrogation endorsement for workers' compensation to City in a form satisfactory to City on or before the Effective Date of this Lease. Insurance certificates, endorsements and waivers must be approved by City's risk manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this Agreement. City reserves the right to require complete, certified copies of all required insurance policies, at any time. Evidence of such programs shall be delivered to City of Goleta, 130 Cremona Drive, Suite B, Goleta CA 93117. Such evidence shall specifically identify this Lease and shall contain express conditions that City is to be given written notice at least thirty (30) days in advance of any modification or termination of any program of issuance. Lessee further agrees to deliver to the City a renewal binder for each policy not later than thirty (30) days before its expiration. Such insurance shall be primary to and not contributing with any other insurance maintained by City, and shall name City and its officers and employees as additional insureds.

B. The City and the Lessee each hereby waive any and all rights of recovery against the other on account of losses insured against under any fire and extended coverage insurance policy in force at the time of such loss or damage but only to the extent that such waiver will not invalidate such insurance. Lessee shall attempt to obtain an endorsement from its insurance carrier providing that the foregoing waiver shall not invalidate the Lessee's insurance.

C. During the term of this Lease, Lessee shall provide and maintain the following forms and amounts of insurance.

1. Liability. Comprehensive Commercial General Liability insurance with coverage consistent with Insurance Services office form CG 00 01, with a combined single limit of not less than \$2 Million per occurrence without any self-insured retentions and with a maximum deductible of \$5,000. Said policy must include contractual liability without amendment.

2. Workers Compensation: A program of Workers' Compensation insurance in the amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers' Liability with a \$500,000 limit covering all persons

providing services by or on behalf of Lessee and all risks to such persons under this Lease. Lessee shall submit to City as provided herein, a waiver of subrogation endorsement in favor of City, its officers, agents, employees and volunteers.

3. Property Coverage. [(1) Real Property – All Risk Insurance for the full insurable replacement value of all structural improvements constituting the Premises with a deductible no greater than five percent (5%) for all risk related coverages, and (2) Personal Property Insurance for the actual cash value against the hazards of fire, theft, burglary, vandalism and malicious mischief.

4. Employment Practices Insurance covering claims arising out of the employment relationship, including but not limited to, unlawful employment harassment, employment discrimination, wrongful termination, etc., in a form and as required by the City's insurer.

5. Abuse and Molestation Insurance in the event the Premises are used for any type of school, child care, or other services or programs involving children, in a form and as required by the City's insurer.

6. Automobile liability insurance shall be provided if Lessee provides transportation to any users, participants, volunteers or employees during the regular course of its business. Said insurance shall include coverage consistent with Insurance Services office form CG 00 01 and shall cover bodily injury and property damage for all activities of the Lessee arising out of or in connection with services and programs to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles in an amount not less than \$1 million combined single limit for each accident.

7. Failure on the part of Lessee to procure or maintain required insurance, provide the City with required certificates, waivers and endorsements, shall constitute a material breach of contract upon which City may immediately terminate this Lease. Lessee shall provide City with a thirty (30) day notice of cancellation or non-renewal for each required insurance coverage.

C. The specified amount of liability insurance required herein may be subject to renegotiation on an annual basis, however, Lessee shall continue to provide insurance in the manner heretofore provided, pending final renegotiation thereof.

D. City and Lessee each hereby release the other from any liability for any loss or damage to the Center, the Premises or other Property and for injury to or death of persons occurring on the Property or in the Center or the Premises or in any manner growing out of or connected with Lessee's use and occupation of the Premises, the Center or the Property or the condition thereof, whether or not caused by the negligence or other fault of City, Lessee, or their respective agents, employees, subtenants, licensees, invitees or assignees; provided, however, that this release (i) shall apply notwithstanding the indemnities set forth in Paragraph 9, but only to the extent that such loss or damage to the Center or other Property or injury to or death of persons is covered by insurance which protects City or Lessee or both of them as the case may be; (ii) shall not be construed to impose any other or greater liability upon either City or Lessee than would have existed in the absence hereof; and (iii) shall be in effect only to the extent and so long as the applicable insurance policies provide that this release shall not affect the right of the insureds to recover under such policies, which clauses shall be obtained by the parties hereto whenever available on commercially reasonable terms.

E. Lessee shall notify City as soon as practicable regarding any claims made, lawsuits filed, or any other matter involving potential liability against Lessee

relating to the Property or the actions of Lessee or any of its agents, officers, employees or volunteers.

13. NO ASSIGNMENT OR SUBLETTING.

A. Prohibition of Assignment.

Except as otherwise provided herein, Lessee shall not voluntarily assign or encumber its interest in this Lease or in the Premises, sublease substantially all of the Premises, or sublease a part of the Premises constituting less than substantially all of the Premises for a period longer than 30 consecutive days without prior written consent of City, which consent may be withheld in City's sole and arbitrary discretion. Lessee shall not, without the prior written consent of City, assign, hypothecate, or mortgage this Lease or sublease or license any or all of the Premises. Any attempted assignment, hypothecation, mortgage, sublease or license without the consent of City shall at City's election constitute an Event of Default under Section 16 below.

14. NON-DISCRIMINATION AND CIVIL RIGHTS COMPLIANCE.

A. Lessee hereby certifies and agrees that, in all matters affecting this Lease, it will comply with all applicable federal, State and local laws and regulations prohibiting discrimination in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Premises herein leased 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 Lessees, lessees, sub-Lessees, or sublessee or vendees in the Premises herein leased. Lessee certifies and agrees that all persons employed thereby, are and shall be treated equally without regard to or because of race, creed color, national origin, political affiliation, viewpoint, religion, marital status, sex, age, or handicap, and in compliance with all federal and state laws prohibiting discrimination in employment.

15. TERMINATION OF LEASE.

A. Upon any Event of Default as defined in Section 16 below, or should the property become uninhabitable due to construction activities, as set forth in Section 18 below, the City may terminate the tenancy created by this Agreement by giving at least thirty (30) days' prior written notice of such termination to the Lessee. In addition to any other manner of service authorized by law, such written notice may be given to the Lessee by certified or registered mail as hereinafter provided.

B. Subject to the surrender provisions below, upon termination of this Lease, City shall have the right to take possession of the Premises, including all tenant improvements, equipment, and inventory located thereon, and may use same for the purpose of satisfying and/or mitigating all damages arising from a breach of this Lease.

C. Action by City to effectuate a termination and forfeiture of possession shall be without prejudice to the exercise of any other rights provided herein or by law or equity to remedy a breach of this Lease. All rights and remedies available to City shall be cumulative to the extent allowed by law.

16. EVENTS OF DEFAULT.

A. The abandonment, vacation or discontinuance of operations on the Premises for more than ten (10) consecutive working days, except for planned breaks in service, e.g., holiday periods, of which Lessee has provided prior written notice to Lessor.

B. The failure of Lessee to punctually pay or make payments herein when due, where the delinquency continues beyond ten (10) days following written notice for payment thereof.

C. The failure of Lessee to operate in the manner required by this Lease, where such failure continues for more than ten (10) days after written notice from City to correct the condition therein specified.

D. The failure of Lessee to maintain the Premises and the improvements constructed thereon in the state of repair required hereunder, and in a clean, sanitary, safe and satisfactory condition, where such failure continues for more than ten (10) days after written notice from City for correction thereof, provided that where fulfillment of such obligation requires activity over a period of time and Lessee shall have immediately, following receipt of such notice, commenced to perform whatever may be required to cure the particular default and continues such performance diligently, said time limit may be waived in the manner and to the extent allowed by City.

E. The failure of Lessee to keep, perform and observe any other promise, covenant, condition and agreement set forth in this Lease, where such failure continues for more than ten (10) days after written notice from City for correction thereof, provided that where fulfillment of such obligation requires activity over a period of time and Lessee shall have commenced to perform whatever may be required to cure the particular default within ten (10) days after such notice and continues to such performance diligently, said time limit may be waived in the manner and to the extent allowed by City.

F. The filing of a voluntary petition in bankruptcy by Lessee; the adjudication of Lessee as a bankrupt; the appointment of any receiver or trustee of Lessee's assets; the making of a general assignment for the benefit of creditors; a petition or answer seeking an agreement for the reorganization of Lessee under any federal reorganization act, including petitions or answers under federal laws; the occurrence of any act which operates to deprive Lessee permanently of the rights, powers and privileges necessary for the proper conduct and operation of the Programs; the levy of any attachment or execution which substantially interferes with Lessee's operation under this Lease and which attachment or execution is not vacated, dismissed, stayed or set aside with a period of sixty (60) days; City reasonably determines that the Lessee is insolvent; Lessee shall be deemed to be insolvent if it has ceased to pay its debts in the ordinary course of business or cannot pay its debts as they become due, whether it has committed an act of bankruptcy or not, and whether insolvent within the meaning of federal bankruptcy law or not.

G. Determination by City, the State Fair Employment Commission, or the Federal Equal Employment Opportunity Commission of discrimination having been practiced by Lessee in violation of state and/or federal laws in connection with the Lease.

17. RIGHT-OF-ENTRY.

A. Lessee agrees that the City, its agents and employees, may enter upon the Premises at any reasonable time for the purpose of making inspections, surveys and measurements, and if warranted, performing other work considered necessary by the City, all with the understanding that the same will be performed in such a manner as will cause a minimum of interference with Lessee's use of the Premises. City agrees to provide Lessee with reasonable prior notice of any such entry and inspection. Lessee waives any claim for damages for any injury or inconvenience to, or interference with, Lessee's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss caused by the entry of the City as described herein, and Lessee agrees that there shall be no abatement of rent by

reason of the City's entry for the purposes described in this Paragraph, except for any claim for any of the foregoing arising out of the negligent acts or omissions of the City or its officers, employees or authorized agents.

B. The City shall at all times have and retain a key with which to unlock all of the doors in the Premises and the City shall have the right to use any and all means that it may deem proper to open such doors in emergencies in order to obtain entry into the Premises. Any entry into the Premises obtained by the City by any means whatsoever shall not under any circumstances be deemed a forcible or unlawful entry into, or detainer of, the Premises, nor shall such entry be construed to be an eviction of Lessee from any part of the Premises.

C. Should Lessee be deemed deficient, as determined by City, in its performance of its obligations required hereunder, in addition to all other available remedies, City may, but shall not be so obliged, enter upon the Premises and correct Lessee's deficiencies by using City's employees and equipment and materials on the Premises suitable for such purposes, or by employing a separate private contractor. City's costs so incurred, including direct and indirect overhead costs determined by City, shall be reimbursed to City by Lessee and/or its sureties within thirty (30) days of demand thereof.

18. DISPLACEMENT DURING SIGNIFICANT CONSTRUCTION EVENT.

In the event City decides to or is required due to health and safety concerns to commence or engage in construction activities relating to remodel or renovation of the Premises during the term of this lease, which activities will substantially interfere with GVCC's scheduled or contracted for events or activities on the premises or will impair the health and safety of the users and/or occupiers of the Premises for a substantial period of time (more than one month), City shall make every reasonable effort to provide alternative locations for such pre-scheduled events or activities, including but not limited to the provision of trailers, modular buildings, or their equivalent, for use by GVCC. This provision does not limit or impair the City's right to otherwise terminate this Agreement as provided herein upon 90 days' notice, should the City determine, within its reasonable discretion that it cannot reasonably re-locate or provide alternative locations for the GVCC activities and programs during any repair and/or renovation activities.

19. SURRENDER. Upon expiration of the term hereof, or termination hereof, Lessee shall peaceably vacate the Premises and shall remove all tenant equipment and personalty used in Lessee's operations no later than thirty (30) days from said expiration or termination. Lessee shall be deemed to have abandoned said equipment and personalty remaining on the Premises after said thirty (30) days, and title to the abandoned equipment and personalty shall then vest in City without compensation being paid by City.

20. ATTORNEY'S FEES. In the event suit should be brought for recovery of the Premises or for any sum due hereunder, or to interpret or enforce any provision of this Agreement, the prevailing party shall be entitled to all costs incurred in connection with such action, including reasonable attorney's fees.

21. NOTICES. Any notice which either party may or is required to give pursuant to the provisions of this Agreement, may be given by mailing the same by certified or registered mail to the Lessee at 5679 Hollister Avenue, Goleta, CA 93117 Attention: Board Chair or to the City, Attention: City Manager, City of Goleta, 130 Cremona Drive, Suite B, Goleta, CA

93117. Failure or refusal of the Lessee to accept any such mailed notice shall not affect its validity and such notice shall be deemed delivered upon the first date the postal service attempted delivery thereof. Either party may substitute a new address for the receipt of future notices by specifying the new address in a notice mailed by registered or certified mail to the other party. Unless such notice of changed address is so given, the other party shall be entitled to rely upon the address herein set forth for mailing notices pursuant to this Agreement.

22. **WAIVER OF BREACH.** Waiver by the City of any breach of any term, covenant or condition contained in this Rental Agreement shall not be deemed to be a waiver of any subsequent breach of the same or of any other term, covenant or condition contained in the Rental Agreement. The City's consent to, or approval of any act shall not be deemed to render unnecessary the obtaining of the City's consent to or approval of any subsequent act by any Lessee. The acceptance of rent or other sums payable hereunder by the City shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than failure of Lessee to pay the particular rent or other sums so accepted, regardless of the City's knowledge of such preceding breach at the time of acceptance of such rent or sums.

23. **GENDER AND NUMBER.** Words used in the masculine gender shall include the feminine or neuter, and the singular shall include the plural, when appropriate.

24. **COVENANT OF QUIET POSSESSION.** The City covenants that it has delivered quiet possession of the Premises to Lessee on the date and term of this Agreement is to commence and that the Lessee's possession will not be disturbed by the City or those claiming under it during the terms of this Rental Agreement.

25. **ENTIRE AGREEMENT.** This agreement constitutes the entire agreement of the parties hereto relating to the Premises and shall supersede all prior written or oral negotiations or agreements of the parties relating to the Premises. This Rental Agreement shall not be modified except by a writing duly executed by the parties. It is expressly understood that this Rental Agreement does not grant Lessee any future rights for the development of the Premises.

26. **WAIVER OF CLAIMS.** Lessee hereby irrevocably waives on behalf of itself, its successors and assigns and all persons claiming through it, any claim which Lessee may assert against the Agency for inverse condemnation, relocation payment or assistance under California Government Code Section 7260 et seq., lost business goodwill, compensation for fixtures and equipment, and/or any other costs, expenses, or claims not specifically listed herein incurred by Lessee in connection with any termination, either by operation of law or otherwise, of this Rental Agreement. Lessee specifically acknowledges that this Rental Agreement may be pleaded as a defense and a bar to any such claim. Lessee further specifically acknowledges that in making this waiver, Lessee has consulted with its attorney and that this waiver is made freely and with knowledge of the character and extent of the rights thus waived.

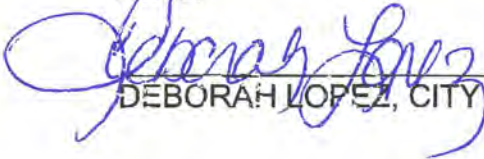
SIGNATURES ON NEXT PAGE

"City"

City of Goleta, a municipal
Corporation

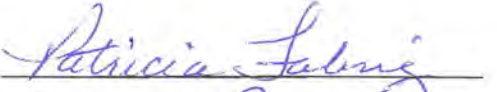
By: 
Its: CITY MANAGER

Attest:


DEBORAH LOPEZ, CITY CLERK

"LESSEE"

Goleta VALLEY COMMUNITY CENTER,
a California non-profit public benefit
corporation

By: 
Its: Board President

Approved as to Form and Legal Content

By: 
TIM GILES, CITY ATTORNEY

Exhibit A



Exclusive use:

Structures 1, 2, 3 & 4

Non-exclusive use:

Drive aisles and parking areas

Tennis courts

Play field