

Lease Agreement

AGREEMENT

This lease agreement ("Lease") is made and entered by and between the CITY OF MORRO BAY, a California municipal corporation, and hereinafter referred to as "LESSOR" and/or "City," and THE MORRO BAY CHAMBER OF COMMERCE, a California non-profit corporation, hereinafter referred to as "LESSEE" and/or "Chamber."

RECITALS

WHEREAS, LESSOR is the owner of a 2,400-squarefoot office building located at 695 Harbor Street, Morro Bay, CA (the "Premises"); and

WHEREAS, LESSEE is organized to encourage a strong local economy and quality of life by promoting commerce, sound government, and an informed membership and community; and

WHEREAS, LESSEE has special knowledge and experience to promote economic and business development, including business attraction and retention programs, for the benefit of LESSOR; and

WHEREAS, LESSOR and LESSEE have mutual interests in enhancing the economic growth and vitality of the community and have entered into agreements for the provisions of economic development services for Fiscal Years 2020/2021, 2021/2022, 2022/2023, 2024/2025 and has or is anticipated to do so for Fiscal Years 2024/25; and

WHEREAS, LESSOR and LESSEE previously entered into a lease agreement for LESSEE to lease the Leased Premises (as defined below) from LESSOR, and that prior lease agreement by its terms has continued on a month-to-month holdover per Section 3 of the FY 2022-23 Lease Agreement since June 30, 2023; and

WHEREAS, LESSOR and LESSEE desire to enter into a new lease agreement for Suites A and B of Premises comprising a combined area of 275 square feet, equal to 11.5 percent of the gross leasable area of the Premises (the "Leased Premises").

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. LEASE: LESSOR hereby leases to LESSEE and LESSEE agrees to accept from LESSOR the lease of the portions of the Leased Premises as described in Section 4., below.
2. RENT: During the term on this Lease, LESSEE agrees to pay the total sum of \$2,400.00 for the entirety of the one year lease term, with \$200.00 due and payable on the first day of each month for each of the months in Fiscal Year 2024/25, commencing with July 1, 2024 under this agreement (the "Rent") for the use of the Leased Premises and the Additional Access Areas, defined below. The Rent has been determined to be the fair market value of the Leased

Premises considering the fair market rent for the Leased Premises, the direct economic benefits of LESSEE's services to City, and LESSEE's agreement to provide services to the business community in general without regard to such business's Chamber membership status; provided, however, that Chamber reserves the right to provide preferential and varying tiers of additional service to Chamber members in accordance with its adopted membership program. LESSEE and LESSOR agree the Rent and terms and conditions specified herein are and continue to be material considerations in establishing the terms and conditions of the agreement for economic development services and the LESSOR's agreement to provide services to the general business community.

3. **TERM:** The term of this Lease shall commence on July 1, 2024 and terminate without notice on June 30, 2025, unless sooner terminated as herein provided. Any holdover of possession of the Leased Premises by LESSEE beyond this Term shall constitute a month-to-month tenancy on the same terms and conditions of this Lease and LESSEE agrees to vacate the Leased Premises upon thirty-days' prior written notice from LESSOR; provided, that the Rent shall be \$200.00 per calendar month due and payable on the first day of each month, commencing with July 1, 2024.
4. **LEASED PREMISES:** The Leased Premises for purpose of this Lease shall include Suite A and Suite B of Premises that, combined, total approximately 275 square feet. LESSEE shall have access to and use of, but not control of, common areas of the Premises, including both bathrooms, the foyer, the conference room, hallways, entranceways, and the kitchen (the "Additional Access Areas").
5. **USE OF LEASED PREMISES AND THE ADDITIONAL ACCESS AREAS:** LESSEE shall use the Leased Premises and the Additional Access Areas solely for the purpose of operation of Chamber business, including, but not limited to, (i) promoting all businesses and services in the City and (ii) providing services described under the Amended and Re-stated Agreement for Economic Development Services, and under other agreements with a similar purpose which City and Chamber may enter into from time to time.
6. **FIXTURES AND ALTERATIONS:** LESSEE shall not make, or cause to be made, any alterations, additions or improvements, of a substantial nature, or make any structural changes in the building (the "Improvements") without first notifying LESSOR and obtaining prior written approval from LESSOR for the Improvements. In the event the Improvements include any structural change, LESSEE shall supply to LESSOR plans and specifications for such work, and obtain prior written approval. LESSEE shall be responsible for all costs associated with any of the Improvements. All permits necessary for the Improvements, shall be at LESSEE'S expense and obtained prior to any work on any of the Improvements.
7. **ITEMS INSTALLED BY LESSEE:** All decorations and additions and any of the Improvements in the Lease Premises, except for structural changes, made by LESSEE shall remain the property of LESSEE for the term of this Lease or any extension or renewal thereof. Upon expiration of this Lease, or any renewal term thereof, LESSEE shall remove all decorations and additions and those portions of the Improvements that are LESSEE property, and

restore the Leased Premises, ordinary wear and tear excepted, to its condition at the time of original occupancy, unless written approval is obtained by LESSOR to allow such decorations, additions or the Improvements to remain.

8. SECURITY: LESSOR agrees to provide locks on doors of the Premises and the Leased Premises, the latter of which is to be used exclusively by LESSEE for the uses described herein, and to provide keys for access to Premises and Leased Premises. LESSOR shall also provide access to the Premises at the rear entrance for others to access the Premises without access to Leased Premises.
9. MAINTENANCE: LESSOR shall be responsible for the overall interior and exterior maintenance of the Premises and Leased Premises, and for the maintenance and repair of major building systems, including HVAC, mechanical, plumbing, and electrical systems and access to telephone, cable, and internet services. LESSOR shall have no duty, obligation, or liability whatever to rebuild and portion of the Premises or surrounding grounds, if any or all of them are destroyed, except at its sole discretion. LESSEE shall be responsible for routine janitorial and maintenance of the Leased Premises and Additional Access Areas and for cable, phone and internet service to the Leased Premises.
10. SURRENDER OF LEASED PREMISES AND ADDITIONAL ACCESS AREAS: At the expiration of the tenancy hereby created, LESSEE shall surrender the Leased Premises and Additional Access Areas in the same condition as the Leased Premises and Additional Access Areas were upon delivery of possession thereto under this Lease, reasonable wear and tear excepted, and damage by unavoidable casualty not within the reasonable control of LESSEE excepted, and shall surrender all keys for the Premises and Leased Premises to LESSOR. LESSEE shall thereupon remove all its fixtures, and any alterations or improvements as provided above before surrendering the Leased Premises and shall repair any damage to the Leased Premises and Additional Access Areas caused thereby. LESSEE's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.
11. INSURANCE: LESSEE shall, during the full term of this Lease, keep in full force and effect an appropriate policy of liability and property damage insurance with respect to the Leased Premises and Additional Access Areas in the minimum amounts of \$1,000,000 each. The policies shall name LESSOR and its officers, employees and representatives as additional insureds and shall contain a clause the insurer will not cancel or change the insurance without first giving LESSOR 10-days' prior written notice. LESSEE shall exhibit to LESSOR, at any time upon demand, a certificate of insurance, or other evidence of insurance, and shall keep such policies in effect during the full term of this Lease or any ex- tensions thereof.
12. FIRE, EXTENDED COVERAGE: LESSEE agrees to purchase and maintain, during the full term of this Lease or any extensions thereof, a policy of fire, extended coverage, insurance, which policy shall not be less than 100% of the replacement value of the Leased Premises. The cost of such insurance shall be at the sole cost of LESSEE.
13. INDEMNIFICATION: LESSEE agrees to indemnify, defend and hold harmless LESSOR, its

offices, directors and agents, from and against any and all claims, actions, damages, liability, expenses, costs and reasonable attorney's fees resulting or related to any loss of life, personal injury or damage to property, or any other liability, arising out of any occurrence related to the Leased Premises, the Additional Access Areas or the occupancy or use by LESSEE of the Leased Premises, the Additional Access Areas or any part thereof, occasioned wholly or in part by any act or omission of LESSEE, its agents, contractors, employees, servants, lessees or concessionaires, or for any act or omission by LESSOR in furtherance of the interests of LESSEE for any reason in connection with this Lease.

14. UTILITIES, COMMON AREA MAINTENANCE & TAXES: LESSEE shall be responsible for their proportion of all charges for heat, water, gas, electricity or any other utility used or consumed on the Premises, including any deposits demanded by any utility. LESSEE agrees to pay, at its sole cost and expense, any possessory interest tax that may be assessed as a result of this Lease.
15. ASSIGNMENT AND SUB-LETTING: LESSEE will not assign this Lease, in whole or in part, nor sub-let all or any part of the Leased Premises.
16. GOVERNMENTAL REGULATIONS: LESSEE shall at LESSEE's sole cost and expense, comply with all of the requirements of all county, municipal, state, federal and other applicable government authorities, now in force, or which may hereafter be in force, pertaining to the Leased Premises, and shall faithfully observe in the use of the Leased Premises all municipal and county ordinances, and all state and federal statutes now, or which may hereafter be, in force, except that LESSEE shall not be required by this provision to meet ADA accessibility standards.
17. DESTRUCTION OF LEASED PREMISES: If the Leased Premises shall be damaged or destroyed by fire, the elements, unavoidable accidents, or other casualty, then all insurance proceeds payable by reason thereof shall be applied to the repair, reconstruction, and renovation of Leased Premises.
18. CONDEMNATION: In the event any or all of the Premises are taken, in whole or in part, through the exercise of any power of eminent domain exercised by any state, federal or local agency (including LESSOR) having the power thereof, any sums paid by such condemning authority shall be paid to LESSOR. LESSEE hereby waives any and all of its rights and benefits payable under applicable federal or state relocation assistance laws if the City is the condemning authority.
19. DEFAULT: In the event of any failure of LESSEE to perform any of the terms, conditions or covenants of this Lease to be observed or performed by LESSEE for more than 30 days after written notice of such default shall have been given to LESSEE, or if LESSEE shall abandon the Leased Premises and the Additional Access Areas, then LESSOR, besides other rights or remedies it may have, shall have the immediate right of reentry and may remove all persons and properties from the Leased Premises and the Additional Access Areas without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned

thereby.

20. ENTIRE AGREEMENT: This Lease, and any exhibits attached hereto and forming a part hereof set forth all the covenants, promises, agreements, conditions and understanding between the parties concerning the Leased Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them, other than as herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon either party unless reduced to writing and signed by both.
21. NOTICE: Any notice, demand, request or other instrument which may be required to be given under this Lease shall be deemed delivered when sent by ordinary United States Mail, postage prepaid, addressed to LESSOR care of its City Manager, or LESSEE care of its then acting President.
22. PARTIAL INVALIDITY/SEVERABILITY: If any term, covenant or condition of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those to which it is held invalid, or unenforceable, shall not be affected thereby; and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law. If the length, term or duration of this Lease, in any way is in violation of any statute, law or Constitution or is invalid for any reason whatsoever, then this Lease shall be deemed a Lease from year to year, and all other provisions hereunder shall remain the same.
23. CALIFORNIA LAW: This Lease shall be interpreted, construed, and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Lease shall be instituted in the Superior Court of the County of San Luis Obispo, State of California. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, or such other federal court having jurisdiction in the County of San Luis Obispo, State of California.
24. NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES: No officer or employee of the City shall be personally liable to the LESSEE, or any successor in interest, in the event of any default or breach by the LESSOR or for any amount, which may become due to the LESSEE or to its successor, or for breach of any obligation of the terms of this Lease.
25. INTERPRETATION: The terms of this Lease shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Lease or any other rule of construction which might otherwise apply.
26. COUNTERPARTS: This Lease may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

A facsimile or electronic copy shall be valid for all purposes as though it was an original document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this _____ day of May 2024, at Morro Bay, California

CITY OF MORRO BAY

MORRO BAY CHAMBER OF COMMERCE

By: _____
Yvonne Kimball,
City Manager

By: _____
Jocelyn Brennen, Chief Executive Officer

Attest:

By: _____
Chairman, Chamber Board of Directors

Dana Swanson,
City Clerk

Approved As To Form:

Approved As To Form:

Chris F. Neumeyer
City Attorney

Jane Heath, Chamber Counsel