

COMMERCIAL LEASE AGREEMENT

This COMMERCIAL LEASE AGREEMENT (“**Lease**”), dated as of _____, 2023 (the “**Effective Date**”), is entered into between City of Placerville, a California municipal corporation, (“**City**” or “**Landlord**”), and Arts and Culture El Dorado, a California 501c (3) Non-Profit Organization (“**Arts and Culture**” or “**Tenant**” and together with Landlord collectively referred to herein collectively as the “**Parties**” and individually as a “**Party**”).

RECITALS

WHEREAS, City and Arts and Culture enter into this Lease with a broader vision of creating a Cultural District in Historic Downtown Placerville, the purpose of which is to create a vibrant Cultural District in Historic Downtown that will enliven and showcase the City of Placerville and the County of El Dorado for the benefit of all of Placerville’s residents and visitors; and

WHEREAS, Arts and Culture had previously occupied City-owned property located at 487 and 489 Main Street (the “Cultural Properties”), pursuant to a lease agreement executed November 1, 2018 (the “Cultural Properties Lease”); and

WHEREAS, Arts and Culture has agreed to raise the funds necessary to renovate and repurpose the Cultural Properties as part of the Cultural District project, returning them through adaptive reuse to functional civic assets; and

WHEREAS, in order to realize the goals of the Cultural District, Arts and Culture will be leasing certain real property described below as 525 Main Street while it engages in fundraising activities to rehabilitate the Cultural Properties; and

WHEREAS, in consideration for the lease of the Premises (as defined below), and in furtherance of the Cultural District project, Arts and Culture will be fundraising for rehabilitation of the Cultural Properties.

In consideration of the rents, covenants, and agreements hereinafter set forth, the sufficiency of which is hereby acknowledged and agreed, Landlord and Tenant covenant, warrant, and agree as follows:

1. Lease of the Premises

1.1 Premises. Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord, the Premises known as 525 Main Street, Placerville, California, 95667 (“**Premises**”) for the Term, upon and subject to the terms, covenants, representations, warranties, provisions, and conditions of this Lease, the Premises for the Term. The Parties agree that the Premise consists of approximately 2663 sq ft.

1.2 Tenant shall be entitled to use of parking lot located on the property. Should more parking be required than what is available at the Premises, Tenant shall have the right to lease stalls from City at fair market value.

2. Term and Lease Provisions.

2.1 Term. This Lease shall be effective and binding on Landlord and Tenant on the Effective Date. The term of this Lease shall run from the Lease Commencement Date and end the last day of the month in which the first anniversary of the Investigation Completion Date occurs, but in no event, later than December 31, 2024. (“**Term**”). The “**Investigation Completion Date**” shall be the date Tenant is informed in writing of the architectural report detailing, as nearly as possible, the cost proposal (“**Cost Proposal**”) to stabilize, retrofit, and renovate the Cultural Properties at 487 & 489 Main Street, Placerville, CA 95667 consistent with the space plans prepared by Architectural Nexus, dated June 1, 2018, and attached hereto as Exhibit A. The Cost Proposal shall include, as nearly as possible, and without limit, the cost of labor and materials, contractor fees, and permit fees.

Upon learning the Investigation Completion Date, relevant portions of this Lease (including but not limited to the Fixed Rent amount) shall be incorporated into a separate agreement between Landlord and Tenant, for the purpose of developing a partnership between Arts & Culture El Dorado and the City of Placerville for the development of a Cultural District comprising the historic buildings at 487 Main St., Placerville, CA 95667, 489 Main St., Placerville, CA 95667, and the Premises.

2.2 Lease Commencement. The “**Lease Commencement Date**” shall be March 1, 2023. A. Upon execution of this Lease by the parties hereto, the Cultural Properties Lease shall automatically terminate. Tenant shall have access to the Cultural Properties to remove personal property upon prior notice to the City, until March 31, 2023e. Thereafter access to the building will only be allowed with specific permission from the City.

2.3 During the Term of this Lease, the Landlord agrees to obtain a Stabilization Investigation for the Cultural Properties at its own cost (Estimated at \$27,730 plus \$200 in Reimbursables). The proposal for the investigation is attached to this Lease as Exhibit A. Following completion of the Stabilization Investigation and subject to confirmation of the cost of completing the stabilization work, Landlord agrees to pay for the Stabilization Cost of the Cultural Properties and to complete such work.

2.4 Following completion of the Stabilization Investigation, the City agrees to fund the Retrofit Investigation cost, subject to final cost estimates., which will assist in providing a cost estimate for the retrofit to establish a fundraising goal.

2.5 Following the establishment of the Fundraising Goal, the Parties agree within 1 year to negotiate and enter into a long-term agreement for the retrofit, renovation and repurposing of the Cultural Properties. Fundraising for this project is estimated to take four years. As part of the consideration for Landlord entering into this Lease, Tenant agrees to use its best efforts to raise the Fundraising Goal, the terms of which will be included in the long-term agreement.

3. Rent.

3.1 Consideration. As consideration for this Lease, but based on the findings set forth in the Investigation and Cost Proposal, Tenant agrees to commence fundraising efforts toward renovation and improvements to the Cultural Properties. In exchange, Landlord agrees to lease the Premises to Tenant, based on the terms and conditions set forth in this agreement.

3.2 Fixed Rent. Tenant shall further pay to Landlord a fixed rent (“**Fixed Rent**”) at the rate of ONE DOLLAR and 00/100 (\$1.00) per year for the entire Term. Fixed Rent shall become due and payable on March 1 of each year during the Term.

3.3 Additional Rent. In addition to Fixed Rent, Tenant shall pay to Landlord the cost of water and sewage for the Premises (“**Additional Rent**”). Collectively Fixed Rent and Additional Rent shall be referred to as “Rent.”

3.4 Rent Payments. Fixed Rent shall be payable commencing on the Lease Commencement Date. Additional Rent shall be paid as invoiced by the respective utility and service providers before such invoices come due. Should Tenant fail to pay Additional Rent to the utility or service providers, the City may, but does not have the obligation to, pay any unpaid invoices related to Additional Rent, which Tenant shall reimburse to the City. Tenant covenants and agrees to pay Rent in lawful money of the United States, to Landlord at Landlord’s Address for Rent Payments. Tenant’s covenant to pay Rent is independent of every other covenant in this Lease.

4. Utilities and Services. From and after the Lease Commencement Date and thereafter throughout the Term, Landlord agrees to furnish the Premises with water and sewer services. Tenant must seek all other utilities, including but not limited to electricity and trash services through the relevant providers. Tenant is responsible for payment of all costs and fees related to such utilities and services as described in Paragraph 4. With respect to Tenant’s telecommunications and internet services, Tenant shall select the providers and make arrangements directly with all providers at Tenant’s discretion. Subject to Landlord’s prior approval, Tenant’s telecommunications and internet providers shall have reasonable use of data closets, risers, shafts, conduits, or other facilities in and on the Premises, to bring such telecommunications and internet services to the desired portions of the Premises.

5. Preparation for Occupancy.

5.1 Initial Build-Out. Landlord will not be conducting any work to prepare the Premises for Tenant’s occupancy; however, Landlord agrees to repair/replace the roof on the Premises by December 31, 2023, subject to availability of contractor.

5.2 Inspections. City shall conduct a mold and asbestos inspection of the Premises prior to the Lease Commencement Date and provide the result of their inspection to Tenant.

5.3 As-Is. Except for the inspections described above in Section 5.2, Tenant agrees that Tenant is familiar with the condition of the Premises, and, Tenant hereby accepts the Premises in its “**AS-IS, WHERE-IS**” condition. Tenant acknowledges that neither

Landlord, nor any representative of Landlord, has made any representation as to the condition of the Premises or its suitability for Tenant's intended use other than as expressly set forth herein. Tenant acknowledges and agrees that Tenant has made its own inspection of the Premises and, except for Landlord's agreement to repair/replace the roof, Landlord has no obligation to make any repairs, replacements, or improvements (whether structural or otherwise) of any kind or nature in connection with preparing the Premises for Tenant's occupancy or in connection with making the Premises compliant with any and all Laws. The foregoing acknowledgments and agreement shall not reduce Landlord's maintenance, repair, and service obligations as set forth in this Lease.

6. Use of Premises; Compliance with Laws; Hazardous Materials.

6.1 Use. The Premises shall be used only for an Arts and Culture El Dorado Office and Gallery Space, and no other purpose.

6.2 Legal and Other Restrictions of Tenant's Use. Use of the Premises is subject to all covenants, conditions, and restrictions of record. Tenant shall not use or occupy the Premises: (a) for any unlawful purpose; (b) in any way that shall violate the certificate of occupancy for the Premises or the Building; (c) in a way that shall constitute waste, nuisance, or unreasonable annoyance to Landlord or any other tenant or user of the Building; or (d) in a way that may increase the cost of, or invalidate, any policy of insurance carried on the Building.

6.3 Compliance with Laws. Tenant, at Tenant's sole cost and expense, shall comply with all Laws applicable to the Premises or the use or occupancy of the Premises, including any obligation to make alterations in the Premises required as a condition of Tenant's occupancy. "**Laws**" means all present and future laws (including the Americans with Disabilities Act of 1990, as amended by the Americans with Disabilities Act Amendments Act of 2008, and the regulations promulgated thereunder), Title 24 of the California Code of Regulations, as the same may be amended ("**Title 24**"), ordinances (including zoning ordinances and land use requirements) rules and regulations of governmental and quasi-governmental authorities. If any Laws require an occupancy or use permit or license for the Premises or the operation of the business conducted therein (including a certificate of occupancy or nonresidential use permit), then Tenant shall obtain and keep current such permit or license at Tenant's sole cost and expense and shall promptly deliver a copy thereof to Landlord. Nothing in this Section 6.3, however, shall permit Tenant to make, without Landlord's prior written approval, any alterations to the Premises which otherwise would require Landlord's approval under this Lease, and Tenant shall comply with all the requirements of this Lease in making any such alterations.

6.4 Hazardous Materials. Tenant shall not cause or permit any Hazardous Materials to be generated, used, released, stored, or disposed of in or about the Premises, the Building, or the Property. Tenant, however, may use and store reasonable quantities of cleaning and office supplies and other similar materials as may be reasonably necessary for Tenant to conduct normal business operations in the Premises. From and after the Effective Date, Tenant shall indemnify and hold the Landlord Parties harmless from and against any damage, injury, loss, liability, charge, demand, or claim based on or arising out of the

presence or removal of, or failure to remove, Hazardous Materials generated, used, released, stored, or disposed of by Tenant or any Tenant Party in or about the Premises, the Building, or the Property. In no event shall Tenant be liable for Hazardous Materials generated, used, released, stored, or disposed of by Landlord or any Landlord Party, or any other tenant or invitee of the Property.

6.5 Accessibility. To Landlord's actual knowledge, the Premises have not undergone inspection by a Certified Access Specialist ("CASp"); however, Landlord agrees to allow Tenant to conduct a CASp inspection and/or make any appropriate repairs, at Tenant's sole cost. The following is included in this Lease solely for the purpose of complying with California Civil Code § 1938(e) and shall not in any manner affect Landlord's and Tenant's respective responsibilities for compliance with construction-related accessibility standards as provided under this Lease:

"A CASp can inspect the subject premises and determine whether the subject premises comply with all the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The Parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises."

7. Maintenance and Repairs.

7.1 Landlord's Maintenance and Repair Obligations. Throughout the Term, Landlord shall keep the structural portions of the Premises, including but not limited to HVAC systems, the roof, the plumbing systems, fire and life safety systems, the foundation, the mechanical systems, parking areas, and the sidewalk adjacent to the Premises, in the same good condition and repair as the commencement of the Lease.

7.2 Tenant's Maintenance and Repair Obligations. Throughout the Term, Tenant, at Tenant's expense, shall repair, replace, and maintain all portions of the interior of the Premises in the condition as accepted on the Lease Commencement Date, including flooring materials, interior paint, plumbing fixtures like sinks and toilets, entries, doors, ceilings, partitions, and interior walls. If Tenant fails to maintain the Premises in accordance with this Section, Landlord may, in its sole discretion and upon 30 days' prior notice to Tenant (except no advance notice shall be required in the case of emergencies), perform such maintenance. Tenant shall pay to Landlord all costs or expenses incurred by Landlord to perform such maintenance within 10 days after written demand.

8. Alterations.

8.1 Tenant Alterations. Except as permitted in Section 8.2, Tenant shall not make or allow to be made any alterations, additions, or improvements in or to the Premises (collectively, “**Alterations**”) without the prior written consent of Landlord, which consent may be granted or denied in Landlord’s reasonable discretion.

8.2 Minor Alterations. Notwithstanding Section 8.1, Tenant may make Minor Alterations to the Premises without Landlord’s prior consent. “**Minor Alterations**” means decorative and other minor Alterations that: (a) do not affect the Building structural systems or change the configuration of the Premises by removing or erecting interior walls; and (b) cost no more than \$2,500 in any one instance. If necessary, Tenant shall record a notice of completion promptly (and no later than fifteen days) after completing the Minor Alterations.

8.3 Performance by Tenant. Tenant agrees that all Alterations shall be performed and completed: (a) at Tenant’s sole cost and expense; (b) in accordance with plans and specifications provided to Landlord prior to the commencement of such work (and approved by Landlord if Landlord’s approval is required); and (c) in a good and workmanlike manner by licensed contractors. The performance and completion of Alterations shall not impair the structural integrity of the Premises or adversely affect the Premises. Tenant shall not permit any liens to attach to any part of the Premises arising out of the Alterations. Tenant shall obtain, at its sole expense, all permits required for Alterations. Throughout the performance of Alterations, Tenant, at its expense, shall carry all necessary insurance.

8.4 Ownership of Alterations. Unless Landlord elects otherwise, all Alterations made by Tenant shall become the property of Landlord and shall be surrendered to Landlord on the Lease Expiration Date. Notwithstanding the foregoing, all movable equipment, trade fixtures, personal property, furniture, or any other items that can be removed without harm to the Premises shall remain Tenant’s property (collectively, “**Tenant Owned Property**”) and shall not become the property of Landlord. On or before the Lease Expiration Date, Tenant shall remove all Tenant Owned Property and any Alterations that Tenant is required to remove.

9. Insurance.

9.1 Tenant Insurance. At all times during the term of this Lease (except as provided below), Tenant, at Tenant’s expense, shall maintain at its sole cost and expense, the following insurance policies in accordance with this Section 9:

(a) Commercial general liability insurance in respect of the Premises and the conduct or operation of business therein with a minimum One Million Dollars (\$1,000,000) per incident and Two Million Dollar (\$2,000,000) aggregate limit. Such liability insurance shall include products and completed operations liability insurance, fire, and legal liability insurance, and such other coverage as Landlord may reasonably require from time to time.

(b) Worker’s compensation insurance providing statutory limits as required by the jurisdiction in which the Premises is located.

9.2 Policy Requirements.

(a) Tenant's insurance shall be issued by companies approved by Landlord in its reasonable discretion and authorized to do business in the State of California.

(b) All insurance policies required to be carried by Tenant under this Lease (except for worker's compensation insurance) shall: (i) name Landlord, and any parties designated by Landlord, as additional insureds; (ii) as to liability coverages, be written on an "occurrence" basis; and (iii) provide that Landlord shall receive thirty (30) days' notice from the insurer before any cancellation or change in coverage.

(c) Each such policy shall contain a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord. Tenant shall deliver evidence of insurance satisfactory to Landlord in its reasonable discretion to Landlord on or before the date Tenant first enters or occupies the Premises, and thereafter at least fifteen (15) days before the expiration dates of expiring policies.

(d) If Tenant fails to maintain such insurance in accordance with the terms hereof, Landlord shall have the right, but not the obligation, to procure any such insurance for the account of Tenant, immediately and without notice to Tenant, and the cost thereof shall be paid to Landlord. The limits of the insurance required under this Lease shall not limit Tenant's liability. During the Term, at Landlord's request, Tenant shall increase such insurance coverage to a level that is commercially reasonably required by Landlord.

9.3 Landlord Insurance. At all times during the term of this Lease, Landlord agrees to maintain: (a) a standard fire insurance policy covering the Premise and Landlord's property; and (b) commercial general liability insurance, in both cases in amounts of coverage required by any institutional Mortgagee of the Building, or, if there is no institutional Mortgagee of the Building, then in amounts comparable to the amounts carried by owners of comparable office buildings in Placerville, California.

9.4 Waiver of Subrogation. Notwithstanding anything to the contrary in this Lease, Landlord and Tenant mutually waive their respective rights of recovery against each other and each other's officers, directors, constituent partners, agents, and employees, and Tenant waives such rights against each lessor under any ground or underlying lease and each lender under any mortgage or other lien encumbering the Property or any portion thereof or interest therein, to the extent any loss is or would be covered by fire, extended coverage, or other property insurance policies required to be carried under this Lease or otherwise carried by the waiving party, and the rights of the insurance carriers of such policy or policies are to be subrogated to the rights of the insured under the applicable policy. Each party shall cause its insurance policy to be endorsed to evidence compliance with the extent such waivers are obtainable from insurance carriers, Landlord and Tenant waive their respective right of recovery against the other for any direct or consequential damage to the property of the other by fire or other casualty to the extent such damage is insured against under a policy or policies of insurance.

10. Indemnification.

10.1 Indemnity of Landlord. Except to the extent resulting from the gross negligence or willful misconduct of Landlord or any Landlord Party, Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all claims, losses, costs, liabilities, damages, and expenses, including penalties, fines, and reasonable attorneys' fees, incurred in connection with or arising directly or indirectly from: (a) any breach or default by Tenant in the performance of any of its obligations under this Lease; (b) any injury or death to persons or damage to property occurring within or about the Premises; or (c) the use or occupancy of the Premises by Tenant, any Tenant Parties, or any person occupying the Premises through Tenant.

10.2 Indemnity of Tenant. Except to the extent resulting from the negligence or willful misconduct of Tenant or any Tenant Party, Landlord shall indemnify, defend, and hold Tenant harmless from and against any and all claims, losses, costs, liabilities, damages, and expenses including penalties, fines, and reasonable attorneys' fees, incurred in connection with or arising from third-party claims for injury to or death of any person or persons in any common area of the Premises, including the parking area and sidewalk adjacent to the Premises ("Common Area").

10.3 Survival. The terms of this Section 10 shall survive the expiration or earlier termination of this Lease.

11. Damage and Destruction.

11.1 Restoration. Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or the Common Areas are destroyed or damaged by fire or other casualty so that Tenant is unable to occupy the Premises for its Permitted Use, then within 60 days after that event, Landlord shall give Tenant a notice specifying the estimated time, in Landlord's reasonable judgment, required for repair or restoration (the "**Restoration Estimate**"). If either (a) the Restoration Estimate is Three-Hundred Sixty (360) days or less, or (b) the Restoration Estimate exceeds One-Three-Hundred Sixty (360) days and Landlord does not elect to terminate this Lease in accordance with Section 11.2 hereof, then Landlord shall proceed promptly, to the extent of available insurance proceeds, repair and restore the Premises; provided, however, Landlord shall not be obligated repair or restore any Tenant Alterations and/or Tenant-Owned Property. Provided this Lease is not terminated pursuant to Section 12.2, this Lease shall remain in full force, except that Rent shall abate in accordance with Section 12.3.

11.2 Termination Rights. If the Restoration Estimate exceeds Three-Hundred Sixty (360) days, then Landlord may elect to terminate this Lease by giving a termination notice to Tenant within thirty (30) days following delivery of the Restoration Estimate, in which event this Lease shall cease and terminate as of the date of such termination notice.

11.3 Rent Abatement. If the damage or destruction renders all or part of the Premises untenable, as determined by Landlord or a court of competent jurisdiction, Rent shall proportionately abate commencing on the date of the damage or destruction and ending on the date the Premises are delivered to Tenant with the restoration substantially completed. The extent of the abatement shall be based upon the portion of the Premises

rendered untenable. Landlord shall have no further duty to provide an alternative premise for Tenant.

12. Condemnation.

12.1 Total Taking. A “**Taking**” means any taking for any public or quasi-public use by condemnation or other eminent domain proceedings pursuant to any general or special law, or any permanent transfer in settlement of, or under threat of, any condemnation or other eminent domain proceedings. If the entire Premises are subject to a Taking, this Lease shall automatically terminate as of the date that title vests in the condemning authority.

12.2 Partial Taking. If there is a Taking of a part of the Premises, this Lease shall automatically terminate as to the portion of the Premises so taken as of the date that title vests in the condemning authority. If either Landlord or Tenant reasonably determines that the Taking renders the balance of the Premises unusable by Tenant for the Permitted Use, then either Landlord or Tenant may terminate this Lease by written notice delivered to the other Party after the date of the Taking. Any such election to terminate the Lease as to the remaining portion of the Premises shall be effective as of the date specified in the termination notice. In the event of a partial Taking that does not result in a termination of this Lease as to the entire Premises, then from and after the date of such partial Taking, Rent shall be equitably adjusted in relation to the portions of the Premises and Building taken or rendered unusable by such partial Taking.

12.3 Allocation of Awards. Landlord shall be entitled to the entire award for any Taking, including any award made for the value of the leasehold estate created by this Lease. No award for any partial or total Taking shall be apportioned, and Tenant hereby assigns to Landlord its share, if any, of any award made in any Taking of the Property or the estate created by this Lease, together with any and all rights of Tenant now or hereafter arising in or to such award or any part thereof.

13. Assignment and Subletting.

13.1 Landlord Consent Required. Other than as provided for in this Lease, Tenant shall not assign its rights and obligations under this Lease, or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege thereto, or suffer any other person to occupy or use the Premises, or any portion thereof, without the written consent of the Landlord, and a consent to one assignment, subletting, occupation or use by another person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without Landlord’s consent shall be void and shall, at Landlord’s option, terminate this Lease. The Lease shall not, nor shall any interest therein, be assignable, so as to the interest of Tenant, by operation of law, without the written consent of Landlord. Notwithstanding the above, Tenant shall have the right to assign this Lease to an affiliate of Tenant, without Landlord’s consent, provided successor entity’s business is the same or similar to Tenant. An “affiliate” is defined to be a wholly-owned subsidiary of Tenant.

13.2 No Encumbrances. Tenant shall not mortgage, pledge, or otherwise encumber its interest in this Lease or in the Premises.

14. Tenant's Default. Each of the following events shall be an “**Event of Default**” hereunder:

14.1 Monetary Default. Tenant fails to pay when due any installment of Rent.

14.2 Nonmonetary Default. Tenant fails to perform or observe any other covenant, condition, or obligation of Tenant, and such failure continues for a period of thirty (30) days after Landlord gives Tenant written notice thereof. Notwithstanding the foregoing, if a cure cannot be effected within such thirty-day period and provided that Tenant promptly begins and diligently pursues the cure in good faith during the thirty-day period, Tenant shall have such additional time as is reasonably necessary.

14.3 Abandonment. The Premises become vacant and abandoned (other than in connection with a casualty under Section 11 or a condemnation under Section 12) or Tenant fails to accept a tender of possession of the Premises or any significant portion thereof for more than 60 days from the Lease Commencement Date.

14.4 Tenant Debtor Protections. The occurrence of any of the following: (a) Tenant: (i) makes an assignment for the benefit of creditors; (ii) admits in writing its inability to pay its debts as they become due; or (iii) files a voluntary petition in bankruptcy.

15. Landlord's Remedies. If an Event of Default occurs, or if this Lease and the Term shall expire and come to an end as provided in Section 14, Landlord shall have all the following rights and remedies in addition to all other rights and remedies available to Landlord at law or in equity; provided, however, nothing in this agreement shall prevent Landlord from terminating this Lease for any reason, by first providing Tenant _60 days advanced notice.

15.1 Surrender of Premises. Landlord may: (a) terminate this Lease subject to all applicable laws; or (b) enter and take possession of the Premises, in accordance with any applicable laws governing such repossession, and remove Tenant, with or without having terminated this Lease. A surrender must be agreed to in writing and signed by both parties.

15.2 Landlord's Right to Continue the Lease. Landlord shall have the right to continue the Lease in effect after Tenant's breach and recover Rent as it becomes due, and Landlord, in addition to all other rights and remedies, shall have the rights and the remedy described in California Civil Code § 1951.4 (which provides that the Landlord may continue the Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due, if the Tenant has right to sublet or assign, subject only to reasonable limitations). Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver upon Landlord's initiative to protect its interest under this Lease shall not of themselves constitute a termination of Tenant's right to possession.

15.3 Landlord's Cure Rights. Landlord may, at its option, take any action to cure the Event of Default, without waiving its rights and remedies against Tenant or releasing Tenant from any of its obligations hereunder. All sums paid by Landlord and all necessary

costs of such performance by Landlord shall be paid by Tenant to Landlord within ten (10) days after demand.

15.4 Cumulative Rights. Landlord's rights and remedies set forth in this Lease are cumulative and in addition to Landlord's other rights and remedies at law or in equity, including those available as a result of any anticipatory breach of this Lease. Landlord's exercise of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy. Landlord's delay or failure to exercise or enforce any of Landlord's rights or remedies or Tenant's obligations shall not constitute a waiver of any such rights, remedies, or obligations.

15.5 Reletting the Premises. Landlord, at Landlord's option, may relet the whole or any part or parts of the Premises from time to time, either in the name of Landlord or otherwise, to such tenant or tenants, for such term or terms ending before, on, or after the Lease Expiration Date, at such rental or rentals and upon such other conditions, which may include concessions and free rent periods, as Landlord, in its sole discretion, may determine.

16. Subordination; Estoppel Certificates.

16.1 Subordination. This Lease shall be subject and subordinate at all times to all current or future Ground Leases and Deeds of Trust. The provisions of this Section 16.1 shall be self-operative and no further instrument shall be required to effect the provisions of this section. Tenant agrees to execute, acknowledge, and deliver, within fifteen (15) days, any and all reasonable documents or instruments which Landlord or a Mortgagee deem necessary or desirable to confirm such subordination, which documents may also contain such other terms as any Mortgagee or prospective Mortgagee may reasonably require.

16.2 Attornment. If any Ground Lease terminates for any reason or any Deed of Trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall attorn to and become the tenant of Landlord's successor in interest at the option of such successor in interest.

16.3 Estoppel Certificates. Tenant, at any time and from time to time, shall execute and deliver to Landlord, an estoppel certificate within ten (10) days after written request from Landlord.

17. Signs. Any signage placed on the Premises shall be in compliance with the City of Placerville's Sign Regulations, City Code Section 10-4-17. Arts and Culture may, at Arts and Culture's expense, erect on the Premises such signs and provide such exterior lighting as shall be provided for in the plans and specifications for the improvements and mutually approved, but Arts and Culture shall not thereafter erect or maintain any other additional signs or any other exterior lighting on the Premises without the prior written approval and consent of City.

18. Parking. Tenant shall be entitled to use of the parking lot located on the Property. Should more parking be required than what is available at the Premises, Tenant shall have the right to lease stalls from the City of Placerville at the current rate for leased spaces. Tenant may place signage indicating parking areas adjacent to premises are for Tenant's use, subject to

approval of the signage by the Landlord, and in accordance with the Placerville Municipal Code. Landlord shall be responsible for ensuring access to and from the parking lot.

19. Notices. All notices or other communications required hereunder shall be in writing and shall be deemed duly given: (a) when delivered in person (with a written receipt therefor); (b) on the next Business Day after deposit with a recognized overnight delivery service; or (c) on the third (3rd) Business Day after being sent by certified or registered mail, return receipt requested, postage prepaid, to Landlord's Address for Notices or to Tenant's Address for Notices, as applicable. After the Lease Commencement Date, all notices to Tenant may, at Landlord's option, be sent to the Premises. Either Party may change its address for the giving of notices. A Party's refusal to accept delivery of any notice or communication sent by the other Party shall not render such notice ineffective. Notwithstanding the foregoing, all bills, statements, invoices, consents, requests, or other communications from Landlord to Tenant with respect to Rent may be sent to Tenant by regular U.S. Mail.

20. Miscellaneous Provisions.

20.1 Brokers. Tenant represents and warrants to Landlord that Tenant has not employed or dealt with any broker, agent, or finder, other than Broker, in connection with this Lease. Tenant shall indemnify and hold Landlord harmless from and against any claim or claims for any broker's fee or commission asserted by any broker, agent, or finder employed by Tenant, other than Broker. The provisions of this Section 20.1 shall survive the expiration or earlier termination of this Lease.

20.2 Landlord Access. Landlord, and applicable Landlord Parties, shall have the right to enter the Premises at all reasonable hours (and at any time in the event of an emergency) to: (a) inspect the Premises; (b) supply any service to the Premises; (c) post notices; (d) determine whether Tenant is complying with its obligations under this Lease; and (e) alter, improve, or repair the Premises, any Premises Systems, or any other portion of the building. Landlord shall be required to provide reasonable prior notice (24 hours) of entry.

20.3 Successors and Assigns. The terms, covenants, and conditions contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and, except as otherwise expressly provided herein, their respective personal representatives, successors, and assigns.

20.4 Transfer of Landlord's Interest. The term "Landlord" as used in this Lease, is limited to mean and include only the owner or owners of Landlord's interest in this Lease at the time in question. Upon the sale, assignment, or transfer by Landlord of its interest in the Building or the Property as owner or lessee, including any transfer upon or in lieu of foreclosure or by operation of law, Landlord shall be relieved from all obligations or liabilities under this Lease from and after the effective date of transfer. The transferee shall assume this Lease and all obligations hereunder shall be binding upon the transferee as of the date of such transfer. Any such transferee, by accepting such interest, shall be deemed to have assumed such subsequent obligations and liabilities.

20.5 Partial Invalidity. If any provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall remain in effect and shall be enforceable to the full extent permitted by law. Each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

20.6 Entire Agreement, Interpretation, and Intent and Purpose. All prior agreements between Landlord and Tenant are incorporated in this Lease, which constitutes the entire contract concerning 525 Main Street. This Lease is intended as a final expression of the Parties' agreement related only to 525 Main Street, and may not be contradicted by evidence of any prior written or oral agreement. The Parties further intend that this Lease constitutes the complete and exclusive statement of its terms, and that no extrinsic evidence whatsoever may be introduced in any judicial or other proceeding, if any, involving this agreement. This Lease shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. This Lease is the result of negotiations between, and has been reviewed by, the parties and their respective legal counsel. Landlord and Tenant have carefully read and reviewed this Lease and each term and provision contained herein, and by the execution of this Lease show their informed and voluntary consent thereto. The Parties hereto agree that, at the time this Lease is executed, the terms of this Lease are commercially reasonable and effectuate the intent and purpose of Landlord and Tenant with respect to the Premises.

20.7 No Representations. Neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Premises, the Property, or this Lease except as expressly set forth herein.

20.8 Quiet Enjoyment. In lieu of any implied covenant of quiet possession or quiet enjoyment, Landlord agrees that Tenant, on paying the Rent and other payments herein reserved and on keeping, observing, and performing all the other terms, covenants, conditions, provisions, and agreements contained in this Lease on the part of Tenant to be kept, observed, and performed, shall, during the Term of this Lease, peaceably and quietly have, hold, and enjoy the Premises free from hindrance by Landlord or any other person claiming by, through, or under Landlord subject, however, to the provisions of this Lease and to the priority of any deeds of trust or ground leases ("**Quiet Enjoyment**").

20.9 Survival. Upon the expiration or other termination of this Lease, neither Party shall have any further obligation or liability to the other, except as otherwise expressly provided in this Lease and except for such obligations as by their nature can only be performed after such expiration or other termination. Any liability for a payment which shall have accrued or relates to any period before the expiration or other termination of this Lease shall survive the expiration or earlier termination of this Lease.

20.10 Governing Law; Consent to Jurisdiction and Venue. The Laws of the State of California shall govern the validity, performance, and enforcement of this Lease. Tenant consents to personal jurisdiction and venue in the State of California, El Dorado County.

The courts of the State of California shall have exclusive jurisdiction and Tenant hereby agrees to such exclusive jurisdiction.

20.11 Amendments. This Lease may only be amended, modified, or supplemented by an agreement in writing duly executed by both Landlord and Tenant.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Lease as of the Effective Date.

LANDLORD:

City of Placerville

By: _____

Name: Cleve Morris

Title: City Manager

TENANT:

Arts and Culture El Dorado

By: _____

Name: Terry LeMoncheck

Title: Executive Director

Exhibit A