

LEASE AGREEMENT

By and Between

CITY OF RIALTO

a California municipal corporation

("City")

and

SNACKS SB, LLC

dba Nine Eight Five Coffee

("Tenant")

Dated: December 9, 2025

LEASE AGREEMENT

BASIC LEASE INFORMATION

1. Tenant: Snacks SB, LLC, dba Nine Eight Five Coffee
985 South E Street, Suite B
San Bernardino, CA 92408
Phone: (909) 665 – 9894
Email: Abraham@985coffee.com
2. Landlord: City of Rialto Attention: City Manager
150 South Palm Avenue
Rialto, CA 92376
Phone: (909) 820 – 2525
Email: Twilliams@rialtoca.gov
3. Premises: Approximately eight hundred fifty (850) square feet of gross floor space located within the westerly portion of the John Longville Depot Metrolink, San Bernardino Line, Rialto Station Building, 261 and 292 South Palm Avenue, Rialto, California, as depicted in **Exhibit “C”** attached hereto
4. Use: Café (e.g., food and beverages), ancillary sale of gift and souvenir items consistent with a retail café operation (e.g., postcards, mugs, tee shirts) and customer seating as described further in this Lease.

Tenant Business Hours shall be at minimum:
Monday to Friday: 5:00 AM to 6:00 PM
Saturday and Sunday: 6:00 AM to 4:00 PM
5. Term: Five (5) years with one (1) three-year extension option, if both Parties agree to such extensions.
7. Lease Commencement _____, 2025 (“**Lease Commencement Date**”).
Date:
8. Rent Commencement _____, 2026 (“**Rent Commencement Date**”).
Date:
9. Base Rent: Initial monthly rent shall be \$1,500, for annualized total rent of \$18,000 in the first year of initial term. Rent will increase three percent (3%) annually on the anniversary of the Lease Commencement Date for the duration of the Lease. Tenant is separately responsible for paying for services described in this Lease.

Basic lease information set forth above and Exhibits attached hereto are incorporated into and made a part of the following Lease. Each reference in this Lease to any “Basic Lease Information”

shall mean the respective information above and shall be construed to incorporate all the terms provided under the Lease section pertaining to such information. In the event of any conflict between Basic Lease Information and the provisions of the Lease, the latter shall control.

LEASE AGREEMENT

This Lease Agreement (“**Lease**”) is made and entered into effective as of _____, 2025 (“**Lease Commencement Date**”) by and among the City of Rialto, a California municipal corporation (“**City**”), and SB Snacks, LLC, dba Nine Eight Five Coffee (“**Tenant**”). City and Tenant, are sometimes referred to herein individually as a “**Party**,” and collectively, as the “**Parties**.”

RECITALS

WHEREAS, City and the San Bernardino County Transportation Authority (collectively, the “**Owners**”) are the owners of that certain real property commonly known as the John Longville Depot and generally located at 261 and 292 South Palm Avenue, Rialto, California, 92376 (Assessor Parcel Nos. 0130-222-26, 0130-222-27, 0130-271-36, 0130-271-33), and more particularly described and depicted in Exhibit “A” attached hereto and incorporated herein by this reference (“**Property**”); and

WHEREAS, The City and the San Bernardino County Transportation Authority (“**SBCTA**”) manage and operate the Property pursuant to a Cooperative Agreement entered into between the City and SBCTA, dated February 16, 1993 and the amendments to such agreement (“**Cooperative Agreement**”) and the Cooperative Agreement permits the City to act as landlord on behalf of City and SBCTA as it relates to negotiating, entering into and administer agreements and leases for the Property; and

WHEREAS, the Property includes a building that serves as the Metrolink, San Bernardino Line, Rialto Station consisting of approximately three thousand (3,000) square feet of commercial space and more particularly depicted in Exhibit “B” attached hereto and incorporated herein by this reference (“**Building**”); and

WHEREAS, pursuant to the Cooperative Agreement, City desires to lease to Tenant and Tenant desires to lease from City the Premises (as defined in Section 2.1) subject to the terms and conditions of this Lease.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, City and Tenant hereby agree as follows:

1. RECITALS.

1.1 The recitals set forth above are incorporated herein by this reference.

2. PREMISES.

2.1 Premises. City hereby leases to Tenant and Tenant hereby leases from City, on the terms and subject to the covenants, conditions and uses stated herein (including, but not limited to, Section 2.2), approximately eight hundred fifty (850) square feet of gross floor space located within the westerly portion of the Building (“**Café Area**”), as depicted at **Exhibit “C”** attached hereto and incorporated herein by this reference (“**Premises**”). The Premises shall not

include the Public Areas (as defined in Section 2.2), provided that Tenant may use the Public Areas in the manner described in Section 2.2. The Premises are leased on an “AS-IS” basis, “WITH ALL FAULTS,” with all furniture, fixtures and equipment located within the Premises as of the Lease Commencement Date (except such as are already owned by Tenant), also being subject to this Lease. City reserves the use of the roof and exterior walls, together with the right from time to time to install, maintain, use and replace utility lines, pipes, conduits, ducts, wires and the like under, over or through the Premises in locations which will not materially interfere with Tenant’s use thereof.

2.2 Public Areas. The Parties acknowledge and agree that the primary purpose of the Property is to provide a passenger depot for passengers using the Metrolink rail service. To facilitate this purpose, those areas of the Building depicted on **Exhibits “A”, “B”, and “C”**, attached hereto and incorporated herein, (“**Public Areas**”) shall remain open and accessible to the public between the hours of 4:15 a.m. and 10:15 p.m. seven (7) days a week and during Tenant’s Business Hours (as identified herein). Tenant agrees to observe the public nature of said Public Areas, and shall make no changes in, additions to, or deletions from the Public Areas that interfere with the use thereof by the general public, nor shall Tenant alter the purposes to which the Public Areas may be devoted. City shall be responsible for opening and closing the Building in accordance with the provisions set forth in Section 9.1.2 of this Lease, to ensure the Public Areas remain open and accessible to the public at all times. Subject to the terms and conditions of this Lease, Tenant may use the Public Areas, provided that Tenant’s use thereof is nonexclusive, as follows:

2.2.1 Bathroom Facilities. Tenant may use the public bathroom facilities located on the north facing side of the building, as depicted in **Exhibit “C”**, provided that such use is in relation to Tenant’s use of the Premises pursuant to Section 11.

2.2.2 Additional Seating Area within Building. Tenant may use approximately one thousand eight hundred (1,800) square feet of gross floor space located in the center of the Building, as depicted in **Exhibit “C”** (“**Seating Area**”) for the purposes of Tenant’s customer seating for the purposes set forth in Section 11. However, Tenant may not use the Seating Area for such purpose until Tenant has submitted to City a site plan depicting the layout of such customer seating in the Seating Area and City has approved, in its sole and absolute discretion, such site plan in writing. City’s approval may include conditions on such use of the Seating Area.

2.2.3 Additional Seating Area outside Building. Tenant may use approximately two hundred (200) square feet of exterior area on the north side of the Building located at the Property as depicted in **Exhibit “C”** (“**Exterior Area**”) for the purposes of Tenant’s customer seating for the purposes set forth in Section 11. However, Tenant may not use the Exterior Area for such purpose until Tenant has submitted to City a site plan depicting the layout of such customer seating in the Exterior Area and City has approved, in its sole and absolute discretion, such site plan in writing. City’s approval may include conditions on such use of the Exterior Area.

2.2.4 Parking; Loading.

(a) Parking. Subject to the requirements of this Section 11.4.1,

the Tenant may use the parking lot located on the Property as depicted in **Exhibit “A” (“Parking Lot”)** for the purposes of and in compliance with this Lease. The Tenant shall be permitted four (4) employee parking spaces in the Parking Lot as depicted in **Exhibit “A”**. The Tenant’s customers are permitted on a limited and shared, first-come, first-served basis, to park their vehicles throughout the Parking Lot.

(b) Loading. Tenant shall schedule Tenant’s deliveries of goods for loading and unloading so as to not interrupt the daily path of travel of train passengers and so as to not interfere with City’s use of the Property. Tenant shall coordinate with City for all of Tenant’s deliveries of goods for loading and unloading as may be required.

2.2.5 Special Event or Promotion. Tenant may request consent of City to use the Public Areas for a purpose (other than as a Metrolink passenger depot or as provided by this Agreement) for a special event or promotion. Such request for special use must be made thirty (30) days in advance of the event or promotion to City’s designated representative and shall also include a site plan depicting such use. Until written approval is provided by City, Tenant may not use the Public Areas for other than their intended purpose. In the event written approval is granted by City for Tenant’s special use, Tenant agrees to abide by all terms and conditions imposed by City for the use of the Public Areas for such special event or promotion, including the payment of any costs associated therewith.

2.3 Reserved Rights

2.3.1 City’s Right of Entry. City reserves the right to enter the Premises upon reasonable notice to Tenant (except that advance notice shall not be required in case of an emergency) for the following purposes: (i) to inspect the condition of the Premises; (ii) to ascertain the performance by Tenant of the terms and conditions hereof; (iii) to respond to an emergency at the Premises; (iv) to maintain, inspect and repair the Premises to the extent required or permitted under this Lease; (v) to post notices of non-responsibility for alterations, additions or repairs undertaken by Tenant; (vi) to show the Premises to prospective tenants or purchasers or persons acting on their behalf; (vii) to post a leasing sign in or about the Premises; and (viii) to perform any other right or duty of City under this Lease. City may exercise this right of entry without any rent credit to Tenant for any loss of occupancy or quiet enjoyment of the Premises.

2.3.2 Building Alteration. City reserves the right to redesign, reconstruct, expand, enlarge, reconfigure, or otherwise alter the Building during Tenant’s occupancy (“**Building Alteration**”). City shall provide Tenant with no less than thirty (30) days’ prior written notice of the expected start date for the Building Alteration, together with a copy of the general contractor’s construction schedule. City will also provide Tenant with updated construction schedule(s) as received from the general contractor. City and Tenant acknowledge that the Building Alteration and related work will result in such noise, dust, debris, and other inconveniences normally associated with construction projects of that type. In order to diminish such inconveniences, City will add language to the Building Alteration construction contract requiring the general contractor to use its good faith best efforts to minimize disruptions to Tenant, and to require its subcontractor(s) to do the same. Building Alteration or related work shall not constitute a default of City under this Lease, nor be considered or construed as an unreasonable interference with Tenant’s use, enjoyment or occupancy of the Premises. This Section 2.3.2 does

not create any obligation on City's part to make any efforts to undertake, construct, substantially complete, market or lease the premises impacted by the Building Alteration, or any portion thereof.

2.3.3 Additional Reserved Rights. In addition, City reserve(s) the right upon reasonable notice to Tenant (except that advance notice shall not be required in case of an emergency as determined by the City in its sole and absolute discretion) to undertake the following: (i) install, use, maintain, repair, alter, relocate or replace any improvements in the Public Area; (ii) grant easements encumbering the Property which do not unreasonably interfere with Tenant's use of the Premises and dedicate for public use portions thereof; (iii) affix reasonable signs and displays; and (iv) suspend Tenant's use of the Public Areas.

2.3.4 City or SBCTA Use of the Public Areas. Tenant consents to City's and SBCTA's periodic use of the Public Areas for City or SBCTA activities, including without limitation, awards luncheons, meetings, and special events. City shall coordinate, as applicable, all such use of the Public Areas with Tenant in order to avoid interfering with Tenant's use of the Public Areas for its operations. City shall notify, as applicable, Tenant regarding City's and/or SBCTA's use, as applicable, of the Public Areas not less than thirty (30) days in advance of the date of the event.

2.3.5 Vending Machines. City shall have the exclusive right to place vending machines at the Premises. Tenant shall not maintain or operate vending machines at the Premises, nor shall Tenant have any claim to any rent or proceeds derived from or associated with the presence of any vending machines placed at the Premises by or at the direction of City. Notwithstanding the foregoing provision, City shall notify Tenant of the selection and number of vending machines to be installed at the Premises prior to such installation. At the written request of the Tenant, the City shall not locate the vending in the Premises.

2.4 Compliance with ADA. Notwithstanding anything to the contrary contained in this Lease, City and Tenant agree that responsibility for compliance with the Americans With Disabilities Act of 1990, as amended ("ADA") shall be allocated as follows: (i) City shall be responsible for compliance with the provisions of Title III of the ADA for all Public Areas, including exterior and interior areas of the Building not included within the Premises; (ii) City shall be responsible for compliance with the provisions of Title III of the ADA for any construction, renovations, alterations and repairs made within the Premises if such construction, renovations, alterations or repairs are made by City, its employees, agents or contractors, at the direction of City or done pursuant to plans and specifications prepared or provided by City or City's architect or space planner; (iii) Tenant shall be responsible for compliance with the provisions of Title III of the ADA for any construction, renovations, alterations and repairs made within the Premises if such construction, renovations, alterations and repairs are made by Tenant, its employees, agents or contractors, at the direction of Tenant or done pursuant to plans and specifications prepared or provided by Tenant or Tenant's architect or space planner.

2.4.1 Accessibility Disclosure. City hereby advises Tenant that the Premises has not undergone an inspection by a certified access specialist, and except to the extent expressly set forth in this Lease, the Owners shall have no liability or responsibility to make any repairs or modifications to the Premises in order to comply with accessibility standards. The following disclosure is hereby made pursuant to applicable California law:

A Certified Access Specialist (CAsp) can inspect the subject premises and determine whether the subject premises comply with all of 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.” [Cal. Civ. Code Section 1938(e)]. Any CAsp inspection shall be conducted in compliance with reasonable rules in effect at the Building with regard to such inspections and shall be subject to Landlord’s prior written consent.

3. TERM.

3.1 Initial Term. The term of this Lease shall be for a period of five (5) years commencing on the Lease Commencement Date (“**Initial Term**”). Any reference to “**Term**” in this Lease shall include the Initial Term and Extension Terms (as defined in Section 3.2) where Tenant and City have extended the Lease pursuant to Section 3.2.

3.2 Optional Extensions.

3.2.1 Provided that (i) Tenant is not in default under the terms of this Lease at the time each optional extension is exercised or at the commencement of the applicable Extension Term (defined below), and (ii) Tenant has not been in default more than twice in any 12-month period, City and Tenant may mutually agree to extend this Lease by one (1) additional three-year period (“**Extension Term**”). The Extension Term shall commence, if at all, upon the expiration of the Initial Term. There shall be no additional extension terms beyond the one (1) Extension Term set forth herein.

3.2.2 Each Extension Term shall be on all the terms and conditions of this Lease.

3.2.3 Base Rent for each Extension Term shall be determined as set forth in section 4.1.2 below.

3.2.4 In order to exercise the Extension Term, Tenant must give City a minimum of ninety (90) calendar days written notice prior to the end of the Initial Term. If Tenant fails to give notice in a timely manner, Tenant shall lose the ability to exercise the Extension Term. City may in its discretion waive such failure.

3.2.5 The Extension Term set forth herein is personal to Tenant and shall not be included in any assignment of this Lease without prior written approval from City.

3.2.6 City's City Manager, or his or her designee, may exercise the City's rights relating to whether to agree to the Extension Term.

4. RENT; SECURITY DEPOSIT.

4.1 Rent.

4.1.1 Rent Commencement Date. Tenant's obligation to pay Rent under this Lease shall commence as of _____, 2026 ("**Rent Commencement Date**"). Rent (as defined in this Section 4.1.2) shall be paid as set forth in this Section 4.1.

4.1.2 Base Rent; Rent.

(a) The monthly Base Rent for the Initial Term shall be **\$1,500**. Base Rent shall be adjusted as set forth in Section 4.1.4, below. On the Rent Commencement Date, Tenant shall pay to City the first month's Base Rent, thereafter, Base Rent shall be due on the 10th day of each month. Except as otherwise provided in this Lease, including, but not limited, to the Security Deposits provided in Section 4.2, all sums other than Base Rent which Tenant is obligated to pay under this Lease shall be deemed to be additional rent ("**Additional Rent**") and shall be due on the same date as Base Rent unless otherwise specified hereunder or otherwise requested by City. Notwithstanding the foregoing, late charges under Section 4.1.2(c) shall be due and payable immediately as incurred. The term "**Rent**" means the Base Rent and all Additional Rent payable hereunder. If Rent is due for a period of less than a full month, it shall be prorated for such partial month on the basis of a thirty (30) day month. All payments, including, but not limited to, Rent payments, shall be paid by Tenant to City as follows:

Pay to the Order of: City of Rialto

Mailing Address: City of Rialto

City Treasurer
150 S. Palm Avenue
Rialto, CA 92376

Reference: Include reference to month and date that is applicable to payment and reference to lease site address (e.g., 261/292 S. Palm Avenue – John Longville Depot – Café Monthly Lease Payment for March 2026)

City may from time to time designate in writing different information to Tenant for the submission of any payments to the City, including, but not limited to, payments of Rent.

(b) Application of Payments. All payments received by City from Tenant shall be applied to the oldest obligation owed by Tenant to City. No designation by

Tenant, either in a separate writing, on a check or money order, or otherwise shall modify this clause or have any force or effect.

(c) Late Charge and Interest. The late payment of any Rent will cause City to incur additional costs, including administration and collection costs and processing and accounting expenses and increased debt service (“**Delinquency Costs**”). If City has not received any installment of Rent within five (5) calendar days after such amount is due, Tenant shall immediately pay a late charge in the amount of One Hundred Fifty Dollars (\$150.00). This late charge represents a reasonable estimate of the Delinquency Costs incurred by City. In addition, all delinquent amounts shall bear interest from the date such amount was due until paid in full at a rate per annum (“**Applicable Interest Rate**”) equal to the lesser of (a) the maximum interest rate permitted by law, or (b) five percent (5%) above the rate publicly announced by JPMorgan Chase Bank, N.A. (or if JPMorgan Chase Bank, N.A. ceases to exist, the largest bank then headquartered in the United States of America) (“**Bank**”) at its “**Prime Rate**”. If the use of the announced Prime Rate is discontinued by the Bank, then the term Prime Rate shall mean the announced rate charged by the Bank which is, from time to time, substituted for the Prime Rate. City and Tenant recognize that the damage which City shall suffer as a result of Tenant’s failure to pay such amounts is difficult to ascertain and said late charge and interest are the best estimate of the damage which City shall suffer in the event of late payment. City’s acceptance of late Rent, partial Rent and late charges does not equate with a waiver of Tenant’s default with respect to the overdue amount, or prevent City from exercising any rights and remedies available under this Lease and/or by operation of law.

4.1.3 Additional Rent. In addition to paying the Base Rent, and pursuant to any Addendum or Amendment to this Lease that City and Tenant may execute, Tenant shall pay as Additional Rent, all costs relating to the Shared Utility Services (as defined in Section 5.1) and, except as provided otherwise in this Lease, any other amounts of any kind that become due or payable by Tenant to City under the terms of this Lease, provided the Security Deposit (as defined in Section 4.2) shall not be considered Additional Rent. Unless City elects otherwise pursuant to this Lease, all amounts due under this Section 4.1.3 as Additional Rent are payable for the same periods and in the same manner, time and place, as the Base Rent. Tenant’s obligation to pay Rent under this Lease survives the Term to the extent such obligation has not been fulfilled during that Term.

4.1.4 Base Rent Adjustments. The Base Rent will increase three percent (3%) annually on the anniversary of the Lease Commencement Date for the duration of the Lease, including during any extended term.

4.2 Security Deposit. On or before the Lease Commencement Date, Tenant shall pay City a security deposit in the amount of \$3,500 (“**Security Deposit**”). The Security Deposit shall not bear interest and will be held by City as security for Tenant's faithful performance of all of Tenant obligations under this Lease, including, but not limited to, application of any portion of the Security Deposit to the payment of Rent or any loss or damage to City due to Tenant’s default. If City applies any portion of the Security Deposit to the payment of any amounts owed by Tenant to City pursuant to this Lease, including, but not limited to, Tenant’s obligation to pay Rent or any loss or damage to the City due to Tenant's default, then within five (5) days after City providing Tenant notice thereof, Tenant shall pay such additional funds to City as may

be necessary to restore the Security Deposit to \$3,500. If the Tenant performs all of its obligations under this Lease, the Security Deposit or any remaining balance will be returned to the Tenant within 30 days after the expiration or earlier termination of this Lease.

4.3 All payments made under this Lease shall be made in United States Dollars.

5. UTILITIES AND SERVICES.

5.1 Utilities and Services. In the case of gas utility, electric utility, water utility, sewer utility, and trash and garbage collection services (collectively, the “**Shared Utility Services**”), Tenant shall pay City upon demand a pro rata share, as determined by City in its sole and absolute discretion, of all such charges. City shall bill Tenant its pro rata share of the Shared Utility Services within one hundred twenty (120) days of the date that City receives such bills from the provider of the Shared Utility Services (e.g., a utility company). However, Tenant shall be solely responsible for contracting for, and shall promptly pay when due, any and all costs of services that are not Shared Utility Services, including, but not limited to, telephone, internet, and cable services provided to or for the Premises, including taxes thereon (collectively, “**Tenant Paid Services**”). Tenant shall establish its own accounts for the Tenant Paid Services. The term “**Utility Services**” shall mean the Shared Utility Services and Tenant Paid Services hereunder.

5.2 Exculpation of Liability. The Owners shall not be liable for any loss or damage suffered by Tenant or others, by reason of the Owners’ failure to furnish any of the Utility Services, or furnishing reduced Utility Services; no such failure or reduction shall constitute or be construed as a constructive or other eviction of Tenant, nor shall the Owners be liable for loss of business or injury to property however occurring, through or in connection with or incidental to such failure to furnish or reduction of any of the Utility Services. Should the Owners elect to provide a security patrol or system, the Owners shall not be responsible for any damage or injury to Tenant, Tenant’s officers, agents, employees, independent contractors, invitees, customers, visitors, licensees, assignees or subtenants (individually and collectively, “**Tenant’s Parties**”), or the Premises or property due to failure, action or inaction of such patrol or system. City reserves the right to stop Utility Services when necessary, by reason of accident or emergency or for inspection, repairs, alterations, decorations, additions or improvements which, in the judgment of City, are desirable or necessary to be made, until same shall have been completed, and shall further have no responsibility or liability for failure to supply any Utility Services in such instance. City shall use reasonable efforts to minimize the inconvenience to Tenant from any such disruptions or interruptions of Utility Services and shall provide Tenant with reasonable notice of such disruptions or interruptions to the extent that City is aware of or has been provided with advance notice of the disruptions or interruptions. The exculpation of liability under this Section 5.2 shall not apply to the extent claims are caused by City’s sole or active negligence.

5.3 No Representation. City makes no representation with respect to the adequacy or fitness of any heating, air conditioning or ventilation equipment in the Building to maintain temperatures which may be required for, or because of, any equipment of Tenant other than standard office equipment (e.g. equipment utilizing normal fractional horsepower), and the Owners shall have no liability for loss or damage suffered by Tenant or others in connection therewith.

5.4 Conservation and Use Policies. In the event of imposition of federal, state, or local governmental controls, rules, regulations, or restrictions on the use or consumption of energy or other utilities during the Term, both City and Tenant shall be bound thereby. In the event of a difference in interpretation by City and Tenant of any such controls, the interpretation of City shall prevail, and City shall have the right to enforce compliance therewith, including the right of entry into the Premises to effect compliance.

6. TAXES.

6.1 Taxes. As used in this Lease, the term “**Taxes**” means Possessory Interest Taxes and Personal Taxes, as those terms are defined in this Section 6. Tenant’s obligations for Taxes for the last full or partial year of the Term and for any prior unpaid Taxes shall survive the expiration or earlier termination of this Lease.

6.2 Statement Regarding Possessory Interest Tax. This Lease creates a possessory property interest in Tenant. Tenant’s property interest may be subject to property taxation, and Tenant or the Party in whom the possessory interest is vested may be subject to the payment of property taxes levied on the interest. Such taxes are referred to herein as “**Possessory Interest Taxes**”.

6.3 Personal Taxes. Tenant shall pay directly to the taxing authority all taxes and assessments levied upon trade fixtures, alterations, additions, improvements, inventories and other personal property located and/or installed on the Premises by Tenant. Such taxes are referred to herein as “**Personal Taxes**”.

6.4 Payment of Taxes. Tenant shall pay all Taxes prior to delinquency. To the extent any such Taxes are not separately assessed or billed to Tenant by the taxing authority, City shall deliver to Tenant copies of the assessment and tax bill together with City’s proposed allocation between City and Tenant, as determined by the City in its sole and absolute discretion. Tenant shall pay the amount reasonably allocated to Tenant no later than ten (10) business days prior to the date on which such Taxes are due. Taxes attributable to any of Tenant’s personal property situated within the Public Area shall be charged to Tenant. Should Tenant fail to pay its Taxes, City may elect to do so on Tenant’s behalf. Tenant shall thereafter immediately reimburse City for such Taxes together with interest at the Applicable Interest Rate, from the date City tendered payment, until the date Tenant fully reimburses City.

7. INSURANCE.

7.1 City. City may elect to maintain insurance or an insurance equivalent (e.g., that offered to a municipality through and by a joint powers authority, a self-insurance pool of liability coverage authorized pursuant to California Government Code Section 6500, or similar collective) including but not limited to insuring the Building on an occurrence basis against fire and extended coverage (including, if City elects, “all risk” coverage, earthquake/volcanic action, flood and/or surface water insurance) similar in type and coverage limits to that carried by City on its other properties. City may also carry such other insurance as City may deem prudent or advisable, in such amounts and on such terms as City shall determine.

7.2 Tenant. Tenant shall, at Tenant’s expense, obtain and keep in force at all

times the following insurance, and shall be liable for all premiums, deductibles, and self-insured amounts, if any, in connection therewith:

7.2.1 Commercial General Liability Insurance (Occurrence Form). A policy of commercial general liability insurance (occurrence form) having a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) annual aggregate, providing coverage for, among other things, blanket contractual liability, premises, products/completed operations and personal injury, death and advertising injury coverage, with deletion of (a) the exclusion for operations within fifty (50) feet of a railroad property (railroad protective liability), if applicable, and (b) the exclusion for explosion, collapse or underground hazard, if applicable, and, if necessary, Tenant shall provide for restoration of the aggregate limit.

7.2.2 Workers' Compensation and Employer's Liability Insurance. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limits of no less than \$1,000,000 per accident for bodily injury or disease.

7.2.3 Property Insurance. "All risk" property insurance including boiler and machinery comprehensive form, if applicable, covering damage to or loss of any improvements, personal property, fixtures and equipment of Tenant (collectively "Tenant's Property") (and coverage for the full replacement cost thereof including business interruption of Tenant), together with, if the property of Tenant's invitees is to be kept in the Premises, warehouse's legal liability or bailee customers insurance for the full replacement cost of the property belonging to invitees and located in the Premises.

7.3 General.

7.3.1 Insurance Companies. Insurance required to be maintained by Tenant shall be written by companies licensed to do business in California and having a "General Policyholders Rating" of at least A:VIII (or such higher rating as may be required by a lender having a lien on the Premises) as set forth in the most current issue of "Best's Insurance Guide."

7.3.2 Certificates of Insurance. Tenant shall deliver to City certificates of insurance for all insurance required to be maintained by Tenant pursuant to this Lease, in the form of the ACORD standard certificate of insurance, prior to the Lease Commencement Date. Tenant shall, at least ten (10) days prior to expiration of the policy, furnish City with certificates of renewal or "binders" thereof. Each certificate shall expressly provide that such policies shall not be cancelable or otherwise subject to modification except after sixty (60) days' prior written notice to the parties named as additional insureds as required in this Lease (except in the case of cancellation for nonpayment of premium in which case cancellation shall not take effect until at least ten (10) days' notice has been given to the parties named as additional insureds). If Tenant fails to maintain any insurance required in this Lease, Tenant shall be liable for all losses and cost resulting from said failure.

7.3.3 Additional Insureds. The Owners shall be named as an additional insured on the policy as required by Section 7.2.1. An additional insured endorsement naming such

parties as additional insured(s) shall be attached to the certificate of insurance.

7.3.4 Primary Coverage. For any claims related to this Lease, the Tenant's insurance coverage shall be primary and non-contributory and at least as broad as ISO CG 20 01 04 13 with respect to the City, its officers, officials, employees, and volunteers.

7.3.5 Umbrella/Excess Insurance. The Tenant may use Umbrella or Excess Policies to provide the liability limits as required in this Lease. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss.

7.3.6 Waiver of Subrogation. Tenant waives any right to recover against the Owners for claims for damages to Tenant's Property to the extent covered (or required by this Lease to be covered) by Tenant's insurance. The coverage obtained by Tenant pursuant to this Lease shall include a waiver of subrogation endorsement attached to the certificate of insurance.

7.3.7 Notification of Incidents. Tenant shall notify the Owners within twenty four (24) hours after the occurrence of any accident or incident in/at Property or any portion thereof which could give rise to a claim against the Owners, its coverage, Tenant or Tenant's insurance. Tenant's notice shall be accompanied by a copy of any accident/incident form prepared by Tenant, reporting and/or relating to the accident/incident.

8. INDEMNITY; LIABILITY EXEMPTION.

8.1 Indemnity. Except with respect to claims solely caused by the Owners' active negligence or willful misconduct, Tenant shall indemnify, protect, defend, and hold harmless the Owners and their respective elected and appointed officers, officials, employees, volunteers, lenders, agents, and contractors and each of their successors and assigns from and against any and all claims, judgments, causes of action, damages, penalties, costs, liabilities, and expenses, including all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon, arising at any time during or after the Term directly or indirectly as a result of or in connection with (i) any default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease; (ii) Tenant's or Tenant's agent's use of the Premises, Building or the Property, including the conduct of Tenant's business or any activity, work or things done, permitted or suffered by Tenant in or about the Building, the Premises, the Public Area, or other portions of the Property; (iii) any act, error or omission of Tenant or of any invitee, licensee or guest of Tenant, in or about the Building, the Premises, the Public Area, or other portions of the Property; (iv) loss of, injury, or damage to or destruction of property (including loss of use resulting from that loss, injury, damage or destruction); (v) all resulting economic losses, consequential and/or exemplary damages; (vi) any subleases, assignments and related activities; and (vii) Tenant's performance of its obligations

under this Lease (all of the foregoing, collectively, the “**Indemnification**”). Tenant shall provide such Indemnification by and through counsel reasonably acceptable to City. The obligations of Tenant under this Section 8.1 shall survive the expiration or earlier termination of this Lease.

8.2 Exemption of the Owners from Liability. Tenant, as a material part of the consideration to City, hereby assumes all risk of damage to property including, but not limited to, Tenant’s fixtures, equipment, furniture and alterations or injury to persons in, upon or about the Building, the Premises, the Public Area, or other portions of the Property arising from any cause, and Tenant hereby waives all claims in respect thereof against the Owners, except to the extent such claims are caused by the Owners’ sole or active negligence or willful misconduct, Tenant hereby agrees that the Owners shall not be liable for injury to Tenant’s business or any loss of income therefrom or for damage to the property of Tenant, or injury to or death of Tenant, Tenant’s agents or any other person in or about the Building, the Premises, the Public Area, or the Property, whether such damage or injury is caused by fire, steam, electricity, gas, water or rain, or from the breakage, leakage or other defects of sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said damage or injury results from conditions arising upon the Building, the Premises, the Public Area, or other portions of the Property or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant, except damage or injury caused solely by the Owners’ sole or active negligence or willful misconduct. The Owners shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the Building, the Premises, the Public Area or other portions of the Property or City’s failure to enforce the terms of any agreements with parties other than Tenant.

9. REPAIRS, MAINTENANCE, AND SECURITY.

9.1 City’s Obligations.

9.1.1 City’s Option to Repair. At City’s election on Tenant’s behalf, City may, but shall not be required to, make or bear the costs of any repair resulting from (i) any alteration or modification to the Premises or to mechanical equipment within the Premises performed by, for or because of Tenant or to special equipment or systems installed by, for or because of Tenant, (ii) the installation, use or operation of Tenant’s property, fixtures and equipment, (iii) the moving of Tenant’s property in or out of the Premises, the Building, or the Property, or in and about the Premises, (iv) Tenant’s use or occupancy of the Premises in violation of Section 11 of this Lease or in the manner not contemplated by the Parties at the time of the execution of this Lease, (v) the acts or omissions of Tenant or Tenant’s agents, (vi) fire and other casualty, except as provided by Section 13 of this Lease, (vii) condemnation, except as provided in Section 14 of this Lease, or (viii) any condition which might require repair. Any amount so expended by City shall be paid by Tenant promptly after demand with interest at the Prime Rate plus 2% per annum, from the date of such repair, but not to exceed the maximum amount then allowed by law. City shall have no liability to Tenant for any damage, inconvenience, or interference with the use of the Premises by Tenant as the result of performing any such repair.

9.1.2 Building Security. City shall, at its sole cost and expense, be responsible for properly securing the building and exterior of the Premises throughout the Term of this Lease. In addition, City shall provide, at its sole cost and expense, such security as it deems

necessary during the Term of this Lease. City will unlock the building daily at 3:00 a.m., Monday through Friday, and at 4:15 a.m., Saturday and Sunday, and will lock the building daily at 10:15 p.m.

9.1.3 Tenant's Waiver. Notwithstanding anything to the contrary, Tenant waives and releases its rights to make repairs at City's expense or deduct such expenses from Rent, except as expressly stated in this Lease.

9.1.4 City shall operate the Property and Building to a standard of quality consistent with that of other comparable buildings in San Bernardino County as of the Lease Commencement Date and shall provide janitorial service to the Public Areas on a five day a week basis (excepting Holidays), consistent with City's standard janitorial specifications for the Property and Building, which may be modified by City from time to time.

9.1.5 City shall be responsible for maintaining and repairing all structural portions of the Building and shall maintain the roof, sidewalls, and foundations of the Building in good, clean and safe condition and repair. City shall also maintain all Public Areas (except as provided in Section 9.2 below). City shall be responsible for maintenance and repair of all Building systems, provided, however, that Tenant shall be responsible for maintaining all fixtures and equipment, including sink(s), which may be located within the Premises. Except as otherwise provided in this Lease, City shall have no liability to Tenant, nor shall Tenant's obligations under this Lease be reduced or abated in any manner whatsoever by reason of any inconvenience, annoyance, interruption or injury to business arising from City making any repairs or changes which City is required or permitted by this Lease or by any other tenants' lease or required by law to make to any portion of the Property, Building or the Premises. City shall use reasonable efforts to minimize any interference with Tenant's business at the Premises.

9.2 Tenant's Obligations.

9.2.1 Tenant, at Tenant's sole cost and expense, shall maintain the Premises and that portion of the Public Areas used by Tenant pursuant to Section 2.2 in good order, condition and repair, including, without limitation, interior floor surfaces and floor coverings, interior walls and wall coverings, Signs and Graphics (as defined at Section 19.2), fixtures, equipment, and any items required in compliance with applicable laws, rules and regulations. In the event Tenant fails, in the reasonable judgment of City, to maintain the Premises and that portion of the Public Areas used by Tenant pursuant to Sections 2.2.2, 2.2.3, and 2.2.5 in good order, condition and repair, City shall, upon five (5) days' written notice to Tenant, have the right, but not the obligation, to perform such maintenance, repairs or refurbishing at Tenant's expense, provided Tenant fails to do so within that five-day period. If Tenant fails to promptly commence such work within such time period and thereafter diligently prosecute it to completion, then City shall have the right to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by City shall be paid by Tenant promptly after demand with interest at the Prime Rate plus 2% per annum, from the date of such work, but not to exceed the maximum amount then allowed by law. City shall have no liability to Tenant for any damage, inconvenience, or interference with the use of the Premises by Tenant as the result of performing any such work.

9.2.2 Tenant shall, at its sole cost and expense, be responsible for properly securing the Premises and any property owned by Tenant that is placed in the Public Areas (“**Tenant Personal Property**”). Tenant shall provide, at its sole cost and expense, such security as it deems necessary to safeguard the Premises and Tenant Personal Property during the term of this Lease, provided that such security shall not interfere with the Owners’ use of the Property, including, but not limited to, any security provided by the Owners. The Owners shall not be liable in damages, consequential or otherwise, nor shall there be any rent abatement, as a result of any damage caused to the interior of the Premises or Tenant Personal Property by the public’s use of the Premises or Tenant Personal Property as set forth in Section 2.2 of this Lease.

10. ALTERATIONS.

10.1 Condition of Premises. Tenant acknowledges that City has made no representation or warranty regarding the condition of the Building, Premises, Public Areas, or Property except as specifically stated in this Lease.

10.1.1 City Improvements to Premises and Public Areas. The Premises are leased in an as-is condition and with all faults.

10.2 Tenant Improvements to Premises. Tenant, at Tenant’s sole cost and expense, may install interior improvements within the Premises (“**Work**”). Plans, specifications, and drawings for the Work shall be subject to prior written approval by the City in its sole and absolute discretion, and Tenant shall be responsible for obtaining any and all required permits pursuant to applicable law. Tenant may perform those components of the Work which constitute minor cosmetic alterations (i.e., painting), are non-structural, do not require a permit pursuant to applicable law, and are not typically performed by a licensed contractor or tradesperson. Any other Work shall be performed by licensed and bonded contractors and in accordance with all applicable laws, including without limitation, any applicable State laws regarding prevailing wage requirements. In no event shall Tenant undertake any structural, electrical or plumbing work in connection with Property, or work on the exterior of the Building or the Premises without City’s prior written approval thereof in its sole and absolute discretion.

10.3 Trade Fixtures: Alterations. Subject to Section 10.6, Tenant may install necessary trade fixtures, equipment and furniture in the Premises, provided that such items are installed and are removable without structural or material damage to the Premises. For purposes of this Lease, the term “trade fixture” shall mean specialty fixtures or equipment used in Tenant’s trade or business as identified by Tenant and agreed to by City in writing and in City’s sole and absolute discretion. Tenant shall not construct, or allow to be constructed, any alterations or physical additions in, about or to the Premises without the City’s prior written approval thereof in its sole and absolute discretion.

10.4 Standard of Work. All work to be performed by or for City or Tenant pursuant hereto shall be performed diligently and in a first-class, workmanlike manner, and in compliance with all Laws applicable to the Premises and insurance carrier requirements. City shall have the right, but not the obligation, to periodically inspect the Work, and City may require changes in the method or quality of the Work. In no event shall the Work obstruct access to the Property, Building, Premises and/or Public Area or interfere with the operations of the Building

Alteration activities, or related work without prior written consent of City.

10.5 Damage; Removal. Tenant shall repair all damage to the Property, the Building, the Premises, and Public Areas caused by the installation or removal of Tenant's fixtures, equipment, furniture and alterations. Upon the termination of this Lease, Tenant shall remove any or all alterations, additions, improvements and partitions made or installed by Tenant and restore the Premises to their condition existing prior to the construction of any such items and perform any closure work, investigation and environmental remedial work required by any Hazardous Materials Laws (as hereinafter defined) or by any other applicable laws, ordinances, regulations or permits by any governmental authority having jurisdiction; provided, however, City may require, upon written notice to Tenant no less than fifteen (15) days before the expiration of the Term, any such items (except trade fixtures) designated by City to remain on the Premises, in which event they shall be and become the property of City upon the termination of this Lease. All such removals and restoration shall be accomplished in a good and workmanlike manner so as not to cause any damage to the Building, the Premises, the Public Area, or the Property whatsoever and in strict accordance with all applicable laws, regulations and governmental orders.

10.6 Liens. Tenant shall promptly pay and discharge all claims for labor performed, supplies furnished, and services rendered at the request of Tenant and shall keep the Property, the Building, and the Premises free of all mechanics' and materialmen's liens in connection therewith. Tenant shall provide at least ten (10) days' prior written notice to City before any labor is performed, supplies furnished or services rendered on or at the Premises and City shall have the right to post on the Premises notices of non-responsibility. If any lien is filed, Tenant shall cause such lien to be released and removed within ten (10) days after the date of filing, and if Tenant fails to do so, City may take such action as may be necessary to remove such lien, without the duty to investigate the validity of it (unless Tenant has commenced an action to contest, dispute or defend the claims of lienholders and has provided City with written notice of the pendency of the action), and Tenant shall pay City such amounts expended by City together with interest thereon, at the Applicable Interest Rate, from the date of expenditure.

10.7 Satellites and Antennae. Notwithstanding anything in this Lease to the contrary, City and Tenant agree that it shall be reasonable for City to withhold its consent to (i) installation in or about the Premises, Public Areas, Building, or Property of equipment comprising or relating to relays, monopoles, satellite dishes, antennae, wireless telecommunications devices, transmitters, roof mounts, two-way radios, or similar apparatus (collectively, "**Transmission Devices**") or (ii) any assignment or subletting which permits or contemplates installation of such Transmission Devices.

11. USE.

11.1 Usage.

11.1.1 Use. The Premises will be used as a café serving non-alcoholic beverages, such as coffees, teas, and soft drinks options; pastries; sandwiches; and salads. Menu items would have an emphasis on casual, quick meals, and snacks and the ancillary sale of gift and souvenir items that are consistent with a retail café operation (including postcards, mugs and tee shirts) to the extent such practice is consistent with any applicable federal, state or local

regulations, and for no other uses without the prior written consent of City, which may be granted or withheld in City's sole and absolute discretion. Tenant shall not use or permit said Premises or any part thereof to be used for any other purpose, including, but not limited to, any live entertainment, music, or dance use, without the prior written consent of City, which may be granted or withheld in City's sole and absolute discretion and may be subject to City of Rialto permits (e.g. temporary use permit). Tenant acknowledges that neither City nor any of City's agents has made any representation or warranty with regard to the Premises, the Building, the Public Areas, or the Property with respect to their suitability for the conduct of Tenant's business. Tenant's execution of this Lease and entry of the Premises hereunder shall conclusively establish that the foregoing were at such time in satisfactory condition. Tenant, at Tenant's expense, shall comply with all laws, rules, orders, ordinances, directions, regulations and requirements of federal, state, county and municipal authorities now in force or which may hereafter be in force ("Laws"), which shall impose any duty upon City or Tenant with respect to the use, occupancy, or alteration of the Premises. Tenant shall be responsible for obtaining any permit or business license required by any governmental agency permitting Tenant's use of the Premises. Tenant shall comply with the rules and regulations, including observance of prohibited uses as identified herein and attached hereto as **Exhibit "D"** and incorporated by reference, together with such reasonable additional rules and regulations as City may from time to time prescribe. Tenant shall not commit waste, overload the floors or structure of the Building, subject the Property or any portion thereof to any use which would damage the same or increase the risk of loss or violate any insurance coverage, permit any unreasonable odors, smoke, dust, gas, substances, noise or vibrations to emanate from the Premises, take any action which would constitute a nuisance or would disturb, obstruct or endanger any other tenants, take any action which would abrogate any warranties, or use or allow the Premises to be used for any unlawful purpose. City shall not be responsible for non-compliance by any other tenant or occupant with, or City's failure to enforce, any of the rules and regulations or any other terms or provisions of such tenant's or occupant's lease. Tenant shall promptly comply with the reasonable requirements of any board of fire insurance underwriters or other similar body now or hereafter constituted. Tenant shall not do any act which shall in any way encumber the title of City in and to the Property or any portion thereof.

11.1.2 Hours of Operation. Tenant shall keep the Premises open for business during usual business hours, provided that Tenant has the option to remain open or close for the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas Day ("**Holidays**"). For the purposes of this Lease, "**usual business hours**" are defined as Monday through Friday 5:00 a.m. to 6:00 p.m., and Saturday and Sunday 6:00 a.m. to 4:00 p.m. ("**Business Hours**"). Failure to keep the Premises open during Business Hours for more than fifteen (15) consecutive business days without the prior, written consent of City may, at City's sole and absolute discretion, be deemed a breach of this Lease by Tenant. Any changes to the Business Hours may be made at the sole and absolute discretion of the City Manager.

11.2 Quiet Enjoyment. Tenant, upon paying Rent and performing all of its obligations under this Lease, shall peaceably and quietly enjoy the Premises, subject to the terms of this Lease, and any mortgage, deed of trust, lease, or other agreement to which this Lease may be subordinate or affecting all or any portion of the Building or any of the areas used in connection with the operation of the Building.

11.3 Access. Tenant shall be permitted 24-hour a day access to the Premises. During Building Alteration activities, City shall require its contractor to use good faith efforts to minimize any interference with Tenant's right of access. City shall provide Tenant with necessary access to the Premises, including, but not limited to, Building key(s) and Building alarm access code.

12. ENVIRONMENTAL MATTERS.

12.1 Environmental Compliance. Tenant shall, at its sole cost and expense, comply with all federal, state and local laws in effect ("**Hazardous Materials Laws**") concerning the management, use, generation, storage, transportation, presence, discharge or disposal of hazardous, toxic, radioactive or carcinogenic materials, substances or wastes ("**Hazardous Materials**"). Neither Tenant nor its agents, employees, contractors, sublessees, assignees or invitees shall use, handle, store, transport, release or dispose of any Hazardous Materials anywhere in, on, under or about the Premises or the Building. Tenant shall cause any and all Hazardous Materials brought onto, used, generated, stored or discharged in the Premises to be removed from the Premises and transported for disposal in accordance with applicable Hazardous Materials Laws. City shall have the right to enter the Premises from time to time to conduct tests, inspections and surveys concerning Hazardous Materials and to monitor Tenant's compliance with its obligations concerning Hazardous Materials and Hazard Materials Laws. Tenant shall immediately notify City in writing of any voluntary clean-up or removal action instituted or proposed by Tenant, any enforcement, clean-up, removal or other governmental or regulatory action instituted or threatened, or any claim made or threatened by any person against Tenant, the Premises, or the Building relating to Hazardous Materials or Hazardous Materials Laws, Tenant shall also supply to City as promptly as possible, and in any event within five (5) business days after Tenant receives or sends same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises or Tenant's use thereof and concerning Hazardous Materials or Hazardous Materials Laws.

12.2 Tenant's Indemnification. Except to the extent caused by City's sole or active negligence, Tenant shall indemnify, defend and hold harmless the Owners from any claims, causes of action, liabilities, losses, damages, injunctions, suits, fines, penalties, costs or expenses (including attorneys' fees and expenses) caused or alleged to have been caused by the presence, use or release of Hazardous Materials in or about the Premises, including, without limitation, any personal injury, death, property damage, decrease in value of the Premises, Public Areas, Property, or Building, caused or alleged to have been caused by the use, storage, generation, presence or release of Hazardous Materials, whether such claims, causes of action or liabilities are first asserted during the Term or thereafter, and including without limitation, claims made against the Owners with respect to personal injury, death or property damage sustained by third parties caused or alleged to have been caused by the use, storage, generation, presence or release of Hazardous Materials in violation of Tenant's obligations under this Lease. Tenant's obligations under this Section 12.2 shall survive the expiration or earlier termination of this Lease.

13. DAMAGE AND DESTRUCTION.

13.1 If, during the Term, the Property, Building, Public Areas, and other improvements that are part of the Premises are totally or partially destroyed from any cause,

rendering the Premises totally or partially inaccessible or unusable, and at least one (1) year of the Term remains, City shall restore said Building and improvements to substantially the same condition as they were in immediately before destruction, if the restoration can be made under then existing laws and can be completed within one hundred eighty (180) working days after obtaining all necessary permits therefore, and if the cost of such repairs does not exceed the amount of insurance proceeds received by City from Tenant's Insurance pursuant to Section 7 above, on account of such damages. Such destruction shall not terminate this Lease. In case of destruction, there shall be an abatement or reduction of Rent, between the date of destruction and the date of completion of restoration (if restoration takes place), based on the extent to which the destruction actually interferes with Tenant's use of the Premises. Tenant hereby waives the provisions of Sections 1932, Subdivision 2, and 1933, Subdivision 4, of the Civil Code of California. If the restoration cannot be made in the time stated in this paragraph, then within fifteen (15) days after the Parties determine that the restoration cannot be made in the time stated in this paragraph, Tenant can terminate this Lease immediately by giving written notice to City. If Tenant fails to terminate this Lease and if restoration is permitted under the existing laws, City, at its election, can either terminate this Lease or restore the Building and other improvements that are part of the Premises within a reasonable time and this Lease shall continue in full force and effect. If the existing laws do not permit the restoration, either Party can terminate this Lease immediately by giving notice to the other Party. In the event of the giving of such notice of termination by City or Tenant as provided herein, this Lease and all interest of Tenant in the Premises shall terminate fifteen (15) days after receipt of such notice by the other Party.

13.2 Uninsured or Underinsured Casualty. In the event that the Building or the Premises are (i) damaged to the extent Tenant is unable to use the Premises and such damage is not covered by insurance proceeds received by City, (ii) the Building or the Premises are damaged to the extent that the estimated repair cost exceeds the insurance proceeds, if any, available for such repair (not including the deductible(s), if any, on City's property and other applicable insurance) plus any amount that Tenant is obligated or elects to pay for such repair, (iii) the estimated repair cost, even though covered by insurance, exceeds fifty percent (50%) of the full replacement cost of the Premises, or (iv) in the event that the holder of any indebtedness secured by the Building or the Premises requires that the insurance proceeds be applied to such indebtedness, then City shall have the right at City's option either (a) to repair such damage as soon as reasonably possible at City's expense, or (b) to give written notice to Tenant, within thirty (30) days after the date of the occurrence of such damage, of City's intention to terminate this Lease as of the date of the occurrence of such damage.

13.3 Tenant's Fault; Repair Limitation. If the Premises are damaged resulting from the negligence or breach of this Lease by Tenant or any of Tenant's agents, Rent shall not be reduced during the repair of such damage and Tenant shall be liable to City for the cost of the repair caused thereby to the extent such cost is not covered by insurance proceeds. Notwithstanding anything in this Lease to the contrary, and except to the extent caused by the Owners' sole or active negligence, the Owners shall not be required to repair any injury or damage (by fire or other cause) to the property by Tenant or to make repairs or replacements of any decorations, or any improvements installed on the Premises by or for Tenant, unless City has received insurance proceeds from Tenant's property insurance as provided in Section 7.2.3 above, and neither Tenant nor City have opted to terminate this Lease as provided in Section 15.

14. EMINENT DOMAIN.

14.1 Effect on Rights and Obligations. If any portion of the Premises is permanently taken by condemnation, this Lease shall remain in effect, except that Tenant can elect to terminate this Lease if 15% or more of the total number of square feet in the Premises is taken or if the remaining portion of the Premises is rendered unsuitable for Tenant's continued use. If Tenant elects to terminate this Lease, Tenant must exercise its right to terminate by giving written notice to City within thirty (30) days after the nature and the extent of the taking have been finally determined, as of the date of termination, which date shall not be earlier than 30 days nor later than 90 days after Tenant has notified City of its election to terminate; except that this Lease shall terminate on the date of taking if the date of taking falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Lease within the 30-day period, this Lease shall continue in full force and effect, except that the monthly Rent thereafter to be paid shall be reduced on a pro-rata basis. Tenant shall notify City in writing of any condemnation or threatened condemnation within ten (10) days after Tenant receives notice of said action or threatened action.

15. DEFAULT.

15.1 Events of Default. When used in this Lease with reference to Tenant, the term “**default**” refers to any breach of Tenant's obligations under this Lease, however brief. When any such default continues for the applicable period specified below, such default shall constitute an Event of Default hereunder, entitling City to exercise the remedies set forth in Sections 15.2 and 15.3 of this Lease. The occurrence of any of the following events shall constitute an “**Event of Default**”:

15.1.1 Failure to comply with Assignment and Subletting provisions as set forth in Section 16;

15.1.2 Abandonment of or vacating the Premises for a period of thirty (30) consecutive days;

15.1.3 Failure to pay Rent on the date when due and the failure continuing for a period of ten (10) days after such payment is due;

15.1.4 Failure to perform Tenant's covenants and obligations pursuant to this Lease hereunder (except default in the payment of Rent) where such failure continues for a period of thirty (30) days;

15.1.5 The making of a general assignment by Tenant for the benefit of creditors; the filing of a voluntary petition by Tenant or the filing of an involuntary petition by any of Tenant's creditors seeking the rehabilitation, liquidation or reorganization of Tenant under any law relating to bankruptcy, insolvency or other relief of debtors and, in the case of an involuntary action, the failure to remove or discharge the same within sixty (60) days of such filing; the appointment of a receiver or other custodian to take possession of substantially all of Tenant's assets or this leasehold; Tenant's insolvency or inability to pay Tenant's debts or failure generally to pay Tenant's debts when due; any court entering a decree or order directing the winding up or liquidation of Tenant or of substantially all of Tenant's assets; Tenant taking any action toward

the dissolution or winding up of Tenant's affairs; the cessation or suspension of Tenant's use of the Premises; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets or this leasehold; or

15.1.6 The making of any material misrepresentation or omission by Tenant or any successor in interest of Tenant in any materials delivered by or on behalf of Tenant to City or City's lender pursuant to this Lease.

15.1.7 Failure to comply within the time period provided for any other Event of Default identified in this Lease.

15.2 Remedies.

15.2.1 Termination. In the event of the occurrence of any Event of Default, City shall have the right to terminate this Lease by providing 60 days' notice of such termination to Tenant and, on the date specified in such notice, this Lease shall terminate unless on or before such date all arrears of Rent and all other sums payable by Tenant under this Lease and all costs and expenses incurred by or on behalf of City hereunder shall have been paid by Tenant and all other Events of Default at the time existing shall have been fully remedied to the satisfaction of City.

(a) Repossession. Following termination, without prejudice to other remedies City may have, City may (i) peaceably re-enter the Premises upon voluntary surrender by Tenant or remove Tenant therefrom and any other persons occupying the Premises, using such legal proceedings as may be available; (ii) repossess the Premises or re-let the Premises or any part thereof for such term (which may be for a term extending beyond the Term), at such rental and upon such other terms and conditions as City, in City's sole and absolute discretion shall determine, with the right to make reasonable alterations and repairs to the Premises; and (iii) remove all personal property therefrom.

(b) Unpaid Rent. City shall have all the rights and remedies of a landlord provided by applicable law, including the right to recover from Tenant: (a) the worth, at the time of award, of the unpaid Rent that had been earned or owed at the time of termination, (b) the worth, at the time of award, of the amount by which the unpaid Rent that would have been earned or owed after the date of termination until the time of award exceeds the amount of loss of rent that Tenant proves could have been reasonably avoided, (c) the worth, at the time of award, of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided, and (d) any other amount, and court costs, necessary to compensate City for all detriment proximately caused by Tenant's default. The phrase "**worth, at the time of award**", as used in (a) and (b) above, shall be computed at the Applicable Interest Rate, and as used in (c) above, shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

15.2.2 Continuation. City shall have the remedy described in California Civil Code section 1951.4 (as amended from time to time, and successor statutes thereto) and City may continue the Lease in effect after Tenant's breach and abandonment and recover Rent as it

becomes due. In the event and for so long as City elects this remedy, Tenant shall have the right to sublet its Premises, assign its interest in the Lease, or both, subject to City's prior written consent, which shall not be unreasonably withheld. In addition, even though an Event of Default may have occurred, this Lease shall continue in effect for so long as City does not terminate Tenant's right to possession, and City may enforce all of City's rights and remedies under this Lease, including the right to recover Rent as it becomes due. City, without terminating this Lease, may, during the period Tenant is in default, enter the Premises and re-let the same, or any portion thereof, to third parties for Tenant's account and Tenant shall be liable to City for all costs City incurs in re-letting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises and like costs. Re-letting may be for a period shorter or longer than the remaining Term. Tenant shall continue to pay the Rent on the date the same is due. No act by City hereunder, including acts of maintenance, preservation or efforts to lease the Premises or the appointment of a receiver upon application of City to protect City's interest under this Lease, shall terminate this Lease unless City notifies Tenant that City elects to terminate this Lease. In the event that City elects to re-let the Premises, the rent that City receives from re-letting shall be applied to the payment of, first, any indebtedness from Tenant to City other than Base Rent and Additional Rent; second, all costs, including maintenance, incurred by City in re-letting; and, third, Base Rent and Additional Rent. After deducting the payments referred to above, any sum remaining from the rental City receives from re-letting shall be held by City and applied in payment of future Rent as Rent becomes due under this Lease. In no event shall Tenant be entitled to any excess rent received by City. If, on the date Rent is due under this Lease, the rent received from the re-letting is less than the Rent due on that date, Tenant shall pay to City, in addition to the remaining Rent due, all costs, including maintenance, which City incurred in re-letting the Premises that remain after applying the rent received from re-letting as provided hereinabove. So long as this Lease is not terminated, City shall have the right to remedy any default of Tenant, to maintain or improve the Premises, to cause a receiver to be appointed to administer the Premises and new or existing subleases and to add to the Rent payable hereunder all of City's reasonable costs in so doing, with interest at the Applicable Interest Rate from the date of such expenditure.

15.3 Remedies Cumulative. Each right and remedy of City provided for herein or now or hereafter existing at law, in equity, by statute or otherwise shall be cumulative and shall not preclude City from exercising any other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity, by statute or otherwise. No payment by Tenant of a lesser amount than the Rent nor any endorsement on any check or letter accompanying any check or payment as Rent shall be deemed an accord and satisfaction of full payment of Rent; and City may accept such payment without prejudice to City's right to recover the balance of such Rent or to pursue other remedies.

15.4 Default of City. Except to the extent caused by reasons beyond City's reasonable control, City's failure to perform any obligation required of it pursuant to the terms of this Lease within sixty (60) days following written notice from Tenant or, in the case of any obligation which cannot reasonably be performed within sixty (60) days, City's failure to commence such performance within said sixty (60) day period and thereafter diligently pursue such performance to completion, shall constitute a default by City under the terms of this Lease. In the event of a default by City, Tenant shall have the right to seek any and all remedies provided for in this Lease or otherwise existing at law.

16. ASSIGNMENT AND SUBLETTING.

16.1 City's Consent. Tenant shall not assign, sublet or otherwise transfer, whether voluntarily or involuntarily or by operation of law, the Premises or any part thereof, without City's prior written approval, which shall not be unreasonably withheld. Tenant's attempted assignment, subletting or transfer without first obtaining City's written consent shall be void at City's election. City's consent to one transfer shall not be deemed a consent to subsequent transfers. The Parties agree that it shall be reasonable for City to withhold its consent to a proposed transfer if the proposed assignee or sublessee or the nature of its business would require City to incur additional expense in construction work or other work to the Premises that would not otherwise be required if Tenant remained. For example and not by limitation: a) if the proposed assignee or sublessee is subject to compliance with additional requirements of the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) (including related regulations) beyond those requirements which are applicable to the tenant desiring to assign or sublease, b) if the proposed assignee's or sublessee's activities in, on or about the Premises or the Property involve the use, analysis, handling, storage, transport, discharge, release, generation or disposal of any Hazardous Materials, c) the proposed assignee or sublessee cannot demonstrate that it has the financial ability to perform, has a poor credit rating or other financial issue(s) that could hinder its ability to perform under the Lease, or d) if the proposed assignment or subletting would violate any section of this Lease.

16.2 Notice. If Tenant desires to assign this Lease or sublet any or all of the Premises, Tenant shall give City written notice thereof ("**Tenant's Transfer Request**") with copies of all related documents and agreements associated with the assignment or sublease, including without limitation, a description of the space Tenant proposes to assign or sublet, the anticipated effective date of the assignment or sublease, the financial statements of any proposed assignee or sublessee, at least forty-five (45) days prior to the anticipated effective date of the assignment or sublease. A condition to City's consent to any Transfer of this Lease will be the delivery to City of a true copy of the fully executed instrument of assignment, sublease, transfer or hypothecation, in form and substance reasonably satisfactory to City. City shall have a period of thirty (30) days following receipt of Tenant's Transfer Request and all related documents and agreements to notify Tenant in writing of City's election to disapprove the proposed sublease or assignment. In any event, if City fails to notify Tenant in writing of City's election, City shall be deemed to have disapproved such assignment or subletting, nor shall failure by City to approve a proposed tenant cause a termination of this Lease. This Lease may not be assigned by operation of law. Any purported assignment or subletting contrary to the provisions hereof shall be void at City's election and shall constitute an Event of Default hereunder.

16.3 Subject to Lease. Any assignments or sublets must be subject to and in accordance with the terms and conditions of this Lease, and must be consistent with the use requirements provided in Section 11 herein. In no event may any sublessee encumber this Lease. Tenant shall remain fully liable under this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.

16.4 [Intentionally omitted.]

16.5 Indemnification. Tenant shall ensure that any sublessees or assigns through

their subleases or assignment agreements shall indemnify, protect, defend, and hold harmless the Owners and their respective elected and appointed officers, officials, employees, volunteers, lenders, agents, contractors and each of their successors and assigns to the same extent that Tenant shall so indemnify the Owners as set forth in this Lease.

16.6 Relocation Waiver. Each sublease or rental agreement shall contain a relocation waiver in substantially the following form: “Relocation Waiver. Sublessee fully releases and discharges the City of Rialto (in its capacity as landlord and otherwise as a municipal corporation) and the San Bernardino County Transportation Authority from all and any manner of rights, demands, liabilities, obligations, claims, or cause of actions, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising, which arise from or relate in any manner to the sale of the Property, Building, Public Areas, Premises, or the Subleased Premises, the full or partial termination of Sublessee’s leasehold interest as permitted under this Sublease, or the relocation of Sublessee’s business operations or the relocation of any person or persons, business or businesses, or other occupant or occupants located on the Subleased Premises, including, without limitation, the specific waiver and release of any right to any relocation benefits, assistance and/or payments under Government Code sections 7260 et seq. (**“Relocation Assistance Law”**), notwithstanding that such relocation assistance, benefits and/or payments may be otherwise required under the Relocation Assistance Law or other state or federal law. Sublessee acknowledges and agrees that the release and waiver set forth in this Section 16.6 is material consideration for City’s consent to the sublease by Sublandlord of the Subleased Premises to Sublessee on the terms set forth herein and that, but for this release and waiver, City would not have consented to the sublease of the Subleased Premises by Sublandlord to Sublessee. It is hereby intended that the above release relates to both known and unknown claims that the Sublessee may have, or claim to have, against the City of Rialto (in its capacity as landlord and otherwise as a municipal corporation) and the San Bernardino County Transportation Authority with respect to the subject matter contained herein or the events relating thereto. By releasing and forever discharging claims both known and unknown which are related to or which arise under or in connection with the items set out above, the Sublessee expressly waives any rights under California Civil Code section 1542, which provides:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

16.7 Liability. City may, without waiving any rights or remedies, collect rent from the assignee, sublessee or occupant and apply the net amount collected to the Rent herein reserved and apportion any excess rent so collected in accordance with the terms of the preceding sentence. Tenant (and successor tenants) shall continue to be liable as a principal and not as a guarantor or surety to the same extent as though no assignment or subletting had been made. In addition, Tenant shall make all legally required disclosures to the proposed assignee or sublessee. City may consent to subsequent assignments or subletting of this Lease or amendments or modifications to the Lease by assignees of Tenant without notifying Tenant or any successor of Tenant and without obtaining their consent; City’s consent shall not be construed as relieving

Tenant or any successor tenant of any liability or obligation under the Lease. No transfer shall be effective until there has been delivered to City a counterpart of the transfer instrument in which the transferee agrees to be and remain jointly and severally liable with Tenant (and if applicable, successor tenants) for the payment of Rent pertaining to the Premises and for the performance of all the terms and provisions of this Lease relating thereto arising on or after the date of the transfer. No transfer will release Tenant of Tenant's obligations under this Lease or alter the primary liability of Tenant to pay the rent and to perform all other obligations to be performed by Tenant hereunder. In the event of default by any transferee of Tenant or any successor of Tenant in the performance of any of the terms hereof, City may proceed directly against Tenant without the necessity of exhausting remedies against such transferee or successor. Notwithstanding any contrary provision of this Lease, if Tenant or any proposed transferee claims that City has unreasonably withheld or delayed its consent to a proposed transfer or otherwise has breached its obligations under this Section 16.7, Tenant's and such transferee's only remedy shall be to seek a declaratory judgment and/or injunctive relief, and Tenant, on behalf of itself and, to the extent permitted by law, such proposed transferee waives all other remedies against City, including without limitation, the right to seek monetary damages or to terminate this Lease.

17. ESTOPPEL, ATTORNMEN AND SUBORDINATION.

17.1 Estoppel. Within ten (10) days after request by City, Tenant shall deliver an estoppel certificate duly executed (and acknowledged if required by any lender or purchaser) to any proposed mortgagee, purchaser or City, in a form substantially similar to that requested by the proposed mortgagee, purchaser or City. Tenant's failure to deliver said estoppel certificate in such time period shall be an Event of Default hereunder and shall be conclusive upon Tenant that (a) this Lease is in full force and effect, without modification except as may be represented by City; (b) there are no uncured defaults in City's performance and Tenant has no right of offset, counterclaim or deduction against Rent hereunder; and (c) no more than one month's Base Rent has been paid in advance. In addition, except to the extent caused by the Owners' sole or active negligence, Tenant shall indemnify and hold the Owners harmless from and against any and all damages, penalties, fines, taxes, costs, liabilities, losses and expenses (including, without limitation, reasonable attorneys' fees and court costs) which an Owner may sustain or incur as a result of or in connection with Tenant's failure or delay in delivering such estoppel certificate. City reserves the right to substitute a different form of estoppel certificate upon the request of any proposed mortgagee or purchaser. If any financier should require that this Lease be amended (other than in the description of the Premises, the Term, the Permitted Uses, the Rent or as will substantially, materially and adversely affect the rights of Tenant), City shall give written notice thereof to Tenant, which notice shall be accompanied by a Lease supplement embodying such amendments. Tenant shall, within ten (10) days after the receipt of City's notice, execute and deliver to City the tendered Lease supplement,

17.2 Subordination. This Lease shall be subject and subordinate to all ground leases, and the lien of all mortgages and deeds of trust which now or hereafter affect the Premises or the Property or the Owners' interest therein, and all amendments thereto, all without the necessity of Tenant's executing further instruments to effect such subordination; provided, however, that Tenant's rights hereunder shall not be disturbed, except in accordance with the terms and provisions of this Lease. If requested, Tenant shall execute and deliver to City within ten (10) days after City's request, whatever documentation that may reasonably be required to further effect

the provisions of this Section 17.2.

17.3 Attornment. In the event of a foreclosure proceeding, the exercise of the power of sale under any mortgage or deed of trust or the termination of a ground lease, Tenant shall, if requested, attorn to the purchaser thereupon and recognize such purchaser as City under this Lease. The transferee shall not be liable for any acts, omissions or defaults of City that occurred before the sale or conveyance, or the return of any security deposit except for deposits actually paid to transferee, and except as reduced as expressly provided for by operation of law.

18. RELOCATION.

18.1 Tenant fully releases and discharges City (in its capacity as City and otherwise as a municipal corporation) and SBCTA from all and any manner of rights, demands, liabilities, obligations, claims, or cause of actions, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising, which arise from or relate in any manner to the sale of the Property, Building, or Premises, the full or partial termination of Tenant's leasehold interest as permitted under this Lease, or the relocation of Tenant's business operations or the relocation of any person or persons, business or businesses, or other occupant or occupants located on the Premises including, without limitation, the specific waiver and release of any right to any relocation benefits, assistance and/or payments under Government Code sections 7260 et seq. ("**Relocation Assistance Law**"), notwithstanding that such relocation assistance, benefits and/or payments may be otherwise required under the Relocation Assistance Law or other state or federal law. Tenant acknowledges and agrees that the release and waiver set forth in this Section 18.1 is material consideration for City's lease of the Premises to Tenant on the terms set forth herein and that, but for this release and waiver, City would not have leased the premises to Tenant. It is hereby intended that the above release relates to both known and unknown claims that the Tenant may have, or claim to have, against the City or SBCTA with respect to the subject matter contained herein or the events relating thereto. By releasing and forever discharging claims both known and unknown which are related to or which arise under or in connection with the items set out above, the Tenant expressly waives any rights under California Civil Code section 1542, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

19. MISCELLANEOUS.

19.1 General.

19.1.1 Entire Agreement. This Lease sets forth all the agreements between City and Tenant concerning the Property, the Premises, the Building and the Public Area; and there are no agreements either oral or written, other than as set forth herein.

19.1.2 Time of Essence. Time is of the essence of this Lease.

19.1.3 Attorneys' Fees. In any action or proceeding which either Party brings against the other to enforce its rights hereunder, the unsuccessful Party shall pay all costs incurred by the prevailing Party, including reasonable attorneys' fees, which amounts shall be a part of the judgment in said action or proceeding.

19.1.4 Severability. If any provision of this Lease or the application of any such provision shall be held by a court of competent jurisdiction to be invalid, void or unenforceable to any extent, the remaining provisions of this Lease and the application thereof shall remain in full force and effect and shall not be affected, impaired or invalidated.

19.1.5 Governing Law; Venue. This Lease shall be construed and enforced in accordance with the laws of the state of California without regard to principles of conflicts of laws. Any action filed to enforce or interpret this Lease shall be filed and heard exclusively in the Superior Court of San Bernardino County or the federal district court for the Central District of California, Eastern Division.

19.1.6 No Option. Submission of this Lease to Tenant for examination or negotiation does not constitute an option to lease, offer to lease or a reservation of, or option for, the Premises; and this document shall become effective and binding only upon the execution and delivery hereof by City and Tenant.

19.1.7 Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the successors and assigns of City and, subject to compliance with the terms of Section 16, Tenant.

19.1.8 Third Party Beneficiaries. Nothing herein is intended to create any third-party benefit.

19.1.9 Memorandum of Lease. City may elect to have either this Lease or a short form memorandum hereof recorded pursuant to the requirements of California Government Code section 37393. Tenant shall cooperate with City in executing and acknowledging any such memorandum of lease. Upon the expiration or other termination of this Lease, Tenant shall immediately execute and deliver to City a quitclaim deed to the Premises, Building, and/or Property, as required, in recordable form, designating City as transferee or grantee.

19.1.10 No Agency, Partnership or Joint Venture. Nothing contained herein nor any acts of the Parties hereto shall be deemed or construed by the Parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture by the Parties hereto or any relationship other than the relationship of landlord and tenant.

19.1.11 Merger. The voluntary or other surrender of this Lease by Tenant or a mutual cancellation thereof or a termination by City shall not result in a merger and shall, at the option of City, terminate all or any existing subtenancies or may, at the option of City, operate as an assignment to City of any or all of such subtenancies.

19.1.12 Headings. Section headings have been inserted solely as a matter of convenience and are not intended to define or limit the scope of any of the provisions contained herein.

19.1.13 Business Records. Tenant shall upon City's request provide City with copies of Tenant's Business operational records, including but not limited to check registers, general ledgers, balance sheets, profit and loss statements, bank records, tax returns and other documents as may be reasonably necessary to verify the business income. The Tenant shall provide City with a written report for each month within 30 days after the end of each month.

19.2 Signs. All signs and graphics of every kind visible in or from public view or corridors, the exterior of the Premises, the exterior of the Building, or on monuments installed or caused to be installed by, for the benefit of, or at the request of Tenant ("**Signs and Graphics**") shall be subject to City's prior written approval, shall be in keeping with the character of the Building and shall be subject to any applicable governmental laws, ordinances, and regulations and in compliance with City's signage program, including, but not limited to, the City of Rialto's Sign Regulations. At Tenant's sole cost and expense, Tenant shall remove all such Signs and Graphics prior to the expiration or earlier termination of this Lease. Such installations and removals shall be made in such manner as to avoid injury or defacement of the Property; and Tenant shall repair any injury or defacement, including without limitation, discoloration caused by such installation or removal. Tenant shall be responsible for all fees, costs and expenses associated with installation and removal of Signs and Graphics. In the event any such fees, costs or expenses are incurred by City (whether directly or indirectly), City shall deliver to Tenant an invoice, with reasonable supporting documentation, and Tenant shall reimburse City for those amounts within fifteen (15) days after receipt of such invoice. Notwithstanding anything in this Lease to the contrary, City is not required to provide Signs and Graphics beyond the standards set forth in the Rules and Regulations. Under no circumstances shall Tenant install or operate lighted signage.

19.3 Waiver. No waiver of any default or breach hereunder shall be implied from any omission to take action on account thereof, notwithstanding any custom and practice or course of dealing. No waiver by either Party of any provision under this Lease shall be effective unless in writing and signed by such Party. No waiver shall affect any default other than the default specified in the waiver and then such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant shall not be construed as a waiver of any subsequent breach of the same.

19.4 Limitation of Liability. The obligations of City under this Lease are not personal obligations of the individual officials, officers, agents or employees of City, and Tenant shall look solely to the Premises for satisfaction of any liability of City and shall not look to other assets of City nor seek recourse against the assets of the individual officials, officers, agents, electeds, appointeds, volunteers, or employees of City. Whenever City transfers its interest, City shall be automatically released from further performance under this Lease and from all further liabilities and expenses hereunder and the transferee of City's interest shall assume all liabilities and obligations of City hereunder from the date of such transfer.

19.5 Notices. All notices to be given hereunder shall be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, or delivered by personal or courier delivery (immediately followed by one of the preceding methods), to City's Address and Tenant's Address, as applicable, as set forth in Item 1 and 2 of the Basic Lease Information, or to such other place as City or Tenant may designate in a written notice given to the other Party. Notices shall be deemed served upon the earlier of: a) receipt by the receiving Party; or b) three

(3) days after the date of mailing.

19.6 Brokerage Commission. City and Tenant each represents that neither has been represented by any broker in connection with this Lease, and that no real estate broker's commission, finder's fee or other compensation ("**Commission**") is due or payable. Tenant agrees to indemnify and hold harmless the Owners from any claims or liability, including reasonable attorneys' fees, in connection with a claim by any person for a Commission based upon any statement, representation or agreement of Tenant.

19.7 Authorization. Each individual or entity executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant and that such execution is binding upon Tenant.

19.8 Holding Over; Surrender.

19.8.1 Holding Over. If Tenant holds over the Premises or any part thereof after expiration or earlier termination of the Term, such holding over shall constitute a month-to-month tenancy, at a rent equal to two hundred percent (200%) of the Base Rent in effect immediately prior to such holding over and shall otherwise be on all the other terms and conditions of this Lease. This Section 19.8.1 shall not be construed as City's permission for Tenant to hold over. Acceptance of Rent by City following expiration or termination shall not constitute a renewal of this Lease or extension of the Term except as specifically set forth above. If Tenant fails to surrender the Premises upon expiration or earlier termination of this Lease, Tenant shall indemnify and hold harmless the Owners from and against all loss or liability resulting from or arising out of Tenant's failure to surrender the Premises, including, but not limited to, any amounts required to be paid to any tenant or prospective tenant who was to have occupied the Premises after the expiration or earlier termination of this Lease and any related attorneys' fees and brokerage commissions.

19.8.2 Surrender. Upon the termination of this Lease or Tenant's right to possession of the Premises, Tenant will surrender the Premises, together with all keys, in good condition and repair, reasonable wear and tear excepted. Conditions existing because of Tenant's failure to perform maintenance, repairs or replacements shall not be deemed "**reasonable wear and tear**".

19.9 Joint and Several. If Tenant consists of more than one person, the obligation of all such persons shall be joint and several.

19.10 Compliance with Law. Tenant and its officers, employees, agents, sublessees and assigns shall be bound by and comply with all applicable federal, state and local laws, statutes, ordinances, administrative orders, rules or regulations relating to its duties, obligations, rights and performance under the terms of this Lease.

19.11 Covenants and Conditions. Each provision to be performed by Tenant hereunder shall be deemed to be both a covenant and a condition. This Lease shall be construed as though the covenants between City and Tenant are independent and not dependent. Tenant expressly waives the benefit of any statute to the contrary, and agrees that even if City fails to perform its obligations under this Lease, Tenant shall not be entitled to make repairs or perform

any acts at City's expense, or to any setoff against Rent or other amounts owing under this Lease against City.

19.12 Force Majeure. If outside the control of a Party, it shall not be considered to be in default or breach of this Agreement, and shall be excused from performance or liability for damages to the other Party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Lease, arising out of or from any action, inaction, order, ruling, moratorium, regulation, statute, condition or other decision of any governmental agency having jurisdiction over any portion of the Property, over the construction anticipated to occur thereon or over any uses thereof, or by fire, flood, inclement weather, strikes, lockouts or other labor or industrial disturbance (whether or not on the part of agents or employees of either Party hereto engaged in the construction of the Premises), civil disturbance, epidemic, pandemic, quarantine, order of any government, court or regulatory body claiming jurisdiction or otherwise, acts of terrorism, act of public enemy, war, riot, sabotage, blockade, embargo, failure or inability to secure materials, supplies or labor through ordinary sources by reason of shortages or priority, discovery of hazardous or toxic materials, earthquake, or other natural disaster, or any cause whatsoever beyond the reasonable control of the Party (*excluding financial inability*) whose performance is required, or any of its contractors or other representatives, whether or not similar to any of the causes hereinabove stated.

19.12.1 Any Party claiming a Force Majeure event shall use reasonable diligence to remove the condition that prevents performance and shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Force Majeure event. Each Party shall use its best efforts to mitigate the effects of such Force Majeure event, remedy its inability to perform, and resume full performance of its obligations hereunder. A Party suffering a Force Majeure event ("**Affected Party**") shall notify the other Party ("**Non-Affected Party**") in writing ("**Notice of Force Majeure Event**") as soon as reasonably practicable specifying the cause of the event, the scope of commitments under the Agreement affected by the event, and a good faith estimate of the time required to restore full performance. Except for those commitments identified in the Notice of Force Majeure Event, the Affected Party shall not be relieved of its responsibility to fully perform as to all other commitments in the Agreement. If the Force Majeure event continues for a period of more than ninety (90) days from the date of the Notice of Force Majeure Event, the Non-Affected Party shall be entitled, at its sole and absolute discretion, to terminate the Agreement.

19.12.2 For the avoidance of doubt, Force Majeure shall not include a Party's financial inability to perform its obligations hereunder. Notwithstanding the preceding, upon the occurrence of a Force Majeure event, City may, at City's sole and absolute discretion, reduce the amount of rent due during the Force Majeure event, provided, however, that the amount of any such reduction shall be repaid in monthly installments during the remainder of the term of the Lease following the cessation of the Force Majeure event. Any unpaid balance at the end of the term of the Lease shall be due and payable in full immediately.

19.13 Rights to Terminate. Both Tenant and City may terminate this Lease upon sixty (60) days' prior written notice, only on the grounds of a default of the Lease consistent with Section 15. Notwithstanding the foregoing, City may terminate this Lease absent a default in the event that City determines that the Premises require repair or restoration, City may terminate this

Lease upon sixty (60) days' prior written notice to Tenant. In the event that the Lease obligations become a demonstrable financial burden on Tenant, Tenant and City agree to negotiate an alternative rent structure or lease termination.

19.14 Governmental and Proprietary Roles; Actions by City. Except where clearly and expressly provided otherwise in this Lease, the capacity of the City in this Lease shall be as owner and lessor of property only ("**Proprietary Capacity**"), and any obligations or restrictions imposed by this Lease on the City shall be limited to that capacity and shall not relate to, constitute a waiver of, supersede or otherwise limit or affect its governmental capacities, including enacting laws, inspecting structures, reviewing and issuing permits, and all of the other legislative and administrative or enforcement functions pursuant to federal, state or local law ("**Governmental Capacity**"). When acting in its Proprietary Capacity, discretionary actions may be undertaken by the City Manager or other designees as designated by the City Manager to the extent otherwise provided for in this Lease. In addition, nothing in this Lease shall supersede or waive any discretionary or regulatory approvals required to be obtained from the City under applicable law, nor guarantee that the City, in its Governmental Capacity, will grant any particular request for a license, permit or other regulatory approval. Lessee understands that the City may grant or deny such request in its sole and absolute discretion and may impose such terms and conditions as it deems consistent with that discretion and applicable law.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have executed this Lease on or prior the Lease Commencement Date.

CITY
CITY OF RIALTO,
a municipal corporation

TENANT

By: _____
Snacks SB, LLC, dba Nine Eight Five
Coffee

By: _____,
City Manager

Date: _____, 2025

Date: _____, 2025

Attest:

By: _____
Barbara McGee,
City Clerk

Approved as to Form:

By: _____
Eric S. Vail,
City Attorney

EXHIBIT A

PROPERTY



Legal Description of Properties

APN: 0130-222-26

All that certain real property situated in the City of Rialto, County of San Bernardino, State of California, described as follows: (APN: 0130-222-26).

Parcel 1 of Parcel Map No. 3426, in the City of Rialto, County of San Bernardino, State of California, as shown on Map filed in Book 30, Page 60 of Parcel Maps, in the Office of the County Recorder of said County.

APN: 0130-222-27

All that certain real property situated in the City of Rialto, County of San Bernardino, State of California, described as follows: (APN: 0130-222-27).

Parcel 2 of Parcel Map No. 3426, in the City of Rialto, County of San Bernardino, State of California, as shown on Map filed in Book 30, Page 60 of Parcel Maps, in the Office of the County Recorder of said County.

APN: 0130-271-36

All that certain real property situated in the City of Rialto, County of San Bernardino, State of California, described as follows: (APN: 0130-271-28 (Portion)).

That Portion of Section 11, Township 1 South, Range 5 West, in the City of Rialto, County of San Bernardino, State of California, as shown on Map of the Town of Rialto, filed in Book 4, Page 10 of Maps, in the Office of the County Recorder of said County, being the land described in Deed recorded August 13, 2015 as document No. 2015-0348163, in official records of said County.

Excepting therefrom any portion lying Southerly of a line that is parallel with the distant 50.00 feet northerly from the centerline of the main track of the Atchison, Topeka and Santa Fe Railway Company as shown on said Map.

APN: 0130-271-33

All that certain real property situated in the City of Rialto, County of San Bernardino, State of California, described as follows: (APN: 0130-271-28 (Portion) and 0130-271-33 (Portion)).

That Portion of Section 11, Township 1 South, Range 5 West, in the City of Rialto, County of San Bernardino, State of California, as shown on Map of the Town of Rialto, filed in Book 4, Page 10, of Maps, in the Office of the County Recorder of said County, being a portion of land described in official records of said County, and also being portion of Parcel C and D of that Amendment to Grant Deed recorded August 13, 2015 as Document No. 2015-0348163, in official records of said County, and also being a portion of Parcel C and D of that amendment to Grant Deed recorded May 1, 1995 as Document No. 95-138330, in official records of said county, more particularly described as follows:

Beginning at the Southeasterly corner of Lot 22 in Block 14 of said Map of the Town of Rialto, said corner being at the Westerly line of Riverside Avenue, 150.00 feet wide, as shown on the said Map; Thence Southerly along the Southerly prolongation of said Westerly line, 79.73 feet, more or less, to a point on a line that is parallel with and distant 50.00 feet Northerly from the centerline of the main track of the Atchison, Topeka and Santa Fe Railway Company as shown on said Map; Thence Westerly along said parallel line, 670.32 feet, more or less, to the Southerly prolongation of the centerline of Palm Avenue, 60.00 feet wide, as shown on said Map; Thence Northerly along said Southerly prolongation, 98.21 feet, more or less, to the Westerly prolongation of the Southerly Boundary of Block 13 of said Map of the Town of Rialto; Thence Easterly along said Westerly prolongation, along said Southerly Boundary of Block 13 and its Easterly prolongation, and along the Southerly Boundary of said Block 14, a distance of 670.07 feet more or less, to the point of beginning (portion of APN: 0130-271-33).

Excepting therefrom any portion from said land described in Grant Deed recorded August 13, 2015, lying Northerly of said line that is parallel with the distant 50.00 feet Northerly from said centerline of the main track of the Atchison, Topeka and Santa Fe Railway Company (Portion of APN: 0130-271-28).

EXHIBIT B

BUILDING

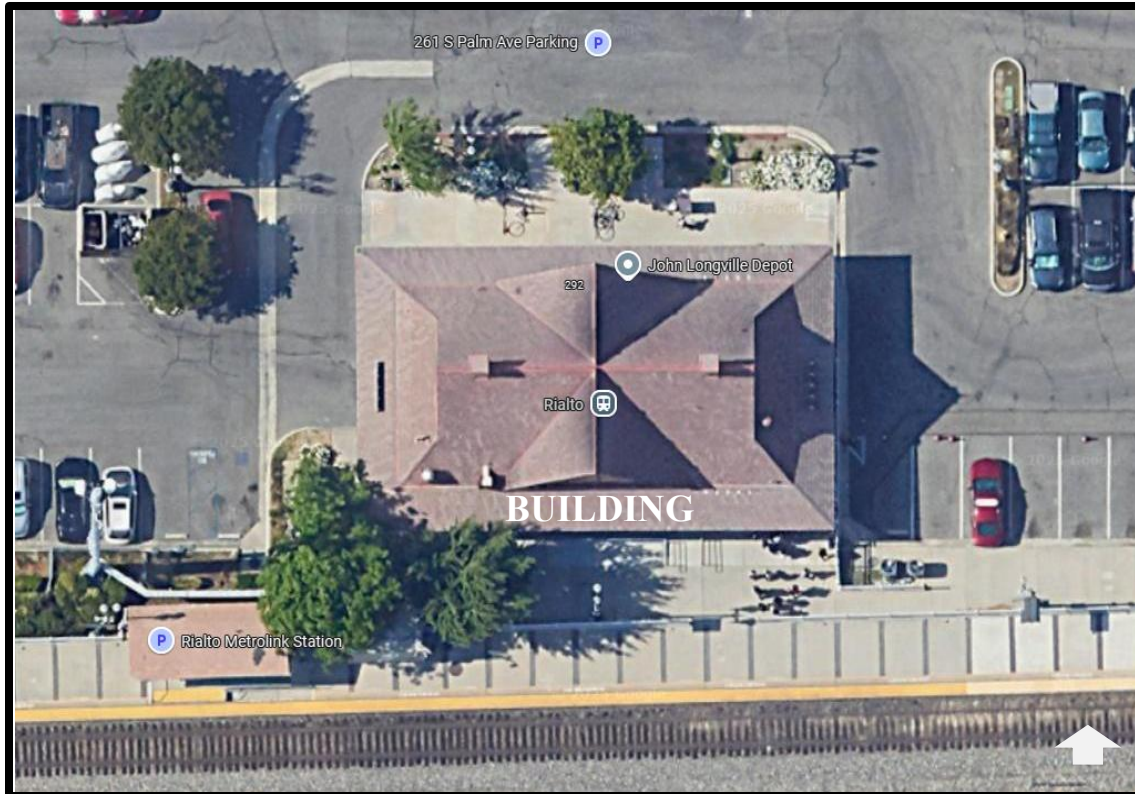




EXHIBIT C
PREMISES

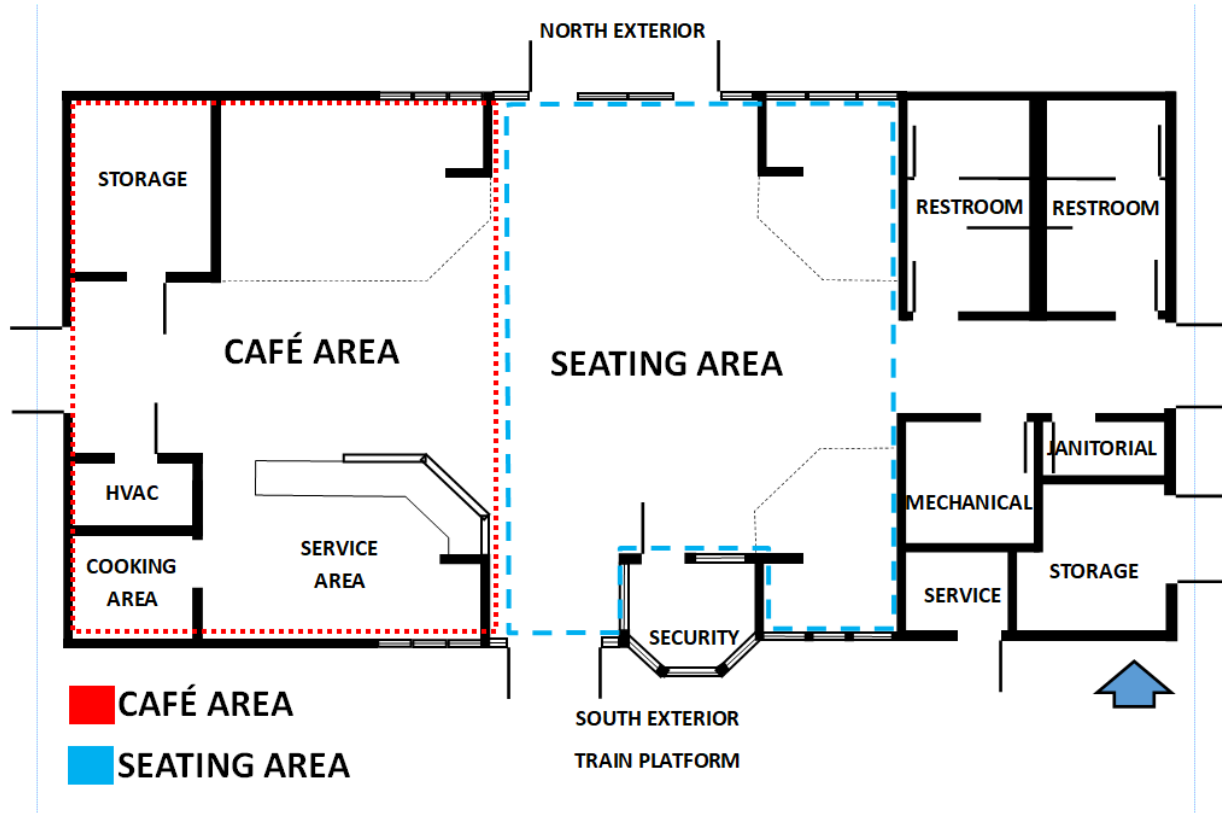


EXHIBIT D

RULES AND REGULATIONS

Tenant shall comply with the following Rules and Regulations. the Owners shall not be responsible to Tenant for the nonperformance of any of these Rules and Regulations.

1. Locks; Keys. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining City's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys shall be furnished by City for the Premises, Tenant shall not make copies of the keys. Any additional keys required by Tenant must be obtained from City at a reasonable cost to be established by City.
2. Admission to Building. The Owners and their respective agents shall not be liable for damages for any error concerning the admission to, or exclusion from, the Building of any person. City reserves the right, in the event of invasion, mob, terrorist event, riot, public excitement, or other commotion, to prevent access to the Building or Property during the continuance of that event by any means it considers appropriate for the safety and protection of life and property.
3. Requirements of Tenant. Any special requirements of Tenant not set forth as an obligation of City under the Lease will be considered only upon written application to City at City's address set forth in the Lease. City, including its employees and agents, shall not perform any work or do anything outside their regular duties unless under special instructions from City.
4. Use of Plumbing Facilities: Responsibility for Damage. The plumbing facilities (including but not limited to any and all restrooms, toilets, urinals, wash bowls, drains, and other apparatus) shall be used for no purpose other than that for which they were constructed, and no foreign substance of any kind shall be thrown into them. The expense of any breakage, stoppage, or damage resulting from violation of this rule shall be borne by the tenant who caused, or whose employees or agents caused, the breakage, stoppage, or damage.
5. Inflammable or Combustible Fluids or Materials: Foul or Noxious Gases or Substances; Nontoxic Materials. Tenant shall not use, or keep, or allow to be used or kept, in or on the Property or any portion thereof, any foul or noxious gas or substance, kerosene, gasoline, or other inflammable or combustible fluid or material, except those used in the normal course of a café use, stored and disposed of in compliance with all applicable Hazardous Materials Laws. All materials, fabrics, and products used in Tenant's furnishings, wall and floor coverings, and ceiling installations shall be nontoxic and subject to the prior approval of City's architect or engineer. Nothing contained herein is intended or shall be construed to alter or diminish any obligations of Tenant under any portion(s) of its Lease addressing environmental matters and compliance, indemnities, Hazardous Materials Laws, Hazardous Materials, or similar matters, or compliance with laws, ordinances, regulations, codes and other governmental requirements.
6. Exclusion or Expulsion. City reserves the right to exclude or expel from the Property, or any portion thereof, any person who, in City's judgment, is under the influence of alcohol or drugs or commits any act in violation of any of these Rules and Regulations.

7. Smoking; Illegal Substances. Smoking of any products (including but not limited to tobacco) and use of illegal substances is strictly prohibited in the Building and within 20 feet of the doors of the Premises or any portion thereof as per state law.

8. Operation of Electricity, Water and Air-Conditioning. Tenant shall not waste electricity, water, or air-conditioning and shall cooperate fully with City to ensure the most effective operation of the Building's heating and air-conditioning system, if any.

9. Compliance With Safety Regulations. Tenant shall comply with all safety, fire protection, and evacuation procedures, policies and regulations established by City or by any government agency. Nothing contained here is intended or shall be construed to alter or diminish any obligations of Tenant under any portion(s) of its Lease addressing compliance with laws, ordinances, regulations, codes and other governmental requirements.

10. Extermination. Tenant agrees not to permit the extermination of vermin to be performed in, on or about the Property or any portion thereof except by a person or company reasonably designated by City and at times reasonably designated by City.

11. Obstructions. Tenant and Tenant's employees shall not in any way unreasonably obstruct any sidewalks, entry passages, pedestrian passageways, driveways, entrances and exits to the Building or Property, and they shall use the same only as passageways to and from the Premises. At no time shall Tenant, its employees or agents be permitted to conduct work activity (except for normal loading and unloading of vehicles) nor store wooden pallets, boxes, goods or other materials outside the confines of Tenant's Premises.

12. Compliance With Insurance Requirements, Warranties. Tenant shall not do anything in the Premises, or bring or keep anything therein, which will in any way increase or tend to increase the risk of fire or the rate of fire insurance or similar coverage carried or available to City as set forth in Section 7.1 of the Lease, or which shall conflict with the regulations of the fire department or the law or with any insurance policy on the Premises or any part thereof, or with any rules or regulation established by any administrative body or official having jurisdiction. Tenant shall promptly comply with the reasonable requirements of any board of fire insurance underwriters or other similar body now or hereafter constituted. Tenant shall not take any action which would abrogate any warranties.

13. Title Encumbrances. Tenant shall not do any act which shall in any way encumber the title of City in and to the Property or any portion thereof.

14. Disposal of Trash and Garbage. Tenant shall store all trash and garbage within the interior of the Premises unless otherwise permitted by City in writing. Tenant shall not place or have placed in the trash boxes or receptacles any material that may not or cannot be disposed of in the ordinary and customary manner of removing and disposing of trash in the vicinity of the Building. In disposing of trash and garbage, Tenant shall comply fully with any law or ordinance governing that disposal. All trash, garbage, and refuse disposal shall be made only through routes, at times, and at locations as designated by City. Tenant shall be responsible for the placing of all refuse in the appropriate compactor and for providing trash receptacles and plastic liners for Tenant's food facility on the interior and exterior (if applicable) of the building.

15. Provision of Information to Tenant's Employees. Tenant shall comply with requests by City that Tenant inform Tenant's employees and agents of items of importance to City.

16. Prohibited Uses and Activities.

16.1 Any use, operation or activity which causes or produces any discharges of noxious, toxic, hazardous or corrosive fumes or gases into the air;

16.2 Any use, operation or activity which causes or produces any noise or sound that, because of excessive or unusual volume, duration, intermittence, beats, frequency, or pitch is objectionable to Occupants, customers or visitors to the Property or any portion thereof;

16.3 Any use, operation or activity which causes or produces any excessive smoke emission;

16.4 Any use, operation or activity which causes or produces the attraction of flies, insects, rodents or other animals, or the creation or emission of dust or dirt, except for normal and reasonable café use;

16.5 Any use, operation or activity which causes or produces any emission of any air pollutants in violation of any state or federal standards, or the discharge of toxic substances or hazardous waste material or any fats, oils or grease into any sewer system or storm drain serving the Property in a manner that will result in any leaching into the soil, or release into the atmosphere or water table;

16.6 Hazardous or unsafe uses by reasons of danger of fire or explosion, or uses that will increase the fire hazard rating on the Property or other properties, or uses objectionable or offensive to the Property or adjoining properties;

16.7 Uses in violation of any applicable laws, orders, rules regulations or policies of any governmental authority, including applicable zoning and land-use laws, ordinances, resolutions or policies of the City;

16.8 Any construction, erection, or placement of ornamentation or other objects or equipment, permanently or temporarily, on the outside portions of the Property, whether such portion is improved or unimproved, except as specifically permitted by City; and

16.9 Additional prohibited uses as determined by City from time to time.

17. Maintenance. Maintenance and repair of Tenant's food facility fixtures, equipment, interior facilities and premises are the responsibility of Tenant. If there is evidence of Tenant abuse or neglect causing utility maintenance, City will charge Tenant for the direct cost of repairs. If there is evidence of the Tenant abuse or neglect causing needed maintenance in common areas or with common equipment (e.g., garbage disposal, receiving area, rest rooms, public areas), City will charge Tenant for the direct and indirect cost of repairs.

18. Fire and Safety Codes. The Tenant will maintain its food facility according to all appropriate state, City of Rialto's ordinances, including, but not limited to, the City of Rialto's

adopted Fire Code. The Tenant's food facility will be subject to periodic inspection by the Tenant's personnel plus state and local inspectors.

19. Equipment and Furnishings. The Tenant is responsible, at his/her sole expense, for providing and maintaining any and all equipment and furnishings needed to operate the food facility. All equipment and furnishings will be removed at the end of the contract period and the Premises returned to the City in its original state, reasonable wear and tear excepted. The Tenant will submit a list of all equipment and furnishings that are installed and used, along with their specifications, including utilities, voltage, plumbing, amperage, water/drains, etc. The City requests that all Tenant electrical equipment be Energy Star rated equipment. The Tenant will provide a common seating area / program space on the common floor area with appropriate finishes, furnishings, and accessible pathways.

20. Sanitation. The Tenant will maintain its food facility and ensure that all employees perform according to all appropriate state, county, City of Rialto health codes. The Tenant's retail area will be subject to periodic inspection by the City of Rialto, local, and state officials. The Tenant will take all appropriate precautions to ensure that sanitation is maintained to the highest possible degree. The Tenant will be responsible for the cleaning of the entire Premises and Public Areas including service, preparation and storage areas, equipment, floors, ceiling and walls. All areas will be kept orderly, sanitary and in good condition and be kept free of insects, rodents, vermin and other pests. City shall be released from any and all liability concerning a case of food borne illness that is traced to the Tenant's food facility.

21. Exterior Areas. Tenant's use of any exterior areas of the Premises shall not block or impeded pedestrian traffic and, further, shall not impede ingress and egress from the Premises.

22. Conflict. In the event of any conflict between these Rules and Regulations or any further or modified Rules and Regulations from time to time issued by City and the Lease provisions, the Lease shall govern and control.