

**RENTAL AGREEMENT FOR
PROPERTY AT
'D' Street Transit Property**

This Rental Agreement ("this Agreement") is made by and between the City of Lompoc, a California municipal corporation ("City") and Apex Building Systems, Inc., a California corporation ("Renter") on January 1, 2015.

RECITALS

WHEREAS, City owns property at 320 North 'D' Street, Lompoc, California; and

WHEREAS, Renter desires to rent from City a portion of the property located at 320 North 'D' Street, Lompoc, CA 93436, described in Exhibit "A" and incorporated herein by reference ("Premises") for the purpose of temporarily operating a wood truss manufacturing business ("Business") while a permanent Business location is being secured; and

NOW, THEREFORE, incorporating the foregoing Recitals herein, it is mutually agreed as follows:

1. Renter agrees to rent from City the Premises for a period described in Section 3 below and the other terms and conditions set forth in this Agreement.

2. Premises. Premises is further defined as comprising approximately 35,000 square-feet of building and paved open space and approximately 13,000 square-feet shared driveway access, more particularly identified as outlined in Exhibit "A." Renter understands and acknowledges that Renter uses the Premises in an as-is condition as maintained at the time of executing this Agreement. Renter further understands and acknowledges that all oil, gas and mineral rights are expressly reserved from this Agreement.

3. Term. The term of this Agreement shall be for a six-month period commencing on January 1, 2015, and terminating on June 30, 2015, unless sooner terminated as provided in this Agreement.

This Agreement will be automatically renewed for an additional six-month period, at the end of each six-month term.

Either party may terminate this Agreement after the initial six-month period, upon giving 60-days' prior written notice by certified mail to the other party. Renter shall pay all costs, including attorney's fees, if any, for removing property from the Premises.

4. Use of Premises. Renter shall use the Premises solely for the purpose of the Business. Renter further understands and acknowledges that any activity, which violates federal, state or local laws, including activity that causes structural or other damage to the

Premises, including surfaces, or detracts from a clean and orderly appearance of the Premises is prohibited. Renter further acknowledges and understands that Renter is responsible for and liable to City for any and all damage occurring on or around Premises as a result of Business operation.

5. Rent Amount. Renter agrees to pay to City at 100 Civic Center Plaza, Lompoc, California, as rent for the use and occupancy of the Premises, monthly rent of Five Thousand Dollars (\$5,000.00) during the term of this Agreement ("Rent"). Partial months shall not be prorated. Rent is due on the first day of each month while this Agreement is in effect.

6. Rent Adjustments. Effective July 1st of each year, the Rent shall be determined based upon the following adjustment:

(i) For the purpose of this adjustment, the basic index to be used for adjusting the rental rate shall be the Consumer Price Index ("CPI") for Urban Wage Earners and Clerical Workers U.S. City Average published by the U.S. Department of Labor, Bureau of Labor Statistics (CPI) for the month of or nearest April 1st of each year.

(ii) Effective July 1st of each year during the term of this Lease Agreement, including July 1st of 2015, the monthly rental rate shall increase by the then current CPI as defined in paragraph (i), plus one percent (1%).

(iii) In the event the CPI decreases to the point of reflecting a negative figure for that year, the rental rate shall not change.

(iv) If at any time, during the term of this Agreement, the CPI is no longer available, then a comparable economic indicator shall be used to determine the annual rent adjustment.

7. Deposit. Renter agrees to deposit the sum of Five Thousand Dollars (\$5,000.00) with City prior to any use of the Premises. Such deposit will be used to reimburse the City for any damages identified by City as caused by Renter. Any remainder of the deposit shall be returned to Renter within thirty (30) business days of the final date of use, along with an explanation of charges taken against the deposit.

8. Late Charges. Rent payments, and other costs and charges authorized hereunder, not received by City on or by the tenth day of the month when due are subject to a late penalty, without notice to Lessee, of one and one half percent (1.5%) per month.

9. Condition of Premises.

A. Renter has inspected the Premises and understands the extent and condition thereof and accepts it in its present condition, subject to and including all defects, latent or patent. Renter shall keep and maintain the Premises, improvements, and fixtures in a clean, safe, and orderly condition at all times. Renter shall not commit or suffer to be

committed any waste upon the Premises, improvements, and fixtures or commit or allow any nuisance or other act which may disturb or interfere with the Premises.

B. Renter shall not use, keep, store or place on the Premises any petroleum products or any materials that are in any way hazardous, toxic, radioactive or explosive, except those which are necessary and appropriate to accomplish the purpose of this Agreement. All such materials shall be used, stored, handled, dispensed and disposed of as required by applicable governmental regulations and laws. Any spills of such materials by Renter anywhere on the Premises shall be immediately reported to the City and cleaned up by Renter, at Renter's sole expense, in accordance with standards of the industry and applicable governmental regulations and laws.

C. Renter shall not permit or suffer any liens of any kind to be filed against the Premises as a result of any obligation, malfeasance, negligence, or omission of Renter, and that Renter shall diligently take all necessary and proper steps to remove and discharge any liens which are filed.

10. Alterations. Renter shall not alter the Premises without prior written approval from City.

11. Insurance. Renter shall not occupy the Premises before obtaining the insurance specified below and providing City with copies of said insurance.

A. General Liability Insurance. Including premises and operations, products, completed operations, contractual liability, independent contractors, and broad form property damage coverages. This insurance shall be on a commercial insurance, occurrence form with an endorsement naming the City of Lompoc as Additional Insured and with a standard cross-liability clause or endorsement. The limit amount for this insurance shall be not less than One Million Dollars (\$1,000,000) per occurrence combined single-limit for bodily injury and property damage.

B. Personal Property. Renter understands and agrees that it is Renter's sole responsibility to obtain insurance covering Renter's personal property, which is located on the Premises.

C. Documentation. Renter shall present to City, prior to occupying the Premises, a certificate evidencing the required coverage, naming City and each of its officers, employees and agents as Additional Insured. All insurance required by express provisions of this Agreement shall be carried only in responsible insurance companies licensed to do business in the State of California. All such policies shall be non-assessable and shall contain language, to the extent obtainable, to the effect (1) any loss shall be payable notwithstanding any act or negligence of City or any of its officers, employees or agents that might otherwise result in failure of the insurance; (2) insurer waives the right of subrogation against City and any of its officers, employees or agents; (3) the policies are primary and non-contributing with any insurance that may be carried by City; and (4) the policies cannot be canceled or materially changed except after thirty-days' written notice by

the insurer to City. Renter shall furnish City with copies of all such policies prior to occupancy of the Premises.

12. Release and Indemnification. Except as otherwise provided in this Agreement, Renter shall defend, indemnify and hold harmless City and each of its officers, employees and agents from any and all liability, claims, loss, damages, or expenses, including reasonable attorney's fees and costs, arising by reason of the death or injury of any person, including Renter or a person who is an employee or an agent of Renter, or by reason of damage to or destruction of any property, including property owned by Renter or any person who is an employee or agent of Renter, caused or allegedly caused by (1) any cause whatsoever while that person or property is in or on the Premises or in any way connected with the Premises or with any improvements or personal property on the Premises; (2) some condition of the Premises or some building or improvement on the Premises; (3) some act or omission on the Premises of Renter or any person in, on or about the Premises with the permission and consent of Renter; or (4) any matter connected with Renter's occupation and use of the Premises.

13. Right of Entry. Renter shall permit City's authorized agents the right and privilege at all times of entering the Premises for the purposes of inspection, determining whether the terms of this Agreement are being kept and performed, and posting notices of nonresponsibility.

14. Default or Breach. If Renter (a) fails to pay or cause to be paid any tax, assessment, insurance premium, lien, claim, charge, or demand herein provided to be paid or caused to be paid by Renter at all times and in the manner herein provided; or (b) defaults in the payment of any installment of rent or any other sum when due and provided; or (c) fails to use, maintain, and operate the Premises as herein required, or abandon the property; or (d) defaults in the performance of or breach of any other covenant, condition, or restriction of this Agreement herein provided to be kept or performed by Renter; then City may terminate this Agreement immediately. Each term and condition of this Agreement shall be deemed to be both a covenant and a condition. Upon default or breach by Renter, City may, in addition to all other remedies available in law or equity, recover all damages proximately resulting from the breach or default, including, but not limited to, the cost of recovering the Premises, and attorneys' fees.

Appointments of a receiver to take possession of Renter's assets, Renter's general assignment for the benefit of creditors, Renter's insolvency, and Renter's taking or suffering action under the Bankruptcy Act are breaches of this Agreement. Upon any such event, City shall have the option to terminate this Agreement or to require Renter provide additional security by means of a cash security deposit, advance rental payments, or such other action as City deems prudent to protect the Premises and the public fiscally.

15. Surrender of Premises. Upon expiration of the term of this Agreement, Renter shall leave the surrendered Premises and any other property in a well-maintained manner.

16. Assignment/Subletting. Neither this Agreement nor any interest herein shall be assigned, either voluntarily or involuntarily, by Renter, or by operation of law or otherwise, nor shall the Property, or any part thereof, be sublet by Renter.

17. Security. City does not warrant the security of Renter's property at the Premises, including but not limited to equipment, fuels, tools, and vehicles.

18. Sole Agreement; Amendments. This Agreement constitutes the sole and final agreement between City and Renter respecting the rental of the Premises. No prior agreement or understanding pertaining to rental of the Premises is effective. This Agreement may be modified only by a writing signed by the parties.

19. Binding on Successors. This Agreement and each of its provisions shall be binding upon and shall inure to the benefit of the respective heirs, executors, administrators, trustees, successors, and assigns of the parties.

20. Waiver. City's waiver of breach of any provision of this Agreement shall not be treated as a continuing waiver of such provision or as a waiver of any future breach of the same or other provision of the Rental Agreement. City's acceptance of rent shall not be treated as a waiver of Renter's previous breach of any provision of this Agreement. No custom or practice which may arise or develop between the parties in the course of the term of this Agreement shall be construed to waive or diminish City's right to insist upon Renter's performance of all terms, covenants, and conditions hereof, or to pursue any rights and remedies City may have if Renter defaults in performance of this Agreement.

21. General. If any term or provision of this Agreement or any application thereof shall be invalid or unenforceable, the remainder of this Agreement and any other application of its terms or provisions shall not be affected thereby. The captions of this Agreement are for the convenience of reference only and shall not define or limit any of the Rental Agreement's terms and provisions. The relationship created by this Agreement is one of landlord-tenant. This Agreement is not intended to create a joint venture or any relationship other than landlord-tenant.

Renter's use of the Premises shall at all times fully comply with this Agreement, all applicable federal, state and local laws and regulations, and all signs and lawful instructions of City staff. In utilizing the Premises, Renter shall not discriminate against any person or class of persons by reason of race, color, creed, sex, religion or national origin.

22. Attorneys' Fees: In any action or proceeding by either party to enforce this Agreement or any provision thereof, the prevailing party shall be entitled to all costs incurred and to reasonable attorneys' fees.

23. Notices. Any notice required by law or pursuant to this Agreement shall be deemed to be fully given when written and dispatched by registered mail, return receipt requested, postage prepaid, to the parties at the addresses below. Notices shall be deemed served on the date of postmark.

CITY OF LOMPOC

Attn: Aviation/Transportation
100 Civic Center Plaza
P.O. Box 8001
Lompoc, CA 93438-8001
(805) 875-8268

RENTER

Tyler Vaughan
Apex Building Systems, Inc.
P.O. Box 1152
Santa Maria, CA 93456
(____) _____

IN WITNESS WHEREOF, the parties have executed this Lease Agreement as of the date first above written.

CITY OF LOMPOC

APEX BUILDING SYSTEMS, INC.

By: _____
Patrick Wiemiller
City Administrator

By: _____

Its: _____

By: _____

Its: _____

ATTEST:

Stacey Alvarez, City Clerk

APPROVED AS TO FORM:

By: _____
Joseph W. Pannone
City Attorney