

**REQUESTED BY AND
WHEN RECORDED RETURN TO:**

City of Lompoc
100 Civic Center Plaza
Lompoc, CA 93436
Attention: City Clerk

APN: 093-051-014

[SPACE ABOVE FOR RECORDER'S USE ONLY]
Exempt from filing/recording fees per Govt. Code §27383

LEASE AGREEMENT

THIS LEASE AGREEMENT ("**Lease**") is made and entered into on January 1, 2022, by and between the CITY OF LOMPOC, a California municipal corporation ("**Landlord**"), and MICHELLE MARTINEZ and MICHAEL MARTINEZ (jointly and severally) doing business as "Rivers Edge Pet Lodge" ("**Tenant**").

RECITALS

A. Landlord owns that certain improved real Leased Premises consisting of approximately 5.37 acres and improved with a structure, located at 1700 North "H" Street in the City of Lompoc, County of Santa Barbara, State of California, as legally described on Exhibit "A" attached hereto ("**Property**").

B. Landlord intends to lease approximately 0.92 acres of the Property as depicted on Exhibit "A-1" attached hereto ("**Leased Premises**").

C. In November 2021, Tenant acquired the business commonly known as "River's Edge Pet Lodge" ("**Business**") from River's Edge Pet Lodge, Inc., a California corporation dba Don Woodward ("**Seller**").

D. Seller was in possession of the Leased Premises (defined below) pursuant to a lease with the Landlord which expires by its terms as of January 31, 2024 ("**Existing Lease**"). Landlord was not requested to and did not consent to an assignment of the Existing Lease to Tenant. However, Tenant took possession of the Leased Premises and is in possession of the Leased Premises.

E. Landlord is willing to enter into this Lease with Tenant upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, Landlord and Tenant hereby agree as follows:

1. LEASE OF LEASED PREMISES. Subject to the terms of this Lease, Landlord hereby leases to Tenant, and Tenant hires from Landlord, the Leased Premises on the terms and conditions set forth in this Lease.

2. TERM.

a. Term; Effective Date. The term of this Lease shall commence on January 1, 2022 (“**Effective Date**”), and terminate on December 31, 2026 (“**Term**”), unless earlier terminated as provided by this Lease.

b. Extensions. By mutual written agreement prior to expiration, the parties may, each in their sole and absolute discretion, agree in writing to extend the term of this Lease from January 1, 2027, through December 31, 2031, and thereafter from January 1, 2032, through December 31, 2036.

c. Holding Over. If Tenant holds over beyond the Term, with Landlord's express or implied consent, shall be a month-to-month tenancy only, unless the parties otherwise specifically agree in writing.

3. RENT.

a. Base Rent. Tenant agrees to pay to Landlord at 100 Civic Center Plaza, Lompoc, California, 93438, as rent for the use and occupancy of the Leased Premises the sum of Two Thousand Two Hundred Twenty-Two Dollars (\$2,222) per month (“**Base Rent**”), payable in advance on the Effective Date and on the first day of each ensuing month during the Term subject to adjustment pursuant to Section 3.b.

b. Annual Adjustments. Effective July 1, 2022, and each July 1 thereafter, during the Term, a new monthly Base Rent shall be determined by Landlord and thereafter paid by Tenant, based upon the following:

(i) For the purpose of this adjustment, the basic index to be used for adjusting the rent 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, for the month of or nearest April 1st of each year.

(ii) Effective each July 1st during the term of this Lease, the monthly rental shall be increased by the sum of (A) the percentage as the increase in the CPI from the prior year to the current year, plus (B) one percent (1%). In the event the basic index (CPI) decreases to the point of reflecting a negative figure for that year, the rental rate shall increase one percent (1%).

(iii) If the foregoing index is, at any time, no longer available, then a comparable economic indicator shall be used to determine the annual rent adjustment.

c. Rent under Prior Lease. Tenant has been in possession of the Leased Premises and, therefore, shall pay the sum of Two Thousand, Two Hundred Nineteen Dollars (\$2,219) for the Leased Premises for the month of December 2021 which sum shall be paid to Landlord by the Effective Date.

d. Late Charges. If any Base Rent (or any additional Rent) is not received by Landlord within five (5) days of the due date, Tenant shall pay to Landlord an additional sum equal to the greater of: (i) One Hundred Thirty Dollars (\$130), or (ii) six percent (6%) of the amount not paid, as a late charge which is agreed to represent a reasonable estimate of the costs incurred by Landlord on account of such delinquency. Acceptance of a late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord.

e. Interest. Any sums not paid when due shall bear interest until paid in full at the rate of ten percent (10%) per annum but not to exceed the maximum rate allowed by law.

f. Miscellaneous. All rent to be paid by Tenant to Landlord shall be in lawful money of the United States of America and shall be paid in advance and without deduction or offset, prior notice or demand. All monetary obligations of Tenant under this Lease, including, but not limited to, insurance premiums, Leased Premises taxes, maintenance expenses, late charges, and utility costs shall be deemed "**Rent**" for purposes of this Lease.

4. SECURITY DEPOSIT. Prior to the Effective Date, Tenant shall deposit the sum of Two Thousand Five Hundred Dollars (\$2,500) as a security deposit ("**Initial Security Deposit**"). Furthermore, no later than March 31, 2022, Tenant shall deposit an additional Two Thousand Five Hundred (\$2,500) ("**Additional Security Deposit**") with Landlord as additional security for Tenant's performance of Tenant's obligations hereunder. The Initial Security Deposit as increased by the Additional Security Deposit is hereinafter referred to as the "**Security Deposit.**" The Security Deposit may be deposited in Landlord's general accounts and Landlord shall not be obligated to pay interest on the Security Deposit. If Tenant defaults with respect to any provisions of this Lease, including, but not limited to, the provisions relating to the payment of Rent, Landlord may, without notice to Tenant, but shall not be required to apply all or any part of the Security Deposit for the payment of any Rent or any other sum in default and Tenant shall, upon demand therefor, restore the Security Deposit to its original amount. Any unapplied portion of the Security Deposit shall be returned to Tenant within sixty (60) days following the termination of this Lease. Tenant shall not be entitled to any interest on the Security Deposit and Landlord shall have the right to commingle the Security Deposit with Landlord's other funds. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code and all other provisions of law, now or hereafter in effect, which (i) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (ii) provide that a landlord may claim from a security deposit only those sums reasonably necessary to

remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Section 4 and/or those sums reasonably necessary to compensate Landlord for any loss or damage caused by Tenant's default of this Lease, including, but not limited to, all damages or rent due upon termination of this Lease pursuant to Section 1951.2 of the California Civil Code.

5. TAXES.

a. Mandatory Disclosure. Notice is hereby given to Tenant pursuant to California Revenue and Taxation Code Section 107.6 and Health and Safety Code Section 33673 that the interest of Tenant created in the Leased Premises pursuant to this Lease may be subject to real property taxation and accordingly Tenant may be subject to the payment of real property taxes levied on said possessory interest.

b. Payment of Taxes. To the extent that any *ad valorem* tax is imposed, or sought to be imposed, on the Leased Premises (either in the form of a possessory interest tax or otherwise), Tenant shall pay, at the election of Landlord, either directly to the taxing authority or to Landlord, annual real estate taxes and assessments levied upon the Leased Premises (including any possessory interest taxes), as well as taxes of every kind and nature levied and assessed in lieu of, in substitution for, or in addition to, existing real property taxes. Such amount shall be paid on the date that is twenty (20) days prior to the delinquent date or, if Landlord receives the tax bill, ten (10) days after receipt of a copy of the tax bill from Landlord, whichever is later. Upon termination of this Lease, Tenant shall immediately pay to Landlord any final amount of Tenant's share of such taxes and assessments as determined by Landlord. Tenant agrees Tenant is solely responsible for the timely payment before delinquency of possessory interest taxes and any other tax, levy or assessment upon the Leased Premises, Tenant's personal property, improvements, and fixtures upon the Leased Premises. Tenant shall indemnify, defend and hold Landlord harmless from any liability, claims, loss, or damage resulting from any taxes, assessments, or other charges to be paid by Tenant and from all interests, penalties, and other sums imposed thereon and from any sales or other proceedings to enforce collection of any such taxes, assessments, or other charges.

6. USE.

a. Use. The Leased Premises is leased to Tenant solely for the operation of a veterinary clinic, boarding kennel for small pets, cattery, pet grooming business, retail sales of pet food and supplies, and a pet crematorium. Tenant shall not use, or permit to be used, any part of the Leased Premises for any purpose other than the purposes for which the Leased Premises is leased. Tenant shall not change or modify the use of the Leased Premises without first obtaining the written consent of Landlord in its sole discretion. All operations incident to this use of the Leased Premises shall be carried on according to the best course of business practiced in the vicinity.

b. Continuous Operations Covenant. Tenant shall continuously operate the Business during normal business hours of 8am to 5pm Monday through Friday except for national and state holidays.

c. Permits. Tenant represents and warrants to Landlord that, as of the Effective Date, Tenant has acquired the proper use permits and approvals for the conduct of its Business on the Leased Premises and shall provide copies of same to Landlord prior to the Effective Date.

d. Prohibited Uses. Tenant shall not sell or permit to be kept, used, displayed or sold in or about the Leased Premises (a) pornographic or sexually explicit books, magazines, literature, films or other printed material, sexual paraphernalia, or other material which would be considered lewd, obscene or licentious; (b) any article which may be prohibited by standard forms of fire insurance policies; (c) any controlled substances, narcotics, or the paraphernalia related to the same; or (d) alcoholic beverages unless expressly permitted by Landlord, in writing and in advance of the storage or consumption of the same. Tenant shall not do or permit anything to be done in or about the Leased Premises which will in any way obstruct or interfere with the rights of other parties or injure or annoy them or use or allow or permit the Leased Premises to be used for any improper, immoral, unlawful, or objectionable purpose. Tenant shall not cause, maintain or permit any nuisance in or about the Lease Premises, nor commit or suffer to be committed any waste or storage of any environmental hazardous materials in or upon the Lease Premises.

e. No Hazardous Materials. Tenant shall not use, keep, store, or place in or on the Leased 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 Lease. 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 Tenant anywhere on the Leased Premises shall be immediately reported to the Landlord and cleaned up by Tenant, at Tenant's sole expense, in accordance with standards of the industry and applicable governmental regulations and laws.

f. Compliance with Laws. Tenant shall, at its sole cost and expense, comply with all of the requirements of all municipal, state and federal authorities now in force or which may hereafter be in force pertaining to the use of the Leased Premises, and shall faithfully comply with all municipal ordinances, including, but not limited to, the General Plan and zoning ordinances, state and federal statutes, or other governmental regulations now in force or which shall hereinafter be in force. The judgment of any court of competent jurisdiction, or the admission of Tenant in any action or proceeding against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any such order or statute in said use, shall be conclusive of that fact as between Landlord and Tenant.

g. Parking Limitations. Neither Tenant nor any other person shall park or keep any motor home, boat, trailer or other recreational vehicle, inoperable automobile or

vehicle for sale on the Leased Premises without the prior permission of the Landlord. Occasional overnight occupancy shall be allowed for the purpose of caring for sick animals.

h. No Waste. Tenant shall not commit or permit others to commit any waste or nuisance upon the Leased Premises, or commit or allow any other act thereon that could disturb the quiet enjoyment of Landlord, any adjacent property owner, or persons properly upon the Leased Premises or upon adjacent or nearby Leased Premises.

i. Nuisance. Tenant specifically agrees to take all necessary measures during the term of this Lease to eliminate and abate any adverse effects of Tenant's, including without limitation noise, odor, etc. In the event of Landlord's receipt of complaints from any person regarding Tenant's operations hereunder, Tenant agrees to cooperate fully with Landlord to promptly and effectively remove or satisfactorily reduce the noise or other aspect of Tenant's business operations giving rise to the complaint. If such corrective actions by Tenant fail to resolve the problem within five (5) days and complaints continue to be lodged with Landlord, Landlord may, by giving ten-days written notice to Tenant, terminate this Lease and forfeit Tenant's interest in the Leased Premises and in any improvements or facilities on, in, or appertaining to the Leased Premises.

j. No Liens. Tenant hereby agrees Tenant will not permit or suffer any liens of any kind to be filed against the Leased Premises as a result of any obligation, malfeasance, negligence, or omission of Tenant, and that Tenant shall diligently take all necessary and proper steps to remove and discharge any liens which are filed.

7. CONDITION OF LEASED PREMISES.

a. AS-IS Condition. As noted in the Recitals, Tenant has possession of the Leased Premises and had an opportunity to inspect and investigate the Leased Premises as it deemed necessary prior to acquiring the Business and executing this Lease and, therefore, accepts the Leased Premises in the condition as of the Effective Date.

b. Disclaimer. Landlord makes no covenant or warranty respecting the Leased Premise's condition or suitability for Tenant's use under this Agreement. Tenant represents Tenant has made an independent inspection of the Leased Premises and is not relying upon any representation or warranty whatsoever from Landlord as to suitability or fitness for Tenant's desired uses. Landlord does not warrant the security of Tenant's personal property or fixtures on the Leased Premises, including but not limited to vehicles, inventory, equipment, and animals. Furthermore, Landlord has not agreed to make any improvements to the Leased Premises.

c. Lease Subject to Existing Matters. This Lease is subject to all existing easements, servitudes, licenses, and rights of way for canals, ditches, levees, roads, highways, and telephone, telegraph, and electric power lines, railroads, pipelines, and other purposes, whether or not of public record.

d. Mandatory Disclosure. Pursuant to California Civil Code Section 1938, Landlord provides the following statutory notice to Tenant:

“A Certified Access Specialist (CASp) can inspect the subject Leased Premises and determine whether the subject Leased 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 Leased Premises, the commercial Leased Premises owner or Landlord may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject Leased 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 Leased Premises.”

Landlord advises Tenant that the Leased Premises has not gone through CASp Inspection.

8. REPAIRS & MAINTENANCE; ALTERATIONS.

a. Maintenance and Repair. At all times during this Lease, Tenant shall, at Tenant's sole cost and expense, keep and maintain the Leased Premises and all improvements located thereon including, but not limited to, landscaping, on the Leased Premises in good order and repair and in a safe, clean, sanitary, neat, tidy, orderly, and attractive condition, including without limitation, the maintenance and repair of any doors, window casements, glass, glazing, heating and air conditioning systems, plumbing, pipes, electrical wiring and conduits, and concrete work, day-to-day cleaning and janitorial services, and maintenance of all landscaping on the Leased Premises. Tenant shall also at its sole cost and expense be responsible for any alterations or improvements to the Leased Premises necessitated as a result of the requirement of any municipal, state or federal authority. Tenant waives all right to make repairs at the expense of Landlord, and Tenant shall obtain any required governmental permits for any maintenance or repair work required under this Lease. Tenant waives all rights provided for by the California Civil Code make said repairs. Tenant agrees on the last day of the Term or sooner termination of this Lease, to surrender the Leased Premises, with appurtenances, in good condition and repair with the additional any improvements authorized by Landlord and not required to be removed, and in a good, clean and sanitary condition, reasonable use and wear excepted. Landlord reserves the right, under Section 17, to inspect the Leased Premises to assure that Tenant is in compliance with its obligations under this Lease.

b. Weeds & Plants. Tenant will not permit any noxious weeds to go to seed on the Leased Premises, and all seeds and plants planted or stored thereon shall be free from noxious weeds and seeds. Tenant shall maintain the landscaping on the Leased Premises to a level of maintenance acceptable to the Landlord. Whenever Tenant removes plants from the Leased Premises, Tenant will immediately proceed to cultivate the land from which such plants have been removed so that no weeds may grow thereon.

c. Alterations. Tenant shall not make any alterations to the Leased Premises without the prior written consent of Landlord. Tenant may provide a written request to Landlord specifying in reasonable detail the nature and extent of the requested improvements (“**Requested Work**”) including the location as well as a cost estimate of such improvements (“**Requested Improvements Notice**”). Within thirty (30) days of Landlord’s receipt of the Requested Improvements Notice, Landlord shall respond in writing specifying its approval or disapproval. If Landlord approves the Requested Work, Tenant shall be solely responsible for the cost, shall provide a detailed summary of the proposed alterations and the time period for the Requested Work for Landlord’s review and approval. Upon approval by Landlord, Tenant shall provide a completion and payment bond, use a licensed California contractor, obtain all applicable permits, secure builder’s risk insurance coverage which names Landlord as an additional insured, comply with applicable laws (including prevailing wage and bonding for public projects if applicable) and pay for all the Requested Work in a timely manner. Landlord shall have the right to review and inspect the Requested Work.

9. OPERATING COSTS. All costs incurred by Tenant in connection with Tenant’s use of the Leased Premises, including but not limited to, costs of maintaining the Leased Premises for Tenant’s use and occupancy pursuant to this Lease, refuse removal, water, electricity, and all other utilities, shall be borne and paid solely by Tenant when due.

10. WAIVERS OF LIABILITY AND INDEMNITY. Landlord shall not be liable for any damage to property of Tenant, or of others, located in, on or about the Leased Premises, nor for the loss of or damage to any property of Tenant or of others by theft or otherwise except if caused by the gross negligence or willful misconduct of Landlord or its employees, contractors or agents. Landlord shall not be liable to Tenant or its officers, employees, invitees or representatives for any injury or damage to persons or property on the Leased Premises for any cause of whatsoever nature. All Tenant’s personal property and Tenant’s equipment kept or stored on the Leased Premises at the sole risk of Tenant and Tenant shall hold Landlord harmless from any claims arising out of damage to the same, including subrogation claims by Tenant’s insurance carriers, unless such damage shall be proximately caused by the acts or omissions of Landlord, or its employees, contractors or agents.

Tenant shall defend, indemnify and hold harmless Landlord, and its officers, employees, invitees and agents, from and against any and all claims, actions, costs, expenses, judgments, awards, liabilities, penalties and demands whatsoever, together with reasonable attorney’s fees and court costs (collectively “**Damages**”) arising out of or concerning the activities of Tenant under this Lease, including, but not limited to, injury or death or damage to persons or property of invitees, agents, or employees of Landlord, Tenant or others, occurring in, on or about the Leased Premises and any resulting from any hazardous materials brought to the Leased Premises by or on behalf of Tenant by any of its officers, employees, invitees or agents. If any action or proceeding in connection with any such matters is brought against Landlord, or any of its officers, employees, invitees or agents, notice shall be given to Tenant and Tenant shall be furnished with a copy of any

papers served. Landlord shall have the right to defend any such action or proceeding, employing legal counsel selected by it. As between Landlord and Tenant, Landlord shall not be responsible or liable in any way for the presence of any toxic or hazardous materials brought onto the Leased Premises by Tenant or any of its officers, employees, agents or invitees, including compliance with any requirements imposed by applicable governmental authorities. Tenant's obligations in this section shall survive the termination of this Lease. This indemnification and hold harmless clause also shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

11. LIABILITY INSURANCE.

a. Insurance Requirements. Tenant shall, at Tenant's sole cost and expense, maintain during the entire term of this Lease liability insurance at least as broad as Insurance Services Office Commercial General Liability Coverage (occurrence form CG 0001) issued by an insurance company acceptable to Landlord and authorized to issue liability insurance in California, to protect against loss from liability imposed by law for damages on account of, but not limited to, (1) bodily injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Leased Premises and the business of Tenant on the Leased Premises, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of Tenant or its subtenants, or any person acting for Tenant, or under Tenant's control or direction, and also to protect against loss from liability imposed by law for (2) damages to any Leased Premises of any person occurring on or about the Leased Premises, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of Tenant or its subtenants, or any person acting for Tenant or under Tenant's control or direction. Such property damage and bodily injury insurance shall also provide for and protect Landlord against incurring any legal cost in defending claims for alleged loss.

b. Commercial Liability Insurance. Such commercial general liability insurance shall be maintained in full force and effect during the term of this Lease in the following amounts: Commercial general liability insurance with limits not less than \$1,000,000 for each occurrence, combined single limit for bodily injury and property damage. (If a general aggregate limit is used, then either the general aggregate limit shall apply separately to the property or the general aggregate limit shall be twice the required occurrence limit.) Any deductibles or self-insured retentions must be declared to and approved by Landlord. At the option of Landlord, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Landlord, its officers, officials, employees and volunteers, or Tenant shall provide a financial guarantee satisfactory to the Landlord guaranteeing payment of losses and related investigations, claims administration and defense expenses.

c. Additional Insureds. Landlord and its officers, officials, employees, and volunteers shall be named as additional insureds on all liability policies and policies shall provide that their coverage is primary.

12. FIRE AND CASUALTY INSURANCE. At all times during the Lease term, Tenant shall, at Tenant's sole cost and expense, keep all buildings, improvements, and other structures on the Leased Premises insured for their full insurable value by insurance companies authorized to issue such insurance in California against loss or destruction by fire and the perils commonly covered under the standard extended coverage endorsement to fire insurance policies in Santa Barbara County. Tenant also shall insure all buildings, improvements, and other structures on the Leased Premises against loss or destruction by windstorm, cyclone, tornado, hail, explosion, and riot, riot attending a strike, civil commotion, malicious mischief, vandalism, aircraft, fire, smoke damage, and sprinkler leakage. Any proceeds received because of a loss covered by such insurance shall be used and applied in the manner required by Section 14 of this Lease.

13. DEPOSIT OF INSURANCE WITH LANDLORD. Tenant shall within ten (10) days after the execution of this Lease and promptly thereafter when any such policy is replaced, rewritten, or renewed, deliver to Landlord a true and correct copy of each insurance policy required by this Lease or a certificate executed by the insurer(s) or their authorized agent(s) evidencing such coverage. Each insurance policy required of this Lease shall contain a provision that it cannot be materially altered or cancelled for any reason unless thirty (30) days prior written notice of such change is given to Landlord.

14. DESTRUCTION OF LEASED PREMISES; CONDEMNATION.

a. Destruction of Leased Premises. If during the Term any buildings or improvements now or hereafter on the Leased Premises are destroyed wholly or partially by fire, theft, the elements, or any other cause not Tenant's fault, then this Lease shall continue in full force and effect if Tenant so elects, and Tenant, at Tenant's own cost and expense, shall repair and restore the damaged or destroyed structures or improvements according to the original plan thereof unless otherwise approved in writing by Landlord. Tenant shall commence repair and restoration within sixty (60) 60 days after the damage or destruction occurs and shall complete the work with due diligence. Any and all fire or other insurance proceeds payable at any time during the term of this Lease because of damage or destruction of any structures or improvements on the Leased Premises shall be paid to Tenant and applied by Tenant toward the cost of repairing and restoring the damaged or destroyed structures; provided, however, that should Tenant legally terminate this Lease because of damage to or destruction of the buildings or improvements on the Leased Premises, all fire or other insurance proceeds payable because of such damage or destruction shall be paid to Landlord to compensate Landlord, at least in part, for the loss to Landlord's damaged or destroyed buildings or improvements.

b. Condemnation. In the event a condemnation or a transfer in lieu thereof results in a taking of any portion of the Leased Premises, Landlord may, or in the event a condemnation or a transfer in lieu thereof results in a taking of twenty-five percent (25%) or more of the Leased Premises, Tenant may, upon written notice given within thirty (30) days after such taking or transfer in lieu thereof, terminate this Lease. Tenant shall not be entitled to share in any portion of the award and Tenant expressly waives any right or claim

to any part thereof. Tenant shall, however, have the right to claim and recover, only from the condemning authority (but not from Landlord), any amounts necessary to reimburse Tenant for the cost of relocation and removing fixtures. If this Lease is not terminated as above provided, Landlord shall use a portion of the condemnation award to restore the Leased Premises.

15. QUIET ENJOYMENT. Landlord hereby covenants and agrees, if Tenant pays the Rent as herein provided and faithfully performs the terms and conditions on Tenant's part to be kept, observed and performed, then Tenant shall have the peaceful enjoyment of the Leased Premises during the term hereof, without hindrance or interference from Landlord as landlord. Nothing herein shall be deemed to limit the Landlord's use of its police powers.

16. ASSIGNMENT OR SUBLETTING. Tenant shall not assign this Lease in whole or in part, nor sublet or license all or any part of the Leased Premises, without the prior written consent of Landlord which consent may be withheld by Landlord unless such assignee or subtenant: (i) is financially responsible as evidenced by financial statements and other evidence reasonably acceptable to Landlord; (ii) Landlord is provided evidence and assurance that assignee can operate the Cafe and generate the maximum income to maximize the rent paid to Landlord; and (iii) no amount is paid by assignee to Tenant for the assignment and/or there is no sublease rent paid to Tenant. The consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting. Irrespective of any assignment or sublease, Tenant shall remain fully liable under this Lease and shall not be released from performing any of the terms, covenants and conditions of this Agreement. A transfer of any ownership interest in Tenant shall be deemed an assignment under this Lease. No interest of Tenant in this Lease shall be assignable by operation of law. Each of the following acts shall be considered an involuntary assignment: (i) if Tenant is or becomes bankrupt or insolvent, makes an assignment for the benefit of creditors,; or, if Tenant is a partnership or consists of more than one person or entity, if any partner of the partnership or other person or entity makes an assignment for the benefit of creditors, (ii) if a writ of attachment or execution is levied on this Lease or (iii) if, in any proceeding or action to which Tenant is a party, a receiver is appointed with authority to take possession of the Leased Premises. An involuntary assignment shall constitute a Default by Tenant, and Landlord shall have the right to elect to terminate this Lease, in which case this Lease shall not be treated as an asset of Tenant. Any assignment or sublease of the Leased Premises without the prior written consent of Landlord shall be a material default of this Lease.

17. ENTRY BY LANDLORD. Tenant shall permit Landlord and its agents to enter into and upon the Leased Premises at all reasonable times for the purpose of inspecting the same for compliance with applicable municipal or other laws, rule, and regulations, for the purpose of assuring that Tenant is complying with the terms and conditions of this Lease, for the purpose of confirming maintenance of the Leased Premises as required by this Lease, and/or to evaluate the completion of work requested and undertaken by Tenant (including compliance with correction notices, if any), or for the purpose of posting notices of non-liability for alterations, additions or repairs, or for the

purpose of placing upon the Leased Premises any usual or ordinary signs or any signs for public safety as determined by Landlord. Landlord shall be permitted to do any of the above without any liability to Tenant for any loss of occupation or quiet enjoyment of the Leased Premises. Tenant shall permit Landlord, at any time within six (6) months prior to the expiration of this Lease, to place upon the Leased Premises any usual or ordinary "For Lease" signs, and during such six (6) month period Landlord or his agents may, during normal operating hours, enter upon said Leased Premises and exhibit same to prospective tenants. The southern 60 feet of the Leased Premises shall remain free of obstructions to provide for access to Landlord's property not included in the Leased Premises.

18. DEFAULTS; REMEDIES; DEFAULT BY LANDLORD.

a. Defaults. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

- (i) Tenant's failure to make any payment of Rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice by Landlord to Tenant;
- (ii) Tenant assigns or subleases in violation of Section 16.
- (iii) Vacation, abandonment of the Leased Premises by Tenant or termination of operations in violation of Section 6.b;
- (iv) A failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, where such failure shall continue for a period of thirty (30) days after written notice by Landlord to Tenant; provided, however, that if the nature of the default involves such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within such thirty (30) day period and thereafter diligently prosecutes said cure to completion;
- (v) The making by Tenant of any general assignment or general arrangement for the benefit of creditors, or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located in or about the Leased Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located in or about the Leased Premises or of Tenant's interest in this Lease, where such seizure is not discharged in thirty (30) days.

Any repetitive failure by Tenant to perform its agreements and obligations, though intermittently cured, may, at the sole election of Landlord, be deemed an incurable default.

Two (2) breaches of the same covenant within a sixty (60) day period, a notice having been given pursuant to (a) or (b) above for the first breach, or three (3) of the same or different breaches at any time during the term of this Lease for which notices pursuant to (a) or (b) above were given for the first two (2) breaches, shall, at the election of Landlord, be conclusively deemed to be an incurable repetitive failure by Tenant to perform its obligations.

Any notice required to be given by Landlord under this Section 18.a. shall be in lieu of and not in addition to any notice required under Section 1161 of the California Code of Civil Procedure.

b. Remedies. In the event of any such material default or breach by Tenant, Landlord may at any time thereafter and without notice or demand and, without limiting Landlord in the exercise of a right or remedy Landlord may have by reason of such default or breach:

- A. Terminate Tenant's right to possession of the Lease Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Lease Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, the cost of recovering possession of the Lease Premises, expenses of reletting, including necessary renovation and alteration of the Lease Premises, for reasonable attorneys' fees and costs, any real estate commission actually paid, or the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid Rent for the balance of the Term after the time of such award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided. Unpaid installments of Rent or other sums shall bear interest from due date thereof at the rate of ten percent (10%) per annum or at the maximum legal rate then in effect in California, whichever is higher. In the event Tenant shall have abandoned the Lease Premises, Landlord shall have the option of (1) taking possession of the Lease Premises and recovering from Tenant the amount specified in this subparagraph, or (2) proceeding under the provisions of the following subparagraphs.
- B. Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover Rent as it becomes due hereunder.
- C. Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the State of California. Furthermore, Tenant agrees that no election by Landlord as to any rights or remedies available

hereunder or pursuant to any law or judicial decisions of the State of California shall be binding upon Landlord until the time of trial of any such action or proceeding.

D. Take custody of all personal property owned by Tenant on the Premises and to dispose of the personal property and to apply the proceeds from any sale of that property to Tenant's obligations under this Lease.

c. No Waiver. The waiver by Landlord of any term, covenant or condition shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition in this Lease. Acceptance of late payment of Rent by Landlord shall not be deemed a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease.

d. Landlord's Default. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Leased Premises whose name and address shall have theretofore been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be deemed in default if Landlord commences performance within a (30) day period and thereafter diligently prosecutes the same to completion. Tenant shall have the right to terminate this Lease as a result of Landlord's default but not to any damages.

e. Sale of Leased Premises. In the event of the sale of the Leased Premises, Landlord shall be entirely freed and relieved of all liability under any and all of the covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale. The purchaser, at such sale or any subsequent sale of the Leased Premises, shall be deemed, without any further agreements between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out each and all of the covenants and obligations of Landlord under this Lease.

19. SURRENDER OF LEASED PREMISES.

a. Surrender. Tenant shall surrender the Leased Premises to Landlord on the last day of the Term or on sooner termination of this Lease, in a safe and clean condition, reasonable use, wear excepted, and to promptly remove all of Tenant's personal Leased Premises from the Leased Premises and all buildings, structures, facilities, improvements or alterations thereto constructed by Tenant shall become part of the land upon which they are erected, and title thereto shall, upon termination, automatically vest in Landlord. Notwithstanding the foregoing, all uncompleted or partially or totally destroyed improvements shall, at Landlord's option, be removed prior to surrender of the Leased Premises, and the site of such improvements shall be returned to the same condition as prior to the execution of the Lease Agreement.

b. Abandonment. Tenant shall not vacate or abandon the Leased Premises at any time during the Term; and if Tenant shall abandon, vacate or surrender the Leased Premises or be dispossessed by process of law, or otherwise, any personal property belonging to Tenant and left on the Leased Premises shall be deemed to be abandoned, at the option of Landlord.

20. NOTICES. Wherever in this Lease it shall be required or permitted that notice and demand be given or served by either party to the other party, such notice or demand shall be given or served in writing and shall not be deemed to have been duly given or served unless in writing, and personally served or forwarded by certified mail return receipt requested, postage prepaid, addressed, to (a) Landlord, to City of Lompoc, 100 Civic Center Plaza, Lompoc, CA 93436, Attn: City Manager with a separate copy to the City Attorney at the same address; and (b) Tenant, at the Leased Premises. Either party may change the address set forth herein by written notice sent as provided hereinabove. Any notice or demand given by certified mail, return receipt requested, shall be effective two (2) days after the mailing thereof.

21. MISCELLANEOUS.

a. Time of the Essence. Time is hereby expressly declared to be of the essence of this Lease and of each and every provision hereof, and each such provision is hereby made and declared to be a material, necessary and essential part of this Lease.

b. Amendments. This Lease may not be amended or modified except in writing executed by both parties.

c. Governing Law. This Lease is to be construed, interpreted and enforced in accordance with California law. A suit brought to enforce the terms and conditions of this Lease shall be filed in the Superior Court of the County of Santa Barbara.

d. Attorneys' Fees. In any action or proceeding by either party to enforce this Lease or any provision thereof, the prevailing party shall be entitled to all costs incurred (including expert witness fees) and to any reasonable attorneys' fees incurred.

e. Binding on Successors. This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, but nothing in this paragraph shall be construed as consent by Landlord to any assignment of this Lease or any interest therein by Tenant.

f. Partial Invalidity. If any term or provision of this Lease or any application thereof shall be invalid or unenforceable, then the remainder of this Lease and any other application of such terms or provisions shall not be affected thereby.

g. Interpretation. This Lease shall be construed according to its fair meaning as if prepared by both parties. The captions of this Lease are for convenience of reference only and shall not define or limit any of its terms or provisions. All of Tenant's covenants hereunder shall be deemed and construed to be conditions as well as covenants as though the words specifically expressing or imparting covenants and conditions were used in each separate instance. The relationship created by this Lease is one of Landlord/Tenant. This Lease is not intended to create a joint venture or any relationship other than that of Landlord/Tenant.

h. Waiver. No delay or omission in the exercise of any right or remedy by a non-defaulting party shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Lease.

i. Estoppel Certificate and Subordination. Within seven (7) business days after notice from Landlord, Tenant shall execute, acknowledge and deliver to Landlord or its designee an estoppel certificate and/or subordination agreement together with Tenant's current financial statement. Tenant's failure to deliver such documents within the specified time period shall be a material default under this Lease. In addition, Tenant agrees to provide such financial statements of Tenant as may be reasonably required by Landlord or such lender or prospective purchaser.

j. Entire Agreement. This (i) Lease covers in full each and every agreement of every kind or nature whatsoever between the parties hereto concerning this Lease; (ii) supersedes any and all previous obligations, agreements and understandings between the parties, oral or written; and (iii) merges all preliminary negotiations and agreements of whatsoever kind or nature herein. Tenant acknowledges that no representations or warranties of any kind or nature not specifically set forth herein have been made by Landlord or its agents or representatives.

k. Nondiscrimination. Tenant herein covenants for itself, its heirs, executors, administrators and assigns and all persons claiming under or through it, and this Lease is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of race, sex, marital status, color, creed, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Leased Premises herein leased, nor shall Tenant itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the Leased Premises.

l. Recordation of Lease. In accordance with Government Code Section 37393, this Lease shall be recorded in the Official Records of Santa Barbara County.

Upon termination of the Lease, Tenant shall execute and acknowledge any documents reasonably requested by Landlord in order to terminate the Lease of record. This obligation shall survive termination of this Lease for any reason.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Lease on the day and year first above written.

LANDLORD:

CITY OF LOMPOC,
a municipal corporation

By: _____
Dean Albro, City Manager

ATTEST:

Stacy Haddon, City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Jeff Malawy, City Attorney

TENANT:

MICHELLE MARTINEZ

MICHAEL MARTINEZ

EXHIBIT "A"
LEGAL DESCRIPTION OF PROPERTY

That certain real property in the City of Lompoc, County of Santa Barbara, State of California, legally described as follows:

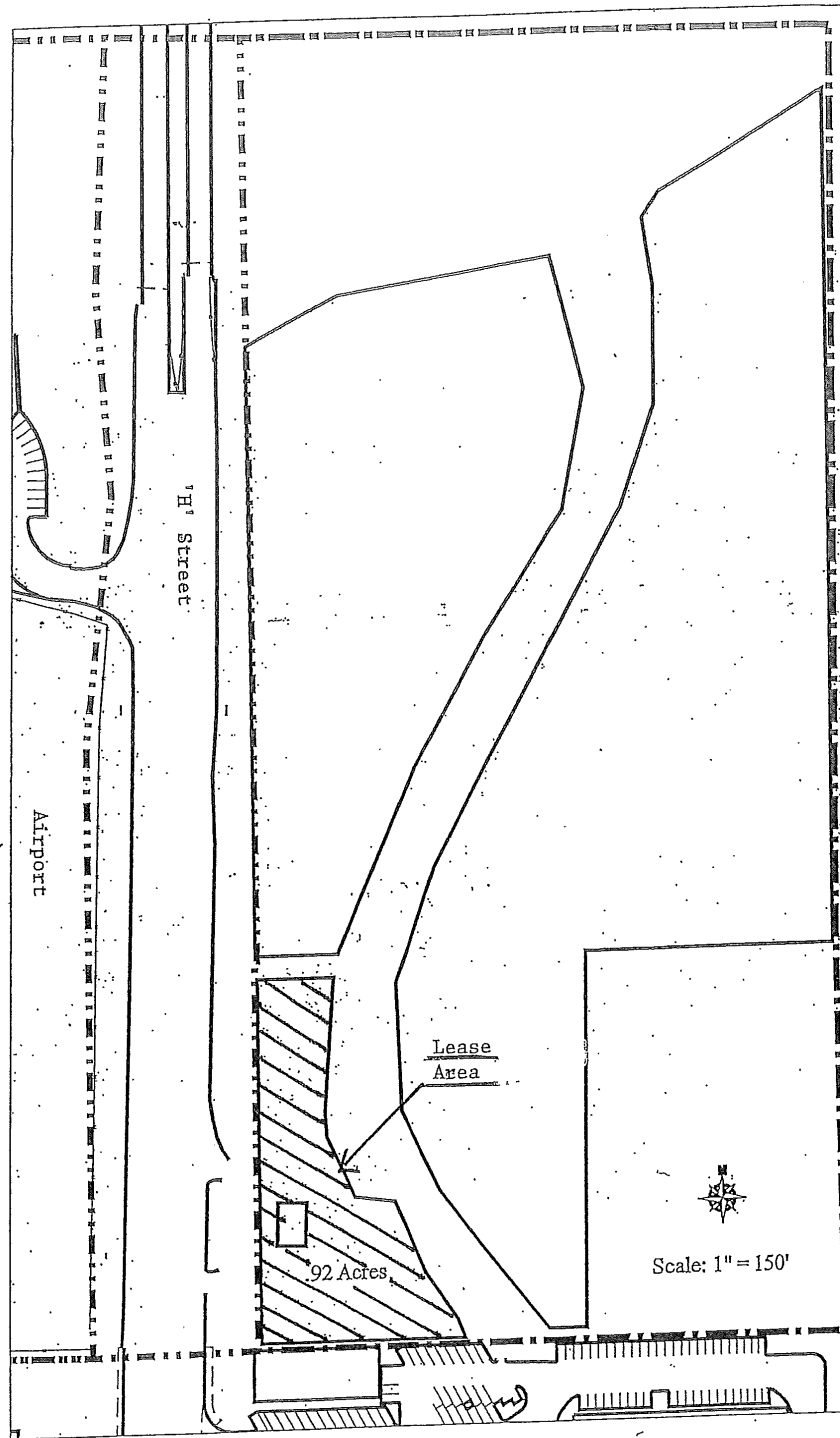
That portion of the Subdivision of Ranchos Lompoc and Mission Vieja in the City of Lompoc, County of Santa Barbara, State of California, according to the map thereof recorded in Book 1, page 45 of Maps and Surveys, described as follows:

Parcel "C" as shown on Parcel Map Lom 196-P in the City of Lompoc, County of Santa Barbara, State of California, filed in book 14, page 11 of Parcel Maps in the office of the County Recorder of said County;

Excepting therefrom all oil, gas, and petroleum, and other hydrocarbon substances and any minerals lying below a depth of 500 feet below the surface of said land without, however, the right to enter upon the surface of said land or any portion thereof lying above a plane parallel to and 500 feet vertically below the surface of said land;

Excepting and reserving therefrom the agricultural water well located in the Southerly 60 feet of said land, together with the right to use, repair and maintain said water well for agricultural irrigation purposes solely on Parcels A, B, C and D as described in Parcel Map LOM 195-F. Said exception is in favor of the predecessors in interest to Grantors herein, J. Byron Culbertson and Sharon Culbertson, husband and wife, and George R. Vance and Betty E. Vance, husband and wife ("Culbertson and Vance") in that certain Joint Tenancy Grant Deed recorded as instrument no. 78-1136 on Jan. 10, 1978 in the office of the county recorder of Santa Barbara County. For reservations of water rights, see the above referenced deed.

EXHIBIT "A-1"
DEPICTION OF LEASE PREMISES



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 202_ before me, _____, a notary public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

SEAL: