LEASE

CAPITOL GARAGE
1031 L Street
Lessee: John Boghossian

THIS LEASE, hereinafter referred to as a "Lease", is executed at Sacramento, California, on _____, between the CITY OF SACRAMENTO, a municipal corporation (hereinafter called the Lessor), and John Boghossian (hereinafter called Lessee).

1. **DESCRIPTION OF PREMISES**. Lessor leases to Lessee, and Lessee hires from Lessor, on the terms and conditions hereinafter set forth, those certain "Premises" situated in the City of Sacramento, County of Sacramento, State of California, known as a portion of the Capitol Garage and described as space consisting of approximately One Thousand Four Hundred (1,400) square feet of floor space, shown on the diagram attached hereto and marked Exhibit "A".

2. **PARKING SPACES**. During the term of this Lease, the Lessor agrees to make available to Lessee or its employees up to two (2) undesignated monthly parking spaces in the parking facility which houses the demised Premises at the current rental rate applicable to monthly parking in the garage by members of the public. Rental paid for said monthly parking spaces shall be in addition to the minimum monthly rental specified in Paragraph 5 of this lease. Lessor warrants that parking policies will apply equally and justly to all tenants.

3. **TERM**. The term of this Lease shall be as follows:

This Lease shall be effective upon execution by both parties. The date of execution by both parties shall be known as the "Lease Commencement Date."

(a) The Initial Lease Term of this Lease shall be for Sixty (60) full calendar months commencing October 1, 2007 and terminating at midnight on September 30, 2012.

(b) Lessee is entitled to One (1) 5-year option to extend this Lease ("Extended Term") following expiration of the Initial Lease Term, by giving notice to Lessor at least Six (6) months but not more than One (1) year before the expiration of the Initial Term to exercise the first Extended Term. If Lessee has been in default in the payment of rent as provided in the last sentence of Paragraph 6 of this Lease, more

than one time in any one-year period prior to the date the first Extended Term is to commence, the Lessor, at its sole discretion, may deny commencement of the Extended Term, at which point this Lease shall expire at the end of the Initial Term.

4. **OCCUPANCY** Lessee shall occupy the leased Premises upon Lease execution by Lessor and Lessee.

5. **RENT**

(a) Rent Charges shall begin December 1, 2007 (Rent Commencement Date).

(b) The minimum monthly rental charges shall be Two Thousand Six Hundred Sixty ($2,660) dollars per month, which is based on One Dollar and Ninety Cents ($1.90) cents per square foot, times approximately One Thousand Four Hundred (1,400) square feet, in lawful money of the United States of America, which Lessee agrees to pay Lessor, without deduction or offset, except as otherwise set forth in this lease, at such place or places as may be designated from time to time by Lessor, in writing to the Lessee, in installments as follows: Two Thousand Six Hundred Sixty ($2,660) Dollars on the Rent Commencement Date, and Two Thousand Six Hundred Sixty ($2,660) Dollars thereafter on the first day of each and every succeeding calendar month. Rent for any partial month of occupancy shall be prorated as to the number of days in such month. The monthly rental payments shall be due and payable on the first day of each month in advance.

(c) Every Twelve (12) Months of the Initial Lease Term, the monthly rent shall increase by Three (3%) percent over the prior year's lease rental rate except for year 5, during which rent will remain the same as the prior year. (See attached rent schedule Exhibit "C").

6. **DELINQUENT RENT**. In the event that rent payment is not received by Lessor on or before the Tenth (10th) day of the month for which rent is due, rent for that month shall be automatically increased by an amount equal to Ten (10%) percent ("Late Fee") of the current monthly rent. The Late Fee shall be in addition to and not in lieu of all other remedies of Lessor for failure to make timely payment of rentals pursuant to this Lease. In addition to the Late Fee, in the event that any rent payment is not actually received by Lessor on or before thirty (30) days after it is due, Lessee shall be considered in default under this Lease. All monetary obligations of Lessee to Lessor under the terms of this Lease, including but not limited to late fees, are deemed to be rent.

7. **RENT FOR EXTENDED TERM**.

a. In the event that Lessee exercises the option for an Extended Term as provided in Section 3(c) herein, the monthly rental payments during the Extended Term pursuant to the Option Notice shall be Fair Market Rent as of the Rent Determination Date as those terms are defined in this Section 7. Rent for an Extended Term shall not be less than the monthly rental payments in effect at the conclusion of the Initial Lease Term as specified in sections 5(b) and 5(c) or the Extend Term immediately preceding the Extended Term Option being exercised as specified in this Section 7.

b. As used in this Lease, Fair Market Rent shall be deemed to mean the amount of rent that would typically be paid by a tenant under a modified gross lease such as this Lease for premises of a similar type, design, and quality in the same or similar geographic area in which the Premises are situated under market leasing conditions existing as of the Rent Determination Date. For purposes of the determination of Fair Market Rent, the Fair Market Rent of the Premises shall be the rental rate at which tenants lease comparable space as of the commencement of the Rent Determination Date of the Option Term. For that purpose, comparable space shall be space that is: not subleased; not subject to another tenant's expansion rights; comparable in size, location and quality to the Premises; leased for a term comparable to the Option Term; and located in comparable buildings.

c. As used in this Lease, Rent Determination Date shall be deemed to mean the date on which Lessor is given the Option Notice.

d. If Lessee and Lessor cannot agree on the Fair Market Rent within thirty (30) days after the Rent Determination Date, the monthly rental payable during the Extended Term of the Lease corresponding to the Option Notice shall be determined as follows:

i. Within ten (10) days after the expiration of the thirty (30) day period, Lessee shall appoint a real estate appraiser with at least five (5) years of full-time commercial appraisal experience in the geographic area in which the Premises are allocated to appraise and determine the Fair Market Rent. Said appraisal shall be completed and provided to Lessor not later than seventy (70) calendar days after the Rent Determination Date. The cost of appointing such appraiser and of the appraiser's fees shall be borne solely by Lessee.

ii. If either Lessor or Lessee does not agree with the appraiser's Fair Market Rent, then within ten (10) days of receipt by Lessor

of the first appraisal, the parties shall jointly select a second appraiser who meets the qualifications stated in SubSection 6(d) (i) herein. Each of the parties shall bear one-half (1/2) of the cost of appointing the second appraiser and of the second appraiser's fee.

iii. The second appraisal shall conclusively determine the Fair Market rent for the Option Period.

iv. Lessee shall have no other right to extend the term beyond the Extended Terms.

8. **UTILITIES AND SERVICES**

(a) Lessor shall pay water, sanitary sewer and storm drainage charges that are associated with Lessee's use of the Premises.

(b) Except as otherwise provided for above and in Exhibit "C" of this Lease, Lessee shall pay for all other utilities and services serving the Premises, including, but not limited to, trash removal, natural gas and electricity.

9. **SERVICE AREAS AND GARBAGE REMOVAL**.

(a) Lessee agrees that all removal of garbage and refuse from the Premises shall be made only by way of loading areas, or such portion of the parking areas within the parking structure operated by Lessor, as Lessor may designate from time to time for such use by Lessee, and at such hours as may be designated by Lessor from time to time. Lessee shall comply with all applicable provisions of the Sacramento City Code related to refuse, garbage storage, removal and collection.

(b) Lessee shall tie all trash bags prior to placing trash bags in garbage receptacle(s). Lessee shall ensure that the lid on the garbage receptacle(s) into which Lessee's trash is placed is closed at all times the receptacle is not receiving trash. Lessee shall ensure that trash is not dragged on any surface.

(c) Lessee agrees to arrange and pay for trash removal on a regular schedule of at least once every three (3) days. Lessee shall arrange for trash to be removed more frequently if, in Lessor's reasonable discretion, odor, health, or safety problems caused by Lessee's garbage develop. If, in Lessor's reasonable discretion, odor, health, or safety problems caused by Lessee's garbage develop and Lessee has not arranged for Lessee's garbage to be picked up in accordance with this Lease, Lessor reserves the right to arrange for pickup of

Lessee's garbage and charge the reasonable cost of that removal to Lessee. In no event shall Lessor arrange the pickup of Lessee's garbage at the cost of the Lessee, without providing a minimum of 24 hours notice to Lessee.

10. **TAXES**. Lessee shall, in addition to other sums to be paid under this Lease, pay to the County of Sacramento all personal property taxes which shall be levied against the personal property of the Lessee. Lessee is also responsible for the payment of possessory interest tax. Pursuant to Section 107.6 of the California Revenue and Taxation Code, there may be a possessory interest tax levied by virtue of this Lease. Lessee shall be billed and shall pay the possessory interest tax directly to the County Assessor's Office.

11. **USE**. The Premises are leased to the Lessee for the purpose of operation of a clothier/tailor. Lessee shall not use or permit said Premises, or any part thereof, to be used for any other purpose(s). Lessor makes no warranty, express or implied, as to the suitability of the Premises for the specified use.

12. **INSURANCE HAZARDS**. Other than the approved use set forth in Paragraph 11 of this Lease, no use shall be made or permitted to be made of the Premises, nor acts done, which will increase the existing rate of insurance upon the building in which the Premises are located, or cause a cancellation of any insurance policy covering said building, or any part thereof, nor shall Lessee sell, or permit to be kept, used, or sold, in or about the Premises, any article which may be prohibited by the standard form of fire insurance policies. Lessee shall, at its sole cost and expense, comply with any and all requirements, pertaining to the Premises, of any insurance organization or company, necessary for the maintenance of reasonable fire and public liability insurance, covering the building and appurtenances.

13. **LESSOR/LESSEE INITIAL IMPROVEMENTS TO PREMISES**.

(a). Lessee shall bear the cost of the improvements and the cost of architectural and engineering consultants in connection with tenant improvements, except that Lessor shall contribute a Lessee Improvement Allowance not to exceed Twenty One Thousand ($21,000) Dollars for construction of the Lessee Improvements. Payment of Lessee improvement Allowance is conditioned upon Lessor's approval of Lessee's Improvement Plans described in section 13e and Exhibit D. Lessee agrees to prioritize and complete items 1 through 3 in Exhibit D before items 4 and 5 and Lessor will pay Tenant Improvement Allowance only upon completion of items 1 through 3 of Exhibiti D. The Lessee Improvement Allowance shall be paid to the Lessee within Thirty (30) business days of lessor receiving all invoices and unconditional lien releases from all persons performing labor or providing materials on or to the Premises, and providing copies of the lien releases, dated and with original

signatures, to the Lessor from Lessee's contractor. The amount of Tenant Improvement Allowance Lessor is obligated to pay shall not exceed the total invoiced amount for work described in Exhibit D.

(c). The Lessee Improvements may be commenced any time after the Lease Commencement Date and in advance of the Rent Commencement Date and shall be completed within a reasonable period of time following commencement of such improvements. However, no delay in completion of the Lessee Improvements shall change or extend the Rent Commencement Date or change or extend the date of the expiration of the Lease Term unless such delay is caused by Lessor's acts or omission.

(d). Lessor shall have no responsibility to make any improvements to the structure of the Premises including those required by federal and state disability access laws. Lessor will determine that the building shell meets all current federal and state disability access laws at time of delivery. Any of Lessee's specific changes to interior space that trigger additional requirements under federal and state disability access laws shall be Lessee's sole responsibility.

(e). Except for the Lessee Improvement Allowance, Lessor shall have no liability or responsibility for repairs to, changes to or code upgrades required in connection with the construction of the Lessee Improvements.

(f). Within thirty (30) business days after the execution of this Lease, Lessee shall provide Lessor with a set of floor plans and within sixty (60) days after the execution of this lease, Lessee will provide Lessor with a set of detailed drawings showing Lessee's proposed improvements to the Leased Premises. Within ten (10) business days after receipt of Lessee's plans, Lessor shall provide Lessee with written approval or disapproval of the improvements, with reasons for disapproval. Lessor may post a notice of non-responsibility prior to the start of any improvements. Lessee Improvements shall include, at a minimum, the improvements described in "Exhibit B".

(g). All construction work required or permitted by this Lease shall be done in a good and workmanlike manner, and in compliance with all applicable laws and ordinances, regulations, and orders of governmental authority and insurers of the Premises. Lessor may inspect the Lessee's work at reasonable times and shall promptly give notice of observed defects.

(h). Before starting any work, Lessee shall:

(i) Obtain all required governmental approvals and permits required to start construction; and

(ii) Satisfy all requirements regarding insurance imposed by this Lease; and

(iii) Deliver to Lessor a statement of the names of all contractors and subcontractors and the estimated cost of all labor and material to be furnished by them;

(iv) Cause Lessee's contractors to carry worker's compensation insurance covering all the contractors' and subcontractors' employees, and public liability insurance with limits of One Million Dollars ($1,000,000) and property damage insurance with limits of One Million Dollars ($1,000,000), both general and vehicular (all insurance to be written by companies licensed to do business in the State of California, and insuring Lessor and Lessee as well as the contractors);

(v) Deliver to Lessor certificates of all insurance, providing that insurance may not be canceled without thirty (30) days' prior written notice to Lessor. Lessor shall have the right during the term to increase the minimum liability limits specified above, to meet reasonable changed circumstances. Lessor shall be reasonable as to the cost of said changes. At all times Lessee shall keep the Premises free from and clear of mechanics' liens.

14. **ACCEPTANCE OF PREMISES**. **SURRENDER AT END OF TERM**. By signature hereto, Lessee accepts the Premises as being in good and sanitary order, condition and repair, and in the size and condition represented by Lessor, and agrees on the last day of the term, or sooner termination, of this Lease, to surrender the premises with appurtenances to the Lessor in broom clean condition reasonable use and wear excepted, and to remove all of Lessee's signs and personal property, not affixed to the premises, from the premises.

15. **WASTE. QUIET CONDUCT/QUIET ENJOYMENT**. Lessee shall not commit, or suffer to be committed, any waste upon the premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of any other Lessee in the building in which the Premises are located. Lessor covenants and represents that it has full right and lawful authority to enter into and perform the Lessor's obligations under this lease and that it has a fee simple title, in the building of which the premises is a part, free and clear of all conditions, covenants, restrictions, mortgages and other liens or defects in title of any nature whatsoever affecting the premises, or the rights granted Lessee in this Lease. Lessor further covenants that if Lessee shall discharge the obligations set forth to be performed by Lessee, Lessee shall have and enjoy, during

the term hereof, and all extensions herein provided, the quiet and undisturbed possession of the premises and all appurtenances appertaining thereto, together with the right to use the areas common to all lessees as in the this lease contemplated.

16. **LESSEE ALTERATIONS; MECHANICS' LIENS**

(a) Lessee shall not make, or suffer to be made, any alterations of the premises, or any part thereof, without the prior written consent of Lessor, which consent shall not be unreasonably withheld. All alterations, improvements, additions, or fixtures, other than trade fixtures not permanently affixed to realty, that may be made or installed upon the premises by either of the parties and that in any manner are attached to the floors, walls, or ceilings, shall be the property of the Lessor, and, at the termination of this Lease, shall remain upon and be surrendered with the premises as a part of the premises, without disturbance, molestation, or injury; provided, however, Lessee may remove trade fixtures, if Lessee repairs any damage to the premises caused by such removal.

(b) Lessee shall pay, when, due, all sums of money that may become due or purportedly due for any labor, services, materials, supplies, or equipment alleged to have been furnished or to be furnished to or for Lessee in, at, upon or about the premises and which may be secured by any mechanics', material men's or other lien against the premises or Lessor's interest in the premises, and Lessee shall cause each such lien to be fully discharged and released at the time performance of the obligation secured matures or becomes due. Alternatively, Lessee shall have the right to contest the correctness of the validity of any such lien if, immediately on demand by Lessor, Lessee procures and records a lien release bond issued by a corporation authorized to issue surety bonds in California in an amount equal to one and one-half times the amount of the claim of lien. The bond shall meet the requirements of California Civil Code Section 3143 and shall provide for the payment of any sum that the claimant may recover on the claim (together with costs of suit, if it recovers in the action). Lessor shall have the right to post and maintain on the premises such notices of non-responsibility as are provided for under the mechanics' lien law of California.

17. **CARE AND MAINTENANCE OF THE DEMISED PREMISES**.

(a) Lessee shall maintain the premises, except all structural portions thereof, in the same order and condition as when received, wear and tear in the usual and ordinary operation of Lessee's business, and action of the elements, excepted. The term "structural portions" as used in this Paragraph, shall mean and include the foundations,

exterior walls, concrete slabs, the beams and columns bearing the main load on the roof, of the premises. Lessee shall maintain the exterior and interior of doors, windows, and plate glass located on the premises.

(b) Lessor shall keep in good order, condition and repair (i) the structural portions of the premises, as hereinabove defined, (ii) the plumbing and sewage system serving up to the premises, and (iii) the heating, air conditioning and ventilating equipment provided for the premises by the Lessor; except (as to all items) for any damage caused by any negligent or intentional act or omission of Lessee or its employees, agents, invitee, licensees, or contractors. Lessor shall maintain the cleanliness and maintenance of all areas common to retail Lessees at _____ Garage including, but not limited to the exterior of premises, any common garbage areas, pedestrian walkways, patios, landscaped areas, sidewalks, service corridors, stairways, non-structural portions of the roofs and exterior walls, and loading areas.

(c) Lessee and Lessor shall complete all repairs for which they are respectively responsible in a timely manner, not to exceed five (5) working days in the event of an emergency repair. In an emergency situation where Lessor is required to make the repair and is unable to make the repair so as to prohibit Lessee from conducting Lessee's normal business, Lessee shall be permitted to make the repair itself and deduct the reasonable and documented cost of such repair from Lessee's next rental payment. The amount of such repair shall not exceed the fair market rate(s) for the pertinent industry from which the repair is performed. For the purposes of this Subparagraph, "emergency" shall mean a condition affecting the health, safety or security of Lessee or Lessee's invitees.

(d) The plumbing facilities serving the premises shall not be used for any other purpose than that for which they are constructed. No foreign substance of any kind shall be thrown in the plumbing facilities. The expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by Lessee if Lessee or its employees, agents, contractors, or invitees shall have caused it.

18. **ABANDONMENT OF PREMISES, TRADE FIXTURES**. Lessee shall not vacate or abandon the premises at any time during the term, and if Lessee shall abandon, vacate, or surrender said premises, or be dispossessed by process of law, or otherwise, any personal property belonging to Lessee and left on the premises shall be deemed to be abandoned at the option of Lessor, subject to Lessee's mortgage company security interest.

19. **COMPLIANCE WITH LAW**.

(a) Lessee 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 specific activity of Lessee on the premises. The judgment of any court of competent jurisdiction, or the admission of Lessee in any action or proceeding against Lessee, whether Lessor be a party thereto or not, that Lessee has violated any such ordinance or statute in the use of the premises shall be conclusive of the fact as between Lessor and Lessee.

(b) Lessee represents, warrants and covenants that Lessee will remain in compliance with all applicable federal, state and local laws, ordinances and regulations (including consent decrees and administrative orders) relating to public health and safety and protection of the environment ("Environmental Laws"), and that Lessee will not permit to occur any release, generation, storage, disposal or treatment of any hazardous material as that term is defined in any of the Environmental Laws. Lessee shall immediately notify Lessor of any such release, generation, storage, disposal or treatment and Lessee shall take such necessary remediation measures at Lessee's expense to the complete satisfaction of Lessor. Lessee shall immediately notify Lessor of any complaints, citations, inquires or notices from any governmental entity relating to compliance with Environmental Laws. Lessee represents, warrants and covenants that all governmental permits relating to the use or operation of the premises required by applicable Environmental Laws are and will remain in effect, and Lessee will comply with them.

20. **INDEMNITY**. This lease is made upon the express condition that Lessee shall indemnify and hold harmless Lessor from and against any and all claims, damages, causes of action, suits, or damages (including costs and expenses incurred in connection therewith) for death or injury to persons or for loss of or damage to property arising out of or in connection with the use and occupancy of the premises by Lessee, its agents, servants, employees, or invitees and to the extent not caused by Lessor's or Lessor's employees' negligence or willful misconduct; provided, however, Lessor shall be liable for loss, damages, or injury resulting from structural defects of the building in which the premises are situated which are not caused by negligence or intentional act of Lessee, its agents, servants, employees, or invitees. Lessor shall indemnify and hold harmless Lessee from and against any and all claims, causes of action, suits or damages (including costs and expenses incurred in connection therewith) for death or injury to persons or for loss of or damage to property arising out of or in connection with Lessor's or Lessor's employees' negligence or willful misconduct or resulting from structural defects of the building in which the Premises are situated which are not caused by the negligence or intentional act of Lessee, its agents, servants, employees

or invitees. In the event of any claims made or suits filed, Lessor shall give Lessee notice thereof.

21. **INSURANCE REQUIREMENTS**.

(a) During the term of this Lease, Lessee shall purchase at its sole cost and expense and maintain in full force the following insurance coverage:

(i) General Liability Insurance on ISO Form CG00011093 or an equivalent form, covering liability arising from premises, operations, independent contractors, personal injury, products completed, operations and liability assumed under any insured contract. The amount of the policy shall not be less than One Million Dollars ($1,000,000), Single Limit Per Occurrence, issued by an admitted insurer, or insurers, as defined by the California Insurance Code, providing that the City of Sacramento, its officers, employees, and agents are to be named as "Additional Named Insureds" under the policy, and the policy shall stipulate that this insurance will operate as Primary Insurance and that no other insurance effected by Lessor, or other Named Insured, will be called on to contribute to a loss covered thereunder.

(ii) Worker's Compensation and Employer's Liability Insurance for all employees of Lessee shall be maintained in strict compliance with State laws. Employer's Liability Insurance limit shall be not less than One Million Dollars ($1,000,000).

(iii) On all its personal property, Lessee's improvements, and alterations, in, on, or about the Premises, a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of one hundred percent (100%) of the full replacement value. The proceeds from any such policy shall be used by Lessee for the replacement of personal property or the restoration of Lessee's improvements or alterations.

(b) Lessee shall furnish Lessor with certificate(s) of insurance and with original endorsements effecting coverage required by this Paragraph. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be forwarded to the City's Risk Management Division, 921 10th Street, Room 402, Sacramento, California 95814, within fifteen (15) days of the execution of this Lease prior to engaging in any operation or activity

set forth in this Agreement. Failure to provide such certificate(s) and keep such certificate(s) updated will be considered a material breach by Lessee of this Lease. Said policies shall provide that no cancellation, change in coverage, or expiration by the insurance company or the insured shall occur during the term of this Lease without thirty (30) days' written notice to Lessor prior to the effective date of such cancellation or change in coverage.

(c) It is understood and agreed that approval of said policies shall in no way affect the terms and conditions of the indemnity and hold harmless clauses in this Agreement which shall remain in full force and effect.

(d) By requiring the insurance herein, Lessor does not represent that the coverage and limits will necessarily be adequate to protect Lessee and such coverage and limits shall not be deemed as a limitation on Lessee's' liability under the indemnities granted to Lessor in this Agreement.

(e) Lessee agrees to waive all rights against Lessor and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the insurance maintained pursuant to this paragraph.

(f) The insurance requirements of this section are subject to review and revision every 5 years to assure that policy terms, conditions and limits are maintained in accordance with current insurance industry standards.

22. **AUCTIONS. SIGNS**. Lessee shall not conduct or permit to be conducted any sale by auction on the premises. Lessee shall not place or permit to be placed any sign, decoration, marquee or awning on the front of the premises without the prior written consent of Lessor. Lessee shall not place or permit to be placed upon any wall, sidewall, rear wall, or roof, any sign, advertisement, or notice without the prior written consent of Lessor. All signage shall be agreed to between Lessor and Lessee, however Lessor shall not unreasonably withhold said approval. Lessee's signage must meet all applicable governmental codes and regulations. Lessor further grants to Lessee during the term of this lease a non-exclusive right and easement over that portion of the Center as may be required by Lessee to improve, renovate, repair, replace, and maintain the Premises or replace its signage. Tenant shall have the right to change or alter such signage at any time during the term of this Lease provided such signage is in compliance with all applicable governmental codes and regulations.

23. **ENTRY BY OWNER**. Lessee shall permit Lessor and its agents to enter the premises at all reasonable times when given a minimum of 24 hours notice from Lessor, (except in the case of emergency, in which case Lessor may enter as reasonably

necessary) for the purpose of inspecting the same or for the purpose of maintaining the building in which premises are situated, or for the purpose of making repairs, alterations, or additions to any other portion of said building in which the premises are located, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, for the purpose of posting notices of non-liability for alterations, additions or repairs, or for the purpose of enforcing the provisions of Paragraph 22 of this Lease, without any rebate of rent and without any liability to Lessee for any loss of occupation or quiet enjoyment of the premises thereby occasioned. Provided, however, that if Lessor's repairs/alterations interrupt Lessee's operations for longer than five (5) business days, rent shall abate until repairs are completed. Lessee shall permit Lessor, at any time within sixty (60) days prior to the expiration of this Lease, to place upon premises any usual or ordinary "to let" or "to lease" signs. In, addition Lessor shall have access to the electrical room in the rear of Lessee's space at any time with reasonable notice. If there is an emergency however Lessor shall have the right to immediate access. Lessor shall use its best efforts to interfere with operation of Lessee as little as is reasonably possible.

24. **DESTRUCTION OF PREMISES**. In the event of a partial destruction of the premises during the term of this Lease, from any cause for which Lessor is responsible for repair according to the terms and conditions of this Lease, Lessor shall forthwith repair the same, provided such repairs can be made within one hundred twenty (120) days under the laws and regulations of state, federal, or municipal authorities, but such partial destruction shall in no way annul or void this Lease, except that Lessee shall be entitled to a proportionate reduction in rent to be based upon the extent to which the making of such repairs shall interfere with the occupancy of the premises by Lessee. If such repairs cannot be made within one hundred twenty (120) days, Lessor may, at its option, make same within a time mutually agreeable between Lessor and Lessee, this Lease continuing in full force and effect, and the rent will be proportionately reduced as aforesaid in this Paragraph. In the event that Lessor does not so elect to make such repairs, or repairs cannot be made in one hundred twenty (120) days, or such repairs cannot be made under such laws or regulations, this Lease may be terminated at the option of either party upon thirty (30) days notice to other party. In respect to any partial destruction which Lessor is obligated to repair or may elect to repair under the terms of this paragraph , the provisions of section 1932, subdivision 2, and of section 1933, subdivision 4, of the Civil Code of the State of California are waived by Lessee. A total destruction of the building in which the premises are situated shall terminate this Lease.

25. **ASSIGNMENT OR SUBLETTING**. Lessee shall not assign this Lease, or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents, employees and invitees of Lessee excepted) to occupy or use the Premises, or any portion thereof, without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Lessor shall have 60 days upon receiving written notice via certified mail from Lessee to provide consent, via City Council approval, or provide notice to Lessee of its intent to withhold consent. Failure by Lessor to provide notice of consent or intent to withhold consent within the 60 day period shall be deemed consent by Lessee. A

consent to one assignment, subletting, occupation or use by another person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use by another person. Any such assignment or subletting without such consent shall be void, and shall at the option of Lessor, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable, as to the interest of Lessee, by operation of law, without the prior written consent of Lessor.

(a) Lessee shall have the right to assign the Lease with Lessor's reasonable approval assuming the new Lessee's use does not conflict with any other Lessee operating within the Memorial Garage.

26. **INSOLVENCY**. **RECEIVER**. Either (a) the appointment of a receiver to take possession of all or substantially all of the assets of Lessee, or (b) a general assignment by Lessee for the benefit of creditors, or (c) any action taken or suffered by Lessee under any insolvency or bankruptcy act, shall constitute a breach of this Lease by Lessee. Should such action occur against Lessee, Lessee shall have thirty (30) days to cure the action or suit prior to being considered in default of this Lease.

27. **REMEDIES OF LESSOR**. The following rights and remedies shall be available to Lessor in the event Lessee commits any act of default during the term. Unless a different time period is set forth elsewhere in this Lease, Lessee shall be deemed to be in default only after receipt of written notice from Lessor specifying the nature of the violation and not having cured said violation within thirty (30) days after receipt of the notice. These rights and remedies shall not be exclusive, but shall be cumulative subject to Paragraph 39 of this Lease, and in addition to any and all rights and remedies now or hereafter allowed by law:

(a) Even though Lessee breaches this Lease, or abandons the premises, this Lease shall continue in full force and effect for so long as Lessor does not terminate Lessee's right to possession of the premises; and Lessor shall be entitled to enforce all its rights and remedies under this Lease, including the right to collect rent as it becomes due. It is hereby specifically agreed between the parties that acts of maintenance or efforts to relet the premises, and/or the appointment of a receiver on initiative of Lessor to protect Lessor's interest under this Lease, will not constitute a termination of Lessee's right to possession. Lessor shall not be deemed to have elected to terminate Lessee's right to possession of the premises unless Lessor gives written notice of such election to terminate.

(b) Lessor may elect, by written notice to Lessee, to terminate Lessee's right to possession of the premises at any time after the occurrence of any act of monetary default by Lessee, if said default is not cured within thirty (30) days of written notice of said default, and in such event may, at Lessor's option, declare this Lease and Lessee's right to possession terminated. It is hereby specifically agreed between

the parties that acts of maintenance or efforts to relet the Leased premises, and/or the appointment of a receiver on initiative of Lessor to protect Lessor's interest under this Lease will not constitute a termination of Lessee's right to possession. In the event Lessor elects to terminate this Lease and Lessee's right to possession as aforesaid, Lessor may recover as damages from Lessee the following:

(i) The worth at the time of award of the unpaid rental which has been earned at the time of termination of the Lease; and

(ii) The worth at the time of award of the amount by which the unpaid rental which would have been earned after the date of termination of this Lease until the time of award exceeds the amount of such loss of rental that Lessee proves Lessor could have reasonably avoided; and

(iii) The worth at the time of the award of the amount by which the unpaid rental for the balance of the term after the time of award exceeds the amount of the loss of such rental that Lessee proves Lessor could have reasonably avoided; and

(iv) Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's act or default or which in the ordinary course of things would be likely to result therefrom. The phrase "the worth at the time of the award" as referred to in this paragraph is to be computed by the allowing interest at the rate of ten (10) percent annually. The phrase "the worth at the time of the award" as referred to in this paragraph shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one (1) percent.

(c) Efforts by Lessor to mitigate the damages caused by Lessee's breach of this Lease shall not waive Lessor's right to recover damages under this Paragraph.

(d) Nothing in this Paragraph shall affect the right of Lessor to indemnification against liability arising from or related to acts or events occurring prior to the termination of this Lease for personal injuries or property damage, or against mechanic's liens or other liens, claims or expenses.

28. **SURRENDER OF LEASE NOT MERGER**. The voluntary or other surrender of this Lease by Lessee, or mutual cancellation thereof, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subleases or

subtenancies, or may, at the option of Lessor, operate as an assignment to it of any or all such subleases or subtenancies.

29. **JOINT & SEVERAL OBLIGATIONS**. If more than one individual or entity comprises Lessee, the obligations imposed on each individual or entity that comprises Lessee under this Lease shall be joint and several.

30. **NOTICES**. Any and all notices or demands by or from Lessor to Lessee, or Lessee to Lessor, shall be in writing. They shall be served either personally or by mail. If served personally, service shall be conclusively deemed made at the time of service. If served by mail, service of notices or demands shall be conclusively deemed made as of the time of deposit in the United States mail, postage paid, certified mail, return receipt requested.

Any notice or demand to Lessor or Lessee may be given to:

LESSOR:
City of Sacramento
Parking Facilities Division
Attn: Properties Coordinator
And Parking Manager
921 10th Street, Suite 100
Sacramento, CA 95814-3329
(916) 264-5110

LESSEE:
John Boghossian
Vanini European Men's Clothier
1031 L Street
Sacramento, CA 95814

Any party hereto shall change the address for notice by giving written notice to the other party according to this Paragraph.

31. **WAIVER**. The waiver by either party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of any delinquent rental payment by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

32. **BINDING ON SUCCESSORS**. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto.

33. **TIME**. Time is of the essence of this Lease.

34. **CONDEMNATION**. In the event any entity with the power of eminent domain shall take the premises, or any part thereof, actually using the power of eminent domain or negotiating under the threat of the use of the power of eminent domain, then:

(a) In the event of taking of the entire premises, this Lease shall be terminated when title passes to the condemner or when possession is obtained by the condemner, whichever shall first occur; or

(b) In the event of a taking any area of the Premises less than the entire Premises, the rent shall be reduced in the same proportion as the area taken bears to the remainder and the Lease shall continue in full force and effect, unless within ten (10) days of the date the condemner takes possession or legal title vests in the condemner, Lessee shall give written notice of termination, which assigns and transfers to the Lessor any right to compensation or damages to which the Lessee may become entitled during the term hereof by reason of the condemnation of all, or a part of the premises. Lessee shall have the right to petition the condemning authority for Lessee's relocation costs.

35. **EXCUSABLE DELAYS**. If the performance of any act required by this lease to be performed by either Lessor or Lessee is prevented or delayed by reason of an act of God, strike, lockout, labor troubles, inability to secure materials or permits, restrictive governmental laws or regulations, or any other cause except financial inability that is not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay, and performance of the act during the period of delay will be excused. If any said delays or restrictions occur during the 120 day Build Out Period, and prevent Lessee from opening its business by Rent Commencement date, Lessee has the option to terminate lease agreement. However, nothing contained in this section shall excuse the prompt payment of rent by Tenant as required by this lease or the performance of any act rendered difficult solely because of the financial condition of the party required to perform the act.

36. **RIGHT TO MEASURE FLOOR SPACE OF PREMISES**. Within thirty (30) days following delivery of possession of the premises to Lessee, Lessee, at its sole cost and expense, or Lessor, at its sole cost and expense, may elect to cause the net usable floor space of the premises to be measured by a licensed architect. In the event such calculation reflects a deviation from the floor space set forth in Paragraph 1, and the other party approves the calculation, this Lease shall be amended to reflect the recalculated floor space. If the parties do not exercise their right to measure the floor space as provided herein, both Lessor and Lessee hereby acknowledge and agree that each party shall automatically be deemed to have absolutely and unconditionally (i) waived such right, (ii) accepted the floor space calculation as set forth in Paragraph 1, and (iii) released and waived any rights the parties may have against one another in the event the floor space calculation set forth in Paragraph 1 is different from the actual floor space.

37. **CAPTIONS**. The title or headings to the paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

38. **RULES AND REGULATIONS**. Lessor shall have the right from time to time to promulgate reasonable rules and regulations and amendments thereto for the safety, care and cleanliness of the building in which the Premises are located and for the preservation of good order. Upon delivery of a copy of such rules and regulations or upon receiving written notice of such rules and regulations, together with a copy thereof, Lessee will comply with the rules and regulations, and a violation of any of them shall constitute a breach and default of this Lease as provided in Paragraph 27 of the Lease. If there is a conflict between the Lease and any rule or regulation, the Lease shall prevail. Lessor shall make all reasonable efforts to enforce any such rules and regulations uniformly against all Lessees in the building. No such rules and regulations shall require Lessee to pay any additional rent under this Lease.

39. **ARBITRATION**. Except with respect to Lessor's right to employ the provisions of state law relating to unlawful detainer proceedings, which right Lessor expressly reserves, in the event of a dispute between the parties as to the rights and obligations under or to enforce provisions of this Lease, it is agreed that such dispute shall proceed to arbitration upon written request by any party. The arbitrator shall be chosen by the selection process supplied by the American Arbitration Association. The rules for commercial arbitration of the American Arbitration Association, as then in effect, shall apply to the arbitration and govern the same, except, the parties shall have the right to conduct all discovery available to parties in a civil action as provided in the California Code of Civil Procedure, except that time limits for discovery shall be determined by the arbitrator. The arbitration hearing shall be conducted in the County of Sacramento, California. The payments of the expenses of the arbitration shall be determined by the arbitrator, except that each party shall be responsible for its own attorneys fees and costs relating to the arbitration. To the extent practicable, arbitration shall commence within forty-five (45) days of service of the initial demand. The arbitrator's decision shall be final, subject to correction and enforcement of a court of competent jurisdiction pursuant to California Code of Civil Procedure Sections 1284 and 1285 et seq, or any successor statutes as then in effect. In the event a party hereto necessarily invokes the jurisdiction of a court of competent jurisdiction to enforce the determination of the arbitrator(s), the prevailing party shall be entitled to recover its attorney's fees and costs in a reasonable amount, which shall be determined by the court and included in the judgment in said action.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS SECTION 39 DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THIS PARAGRAPH 39. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THIS PARAGRAPH 39 TO NEUTRAL ARBITRATION.

LESSOR: _____ LESSEE: _____

41. **MERCHANT VALIDATION PROGRAM**. Lessee agrees to participate in Lessor's Merchant Validation Program.

42. **NON-DISCRIMINATION IN EMPLOYEE BENEFITS.** This Agreement is subject to the provisions of Sacramento City Code Chapter 3.54, Non-Discrimination in Employee Benefits by City Contractors. The requirements of Sacramento City Code Chapter 3.54 are summarized in Exhibit E. Lessee is required to sign the attached Declaration of Compliance (Equal Benefits Ordinance), Attachment B, to assure compliance with these requirements.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease on the date herein above first written.

LESSEE:

BY: _____

Its: _____

LESSOR:

CITY OF SACRAMENTO,
a Municipal Corporation

BY: _____
CITY MANAGER

APPROVED AS TO FORM:

BY: _____
DEPUTY CITY ATTORNEY

ATTEST:

BY: _____
CITY CLERK

EXHIBIT "A"

EXHIBIT "B"

DECLARATION OF COMPLIANCE
Equal Benefits Ordinance

Name of Lessee: John Boghossian, dba, Vanini European Clothier

Address: 1031 L Street, Sacramento, CA 95814

The above named Lessee ("Lessee") hereby declares and agrees as follows:

1. I have read and understand the Requirements of the Non-Discrimination In Employee Benefits Code (the "Requirements") provided to me by the City of Sacramento ("City") and attached as Exhibit E to my City contract or agreement ("Contract").

2. As a condition of receiving the City Contract, I agree to fully comply with the Requirements, as well as any additional requirements that may be specified in the City's Non-Discrimination In Employee Benefits Code codified at Chapter 3.54 of the Sacramento City Code (the "Ordinance").

3. I understand, to the extent that such benefits are not preempted or prohibited by federal or state law, employee benefits covered by the Ordinance, are any of the following:

   a. Bereavement Leave
   b. Disability, life, and other types of insurance
   c. Family medical leave
   d. Health benefits
   e. Membership or membership discounts
   f. Moving expenses
   g. Pension and retirement benefits
   h. Vacation
   i. Travel benefits
   j. Any other benefit offered to employees

   I agree that should I offer any of the above listed employee benefits, that I will offer those benefits, without discrimination between employees with spouses and employees with domestic partners, and without discrimination between the spouses and domestic partners of such employees.

4. I understand that I will not be considered to be discriminating in the provision or application of employee benefits under the following conditions or circumstances:

   a. In the event that the actual cost of providing a benefit to a domestic partner or spouse, exceeds the cost of providing the same benefit to a spouse or domestic partner of an employee, I will not be required to provide the benefit, nor shall it be deemed discriminatory, if I require the employee to pay the monetary difference in order to provide the benefit to the domestic partner or to the spouse.

   b. In the event I am unable to provide a certain benefit, despite taking reasonable measures to do so, if I provide the employee with a cash equivalent, I will not be deemed to be discriminating in the application of that benefit.

   c. If I provide employee benefits neither to employee's spouses nor to employee's domestic partners.

   d. If I provide employee benefits to employees on a basis unrelated to marital or domestic partner

status.

e. If I submit, to the Program Coordinator, written evidence of making reasonable efforts to end discrimination in employee benefits by implementing policies which are to be enacted before the first effective date after the first open enrollment process following the date the Contract is executed with the City.

I understand that any delay in the implementation of such policies may not exceed one (1) year from the date the Contract is executed with the City, and applies only to those employee benefits for which an open enrollment process is applicable.

f. Until administrative steps can be taken to incorporate, in the infrastructure, nondiscrimination in employee benefits.

The time allotted for these administrative steps will apply only to those employee benefits for which administrative steps are necessary and may not exceed three (3) months from the date the Contract is executed with the City.

g. Until the expiration of a current collective bargaining agreement(s) where, in fact, employee benefits are governed by a collective bargaining agreement(s).

h. I take all reasonable measures to end discrimination in employee benefits by either requesting the union(s) involved agree to reopen the agreement(s) in order for me to take whatever steps are necessary to end discrimination in employee benefits or by my ending discrimination in employee benefits without reopening the collective bargaining agreement(s).

i. In the event I cannot end discrimination in employee benefits despite taking all reasonable measures to do so, I provide a cash equivalent to eligible employees for whom employee benefits (as listed previously), are not available.

Unless otherwise authorized in writing by the City Manager, I understand this cash equivalent must begin at the time the union(s) refuse to allow the collective bargaining agreement(s) to be reopened or no longer than three (3) months from the date the Contract is executed with the City.

5. I understand that failure to comply with the provisions of Section 4. (a) through 4. (i), above, will subject me to possible suspension and/or termination of this Contract for cause; repayment of any or all of the Contract amount disbursed by the City; debarment for future contracts until all penalties and restitution have been paid in full; deemed ineligible for future contracts for up to two (2) years; the imposition of a penalty, payable to the City, in the sum of $50.00 for each employee, for each calendar day during which the employee was discriminated against in violation of the provisions of the Ordinance.

6. I understand and do hereby agree to provide each current employee and, within ten (10) days of hire, each new employee, of their rights under the Ordinance. I further agree to maintain a copy of each such letter provided, in an appropriate file for possible inspection by an authorized representative of the City. I also agree to prominently display a poster informing each employee of these rights.

7. I understand that I have the right to request an exemption to the benefit provisions of the Ordinance when such a request is submitted to the Procurement Services Division, in writing with sufficient justification for resolution, prior to contract award.

I further understand that the City may request a waiver or exemption to the provisions or requirements of the Ordinance, when only one lessee is available to enter into a contract or agreement to occupy and use City property on terms and conditions established by the City; when sole source conditions exist for goods, services, public project or improvements and related construction services; when there are no responsive bidders to the Ordinance requirements and the contract is for essential goods or services; when emergency conditions with public health and safety implications exist; or when the contract is for specialized legal services if in the best interest of the City.

9. In consideration of the foregoing, I shall defend, indemnify and hold harmless, the City, its officers and employees, against any claims, actions, damages, costs (including reasonable attorney fees), or other liabilities of any kind arising from any violation of the Requirements or of the Ordinance by me.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind the Contractor to the provisions of this Declaration.

Signature of Authorized Representative

11. 26 2007
Date

Print Name

Title

REQUIREMENTS OF THE NON-DISCRIMINATION IN EMPLOYEE BENEFITS CODE

INTRODUCTION

The Sacramento Non-Discrimination In Employee Benefits Code (the "Ordinance"), codified as Sacramento City Code Chapter 3.54, prohibits City contractors from discriminating in the provision of employee benefits between employees with spouses and employees with domestic partners, and between the spouses and domestic partners of employees.

APPLICATION

The provisions of the Ordinance apply to any contract or agreement (as defined below), between a Contractor and the City of Sacramento, in an amount exceeding $25,000.00. The Ordinance applies to that portion of a contractor's operations that occur: (i) within the City of Sacramento; (ii) on real property outside the City of Sacramento if the property is owned by the City or if the City has a right to occupy the property; or (iii) at any location where a significant amount of work related to a City contract is being performed.

The Ordinance does not apply: to subcontractors or subcontracts of any Contractor or contractors; to transactions entered into pursuant to cooperative purchasing agreements approved by the Sacramento City Council; to legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City; where the requirements of the ordinance will violate or are inconsistent with the terms or conditions of a grant, subvention or agreement with a public agency or the instructions of an authorized representative of any such agency with respect to any such grant, subvention or agreement; to permits for excavation or street construction; or to agreements for the use of City right-of-way where a contracting utility has the power of eminent domain.

DEFINITIONS

As set forth in the Ordinance, the following definitions apply:

"Contract" means an agreement for public works or improvements to be performed, or for goods or services to be purchased or grants to be provided, at the expense of the City or to be paid out of moneys deposited in the treasury or out of the trust money under the control or collected by the City. "Contract" also means a written agreement for the exclusive use ("exclusive use" means the right to use or occupy real property to the exclusion of others, other than the right reserved by the fee owner) or occupancy of real property for a term exceeding 29 days in any calendar year, whether by singular or cumulative instrument, (i) for the operation or use by others of real property owned or controlled by the City for the operation of a business, social, or other establishment or organization, including leases, concessions, franchises and easements, or (ii) for the City's use or occupancy of real property owned by others, including leases, concessions, franchises and easements.

"Contract" shall not include: a revocable at-will use or encroachment permit for the use of or encroachment on City property regardless of the ultimate duration of such permit; excavation, street construction or street use permits; agreements for the use of City right-of-way where a contracting utility has the power of eminent domain; or agreements governing the use of City property that constitute a public forum for activities that are primarily for the purpose of espousing or advocating causes or ideas and that are generally protected by the First Amendment to the United States Constitution or that are primarily recreational in nature.

"Contractor" means any person or persons, firm partnership or corporation, company , or combination thereof, that enters into a Contract with the City. "Contractor" does not include a public entity.

"Domestic Partner" means any person who has a currently registered domestic partnership with a governmental entity pursuant to state or local law authorizing the registration.

"Employee Benefits" means bereavement leave; disability, life, and other types of insurance; family medical leave; health benefits; membership or membership discounts; moving expenses; pension and retirement benefits; vacation; travel benefits; and any other benefit given to employees;. "Employee benefits" shall not include benefits to the extent that the application of the requirements of this chapter to such benefits may be preempted by federal or state.

CONTRACTOR'S OBLIGATION TO PROVIDE THE CITY WITH DOCUMENTATION AND INFORMATION

Contractor shall provide the City with documentation and information verifying its compliance with the requirements of the Ordinance within ten (10) days of receipt of a request from the City. Contractors shall keep accurate payroll records, showing, for each City Contract, the employee's name, address, Social Security number, work classification, straight time pay rate, overtime pay rate, overtime hours worked, status and exemptions, and benefits for each day and pay period that the employee works on the City Contract. Each request for payroll records shall be accompanied by an affidavit to be completed and returned by the Contractor, as stated, attesting that the information contained in the payroll records is true and correct, and that the Contractor has complied with the requirements of the Ordinance. A violation of the Ordinance or noncompliance with the requirements of the Ordinance shall constitute a breach of contract.

EMPLOYER COMPLIANCE CERTIFICATE AND NOTICE REQUIREMENTS

(a) All contractors seeking a Contract subject to the Ordinance shall submit a completed Declaration of Compliance Form, signed by an authorized representative, with each proposal, bid or application. The Declaration of Compliance shall be made a part of the executed contract, and will be made available for public inspection and copying during regular business hours.

(b) The Contractor shall give each existing employee working directing on a City contract, and (at the time of hire), each new employee, a copy of the notification provided as attachment "A."

(c) Contractor shall post, in a place visible to all employees, a copy of the notice provided as attachment "B."

Attachment B

YOUR RIGHTS UNDER THE CITY OF SACRAMENTO'S NON-DISCRIMINATION IN EMPLOYEE BENEFITS CODE

On ..... (date), your employer (the "Employer") entered into a contract with the City of Sacramento (the "City") for ..... (contract details), and as a condition of that contract, agreed to abide by the requirements of the City's Non-Discrimination In Employee Benefits Code (Sacramento City Code Section 3.54).

The Ordinance does not require the Employer to provide employee benefits. The Ordinance does require that if certain employee benefits are provided by the Employer, that those benefits be provided without discrimination between employees with spouses and employees with domestic partners, and without discrimination between the spouse or domestic partner of employees.

The Ordinance covers any employee working on the specific contract referenced above, but only for the period of time while those employees are actually working on this specific contract.

The included employee benefits are:

- Bereavement leave
- Disability, life and other types of insurance
- Family medical leave
- Health benefits
- Membership or membership discounts
- Moving expenses
- Pension and retirement benefits
- Vacation
- Travel benefits
- Any other benefits given to employees

(Employee Benefits does not include benefits that may be preempted by federal or state law.)

If you feel you have been discriminated or retaliated against by your employer in the terms and conditions of your application for employment, or in your employment, or in the application of these employee benefits, because of your status as an applicant or as an employee protected by the Ordinance, or because you reported a violation of the Ordinance, and after having exhausted all remedies with your employer,

You May . . .

O Submit a written complaint to the City of Sacramento, Contract Services Unit, containing the details of the alleged violation. The address is:

City of Sacramento
Contract Services Unit
915 I St., 2nd Floor
Sacramento, CA 95814

O Bring an action in the appropriate division of the Superior Court of the State of California against the Employer and obtain the following remedies:

- Reinstatement, injunctive relief, compensatory damages and punitive damages

- Reasonable attorney's fees and costs

YOUR RIGHTS UNDER THE CITY OF SACRAMENTO'S NON-DISCRIMINATION IN EMPLOYEE BENEFITS CODE

If your employer provides employee benefits, they must be provided to those employees working on a City of Sacramento contract without discriminating between employees with spouses and employees with domestic partners.

The included employee benefits are:

- Bereavement leave
- Disability, life and other types of insurance
- Family medical leave
- Health benefits
- Membership or membership discounts
- Moving expenses
- Pension and retirement benefits
- Vacation
- Travel benefits
- Any other benefits given to employees

If you feel you have been discriminated against by your employer . . .

You May . . .

O Submit a written complaint to the City of Sacramento, Contract Services Unit, containing the details of the alleged violation. The address is:

City of Sacramento
Contract Services Unit
915 I St., 2nd Floor
Sacramento, CA 95814

O Bring an action in the appropriate division of the Superior Court of the State of California against the employer and obtain reinstatement, injunctive relief, compensatory damages, punitive damages and reasonable attorney's fees and costs.

Discrimination and Retaliation Prohibited.

If you feel you have been discriminated or retaliated against by your employer in the terms and conditions of your application for employment, or in your employment, because of your status as an applicant or as an employee protected by the Ordinance, or because you reported a violation of this Ordinance . . .

You May Also . . .

Submit a written complaint to the City of Sacramento, Contract Services Unit, at the same address, containing the details of the alleged violation.

Exhibit "C"

Rent Schedule

(Calculations based on 1,400 square feet)

Months	Monthly Rent	Rent Per Square Foot (rounded)
1–12	$2,660.00	$1.90
13–24	$2,739.80	$1.96
25–36	$2,821.99	$2.02
37–48	$2,906.65	$2.08
49–60	$2,906.65	$2.08

Extended Term 1

To be determined per Section 7

EXHIBIT "D"

LESSEE IMPROVEMENTS

1. Replace existing damaged/discolored ceiling tiles and t-bar grid
2. Replace existing ceiling light fixtures with new comparable fixtures.
3. Replace all exterior plate glass windows that have been damaged by various forms of vandalism, including but not limited to etching, acid, strike force, etc., or natural wear and tear.
4. New flooring of Premises.
5. Painting of interior walls