



REPORT TO COUNCIL

City of Sacramento

23

915 I Street, Sacramento, CA 95814-2604
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Staff Report
May 11, 2010

Honorable Mayor and
Members of the City Council

Title: Leases – Digital Billboards on City-owned Sites

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** 1) approving four separate leases between the City of Sacramento and Clear Channel Outdoor, Inc. governing the installation and operation of digital billboards on four city-owned sites located at the north side of Interstate 80 east of Northgate Boulevard (APN: 237-0031-36), Business 80 and Fulton Avenue (3630 Fulton Avenue, APN: 254-0310-002), west side of Highway 99, south of Mack Road (APN: 117-0170-067), and west side of Interstate 5 south of Richards Boulevard (240 Jibboom Street, APN: 001-0190-015); 2) authorizing the City Manager to execute the leases on the City's behalf.

Contact: Tom Zeidner, Senior Development Project Manager, 808-1931

Presenters: Tom Zeidner, Senior Development Project Manager

Department: Economic Development

Division: Citywide

Organization No: 18001031

Description/Analysis

Issue:

Overview. On August 25, 2009, the City Council granted Clear Channel Outdoor, Inc. the exclusive right to negotiate with the City for the installation and operation of digital billboards on City-owned sites near major freeways. On March 23, 2010, staff reported to the City Council that negotiations were complete successfully, that the resulting terms were being incorporated into separate leases for each of the four new proposed billboards, that proceeding with the digital-billboards project required an amendment to the City's Sign Code, and that as part of the project CCO would remove a number of existing "static" billboards.

This report summarizes the business terms set forth in the four leases, which the City Council will consider during its meeting on May 11. At the same meeting, Community Development Department staff will be presenting four other documents for the Council's consideration:

- An amendment to the Sign Code (chapter 148 of the City Code) that will authorize the installation and operation of digital billboards on certain City land.
- A relocation agreement, under which CCO will be obligated to remove existing billboards in connection with its installing and operating four new digital billboards on City-owned sites.
- An ordinance rezoning of one of the sites from Agricultural (A) to Light Industrial (M-2) to accommodate the proposed digital billboard at that location.
- A Mitigated Negative Declaration prepared during the environmental review of the proposed signs on the four sites.

Summary of Lease Terms. Summarized below are the terms that are common to each of the four leases, a draft of one is included in this report as Attachment 1:

- Term. Each lease would have an initial term of 25 years, with an option for an extended term of an additional five years (30 years total).
- Signing Bonuses. CCO will pay the City a one-time signing bonus of \$82,500 per sign (\$330,000 total for four signs). The bonuses are to be paid in two installments:
 - Half will be paid when the City Council approves the leases. The City's right to retain this payment is conditioned upon CCO's obtaining City and Caltrans permits required to construct the proposed signs. If CCO cannot obtain the permits, then the City must refund this payment.
 - The remaining half will be paid to the City as each digital billboard is installed and become operational.
- Rent for Years 1–5. Monthly rent will be \$15,000 per sign, with payments to begin as each billboard becomes operational. When all four signs are operational, lease payments will total \$60,000 per month, i.e., \$720,000 a year.
- Rent for Years 6–10. Monthly rent per sign will be the higher of (a) \$15,000 or (b) one-twelfth of 30 percent of the average annual net revenue realized by CCO during lease years 3, 4, and 5. Lease years 1 and 2 are expected to be a period of revenue stabilization and are thus omitted from the proposed calculation.
- Rent for Years 11–15, 16–20, 21–25, and 25–30 (the extended term). Monthly rent per sign will be the higher of (a) rent paid during the preceding five-year period; or (b) one-twelfth of 30 percent of the average annual net revenue realized by CCO during the preceding five-year period. This arrangement will

allow the City to share in increased revenue, or “upside,” that may be derived from the signs over the course of the leases, while protecting the City from reductions in rental income due to any possible market “downside” (declining annual net revenue). The leases define “annual net revenue” as the difference between gross revenue CCO actually receives in a lease year and any commissions or fees that CCO actually pays to a bona-fide independent advertising agency for these signs (i.e., an agency that is not owned, co-owned, or otherwise affiliated with CCO) in connection with messages displayed on the digital billboards. The amount of such a commission or fee may not exceed 16 $\frac{2}{3}$ percent of the revenue on which it is paid.

- Removal of Existing CCO Signs. CCO will enter into a relocation agreement under which it will remove specific existing signs before installing each digital billboard. (One relocation agreement will cover all signs described in the four leases. Altogether, CCO will be removing 17 existing sign structures with a total of 24 sign faces (some structures are double-sided). Removal of these existing signs will result in a net overall reduction in outdoor billboard space of 2,196 square feet, taking into account the addition of the new digital billboards.)
- Installation and Operation of Digital Billboards. CCO will construct, operate, and maintain the signs at no cost to the City. CCO’s responsibilities will include maintaining security fences around each digital billboard and promptly removing graffiti anywhere on the premises. CCO will replace the entire 14’ x 48’ electronic display on each sign no less than every ten years, so as to take advantage of future advances in digital-display technology. Electric power to the signs will be provided through SMUD’s carbon-neutral Greenergy[®] Program, using electricity generated through sustainable (hydro, wind, solar) sources. CCO will make the digital billboards available at no cost to Caltrans for display of “Amber Alert” messages, and to the City on a space-available basis for display of public-service announcements and similar messages. CCO may not use the digital billboards to display any message that in the City’s reasonable judgment—
 - is false or misleading;
 - promotes the sale or use of tobacco products, alcoholic beverages, or medical marijuana;
 - depicts violence or anti-social behavior or relates to illegal activity;
 - contains “obscene matter”;
 - promotes or opposes a candidate for public office or promotes or opposes a ballot measure;
 - holds a person or group up to public ridicule, derision, embarrassment, or defamation; or
 - includes language that is obscene, vulgar, or profane, or that presents a

- clear-and-present danger of causing riot, disorder, or other imminent threat to public safety, peace, or order.

Mitigation Monitoring. Each lease obligates CCO to comply with the Mitigation Monitoring Program set forth in the Mitigated Negative Declaration prepared for the digital-billboards project.

Removal of Digital Billboards. As the leases expire, CCO will remove the billboards and restore the sites to their pre-lease conditions within 120 days.

Economic Analysis. In evaluating the financial lease terms outlined above, staff retained the services of an independent consultant, Donna Desmond Associates. Ms. Desmond was recommended as being uniquely qualified to advise the City as to the reasonableness of the financial terms negotiated between CCO and staff, based upon her knowledge of the outdoor-advertising industry. She has qualified as an expert in business and billboard valuation in the Superior Courts for Los Angeles, Orange, Kern, San Diego, San Francisco, Santa Clara, and Contra Costa Counties as well as in the states of Nevada and Texas. Ms. Desmond based her review upon market information relevant to the proposed new billboards in Sacramento, in addition to market information relevant to the outdoor-advertising industry generally (i.e., market research of digital advertising rates and associated expenses in California). She concluded that the financial lease terms described above “are equivalent to a fair market level” and that “a 30% revenue share is at the upper end of the ground lease range giving consideration to the significant initial and ongoing capital investment required of the billboard company.” Ms. Desmond further concluded that the rate of return CCO would achieve (10.8% for 25-year lease term) is around the minimum required within the outdoor-advertising industry, taking into account anticipated revenue versus the capital expense of the signs, lease payments to the City, and revenue foregone through removal of existing signs.

Policy Considerations: The actions described in this report are consistent with City goals for increasing and diversifying its revenue sources. They are also consistent with the proposed amendment of the Sign Code, which will authorize the installation of digital billboards on certain City-owned land.

Environmental Considerations:

California Environmental Quality Act (CEQA): Actions described in this report were the subject of a CEQA analysis, and the resulting Mitigated Negative Declaration will be presented to the Council concurrently with its consideration of the actions recommended in this report.

Sustainability Considerations: As indicated above, the four digital billboards are to be powered with carbon-neutral electricity purchased through SMUD’s Greenergy® Program. This, coupled with the elimination of 24 existing billboard faces utilizing incandescent lighting, will result in a reduction of greenhouse gases generated in connection with CCO billboards within the City.

Commission/Committee Action: The digital billboards proposal was presented to

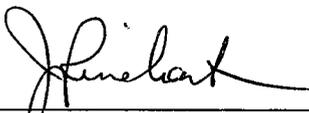
the Sacramento City Planning Commission on March 25, 2010, at which time it voted 10 to 1 in favor of recommending the project for approval by the City Council.

Rationale for Recommendation: The actions recommended in this report are consistent with City goals and objectives of increasing and diversifying its sources of revenue.

Financial Considerations: It is recommended that the General Fund (Fund 1001) revenues received as a result of this agreement be programmed annually through the budget process. Initial revenue received from the “signing bonus” will be deposited into a liability account and held there until the signs are up and operational and the funds are truly available.

Emerging Small Business Development (ESBD): N/A

Respectfully Submitted by: 
Tom Zeidner, Sr. Development Project Manager

Approved by: 
James R. Rinehart, Economic Development Director

Recommendation Approved:

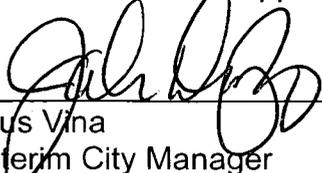

Gus Vina
Interim City Manager

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Attachment 1

**Lease for Digital Billboard
City of Sacramento and Clear Channel Outdoor
Interstate 80 at Northgate Boulevard**

This lease, dated _____, 2010, for purposes of identification, is between the **City of Sacramento** (the “City”), a California municipal corporation; and **Clear Channel Outdoor, Inc.** (“CCO”), a Delaware corporation.

Background

Ordinance No. 2007-079, which the Sacramento City Council adopted on October 16, 2007, prohibits the installation and operation of new billboards within the City, subject to the following exception: the prohibition does not apply to new billboards installed and operated under a relocation agreement that requires the permanent removal of pre-existing billboards from within the City.

Section 15.148.815 of the Sacramento City Code (“Section 15.148.815”) governs relocation agreements. Under subsection F.6 of Section 15.148.815, the City Council may approve relocation agreements that authorize the construction of digital billboards on City-owned property adjacent to a freeway if certain conditions are satisfied.

The City owns four parcels that are adjacent to local freeways and thus suitable for the operation of digital billboards. To generate additional revenue for municipal purposes, the City desires to lease these parcels to an outdoor-advertising company that will install, operate, and maintain digital billboards on them. CCO is an outdoor-advertising company that has extensive experience in successfully installing, operating, and maintaining digital billboards throughout the United States. CCO desires to lease the four parcels from the City for the purpose of installing, operating, and maintaining digital billboards, and it has the requisite resources and expertise to do so successfully. CCO is also willing and able to comply with the conditions set forth in subsection F.6 of Section 15.148.815. Accordingly, the City and CCO desire to enter into four leases, one for each of the City-owned parcels. This lease concerns the digital billboard that CCO will install, operate, and maintain on the City-owned parcel identified in **Exhibit A** to this lease.

With these background facts in mind, the City and CCO agree as follows:

Definitions. This section defines the terms “Business Day,” “Caltrans,” “Caltrans Permits,” “City Permits,” “Commencement Date,” “Digital Billboard,” “Effective Date,” “Hazardous

Substances,” “include,” “Lease Year,” “Message Center,” “Operational,” “Premises,” “Sign Structure,” and “Term.” Other terms are defined elsewhere in this lease.

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- (a) “Business Day” means any day the City’s main offices located at 915 I Street, Sacramento, California, are open to the public.
- (b) “Caltrans” means the California Department of Transportation.
- (c) “Caltrans Permits” means all permits and approvals that CCO must obtain from Caltrans to install, operate, and maintain the Digital Billboard in accordance with this lease.
- (d) “City Permits” means all building permits, zoning amendments, relocation agreements, and other permits, entitlements, and agreements that the City, acting in its governmental capacity, must issue or approve for CCO to install, operate, and maintain the Digital Billboard in accordance with this lease.
- (e) “Commencement Date” means the date as of which both of the following have occurred: the City has finally approved the Plans (defined in Section 6(a)), and CCO has received all necessary governmental permits and approvals for the Digital Billboard, including the Caltrans Permits and the City Permits.
- (f) “Digital Billboard” means the two-sided outdoor-advertising sign that CCO will install and operate on the Premises in accordance with the criteria set forth in **Exhibit B** to this lease. The Digital Billboard consists of a Message Center and a Sign Structure.
- (g) “Effective Date” means the date as of which both the City and CCO have signed this lease, as indicated by the dates in the signature blocks below.
- (h) “Hazardous Substances” means any material or substance identified in **Exhibit C** to this lease.
- (i) “Include” and its variants are not restrictive. For example, “includes” means “includes but not limited to,” and “including” means “including but not limited to.”
- (j) “Lease Year” means one of the consecutive 12-month periods during the Term. The first Lease Year begins on the Effective Date.
- (k) “Message Center” means the portion of the Digital Billboard that consists of back-to-back digital (LED) display areas used for general commercial advertising, with each of the two areas measuring 14 feet high and 48 feet wide. The Message Center is more particularly described in **Exhibit B**.

- (l) "Operational" means the Digital Billboard is capable, legally and functionally, of displaying advertising on the Message Center.
- (m) "Premises" means the City-owned real property described and depicted in **Exhibit A**.
- (n) "Sign Structure" means the portion of the Digital Billboard other than the Message Center, and it includes all ancillary equipment and utilities installed on the Premises. The Sign Structure is more particularly described in **Exhibit B**.
- (o) "Term" means the entire time this lease is in effect. As specified in Section 3, it consists of the Initial Term, the Extended Term, and any period of holding over.

1. Lease of Premises. The City hereby leases the Premises to CCO, and CCO hereby leases the Premises from the City, on the terms and conditions set forth in this lease.

2. Term of Lease.

- (a) *Initial Term.* The "Initial Term" of this lease consists of two phases:
 - (1) The "Pre-Operations Phase," which begins on the Effective Date and ends on the earlier of (A) the date the Digital Billboard becomes Operational or (B) the ___ day after the Commencement Date.
 - (2) The "Operations Phase," which begins when the Pre-Operations Phase ends and ends 25 years after the Effective Date.
- (b) *Extended Term.* At the end of the Initial Term, CCO will have the right to extend this lease for an additional five years upon the same terms and conditions that applied during the Initial Term, except that Monthly Rent will be set in accordance with Section 6 in **Schedule 1** to this lease (the "Extended Term"). To exercise its right to the Extended Term, CCO must not be in default of this lease and must give the City a written notice of extension no earlier than 180 days and not later than 90 days before the Initial Term ends. The Extended Term begins when the Initial Term ends, and it ends five years after that date.
- (c) *Expiration of Lease and Holding Over.* This lease expires automatically at the end of the Initial Term unless extended in accordance with Section 3(b). If this lease is extended, then it expires automatically at the end of the Extended Term. Any holding over after expiration will not constitute a renewal of this lease but will be on a month-to-month tenancy on the same terms and conditions that applied at expiration.

- 4. Consideration.** As consideration for the rights and benefits it enjoys under this lease, including the use and occupancy of the Premises during the Term, CCO shall do all of the following:
- (a) *Conditional Signing Bonus.* CCO shall pay the City a one-time “Conditional Signing Bonus” of **\$41,250** within five Business Days after the Effective Date. The City shall refund the Conditional Signing Bonus if CCO cannot obtain the Caltrans Permits and City Permits needed for the Digital Billboard.
 - (b) *Additional Signing Bonus.* CCO shall pay the City a one-time “Additional Signing Bonus” of **\$41,250** within five Business Days after the date the Operations Phase begins.
 - (c) *Monthly Rent.* Each month during the Operations Phase, CCO shall pay the City the “Monthly Rent” set forth in **Schedule 1**.
 - (1) Monthly Rent is due and payable on the first day of each calendar month at the address set forth for the City in Section 12(a). Any installment of Monthly Rent that is not paid within 20 days after it is due and payable will increase by 5%.
 - (2) If the Operations Phase begins on a day other than the first day of a month, then the first and last months’ installments of Monthly Rent will be prorated.
 - (3) CCO shall maintain and make available at its Sacramento office, for the City’s review and audit, all contracts, leases, invoices, and other records that are relevant to the accurate determination of Monthly Rent in accordance with **Schedule 1**. After the Monthly Rent for a five-year period has been determined in accordance with **Schedule 1**, CCO shall retain the related records for at least three years.
 - (d) *Removal of Existing CCO Signs.* At no cost to the City, and as additional consideration for use and occupancy of the Premises during the Operations Phase, CCO shall remove the existing signs identified in **Schedule 2** to this lease (the “Existing Signs”) according to the schedule set forth in **Schedule 2**, subject to the following:
 - (1) CCO hereby waives any rights it may have to compensation for the Existing Signs under federal, state, or local law, including the Highway Beautification Act of 1965 (23 United States Code section 131) and the Outdoor Advertising Act (California Business and Professions Code section 5200 and following).
 - (2) CCO’s commitment to remove the Existing Signs according to the schedule set forth in **Schedule 2** is a material provision of this lease.

- (3) As required by Ordinance No. 2007-079 and Section 15.148.815, and to comply with Caltrans's requirements, the City and CCO shall enter into a separate Billboard Relocation Agreement that covers the Existing Signs.
- (e) *Release of Claims for Denial of Application No. P06-135.* Within 30 days after the Commencement Date, CCO shall sign and deliver to the City a document that, to the satisfaction of the City Attorney's Office, releases, waives, and discharges all current and future claims CCO has or may have against the City because the City denied CCO's application for reconstruction of an off-site sign located at 1441 Richards Boulevard (APN 001-0070-029).

5. Use of Premises.

- (a) *Condition of Premises.* The City makes no representations or warranties of any kind, express or implied, written or oral, about any of the following: the physical condition of the Premises; the suitability of the Premises for CCO's anticipated use; any limitations on CCO's use of the Premises, including limitations arising from zoning laws, environmental laws, or other laws, regulations, or governmental requirements; the costs of conducting CCO's business on the Premises; or the condition of the soils or ground waters of the Premises. By taking possession of the Premises, **CCO accepts the Premises "as is"** and acknowledges that the Premises are satisfactory for CCO's purposes. CCO has ascertained the condition of the Premises through its own independent investigation and has relied solely on that independent investigation when entering into this lease.
- (b) *Permitted Uses.* Except as otherwise provided in Section 6(k), CCO has the exclusive right to display outdoor advertising on the Premises. The City shall not authorize any other off-site outdoor advertising on the Premises. In addition, the City shall not authorize any off-site outdoor advertising on any other City-owned or City-controlled property if the outdoor advertising would be within 750 feet of the Digital Billboard. CCO's exclusive right to conduct outdoor advertising on the Premises includes the following:
 - (1) Installing, operating, maintaining, repairing, improving, repositioning (with the City's consent), and removing the Digital Billboard on or from the Premises when this lease terminates.
 - (2) All rights of ingress and egress over the Premises that CCO needs to access the Digital Billboard.
 - (3) Licensing the use of the Digital Billboard, or any portion it, for any lawful purpose related to outdoor advertising, except that CCO may not install non-digital signs on the Digital Billboard without the City's prior consent, which the City may withhold or condition in its sole discretion.

(c) *Prohibited Uses.*

- (1) **Hazardous Substances.** CCO shall not use, handle, store, transport, generate, release, or dispose of any Hazardous Substances on, under, or about the Premises, except as follows: CCO may use Hazardous Substances that CCO needs to install, operate, maintain, repair, improve, reposition, or remove the Digital Billboard in accordance with this lease if the City has consented in writing before the Hazardous Substances are brought on the Premises. Within 10 days after receiving the City's written request, CCO shall disclose in writing all Hazardous Substances then being used on the Premises, the purpose and duration of the use, and the manner of storage and disposal.
- (2) **Unlawful Activities.** CCO shall not use or permit the Premises to be used in any way that violates this lease or any valid and applicable statute, ordinance, regulation, rule, or order of any federal, state, or local governmental entity (including the City). CCO shall not maintain or commit, or permit the maintenance or commission of, any public or private nuisance as defined by any law applicable to the Premises on or after the Effective Date. CCO hereby waives any rights to compensation it may have if a court finds that the Digital Billboard constitutes a public or private nuisance under any valid and applicable federal, state, or local law and for that reason orders CCO to remove or modify the Digital Billboard or to limit the operation of the Message Center.
- (3) **Encumbrances.** CCO shall not encumber the Premises or any part of the Premises or the Digital Billboard or any part of the Digital Billboard, for any purpose, without the City's prior written consent, which the City may withhold for any reason. CCO shall keep the Premises and the Digital Billboard free of all liens and other encumbrances other than those, if any, to which the City consents.

(d) *Unobstructed Use.*

- (1) The City shall not allow either of the following (each, an "Obstruction"):
 - (A) On the Premises – any structure, tree, or vegetation that obstructs the view of the Message Center from Interstate 80.
 - (B) On any City-owned or City-controlled real property in the immediate vicinity of the Premises – any structure, tree, or vegetation that is within 750 feet of the Digital Billboard and obstructs the view of the Message Center from Interstate 80.

- (2) If CCO notifies the City in writing that an Obstruction exists, and if the City authorized or actively caused the Obstruction, then the City shall remove or remedy the Obstruction at its own cost within 15 days after receiving the notice.
- (3) If CCO notifies the City in writing that an Obstruction exists, and if the City did not authorize or actively cause the Obstruction, then the City may remove or remedy the Obstruction at its own cost within 15 days after receiving the notice. If the City does not remove or remedy the Obstruction within the 15 days, then, at no cost to the City, and after coordinating with the appropriate department of the City, CCO may remove the Obstruction described in the notice.
- (4) CCO's exercise of its rights under this Section 5(d) are in addition to any other remedies it may have under this lease.

6. Installation and Operation of Digital Billboard. CCO shall install and operate the Digital Billboard on the Premises in accordance with this Section 6 and consistent with Section 5, all at no cost to the City.

- (a) *Plans and Specifications.* At no cost to the City, CCO shall prepare complete plans and specifications for the Digital Billboard, working closely with the City to develop plans and specifications that are mutually acceptable (the "Plans"). CCO shall submit the Plans to the City for final approval, which the City shall not withhold unreasonably.
- (b) *Caltrans Permits.* As soon as practicable after the Effective Date, CCO shall apply to Caltrans for all Caltrans Permits, and the City shall cooperate with CCO in that effort, all at no cost to the City. At its discretion, CCO may designate the City as the permittee under the Caltrans Permits, but that designation will confer no legal rights on City to use, encumber, or transfer the Caltrans Permits except as may be necessary for the parties to benefit from the Digital Billboard during the Term. Upon termination of this lease, the City shall relinquish any interest it may have in the Caltrans Permits and execute any documents needed to confirm that CCO is the sole owner of the Caltrans Permits. CCO shall perform all obligations under the Caltrans Permits at no cost to the City whether CCO or the City is designated as the permittee.
- (c) *City Permits.* The City shall diligently process CCO's applications for all City Permits. This lease does not commit the City in advance to approve the City Permits; and this lease does not constrain the City's discretion, acting as a government, with respect to the City Permits specifically or to the Digital Billboard generally.
- (d) *Installation.* CCO shall begin installing the Digital Billboard as soon as practicable after the Commencement Date and shall diligently pursue installation to completion without unnecessary interruption so that the Digital Billboard is Operational before the ___ day

after the Commencement Date. CCO will be excused, however, for any delays in beginning or completing installation that are caused by a Force Majeure Event, as defined in Section 12(e)(1). CCO shall use reasonable diligence to avoid such delays and to resume work as promptly as possible after such a delay.

- (e) *Ownership.* CCO will own the Digital Billboard during the Term.
- (f) *Security Fences.* Before beginning installation of the Digital Billboard, CCO shall enclose with a temporary security fence the portion of the Premises CCO needs to install, operate, maintain, and repair the Digital Billboard. CCO shall maintain the temporary security fence until CCO replaces it with a permanent security fence that circumscribes an area coextensive with the area the temporary fence circumscribed. CCO shall install the permanent security fence around the Digital Billboard at the beginning of the Operations Phase and maintain that fence until the end of the Term. CCO shall install and maintain the temporary and permanent fences at no cost to the City and shall consult with the City on each fence's location and design.
- (g) *Maintenance.* At no cost to the City, CCO shall maintain the Premises and shall maintain, repair, and improve the Digital Billboard in accordance with the highest standards of the outdoor-advertising industry. CCO's maintenance obligation under this Section 6(g) includes the obligation to remove promptly any graffiti from the Premises and the Digital Billboard. CCO's obligation to improve the Digital Billboard under this Section 6(g) includes the obligation to replace the entire Message Center every ten years. The City is not obligated to maintain the Premises or to maintain or repair the Digital Billboard. If, however, CCO does not maintain the Premises, then the City may notify CCO in accordance with Section 12(a) that the City will perform the maintenance described in the notice if CCO does not do so within 10 Business Days. If CCO does not perform the needed maintenance within 10 Business Days after the notice is given, then the City may perform the maintenance described in the notice, and CCO shall reimburse the City's costs.
- (h) *Insured Damage or Destruction.* This lease will continue in full effect if the Digital Billboard is damaged or destroyed in whole or part by any cause covered by the fire-and-casualty insurance CCO is required to maintain under Section 11(a)(3), subject to the following:
 - (1) CCO shall repair or replace the Digital Billboard at no cost to the City using the insurance proceeds CCO receives or is entitled to receive under the fire-and-casualty policy. CCO shall promptly apply for, and diligently pursue the issuance of, any permits or approvals it needs to repair or replace the Digital Billboard. Within 30 days after obtaining the necessary permits and approvals, CCO shall begin work to repair or replace the Digital Billboard. CCO shall complete the

work within 180 days after the work begins and shall pay any costs that exceed the available insurance proceeds.

- (2) CCO may elect not to repair or replace the Digital Billboard if—
 - (A) the cost to repair or replace it exceeds 50% of its fair-market value immediately before it is damaged or destroyed; and
 - (B) the damage or destruction occurs—
 - (i) during the last two years of the Initial Term (if CCO opts not to extend this lease under Section 3(b)); or
 - (ii) during the last two years of the Extended Term (if CCO opts to extend this lease under Section 3(b)).
 - (3) If CCO elects, under Section 6(h)(2), not to repair or replace the Digital Billboard, then CCO shall—
 - (A) notify the City in writing of its election;
 - (B) use the insurance proceeds CCO receives for the damage or destruction to remove the Digital Billboard and restore the Premises in accordance with Section 6(l); and
 - (C) pay to the City half of the insurance proceeds that remain after CCO has performed under Section 6(h)(3)(B), and this lease will terminate when those proceeds are so paid.
- (i) *Uninsured Damage or Destruction.* This lease will continue in full effect if the Digital Billboard is damaged or destroyed in whole or part by any cause not covered by the fire-and-casualty insurance CCO is required to maintain under Section 11(a)(3) if the cost to repair the damage is less than or equal to twelve times the Monthly Rent in effect when the damage occurs. CCO shall repair the damage at no cost to the City as soon as is reasonably practicable.
 - (j) *Utilities.* At no cost to the City, CCO shall provide and pay for all utility connections, utility equipment, and utility service required to install, operate, maintain, repair, improve, or reposition the Digital Billboard throughout the Term. CCO shall coordinate with the City and the Sacramento Municipal Utility District (“SMUD”) for utility tie-ins and electrical power sources that CCO may need to operate the Digital Billboard. When purchasing electricity needed to operate the digital billboard, CCO shall participate in the Greenergy® program offered by SMUD, so that 100% of the Digital Billboard’s

electrical needs come from renewable resources. If SMUD discontinues the Greenergy® program, then CCO shall participate in any comparable program that SMUD then offers.

- (k) *Advertising Rights.* During the Term, CCO will have the exclusive right to enter into agreements for advertising on the Digital Billboard, subject to the following:
- (1) *Operation of the Message Center.* In operating the Message Center, CCO shall conform to all valid and applicable laws and regulations, including laws and regulations pertaining to outdoor advertising. CCO shall not display any message that in the judgment of the City Manager or the City Manager’s designee—
 - (A) is false, misleading, or deceptive;
 - (B) promotes the sale or use of tobacco products, alcoholic beverages, or medical marijuana, whether directly or indirectly;
 - (C) depicts violence or anti-social behavior or relates to illegal activity;
 - (D) contains “obscene matter,” as that term is defined in California Penal Code section 311 on the Effective Date, or promotes adult entertainment;
 - (E) promotes or opposes a candidate for public office or promotes or opposes a ballot measure;
 - (F) holds a person or group of persons up to public ridicule, derision, or embarrassment, or defames a person or group of persons; or
 - (G) contains language that is obscene, vulgar, profane, or scatological, or that presents a clear-and-present danger of causing riot, disorder, or other imminent threat to public safety, peace, or order.
 - (2) *Amber Alerts and Public-Service Messages.* CCO shall make the Message Center available to Caltrans for the purpose of displaying “Amber Alert” messages in accordance with the Amber Alert Guidelines set forth in **Exhibit D** to this lease. In addition, CCO shall make the Message Center available to Caltrans, to the City, and to other government agencies, on a space-available basis and without cost, for the purpose of displaying public-service messages (e.g., reports of commute times, drunk-driving-awareness messages, reports of serious accidents, emergency-disaster communications). Alternatively, CCO may include such public-service messages in the body of commercial advertising. As used in this Section 6(k)(2) and in Section 6(k)(3), “space-available basis” means any time when CCO has not sold out the display time on the Message Board.

- (3) *City Messages.* At the request of the City Manager or the City Manager's designee, CCO shall make the Message Center available to the City, on a space-available basis, for the purpose of displaying the City's own commercial or non-commercial messages. The City's messages must meet CCO's graphics-arts standards so that the messages are "camera ready," at no cost to CCO. CCO shall duplicate (e.g., digitalize), install, and display each City message for at least 20 consecutive days at no cost to the City.
- (4) *City Sign.* On each side of the Sign Structure, CCO shall install, operate, maintain, and repair a City sign that faces the same direction as a display area on the Message Center. The size and design of the City sign shall substantially comply with the criteria set forth in **Exhibit B**.
- (l) *Removal of Digital Billboard.* Within 120 days after the Term ends, whether the Term expires as scheduled or is terminated early for any reason, CCO shall remove the Digital Billboard from the Premises and shall restore the Premises to their pre-lease condition, all at no cost to the City.
- (m) *Compliance with Laws; Waiver of Compensation.* During the Term and while removing the Digital Billboard after the Term in accordance with Section 6(l), CCO shall do the following at no cost to the City: comply with all valid and applicable statutes, ordinances, regulations, rules, and orders that concern the Premises or the Digital Billboard and are enacted or issued by any federal, state, or local governmental entity with jurisdiction over the Premises or the Improvements (including the City) whether enacted or issued before, on, or after the Effective Date.
- (n) *Compliance with Mitigation-Monitoring Program.* During the Term and while removing the Digital Billboard after the Term in accordance with Section 6(l), CCO shall comply with the Mitigation Monitoring Program attached as **Exhibit E** to this lease. CCO's compliance with the Mitigation Monitoring Program is a material term of this lease.

7. Early Termination.

- (a) *City's Termination Rights.* Without prejudice to its other remedies at law or in equity, the City may terminate this lease, at any time and in its sole discretion, effective 30 days after the City gives CCO written notice of termination, if any of the following circumstances occurs:
 - (1) CCO breaches its obligation to pay Monthly Rent when due and does not cure the breach within 30 days after the City serves CCO with a written notice of breach.

- (2) CCO breaches its obligation to perform in accordance with any material provision of this lease other than the obligation to pay Monthly Rent and (A) does not cure the breach within 30 Business Days after the City serves it with a written notice of breach or, if the breach cannot reasonably be cured within 30 Business Days, (B) does not begin work on a cure within 30 Business Days after the City serves it with a written notice of breach and diligently pursue the cure to completion within 90 days after work begins. The express designation in this lease of a provision as “material” does not imply that other provisions are not material.
 - (3) The Digital Billboard is not Operational by the ___ day after the Commencement Date.
- (b) *CCO’s Termination Rights.* Without prejudice to its other remedies at law or in equity, including the right to seek just compensation under the laws of eminent domain as described in Section 9, CCO may terminate this lease, at any time and in its sole discretion, effective 30 days after CCO gives the City written notice of termination, if any of the following circumstances occurs:
- (1) The view of the Message Center’s display area from the portion of Interstate 80 adjacent to the Premises is materially obstructed, and CCO did not cause the obstruction. This Section 7(b)(1) does not apply to Obstructions covered by Section 5(d).
 - (2) CCO cannot safely use the Premises to install, operate, maintain, repair, or improve the Digital Billboard because of a non-remediable condition, and CCO did not cause the condition.
 - (3) There is a material diversion of traffic from, or a material reduction or change in the directional flow of traffic on, the portion of Interstate 80 adjacent to the Premises, and the diversion or disruption continues uninterrupted for at least 24 consecutive months.
 - (4) Through no fault of its own, CCO cannot obtain or maintain the governmental permits required to install, operate, maintain, repair, or improve the Digital Billboard, including the Caltrans Permits and the City Permits.
 - (5) Use of the Message Center for its intended purpose is prevented or limited by law, or CCO is required by any court or other governmental entity, for reasons other than eminent domain, to remove the Digital Billboard from the Premises.

- (6) The Digital Billboard is damaged by a casualty for which CCO is not required under this lease to carry insurance, and the cost to repair the damage exceeds twelve times the Monthly Rent in effect when the damage occurs.
- (c) *CCO's Right to Renegotiation.* If any of the circumstances identified in Section 7(b) occurs, then, at its discretion and in lieu of termination, CCO may request that the City negotiate on reducing the Monthly Rent to an amount that reasonably reflect the diminished value of the Digital Billboard to CCO, and on receiving the request the City shall negotiate in good faith with CCO. The City is not required, however, to agree on a reduction.
- (d) *City's and CCO's Additional Termination Rights.* Without prejudice to their other remedies at law or in equity, either party may terminate this lease if the other party (or, for CCO, its parent company)—
- (1) has an order for relief entered with respect to it, commences a voluntary case, or has an involuntary case filed against it under any applicable bankruptcy, insolvency, or other similar law then in effect, and the order or case is not stayed, withdrawn, or settled within 60 days after it is entered, commenced, or filed (11 U.S.C. § 365(e)(2)(A), as amended, or any successor statute); or
 - (2) files for reorganization, becomes insolvent, or has a receiver or other officer with similar powers appointed for its affairs in any court with jurisdiction, whether or not with its consent (unless dismissed, bonded, or discharged within 60 days after appointment).

8. Taxes. CCO is responsible for and shall pay or otherwise discharge, without abatement or deduction, all taxes levied on, or related to, CCO's outdoor-advertising activities on the Premises. This obligation includes payment of any—

- (a) sales or similar tax on CCO's sale of advertising space on the Digital Billboard;
- (b) possessory-interest tax related to this lease or to CCO's possession or use of the Premises; and
- (c) real-property tax allocated to the Digital Billboard and personal-property tax levied on CCO's personal property on the Premises.

9. Eminent Domain

- (a) *Definitions.* The following definitions apply to this Section 9:

- (1) "Condemning Entity" means any entity that by law may exercise the power of eminent domain to acquire possession of, and title to, any of the following: the Digital Billboard, the entire Premises, or an Essential Part of the Premises.
 - (2) "Essential Part of the Premises" means any portion of the Premises that is reasonably necessary for installing, operating, maintaining, repairing, or improving the Digital Billboard in accordance with this lease.
- (b) *Termination Events.* This lease will terminate if a Condemning Entity acquires the Digital Billboard, the entire Premises, or an Essential Part of the Premises—
- (1) by using the power of eminent domain; or
 - (2) through negotiations under the threat of using the power of eminent domain.
- (c) *Termination Date; Rent Refund; Caltrans Permits.* Termination under this Section 9 will occur on the date the Condemning Entity obtains possession of, or title to, the Digital Billboard, the entire Premises, or the Essential Part of the Premises, whichever occurs first. Within 15 Business Days after the termination date, the City shall—
- (1) refund to CCO any pre-paid Monthly Rent for the unexpired portion of the Term; and
 - (2) relinquish any interest it may have in the Caltrans Permits and execute any documents needed to confirm that CCO is the sole owner of the Caltrans Permits.
- (d) *Compensation.* If termination occurs under this Section 9, then CCO and the City may each independently seek to recover from the Condemning Entity all compensation and other remedies provided by law for the interests taken from them. But the City may not seek or recover compensation for CCO's lost interests, and CCO may not seek or recover compensation for the City's lost interests. Without limiting the preceding, CCO may seek to recover some or all of the following from the Condemning Entity:
- (1) compensation for its lost advertising income, for the value of the Digital Billboard, for lost goodwill, and for its interest in this lease; and
 - (2) financial assistance for relocating the Digital Billboard.

10. Indemnification.

- (a) *Definitions.* The following definitions apply to this Section 10:

- (1) "Person" is to be interpreted broadly and includes CCO and CCO's directors, officers, employees, contractors, and agents; and the City and the City's elected officials, officers, employees, contractors, and agents.
 - (2) "Liabilities" means all liabilities, claims, demands, damages, and costs (including reasonable attorneys' fees and litigation costs through final resolution on appeal) that arise directly or indirectly from CCO's possession or use of the Premises.
 - (3) "Occurrence" means (A) the death of, or injury to, any Person; and (B) damage to, or destruction of, any real property, personal property (including intellectual property), or the environment (broadly interpreted to include the air, soil, soil vapor, surface water, groundwater, flora, and fauna on or about the Premises).
 - (4) "Secured Area" means the portion of the Premises enclosed by the permanent security fence that CCO erects around the Digital Billboard in accordance with Section 6(f).
- (b) *General Indemnity.* CCO shall indemnify, defend (with attorneys reasonably acceptable to the City), protect, and hold the City and the City's property (including the Premises) harmless from and against all Liabilities that arise directly or indirectly from CCO's possession or use of the Premises. CCO is obligated under this Section 10(b) even if the City or the City's elected officials, officers, employees, contractors, or agents reviewed, accepted, or approved the work, materials, or activities from which the Liabilities arise. But CCO is not obligated under this Section 10(b) to the extent the Liabilities are caused by the active negligence or willful misconduct of the City or the City's elected officials, officers, employees, contractors, or agents. CCO's obligation under this Section 10(b) includes Liabilities arising from any of the following:
- (1) Any Occurrence on the Premises and outside the Secured Area, but only to the extent caused by CCO's acts or omissions.
 - (2) Any Occurrence inside the Secured Area.
 - (3) Any Occurrence that is in any way connected with any of CCO's personal property on the Premises.
 - (4) Any Occurrence caused or allegedly caused by (A) any condition of the Premises created by CCO or by any Person on the Premises with CCO's permission; or (B) some act or omission on the Premises by CCO or by any Person on the Premises with CCO's permission.

- (5) Any Occurrence caused by, or related in any way to, work or activities performed on the Premises or materials furnished to the Premises at the request of CCO or any person or entity acting for CCO or with CCO's permission.
 - (6) Any Occurrence that is caused by, or related in any way to, a verbal or non-verbal display on the Message Center.
 - (7) CCO's failure to perform any provision of this lease, to comply with any requirement of law applicable to CCO, or to fulfill any requirement imposed by any governmental entity (including the City when acting as a government) on CCO or on CCO's use of the Premises.
- (c) *Hazardous Substances.* CCO shall indemnify, defend (with attorneys reasonably acceptable to the City), protect, and hold harmless the City; the City's elected officials, officers, employees, and agents; and the City's property (including the Premises) from and against all Liabilities that arise directly or indirectly from either of the following:
- (1) The possession, use, generation, transportation, release, threatened release, handling, storage, or disposal by CCO or CCO's contractors of any Hazardous Substance on or under the Premises during the Term or during CCO's removal of the Digital Billboard in accordance with Section 6(l).
 - (2) The possession, use, generation, transportation, release, threatened release, handling, storage, or disposal by anyone other than the City or the City's elected officials, officers, employees, contractors, or agents of any Hazardous Substance on or under the Secured Area during the Term or during CCO's removal of the Digital Billboard in accordance with Section 6(l). CCO is not obligated under this Section 10(c)(2) for any Hazardous Substance that existed on or under the Premises on or before the Effective Date unless CCO's intentional, negligent, or willful misconduct causes or exacerbates a release of the Hazardous Substance.
- (d) *Legal Challenges.* CCO shall indemnify, defend (with attorneys reasonably acceptable to the City), protect, and hold harmless the City and the City's elected officials, officers, and employees in any litigation brought to challenge the validity of this lease, the validity of the City Permits or the Caltrans Permits, or the validity of the City ordinances that authorize the installation and operation of the Digital Billboard on the Premises. CCO's obligation to indemnify under this Section 10(d) includes liability for attorneys' fees awarded to a party who successfully challenges the validity of this lease, of the City Permits or the Caltrans Permits, or of any authorizing ordinance.
- (e) *Survival.* CCO's obligations under this Section 10 will survive this lease.

11. Insurance.

- (a) *Types of Policies.* During the Term and during CCO's removal of the Digital Billboard in accordance with Section 6(l), at no cost to the City, CCO shall procure and maintain the following insurance policies covering CCO's possession and use of the Premises:
- (1) A policy of comprehensive general-liability insurance providing coverage at least as broad as that provided by ISO Form CG 00 01. This policy must (A) be issued on an occurrence basis; (B) include coverage for premises, operations, products and completed operations, advertising injury, and contractual liability; (C) have a combined single limit of at least \$1,000,000 for each occurrence; and (D) include a fire legal-liability limit of \$50,000 for each occurrence.
 - (2) A policy of automobile-liability insurance providing coverage at least as broad as that provided by ISO Form CA 00 01. This policy must (A) have a combined single limit of at least \$1,000,000 for each occurrence; and (B) cover owned, non-owned, and hired vehicles.
 - (3) A policy of fire-and-casualty insurance that insures the Digital Billboard for its full replacement value against damage or destruction by fire or by any of the perils commonly covered under the standard extended-coverage endorsement to fire-insurance policies issued on real property in Sacramento County. In addition, during installation of the Digital Billboard, the policy must include coverage for course of construction, vandalism, and malicious mischief and must insure the Digital Billboard and all materials delivered to the Premises for their full insurable value. All insurance proceeds that become payable under this policy while this lease is in effect will be paid to CCO in trust and applied by CCO to the cost of repairing and restoring the Digital Billboard as required by, and except as otherwise provided in, Section 6(h).
 - (4) A policy of workers-compensation insurance with limits at least equal to those required by California law and including employer-liability insurance with a limit of at least \$1,000,000. This policy must include a waiver of subrogation against the City. As an alternative to this policy, and subject to approval by the City's Risk Management Department, CCO may provide the City with a copy of CCO's Certificate of Consent to Self Insure from the California Department of Industrial Relations and a certificate showing CCO's excess-insurance limits and self-insured retentions.
- (b) *Insurer Qualifications.* Each policy must be issued by an insurer the California Department of Insurance has authorized to transact business in California in the relevant line of insurance, and the insurer must have a rating of at least "A" by A.M.

Best Company or a rating the City's Risk Management Department determines to be substantially equivalent.

- (c) *Certificates of Insurance.* Within 10 days after the Effective Date, and afterward upon request, CCO shall provide the City with certificates of insurance, signed by authorized representatives of the insurers, confirming that CCO has procured and is maintaining the insurance policies required by this Section 11. Upon request at any time, CCO shall provide the City with a copy of each policy, including all endorsements.
- (d) *Notice.* Each of the policies must obligate the insurer to give the City at least 30 days' advance written notice before the policy is cancelled or materially changed.
- (e) *Other Requirements.* The general-liability and automobile-liability policies must each—
 - (1) name the City and the City's elected officials, officers, employees, and agents as additional insureds;
 - (2) provide that CCO's insurance coverage is primary insurance with respect to the City and the City's elected officials, officers, employees, and agents to the extent they are additional insureds;
 - (3) provide that CCO's insurance applies separately to each insured against whom a claim is made or a suit brought, except with respect to the applicable policy limits; and
 - (4) provide that the City's insurance and self-insurance are in excess of CCO's insurance and will not contribute with it.
- (f) *Quinquennial Review.* The City may revise these insurance requirements every five years if the City reasonably determines that revision is needed to conform the policy terms, conditions, and limits with then-current insurance-industry standards for structures and real property comparable to the Digital Billboard and the Premises. A revision will take effect 30 days after the City gives CCO notice in accordance with Section 12(a).
- (g) *No Limit on Indemnification.* Nothing in this Section 11 limits CCO's obligations under Section 10.

12. Miscellaneous.

- (a) *Notices.* Any notice or other communication under this lease must be in writing and will be considered properly given and effective only when mailed or delivered in the manner provided by this Section 12(a) to the persons identified below. A mailed notice or other communication will be effective or will be considered to have been given on

the third day after it is deposited in the United States Mail (certified mail and return receipt requested), addressed as set forth below, with postage prepaid. A notice or other communication sent in any other manner will be effective or will be considered properly given when actually delivered. A party may change its address for these purposes by giving written notice of the change to the other party in the manner provided in this Section 12(a).

If to the City:

City of Sacramento
 Economic Development Department
 915 I Street, Third Floor
 Sacramento, California 95814
 Attention:
 Tom Zeidner
 Senior Development Project Manager

If to CCO:

Clear Channel Outdoor, Inc.
 1107 9th Street, Suite 500
 Sacramento, California 95814
 Attention:
 David M. McWalters
 Senior Vice President
 Real Estate & Public Affairs

- (b) *Assignments and Subleases.* A party may not assign or otherwise transfer this lease or any interest in it, and this lease is not assignable by operation of law, without the other party's prior written consent, which the other party shall not withhold, delay, or condition unreasonably. An assignment or transfer of this lease does not occur, for purposes of this Section 12(b), if CCO merges with another company, reorganizes its stock, or undergoes a similar corporate restructuring, or if CCO sells any of its assets or stock. CCO may not sublease the Premises or any part of the Premises, or the Digital Billboard or any part of the Digital Billboard, without the City's prior written consent, which the City may withhold or condition in its sole discretion. An assignment, transfer, or sublease made contrary to this Section 12(b) is void.
- (c) *Successors and Assigns.* This lease binds and inures to the benefit of the successors and assigns of the parties. This Section 12(c) does not constitute the City's consent to any assignment of this lease or any interest in the lease, or to any sublease of the Premises or any part of the Premises, or to any sublease of the Digital Billboard or any part of the Digital Billboard.
- (d) *The City's Right to Enter and Inspect the Premises.* The City and the City's elected officials, officers, employees, and agents may enter upon and inspect the Premises at any time to determine CCO's compliance with this lease.
- (e) *Force Majeure.*
 - (1) "Force Majeure Event" means a cause of delay that is not the fault of the party who is required to perform under this lease and is beyond that party's reasonable control, including the elements (including floods, earthquakes,

windstorms, and unusually severe weather), fire, energy shortages or rationing, riots, acts of terrorism, war or war-defense conditions, acts of any public enemy, epidemics, the actions or inactions of any governmental entity (excluding the City) or that entity's agents, litigation, labor shortages (including shortages caused by strikes or walkouts), and materials shortages.

- (2) Except as otherwise expressly provided in this lease, if the performance of any act required by this lease to be performed by either the City or CCO is prevented or delayed because of a Force Majeure Event, then the time for performance 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.
 - (3) This Section 12(e) does not excuse (A) CCO's obligation to pay Monthly Rent when due and payable; or (B) either party's obligation to perform an act when performance is rendered difficult or impossible solely because of that party's financial condition.
- (f) *Waiver of Breach.* A party's failure to insist on strict performance of this lease or to exercise any right or remedy upon the other party's breach of this lease will not constitute a waiver of the performance, right, or remedy. A party's waiver of the other party's breach of any provision in this lease will not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision. A waiver is binding only if set forth in writing and signed by the waiving party.
- (g) *Relationship of the Parties.* This lease does not create any relationship or association between the City and CCO other than that of landlord and tenant. For example, and without limiting the previous sentence, this lease does not create between the City and CCO the relationship of principal and agent, nor does it create a partnership or joint venture.
- (h) *Attorney's Fees.* The party prevailing in any litigation concerning this lease, the Premises, or any improvements to the Premises (including the Digital Billboard) will be entitled to an award by the court of reasonable attorneys' fees and litigation costs through final resolution on appeal in addition to any other relief that may be granted in the litigation. If the City is the prevailing party, then this Section 12(h) will apply whether the City is represented in the litigation by the Office of the City Attorney or by outside counsel.
- (i) *Severability.* If a court with jurisdiction holds any nonmaterial provision of this lease to be invalid, void, or unenforceable, then the remaining provisions will remain in full force.

- (j) *Counterparts.* The parties may execute this lease in counterparts, each of which will be considered an original, but all of which will constitute the same lease.
- (k) *Memorandum of Lease.* Either the City or CCO may record with the Sacramento County Clerk/Recorder, using the form set forth as **Exhibit F**, a memorandum summarizing this lease.
- (l) *Further Assurances.* Each party shall execute all additional documents or instruments and take all necessary action that either party reasonably considers necessary to carry out the proper purposes of this lease.
- (m) *Time of Essence.* Time is of the essence of this lease.
- (n) *Interpretation.* This lease is to be interpreted and applied in accordance with California law without regard to conflict-of-laws principles, except that the rule of interpretation in California Civil Code section 1654 will not apply. Schedules 1 and 2 and Exhibits A, B, C, D, E, and F are part of this lease.
- (o) *Integration and Modification.* This lease sets forth the parties' entire understanding regarding the matters addressed. It supersedes all prior or contemporaneous agreements, representations, and negotiations (written, oral, express, or implied) and may be modified only by another written agreement signed by both parties.

(Signature Page Follows)

City of Sacramento

Clear Channel Outdoor, Inc.

By: _____
Gus Vina
Interim City Manager
Dated: _____, 2010

By: _____
David McWalters
Senior Vice President Real Estate
Clear Channel Outdoor
Dated: _____, 2010

Approved as to Form
Sacramento City Attorney

Approved as to Form
Remy, Thomas, Moose & Manley

By: _____
Joseph Cerullo Jr.
Senior Deputy City Attorney

By: _____
Tina Thomas
Attorneys for Clear Channel Outdoor

Schedule 1
Monthly Rent

The following definitions apply in this Schedule 1:

“Gross Revenue” means all revenue CCO actually derives from the Digital Billboard, including revenue from the display of messages and revenue from non-advertising uses of the Digital Billboard, such as any rental CCO receives from a telecommunications company that uses the Digital Billboard as a cell site or cell tower.

“Annual Net Revenue” means the difference between the Gross Revenue that CCO actually receives in a Lease Year and any commissions or fees that CCO actually pays to a bona fide independent advertising agency (i.e., an agency that is not owned or co-owned by CCO or otherwise affiliated with CCO) in connection with messages displayed on the Digital Billboard. The amount of such a commission or fee may not exceed 16⅓% of the revenue to which it relates.

1. **Lease Years 1 through 5.** Monthly Rent during Lease Years 1, 2, 3, 4, and 5 is \$15,000.
2. **Lease Years 6 through 10.** Add the Annual Net Revenues for Lease Years 3, 4, and 5 and then divide the resulting sum by 120*. Monthly Rent during Lease Years 6, 7, 8, 9, and 10 is equal to the larger of (a) the quotient determined under this Section 2 or (b) \$15,000.
3. **Lease Years 11 through 15.** Add the Annual Net Revenues for Lease Years 6, 7, 8, 9, and 10 and then divide the resulting sum by 200†. Monthly Rent during Lease Years 11, 12, 13, 14, and 15 is the larger of (a) the quotient determined under this Section 3 or (b) the Monthly Rent determined under Section 2 of this Schedule 1.

* Dividing by 120 is equivalent to multiplying the total Annual Net Revenues for Lease Years 3, 4, and 5 by one-third (to get the average Net Annual Revenue), then multiplying the resulting product by one-twelfth, and then multiplying the resulting product by 0.30. For example, if the Annual Net Revenues for Lease Years 3, 4, and 5 were \$2.0 million, \$2.2 million, and \$2.4 million, respectively, then aggregate Annual Net Revenues for the three years would be \$6.6 million. Multiplying that amount by one-third (0.33) yields an average Annual Net Revenue of \$2.2 million. Multiplying that average by one-twelfth (0.083) yields an average monthly revenue of \$183,333 (rounded to the nearest dollar). And multiplying that monthly revenue by 30% (0.30) yields Monthly Rent of \$55,000 (rounded to the nearest dollar) for Lease Years 3, 4, and 5. The same result obtains by dividing the \$6.6 million three-year aggregate by 120 ($\$6,600,000 \div 120 = \$55,000$).

† Dividing by 200 is equivalent to multiplying the total Annual Net Revenues for the five Lease Years in question by one-fifth (to get the average Net Annual Revenue), then multiplying the resulting product by one-twelfth, and then multiplying the resulting product by 0.30. For example, if the Annual Net Revenues for Lease Years 6 through 10 were \$2.0 million, \$2.2 million, \$2.4 million, \$2.6 million, and \$2.8 million, respectively, then aggregate Annual Net Revenues for the five years would be \$12.0 million. Multiplying that amount by one-fifth (0.20) yields an average Annual Net Revenue of \$2.4 million. Multiplying that average by one-twelfth (0.083) yields an average monthly revenue of \$200,000. And multiplying that monthly revenue by 30% (0.30) yields Monthly Rent of \$60,000 for Lease Years 11, 12, 13, 14, and 15. The same result obtains by dividing the \$12 million five-year aggregate by 200 ($\$12,000,000 \div 200 = \$60,000$).

4. **Lease Years 16 through 20.** Add the Annual Net Revenues for Lease Years 11, 12, 13, 14, and 15 and then divide the resulting sum by 200[†]. Monthly Rent during Lease Years 16, 17, 18, 19, and 20 is the larger of (a) the quotient determined under this Section 4 or (b) the Monthly Rent determined under Section 3 of this Schedule 1.
5. **Lease Years 21 through 25.** Add the Annual Net Revenues for Lease Years 16, 17, 18, 19, and 20 and then divide the resulting sum by 200[†]. Monthly Rent during Lease Years 21, 22, 23, 24, and 25 is the larger of (a) the quotient determined under this Section 5 or (b) the Monthly Rent determined under Section 4 of this Schedule 1.
6. **Extended Term.** Add the Annual Net Revenues for Lease Years 21, 22, 23, 24, and 25 and then divide the resulting sum by 200[†]. Monthly Rent during the Extended Term is the larger of (a) the quotient determined under this Section 6 or (b) the Monthly Rent determined under Section 5 of this Schedule 1.

**Schedule 2
Existing Billboards to be Removed**

New Billboard	Existing Billboards
<p>New Billboard 1 <i>General Location:</i> north side of Interstate 80 near Northgate Boulevard <i>APNs:</i> 237-0031-036 <i>General Description:</i> two-sided digital display (14' X 48') that uses light-emitting diodes, is oriented toward Interstate 80, and has an overall height of 90 feet, including a 5-foot-long decorative cap <i>Total Display Area:</i> 1344 square feet</p>	<p>CCO shall permanently remove these five Existing Billboards from the indicated locations before CCO begins constructing New Billboard 1:</p> <p>Existing Billboard 1-A <i>General Location:</i> west side of Del Paso Boulevard, 100 feet south of Colfax Street <i>APN:</i> 275-0164-019 <i>CCO Location Number:</i> 4068 <i>General Description:</i> one-sided billboard (12' X 25') <i>Total Display Area:</i> 300 square feet</p> <p>Existing Billboard 1-B <i>General Location:</i> west side of Del Paso Boulevard, 100 feet south of Edgewater Road <i>APN:</i> 275-0122-008 <i>CCO Location Number:</i> 4067 <i>General Description:</i> one-sided billboard (12' X 25') <i>Total Display Area:</i> 300 square feet</p> <p>Existing Billboard 1-C <i>General Location:</i> west side of Power Inn Road, 350 feet north of 20th Avenue <i>APN:</i> 061-0113-014 <i>CCO Location Numbers:</i> 4307, 4308 <i>General Description:</i> two-sided billboard (12' X 25') <i>Total Display Area:</i> 600 square feet</p> <p>Existing Billboard 1-D <i>General Location:</i> east side of Rio Linda Boulevard, 40 feet south of Alamos Avenue <i>APN:</i> 265-0162-001 <i>CCO Location Number:</i> 4318 <i>General Description:</i> one-sided billboard (12' X 25') <i>Total Display Area:</i> 300 square feet</p> <p>Existing Billboard 1-E</p>

	<p><i>General Location:</i> east side of Stockton Boulevard, 20 feet north of 13th Avenue <i>APN:</i> 015-0242-023 <i>CCO Location Number:</i> 4369 <i>General Description:</i> one-sided billboard (12' X 25') <i>Total Display Area:</i> 300 square feet</p>
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Lease for Digital Billboard: Schedule 2

Exhibit A

Property Description

Interstate 80 and Northgate Boulevard

Exhibit B
Digital Billboard Description

Exhibit C Hazardous Substances

As used in this Exhibit C, "Environmental Laws" means any statute, ordinance, regulation, rule, order, decree, or other law or requirement that is enacted, promulgated, or issued by any federal, state, or local government entity (whether before, on, or after the Effective Date) and—

- regulates, relates to, or imposes liability or standards of conduct concerning any Hazardous Substance (defined below);
- regulates land use or regulates or protects the environment, including air, soil, soil vapor, surface water, groundwater, flora, or fauna; or
- pertains to occupational health or industrial hygiene or to occupational or environmental conditions on, under, or about the Premises.

Without limiting the generality of the foregoing, "Environmental Laws" includes the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) (42 U.S.C. § 9601 et seq.); the Resource Conservation and Recovery Act of 1976 (RCRA) (42 U.S.C. § 6901 et seq.); the Clean Water Act, also known as the Federal Water Pollution Control Act (FWPCA) (33 U.S.C. § 1251 et seq.); the Toxic Substances Control Act (TSCA) (15 U.S.C. § 2601 et seq.); the Hazardous Materials Transportation Act (HMTA) (49 U.S.C. § 1801 et seq.); the Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.); the Superfund Amendments and Reauthorization Act (SARA) (42 U.S.C. § 6901 et seq.); the Clean Air Act (42 U.S.C. § 7401 et seq.); the Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.); the Emergency Planning and Community Right to Know Act (42 U.S.C. § 11001 et seq.); the Occupational Safety and Health Act (OSHA) (29 U.S.C. §§ 655 and 657); the California Underground Storage of Hazardous Substance Act (Cal. Health & Saf. Code, § 25280 et seq.); the California Hazardous Waste Control Act (Cal. Health & Saf. Code, § 25100 et seq.); the California Safe Drinking Water and Toxic Enforcement Act (Cal. Health & Saf. Code, § 24249.5 et seq.); and the Porter-Cologne Water Quality Act (Cal. Water Code, § 13000 et seq.), together with any amendments of these statutes and regulations promulgated under them (whether enacted or promulgated before, on, or after the Effective Date).

For purposes of this lease, "Hazardous Substance" means—

- (1) any substance defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic waste," "solid waste," "pollutant," or "contaminant" under Environmental Laws (defined above);
- (2) any substance listed as hazardous substances in 49 C.F.R. § 172.101 or its successor by the U.S. Department of Transportation or in 40 C.F.R. Part 302 or its successor by the U.S. Environmental Protection Agency;

- (3) any other substance, material, or waste that is or becomes regulated or classified as hazardous or toxic under Environmental Laws (defined above);
- (4) any material, waste, or substance that is (a) a petroleum or refined petroleum product, (b) asbestos or asbestos-containing materials, (c) polychlorinated biphenyl, (d) designated as a hazardous substance under 33 U.S.C. § 1321 or its successor or listed under 33 U.S.C. § 1317 or its successor, (e) a flammable explosive, (f) a radioactive material, or (g) a lead-based paint;
- (5) any substance listed by the State of California under subdivision (a) of California Health and Safety Code section 25249.8, as amended, or under any successor to that statute, as a chemical known by the state to cause cancer or reproductive toxicity;
- (6) any material that, because of its characteristics or interaction with one or more other substances, chemical compounds, or mixtures, threatens to damage health, safety, or the environment or is required by any law or public agency to be remediated;
- (7) any material that, if present, would require remediation under the guidelines set forth in California's Leaking Underground Fuel Tank Field Manual, regardless of whether the presence of the material resulted from a leaking underground fuel tank;
- (8) any pesticide regulated under the federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §136 et seq.) or its successor;
- (9) any material regulated under the federal Occupational Safety and Health Act (29 U.S.C. § 651 et seq.) or California's Occupational Safety and Health Act (Health & Saf. Code, § 63000 et seq.), or their successors;
- (10) any material regulated under the federal Clean Air Act (42 U.S.C. 7401 et seq.) or under division 26 of the California Health and Safety Code, or their successors;
- (11) any material that qualifies as an "extremely hazardous waste," "hazardous waste," or "restricted hazardous waste" under section 25115, 25117, or 25122.7 of the California Health and Safety Code, or as "medical waste" under section 25281, 25316, 25501, 25501.1, 25023.2, or 39655 of the California Health and Safety Code, or their successors; and
- (12) any material listed or defined as a "hazardous waste," "extremely hazardous waste," or an "acutely hazardous waste" under chapter 11 of title 22 of the California Code of Regulations or any successor to that chapter.

**Lease for Digital Billboard
City of Sacramento and Clear Channel Outdoor**

**Exhibit D
Amber Alert Guidelines**

**Lease for Digital Billboard
City of Sacramento and Clear Channel Outdoor
Exhibit E – Mitigation Monitoring Program**

Mitigation Measure	Monitoring Party	Compliance Milestone / Confirm Compliance
<p>1. TRANSPORTATION / CIRCULATION</p> <p>Transportation 1. The operation of digital billboards by the operator within the City of Sacramento shall comply with the following at all times:</p> <ul style="list-style-type: none"> a. No special visual effects that include moving or flashing lights shall accompany the transition between two successive messages, and no special visual effects shall accompany any message display; b. The operator shall report its intention of installing, implementing or using any technology that would allow interaction with drivers, vehicles or any device located in vehicles, including, but not limited to a radio frequency identification device, geographic positions system, or other device, in advance of such operation, in the annual report required in Mitigation Measure Transportation 2. <p>Transportation 2. The operator of any digital billboard operated within the City of Sacramento shall submit, within thirty days following June 30 of each year, a written report regarding operation of each digital billboard during the preceding period of July 1 to June 30. The operator may submit a combined report for all such digital billboards operated by such operator within the City limits. The report shall, when appropriate, identify incidents or facts that relate to specific digital billboards. The report shall be submitted to the Director of the Community Development Department, Director of Department of Transportation and the City Attorney, and shall include information relating to the following:</p> <ul style="list-style-type: none"> a. Status of the operator’s license as required by California Business and Professions Code §§5300 et seq.; b. Status of the required permit for individual digital billboards, as required by California Business and Professions Code §§5350 et seq.; c. Compliance with the California Outdoor Advertising Act, California Business and Professions Code 	<p>City of Sacramento: Community Development Department & Department of Transportation</p>	<p>Provide annual written reports by July 30 each year detailing the information outlined in Mitigation Measure Transportation 2 to the Directors of the City of Sacramento Community Development Department and the Department of Transportation</p>

**Lease for Digital Billboard
City of Sacramento and Clear Channel Outdoor
Exhibit E – Mitigation Monitoring Program**

Mitigation Measure	Monitoring Party	Compliance Milestone / Confirm Compliance
<p>§§5200 and all regulations adopted pursuant to such Act;</p> <ul style="list-style-type: none"> d. Compliance with California Vehicle Code §§21466.5 and 21467; e. Compliance with provisions of written agreements between the U.S. Department of Transportation and the California Department of Transportation pursuant to the federal Highway Beautification Act (23 U.S.C. §131); f. Compliance with mitigation measures identified in this Initial Study and in the Mitigated Negative Declaration adopted as part of project approval; g. Each written or oral complaint received by the operator, or conveyed to the operator by any government agency or any other person, regarding operation of digital billboards within the City of Sacramento; h. Each malfunction or failure of a digital billboard approved by the City of Sacramento and operated by the operator within the City of Sacramento, which shall include only those malfunctions or failures that are visible to the naked eye, including reason for the malfunction, duration and confirmation of repair; and i. Operating status of each digital billboard operated by the operator within the City of Sacramento, including estimated date of repair and return to normal operation of any digital billboard identified in the report as not operating in normal mode. 		
<p>2. AESTHETICS See Mitigation Measures Transportation 1 and 2</p>	<p>See Mitigation Measures Transportation 1 and 2</p>	<p>See Mitigation Measures Transportation 1 and 2</p>

**Lease for Digital Billboard
City of Sacramento and Clear Channel Outdoor
Exhibit E – Mitigation Monitoring Program**

Mitigation Measure	Monitoring Party	Compliance Milestone / Confirm Compliance
<p>fledging, can be initiated within 200 yards (buffer zone) of an active nest between March 1 and September 15. The size of the buffer area may be adjusted if a qualified biologist and the CDFG determine it would not be likely to have adverse effects on the hawks. No project activity will commence within the buffer area until a qualified biologist confirms that the nest is no longer active.</p> <p>b. If construction or other project-related activities that may cause nest abandonment or forced fledging are necessary within the buffer zone, monitoring of the nest site (funded by the project proponent) by a qualified biologist will be required to determine if the nest is abandoned. If the nest is abandoned and if the nestlings are still alive, the project proponent will fund the recovery and hacking (controlled release of captive reared young) of the nestling(s).</p> <p>Routine disturbances, such as routine maintenance activities within 0.4 kilometer (0.25 mile) of an active nest, will not be prohibited unless consultation with the CDFG determines that these activities will affect the active nest.</p>		<p style="text-align: center;">2</p> <p>Prior to issuance of grading and/or building permits</p>
<p>5. CULTURAL RESOURCES</p> <p>CR-1 (Location 2-Interstate 5 and Richards Boulevard). For the proposed billboard sites located within archaeologically sensitive areas, as shown in the General Plan MEIR, Figure 6.4-1, the developer shall have test bores conducted by a qualified archaeologist in the location and to depth of the proposed excavation (drilling of the foundation holes). The archaeologist shall assess the significance of any finds in the test bores. The archaeologist shall coordinate the testing and provide written findings to the City’s Preservation Director. If the find is determined to be significant by the archaeologist and the Preservation Director, the archaeologist and the Preservation Director shall coordinate to determine the appropriate course of action to be undertaken prior to initiation of construction.</p> <p>CR-2 (All Locations). In the event that any prehistoric subsurface archeological features or deposits, including locally darkened soil (“midden”), that could conceal cultural deposits, animal bone, obsidian and/or mortars are</p>	<p>City of Sacramento</p> <p>Community Development Department</p> <p>City Preservation Director</p>	<p>Measures shall be shown and confirmed on construction plans.</p> <p>Provide a written report of the findings of testing to the City’s Preservation Director for Location 2.</p>

**Lease for Digital Billboard
City of Sacramento and Clear Channel Outdoor
Exhibit E – Mitigation Monitoring Program**

Mitigation Measure	Monitoring Party	Compliance Milestone / Confirm Compliance
<p>discovered during construction-related earth-moving activities, all work shall be halted, and the City shall consult with a qualified archeologist, at the applicant’s cost, to assess the significance of the find. Archeological test excavations shall be conducted by a qualified archeologist to aid in determining the nature and integrity of the find. If the find is determined to be significant by the qualified archeologist, representatives of the City and the qualified archeologist shall coordinate to determine the appropriate course of action. All significant cultural materials recovered shall be subject to scientific analysis and professional museum curation. In addition, a report shall be prepared by the qualified archeologist according to current professional standards.</p> <p>CR-3 (All locations). If a Native American site is discovered, the evaluation process shall include consultation with the appropriate Native American representatives.</p> <p>If Native American archeological, ethnographic, or spiritual resources are involved, all identification and treatment shall be conducted by qualified archeologists, who are certified by the Society of Professional Archeologists (SOPA) and/or meet the federal standards as stated in the Code of Federal Regulations (36 CFR 61), and Native American representatives, who are approved by the local Native American community as scholars of the cultural traditions.</p> <p>In the event that no such Native American is available, persons who represent tribal governments and/or organizations in the locale in which resources could be affected shall be consulted. If historic archeological sites are involved, all identified treatment is to be carried out by qualified historical archeologists, who shall meet either Register of Professional Archeologists (RPA), or 36 CFR 61 requirements.</p> <p>CR-4 (All Locations). If a human bone or bone of unknown origin is found during construction, all work shall stop in the vicinity of the find, and the County Coroner shall be contacted immediately. If the remains are determined to be Native American, the coroner shall notify the Native American Heritage Commission, who shall notify the person most likely believed to be a descendant. The most likely descendant shall work with the contractor to develop a program for re-internment of the human remains and any associated artifacts. No additional work is to take place within the immediate vicinity of the find until the identified appropriate actions have taken place.</p>	<p style="text-align: center;">City of Sacramento Community Development Department City Preservation Director</p>	<p style="text-align: center;">Prior to Construction activities</p> <p style="text-align: center;">Measures shall be shown and confirmed on construction plans.</p> <p style="text-align: center;">During Construction activities</p>

**Lease for Digital Billboard
City of Sacramento and Clear Channel Outdoor
Exhibit E – Mitigation Monitoring Program**

Mitigation Measure	Monitoring Party	Compliance Milestone / Confirm Compliance
<p>7. HAZARDS</p> <p>HAZ-1. Prior to issuance of a building permit for the sites Location 2 (Interstate 5 and Richards Boulevard) and Location 3 (Raptan Honda), the contractor shall submit a written report that either provides evidence that construction activities will not cause a release of contaminated soils or expose construction workers to contaminated soils prior to issuance of building or grading permits, or identifies the status of soils, plans for avoidance or remediation and the local or state agency that will have jurisdiction over site remediation.</p> <p>HAZ-2 . The contractor shall comply with all requirements of the deed restrictions for the sites and coordinate with the applicable regulatory agencies overseeing the Operation and Maintenance Agreements for the affected sites.</p>	<p>City of Sacramento</p> <p>Community Development Department</p>	<p>Measures shall be shown and confirmed on construction plans.</p> <p>Provide written report verifying measures identified in HAZ – 1 for Location 3.</p> <p>Prior to issuance of any grading or building permit.</p>

**Lease for Digital Billboard
City of Sacramento and Clear Channel Outdoor**

Exhibit F

Form: Memorandum of Lease

*Recording requested by and
when recorded return to—*

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

Memorandum of Lease

This Memorandum of Lease, dated _____, 20__, for purposes of identification, is between the **City of Sacramento** (the "City"), a California municipal corporation; and **Clear Channel Outdoor, Inc.** ("CCO"), a Delaware corporation.

Background

The City and CCO have entered into a *Lease for Digital Billboard* dated _____, 2010 (the "Lease"), by which the City leased to CCO the real property described and depicted in **Exhibit A** to this Memorandum of Lease (the "Premises").

The City and CCO entered into this Memorandum of Lease to give constructive notice to all third parties of CCO's rights and obligations under the Lease.

With these background facts in mind, the City and CCO agree as follows:

- 1. **Initial Term.** The City leases the Premises to CCO for an "Initial Term" of twenty-five years, beginning _____, 2010, and ending _____, 2035.
- 2. **Extended Term.** CCO has the right to extend the Lease by an additional five years if the conditions set out in Section 3 of the Lease are met.
- 3. **Other Provisions.** CCO's lease of the Premises from the City is subject to the terms and conditions of the Lease, which are incorporated by reference into this Memorandum of Lease.

4. **Addresses.** The addresses of the City and CCO are as follows:

City of Sacramento
Economic Development Department
915 I Street, Third Floor
Sacramento, CA 95814-2604
Attention:
Tom Zeidner
Senior Development Project Manager

Clear Channel Outdoor, Inc.
1107 9th Street, Suite 5000
Sacramento, CA 95814
Attention:
David McWalters
Senior Vice President Real Estate

- 4. **Assignment and Sublease.** A party to the Lease may not assign its rights and obligations under the Lease without the other party's prior written consent. CCO may not sublease the Premises or any part of the Premises.
- 5. **Information Only.** This Memorandum of Lease is for informational purposes only. It does not modify or otherwise affect the Lease in any way.

City of Sacramento

Clear Channel Outdoor, Inc.

By: _____
 Gus Vina
 Interim City Manager
 Dated: _____, 20__

By: _____
 David McWalters
 Senior Vice President Real Estate
 Clear Channel Outdoor
 Dated: _____, 20__

Approved as to Form
 Sacramento City Attorney

Approved as to Form

By: _____

By: _____

 Attorneys for Clear Channel Outdoor

RESOLUTION NO.

Adopted by the Sacramento City Council

**APPROVAL OF LEASES RELATED TO DIGITAL BILLBOARDS
ON CITY-OWNED SITES; RELATED ACTIONS**

BACKGROUND

- A. On August 25, 2009, the City Council adopted Resolution No. 2009-558 granting Clear Channel Outdoor, Inc. (CCO) a 120-day exclusive right to negotiate (ERN) with the City on terms for (1) the installation and operation of digital billboards on City-owned sites along major freeways within the City; and (2) the removal of certain existing non-digital billboards (the "Terms").
- B. On December 15, 2009, the City Council adopted Resolution 2009-757 extending the ERN until March 25, 2010. Negotiations between the City and CCO on the Terms were completed prior to expiration of the ERN.
- C. The Terms have been incorporated into four individual leases (the "Leases"), under which the City will authorize CCO to construct and operate four digital billboards on the four City-owned sites identified in Exhibits A, B, C, and D to this resolution.
- D. Approval and execution of the Leases will result in revenues accruing to the City. Those revenues include a "conditional signing bonus" that CCO will pay the City when each of the Leases has been signed (the "Signing Bonus").
- E. The Economic Development Department recommends (1) that the General Fund (Fund 1001) revenues received as a result of the Leases be programmed annually through the budget process; and (2) that Signing Bonus be deposited in a liability account and held there until the digital billboards are operational and the City's right to the Signing Bonus is no longer contingent.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

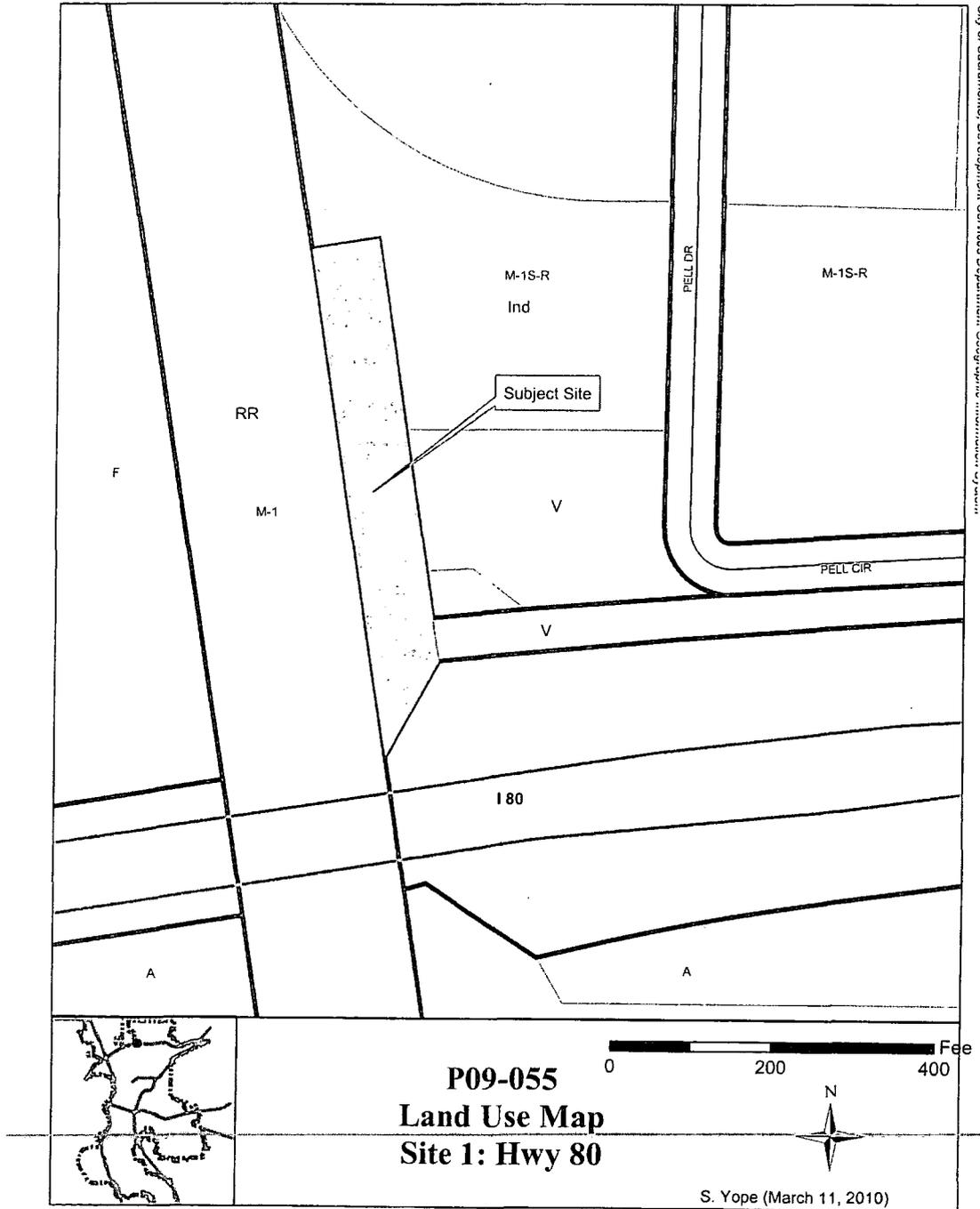
- Section 1. The Leases are approved.
- Section 2. The City Manager is authorized to execute the Leases on behalf of the City of Sacramento.

Table of Contents:
Exhibit A - Land Use Map, Site 1

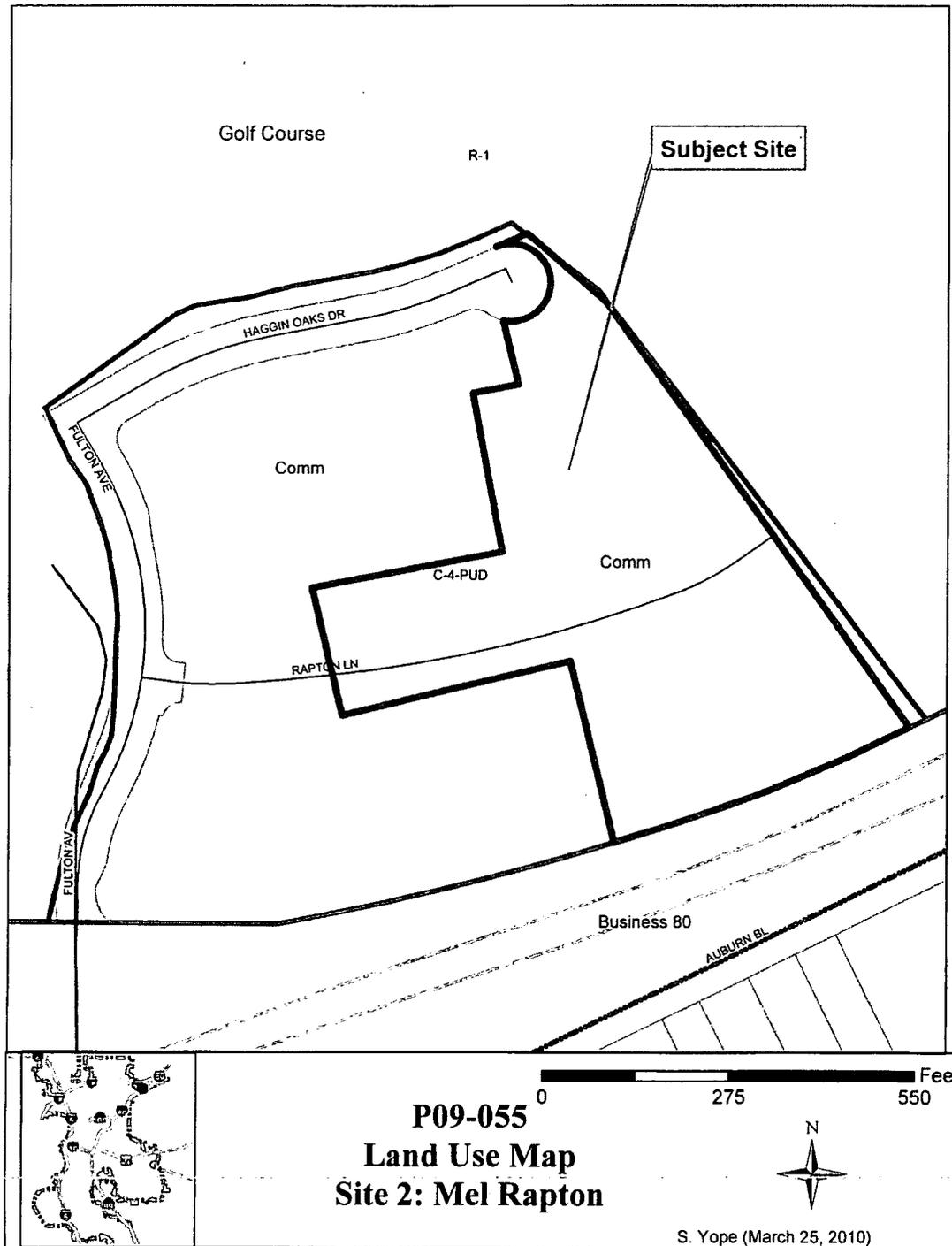
Exhibit B - Land Use Map, Site 2
Exhibit C - Land Use Map, Site 3
Exhibit D - Land Use Map, Site 4

APN: 237-0031-036

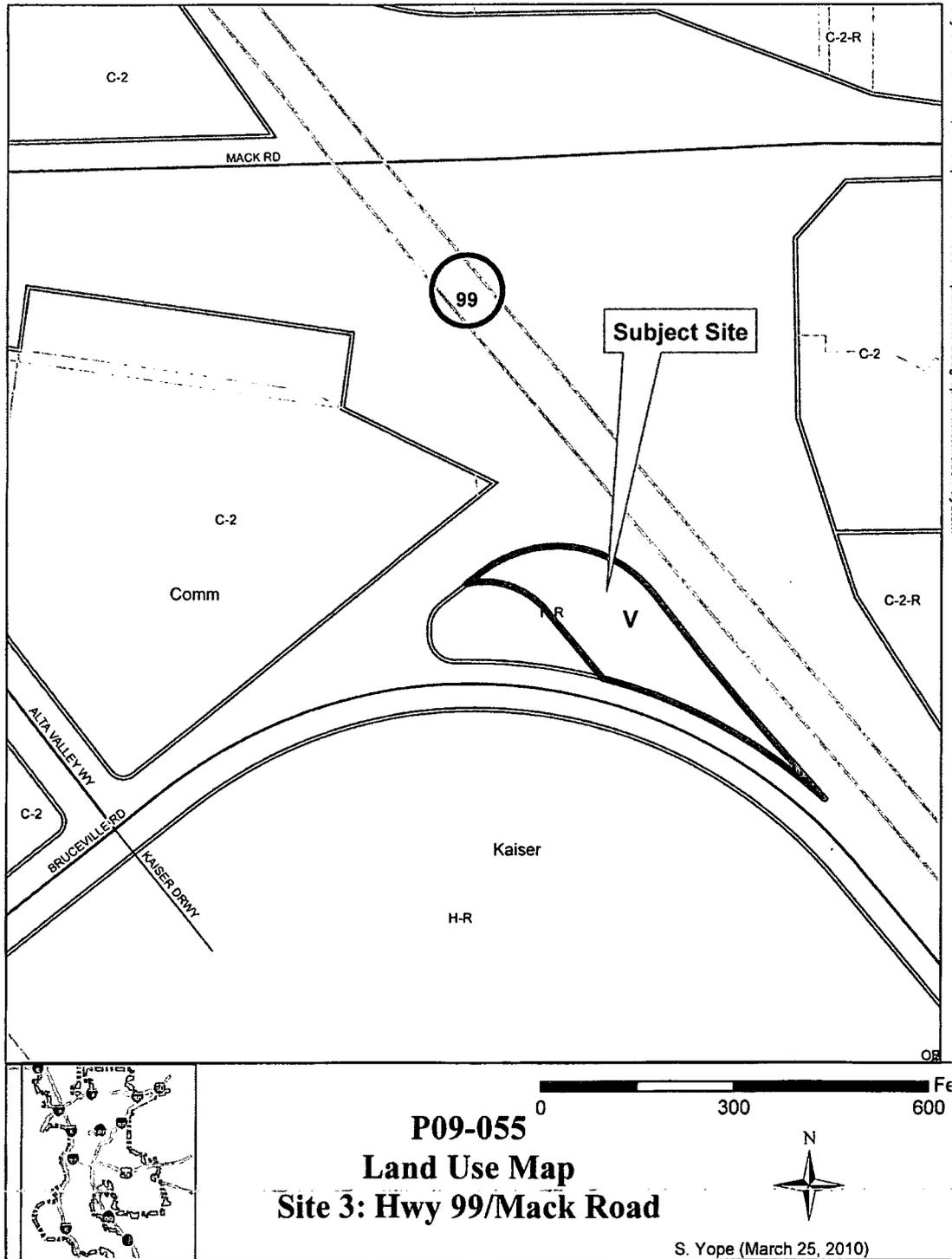
Exhibit A



APN: 254-0310-002



APN: 117-0171-067



APN: 001-0190-015

