LEASE

CAPITOL GARAGE
1007 L Street
Lessee: Wen-Hsing Sun and Sophia Sun dba Café Connection

THIS LEASE, hereinafter referred to as a "Lease", is executed at Sacramento, California, on _____, between the CITY OF SACRAMENTO, a municipal corporation (hereinafter called Lessor), and Wen-Hsing Sun and Sophia Sun dba Café Connection, (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 Fifty (1,450) square feet of floor space located at 1007 L Street (See 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.

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 Term of this Lease shall be for Sixty (60) full calendar months commencing January 1, 2007. The Initial Term shall expire, unless sooner terminated, at midnight on the last day of the Sixtieth (60) full calendar month. G.S. G.S.

(b) Lessee is entitled to One (1) additional Five (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 Lease Term to exercise the Extended Term. If Lessee has been in default of any

term of this lease prior to the date the 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 Lease Term.

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

5. **RENT**

(a) Rent charges shall begin upon the first day of the Initial Term ("Rent Commencement Date").

(b) The minimum monthly rental charges shall be Two Thousand Six Hundred Eighty Two dollars and Fifty cents ($2,682.50) per month, which is based on One dollar and Eighty Five cents ($1.85) cents per square foot, times approximately One Thousand Four Hundred Fifty (1,450) 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 Eighty Two dollars and Fifty cents ($2,682.50) on the Rent Commencement Date, and Two Thousand Six Hundred Eighty Two dollars and Fifty cents ($2,682.50) 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. (See attached rent schedule Exhibit "B").

(d) If the option for the Extended Term is exercised, rent shall increase by Three (3%) percent over the prior year's lease rental rate, beginning the first day of the option period (See attached rent schedule Exhibit "B").

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**. In the event that Lessee exercises the option for an Extended Term as provided in paragraph 3(b) herein Lessee shall pay the rental rate as shown on the attached rent schedule (Exhibit "B").

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 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 restaurant. 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 any improvements and the cost of architectural and engineering consultants in connection with any tenant improvements.

(b) Lessee Improvements may be commenced any time after the Lease 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

(c). Lessor has determined that at the time of delivery of space to Lessee, no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilation and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, and the structure or exterior appearance of the Building. 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.

(d). 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.

(e). 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.

(f). 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.

(g). 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 Capitol Garage.

(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.

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. 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 during normal business hours, 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. Upon receiving written notice via certified mail from Lessee, Lessor shall provide consent, via City Council approval, or provide notice to Lessee of its intent to withhold consent. 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. 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 Capitol 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:
Wen Hsing or Sophia Sun
Café Connection
1007 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 Lessee 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:

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

LESSEE:

BY: _____

Date: 11/7/06

BY: _____

Date: 11-7-06

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"

Rent Schedule
(Calculations based on 1,450 square feet),

Months	Monthly Rent	Rent Per Square Foot (rounded)
1-12	$2,682 50	$1 85
13-24	$2,762 96	$1 91
25-36	$2,845 86	$1 96
37-48	$2,931 24	$2 02
49-60	$3,019 18	$2 08

Extended Term 1

Months		
61-72	$3,109 75	$2 14
73-84	$3,203 05	$2 21
85-96	$3,299 14	$2 26
97-108	$3,398 11	$2 34
109-120	$3,500 05	$2 41