



# CITY COUNCIL STAFF REPORT

DATE: July 3, 2013

CONSENT CALENDAR

SUBJECT: APPROVE AMENDMENT NO. 1 TO THE LEASE AGREEMENT BETWEEN THE CITY OF PALM SPRINGS AND THE COACHELLA VALLEY ECONOMIC PARTNERSHIP (CVEP) FOR EXPANSION OF THE COACHELLA VALLEY INNOVATION HUB (CVIHUB) ACCELERATOR CAMPUS LOCATED AT 2901 EAST ALEJO ROAD

FROM: David H. Ready, City Manager

BY: Community & Economic Development

---

## SUMMARY

The City Council will consider an Amendment to the Lease Agreement between the City of Palm Springs and the Coachella Valley Economic Partnership to expand the iHub Accelerator Campus - adding 3,500 square feet to the current lease agreement. The current lease agreement consists of three buildings totaling 9,840 square feet, which are currently at capacity with existing iHub tenants. The additional 3,500 square feet will be occupied by one iHub client – Sactec Solar Inc. The increase in the monthly rent will be paid by CVEP.

The Innovation Hub – Accelerator Campus is focused on growing and mentoring startup companies, primarily in the renewable energy and clean/green technology industries. Sactec Solar, Inc. is a designer and manufacturer of alternative energy solutions and is specifically focused on “sun-tracking” mobile trailer and ISO-containerized energy power systems for governmental (DOD, DHS, FEMA) and non-governmental agencies as well as industrial, agricultural and developing nations market sectors.

## RECOMMENDATION:

1. Approve Amendment No. 1 to the Lease Agreement between the City of Palm Springs and CVEP to add Building 5, consisting of 3,500 s/f.
2. Authorize the City Manager to execute all necessary documents.

## STAFF ANALYSIS:

The Coachella Valley Innovation Hub (CViHub) Program is a regional partnership between the cities of Palm Springs, Desert Hot Springs and Cathedral City, managed by the Coachella Valley Economic Partnership (CVEP), and focused on growing and mentoring start up companies, primarily in the renewable energy and clean/green technology industries.

ITEM NO. 22

The significant success of the CViHub Incubator Program and the first phase of the Accelerator Campus, which is at capacity, presents an opportunity to expand services for iHub clients who need larger work space to further test and develop their products or services, but who could still benefit from CViHub support and services.

On October 17, 2012, the City Council approved a Lease Agreement and an Amendment to the Administrative Services Agreement with CVEP, to oversee the first phase of the iHub Accelerator Campus, located at 2901 E Alejo Road. The Lease Agreement was executed on November 9, 2012 for a three year term. However, the actual lease term commenced March 1, 2013, upon completion of the tenant improvements as provide for in Section 1.3 of the Lease Agreement. Tenant improvement work consisted of a new ADA bathroom, interior painting and exterior landscape cleanup. The terms of the amended lease will align with the original lease, which will expire March 1, 2016.

The original leased premises consist of three buildings totaling 9,840 square feet. The rental fee is based on \$0.24 per square foot; \$28,339.20 annually or \$2,361.60 monthly. The rental fee for the additional 3,500 s/f building is at the same rate as the original rental fee equating to \$10,800 annually or \$840.00 monthly. CVEP will be responsible for the increased rental fee obligation for the term of the lease, as well as utility costs in accordance with the Amended Administrative Service Agreement (Section 3-F.6), shown as Exhibit "E" as part of the original Lease Agreement. The iHub tenant going into the space will pay CVEP \$1,000 per month, which covers the rental fee and utility costs. The tenant anticipates that they would be ready for a new space in less than three years, depending on the success of their business and the need to expand to a larger facility. In that event, CVEP would continue in the lease with a new Accelerator tenant.

Section 2.5 of the Lease contains the City's standard termination provision.

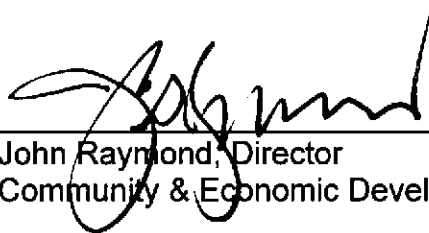
The addition of Building 5 will serve to provide space for Sactec Solar Inc., a mobile alternative energy manufacturing company, offering highly efficient and cost effective alternative mobile, off-grid energy solutions. Sactec's mobile solar product series provides sustainable alternative solar energy solutions for remote, off-grid, life critical and emergency applications supporting governmental (DOD, DOE, FEMA), and non-governmental market segments.

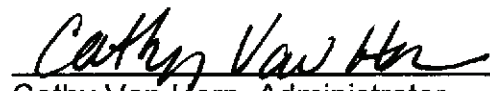
Sactec intends to manufacture alternative and sustainable energy solutions in mobile Trailers or Iso-Containerized configurations with future product development of Micro-Grid utility substation products and systems for remote and off-grid applications. The Company is seeking to complete its R & D engineering and prototype development at the Palm Springs Accelerator Campus. By the end of year two, Sactec expects to expand to require a 10,000 s/f facility and employ 14 or more people. Currently, Sactec has hired a Coachella Valley engineering intern through the CVEP Workforce Excellence Program and will be hiring a mechanical and electrical engineer.

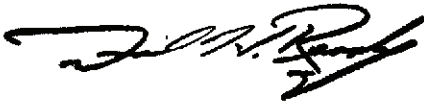
The company was established in 2011 and incorporated in California in early 2013. The team of veteran businesspeople have decades of experience in such diverse industries as solar energy, ceramics, wireless communications, semiconductor design and fabrication and electronics packaging. During 2010-11, the principals of Sactec Laboratories Inc. were approached by Boeing Spectrolab to co-partner on the technology co-development of a solar powered satellite phone for the US military and DoD. This successful partnership and product development led to the formation of Sactec Solar Inc.

FISCAL IMPACT:

The cost to add Building 5 (3,500 s/f) to the Lease Agreement is \$10,800 annually or \$840.00 per month. CVEP is not requesting additional funding from the City. CVEP is responsible for paying the additional rent obligation to the City/Airport and is responsible for all utility costs. In addition, no further tenant improvements are required for Building 5, so there is no request for those funds.

  
\_\_\_\_\_  
John Raymond, Director  
Community & Economic Development

  
\_\_\_\_\_  
Cathy Van Horn, Administrator  
Community & Economic Development

  
\_\_\_\_\_  
David H. Ready, City Manager

Attachments: Amendment No. 1 to Lease Agreement  
Original Lease Agreement  
Sactec Solar, Inc. Business Plan

## **Amendment No. 1 Lease Agreement**

Between the  
City of Palm Springs (Lessor) and  
Coachella Valley Economic Partnership (Lessee)

The Lease between the City of Palm Springs and the Coachella Valley Economic Partnership, executed on November 9, 2012, shall be amended as follows:

**1.1 Property:** The "Property" shall refer to that certain real property consisting of four buildings totaling approximately 13,340 square feet, located in the County of Riverside, State of California, as more particularly described in Exhibit "A": hereof together with the improvements located thereon as depicted on the Plot Plan attached as Exhibit "B" hereof.

**1.2 The Premises:** The Premises shall consist of that certain portion of the building, as defined, herein, including all improvements therein or to be provided by Lessor under the terms of this Lease, and commonly known as 2901 East Alejo Road, located in the City of Palm Springs, County of Riverside, State of California, also identified as a portion of Assessor Parcel Number 502-100-029 and generally described as two modular office spaces (Building 12 & 13) each consisting of approximately 1,920 square feet, one warehouse/manufacturing structure (Building 3) consisting of approximately 6,000 square feet, and a service garage structure (Building 5) consisting of approximately 3,500 square feet, all as shown on the plot plan attached as Exhibit "B".

**1.5 Monthly Rent:** Rental payment shall be \$3,201.60 per month for the space exclusively used by Lessee. Common area spaces such as landscape and parking areas shall not be included as part of the square footage calculation for the period of the term.

All other terms and conditions remain the same.

IN WITNESS WHEREOF, the parties have duly executed this Lease Amendment No. 1 together with the herein referred to Exhibits which are attached hereto, on the day and year signed below.

“Lessor”

CITY OF PALM PSIRNGS, a Municipal Corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

“Lessee”

Coachella Valley Economic Partnership

By: \_\_\_\_\_

Its: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
James Thompson, City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Douglas Holland, City Attorney

Date: \_\_\_\_\_

EXHIBIT "A"

---

**LEGAL DESCRIPTION OF THE PREMISES**

**Location and Address:**

2901 East Alejo Road, Palm Springs, California 92262. These buildings are located on property of the Palm Springs International Airport.

**Assessor Parcel Number:**

Portion of 502-100-029

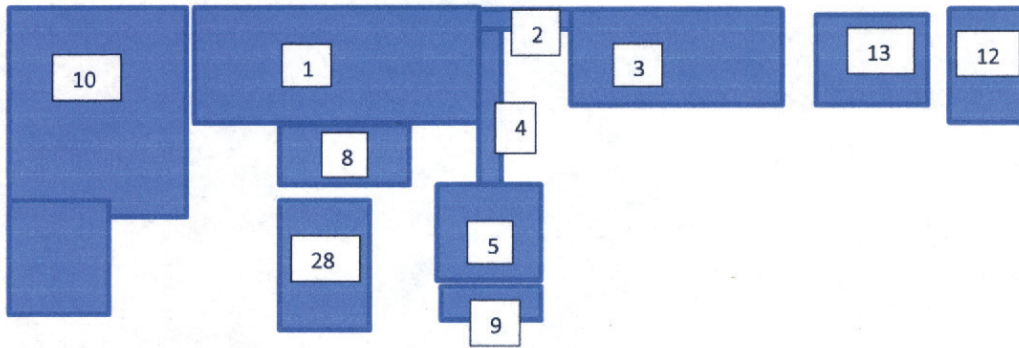
**Legal Description:**

A portion of 3.25 acres M/L in POR LOTS 1, 2 & 3 MB 014/652 SD PALM VALLEY COLONY LANDS

**Ownership/Vesting:**

City of Palm Springs

Palm Springs iHub Accelerator Campus  
 2901 E. Alejo Road, Palm Springs, CA 92262



(Note: For locational purposes only - not to scale)

1	Warehouse building	9,600 s/f	
2	Administrative building	640 s/f	
3	Shops building	6,000 s/f	Leased Nov 2012
4	Employee Lounge	640 s/f	
5	Service Garage	3,500 s/f	Leased July 2013
8	Warehouse building	1,800 s/f	
9	Weld shop building	960 s/f	
10	Food service warehouse	12,487 s/f	
12	Maintenance offices (modular building)	1,290 s/f	Leased Nov 2012
13	Maintenance offices (modular building)	1,920 s/f	Leased Nov 2012
28	Print graphics office (modular building)	2,240 s/f	

Total buildings square footage

41,707 S/F

**EXHIBIT "B"**

<b>Palm Springs iHub Accelerator Campus 2901 E. Alejo Road, Palm Springs, CA 92262</b>			
<b>Building #</b>	<b>Facility Type</b>	<b>S/F</b>	<b>Description</b>
1	Warehouse	9,600	Concrete tilt-up built in 1961; clear height of 14' w/roll-up delivery door.
2	Small office	640	Administrative office
3	Shop-Warehouse	6,000	Woodshop and maintenance building
4	Lunch Room	640	Employee lounge-break room M & W restroom-nonconforming
5	Mechanic's Facility	3,500	Vehicle maintenance facility; 3 sets of drive-thru rollup doors with one at 14' high x 12' wide
6	Storage building	2,100	Storage building (to be removed)
8	Small Warehouse	1,800	Small warehouse storage building
9	Welding Shop	960	Welding shop
10	Cold Storage Facility	12,487	Concrete tilt-up built in 1999 w/freezer & cooler. 25' clear ceilings and 30' column spacing. Truck well, small office.
12	Small Office	1,920	Office building -divided into 2 bays - open space
13	Small Office	1,920	Office building - divided into offices and conference room, restroom
28	Print-Graphics Shop	2,240	Print shop facility, open space with some divided office space
	Available Sq.Ft.	43,807	Building 6 removed total square footage = 41,707 s/f
6	Remove building	-2,100	
	Actual Available Sq.Ft.	41,707	
* CViHub Accelerator Campus		9,840	\$0.24 per s/f per month = \$2,361.60x12=\$28,339.20 annually
		3,500	\$0.24 per s/f per motnth = \$ 840.00x12=\$10,800,00 annually
			City pays \$2,361.60; CVEP pays \$840 = 3,201.60x12= \$38,419.20 annually paid to Airport
		13,340	



## LEASE AGREEMENT

THIS LEASE ("Lease") is made and entered into this 9<sup>TH</sup> day of ~~NOVEMBER~~ 2012, by and between the CITY OF PALM SPRINGS, a municipal corporation ("Lessor"), and the Coachella Valley Economic Partnership, a California non-profit corporation ("Lessee").

### RECITALS:

- A. Lessor is the owner of certain premises and improvements located at the Palm Springs International Airport in the City of Palm Springs, County of Riverside, State of California, located at the 2901 East Alejo Road ("Property"); and
- B. Lessee is a regional public-private economic development organization, of which Lessor is a member, and is charged with implementing a regional blueprint to make the Coachella Valley competitive in a number of key industries;
- C. Lessee is the operator of the Coachella Valley Innovation Hub (CViHub) under that certain Administrative Agreement with the Lessor, which provides for the mentoring and support of start-up businesses in identified industries in the Western Coachella Valley; and
- D. Lessee desires to lease said Property to expand the services and facilities offered under the CViHub Program to include space for fabrication, manufacturing, prototyping, testing and other production activities of the CViHub businesses.

### AGREEMENT:

1.0 LEASE SUMMARY. Certain fundamental lease provisions are presented in this Section and represent the agreement of the parties hereto, subject to further definition and elaboration in the respective referenced Sections and elsewhere in this Lease. In the event of any conflict between any fundamental lease provision and the balance of this Lease, the latter shall control. References to specific Sections are for convenience only and designate some of the Sections where references to the particular fundamental lease provisions may appear.

1.1 Property. The "Property" shall refer to that certain real property consisting of three buildings totaling approximately 9,840 square feet, located in the County of Riverside, State of California, as more particularly described in Exhibit "A" hereof together with the improvements located thereon as depicted on the Plot Plan attached as Exhibit "B" hereof.

1.2 The Premises. The Premises shall consist of that certain portion of the building, as defined, herein, including all improvements therein or to be provided by Lessor under the terms of this Lease, and commonly known as 2901 East Alejo Road, located in the City of Palm Springs, County of Riverside, State of California, also identified as a portion of Assessor Parcel Number 502-100-029 and generally described

as two modular office spaces (Buildings 12 & 13) consisting of approximately 1,920 square feet each, and one warehouse/manufacturing building (Building 3) of approximately 6,000 square feet, all as shown on the plot plan attached as Exhibit "B".

1.3 Lease Term. The Lease term shall be three (3) years commencing upon the completion of construction of the tenant improvements and first day of occupancy ("Commencement Date") and terminating three years hence from that date.

1.4 Extension Options. There are no extension options in this lease. Any extension to the Lease would be due to a lease amendment.

1.5 Monthly Rental. Rental payment shall be \$2,361.60 per month for the space exclusively used by Lessee. Common area spaces such as landscape and parking areas shall not be included as part of the square footage calculation for the period of the term.

1.6 Security Deposit. N/A

1.7 Use of Premises. Lessee shall use and occupy the Premises for the purpose of providing mentoring and support of start-up businesses in identified industries in the Western Coachella Valley as part of the implementation of a State-designated Innovation Hub (iHUB) at the Property, in an Accelerator Park more particularly described in Exhibit E,

1.8 Address for Notices.

Lessee: Coachella Valley Economic Partnership  
Attn: Chief Operating Officer  
3111 East Tahquitz Canyon Way  
Palm Springs, California 92262

Lessor: City of Palm Springs  
Attn: City Manager  
3200 East Tahquitz Canyon Way  
Palm Springs, CA 92262

## 2.0 TERM

2.1 Term. The term of this Lease shall commence on the date specified in Section 1.3 ("Commencement Date") and shall continue for the period specified therein unless earlier terminated as provided herein.

2.2 Reserved.

2.3 Time. Time is of the essence of this Lease.

2.4 Force Majeure. If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, restrictive governmental laws or regulations or other cause without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a

the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay, provided such party provides the other party written notice of such event within ten (10) days of the commencement of the prompt payment of any rental or other charge required of Lessee hereunder except as may be expressly provided elsewhere in this Lease.

2.5 Termination by Lessor. Lessor shall have the right to terminate this Lease, with or without cause, by providing Lessee with at least sixty (60) days advance written notice. In the event Lessor terminates this Lease as provided in this Section, Lessee hereby waives any right to receive any other compensation from Lessor, including, but not limited to, the value of Lessee's leasehold interest, loss of goodwill and relocation benefits, inverse condemnation or the taking of property and Lessor shall have no obligation to pay Lessee therefor, excepting therefrom any unamortized balance of Leasehold Improvement Costs not paid from any source funded by Lessor, including without limitation the CVIHub Administrative Agreement, as amended.

2.6 Holding Over. Any holding over after the expiration of the term of this Lease, with the consent of Lessor, express or implied, shall be construed to be a tenancy from month to month, cancelable upon thirty (30) days' written notice, and at a monthly rental equal to one hundred and fifty percent (150%) of the monthly rental in effect at the expiration of the term and upon terms and conditions as existed during the last year of the term hereof.

2.7 Termination by Lessee. Lessee shall have the right to terminate this Lease by providing Lessor with at least sixty (60) days advance written notice that Lessee has experienced a reduction in funding in an amount that would require a reduction in space greater than 60% of the current Premises, through staff reduction and reduced programming. If Lessee terminates this Lease as provided in this Section, Lessee hereby waives any right to receive any other compensation from Lessor, including, but not limited to, the unamortized value of Lessee's leasehold improvements, Lessee's leasehold interest, loss of goodwill and relocation benefits, inverse condemnation or the taking of property and Lessor shall have no obligation to pay Lessee therefor.

### 3.0 RENTAL

3.1 Monthly Rental. Lessee shall pay to Lessor, during the term of this Lease from and after the Commencement Date as monthly rental ("Monthly Rental") for the Premises the sum specified in Section 1.5 hereof, which sum shall be paid in advance on the first day of each calendar month. In the event the Commencement Date does not occur on the first day of a calendar month, the Lessee shall pay the rental for the fractional month on the Commencement Date on a per diem basis (calculated on a thirty-day month). All rental to be paid by Lessee to Lessor shall be in lawful money of the United States of America and shall be paid without deduction or offset, prior notice or demand at the address designated in Section 1.8 hereof.

3.2 Cost of Living Adjustment. There is no cost of living adjustment during the three year term.

3.3 Additional Rental. For the purposes of this Lease, all monetary obligations of Lessee under this Lease, including but not limited to, insurance premiums, property taxes, maintenance expenses, late charges and utility costs shall be deemed to be additional rental.

3.4 Real Property Taxes. Unless Lessee qualifies for an exemption from property taxes or possessory interest taxes due to its non-profit status, in addition to all rentals herein reserved, Lessee shall pay, at the election of Lessor, either directly to the taxing authority or to Lessor, annual real estate taxes and assessments levied upon the Premises (including any possessory interest taxes), as well as taxes of every kind and nature levied and assessed in lieu of, in substitution for, or in addition to, existing real property taxes. Such amount shall be paid on the date that is twenty (20) days prior to the delinquent date or, if Lessor receives the tax bill, ten (10) days after receipt of a copy of the tax bill from Lessor, whichever is later. Even though the term of this Lease has expired and Lessee has vacated the Premises, when the final determination is made of Lessee's share of such taxes and assessments, Lessee shall immediately pay to Lessor the amount of any additional sum owed.

3.5 Personal Property Taxes. Unless Lessee qualifies for an exemption from property taxes or possessory interest taxes due to its non-profit status, during the term hereof Lessee shall pay prior to delinquency all taxes assessed against and levied upon fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises, and when possible Lessee shall cause said fixtures, furnishings, equipment and other personal property to be assessed and billed separately from the real property of Lessor.

3.6 Utilities. Lessor shall pay all charges for water, gas, heat, electricity, and sewer, and all other services used in, upon, or about the Premises by Lessee or any of its sublessees, licensees, or concessionaires during the term of this Lease. Lessee shall pay all telephone, internet, cable television, satellite, broadband and other telecommunications services, as well as trash removal.

3.7 Late Payment. Lessee hereby acknowledges that late payment by Lessee to Lessor of rental or other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which is extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, any payment of any sum to be paid by Lessee not paid within ten (10) days of its due date shall be subject to a five percent (5%) late charge. Lessor and Lessee agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Lessor for its loss suffered by such late payment by Lessee. Sixty (60) days before the anniversary date each year the City shall notify the Lessee of any outstanding delinquency, which must be cured prior to the anniversary date or the City may exercise its right of termination under section 2.5 and terminate the lease.

3.8 Interest. Any sum to be paid pursuant to the terms of this Lease not paid when due shall bear interest from and after the due date until paid at a rate equal to three percent (3%) over the reference rate being charged by Bank of America, N.A. from time to time during such period so long as the rate does not exceed the

maximum non-usurious rate permitted by law in which case interest shall be at the maximum non-usurious rate allowed by law at the time the sum became due.

3.9 Security Deposit. N/A

4.0 USE OF THE PREMISES

4.1 Permitted Use. The Lessor hereby leases to Lessee and Lessee leases from Lessor the Premises with appurtenances as defined herein, for the purpose of conducting thereon only the use specified in Section 1.7 of this Lease and for no other use. Lessor has determined that, based on the fair market rental of the space, per the appraisal, uses at the Property are not limited to aviation-related uses by the Federal Aviation Administration.

4.2 Prohibited Uses. Lessee shall not sell or permit to be kept, used, displayed or sold in or about the Premises (a) pornographic or sexually explicit books, magazines, literature, films or other printed material, sexual paraphernalia, or other material which would be considered lewd, obscene or licentious, (b) any article which may be prohibited by standard forms of fire insurance policies, or (c) any alcoholic beverages unless expressly permitted by Section 1.7 hereof.

4.3 Compliance with Laws. Lessee shall, at his own cost and expense, comply with all of the requirements of all municipal, state and federal authorities now in force or which may hereafter be in force pertaining to the use of the Premises, and shall faithfully observe in said use all municipal ordinances, including, but not limited to, the General Plan and zoning ordinances, state and federal statutes, or other governmental regulations now in force or which shall hereinafter be in force. Lessee's violation of law shall constitute an incurable default under this Lease. The judgment of any court of competent jurisdiction, or the admission of Lessee in any action or proceeding against Lessee, whether Lessor is a party thereto or not, that Lessee has violated any such order or statute in said use, shall be conclusive of that fact as between the Lessor and Lessee.

Lessee shall not engage in any activity on or about the Premises that violates any Environmental Law, and shall promptly, at Lessee's sole cost and expense, take all investigatory and/or remedial action required or ordered by any governmental agency or Environmental Law for clean-up and removal of any contamination involving any Hazardous Material created or caused directly or indirectly by Lessee. The term "Environmental Law" shall mean any federal, state or local law, statute, ordinance or regulation pertaining to health, industrial hygiene or the environmental conditions on, under or about the Demised Premises, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. Sections 9601 et seq.; (ii) the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Sections 6901 et seq.; (iii) California Health and Safety Code Sections 25100 et seq.; (iv) the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5 et seq.; (v) California Health and Safety Code Section 25359.7; (vi) California Health and Safety Code Section 25915; (vii) the Federal Water Pollution Control Act, 33 U.S.C. Sections

1317 et seq.; (viii) California Water Code Section 1300 et seq.; and (ix) California Civil Code Section 3479 et seq., as such laws are amended and the regulations and administrative codes applicable thereto. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined or listed as a "hazardous waste", "extremely hazardous waste", "restrictive hazardous waste" or "hazardous substance" or considered a waste, condition of pollution or nuisance under the Environmental Laws; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos; and/or (iv) substances known by the State of California to cause cancer and/or reproductive toxicity. It is the intent of the parties hereto to construe the terms "Hazardous Materials" and "Environmental Laws" in their broadest sense. Lessee shall provide all notices required pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5 et seq. Lessee shall provide prompt written notice to Lessor of the existence of Hazardous Substances on the premises and all notices of violation of the Environmental Laws received by Lessee.

4.4 Signs. Lessee shall not place or permit to be placed any sign that is not in compliance with the sign ordinance of the Lessor upon the exterior or in the windows of the Premises. Any sign not constructed in accordance therewith shall be immediately removed by Lessee and, if said sign is not removed by Lessee within ten (10) days of written notice from Lessor to Lessee, then Lessor may remove and destroy said sign without Lessee's approval and without any liability to Lessee.

4.5 Parking and Common Areas. During the term of this Lease and any extension thereof, Lessor gives to Lessee for the use and benefit of Lessee, its agents, employees, customers, licensees and sublessees a nonexclusive license in common with Lessor and other present and future owners and Lessees of the Property and their agents, employees, customers, licensees and sublessees, and others authorized by Lessor to use the automobile parking areas, roadways, walkways, landscaped areas, service areas, of the Property for ingress, egress and automobile parking, provided that the condemnation or other taking by any public authority, or sale in lieu of condemnation, of any or all of such parking and common areas shall not constitute a violation of this covenant. Nothing herein contained shall be deemed to prevent Lessor from using or authorizing others to use said parking and common areas.

4.6 Maintenance and Landscaping. During the entire term hereof, Lessor shall keep or cause to be kept the parking and landscaped areas in a good, neat, clean and orderly condition, properly lighted and landscaped, and shall repair any damage to the facilities thereof as well as the exterior walls and roof of the Premises as provided in Article 11.

4.7 Hours of Business. Subject to the provisions of Section 7.0 hereof, Lessee shall continuously during the entire term hereof conduct and carry on Lessee's business in the Premises and shall keep the Premises open for business and cause Lessee's business to be conducted therein during the Lessee's usual business hours of each and every business day.

4.8 Rules and Regulations. Lessee shall faithfully observe and comply

with the rules and regulations that Lessor shall from time to time promulgate and/or modify. The rules and regulations, if any, are attached hereto as Exhibit "D" ("Rules and Regulations"). Any amendment or modification of the Rules and Regulations shall be binding upon the Lessee upon delivery of a copy of such amendment or modification to Lessee. Lessor shall not be responsible to Lessee for the nonperformance of any said rules and regulations by any other Lessees or occupants. The Rules and Regulations shall apply and be enforced as to all Lessees in the Premises on a uniform basis.

## 5.0 ALTERATIONS AND REPAIRS.

5.1 Alterations and Fixtures. Lessee shall not make, or suffer to be made, any alterations to the Premises, or any part thereof, without the prior written consent of Lessor, and any alterations to the Premises, except movable furniture and trade fixtures, shall become at once a part of the realty and shall at the expiration or earlier termination of this Lease belong to Lessor. Lessee shall not in any event make any changes to the exterior of the Premises. Any such alterations shall be in conformance with the requirements of all municipal, state, federal, and other governmental authorities, including requirements pertaining to the health, welfare or safety of employees or the public and in conformance with reasonable rules and regulations of Lessor. Any damage occasioned by such removal shall be repaired at Lessee's expense so that the Premises can be surrendered in a good, clean and sanitary condition as required by Section 5.2 hereof. Any and all fixtures and appurtenances installed by Lessee shall conform with the requirements of all municipal, state, federal, and governmental authorities, including requirements pertaining to the health, welfare, or safety of employees or the public. Upon completion of construction of the alterations, Lessee shall submit to Lessor evidence satisfactory to Lessor of the cost of said alterations ("Improvement Costs").

5.2 Maintenance and Repair. Lessee shall, subject to Lessor's obligations hereinafter provided, at all times during the term hereof, and at Lessee's sole cost and expense, keep, maintain and repair the Premises, and other improvements within the Premises in good and sanitary order, condition, and repair (except as hereinafter provided), including, without limitation, the maintenance and repair of any store front, doors, window casements, walls, glazing, heating and air conditioning system, plumbing, pipes, electrical wiring and conduits. Lessor shall also at its sole cost and expense be responsible for any alterations or improvements to the Premises necessitated as a result of the requirement of any municipal, state or federal authority. Lessee hereby waives all right to make repairs at the expense of Lessor, and Lessee hereby waives all rights provided for by the Civil Code of the State of California to make said repairs. By entering into the Premises, Lessee shall be deemed to have accepted the Premises as being in good and sanitary order, condition and repair, and Lessee agrees on the last day of said term or sooner termination of this Lease to surrender the Premises with appurtenances, in the same condition as when received and in a good, clean and sanitary condition, reasonable use and wear thereof and damage by fire, act of God or by the elements excepted. Lessee shall periodically sweep and clean the sidewalks adjacent to the Premises, as needed. Upon Lessee's possession of the Premises, Lessee shall be deemed to have accepted the Premises as

being in good condition and repair.

Lessee agrees that it will not, nor will it authorize any person to, go onto the roof of the building of which the Premises are a part without the prior written consent of Lessor. Said consent will be given only upon Lessor's satisfaction that any repairs necessitated as a result of Lessee's action will be made by Lessee at Lessee's expense and will be made in such a manner so as not to invalidate any guarantee relating to said roof.

5.3 Free from Liens. Lessee shall keep the Premises free from any liens arising out of any work performed, material furnished, or obligation incurred by Lessee or alleged to have been incurred by Lessee.

## 6.0 INSURANCE AND INDEMNIFICATION.

6.1 Insurance Provided by Lessor. Lessor shall maintain fire and extended coverage insurance throughout the term of this Lease in an amount equal to at least ninety percent (90%) of the replacement value of the building containing the Premises, together with such other insurance, coverages and endorsements as may be required by Lessor's lender, or as Lessor may determine in its sole discretion. Lessee hereby waives any right of recovery from Lessor, its officers and employees, and Lessor hereby waives any right of loss or damage (including consequential loss) resulting from any of the perils insured against as a result of said insurance. Lessee agrees to pay to Lessor its pro rata share of the cost of said insurance to be determined by the relationship that the gross floor area of the Premises bears to the total gross leasable floor area of the building or buildings for which such policy relates.

### 6.2 Insurance Provided by Lessee.

(a) Lessee to Provide Personal Property Insurance. Lessee, at its expense, shall maintain fire and extended coverage insurance written on a per occurrence basis on its trade fixtures, equipment, personal property and inventory within the Premises from loss or damage to the extent of their full replacement value and shall provide plate glass coverage.

(b) Lessee to Provide Liability Insurance. During the entire term of this Lease, the Lessee shall, at the Lessee's sole cost and expense, but for the mutual benefit of Lessor and Lessee, maintain comprehensive general liability insurance insuring against claims for bodily injury, death or property damage occurring in, upon or about the Premises and on any sidewalks directly adjacent to the Premises written on a per occurrence basis in a combined single limit of ONE MILLION DOLLARS (\$1,000,000.00) for bodily injury, death, and property damage or provided, however, if Lessor so elects Lessor may provide such insurance and, in such event, Lessee agrees to pay its pro rata share of the cost of said insurance on the same basis as provided in Section 6.1 above.



(c) Lessee to Provide Workers' Compensation Insurance.

Lessee shall, at the Lessee's sole cost and expense, maintain a policy of workers' compensation insurance in an amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both the Lessee and the Lessor against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Lessee in the course of conducting Lessee's business in the Premises.

(d) General Provisions Applicable to Lessee's Insurance.

All of the policies of insurance required to be procured by Lessee pursuant to this Section 6.2 shall be primary insurance and shall name the Lessor, its officers, employees and agents as additional insureds. The insurers shall waive all rights of subrogation and contribution they may have against the Lessor, its officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled without providing thirty (30) days' prior written notice by registered mail to the Lessor. Prior to the Commencement Date or such earlier date as Lessee takes possession of the Premises for any purpose; and at least thirty (30) days prior to the expiration of any insurance policy, Lessee shall provide Lessor with endorsements evidencing the above insurance coverages written by insurance companies acceptable to Lessor, licensed to do business in the state where the Premises are located and rated A:VII or better by Best's Insurance Guide. In the event the Risk Manager of Lessor ("Risk Manager") determines that (i) the Lessee's activities in the Premises creates an increased or decreased risk of loss to the Lessor, (ii) greater insurance coverage is required due to the passage of time, or (iii) changes in the industry require different coverages be obtained, Lessee agrees that the minimum limits of any insurance policy required to be obtained by Lessee may be changed accordingly upon receipt of written notice from the Risk Manager; provided that Lessee shall have the right to appeal a determination of increased coverage by the Risk Manager to the City Council of Lessor within ten (10) days of receipt of notice from the Risk Manager. Lessor and Lessee hereby waive any rights each may have against the other on account of any loss or damage occasioned by property damage to the Premises, its contents, or Lessee's trade fixtures, equipment, personal property or inventory arising from any risk generally covered by insurance against the perils of fire, extended coverage, vandalism, malicious mischief, theft, sprinkler damage or leakage, and earthquake. Each of the parties, on behalf of their respective insurance companies insuring such property of either Lessor or Lessee against such loss, waives any right of subrogation that it may have against the other. The foregoing waivers of subrogation shall be operative only so long as lawful in California and provided further that no policy is invalidated thereby.

6.3 Indemnification of Lessor. Lessee, as a material part of the consideration to be rendered to Lessor under this Lease, hereby waives all claims against Lessor for damage to equipment or other personal property, trade fixtures, leasehold improvements, goods, wares, inventory and merchandise, in, upon or about the Premises and for injuries to persons in or about the Premises, from any cause arising at any time. Lessee agrees to indemnify the Lessor, its officers, agents and employees against, and will hold and save them and each of them harmless from, any

and all actions, suits, claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities, (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities of Lessee, its agents, employees, subcontractors, or invitees, provided for herein, or arising from the use of the Premises or the parking and common areas by Lessee or its employees and customers, or arising from the failure of Lessee to keep the Premises in good condition and repair, as herein provided, or arising from the negligent acts or omissions of Lessee hereunder, or arising from Lessee's negligent performance of or failure to perform any term, provision, covenant or condition of this Lease, whether or not there is concurrent passive or active negligence on the part of the Lessor, its officers, agents or employees but excluding such claims or liabilities arising from the sole negligence or willful misconduct of the Lessor, its officers, agents or employees, who are directly responsible to the Lessor, and in connection therewith:

(a) Lessee will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith;

(b) Lessee will promptly pay any judgment rendered against the Lessor, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Lessee hereunder; and Lessee agrees to save and hold the Lessor, its officers, agents, and employees harmless therefrom;

(c) In the event the Lessor, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Lessee for such damages or other claims arising out of, or in connection with, the negligent performance of or failure to perform the work, operation or activities of Lessee hereunder, Lessee agrees to pay to the Lessor, its officers, agents or employees, any and all costs and expenses incurred by the Lessor, its officers, agents or employees in such action or proceeding, including, but not limited to, legal costs and attorneys' fees.

## 7.0 ABANDONMENT AND SURRENDER.

7.1 Abandonment. Lessee shall not vacate or abandon the Premises at any time during the term of this Lease; and if Lessee shall abandon, vacate or surrender the 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, except such property as may be mortgaged to Lessor.

7.2 Surrender of Lease. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subleases or sub-tenancies, or may, at the option of Lessor, operate as an assignment to it of any or all of such subleases or sub-tenancies.

8.0 DAMAGE AND DESTRUCTION OF PREMISES. In the event of (a) partial or total destruction of the Premises during the term of this Lease which requires repairs to the Premises, or (b) the Premises being declared unsafe or unfit for occupancy by any authorized public authority for any reason other than Lessee's act, use or occupation, which declaration requires repairs to the Premises, Lessor shall forthwith make said repairs provided Lessee gives to Lessor thirty (30) days' written notice of the necessity therefor. No such partial destruction (including any destruction necessary in order to make repairs required by any declaration made by any public authority) shall in any way annul or void this Lease except that Lessee shall be entitled to a proportionate reduction of Monthly Rental while such repairs are being made, such proportionate reduction to be based upon the extent to which the making of such repairs shall interfere with the business carried on by Lessee in the Premises. However, if during the last two (2) years of the term of this Lease the Premises are damaged as a result of fire or any other insured casualty to an extent in excess of twenty-five percent (25%) of the then replacement cost (excluding foundations), Lessor may within thirty (30) days following the date such damage occurs terminate this Lease by written notice to Lessee. If Lessor, however, elects to make said repairs, and provided Lessor uses due diligence in making said repairs, this Lease shall continue in full force and effect, and the Monthly Rental shall be proportionately reduced while such repairs are being made as hereinabove provided. Nothing in the foregoing to the contrary withstanding, if the Premises or said building is damaged or destroyed at any time during the term hereof to an extent of more than twenty-five percent (25%) of the then replacement cost (excluding foundations) as a result of a casualty not insured against, Lessor may within thirty (30) days following the date of such destruction terminate this Lease upon written notice to Lessee. If Lessor does not elect to terminate because of said uninsured casualty, Lessor shall promptly rebuild and repair the Premises and/or the building and the Monthly Rental shall be proportionately reduced while such repairs are being made as hereinabove provided. If Lessor elects to terminate this Lease, all rentals shall be prorated between Lessor and Lessee as of the date of such destruction. In respect to any partial or total destruction (including any destruction necessary in order to make repairs required by any such declaration of any authorized public authority) which Lessor is obligated to repair or may elect to repair under the terms of this Section, Lessee waives any statutory right it may have to cancel this Lease as a result of such destruction.

9.0 SUBLETTING. The purpose of this Lease is for the Lessee to sublet all or a portion of the Premises for the purposes of the CViHub. For purposes of this Lease, a sublease shall be deemed to include any person or group of persons occupying all or portion of the space for any period of time. Only Qualified Subleasees may occupy any of the space without the prior consent of the Lessor. For the purposes of this Lease, a Qualified Sublessee shall meet the following criteria: (1) an active participant in the CViHub program, with an approval of admission to the CViHub by the CViHub Advisory Board; (2) receive a recommendation by the Managing Director of the CViHub that the use of the Property would further the development of the business and the goals of the CViHub. Any such sublease shall be subject to all of the terms and conditions of this Lease and the proposed assignee shall assume the obligations of Lessee under this Lease in writing in form satisfactory to Lessor. The proposed

assignee shall simultaneously provide to Lessor an estoppel certificate in the form described in Section 12.3 hereafter. Consent by Lessor to the subletting, occupation or use by any person shall not be considered to be an assignment of the Lease by Lessee to any other party. Neither this Lease nor any interest therein shall be assignable as to the interest of Lessee by operation of law.

## 10.0 DEFAULT AND REMEDIES.

10.1 Default by Lessee. In addition to the defaults described in Section 9.0 hereinabove, the occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Lessee: (a) the failure to pay any rental or other payment required hereunder to or on behalf of Lessor more than three (3) days after written notice from Lessor to Lessee that Lessee has failed to pay rent when due; (b) the failure to perform any of Lessee's agreements or obligations hereunder (exclusive of a default in the payment of money) where such default shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee which notice shall be deemed to be the statutory notice so long as such notice complies with statutory requirements; (c) the vacation or abandonment of the Premises by Lessee; (d) the making by Lessee of a general assignment for the benefit of creditors; (e) the filing by Lessee of a voluntary petition in bankruptcy or the adjudication of Lessee as a bankrupt; (f) the appointment of a receiver to take possession of all or substantially all the assets of Lessee located at the Premises or of Lessee's leasehold interest in the Premises; (g) the filing by any creditor of Lessee of an involuntary petition in bankruptcy which is not dismissed within sixty (60) days after filing; or (h) the attachment, execution or other judicial seizure of all or substantially all of the assets of Lessee or Lessee's leasehold where such an attachment, execution or seizure is not discharged within sixty (60) days. Any repetitive failure by Lessee to perform its agreements and obligations hereunder, though intermittently cured, shall be deemed an incurable default. Two (2) breaches of the same covenant within a sixty (60) day period, a notice having been given pursuant to (a) or (b) above for the first breach, or three (3) of the same or different breaches at any time during the term of this Lease for which notices pursuant to (a) or (b) above were given for the first two (2) breaches shall conclusively be deemed to be an incurable repetitive failure by Lessee to perform its obligations hereunder.

In the event of any such default or breach by Lessee, Lessor may at any time thereafter, without further notice or demand, rectify or cure such default, and any sums expended by Lessor for such purposes shall be paid by Lessee to Lessor upon demand and as additional rental hereunder. In the event of any such default or breach by Lessee, Lessor shall have the right (i) to continue the lease in full force and effect and enforce all of its rights and remedies under this Lease, including the right to recover the rental as it becomes due under this Lease, or (ii) Lessor shall have the right at any time thereafter to elect to terminate the Lease and Lessee's right to possession thereunder. Upon such termination, Lessor shall have the right to recover from Lessee:

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

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

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

(iv) Any other amount necessary to compensate the Lessor for all the detriment proximately caused by Lessee's failure to perform its obligations under the lease or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) above shall be computed by allowing interest at three percent (3%) over the prime rate then being charged by Bank of America, N.A. but in no event greater than the maximum rate permitted by law. The worth at the time of award of the amount referred to in subparagraph (iii) above shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%), but in no event greater than ten percent (10%).

As used herein "rental" shall include the Monthly Rental, other sums payable hereunder which are designated "rental" or "additional rental" and any other sums payable hereunder on a regular basis such as reimbursement for real estate taxes.

Such efforts as Lessor may make to mitigate the damages caused by Lessee's breach of this Lease shall not constitute a waiver of Lessor's right to recover damages against Lessee hereunder, nor shall anything herein contained affect Lessor's right to indemnification against Lessee for any liability arising prior to the termination of this Lease for personal injuries or property damage, and Lessee hereby agrees to indemnify and hold Lessor harmless from any such injuries and damages, including all attorneys' fees and costs incurred by Lessor in defending any action brought against Lessor for any recovery thereof, and in enforcing the terms and provisions of this indemnification against Lessee.

Notwithstanding any of the foregoing, the breach of this Lease by Lessee, or an abandonment of the Premises by Lessee, shall not constitute a termination of this Lease, or of Lessee's right of possession hereunder, unless and until Lessor elects to do so, and until such time Lessor shall have the right to enforce all of its rights and remedies under this Lease, including the right to recover rent, and all other payments to be made by Lessee hereunder, as they become due. Failure of Lessor to terminate this Lease shall not prevent Lessor from later terminating this Lease or constitute a waiver of Lessor's right to do so.

10.2 No Waiver. Acceptance of rental hereunder shall not be deemed a waiver of any default or a waiver of any of Lessor's remedies.

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

11.0 CONDEMNATION. In the event a condemnation or a transfer in lieu thereof results in a taking of any portion of the Premises, Lessor may, or in the event a condemnation or a transfer in lieu thereof results in a taking of twenty-five percent (25%) or more of the Premises, Lessee may, upon written notice given within thirty (30) days after such taking or transfer in lieu thereof, terminate this Lease. Lessee shall not be entitled to share in any portion of the award and Lessee hereby expressly waives any right or claim to any part thereof. Lessee shall, however, have the right to claim and recover, only from the condemning authority (but not from Lessor), any amounts necessary to reimburse Lessee for the cost of removing stock and fixtures. If this Lease is not terminated as above provided, Lessor shall use a portion of the condemnation award to restore the Premises.

## 12.0 MISCELLANEOUS.

12.1 Reservation of Right to Modify Property. Lessor hereby reserves the right (but not the obligation) to renovate, modernize, rehabilitate, expand, reduce, reconfigure, enclose and/or otherwise alter all or any portion of the Premises (collectively "Modifications"), in such manner and at such time or times, throughout the term of this Lease, as Lessor may, in its sole and absolute discretion, deem to be in the best interests of the Property. Such Modifications may include, without limitation, the right to construct new buildings on the Property for additional uses, to remove, renovate, repair, add to, modernize or otherwise alter the building in which the Premises are situated as well as other buildings, facilities, structures, malls, walkways, landscaping, parking and common areas or other areas within the Property. In connection with any and all such Modifications, Lessor may enter the Premises to the extent reasonably required by Lessor to pursue and complete such Modifications. In addition, Lessor may temporarily close portions of the parking and common areas and cause temporary obstructions in connection with any Modifications. Lessee agrees that under no circumstances shall the Modifications as to any portion of the Property or the construction activity that takes place in the course of making the Modifications, or any aspect thereof, including Lessor's entry into the Premises, constitute an eviction or partial eviction of Lessee or a breach of Lessee's right to quiet enjoyment or of any other provision of this Lease, nor entitle Lessee to damages, injunctive relief or other equitable relief, nor entitle Lessee to any abatement or reduction in the Monthly Rental, additional rental or other charges or sums due under this Lease; provided Lessor uses

reasonable efforts to mitigate any adverse effects on Lessee caused by the Modifications.

12.2 Entry and Inspection. Lessee shall permit Lessor and his agents to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same or for the purpose of maintaining the Premises as required by the terms of this Lease or for the purpose of posting notices of non-liability for alterations, additions or repairs, or for the purpose of placing upon the property in which the Premises are located any usual or ordinary "For Sale" signs or any signs for public safety as determined by Lessor. Lessor shall be permitted to do any of the above without any rebate of rent and without any liability to Lessee for any loss of occupation or quiet enjoyment of the Premises thereby occasioned. Lessee shall permit Lessor, at any time within six (6) months prior to the expiration of this Lease, to place upon the Premises any usual or ordinary "For Lease" signs, and during such (6) month period Lessor or his agents may, during normal business hours, enter upon said Premises and exhibit same to prospective Lessees.

12.3 Estoppel Certificate. If, as a result of a proposed sale, assignment, or hypothecation of the Premises or the land thereunder by Lessor, or at any other time, an estoppel certificate shall be requested of Lessee, Lessee agrees, within ten (10) days thereafter, to deliver such estoppel certificate in the form attached hereto as Exhibit "C" addressed to any existing or proposed mortgagee or proposed purchaser, and to the Lessor. Lessee shall be liable for any loss or liability resulting from any incorrect information certified, and such mortgagee and purchaser shall have the right to rely on such estoppel certificate and financial statement.

12.4 Jurisdiction and Venue. The parties hereto agree that the State of California is the proper jurisdiction for litigation of any matters relating to this Lease, and service mailed to the address of Lessees set forth herein shall be adequate service for such litigation. The parties further agree that Riverside County, California is the proper place for venue as to any such litigation and Lessee agrees to submit to the personal jurisdiction of such court in the event of such litigation.

12.5 Partial Invalidity. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereof.

12.6 Successors in Interest. The covenants herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

12.7 No Oral Agreements. This (i) Lease covers in full each and every agreement of every kind or nature whatsoever between the parties hereto concerning this Lease, (ii) supersedes any and all previous obligations, agreements and understandings, if any, between the parties, oral or written, and (iii) merges all

preliminary negotiations and agreements of whatsoever kind or nature herein. Lessee acknowledges that no representations or warranties of any kind or nature not specifically set forth herein have been made by Lessor or its agents or representatives.

12.8 Authority. In the event that Lessee is a corporation or a partnership, each individual executing this Lease on behalf of said corporation or said partnership, as the case may be, represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation or partnership, in accordance with a duly adopted resolution of the Board of Directors, if a corporation, or in accordance with the Partnership Agreement, if a partnership, and that this Lease is binding upon said corporation or partnership in accordance with its terms. Lessee represents and warrants to Lessor that the entering into this Lease does not violate any provisions of any other agreement to which Lessee is bound.

12.9 Relationship of Parties. The relationship of the parties hereto is that of Lessor and Lessee, and it is expressly understood and agreed that Lessor does not in any way or for any purpose become a partner of Lessee in the conduct of Lessee's business or otherwise, or a joint-venture with Lessee, and that the provisions of this Lease and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method whereby rental payments are to be measured and ascertained.

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

12.11 Notices. Wherever in this Lease it shall be required or permitted that notice and demand be given or served by either party to this Lease to or on the other, such notice or demand shall be given or served in writing and shall not be deemed to have been duly given or served unless in writing, and personally served or forwarded by certified mail, postage prepaid, addressed, if to Lessor, as specified in Section 1.9. Either party may change the address set forth herein by written notice by certified mail to the other. Any notice or demand given by certified mail shall be effective one (1) day subsequent to mailing.

12.12 Waiver. No delay or omission in the exercise of any right or remedy by a non-defaulting party shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any



default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Lease.

12.13 Exhibits and Addenda. The Exhibits and Addenda attached to this Lease are made a part hereof as if fully set forth herein. In the event of a conflict between the terms and provisions of Addenda and the terms and provisions of this Lease, the terms and provisions of the Addenda shall prevail.

IN WITNESS WHEREOF, the parties have duly executed this Lease together with the herein referred to Exhibits which are attached hereto, on the day and year first above written in Palm Springs, California.

"City"

ATTEST:

CITY OF PALM SPRINGS, a municipal Corporation

By: James Thompson  
James Thompson, City Clerk  
11/09/2012

By: [Signature]  
Its: CITY MANAGER

APPROVED AS TO FORM:

APPROVED BY CITY COUNCIL

[Signature]  
Douglas Holland, City Attorney

10-17-12 JV A6037

"Lessee"

Coachella Valley Economic Partnership

By: [Signature]  
Its: President + CEO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PREMISES**

**Location and Address:**

2901 East Alejo Road, Palm Springs, California, 92262. These buildings are located on property of the Palm Springs International Airport.

**Assessor's Parcel Number:**

Portion of 502-100-029

**Legal Description:**

A portion of 3.25 acres M/L in POR LOTS 1,2 & 3 MB 014/652 SD PALM VALLEY COLONY LANDS

**Ownership/Vesting:**

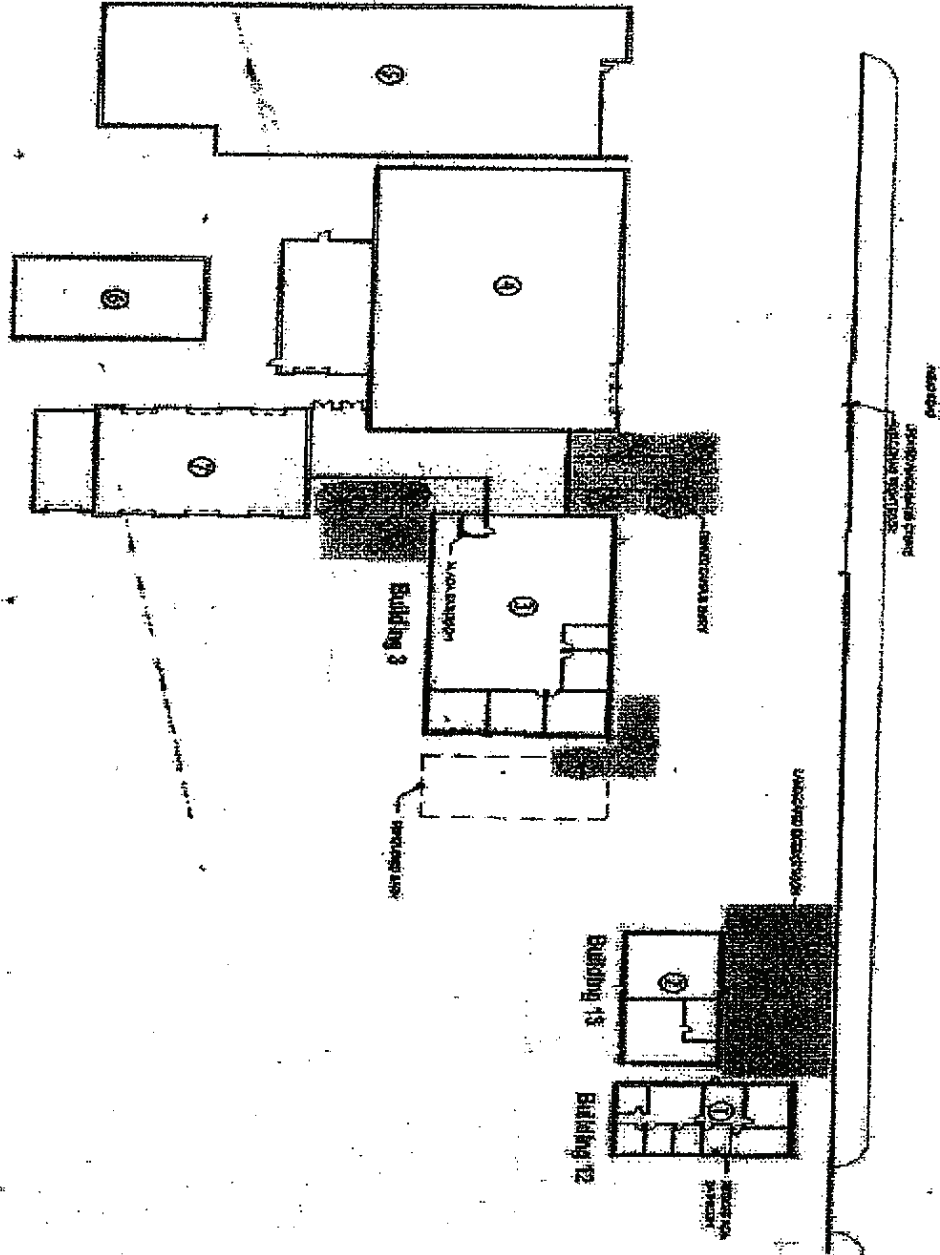
City of Palm Springs

EXHIBIT "B"

PLOT PLAN OF DEMISED PREMISES

McMillin & Company, Inc. Architects' Survey/Map/Assessment

**SITE PLAN**  
11-10-07



11/10/07  
SVP, Assessor

EXHIBIT "C"

ESTOPPEL CERTIFICATE

Lessee: COACHELLA VALLEY ECONOMIC PARTNERSHIP  
Lessor: THE CITY OF PALM SPRINGS, a municipal corporation  
Date of Lease: \_\_\_\_\_  
Premises: 2901 E. ALEJO ROAD, PALM SPRINGS CA 92292  
To: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned hereby certifies as follows:

1. The undersigned is the Lessee ("Lessee") under the above-referenced lease ("Lease") covering the above-referenced premises ("Premises").
2. The Lease constitutes the entire agreement between Lessor and Lessee with respect to the Premises and the Lease has not been modified, changed, altered or amended in any respect except as set forth above.
3. The term of the Lease commenced on \_\_\_\_\_, 201\_\_ and, including any presently exercised option or renewal term, will expire on \_\_\_\_\_ 201\_\_\_\_\_. Lessee has accepted possession of the Premises and is the actual occupant in possession thereof and has not sublet, assigned or hypothecated its leasehold interest. All improvements to be constructed on the Premises by Lessee have been completed and accepted by Lessor and any Lessee construction allowances have been paid in full.
4. As of this date, to the best of Lessee's knowledge, there exists no breach or default, nor state of facts which, with notice, the passage of time, or both, would result in a breach or default on the part of either Lessee or Lessor. To the best of Lessee's knowledge, no claim, controversy, dispute, quarrel or disagreement exists between Lessee and Lessor.
5. Lessee is currently obligated to pay Annual Rent in installments of \$ \_\_\_\_\_ per month, and such monthly installments have been paid not more than one month in advance. To the best of Lessee's knowledge, no other rent has been paid in advance and Lessee has no claim or defense against Lessor under the Lease and is asserting no offsets or credits against either the rent or Lessor. Lessee has no claim against Lessor for any security or other deposits except \$ \_\_\_\_\_ which was paid pursuant to the Lease.
6. Lessee has no option or preferential right to lease or occupy additional

space within the Property of which the Premises are a part. Lessee has no option or preferential right to purchase all of any part of the Premises nor any right or interest with respect to the Premises other than as Lessee under the Lease. Lessee has no right to renew or extend the term of the Lease except as set forth in the Lease.

7. Lessee has made no agreements with Lessor or its agent or employees concerning free rent, partial rent, rebate of rental payments or any other type of rent or other concession except as expressly set forth in the Lease.

8. There has not been filed by or against Lessee a petition in bankruptcy, voluntary or otherwise, any assignment for the benefit of creditors, any petition seeking reorganization or arrangement under the bankruptcy laws of the United States, or any state thereof, or any other action brought under said bankruptcy laws with respect to Lessee.

9. All insurance which Lessee is required to maintain under the Lease has been obtained by Lessee and is in full force and effect and all premiums with respect thereto have been paid.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT "D"

RULES AND REGULATIONS

1. All loading and unloading of goods shall be done only at the times, in the areas and through the entrances reasonably designated for such purposes by Lessor.
2. The delivery or shipping of merchandise, supplies and fixtures to and from the Premises shall be subject to such rules and regulations as in the reasonable judgment of Lessor are necessary for the proper operation of the Premises or of the Property generally.
3. All of Lessee's refuse and rubbish shall be removed to central trash bins located in the Property, at Lessee's sole cost and expense.
4. No radio or television or other similar device audible outside the Premises shall be installed without obtaining in each instance the written consent of Lessor. No aerial shall be erected on the roof or exterior walls of the Premises or on the grounds of the Property without first obtaining in each instance the written consent of Lessor which consent shall not be unreasonably withheld or delayed. Any aerial so installed without such written consent shall be subject to removal without notice at any time.
5. No loudspeakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the Premises without first obtaining in each instance written consent of Lessor.
6. The outside sidewalks and loading areas immediately adjoining the Premises shall be kept clean and free from dirt and rubbish by Lessee to the reasonable satisfaction of Lessor, and Lessee shall not place or permit any obstructions or merchandise in such areas, except to the extent specifically permitted by the provisions of Lessee's Sublease.
7. Lessee shall not burn any trash or garbage of any kind in or about the Premises or the Property generally.
8. Lessee will not allow animals, except seeing-eye dogs, in, about or upon the Premises.
9. Lessee shall not use, and shall not allow anyone else to use, the Premises as a habitation. Such prohibition shall include, without limitation, sleeping, eating or bathing.
10. Lessee shall not place any rubbish or other matter outside any building within the Property, except in such containers as are authorized from time to time by Lessor.

**EXHIBIT "E"**

**AMENDMENT NO. 1 TO AN ADMINISTRATIVE SERVICES AGREEMENT**

**EXHIBIT "F"**

**AMENDMENT NO. 1 TO AN ADMINISTRATIVE SERVICES AGREEMENT**





**CITY OF PALM SPRINGS  
&  
COACHELLA VALLEY  
ECONOMIC PARTNERSHIP**

**Amendment No. 1 to an  
Administrative Services Agreement  
July 1, 2011 to June 30, 2013**

**Addition of an "Accelerator Park" to the  
Operation and Management  
of the  
Coachella Valley Innovation Hub  
(CViHub)**

**AMENDMENT NO. 1 TO AN ADMINISTRATIVE SERVICE AGREEMENT**

This Amendment No. 1 to an Administrative Service Agreement ("Agreement") is made this 11<sup>TH</sup> day of Nov, 2012 between City of Palm Springs ("City") and the Coachella Valley Economic Partnership ("CVEP").

The City and CVEP, hereafter referred to as the "Parties", recognize the following:

**RECITALS**

WHEREAS, the Coachella Valley Economic Partnership (CVEP) maintains a 501(c)(3) designation and is the managing authority for the Regional Economic Blueprint; and

WHEREAS, a principal strategy of the CVEP Regional Economic Blueprint calls for creation of a small business support programs, services and incubator; and

WHEREAS, the Western Coachella Valley Cities of Desert Hot Springs, Cathedral City and Palm Springs received designation by the State of California as an Innovation Hub (iHub), known as the Coachella Valley Innovation Hub (CViHub), and under the iHub guidelines, the State requires that the iHub be managed by, and eventually turned over to, a 501(c)(3) non-profit organization; and

WHEREAS, in July, 2011 CVEP assumed operations of the CViHub on behalf of the partner Cities, with the City of Palm Springs managing the Administrative Service Agreement on behalf of the partner Cities; and

WHEREAS, the CViHub incubator is co-located with CVEP in a facility designated as the "Rabobank Regional Business Center" at 3111 East Tahquitz Canyon Way, Palm Springs; and

WHEREAS, the Parties have identified a need for additional incubator services and facilities to be able to accommodate clients in the early manufacturing, prototyping and assembly stages, and have identified City-owned buildings located at 2901 East Alejo Road, at the Palm Springs International Airport, as suitable; and

NOW THEREFORE, the Parties hereby agree CVEP will assume the development and operation of an "Accelerator Park" at 2901 East Alejo Road, under the auspices of the the CViHub, and desire to amend the Administrative Agreement as set forth under the following terms and conditions:

**Section "3. CVEP Obligations and Responsibilities" shall be amended to include Section F as follows:**

**F. Phase II Incubator (Accelerator Park)**

1. CVEP shall develop an "Accelerator Park" facility for CViHub clients which are growing and require larger, more industrial work space, to provide clients with continued support during their transition to commercialization.
2. CVEP shall lease from the City three buildings totaling 9,840 s.f. located at 2901 East Alejo Road for the Accelerator Park. These three buildings have been identified as suitable incubator space. Two of the three buildings are modular in construction. A plot plan of the site showing the three buildings is included as Attachment "B" to this Amendment.
3. CVEP shall undertake the renovation of the three Accelerator Park buildings per the plan and budget shown in Attachment "A" to this Amendment, including the installation of an ADA-compliant restroom in Building 3, pressure washing and painting the exteriors to connect the campus, and painting of the interior of Building 3; Building 1 and 2 will be used and subleased "as is" until funding becomes available for additional improvements.
4. CVEP shall purchase or procure all Furniture, Fixtures, and Equipment for the Accelerator Park.
5. CVEP shall sublease all or portions of the property to CViHub qualified companies ("Qualified Sublessees").
6. CVEP, through its own resources, the resources of the CViHub, or subleases with tenants, shall bear the responsibility for:
  - a. gas, electric, trash, telephone, internet, and water;
  - b. liability and property insurance;
  - c. custodial service.
7. CVEP shall develop a funding plan for the capital improvements and operating costs of the Accelerator Park, which shall include but is not limited to:
  - a. Tenant rent
  - b. Sponsorships (CVEP and CViHub)
  - c. Memberships (CVEP and CViHub)
  - d. Equity Participation in Client Businesses
  - e. City funding (subject to Council approval)
  - f. Grants

**Section "4. City Funding"** shall be amended and restated to include the following:

**4. City Commitment**

The City of Palm Springs has appropriated the amount of \$75,000 during the City's 2012-2013 budget process for the CViHub Phase II Program (Accelerator Park). This funding is intended to cover the first year's lease cost plus a substantial portion of the early phases of the building remodel and renovation, described in the budget shown in Exhibit "A" to this Agreement.

In addition, to the extent resources are available, the City, which includes the Palm Springs International Airport, shall also provide the following:

- Waiver of Development Fees for the project;
- Demolition of Buildings 6 & 7 (shed) and repair of the shed's base (foundation) and slope to meet ADA requirements;
- Replace/repair roof and HVAC system, if necessary;
- Perimeter landscape cleanup and regular maintenance;
- Separate SCE, water, gas meters per building to allow individual building metering (or, alternatively, a single meter for the three buildings).

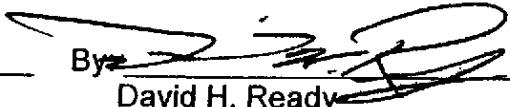
**11. Modification**

Except as otherwise provided herein, the Administrative Service Agreement shall be and remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 1 to An Administrative Service Agreement as of the dates stated below.


**"CITY"**  
City of Palm Springs

Date: 11/09/2012

By: 

David H. Ready  
City Manager

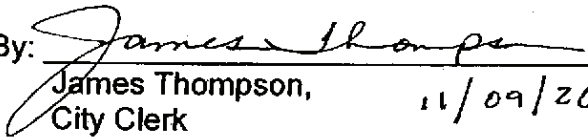
APPROVED BY CITY COUNCIL

10-17-12 20 AB037 

APPROVED AS TO FORM:


ATTEST:

By:   
Douglas C. Holland,  
City Attorney

By:   
James Thompson,  
City Clerk 11/09/2012

**"CVEP"**  
Coachella Valley Economic Partnership

Date: 10/23/12

By:   
Thomas Flavin  
President/CEO

Attachment "A"

<b>PENTA</b>		01/12/2023 PM	CVIP Incubator Stage II Budget	Area 01 (Milestone)	Area 02 (Milestone)	Area 03 (Milestone)	Area 04 (Milestone)
<b>1- GENERAL CONTRACTORS</b>							
	General Contractors						
	Permit Support for Construction	12,200		1,712		1,712	
	Site Plan - Landscape	10,000		1,500		1,500	
	Site Plan - Building	10,000		1,500		1,500	
	Site Plan - Total	32,200		4,712		4,712	
<b>2- CIVIL ENGINEER</b>							
	Civil Engineer	10,000		1,500		1,500	
<b>3- ARCHITECTURAL &amp; INTERIOR DESIGN</b>							
	Architectural & Interior Design	10,000		1,500		1,500	
<b>4- ELECTRICAL ENGINEER</b>							
	Electrical Engineer	10,000		1,500		1,500	
<b>5- MECHANICAL ENGINEER</b>							
	Mechanical Engineer	10,000		1,500		1,500	
<b>6- PLUMBING ENGINEER</b>							
	Plumbing Engineer	10,000		1,500		1,500	
<b>7- STRUCTURAL ENGINEER</b>							
	Structural Engineer	10,000		1,500		1,500	
<b>8- ENVIRONMENTAL ENGINEER</b>							
	Environmental Engineer	10,000		1,500		1,500	
<b>9- LANDSCAPE ARCHITECT</b>							
	Landscape Architect	10,000		1,500		1,500	
<b>10- CIVIL ENGINEER (CONCRETE)</b>							
	Civil Engineer (Concrete)	10,000		1,500		1,500	
<b>11- CIVIL ENGINEER (WATER)</b>							
	Civil Engineer (Water)	10,000		1,500		1,500	
<b>12- CIVIL ENGINEER (SEWER)</b>							
	Civil Engineer (Sewer)	10,000		1,500		1,500	
<b>13- CIVIL ENGINEER (TRAFFIC)</b>							
	Civil Engineer (Traffic)	10,000		1,500		1,500	
<b>14- CIVIL ENGINEER (HIGHWAY)</b>							
	Civil Engineer (Highway)	10,000		1,500		1,500	
<b>15- CIVIL ENGINEER (AIRPORT)</b>							
	Civil Engineer (Airport)	10,000		1,500		1,500	
<b>16- CIVIL ENGINEER (CANAL)</b>							
	Civil Engineer (Canal)	10,000		1,500		1,500	
<b>17- CIVIL ENGINEER (DRAINAGE)</b>							
	Civil Engineer (Drainage)	10,000		1,500		1,500	
<b>18- CIVIL ENGINEER (WATER SUPPLY)</b>							
	Civil Engineer (Water Supply)	10,000		1,500		1,500	
<b>19- CIVIL ENGINEER (WASTEWATER)</b>							
	Civil Engineer (Wastewater)	10,000		1,500		1,500	
<b>20- CIVIL ENGINEER (WATER TREATMENT)</b>							
	Civil Engineer (Water Treatment)	10,000		1,500		1,500	
<b>21- CIVIL ENGINEER (WASTEWATER TREATMENT)</b>							
	Civil Engineer (Wastewater Treatment)	10,000		1,500		1,500	
<b>22- CIVIL ENGINEER (WATER DISTRIBUTION)</b>							
	Civil Engineer (Water Distribution)	10,000		1,500		1,500	
<b>23- CIVIL ENGINEER (WASTEWATER DISTRIBUTION)</b>							
	Civil Engineer (Wastewater Distribution)	10,000		1,500		1,500	
<b>24- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>25- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>26- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>27- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>28- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>29- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>30- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>31- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>32- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>33- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>34- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>35- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>36- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>37- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>38- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>39- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>40- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>41- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>42- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>43- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>44- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>45- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>46- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>47- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>48- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>49- CIVIL ENGINEER (WASTEWATER TREATMENT PLANT)</b>							
	Civil Engineer (Wastewater Treatment Plant)	10,000		1,500		1,500	
<b>50- CIVIL ENGINEER (WATER TREATMENT PLANT)</b>							
	Civil Engineer (Water Treatment Plant)	10,000		1,500		1,500	
<b>TOTAL</b>							
		119,400		16,920		16,920	

01/12/2023 PM

01/12/2023 PM

# PENTA

The PENTA Building Group

Nevada Contractor's License Number - 0050760

CVEP Incubator Stage II Budget

8/15/12 12:00 AM

Line Item Detail

## Area 01 (Warehouse)

ITEM DESCRIPTION	Qty	Unit	Unit Price	Total
<b>DIVISION 0101: General Conditions</b>				
General Conditions	1	LS	\$ 4,716.02	\$ 4,716
<b>DIVISION 0102: Project Specific Conditions</b>				
Permits / Plancheck Fees - By Owner				
Temporary Barriers - MEC				
Temporary Utilities - Paid by Owner; Squared onsite already				
Architectural & Consultant Fees (field observation, ADA docs, meetings) and coordination, finish selections, submit to City)	1	LS	\$ 6,900.00	\$ 6,900
No code/utility official upgrades Squared until Architectural review (if req.)				
Dumpsters	3	EA	\$ 400.00	\$ 1,200
<b>DIVISION 0201: Mechanical Division</b>				
Demo interior walls of warehouse	1	LS	\$ 2,000.00	\$ 2,000
Misc. demo for new ADA restrooms	1	LS	\$ 800.00	\$ 800
<b>DIVISION 0301: CONCRETE</b>				
Prepare wash floor for new washer	4000	BP	\$ .45	\$ 2,900
Acid wash, rubstain, and seal existing concrete floor	4000	BP	\$ 2.00	\$ 9,800
Patch and repair concrete of new ADA restrooms	81	BP	\$ 12.90	\$ 1,043
<b>DIVISION 0401: FINISHES</b>				
Assumed only an ADA sink - no countertop or cabinet included				
<b>DIVISION 0501: MILLWORK</b>				
N/A				
<b>DIVISION 0601: PAINTS/PAPER</b>				
Opening of doors and roll-up doors	1	LS	\$ 450.00	\$ 450
<b>DIVISION 0701: METALS/BOARDS/INSULATION</b>				
N/A				
<b>DIVISION 0801: DOOR SYSTEMS &amp; HW</b>				
F & I door at ADA restroom	1	LS	\$ 800.00	\$ 800
<b>DIVISION 0901: FLOORING</b>				
New ADA sinks at restroom	6	BP	\$ 35.00	\$ 210
No glass replacement/adjustments Squared throughout warehouse				
<b>DIVISION 0902: WALLS &amp; CEILING</b>				
Patch walls at misc. locations throughout warehouse space	80	EA	\$ 150.00	\$ 1,800
Fill-in door opening and inter. drywall patch at new ADA restroom	1	LS	\$ 800.00	\$ 800
<b>DIVISION 0903: PAINT / WOOD / PLASTER / SPECIAL FINISHES</b>				
Paint walls throughout warehouse	5734	BP	\$ 1.25	\$ 7,168
Paint walls of new ADA restroom	305	BP	\$ 1.79	\$ 543
<b>DIVISION 0904: GLASS / Specialty Glazing</b>				

8/15/2012 2:25 PM

C:\Users\cbracket\Desktop\CVEP\CVEP P&P Airport Property Budget.xlsx

# PENTA

The PENTA Building Group

Nevada Contractor's License Number - 0055780

## CVEP Incubator Stage II Budget

8/15/12 12:00 AM

### Line Item Detail

#### Area 01 (Warehouse)

ITEM DESCRIPTION:	Qty	Unit	Unit Price	Total
Max. up to 20% of AGT ceiling	250	SP	\$ 3.00	\$ 750
<b>DIVISION 0500 - PAINTS &amp; COATINGS</b>				
New tile at floor at ADA restrooms	81	SP	\$ 12.00	\$ 972
New tile at walls at ADA restrooms	296	SP	\$ 12.00	\$ 3,552
<b>DIVISION 0600 - FLOORING (CARPET)</b>				
Replacing/Repairing of (E) VGT flooring - N/C				
Charging/Sealing of (E) VGT flooring - N/C				
<b>DIVISION 0800 - JOINERY/ACCENTUARIES</b>				
F & I new tiled accessories at ADA restrooms	1	LB	\$ 300.00	\$ 300
<b>DIVISION 0900 - PARTITION WALLS &amp; PARTITIONS</b>				
F & I new tile substructure at warehouse	2	EA	\$ 100.00	\$ 200
<b>DIVISION 1000 - CONCRETE/MASS CONSTRUCTION (FORMS)</b>				
NA				
<b>DIVISION 1100 - ROOFING</b>				
	6000	SP	\$ 2.00	\$ 12,000
<b>DIVISION 1200 - PLUMBING</b>				
K & R plumbing of new ADA restrooms	1	LB	\$ 1,200.00	\$ 1,200
<b>DIVISION 1300 - MECHANICAL</b>				
HVAC adjustment at new ADA restroom	1	LB	\$ 350.00	\$ 350
No HVAC additional adjustments have been included throughout warehouse				
<b>DIVISION 1400 - ELECTRICAL</b>				
Misc electrical work throughout warehouse	1	LB	\$ 1,000.00	\$ 1,000
New electrical at ADA restroom	1	LB	\$ 500.00	\$ 500
<b>DIVISION 1500 - SIGNALING/FAAS/ALARMS</b>				
Low voltage is assumed to be sufficient as currently installed				
Fire alarm is assumed to be sufficient as currently installed				



# PENTA

The PENTA Building Group

Newada Contractor's License Number - 0000260

CVEP Incubator Stage II Budget

8/15/12 12:00 AM

Line Item Detail

## Area 02 (West Modular)

ITEM DESCRIPTION	Qty	Unit	Unit Price	Total
<b>DIVISION 01 (General Conditions)</b>				
General Conditions	1	LS	\$ 600.00	\$ 600
<b>DIVISION 02 (Specialty Work - Carpentry)</b>				
Permits / Permit Check Fees - By Owner				
Temporary Barriers - MC				
Temporary Utilities - Paid by Owner; Spaced onsite already				
No code/energy efficient upgrades figured until Architectural review (if req.)				
Dumpsters				
<b>DIVISION 02.01 (Selectat Division)</b>				
N/A				
<b>DIVISION 02.02 (Finish Carpentry)</b>				
N/A				
<b>DIVISION 02.03 (Painting)</b>				
F & I drywall patches	3	EA	\$ 150.00	\$ 450
<b>DIVISION 02.04 (Flooring / Carpentry / Specialties)</b>				
F & I new paint throughout	2430	SF	\$ 1.25	\$ 3,038
<b>DIVISION 02.05 (Drywall / Specialty Carpentry)</b>				
Misc. repair to 20% of AGY ceiling	400	SF	\$ 3.00	\$ 1,200
<b>DIVISION 02.06 (Ceiling / Specialty Carpentry)</b>				
F & I new VCT flooring (installed over existing)	2400	SF	\$ 3.00	\$ 7,200
F & I new vinyl 4" base	201	LF	\$ 1.10	\$ 221
<b>DIVISION 02.07 (Specialty Carpentry / Painting)</b>				
Provide new fire extinguishers	2	EA	\$ 150.00	\$ 300
<b>DIVISION 02.08 (Specialty Work)</b>				
N/A				
<b>DIVISION 02.09 (Specialty Work)</b>				
N/A				
<b>DIVISION 02.10 (Painting)</b>				
Check HVAC diffusers for use / misc HVAC	1	LS	\$ 200.00	\$ 200
<b>DIVISION 02.11 (Electrical)</b>				
Check electrical is functioning properly / misc electrical	1	LS	\$ 600.00	\$ 600
No light fixtures replacement included				
<b>DIVISION 02.12 (Specialty Work / Low Voltage)</b>				
Low voltage assumed to enough as currently installed; wireless access point to be installed by Owner				
Fire alarm - MC				

# PENTA

The PENTA Building Group

Nevada Contractor's License Number - 0050760

CVEP Incubator Stage II Budget

8/15/12 12:00 AM

Line Item Detail

## Area 03 (East Modular)

ITEM DESCRIPTION	Qty	Unit	Unit Price	Total
<b>DIVISION 01.01 - General Conditions</b>				
General Conditions	1	LS	\$ 1,340.75	\$ 1,341
<b>DIVISION 01.03 - Project Specific Conditions</b>				
Parade / Parachute Fee - By Owner				
Temporary Barriers - NIC				
Temporary Barriers - Field by Owner; Signed on-site already				
No code/energy efficient upgrades figured until Architectural review (if req.)				
Disputes				
<b>DIVISION 02.01 - FINISHES (INTERIOR)</b>				
Misc items at ADA restroom	1	LS	\$ 600.00	\$ 600
<b>DIVISION 03.01 - Concrete</b>				
Patch and replace concrete for new ADA restroom	1	LS	\$ 250.00	\$ 250
<b>DIVISION 04.02 - MILLWORK (WOOD)</b>				
New countertop at ADA restroom	1	LS	\$ 550.00	\$ 550
<b>DIVISION 05.01 - Doors / Frames (WOOD)</b>				
Door adjustment for new ADA requirements	1	LS	\$ 600.00	\$ 600
<b>DIVISION 06.04 - PAINTS &amp; COATINGS</b>				
N/A				
<b>DIVISION 07.01 - Partitions &amp; Drywall</b>				
P & I new drywall at ADA restroom	1	LS	\$ 1,340.00	\$ 1,340
Misc patches at rooms	8	EA	\$ 150.00	\$ 1,200
<b>DIVISION 08.02 - PAINT (WALL / CEILING) (GENERAL FINISHES)</b>				
P & I new paint throughout walls	7193	SF	\$ 1.25	\$ 8,991
<b>DIVISION 09.04 - TRACT / Specialty Ceiling</b>				
N/A - Ceiling in good condition				
<b>DIVISION 09.06 - FLOORING (FLOORING / Carpet)</b>				
Patch & repair flooring at ADA restroom	1	LS	\$ 250.00	\$ 250
P & I new VCT flooring throughout	1800	SF	\$ 3.00	\$ 5,400
P & I new vinyl 4" base	300	LF	\$ 1.90	\$ 570
<b>DIVISION 10.02 - Small Accessories</b>				
P & I new toilet accessories at ADA restroom	1	LS	\$ 300.00	\$ 300
<b>DIVISION 10.03 - Fire Extinguishers &amp; Cabinets</b>				
P & I new fire extinguishers	3	EA	\$ 100.00	\$ 300
<b>DIVISION 11.01 - OTHER FINISHES</b>				
N/A				
<b>DIVISION 15.02 - PARTITION</b>				
N/A				

# PENTA

The PENTA Building Group

Newby Contractor's License Number - 0050760

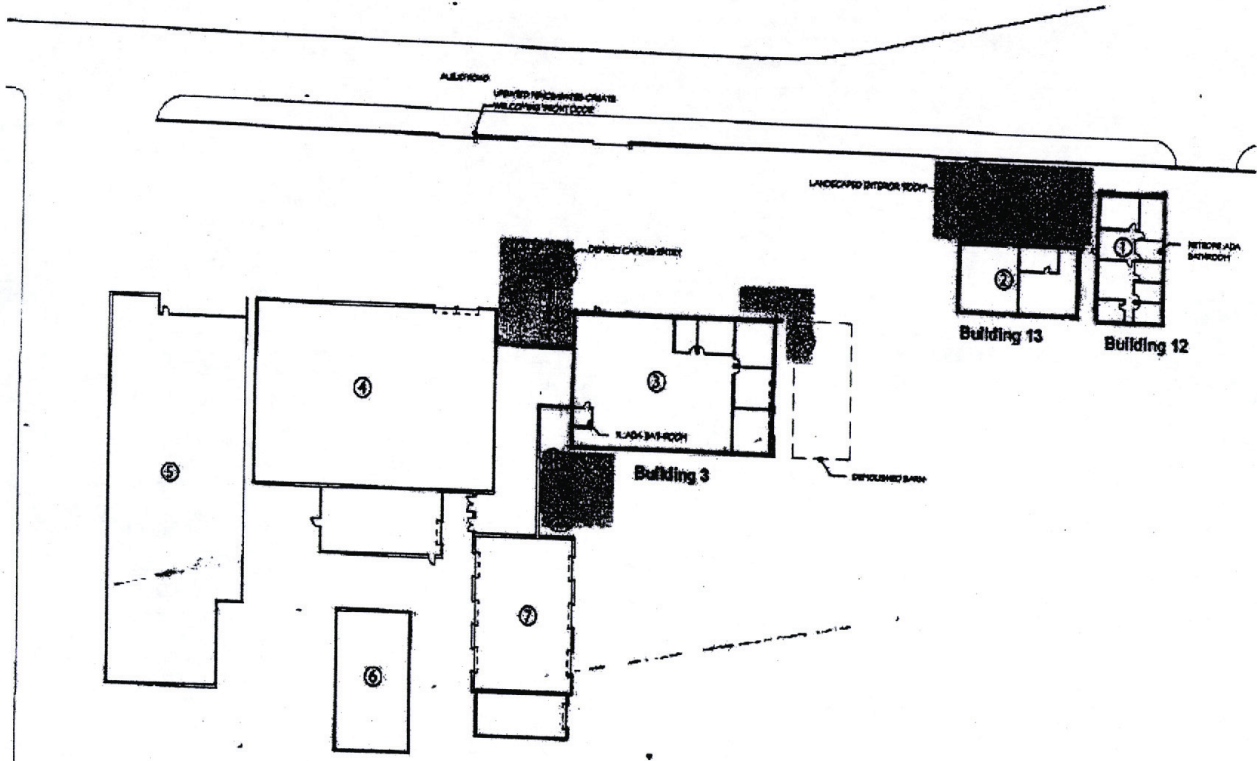
CVEP Incubator Stage II Budget

8/15/12 12:00 AM

Line Item Detail

Area 03 (East Modular)

ITEM DESCRIPTION	Qty	Unit	Unit Price	Total
Remove and replace plumbing fixture	1	LS	225.00	225
<b>ITEM TOTALS</b>				
<b>ITEM TOTALS</b>				
Check electrical in existing property / submittal	1	LS	225.00	225
No lighting (no replacement included)				
<b>ITEM TOTALS</b>				
<b>ITEM TOTALS</b>				
Use voltage measured to ensure no continuity between adjacent access point to be installed by Owner				



12

**SITE PLAN**  
1" = 40'-0"

McAuliffe & Company, Inc. ARCHITECTS 780.773.0907 [mcauliffe.com](http://mcauliffe.com)

12-409  
CVEP Accelerator  
08-17-2012

## EXHIBIT "F"

### LEASEHOLD IMPROVEMENT AGREEMENT 2901 East Alejo Road Palm Springs, California

This Leasehold Improvement Agreement shall set forth the terms and conditions relating to the construction of the Leasehold Improvements in the Premises. This Leasehold Improvement Agreement is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references in this Leasehold Improvement Agreement to Paragraphs or Sections of the "Lease" shall mean the relevant portion of that certain Lease to which this Leasehold Improvement Agreement is attached as Exhibit "F" and of which this Leasehold Improvement Agreement forms a part, and all references in the Lease to Sections of "Leasehold Improvement Agreement" shall mean the relevant portion of this Leasehold Improvement Agreement and all references in this Leasehold Improvement Agreement to Sections of this Leasehold Improvement Agreement shall mean the relevant portion of this Leasehold Improvement Agreement.

#### **SECTION 1- LESSOR'S OWNERSHIP OF PREMISES**

1.1 Lessor owns certain free-standing buildings described in Section 1.1 of the Lease, hereinafter referred to as the "Property."

#### **SECTION 2- CONSTRUCTION DRAWINGS FOR THE PREMISES**

2.1 Lessee shall, at its sole cost and expense, except for the provisions of the Amendment No. 1 to the Administrative Services Agreement, construct the improvements in the Premises (the "Leasehold Improvements") pursuant to those certain blueprints, floor and space plans, specification and finalize construction prices, collectively, the approved "Working Drawings" prepared by Lessee's architect. Lessee shall make no changes or modifications to the Approved Working Drawings without the prior written consent of Lessor, which consent may be withheld if such change or modification would directly or indirectly delay the "Substantial Completion," as that term is defined in Section 8.1 of this Leasehold Improvement Agreement, of the Premises or increase the cost of designing or constructing the Leasehold Improvements. Any changes or modifications approved by the Lessor shall be at Lessee's sole cost and expense.

#### **SECTION 3 - CONSTRUCTION DRAWINGS**

3.1 Selection of Architect/Construction Drawings. Lessee shall retain an architect or space planner (the "Architect") to prepare the Construction Drawings. Lessee shall retain the engineering consultants (the "Engineers") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, life safety, and sprinkler work of the Leasehold Improvements. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "Construction Drawings." All Construction Drawings shall comply with the drawing format and specifications as

determined by Lessee, and shall be subject to Lessor's approval. Lessee and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the Base Building Plans, and Lessee and Architect shall be solely responsible for the same, and Lessor shall have no responsibility in connection therewith. Lessor's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Lessor's review of the same, or obligate Lessee to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Lessor or its agents and consultants, and notwithstanding any advice or assistance which may be rendered to Lessee by Lessor or Lessor's agents or consultants, Lessor shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings, and Lessee's waiver and indemnity set forth in this Lease shall specifically apply to the Construction Drawings.

3.2 Final Space Plan. Lessee and the Architect shall prepare the final space plan for Leasehold Improvements in the Premises (collectively, the "Final Space Plan"), which Final Space Plan shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver the Final Space Plan Lessor for Lessor's approval.

3.3 Final Working Drawings. Within thirty (30) working days after execution of the Lease by Lessor and delivery of a copy of the Lease to Lessee, Lessee, the Architect and the Engineers shall complete the architectural and engineering drawings for the Leasehold Improvements, and the final architectural working drawings in a form which is complete to allow subcontractors to perform the work and to obtain all applicable permits (collectively, the "Final Working Drawings") and shall submit the same to Lessor for Lessor's approval.

3.4 Permits. The Final Working Drawings shall be approved by Lessor (the "Approved Working Drawings") prior to the commencement of the construction of the Leasehold Improvements. Lessee shall immediately submit the Approved Working Drawings to the appropriate municipal authorities for all applicable building permits necessary to commence and fully complete the construction of the Leasehold Improvements (the "Permits"). Lessee hereby agrees that neither Lessor nor Lessor's agents or consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that the obtaining of the same shall be Lessee's responsibility; provided however that Lessor shall, in any event, cooperate with Lessee in executing permit applications and performing other ministerial acts reasonably necessary to enable Lessee to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Lessor, provided that Lessor may withhold its consent, in its sole discretion, to any change in the Approved Working Drawings if such change would directly or indirectly delay the "Substantial Completion" of the Premises as that term is defined in Section 6.1 of this Leasehold Improvement Agreement. Lessor shall waive all city and municipal permit fees that it has direct control over.

3.5 Cooperation. Lessor shall use its best, good faith, efforts and all due

diligence to cooperate with the Architect, the Engineers, and Lessee to complete all phases of the Construction Drawings and the permitting process and to receive the permits, and approval of the "Construction Costs," as set forth in Section 7.1 below, as soon as possible after the execution of the Lease, and, in that regard, shall meet with Lessee on a scheduled basis to be determined by Lessor, to discuss Lessee's progress in connection with the same. Upon Lessor's execution of this Lease, Lessee shall provide Lessor with a construction schedule including time projections for planning, entitlement process, related preparation and construction of the Leasehold Improvements.

#### **SECTION 4-LESSEE COVENANTS**

4.1 Lessee recognizes, understands and covenants that any and all improvements shall be undertaken according to the City of Palm Springs codes.

4.2 Lessee recognizes, understands and covenants that improvements contemplated herein may be subject to the provisions contained in the California Labor Code (commencing with Section 1720) relating to general prevailing wage rates and other pertinent provisions therein.

4.3 Lessee shall comply and stay current with all applicable building standards, which may change from time to time, including but not limited to, the Americans with Disabilities Act of 1990 and any regulations issued pursuant thereto in providing improvements contemplated herein.

#### **SECTION 5 - CONSTRUCTION**

5.1 Lessee shall diligently pursue the planning, entitlement process, related preparation and construction of the Leasehold Improvements. Lessee shall provide Lessor with periodic written progress reports, which reports shall contain, without limitation, updated information relative to permit approvals and construction.

5.2 Lessee shall notify Lessor, in writing, forthwith when such planning, entitlement process, related preparation and construction of the Leasehold Improvements have been completed, a Certificate of Occupancy has been issued by the City of Palm Springs, or if no new Certificate of Occupancy is required, then upon acceptance of the improvements by the City of Palm Springs upon final inspection, all required permits have been obtained and electrical power has been turned on.

5.3 In addition, immediately after the Substantial Completion of the Premises, Lessee shall have prepared and delivered to the Lessor (1) a complete set of "As-Built" drawings showing every detail, latent or otherwise, of such improvements, including but not limited to electrical circuitry and plumbing, and (2) the same complete set of "As-Built" drawings on a computer disk in a CADD format.

5.4 Lessee may obtain a preliminary Asbestos report, if necessary, from

the Lessor, if one is available. Should the asbestos remediation and mitigation costs exceed 20% of the total demolition cost for the total effort the Lessor shall pay all amounts in excess. Lessor shall be provided access to all reports and findings that lead to increased abatement costs.

#### **SECTION 6 - COMPLETION OF THE LESSOR IMPROVEMENTS: LEASE COMMENCEMENT DATE**

6.1 For purposes of this Lease, "Substantial Completion" of the Premises shall occur upon the completion of construction of the Leasehold Improvements in the Premises pursuant to the Approved Working Drawings, with the exception of any punch list items and any Lessee fixtures, work-stations, built-in furniture, or equipment to be installed by Lessee, provided however, that such punch list items do not preclude the useful occupancy of the Premises. Useful occupancy herein defined as the Premises being safe, free of hazard, free of any risk to the safety of Lessee employees and available for the use set forth in the Lease.

6.2 The Lease Commencement Date shall occur as set forth in Section 1.3 of the Lease.

#### **SECTION 7 - CONSTRUCTION COSTS**

7.1 Prior to Lessor's execution of this Lease, Lessee shall provide Lessor an itemized cost breakdown of the construction costs of the leasehold improvements, attached hereto and made a part hereof as Addendum 1. The total costs of all the Leasehold Improvements subject to reimbursement including but not limited to fixtures, equipment architectural fees and permits, and as reflected in the cost breakdowns,

7.2 Upon completion of the Leasehold Improvements and within fourteen (14) days of Substantial Completion and acceptance of the Premises by Lessee, Lessee shall provide Lessor with an itemized statement, similar to the cost breakdown form attached as Addendum 1, of the actual costs of the Leasehold Improvements incurred by Lessee, accompanied by vendor, contractor, subcontractor, material man invoices if requested by the Lessor along with request for reimbursement of actual costs incurred.

#### **SECTION 8- REIMBURSEMENT FOR LEASEHOLD IMPROVEMENTS**

Lessor shall reimburse Lessee, as hereinafter set forth, the actual cost of the Leasehold Improvements as substantiated by the itemized statement required in Section 7.2 above and related supporting documentation as requested by the Lessor. In no event shall Lessee be reimbursed an amount in excess of actual costs pursuant to Section 7.2, nor in excess of the budget established in Amendment No. 1 to an Administrative Service Agreement between Lessor (City) and Lessee (CVEP), attached as Exhibit "E" to this Lease.

#### **SECTION 9- MISCELLANEOUS**

9.1 Lessee's Entry Prior to Substantial Completion. Provided that Lessor and its agents do not interfere with Lessee's work in the Premises, Lessor shall allow



Lessee access to the Premises prior to the Substantial Completion of the Premises for the purpose of Lessee installing standard equipment or fixtures (including Lessee's data and telephone equipment) in the Premises. Prior to Lessee's entry into the Premises as permitted by the terms of this Section 9.1, Lessee shall submit a schedule to Lessee, for approval, which schedule shall detail the timing and purpose of Lessee's entry. Lessee shall hold Lessor harmless from and indemnify, protect and defend Lessee against any loss or damage to the Premises and against injury to any persons caused by Lessee's actions pursuant to this Section 9.1.

9.2 Lessor's Representative. Lessor has designated its Director of Community & Economic Development as its sole representative with respect to the matters set forth in this Leasehold Improvement Agreement, who, until further notice to Lessee, shall have full authority and responsibility to act on behalf of the Lessor as required in this Leasehold Improvement Agreement.

9.3 Lessee's Representative. Lessee has designated its Chief Operating Officer as its sole representative with respect to the matters set forth in this Leasehold Improvement Agreement, who, until further notice to Lessor, shall have full authority and responsibility to act on behalf of the Lessee as required in this Leasehold Improvement Agreement.

9.4 Lessee's Agents. All subcontractors, laborers, material men, and suppliers retained directly by Lessee shall conduct their activities in and around the Premises, in a harmonious relationship with all other subcontractors, laborers, material men and suppliers at the Premises.

9.5 Time of the Essence in this Leasehold Improvement Agreement. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. In all instances where Lessor is required to approve, if no written notice of approval is given within the stated time period, at the end of such period the item shall automatically be deemed not approved.

9.6 Lessee's Lease Default, Notwithstanding any provision to the contrary contained in this Lease, if an event of default by Lessee of this Leasehold Improvement Agreement, and said default has occurred at any time on or before the Substantial Completion of the Premises, then (i) in addition to all other rights and remedies granted to Lessor pursuant to the Lease, Lessor shall have the right to cause Lessee to cease the construction of the Leasehold Improvements and (ii) all other obligations of Lessor under the terms of this Leasehold Improvement Agreement shall be forgiven until such time as such default is cured pursuant to the terms of the Lease or this Leasehold Improvement Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Lease together with the herein referred to Exhibits which are attached hereto, on the day and year first above written in Palm Springs, California.

"City"

ATTEST:

CITY OF PALM SPRINGS, a municipal Corporation

By: \_\_\_\_\_  
James Thompson, City Clerk

By: \_\_\_\_\_

Its: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Douglas Holland, City Attorney

"Lessee"

Coachella Valley Economic Partnership

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT "G"**  
**LEASE PROVISIONS OF THE FEDERAL AVIAITION ADMINISTRATION (FAA) AND  
THE TRANSPORTATION SECURITY ADMINISTRATION (TSA)**

- 1.1 Tenant, as part of the consideration for this Lease, covenants and agrees "as a covenant running with its interest in property" that in the event facilities are constructed, maintained, or otherwise operated on the Airport or the Demised Premises for a purpose for which a Department of Transportation ("DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, the Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations DOT, Part 23, Nondiscrimination in Federally Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, as such regulations may be amended from time to time.
- 1.2 This lease is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23. The Tenant or contractor agrees that it will not discriminate against any business owner because of the owner's race, color, national origin or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement or other agreement covered by 49 CFR Part 23.
- 1.3 The Tenant or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49CFR Part 23, that it enters and causes those businesses to similarly include the statements in further agreements.
- 1.4 In the event of a breach of the covenants specified in Subsection 1.1 and 1.2 of the Lease, City shall have the right to terminate this Lease and to reenter and repossess the Demised Premises and the facilities thereon and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of Title 49, Code of Federal Regulations, Part 23 are followed and completed, including the expiration of any appeal rights.
- 1.5 Tenant shall furnish its services on a fair, equal, and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable, and not unjustly discriminatory prices for its services; provided that Tenant may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchases or other rational, reasonable basis. Non-compliance with this provision shall constitute a material breach of this Lease and in the event of such non-compliance, City shall have the right to terminate this Lease and any interest in property created without liability or at the election of the City or the United States either or both Governments shall have the right to judicially enforce this provision.
- 1.6 Tenant agrees that it shall insert the above five provisions in any lease or contract by which Tenant grants a right of privilege to any person, partnership, or corporation to

render services to the public on the Demised Premises pursuant to this Lease. Nothing in this provision shall be construed as waiving any obligations or requirements of the Tenant pursuant to Subsection 1.3 of this Lease or abrogate the rights of the City pursuant to such subsection.

1.7 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between the City and the United States relative to the development, operation, or maintenance of the Airport.

1.8 This Lease, and all provisions hereof, shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation, and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States during a time of war or national emergency.

1.9 Late Payment. Tenant hereby acknowledges that late payment by Tenant to City of rental or other sums due hereunder will cause City incur costs not contemplated by this Lease, the exact amount of which is extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, any payment of any sum to be paid by Tenant not paid within five (5) days of its due date shall be subject to a five percent (5%) late charge. City and Tenant agree that this late charge represents a reasonable estimate of such costs, and expenses and is fair compensation to City for its loss suffered by such late payment by Tenant.

2.0 Interest. Any sum to be paid pursuant to the terms of this Lease not paid when due shall bear interest from and after the due date until paid at a rate equal to three percent (3%) over the reference rate being charged by Bank of America, N.A, from time to time during such period so long as the rate does not exceed the maximum non-usurious rate permitted by law in which case interest shall be at the maximum non-usurious rate allowed by law at the time the sum became due.

#### USE OF PREMISES.

1.1 No Exclusive Rights. Nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended.

1.2 Public Facilities, Ingress, Egress and Quiet Enjoyment. City agrees that Tenant, upon payment of the rental hereunder and performing the covenants of the Lease, may quietly have, hold and enjoy the Demised Premises during the term of the Lease, and that Tenant shall have the right to use, in common with others, the parking facilities adjacent to the Demised Premises and Tenant shall have a reasonable right of ingress to and egress from the Demised Premises and the public facilities for its employees, visitors and customers. The Airport Rules and Regulations shall apply and be enforced as to all tenants in the Demised Premises on a uniform basis.

**1.3 Financial Penalties.** Tenant shall be responsible for any financial penalties associated with causing security infractions related to Transportation Security Administration regulations.

**1.4 . U.S. Customs: Non-Interference.** Tenant shall not impede the adjoining U.S. Customs operation inside or outside of the Hangar 1 facility.

**1.5 Signage.** All exterior signage must be approved in advance by the City. All signage must also meet the requirements of the Palm Springs Municipal Code Signage Ordinance

# **SACTEC SOLAR SHORT EXECUTIVE SUMMARY FOR PALM SPRINGS CITY COUNCIL**

## **OPERATIONAL PLAN**

The following summarizes the operational facility and equipment requirements needed for the daily operation of the business. The summary outlines the equipment, personnel, production processes, location building details, legal environment to include zoning, bonding, licenses, insurance, trademarks, patents, inventory, suppliers, and how manage accounts payable and receivable,

### **Required Start-Up Facility & Equipment**

**Sactec Solar Inc. minimum facility requirements include the following estimates:**

Currently, the company is seeking to locate to a 3,500 to 5,000 sq ft building with 16+ ceiling heights which ideally includes ceiling cranes and lifting gantries at the Coachella Valley iHub in Palm Springs, CA. The facility will ideally have the potential for enclosed production rooms for electronic and solar assemblies, as well as, enclosed rooms for metal fabrications and welding. Additional, adjacent offices for Quality, Engineering and Administrative staff are also included. Importantly, the facility location has close access to Rail, Freight, and/or Air loading/unloading shipping points. The company intends to expand into a 10,000 sq ft building by end of year two.

The following are proposed products scheduled for prototype production and initial market offering during Q2 of 2014.

20 x 8 x 8 ft	10KW Iso-container solar power system...Technology Demo done
20 x 8 x 8 ft	14KW Iso-container solar/Wind power system..... Pending Design
10 x 8 x 8 ft	5KW Tri-con and Bi con solar power systems.... Pending Design
10 x 8 x 5 ft	5KW Solar/Water Heating power module..... Demo in Progress
16 ft	5KW Solar trailers..... Technology Demo done
12 ft	1KW Solar trailers..... Technology Demo done
16 ft	Solar, Telescoping Field Light Trailer..... Pending Design

### **Continued Design and Engineering Requirements:**

- 1) Engineering efforts to refine existing electrical & mechanical designs to develop procurement drawings and manufacturing methods for production of mobile solar units using CAD/CAM equipment and R&D efforts
- 2) Development of in-line production fixturing for the assembly
- 3) Field trials and environmental evaluation testing
- 4) Quality control issues and procedures
- 5) Integration of customer requirements on custom designs
- 6) On-going materials and systems evaluations for future products
- 7) Continuing Patent development and renewal
- 8) Supplier evaluations and procurement control

### **Manufacturing Equipment Requirements:**

- 1) Heavy materials handling of various metal structures up to 20ft shipping containers
  - Lifts, Gantry Cranes available at CV iHub proposed building facility
- 2) Assembly line integrating and moving 20 ft shipping containers
  - In-Line, Station to Station Assembly Fixturing available at CV iHub exterior yard area outside proposed building facility
- 3) Sheet Metal forming, cutting, welding, construction and components assembly subcontracted at this time until CV iHub building space is available
- 4) Heavy Metal Structural construction and welding capability. Current component subcontracted until building space is available at CV iHub facility
- 5) Assembly line for Electrical components and sub assemblies. Current assembly subcontracted until building space is available at CV iHub facility
- 6) Painting and Coatings capability and booths. Current painting and coating procedures subcontracted until building space is available at CV iHub facility
- 7) Solar Array Framework set-up and construction area. Current set-up and construction procedures subcontracted until building space is available at CV iHub facility
- 8) Electro/hydraulic platforms and movements fabrication. Current platform and movement fabrication processes subcontracted until building space is available at CV iHub facility
- 9) Battery Storage systems and housings currently being developed at Palm Springs CV iHub
- 10) Electrical Testing and Qualification currently to be developed at Palm Springs CV iHub
- 11) Electronic PCB Assembly and Testing are currently being subcontracted until building space is available at CV iHub.

**Personnel Staffing and Cost:**

<b>Employees</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Basic Labor	2@\$24K	4@\$24K	6@24K
Welding Tech	0.5@ 30K	1.0@ 30	2@30K
Electrical Tech	0.5@30K	1.0@30K	2@30K
Engineer (Interns)	2@15K	2@15K	2@15K
Engineer	0.5@ 60K	1.0@60K	2@60K
Draftsman	0.5@24K	1@24K	1@24K
Salesman	1@24K	1.0@48K	1.5@48K
Management	1@40K	1.5@50K	2@55K
Accounting	0.5@30K	1@30K	1@30K
TOTAL LABOR	\$229K	\$423K	\$650K
TOTAL STAFF	8.5	14.5	18.5

**Estimated Unit Production Rates:**

**Year 1: 5**

**Year 2: 15**

**Year 3: 30**

**Year 4: 60**

**Year 5: 100**