

Folsom City Council Staff Report

MEETING DATE:	7/27/2021
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10636 – A Resolution of the City Council Approving Amendment No. 2 to Lease Agreement with the Folsom Chamber of Commerce for the Depot Building Located at 200 Wool Street
FROM:	City Manager's Office

RECOMMENDATION / CITY COUNCIL ACTION

Staff respectfully recommends that the City Council move to adopt Resolution No. 10636 – A Resolution of the City Council Approving Amendment No. 2 to Lease Agreement with the Folsom Chamber of Commerce for the Depot Building Located at 200 Wool Street.

BACKGROUND / ISSUE

The City Council previously considered the proposed amendment to the lease of the Depot Building on June 8, 2021 and voted to continue the matter to a future meeting in order to consider issues raised by local organizations and members of the public. Following further input from the Folsom Chamber of Commerce (“Chamber”) and the Folsom Historic District Association (“FHDA”), the City Council discussed the matter in Closed Session on July 13, 2021, and this item is being brought back in open session for further consideration.

The Chamber has leased the Depot Building at 200 Wool Street from the former Folsom Redevelopment Agency and the City of Folsom continuously since 1989. The current lease authorized by the Council runs from January 1, 2015 to December 31, 2022. Rent for the property has been \$1.00 per year for more than a decade, if not longer.

The 2,383 square feet property is zoned HD in the General Plan, which means it can be used for retail, service, public/quasi-public and office uses, as well as small light industrial and residential uses (subject to certain limitations). The Chamber has used the property as its principal place of business, as well as a Visitor’s Center for people visiting the City and the Historic District.

POLICY / RULE

The City Council is vested with authority to approve agreements to lease City facilities and City-owned real properties.

ANALYSIS

The current lease of the Depot Building is set to expire on December 31, 2022. The Chamber requested that the lease be extended for possibly 20 more years (5-year renewal from January 1, 2023, with three 5-year options to extend), and to allow a portion of the leased premises to be sublet to a third-party under a revenue-sharing arrangement upon approval of the proposed lease amendment by the City Council. Rent remains at \$1.00 per year, with the same existing obligations for maintenance, upkeep, insurance, and indemnification. The request is made long in advance of the December 2022 expiration due to the Chamber's desire to make improvements to the property.

The Chamber has been a good steward of this historical structure and has provided valuable services to the Historic District with the Visitor's Center and services to the community. The Chamber has continued to provide maintenance and upkeep to the building. Staff believes there continues to be substantial public benefit to the Historic District and the City to lease the Depot Building to the Chamber under terms and conditions of the existing lease, modified as follows:

- Term of the lease extended to December 31, 2027.
- Rent remains \$1.00 per year.
- Chamber has option to extend the lease 3 times; each extension is 5 years. If Chamber exercises all 3 options, the total term of the lease under this Amendment No. 2 will be 20 years (terminating on December 31, 2042).
- Chamber may sublease a portion of the Depot Building under a revenue-sharing arrangement. Once the Chamber recovers its initial investment in tenant improvement of the subleased area, the revenue from the sublease shall be shared with the City on a 50%-50% basis.
- All proposed improvements to the Depot Building require City review and approval.
- Chamber shall make the Ambassador Room readily available for community use and amphitheater use as directed by the City.

The City has not experienced any issue with the Chamber leasing the Depot Building, operating the Visitor's Center, making lease payments, or honoring the lease terms.

FINANCIAL IMPACT

This action is likely to generate nominal revenue to the City's General Fund.

ENVIRONMENTAL REVIEW

The proposed extension of existing lease of public facility is exempt from environmental review under the California Environmental Quality Act pursuant to Section 15301 (Existing Facilities) of the CEQA Guidelines.

ATTACHMENTS

1. Resolution No. 10636 – A Resolution of the City Council Approving Amendment No. 2 to Lease Agreement with the Folsom Chamber of Commerce for the Depot Building Located at 200 Wool Street
2. Proposed Amendment No. 2 to Lease Agreement
3. Amendment No. 1 to Lease Agreement
4. Lease Agreement dated May 27, 2014

Respectfully submitted,

Elaine Andersen, City Manager

ATTACHMENT 1

RESOLUTION NO. 10636

**A RESOLUTION OF THE CITY COUNCIL APPROVING AMENDMENT NO. 2 TO
LEASE AGREEMENT WITH THE FOLSOM CHAMBER OF COMMERCE
FOR THE DEPOT BUILDING LOCATED AT 200 WOOL STREET**

WHEREAS, the Folsom Chamber of Commerce (“Chamber”) has leased the property and building at 200 Wool Street (the “Depot Building”) continuously since 1989 from the former Folsom Redevelopment Agency (“RDA”) and the City of Folsom; and

WHEREAS, on April 18, 2012 the Folsom Successor Agency Oversight Board, pursuant to Resolution No. 004-FSAOB, approved the transfer of Parcel B, on which the Depot Building sits, to the City; and

WHEREAS, the City acquired Parcel B by Grant Deed on March 17, 2012; and

WHEREAS, the City Council has in the past authorized extensions of the Depot Building lease to the Chamber, most recently on September 12, 2017, with the current lease expiring on December 31, 2022; and

WHEREAS, the Chamber has expressed a desire to extend the lease under the same terms as the current lease, and to allow subleasing a portion of the Depot Building under a revenue-sharing arrangement with the City; and

WHEREAS, the City desires to continue leasing the Depot Building to the Chamber; and

WHEREAS, the Chamber provides substantial public benefit to the City and to the Historic District by its presence at the Depot Building including but not limited to, operating the Visitor’s Center, providing assistance to merchants, businesses and visitors in the Historic District and the City generally, and providing assistance with tourism, economic development and events throughout the City; and

WHEREAS, the City Council finds that the public benefit provided by the Chamber supports continuing the lease with the Chamber under the terms in the current lease and as modified by Amendment No. 2 to the Lease Agreement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Folsom that the City Manager is hereby authorized to execute Amendment No. 2 to Lease Agreement for premises located at 200 Wool Street – SP Depot Building, dated May 27, 2014, in a form acceptable to the City Attorney, to extend the lease to December 31, 2027 with options to renew.

PASSED AND ADOPTED this 27th day of July, 2021, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Michael D. Kozlowski, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

ATTACHMENT 2

**CITY OF FOLSOM
AMENDMENT NO. 2
TO
LEASE AGREEMENT FOR PREMISES LOCATED AT:
200 WOOL STREET – SP DEPOT BUILDING**

The Lease Agreement between the City of Folsom and the Folsom Chamber of Commerce dated May 27, 2014 (“Lease”) for premises located at 200 Wool Street (SP Depot Building), previously amended by Amendment No. 1 dated September 29, 2017, is further amended by this Amendment No. 2 as follows:

1. Section 2, Term, of the Lease is hereby amended as follows:

The term of this Lease shall terminate on December 31, 2027, with such rights of prior termination as may be provided herein.

The Chamber has the option to extend the Lease 3 times as follows: No later than 60 days prior to the expiration of the Lease term provided for in this Amendment No. 2 or any extended term, the Chamber may request, in writing, that the City extend the Lease for 5 more years. Should the Chamber exercise all 3 options to extend, the Lease under this Amendment No. 2 shall terminate on December 31, 2042.

2. Section 7, Termination, of the Lease is hereby amended as follows:

City may terminate this Lease, in whole or in part and with or without cause, at any time during the lease term, or any extension thereof, by giving Chamber notice, in writing, at least 12 months prior to the date when any such termination shall become effect.

3. Section 10, Subletting/Assignments, of the Lease is hereby amended as follows:

Chamber shall not sublet the Premises, in whole or in part, nor assign this Lease or any interest therein, except as agreed to by the City Manager in writing. As later provided herein, Chamber may rent, on a periodic basis, portion of the Premises (see Use of Premises).

Should the Chamber sublease a portion of the Premises for longer than 30 days, the Chamber shall share 50% of the revenue from the sublease with the City, payable on the 10th day of each month. The aforementioned revenue-sharing requirement shall commence once the Chamber has recovered its initial investment in tenant improvement for the subleased area. All proposed tenant improvement for the sublease area, including the projected costs, shall require prior submittal to the City for review and approval in accordance with Section 20. The term of the sublease shall not exceed the then-current term of the Chamber’s lease, and the sublease shall contain the same indemnity and

insurance requirements in favor of the City as in Sections 12 and 13 of the Lease.

4. Section 24, Use of Premises, of the Lease is hereby amended as follows:

The Premises shall be used for the official functions of the Chamber. Chamber may rent portions of the Premises on a periodic basis, not to exceed 30 consecutive days at any given time, for private parties, classes, and other similar uses with the consent of the City Manager or his/her designee. Unless prior approval is first obtained from the City Manager, no portion of the Premises shall be rented on an ongoing basis for more than 30 days. The parties recognize that the Chamber occasionally rents out space on the Premises for meetings or conferences and nothing in this Section is intended to prohibit such use. Notwithstanding any provision to the contrary, Chamber shall make the Ambassador Room readily available for community use and amphitheater use as directed by the City.

In the event that the Premises are rented or permissibly used as set forth above, either the Chamber's insurance shall cover the activity, or the Chamber shall obtain insurance from the person or entity renting, using, or subleasing the portion of the Premises that complies in all particulars with the insurance requirements set forth in Exhibit B.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to Lease Agreement to be duly executed.

Date: _____

City of Folsom,
A Municipal Corporation

By: Elaine Andersen, City Manager

Date: _____

Folsom Chamber of Commerce,
A California Non-Profit Corporation

By: _____

By: _____

Approved As To Form:

Steven Wang, City Attorney

Date

Attests:

Funding Available:

Christa Freemantle, City Clerk

Stacey Tamagni, Finance Director/CFO Date

NOTICE: SIGNATURE(S) ON BEHALF OF LESSEE MUST BE NOTARIZED.

A certificate of acknowledgment in accordance with the provisions of civil code section 1189 must be attached for each person executing this agreement on behalf of consultant. California Civil Section provides, at part (b): "Any certificate of acknowledgment taken in another place shall be sufficient in this state if it is taken in accordance with the laws of the place where the acknowledgment is made."

ATTACHMENT 3

**CITY OF FOLSOM
AMENDMENT NO. 1
TO
LEASE AGREEMENT FOR PREMISES LOCATED AT:
200 WOOL STREET - SP DEPOT BUILDING**

The Lease between the City of Folsom and the Folsom Chamber of Commerce, dated May 27, 2014, is amended as set forth on Exhibit 1, Amendment to Section 2. Term. (Exhibit 1 is attached hereto and incorporated herein.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

Date: 9/29/2017

City of Folsom,
A Municipal Corporation



By: Evert W. Palmer, City Manager

Date: 9-27-17

Folsom Chamber of Commerce,
A California Non-Profit Corporation



By: JOSEPH P. GAGLIARDI

By: _____

Approved As To Form:



Steven Wang, City Attorney

10/11/17

Date

Attests:

Christa Freemantle 10/11/17
Christa Freemantle, City Clerk

Funding Available:

James W. Francis 10/11/17
James W. Francis, Finance Director/CFO Date

NOTICE: SIGNATURE(S) ON BEHALF OF CONSULTANT MUST BE NOTARIZED.

A certificate of acknowledgment in accordance with the provisions of civil code section 1189 must be attached for each person executing this agreement on behalf of consultant. California Civil Section provides, at part (b): "Any certificate of acknowledgment taken in another place shall be sufficient in this state if it is taken in accordance with the laws of the place where the acknowledgment is made."



EXHIBIT 1

AMENDMENT TO SECTION 2. (TERM)

**LEASE AGREEMENT FOR PREMISES LOCATED AT:
200 WOOL STREET – SP DEPOT BUILDING**

2. Term

The term of this Lease shall commence on January 1, 2015, and shall terminate on December 31, 2022, with such rights of prior termination as may be provided herein.

On the commencement of this Lease, the prior lease and any amendments thereto shall expire and be of no further force or effect, except that any insurance policy currently in effect shall remain in full force and the Chamber's indemnification obligations shall survive the termination of any prior agreements.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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

State of California)

County of Sacramento)

On Sept. 27, 2017 before me, Jennifer R. Cannell, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Joseph P. Gagliardi
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Jennifer R. Cannell
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Corporate Officer — Title(s): _____

Partner — Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

Signer's Name: _____

Corporate Officer — Title(s): _____

Partner — Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

ATTACHMENT 4



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

CITY OF FOLSOM

LEASE AGREEMENT FOR PREMISES LOCATED AT: 200 WOOL STREET – SP DEPOT BUILDING

This Lease, dated for reference purposes only, May 27, 2014, is made by and between the City of Folsom, a Municipal Corporation, hereinafter referred to as "City" and the Folsom Chamber of Commerce, a California Non-Profit Corporation, hereinafter referred to as "Chamber."

WITNESSETH:

WHEREAS, the City is the owner of both that certain real property at 200 Wool Street and the building thereon commonly known as the Depot Building; and

WHEREAS, the City, which already owned the Depot Building, acquired the real property from the Folsom Redevelopment Agency ("RDA") by Grant Deed on March 17, 2012, following the dissolution of the RDA pursuant to legislation (ABx1 26 and AB 1484); and

WHEREAS, on April 18, 2012, the Oversight Board of the City of Folsom approved the transfer of Parcel B, on which the Depot Building sits, to the City, pursuant to Resolution 004-FSAOB; and

WHEREAS, the Chamber has leased the property and building at 200 Wool Street continuously since 1989, first from the RDA and then from the City; and

WHEREAS, the present lease expires on January 1, 2015; and

WHEREAS, the City desires to continue to lease the property and the Depot Building to the Chamber, and the Chamber desires to enter into a new lease with the City;

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, City and Chamber agree as follows:

1. **Incorporation of Recitals**

The parties hereto acknowledge the accuracy of the above recitals and incorporate them into this Lease Agreement ("Lease").

2. **Term**

The term of this Lease shall commence on January 1, 2015, and shall terminate on the first day of January, 2018, with such rights of prior termination as may be provided herein.

Folsom File No. 173-21 12-066
Res 9364 05/27/2014



31856



On the commencement of this Lease, the prior lease and any amendments thereto shall expire and be of no further force or effect, except that any insurance policy currently in effect shall remain in full force and the Chamber's indemnification obligations shall survive the termination of any prior agreements.

3. Acknowledgement of Possible Change of Conditions

The City has the legal right to enter into this lease and the property was lawfully transferred to the City. The parties acknowledge that all actions of the Oversight Board of the City of Folsom may be subject to directives and rulings of the State of California in connection with the winding up of the affairs of the RDA. Should the State issue directives or make binding decisions which materially affect this Lease, and/or the ownership status of the parcel, the City will provide the Chamber with reasonable notice and the Chamber agrees to comply with all such final directives, rulings or decisions.

Additionally, the Chamber acknowledges that there will be ongoing construction and development of the area surrounding the Depot Building. The Chamber enters into this Lease with full awareness of ongoing construction, development and changing site conditions as more fully set forth herein.

4. Description

The City hereby leases to the Chamber the "Premises," more particularly described as the Southern Pacific Depot Building located at 200 Wool Street, Folsom, California, and a portion of the grounds as more particularly set forth on Exhibit A, attached hereto and incorporated herein by reference.

The parties shall do a walk through inspection and document the current condition of the Premises prior to the commencement of this Lease.

5. Rent

Rent in the amount of one dollar per year (\$1.00) shall be payable by the Chamber to the City on the first day of each year of the term of the Lease.

6. Utilities

Chamber agrees to pay all utilities for the Premises, including, but not limited to, water, electricity, gas, sewer, and garbage during the term of the Lease.

7. Termination

City may terminate this Lease, in whole or in part, at any time during the three year term, or any extension thereof, by giving Chamber notice, in writing, at least twelve (12) months prior to the date when any such termination shall become effective. Additionally, City may terminate

portions of the leased Premises grounds, excepting the SP Depot Building, during the term hereof by giving Chamber notice, in writing, at least ninety (90) days prior to the date when any such termination shall become effective.

The provisions of Paragraph 3 regarding directives or decisions of the State of California supersede any rights or provisions of this paragraph.

8. Hold Over

Should the Chamber hold over the Premises, or any portion thereof, after expiration of the term of this Lease, or any extension thereof, with the written consent of the City, express or implied, it shall be deemed to be a month-to-month tenancy only. The rent payable to the City for any holdover period, without the written consent of the City shall be \$2,600 per month.

9. Notices

All notices to be given pursuant to this Lease by either party to the other shall be deemed to have been fully given when made in writing and deposited in the United States mail, certified, postage prepaid, and addressed as follows:

Chamber:

President and CEO, Folsom Chamber of Commerce
200 Wool Street, Folsom, CA 95630
Phone: 916-985-2698
Fax: 916-985-4117

With a copy to the then current Chair of the Chamber Board of Directors at the above-referenced address.

City:

City Manager, City of Folsom
50 Natoma Street, Folsom, CA 95630
Phone: 916-355-7201
Fax: 916-355-7328

The address to which notices may be mailed may be changed by written notice to the address, and in the manner set forth above. Nothing herein shall preclude the giving of notice by personal service.

10. Subletting / Assignments

Chamber shall not sublet the Premises, in whole or in part, nor assign this Lease or any interest therein, except as agreed to by the City Manager in writing. As later provided herein, Chamber may rent, on a periodic basis, portions of the Premises (*see* Use of Premises).

11. Partnership / Agency Disclaimer

Chamber, and any and all agents and employees of Chamber, shall act in an independent capacity and not as officers or employees of the City or any political subdivisions of the City. Nothing in this Lease shall be construed or constructed as constituting the parties hereto as partners.

12. Hold Harmless

Chamber assumes full responsibility for the condition of the Premises and for any and all activities conducted thereon by Chamber or its sub-lessees during the term of this Lease. Chamber, on behalf of itself and its sub-lessees, agrees to indemnify, protect, defend, save and hold the City, its officers, employees, agents, and volunteers harmless from any and all claims or causes of action for death or injury to persons, or damage to property resulting from intentional or negligent acts, errors, or omissions of Chamber or Chamber's officers, employees, agents, volunteers, contractors, sub-contractors and sub-lessees during the term of this Lease, or from any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct, negligent acts or omissions of Chamber or its officers, employees, agents, volunteers, contractors, sub-contractors or sub-lessees, or by the nature and the character of Chamber's or sub-lessee's activities. It is understood that the duty of Chamber to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by the City of insurance certificates and endorsements required under this Lease does not relieve the Chamber from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Lease, Chamber acknowledges and agrees to the provisions of this Section and that it is a material element of consideration. These obligations of the Chamber shall survive any termination of the Lease and any amendments thereto.

13. Insurance

Chamber shall furnish a Certificate of Insurance to the City, with the City of Folsom, its officers, authorized agents, volunteers and employees named as additionally named insureds. Such insurance shall be in an amount and contain the terms as set forth in Exhibit B to this Lease, and is incorporated herein by reference.

Chamber agrees to keep in place its own policy covering its personal property and agrees that the City insurance shall not cover any personal property loss or damage or any injury on the premises.

14. Non-Discrimination

Chamber agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, national origin, sex, age or physical handicap. Chamber agrees to take action to ensure that applicants are employed and treated

during employment without regard to their race, color, religion, ancestry, national origin, sex, age, or physical handicap. (See California Government Code §§12920-12994 for further details.)

15. Losses

The City will not be responsible for losses or damage to personal property, equipment or materials of Chamber except where such loss or damage is solely caused by the City.

16. Debt Liability Disclaimer

The City shall not be liable for any debts or claims that arise from the operation of this Lease.

17. Taxes / Possessory Interest

Should any taxes be levied pertaining to the Premises or personal property on the Premises, Chamber agrees to pay all lawful taxes, assessments, or charges which at any time may be levied. It is understood that this Lease may create a possessory interest subject to property taxation and Chamber may be subject to the payment of taxes levied on such possessory interest.

18. Compliance with Laws

Chamber shall, at its sole cost and expense, comply with all the laws and requirements of all municipal, county, state and federal authorities now in force, or which may be in force pertaining to the leased Premises.

Americans with Disabilities Act (ADA). The City of Folsom has conducted a Self-Evaluation Plan and has adopted a Transition Plan pertaining to various locations in the City, including the Premises. City agrees to pay for all ADA required exterior structural improvements to the SP Depot Building and grounds. For purposes of this Lease, ADA required exterior structural improvements shall include, but not be limited to, exterior improvements to the structure of the SP Depot Building and immovable structures on the grounds of the Premises, such as walkways, ramps, balconies, and steps. The City shall make such improvements over time and consistent with the Transition Plan as adopted or later amended. As described herein, such alterations shall be done with minimal disruption to Chamber activities and shall be reasonably coordinated by the parties. The City shall not be responsible for ADA required improvements on the interior of the SP Depot Building. Chamber agrees to pay for and is responsible for any non-structural improvement on the Premises, including, but not limited to, furnishings, benches, tables, racks, and ATM machines. Chamber shall be responsible for any interior ADA requirements necessitated by any of its employees, customers or guests. Upon satisfactory completion of any ADA work by Chamber, the City shall provide written notification that such work has been completed to the satisfaction of the City.

19. Condition of Premises / Construction of the Plaza

Chamber occupies the Premises presently and accepts the Premises as being in good

order, condition and repair unless otherwise specified herein, and agrees that on the last day of the term, or sooner termination of this Lease, to surrender to the City the Premises with any appurtenances or improvements thereto, in the same condition as when received, reasonable use and wear thereof and damage by act of God excepted.

The parties recognize that certain areas in and around the Premises will be disturbed, access will be restricted (but not barred), utilities maybe temporarily interrupted, and Chamber activities on the Premises may be limited at times. Chamber recognizes the right and ability to alter, disturb, and interfere with access and use of the Premises without compensation to Chamber. City agrees that, to the extent reasonable and feasible, it shall endeavor to limit disruption and will provide advance notice where possible. Excepting emergencies and accidents, utilities and access to the Premises will not be disrupted for more than four (4) hours on any one day without advanced notice to Chamber and reasonable efforts made to accommodate the Chamber's access to, and use of the Premises.

20. Alterations

Chamber shall make no structural alteration to the Premises without the written consent of City and with any required permits. As a condition to giving any such consent, the City may, at its option, require Chamber to remove any such alterations, improvements or additions at the expiration of the Lease and to restore the Premises to its prior condition. Unless the City requires their removal, all alterations, improvements or additions which are made to the Premises by Chamber shall become the property of the City and shall be surrendered with the Premises at the expiration or earlier termination of the Lease, in good condition, reasonable wear and tear excepted.

21. Maintenance and Repair of Premises

1. Chamber, at its sole cost and expense, shall repair and maintain the Premises and all improvements on the Premises in good condition. The parties agree that maintenance means ongoing work undertaken to remedy deficiencies that occur through normal use in order to keep the Premises and all improvements thereon in good repair and working order. For examples, it is considered maintenance if:

- a. The frequency of repair for an item is typically less than five (5) years; or
- b. The cost or benefit of continued maintenance of an item is less than its replacement cost.

2. In addition to the maintenance obligations set forth above, Chamber shall bear the cost of any repair that is outside the definition of maintenance up to \$1,000.00 for any single item of repair up to a maximum of \$5,000.00 per calendar year, excepting interior ADA costs which are the responsibility of the Chamber.

3. Chamber shall maintain the Premises' exterior sidewalks and landscape on a weekly basis at its sole cost and expense.

By entering into this Lease, Chamber accepts the Premises as being in good and sanitary order, condition, and repair, and agrees on the last day of said term, or sooner termination of this Lease, to surrender said Premises in the same condition as when received, ordinary wear and tear

excepted. The parties also acknowledge that Chamber is currently in possession of the Premises under the existing Lease, and has continually occupied the Premises since 1989.

22. Protection of Premises

No dumping of refuse by Chamber is permitted in any area of the Premises, and Chamber shall not commit or suffer to be committed any waste or nuisance upon the Premises. Chamber agrees not to cut or remove any trees or brush thereon except as approved in writing, and in advance, by the City. Chamber further agrees that it shall at all times exercise due diligence in the protection of the Premises against damage or destruction by fire or other cause.

23. Hazardous Substances

Chamber agrees that it will comply with all laws, either Federal, State or local, existing during the term of the Lease pertaining to the use, storage, transportation, and disposal of any hazardous substance as that term is defined in such applicable law. In the event City, or any of its affiliates, successors, principals, employees or agents should incur any liability, cost, expense, including attorneys' fees and costs, as a result of the Chamber's use, storage transportation, or disposal of any hazardous substance, including any petroleum derivative, the Chamber shall indemnify, defend and hold harmless any of these individuals against such liability. Where the Chamber is found to be in breach of this provision due to the issuance of a government order directing the Chamber to cease and desist any illegal action in connection with a hazardous substance, or to remediate a contaminated condition caused by the Chamber, or any person acting under Chamber's direct control and authority, Chamber shall be responsible for all costs and expenses complying with such order, including any and all expenses imposed on or incurred by City in connection with, or in response to such government order. In the event a government order is issued naming the Chamber or the Chamber incurs any liability, during or after the term of the Lease, in connection with contamination which pre-existed, the Chamber's obligations and occupancy under this Lease or which were not caused by the Chamber, City shall hold harmless, indemnify, and defend the Chamber in connection therewith and shall be solely responsible as between Chamber and the City for all efforts and expenses therefore.

24. Use of Premises

The Premises shall be used for the official functions of the Folsom Chamber of Commerce. Chamber may rent portions of the Premises on a periodic basis for private parties, classes, and other similar uses with the consent of the City Manager, or his/her designee. No portion of the Premises shall be rented on an ongoing basis if such rental will compete with an existing business in the Historic District and no portion shall be rented for the sole purpose of selling food or drink. The parties recognize that the Chamber occasionally rents out space on the Premises for meetings or conferences and nothing in this section is intended to prohibit such use.

In the event that the Premises are rented or permissibly used as set forth above, either the Chamber's insurance shall cover the activity, or the Chamber shall obtain insurance from the person or entity renting or using the Premises that complies in all particulars with the requirements set forth in Exhibit B.

25. City's Right to Enter

During the term of this Lease, and upon reasonable notice, there shall be and is hereby expressly reserved to the City, and to any of its agents, contractors, employees, or representatives, the right at any and all times, and any and all places, to temporarily enter upon the Premises for survey, inspection or other lawful City purpose.

26. Relocation

This tenancy is of a temporary nature, and the parties to this Lease agree that no Relocation Payment or Relocation Advisory Assistance or costs pursuant to Government Code sections 7260, *et seq.*, or any regulations implementing or interpreting such sections will be sought or provided in any form as a consequence of past, present or future tenancy.

27. Surrender of Premises

Chamber shall peaceably surrender the Premises to the City at the end of the Lease term or any extensions thereof, in broom-clean condition and in as good condition as when Chamber took possession under this Lease and as documented by the walk through inspection, normal wear and tear excepted. Chamber shall, on City's request, remove Chamber's property on or before the Expiration Date and promptly repair all damage to the Premises caused by such removal.

If Chamber abandons or surrenders the Premises, or is dispossessed by process of law or otherwise, Chamber shall remove from the Premises all of Chamber's property, and repair any damage caused by such removal. If such removal is not completed before the expiration or termination of the Lease, City shall have the right, but no obligation, to remove same, and the Chamber shall pay City, on demand, for all reasonable costs of removal and storage of the property and for rental value of the Premises from the end of the Lease term through the end of the time reasonably required for removal. City shall also have the right to retain or dispose of all or any portion of such property if Chamber does not pay all such costs and retrieve the property within ten (10) days after notice from the City, in which event title to said possessions shall be transferred to, and vest in the City. Chamber waives all claims against the City for any damage or loss resulting from City's removal, storage, retention or disposition of any such property. On the Expiration Date, Chamber shall surrender all keys to the Premises, and said keys shall be delivered to the City at the address specified in the Notice section of this Lease.

28. Easements and Rights of Way

This Lease is subject to all existing easements and rights of way. City further reserves the right to grant additional public utility easements as may be necessary, whether recorded or unrecorded, and Chamber hereby consents to the granting of any such easements. Any public utility requesting an easement will be required to reimburse City for any damages caused by construction work in the utility easement area.

29. Recovery of Legal Fees

If action is brought by the parties to this Lease to enforce the terms contained herein, the prevailing party shall be entitled to recover attorneys' fees in said action as the court shall determine to be reasonable, which shall be fixed by the court as part of the costs of said action.

30. Mutual Consent / Amendment

Notwithstanding any provision contained herein to the contrary, this Lease may be altered, changed or amended by the written mutual consent of the parties. The City Council reserves the authority to review and decide any amendments to this Lease that alter the term and/or termination provisions, or the financial obligations of either party herein. The City Manager has the authority to execute any and all other amendments to this Lease.

31. Waiver

If City waives the performance of any term, covenant or condition contained in this Lease, such waiver shall not be deemed to be a waiver of that or subsequent term, covenant or condition. Failure by City to enforce any of the terms, covenants or conditions of this Lease for any length of time shall not be deemed to waive or decrease City's right to insist thereafter upon strict performance by Chamber. Waiver by City of any term, covenant, or condition contained in this Lease may only be made by a written document properly signed by the City Manager or designee.

32. Binding Clause

The terms of this Lease and the covenants and agreements herein, shall apply to, and shall bind and inure to the benefit of the heirs, representatives, assigns, and successors in interest of the parties hereto.

33. Severability

If any provision of this Lease is determined to be illegal or unenforceable, this determination shall not affect any other provision of this Lease, and all other provisions shall remain in full force and effect.

34. Entire Agreement / Lease Modification

This Lease and any attached exhibits constitute the entire agreement between the City and Chamber. No prior written or prior, contemporaneous or subsequent oral promises or representations shall be binding. This Lease, together with its exhibits, contains all agreements of the parties hereto regarding the subject matter hereof and supersedes any prior negotiations. There have been no representations by City or understandings made between the City and the Chamber other than those set forth in this Lease and its exhibits. Any ambiguous language in the contract shall be interpreted as to its fair meaning, and not strictly for or against either party as both parties to this Lease jointly participated in its preparation. Each party has consulted with, or

had the opportunity to consult with legal counsel before entering into this Lease and fully understands the terms and conditions set forth herein.

35. Brokers

Chamber and City represent and warrant to each other that neither of them has consulted or negotiated with any broker or finder with regard to the Premises.

36. Section Headings

All section headings contained herein are for convenience of reference only, and are not intended to define or limit the scope of any provision of this Lease.

37. Essence of Time

Time is of the essence for each and all of the provisions, covenants and conditions of this Lease.

38. Governing Law

This Lease and all provisions herein shall be governed by the laws of the State of California and venue shall lie in the County of Sacramento, State of California.

39. Authority of Signatories

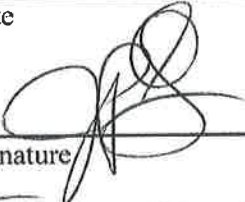
City and Chamber represent and warrant that the person executing the Lease is duly authorized to execute and deliver same on behalf of the entity for which he or she is signing, whether it be a corporation, limited liability company, general or limited partnership or otherwise, and that this Lease is binding upon said entity in accordance with its terms.

END OF TEXT - SIGNATURE PAGE FOLLOWS


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

CHAMBER OF COMMERCE:

(If a corporation, must be signed by two officers of the corporation per Corporations Code section 313.)

01/4/14 _____ Date 94-1573092 _____ Tax I.D. Number
 _____ Signature _____
JOSEPH P. GAGLIARDI _____ Print Name _____
PRES / CEO _____ Title _____

CITY OF FOLSOM, A Municipal Corporation:


10/22/2014 _____ Date  _____ Evert W. Palmer, City Manager

ATTEST:

FUNDING AVAILABLE:

Christa Saunders 10/22/14 _____ Date _____
 Christa Saunders, City Clerk _____
James W. Francis 10/17/14 _____ Date _____
 James W. Francis, Finance Director _____

ORIGINAL APPROVED AS TO FORM:

 10/21/14 _____ Date
 Bruce C. Cline, City Attorney

NOTICE: SIGNATURE(S) ON BEHALF OF CONSULTANT MUST BE NOTARIZED.
 A certificate of acknowledgment in accordance with the provisions of California Civil Code section 1189 must be attached for each person executing this agreement on behalf of consultant. This section provides, at part (b): "Any certificate of acknowledgment taken in another place shall be sufficient in this state if it is taken in accordance with the laws of the place where the acknowledgment is made."

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

State of California }
County of Sacramento }

On June 4, 2014, before me, C.L. Glass, Notary Public, personally appeared
Joseph P. Gagliardi

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

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



WITNESS my hand and official seal.

SIGNATURE C. L. Glass

PLACE NOTARY SEAL ABOVE

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of attached document

Title or type of document: Lease Agreement for Premises Located at 200 Wool Street – SP Depot Building Between the City of Folsom and Folsom Chamber of Commerce

Document Date: _____ Number of Pages: _____

Signer(s) Other than Named Above: _____

EXHIBIT A

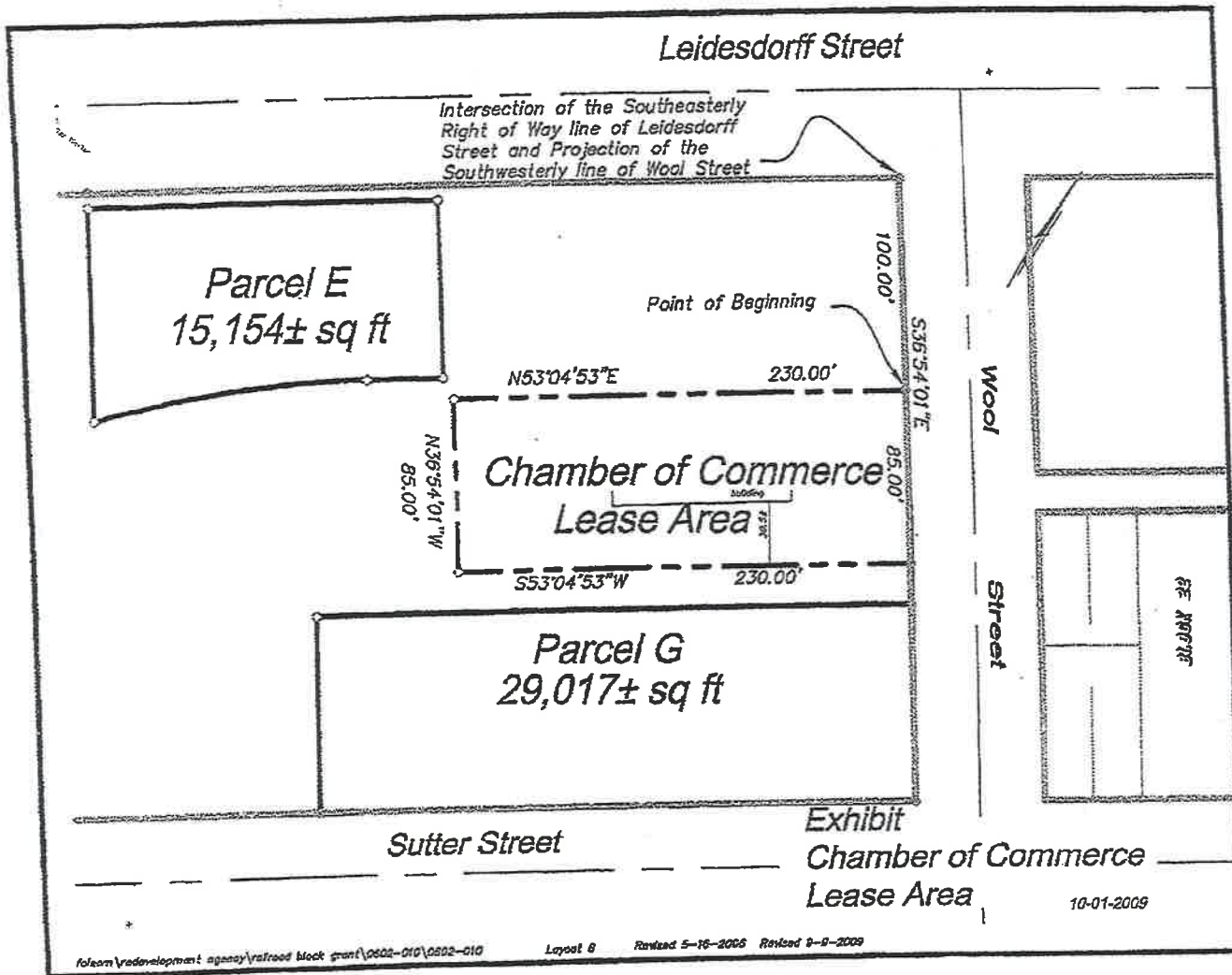


EXHIBIT A
1 of 2
LEASE AGREEMENT FOR PREMISES
LOCATED AT 200 WOOL STREET
(SP DEPOT BUILDING)

EXHIBIT A
2 of 2
LEASE AGREEMENT FOR PREMISES
LOCATED AT 200 WOOL STREET
(SP DEPOT BUILDING)

DESCRIPTION OF
CITY OF FOLSOM
CHAMBER OF COMMERCE
LEASE AREA
OCTOBER - 2009

BEING A PORTION OF "DEPOT GROUND", AS SHOWN ON THE "MAP OF FOLSOM", SAID MAP BEING FILED IN THE SACRAMENTO COUNTY RECORDERS OFFICE IN BOOK 1 OF MAPS, AT PAGE 7, CITY OF FOLSOM, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF THE NORTHWESTERLY PROJECTION OF WOOL STREET FROM WHICH POINT THE INTERSECTION OF THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF LEIDESDORFF STREET AND SAID SOUTHWESTERLY LINE OF THE NORTHWESTERLY PROJECTION OF WOOL STREET BEARS NORTH 36°54'01" WEST 100.00 FEET; THENCE FROM SAID POINT OF BEGINNING ALONG SAID SOUTHWESTERLY LINE AND PROJECTION SOUTH 36°54'01" EAST 85.00 FEET; THENCE LEAVING SAID LINE SOUTH 53°04'53" WEST 230.00 FEET; THENCE NORTH 36°54'01" WEST 85.00 FEET; THENCE NORTH 53°04'53" EAST 230.00 FEET TO THE POINT OF BEGINNING.



PREPARED BY
G.A. YOUNG CONSULTING

Gerald A. Young

By: GERALD A. YOUNG
LS 3852
EXP. 6-30-10

DATE: 9-2-09

EXHIBIT B

Insurance

At all times during the term of this Lease, at its sole cost, Chamber shall maintain policies of insurance as set forth herein:

1. Property Insurance. Fire and extended coverage insurance covering the Premises, improvements, equipment and furnishings located thereon, and Chamber's personal property in amounts not less than their full replacement value.
2. General Liability:
 - a. Comprehensive general liability insurance including, but not limited to, protection for claims of bodily injury or death and property damage liability, blanket contractual liability, and product and completed operations liability.
 - b. Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage form CG 0001 (occurrence).
 - c. Claims-made coverage is not acceptable.
 - d. The limits of liability shall not be less than:

Each occurrence:	One Million Dollars (\$1,000,000)
Products & Completed Operations:	One Million Dollars (\$1,000,000)
Contractual Liability:	One Million Dollars (\$1,000,000)
 - e. If a general aggregate limit of liability is used, the minimum general aggregate shall be twice the 'each occurrence' limit or the policy shall contain an endorsement stating that the general aggregate limit shall apply separately to the project that is the subject of the contract.
 - f. If a products and completed operations aggregate limit of liability is used, the minimum products and completed operation aggregate shall be twice the each occurrence limit or the policy shall contain an endorsement stating that the products and completed operations aggregate limit shall apply separately to the project which is the subject of the contract.
3. Worker's Compensation
 - a. Worker's Compensation Insurance, with coverage as required by the State of California (unless the Chamber is a qualified self-insurer with the State of California), and Employers Liability coverage.
 - b. Employer's Liability Coverage shall not be less than the statutory requirements.
4. Other Insurance Provisions:
 - a. The Chamber's General Liability shall contain the following provisions:
 - i. The City, its officials, employees, agents and volunteers shall be specifically named and covered as additional insured as respects liability arising out of activities performed by or on behalf of the Chamber, and premises occupied or used by the Chamber. This shall be set forth in a

- separate additional insured endorsement in a form acceptable to the City Attorney.
- ii. The policy shall contain no special limitations on the scope of coverage afforded to the City, its officials, employees, agents or volunteers.
 - b. For any claims related to the Lease or the leased Premises, the Chamber's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, agents, or volunteers and any City insurance shall be excess of the Chamber's insurance and shall not contribute to it.
 - c. Any failure to comply with reporting or other provisions of the policies on the part of the Chamber, including breaches of warranties, shall not affect coverage provided to the City, its officers, officials, employees, agents or volunteers.
 - d. The Chamber's Workers' Compensation and Employer's Liability policies shall contain an endorsement that waives any rights of subrogation against the City, its officers, officials, employees, agents, and volunteers.
 - e. Chamber shall endeavor to require that each insurance policy shall state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits, non-renewed, or materially changed except after **30 days prior written notice** by certified mail has been given to the City. Ten days prior written notice by certified mail shall be given to the City in the event of cancellation due to nonpayment of premium.
5. Acceptability of Insurers: Insurance is to be placed with insurers with a **Bests' rating of no less than A:VII**.
 6. The Chamber shall furnish the City with Certificates of Insurance and separate original additional insured endorsements or insurance binders, signed by a person authorized by the insurer to bind coverage on its behalf, evidencing the coverage required by this section, and any Supplementary Conditions, in a form acceptable to the City Attorney. Upon request, the Chamber shall furnish complete, certified copies of all required insurance policies, including original endorsements specifically required hereunder.
 7. Chamber shall, prior to the effective date of this Lease, and annually thereafter within ten (10) days following renewal of each such policy required herein, or upon City's request, furnish to City copies of the policies or certificates of insurance and additional insured endorsements reasonably acceptable to the Folsom City Attorney. Any self-insured retention or deductible shall be subject to the prior approval of the City.
 8. The Chamber shall report, by telephone within 24 hours, and also report in writing to the City within 48 hours, after Chamber or its agents have knowledge of any accident or occurrence involving the death of, or serious injury to any person or persons on the leased Premises.
 9. Such report shall contain:
 - a. the date and time of the occurrence,
 - b. the names and addresses of all persons involved, and

- c. a description of the accident or occurrence and the nature and extent of the injury or damage.
10. The City, at its discretion, may increase the amounts and types of insurance coverage required hereunder at any time during the term of the contract by giving 30 days written notice.
 11. If the Chamber fails to procure or maintain insurance as required by this section, and any Supplementary Conditions, or fails to furnish the City with proof of such insurance, the City, at its discretion, may procure any or all such insurance. Premiums for such insurance procured by the City shall be due and payable by the Chamber immediately upon the City's obtaining the insurance and making demand therefor.
 12. Failure of the City to obtain such insurance shall in no way relieve the Chamber from any of its responsibilities under the contract.
 13. The failure of the City to enforce in a timely manner any of the provisions of this section shall not act as a waiver to enforcement of any of these provisions at any time during the term of the contract.

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