

TO: James L. App, City Manager
FROM: Meg Williamson, Assistant City Manager
SUBJECT: Wine Wrangler Train Station Lease and Tourism Services Agreement
DATE: April 1, 2008

Needs: For the City Council to consider entering into a Lease and Tourism Services Agreement with the Wine Wrangler for a portion of 800 Pine Street (Train Station).

Facts:

1. The northern portion of 800 Pine Street (Train Station) had previously been the location of the Chamber of Commerce and Visitor Conference Bureau's Welcome Center where a range of visitor and hospitality services were provided under a service contract to the City.
2. The site has functioned as a "self service" visitor center since July 2007. The City's transit provider (First Transit), who occupies the southern portion of the facility, has been providing phone coverage and basic visitor services during their normal business hours.
3. The City's 2007 Tourism & Promotions Marketing Plan (as recommended by the Promotions Coordinating Committee) contains a component which emphasizes improved visitor hospitality.
4. The Wine Wrangler is a local Paso Robles tour company who provides private transportation and touring services throughout Paso Robles and San Luis Obispo County since 2003.
5. The Wine Wrangler desires to lease a portion of the Train Station to operate its touring and transportation business.
6. The following components are proposed in conjunction with the Wine Wrangler's occupancy of the train station:
 - Tenant Improvements: Interior renovations will be installed by the Wine Wrangler to accommodate their business offices. Those improvements will include a visitor counter and lobby area with packaged convenience foods and local retail items. The lobby area will include a tourism information display area where an array of visitor materials (provided by the City and its tourism partners) will be available to the public during normal

business hours. Phase two tenant improvements could include a coffee and/or wine bar as additional lobby enhancements at the Wine Wrangler's discretion; and

- Tourism Services: Wine Wrangler staff will provide visitor information and hospitality services that will expose visitors to the unique character, heritage and special attributes of the community and surrounding area. Their staff will act as ambassadors to connect visitors/customers with lodging, restaurants and activities in the Paso Robles area. The visitor information provided and referrals will reflect varied tourist attractions, events, activities, hotels/motels, restaurants, etc... on a non-exclusive basis; and
7. The renovation and conversion of the northern portion of the Train Station into a welcoming and active facility with service counters and public seating will enhance the character of the current "self-serve" space.
 8. The estimated cost of the tenant improvements and the value of the employee resources provided by the Wine Wrangler to staff the tourism information area and hospitality counter is roughly equivalent to the value of market base rent for the building space on a monthly and annualized basis.
 9. The proposed lease term is five (5) years with the ability for optional extensions. The service agreement would run concurrent with the lease. (See attached drafts of each).

**ANALYSIS &
CONCLUSION:**

The Wine Wrangler has proposed to lease a portion of the train station to conduct their tourism business. In exchange for market rent, the Wine Wrangler would provide tourism and hospitality services.

The Wine Wrangler and their staff are uniquely qualified to provide the hospitality and community "ambassador" services for Paso Robles and the surrounding region based on their demonstrated business history which is specifically tied to tourism.

The lease and service agreement will provide a mutually beneficial arrangement wherein the overlapping business and promotional goals of each party can be met, enhancing the economic vitality of the community.

POLICY

REFERENCE: Economic Strategy and the 2007 Tourism and Promotions Marketing Plan (as recommended by the Promotions Coordinating Committee).

FISCAL

IMPACT: The City will retain basic utility, janitorial, and exterior maintenance responsibilities for the building (as they do now). The additional visitor and hospitality service arrangement can be accomplished without the City incurring additional “out of pocket” expense.

OPTIONS:

A. Adopt Resolution No. 08-XX authorizing the City Manager:

- i) To enter into a Lease Agreement with the Wine Wrangler for the use of a portion of 800 Pine Street (Train Station) for the improvement and use as the Wine Wrangler’s offices with a Tourism Information display area; and
- ii) To enter into a Tourism Services Agreement with the Wine Wrangler to provide welcome and hospitality services which are designed to promote the unique character of Paso Robles and enhance the visitor experience.

B. Amend, modify or reject the above noted option.

Attachments:

1. Resolution authorizing the Lease and Tourism Services Agreement
2. Draft Lease Agreement
3. Draft Tourism Services Agreement
4. Letter Proposal from Wine Wrangler

RESOLUTION NO. 08-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
AUTHORIZING THE CITY MANAGER TO ENTER INTO A LEASE AND SERVICE
AGREEMENT WITH THE "WINE WRANGLER" FOR THE USE OF A PORTION OF
800 PINE STREET

WHEREAS, the northern portion of 800 Pine Street (Train Station), consisting of approximately 1,000 square feet, has been vacant since July 2007; and

WHEREAS, this space had previously been the location of the Chamber of Commerce/Visitor Conference Bureau's Welcome Center where a range of visitor and hospitality services were provided under a service contract to the City; and

WHEREAS, the Wine Wrangler is a local Paso Robles tour company which has been conducting tours of the area, and providing basic transportation services throughout Paso Robles and San Luis Obispo County; and

WHEREAS, the Wine Wrangler desires to lease the northern portion of 800 Pine Street (Train Station) to operate its touring and transportation business, as well as to provide certain general visitor information and hospitality services, all of which will benefit the community, the surrounding areas, and its residents; and

WHEREAS, the Wine Wrangler wishes to make tenant improvements that will allow the space to be utilized as their business office, and which will include a visitor counter and lobby area with packaged convenience foods and local retail items, as well as a tourism information display area where an array of visitor materials will be available to the public during normal business hours; and

WHEREAS, the terms and provisions of the Lease agreement will result in the renovation and conversion of the northern portion of the Train Station into a welcoming and active facility with service counters, public seating and future coffee and/or wine bar as the backdrop for tourism and hospitality services; and

WHEREAS, the terms and provisions of the Service Agreement will result in the Wine Wrangler being responsible to provide visitors with a hospitable and welcome experience, that will include promotion and exposure to the unique character, heritage and special attributes of the community and surrounding area, consistent with the City's tourism and promotions goals; and

WHEREAS, the estimated cost of the tenant improvements and the value of the employee resources to staff the tourism information area and hospitality counter is roughly equivalent to the value of market base rent for the building space on a monthly and annualized basis; and

WHEREAS, the Wine Wrangler and their staff are uniquely qualified to provide the hospitality and community “ambassador” services for Paso Robles and its environs based on their demonstrated business history which is specifically tied to tourism and whose livelihood is dependent on their ability to connect visitors with the many unique food, wine, recreational, entertainment and cultural experiences that Paso Robles has to offer; and

WHEREAS, the lease and service agreement will provide a mutually beneficial arrangement wherein the overlapping business and promotional goals of each party can be met, enhancing the economic vitality of the community; and

WHEREAS, this visitor and hospitality service arrangement can be accomplished without fiscal expenditure (“out of pocket” cost) by the City.

THEREFORE BE IT HEREBY RESOLVED that the City Manager is authorized to enter into a Lease Agreement with the Wine Wrangler for the use of a portion of 800 Pine Street (Train Station) for the improvement and use as the Wine Wrangler’s offices with a Tourism Information display area (a draft which is attached herein as Exhibit A, but whose final form and content shall be subject to the approval by the City Attorney); and

BE IT HEREBY FURTHER RESOLVED, that the City Manager is authorized to enter into a Services Agreement with the Wine Wrangler (attached as Exhibit B) to provide welcome and hospitality services designed to promote the unique character of Paso Robles and enhance the visitor experience.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 1st day of April 2008 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Deborah Robinson, Deputy City Clerk

LEASE AGREEMENT

[Train Station Lease Area]

This Lease Agreement (the "Lease") is entered into as of _____, 2008, by and between the CITY OF EL PASO DE ROBLES, a municipal corporation of the State of California, hereinafter referred to as "Landlord", and THE WINE WRANGLER, a California Corporation, hereinafter referred to as "Lessee."

Recitals

A. Landlord is a municipal corporation of the State of California, owning that certain real property commonly known and referred to as the Paso Robles Multi-Modal (Train) Station (the "Train Station"), located at 800 Pine Street, Paso Robles, CA. Certain space located at the north side of the Train Station, is currently unoccupied.

B. Lessee is a local Paso Robles tour company which has been conducting tours of the area, and providing basic transportation services throughout Paso Robles and San Luis Obispo County. Lessee desires to lease certain space within the Train Station (the "Lease Area"), to construct necessary tenant improvements within the Lease Area, and operate its touring and transportation business, as well as to provide certain general visitor center services and information, all of which will benefit the community, the surrounding areas, and its residents.

C. Landlord and Lessee desire to enter into this Lease in order that the Lease Area might be renovated and used for the specific purposes as set forth herein.

Agreements

NOW, THEREFORE, in consideration of their mutual promises and covenants herein contained, and subject to the terms, conditions and provisions hereof, the parties hereto agree as follows:

1. Lease Area. The Lease Area consists of that portion of the Train Station shown on the Map of the Lease Area, attached here as Exhibit A and made a part hereof. The Lease Area consists of:

- (a) approximately 1,000 square feet of floor space, as shown on the Exhibit A;
- (b) the right to use up to seven (7) of the public parking spaces at the Train Station for parking of Lessee's company vehicles and employee parking. The location of said parking spaces shall be at large and not for the exclusive or reserved use of Lessee.
- (c) at such time as City may develop additional utility storage areas at the Train Station, a storage area consisting of approximately 20 square feet, at a location to be determined by the Landlord and Lessee, to be used by Lessee for storing/warehousing of

supplies; or alternatively, at their cost, Lessee may develop a free standing storage facility up to 120 square feet in a manner to be approved by the Landlord.

2. Lease. Landlord does hereby lease to Lessee and Lessee hereby hires from Landlord the Lease Area, on the terms, conditions and provisions hereinafter set forth.

3. Term. The term of this Lease shall be a period of five (5) years commencing on _____, and terminating at 11:59 p.m. on _____, 20__ (the day five years thereafter). This Lease may be terminated by either party upon three (3) months written notice to the other party. This Lease may be modified, extended and/or renewed at its termination only by the mutual consent of the parties hereto.

4. Rent.

A. Rent. In accordance with plans submitted to the City for approval, Lessee, at its sole cost and expense, shall install certain improvements in the Lease Area and provide certain Tourism Information Services, on the terms and conditions set forth in the Agreement between the City of El Paso de Robles and the Wine Wrangler for Tourism Information Services, attached hereto as Exhibit B and incorporated herein by reference (the "Tourism Agreement"). The parties agree that the value of the improvements to be installed and the services to be provided under the Tourism Agreement by Lessee are substantially equivalent to the amount of rent that would be charged for the Lease Area during the term of this Lease. The cost of utilities shall be paid as set forth in section 15 of this Lease. Lessor shall be responsible for building maintenance outside of the Lease Area.

All other monetary obligations of Lessee of any kind under this Lease shall be considered as additional rent, due and payable in full upon demand by Landlord. Landlord shall have such rights and remedies for failure to pay such monetary obligations as Landlord would have if Lessee failed to pay the monthly rent hereunder.

All rent shall be paid, without any off-set, counterclaim or deduction whatsoever, at City of El Paso de Robles, 1000 Spring Street, Paso Robles, CA 93446. If any portion of rent shall be due and unpaid for more than five (5) days, a late charge of Five Cents (\$.05) for each dollar so overdue shall be paid by Lessee for the purpose of defraying the expense incident to handling such delinquent payment, together with interest at the per annum rate equal to two percent (2%) per annum greater than the prime rate of interest announced from time to time by Bank of America, as the same may change from time to time, from the due date until the date of payment thereof by Lessee.

Lessee hereby acknowledges and agrees that this Lease is intended to be a complete net lease to the Landlord, except as expressly herein set out, that Landlord is not responsible for any costs, charges, expense and outlays of any nature whatsoever arising from or relating to the Lease Area, or the use and occupancy thereof, or the contents thereof or the business carried on therein, and that Lessee shall pay all charges, impositions, costs and expenses of every nature and kind relating to the Lease Area, except as expressly otherwise agreed to herein.

B. Tourism Information Services. Concurrently with the execution of this Lease, Landlord (as the City) and Lessee (as the Provider), are entering into the Tourism Agreement pursuant to which Provider shall provide visitor information and hospitality services to facilitate the welcoming of visitors to the City. This Lease and the Tourism Agreement shall have concurrent terms, and a default under this Lease shall be deemed to be a default under the Tourism Agreement, and a default under the Tourism Agreement shall be deemed to be a default under this Lease.

5. Possession. If Landlord, for any reason whatsoever, cannot deliver possession of the Lease Area to Lessee at the commencement of the Lease term hereunder, this Lease shall be voidable at Lessee's option, but Landlord shall not be liable to Lessee for any loss or damage resulting therefrom.

6. Abandonment. Lessee shall not vacate or abandon the Lease Area at any time during the term of this Lease; and if Lessee shall abandon, vacate or surrender the Lease Area, or be dispossessed by process of law or otherwise, Landlord shall have the right to immediate possession of the Lease Area, and any improvements or fixtures thereon. All personal property of Lessee, in such event, shall be removed within thirty (30) days. All personal property of Lessee which is not so removed within such period of time shall be deemed to be abandoned, at the option of the Landlord, and title to any such personal property shall pass to Landlord. For purposes of this Lease, Lessee shall be deemed to have abandoned the Lease Area if Lessee fails to use, operate and/or maintain the Lease Area in accordance with this Lease for a period of thirty (30) consecutive days. The provisions of this Section shall not apply during any period that the Lease Area is undergoing construction of the Lessee's Improvements, as provided for under Section 12.A. hereof, or any renovations or repair due to any damage to or destruction of the improvements, provided Lessee is diligently pursuing such construction, renovations or repairs pursuant to plans approved by the City.

7. Permitted Uses and Purposes; Hours of Operation; Signage.

A. The Lease Area shall be used solely for the operation of Lessee's touring, transportation and visitor center services business. Lessee's operations are anticipated to include conducting wine country tours, agricultural tours, historical and museum tours, private tours, Hearst Castle tours, as well as basic transportation services throughout Paso Robles and San Luis Obispo County. In addition, Lessee will perform the visitor center services provided for under the Tourism Agreement, including without limitation the display of tourist and visitor information and the sale of simple packaged snack foods and drinks and general merchandise. Lessee may also establish and operate a coffee bar in the Lease Area, subject to all normal City approvals.

Lessee may, but shall be under no obligation to, allow the Paso Robles Wine Club to establish and operate a wine tasting room on, and provide for the sale of wine from, the Lease Area, to promote Lessee's wine country and other tours. Landlord hereby approves of such use on the Lease Area; provided any such wine tasting operations and sales shall be subject to and conditioned upon Lessee and/or the Paso Robles Wine Club obtaining all necessary licenses and permits, including the required liquor licenses and proper bonding, in compliance with all applicable laws, rules, ordinances and regulations applicable to any such use.

B. During the term of this Lease, Lessee shall maintain normal business hours of operation, which are currently 8:00 a.m. to 5:00 p.m. Monday through Friday, and 11:00 a.m. to 4:00 p.m. on Saturday. Lessee may modify its normal business hours to accommodate seasonal, weather or other conditions that may affect the tourist business, from time to time.

C. Lessee shall have the right to install signs on the exterior of the building and the Lease Area in accordance with plans approved by the City's Design Review Committee. In addition, Lessee shall install and maintain signs/graphics in the front (west) and back (east) windows of the Lease Area which indicate that visitor information is available in the Tourism Information Area established within the Lease Area, as provided for under the Tourism Agreement.

8. Uses Prohibited.

A. Lessee shall not, directly or indirectly, use or suffer the Lease Area or any part thereof, or any improvements or fixtures to be constructed thereon, to be used in violation of any federal, state or local laws, rules, regulations or ordinances. Further, Lessee shall not use or suffer the Lease Area or any part thereof, or any improvements or fixtures to be constructed thereon, to be used for any purpose or purposes inconsistent with those for which the Lease Area is hereby leased, without first obtaining the express written consent of the City Manager, consent to be issued upon a finding by the City Manager that such use or facilities will be consistent with the purpose of this Lease, or are required by circumstances not anticipated at the time of execution hereof but are determined by the City Manager to be reasonable. This remedy shall be in addition to any others afforded by law or by this Lease.

B. Lessee and those acting by, through or under Lessee, shall not improperly store, handle, treat, use release, dispose of, discharge or produce any hazardous substances or hazardous waste, or any pollutant, contaminant or toxic substance as those terms are defined in or as may be regulated or governed by any federal, state or local laws or ordinances intended to protect health, safety or the environment. Lessee shall be responsible to remediate and clean up any and all such hazardous substances, pollutants, contaminants or toxins. Lessee agrees to release, to defend with counsel acceptable to Landlord, indemnify and to hold Landlord harmless of, from and against any and all claims, expense, loss or liability suffered by Landlord by reason of Lessee's breach of any of the provisions of this Section or any claims by Lessee's employees, agents, contractors, visitors or assigns, if permitted under this Lease, caused by, related, to, or arising from such breach. The indemnity contained in this Section shall survive the expiration or earlier termination of this Lease.

The parties recognize that no adequate remedy at law may exist for Lessee's breach of this Section. Accordingly, Landlord may obtain specific performance of any provision of this Section.

9. Waste, Nuisances. Lessee shall not commit, or suffer to be committed, any waste upon the Lease Area; nor shall Lessee maintain, or suffer to be maintained, any nuisance or any other act or thing which may disturb the enjoyment or the use of any other property or public areas or streets adjacent to the Lease Area.

10. Rights of Landlord. Landlord shall have the following rights:

a. To hold all keys and passkeys to the Lease Area, including the improvements thereon.

b. On reasonable prior notice to Lessee, to show the Lease Area to prospective tenants during the last six (6) months of the term of this Lease (or extended term, as applicable), and to any prospective purchaser, mortgagee, or assignee of any mortgage on the Lease Area and to others having a legitimate interest in the Lease Area at any time during the term of this Lease.

c. At any time in the event of an emergency, and otherwise at reasonable times upon not less than twenty-four (24) hours prior notice, Landlord shall have the right to access the Lease Area and to take any and all measures, including making any inspections, repairs, alterations, additions or improvements to the Lease Area, as may be necessary or desirable for the safety, protection or preservation of the Lease Area or Landlord's interests, or as may be necessary or desirable in the operation or improvement of the Lease Area, including the improvements thereon, or in order to comply with all laws, orders, and requirements of governmental or other authorities. Landlord shall not be in default hereunder nor have any liability to Lessee, nor shall Lessee have any right to terminate this Lease or claim an offset against or reduction in rent payable hereunder, due to any damage, annoyance or inconvenience resulting from any such inspections, repairs, alterations, additions or improvements. Lessee shall fully cooperate with Landlord and Landlord's agents or contractors in carrying out any such inspections, repairs, alterations, additions or improvements.

11. Furnishings, Fixtures and Equipment. Lessee shall furnish and equip the Lease Area with all fixtures, furnishings, equipment and other personal property, including without limitation movable office, furniture, trade fixtures and office and professional equipment (collectively, "Personal Property") of a quantity and quality as necessary to operate the Lease Area and the improvements thereon for the purposes set forth in Section 8 of this Lease (except for those fixtures, furnishings, equipment and other Personal Property that are provided by the exhibitors or other users of the Lease Area). Lessee shall take good care of such Personal Property, and keep the same in good order and condition, and promptly, at Lessee's own cost and expense, make all necessary repairs, replacements and renewals thereof. Any and all fixtures, furnishings, equipment and other personal property placed in, on or about the Lease Area by Lessee shall be the Personal Property of Lessee during the term of this Lease, subject to the rights of the Landlord as set forth in this Lease.

Lessee may remove any Personal Property from time to time, during the term of this Lease, and within thirty (30) days following expiration of the term of this Lease, that may be removed without damage to the structural integrity of the Lease Area and the improvements thereon or that may be removed without impairing or adversely affecting, in the reasonable good faith determination of the Landlord, the Lease Area. Lessee shall repair all damage caused by any such removal and shall leave the Lease Area in a clean and neat condition.

Any Personal Property not removed by Lessee within thirty (30) days following expiration of the term of this Lease shall be deemed to be abandoned by Lessee and shall,

without compensation to Lessee, then become Landlord's property, free and clear of all claims to or against them by Lessee or any other person.

12. Renovation, Alterations and Construction.

A. Lessee's Improvements. Within thirty (30) days after the commencement date of this Lease, Lessee shall obtain all necessary permits required for the initial renovation of the Lease Area (including, but not limited to, building permits and use permits) and complete, or cause to be completed, at Lessee's sole cost and expense, the renovation of the Lease Area, including the improvements thereon, and equip the Lease Area, all in accordance with the plans approved by Landlord, within ninety (90) days after issuance of permit.

B. In the event Lessee fails to complete any of the renovation work or improvements within the times set forth therefor under Subsection A, above, Landlord shall be entitled, upon expiration of the applicable time period, to terminate this Lease upon the giving of sixty (60) days prior written notice to Lessee of such termination.

C. Prior to making any alterations, improvements or additions to the Lease Area, Lessee shall apply for and obtain all approvals required from the City of El Paso de Robles and other governmental agencies with jurisdiction over such work of all plans and permits relating to any such alterations, improvements or additions and remediation work, and obtain any and all permits required for such alterations, improvements or additions and remediation work and operation and use of the Lease Area, including without limitation, building permits and/or use permits. All renovation work and improvements to be constructed on or made to the Lease Area shall be completed in accordance with plans approved by the Landlord, and shall comply with all applicable codes, ordinances, rules, and regulations.

D. Lessee agrees that those usual fees charged by the City of El Paso de Robles for permits for and inspections of development and construction shall be charged to Lessee, and Lessee will be required to pay any charges related to connection and installation of utilities, if any and except as described and included in Section 15, and any other charges or fees imposed by or on behalf of agencies other than the City of El Paso de Robles relating to the renovation and construction of improvements on the Lease Area.

E. Mechanic's Liens. Lessee shall not suffer or permit any mechanic's lien to be filed against the interest of the Landlord or Lessee in the Lease Area, the improvements, or any portion thereof. If because of any act or omission of Lessee, its employees, agents, contractors or subcontractors, any mechanic's lien, charge or order for the payment of money shall be filed against Landlord, or against all or any portion of the Lease Area, the improvements, or any portion thereof, Lessee shall, at its own cost and expense, cause the same to be discharged of record within thirty (30) days after the filing thereof, and Lessee shall indemnify and save harmless Landlord against and from all costs, liabilities, suits, penalties, claims and demands, including reasonable attorneys' fees, resulting therefrom.

F. At termination of this Lease, title to any and all improvements constructed on the Lease Area, including any and all alterations, improvements, and permanent fixtures which may be added to the Lease Area, whether temporary or permanent in character, shall

become Landlord's property and shall remain upon the Lease Area, without compensation to Lessee (excepting only Lessee's Personal Property which may be removed pursuant to Section 11). Landlord and Lessee covenant for themselves and all persons claiming under or through them that the improvements and permanent fixtures are real property.

13. Operating Costs and Expenses. Lessee shall, at its sole cost and expense, furnish all labor, equipment and expenses necessary for the operations and maintenance of the Lease Area for the purposes set forth herein. Lessee agrees that, during the term of this Lease, Lessee shall not request from Landlord any funding or other financial assistance for the operation of Lessee's business on the Lease Area or maintenance or repair of the Lease Area or any portion thereof; provided nothing herein shall prohibit Lessee from applying to the City for grants or other funds (such as Community Development Block Grant funds) which may be available through the City and for which Lessee may be eligible.

14. Maintenance. Lessee shall, at its sole cost and expense, keep and maintain the Lease Area, every part thereof, every improvement and fixture thereon, and every utility structure, piping, or wiring necessary thereto in good, working and sanitary order, condition and repair, reasonable wear and tear and damage by casualty not caused by the negligence of Lessee or its agents, contractors or employees excepted.

15. Utilities. As provided in Section 4.A, above, the amount of rent to be paid by Lessee hereunder includes payment for utilities for the Lease Area, including all electric, gas, sewer, water, plant maintenance, and garbage necessary for the operation of the Lease Area. Landlord shall be solely responsible to ensure that such utility services are provided to the Lease Area, as needed by Lessee. Lessee shall, at its sole cost and expense, pay for telephone, and all other services and utilities necessary for the operation of the Lease Area and the improvements located thereon.

Lessee acknowledges that any one or more such services may be suspended by reason of accident or of repairs, alterations, or improvements necessary to be made, or by strikes or lockouts, or by reason of operation of law, or other causes beyond the reasonable control of Landlord. Lessee shall have no right to any off-set or reduction in rent nor shall Landlord have any liability for any such interruption or suspension of such services.

16. Compliance with Governmental Rules and Regulations.

A. Lessee shall, at its sole cost and expense, comply with all requirements of all municipal, state, and federal authorities now in force, or which may hereafter be in force, pertaining to the Lease Area, purposes, and operations, and shall faithfully observe in the use of the Lease Area and in the conduct of its operations all the municipal, state and federal statutes now in force or which may hereafter be in force. Lessee shall be responsible for determining whether the work to be performed on the Lease Area will require the payment of prevailing wages for such work, and, if so, shall comply with all applicable requirements.

B. Lessee shall conduct its business in accordance with the requirements of the American with Disabilities Act of 1990 (the "Act") and with all other applicable statutes, rules, regulations and ordinances relating to handicapped accessibility. Any renovations,

alterations and improvements to be undertaken by Lessee on the Lease Area, including those provided for under Section 12 of this Lease, shall be performed in compliance with the applicable provisions of the Act and with all other applicable statutes, rules, regulations and ordinances relating to handicapped accessibility.

C. Landlord shall have the right to make such other rules and regulations as in the reasonable judgment of Landlord may from time to time be necessary for the safety, appearance, care and cleanliness of the Lease Area and the surrounding neighborhood, the safety and well being of the users of the Lease Area, and for the preservation of good order therein.

17. Nondiscrimination.

A. During the term of this Lease, Lessee agrees as follows:

1. Lessee shall not discriminate against any employee or applicant for employment because of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code. Lessee shall, in all solicitations or advertisements for employees placed by or on behalf of Lessee, state that all qualified applicants will receive consideration for employment without regard to basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code.

2. There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Lease Area, or any part thereof, and the Lessee itself, or any person claiming under or through it, shall not establish or permit any such practice of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Lease Area, or any part thereof.

3. Lessee shall refrain from restricting the rental, sale or lease of the Lease Area, or any portion thereof, on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code.

18. Taxes and Assessments. Lessee recognizes and understands that this Lease may create a possessory interest subject to property taxes levied on such interest.

Landlord shall pay, as and when due, all ad valorem property taxes that may be due on the Lease Area. Lessee agrees to pay, as and when due, all other lawful taxes, assessments, fees or charges from which it is not exempt, which at any time may be levied by the state, county, Landlord or any tax or assessment levying body upon any interest in this Lease or on any possessory right which Lessee may have in or to the Lease Area, or improvements or

fixtures thereon, by reason of its use or occupancy thereof or otherwise, as well as all taxes, assessments, fees, and charges on goods, merchandise, fixtures, appliances, and equipment used by it, or related to its operations or the hiring and employment of agents and employees, provided or used by it, in, about, or for the operation and maintenance of the Lease Area.

19. Liens. Lessee shall keep the Lease Area free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee. Lessee shall give Landlord no less than ten (10) days advance written notice of commencement of any work of improvement on the Lease Area. Landlord shall be entitled to enter the Lease Area for the purpose of posting notices of nonresponsibility.

20. Indemnity. Lessee agrees that Landlord shall not be liable for and hereby releases Landlord from (i) any injury to Lessee's business or any loss of income therefrom or for damage to any machinery or equipment or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Lease Area; (ii) the loss of or damage to any property of Lessee by theft or otherwise; or (iii) any injury or damage to persons or property resulting from fire, steam, electricity, gas, water, rain or snow, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or HVAC systems or lighting fixtures, or from any other cause whatsoever (whether similar or dissimilar to those above specified), whether the same damage or injury result from conditions arising in the Lease Area, or at or on portions of the building or the Lease Area, or from other sources or places, except to the extent caused by Landlord's intentional misconduct or gross negligence. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the Lease Area or other areas of the Train Station. This waiver, release and indemnification does not apply to claims or damages arising from any act or neglect of any other tenant or person not the agent or any person doing business with Lessee.

Lessee shall indemnify and hold harmless the Landlord, its officers, officials, directors, employees, agents, and volunteers from and against any and all claims, damages, losses and expenses, including attorneys fees arising out of the occupancy of the Lease Area described herein, caused in whole or in part by any negligent act or omission of the Lessee, any sublessee, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence or willful misconduct of the Landlord.

Landlord and Lessee each waives any and all rights of recovery against the other or against the directors, officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Landlord and Lessee shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

It is understood that any indemnification obligation of Lessee under this Lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Lessee under workers' or workmen's compensation acts, disability benefit acts or other employee benefits acts.

21. Insolvency and Bankruptcy. In the event of either a) the appointment of a receiver to take possession of all or substantially all of the assets of Lessee, or b) a general assignment by Lessee for the benefit of creditors, or c) any action taken or suffered by Lessee under any insolvency or bankruptcy act, or d) any liquidation or other cessation of Lessee's corporation or business, this Lease shall terminate immediately. Landlord shall have the right of immediate possession of the Lease Area and any improvements or fixtures thereon. Title of any Personal Property of Lessee remaining on the Lease Area after thirty (30) days shall be deemed to pass to Landlord.

22. Insurance. Lessee shall procure and maintain during the term of this Lease, at its sole cost and expense, insurance against claims for injuries to persons or damages to property which may arise from or in connection with Lessee's operation and use of the Lease Area. The cost of such insurance shall be borne by the Lessee.

A. Minimum Scope of Insurance. Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage ("occurrence" form CG0001).

2. Workers' Compensation insurance as required by the State of California and Employer's Liability insurance.

3. "All Risk" Lease Area insurance, including extended coverage, insuring the Landlord's buildings, structures, fixtures, equipment and furniture.

4. Property insurance against all risks of loss to any tenant improvements or betterments.

B. Minimum Limits of Insurance. Lessee shall maintain limits no less than:

1. General Liability: One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. Employer's Liability: One million dollars (\$1,000,000) per accident for bodily injury or disease.

3. Property Insurance: Full replacement cost with no coinsurance penalty provision for tenant improvements and betterments, Landlord's buildings, structures, fixtures, equipment and furniture.

C. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the Landlord. At the option of the Landlord, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Landlord, its officers, officials, employees and volunteers; or the Lessee shall

procure a bond or other acceptable security guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions.

1. The general liability policy is to contain, or be endorsed to contain, the following provisions:

a. Landlord, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of property owned, occupied or used by Lessee. The coverage shall contain no special limitations on the scope of protection afforded to the Landlord, its officers, officials, employees or volunteers.

b. The Lessee's insurance coverage shall be primary insurance as respects the Landlord, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Landlord, its officers, officials, employees or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

c. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Landlord, its officers, officials, employees or volunteers.

d. Coverage shall state that the Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

e. Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt required, has been given to the Landlord.

2. The workers' compensation/employers' liability policy is to contain, or be endorsed to contain, the following provisions:

a. Waiver of Subrogation provision in favor of the Landlord.

b. Coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the Landlord.

E. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

F. Verification of Coverage. Lessee shall furnish the Landlord with original endorsements effecting coverage required by this clause. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. The endorsements are to be forms provided by the Landlord. All endorsements are to be received and approved by the Landlord before occupancy commences. As an alternative to the Landlord's forms, the Lessee's

insurer may provide complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications.

G. Subcontractors. Lessee shall include all subcontractors as insureds under its policies or shall furnish or cause to be furnished separate certificates and endorsements for each contractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

23. Repairs. Lessee shall, at Lessee's own expense, keep the Lease Area and each part thereof in good order, condition and repair during the term of this Lease. Lessee shall give to Landlord prompt written notice of any damage to, or defective conditions in, any part or appurtenance of the Lease Area's plumbing, electrical, heating, air-conditioning or other systems serving, located in, or passing through the Lease Area. If any damage results from any act or neglect of Lessee or its agents, contractors or employees, Landlord may, at Landlord's option, repair such damage and Lessee shall promptly thereupon pay to Landlord the total cost of such repair. Any repairs made to the Lease Area by Lessee shall be subject to the requirements set forth in Section 13 of this Lease, as applicable.

24. Destruction of the Lease Area.

A. In the event of damage to or destruction of the Lease Area caused by fire or other casualty, or any such damage or destruction to the Lease Area or the facilities necessary to provide services and normal access to the Lease Area, Lessee shall undertake to make repairs and restorations with reasonable diligence, unless this Lease has been terminated as hereinafter provided. In the event (i) the damage is of such nature or extent that, in Lessee's reasonable judgment, more than one hundred twenty (120) days would be required (with normal work crews and hours) to repair and restore the part of the Lease Area which has been damaged, or (ii) the Lease Area is so damaged that, in Lessee's reasonable judgment, it is uneconomical to restore or repair the Lease Area or portion thereof damaged, or (iii) less than eighteen (18) months then remain in the current term of this Lease, or (iv) insurance proceeds are not available or insurance proceeds that are available for the Lease Area are insufficient to repair or rebuild the damage, or (v) any mortgagee shall not permit the application of adequate insurance proceeds for repair or restoration, either Lessee or Landlord shall, within ninety (90) days after any such damage or destruction, have the right to terminate this Lease by written notice to the other party, as of the date specified in such notice, which termination date shall be no later than thirty (30) days after the date of such notice. Rent shall be adjusted proportionately as of the date of the termination and Lessee shall promptly vacate the Lease Area; provided that prior to any such vacation, Lessee shall take such actions as are necessary to ensure that the damaged or destroyed portions of the improvements remaining on the Lease Area shall be left in a safe condition.

B. Provided this Lease is not terminated and is otherwise in full force and effect, Lessee shall proceed diligently to restore the Lease Area to substantially its condition prior to the occurrence of the damage, subject to any delay due to reasons beyond Lessee's control.

C. During the period when Lessee shall be deprived of possession of the Lease Area by reason of such damage of the Lease Area is, in Landlord's judgment, rendered

untenantable, Lessee's obligation to pay rent shall abate in proportion to the area of the Lease Area not usable.

25. Assignment and Subletting.

A. Lessee shall not, without Landlord's prior written consent, (i) assign, convey, mortgage, pledge, encumber or otherwise transfer, (whether voluntarily or otherwise) this Lease or any interest under it; (ii) allow any transfer of or any lien upon Lessee's interest by operation of law; (iii) sublet the Lease Area or any part thereof; or (iv) permit the use or occupancy of the Lease Area or any part thereof by anyone other than Lessee and its employees. The provisions of this Section 25 shall not be deemed to prohibit or restrict or require Landlord's approval for the rental of the Lease Area or portions thereof for meetings, conferences, private parties and receptions, tours, rotating exhibits, and any other uses as set forth in Section 7 of this Lease.

B. Lessee's request for consent to any sublet or assignment shall be in writing and shall contain the name, address, and description of the business of the proposed assignee or subtenant, its most recent financial statement and other evidence of financial responsibility, its intended use of the Lease Area, and the terms and conditions of the proposed assignment or subletting.

C. For purposes of this Section 25, any transfer or change in control of Lessee by operation of law or otherwise shall be deemed an assignment hereunder, including, without limitation, any merger, consolidation, dissolution or any change in more than 30% of the interests of Lessee, whether in a single transaction or a series of related transactions.

D. If, with the consent of the Landlord, this Lease is assigned or if the Lease Area or any part thereof is sublet or occupied by anybody other than Lessee, Landlord may, after default by Lessee, collect rent from the assignee, subtenant, or occupant, and apply the net amount collected to the rent to be paid by Lessee hereunder. If Landlord consents to any such subletting or assignment, it shall nevertheless be a condition to the effectiveness thereof that a fully executed copy of the sublease or assignment be furnished to Landlord and that any assignee assumes in writing all obligations of Lessee hereunder. No consent to any assignment, subletting or occupancy shall be deemed a waiver of any of Lessee's covenants contained in this Lease nor the acceptance of the assignee, subtenant or occupant as Lessee, nor a release of lessee from further performance of any covenants and obligations under this Lease, unless otherwise agreed to by Landlord.

E. Any consent given by Landlord to an assignment or subletting of this Lease shall not constitute a waiver of the necessity of such consent to any subsequent assignment or subletting.

F. Should Landlord consent to an assignment or sublease of the Lease Area, all rent received by Lessee from its subtenants in excess of the rent payable by Lessee to Landlord under this Lease shall be paid to Landlord, and all sums to be paid by an assignee to Lessee in consideration of the assignment of this Lease shall be paid to Landlord, unless otherwise agreed to in writing by Landlord.

G. If Lessee requests Landlord to consent to a proposed assignment or subletting, Lessee shall pay to Landlord, whether or not consent is ultimately given, Landlord's reasonable attorneys' fees incurred in connection with each such request.

26. Condition of Premises. Landlord represents that, to the best of its knowledge, there are no existing hazardous substances located upon the Lease Area. Lessee agrees to accept the Lease Area, including the land and the buildings and improvements thereon, in an "as is" and in its present condition. No promise of Landlord to alter, remodel, repair or improve the Lease Area, or any of the buildings or improvements located thereon, and no representation respecting the condition of the Lease Area or the buildings or improvements thereon, have been made by Landlord to Lessee, other than as is specifically set forth in this Lease or in a specific work letter agreement signed by Landlord and Lessee.

Except with respect to a termination resulting from damage or destruction, which shall be governed by Section 24, at the termination of this Lease, Lessee shall return and surrender the Lease Area in as good condition as when Lessee took possession, ordinary wear and tear and loss by fire or other casualty not caused by the negligence of Lessee or its agents, contractors or employees excepted. If Lessee fails to comply with the previous sentence, Landlord may restore the Lease Area to the condition the Lease Area was in when Lessee took possession, and Lessee shall pay the cost thereof on demand.

27. Eminent Domain. In the event that title to the entire Lease Area shall be lawfully condemned or taken in any manner for any public or quasi-public use or conveyed in lieu of condemnation, this Lease shall automatically terminate as of the date possession is required to be delivered to the condemnor. In the event that only a portion of the Lease Area is taken and the Lease Area is thereby rendered unsuitable for the conduct of Lessee's business, either party may terminate this Lease as of the date when possession of the portion of the Lease Area so taken is delivered to the condemning authority. In the event of any taking, Landlord shall be entitled to receive the entire amount of any award relating to the Lease Area, including all real Lease Area improvements thereon, and Lessee shall be entitled to an award to recover damages resulting from the taking of its Personal Property, if any, diminution in value of its operation, leasehold value and for Lessee's moving expenses and Lessee's business interruption, if any. Notwithstanding the foregoing, Landlord agrees that it shall not acquire Lessee's leasehold interest by eminent domain during the term of this Lease.

28. Waivers. The waiver by either party of any breach of any term, condition, or provision herein contained shall not be deemed to be a waiver of such term, condition, or provision herein contained.

29. Termination.

A. In the event that Lessee shall be in default of the payment of rent or any other amount due and owing under this Lease for a period of ten (10) days following written notice of such default from Landlord, or if Lessee shall fail or neglect to do or perform or observe any of the other covenants or agreements contained in this Lease on its part to be kept or performed (including but not limited to the performance of its obligations under the Tourism Agreement), and such failure and neglect shall continue for a period of not less than thirty (30)

days after Landlord has notified Lessee in writing of Lessee's default, and Lessee has failed to correct such default within said ten (10) day or thirty (30) day period, whichever is applicable, then Landlord may terminate this Lease.

B. In the event Landlord is in default of any of its covenants or agreements contained in this Lease (including, but not limited to, the performance of its obligations under the Tourism Agreement), and such failure and neglect shall continue for a period of not less than thirty (30) days after Lessee has notified Landlord in writing of Landlord's default, and Landlord has failed to correct such default within said thirty (30) day period, then Lessee may terminate this Lease.

C. Upon expiration or within thirty (30) days after earlier termination or mutual cancellation of this Lease, Lessee shall turn over to Landlord the Lease Area in good and serviceable condition, damage by the elements and ordinary wear and tear excepted. If Lessee fails to surrender the Lease Area within said thirty (30) days period, then Landlord may lawfully at its option, immediately or at any time thereafter, without demand or notice, enter into and upon the Lease Area and in the name of the whole, repossess the same of its former estate, and expel Lessee, and those claiming by, through, or under Lessee, and remove their effects, if any, without prejudice to any remedy which otherwise might be used, for arrears, or rent, or other preceding breach of covenant. If Lessee fails to surrender the Lease Area to Landlord as required by this Section, Lessee shall hold Landlord harmless for all damages resulting from Lessee's failure to surrender the Lease Area.

D. If Lessee, with Landlord's express consent, remains in possession of the Lease Area after the expiration or earlier termination of the term (including the initial term and any extended term), or after the date in any notice given by Landlord to Lessee terminating this Lease, such possession by Lessee shall be deemed to be a month-to-month tenancy terminable on 30 days' notice given at any time by either party. During such month-to-month tenancy, the rent required to be paid hereunder shall be increased by 50% over the rent of the last month prior to the expiration or earlier termination of the Lease, or such other amount as mutually agreed upon by the parties. Lessee shall pay such rent and all other sums required to be paid hereunder monthly on or before the first day of each month. All other provisions of this Lease except those pertaining to the term shall apply to the month-to-month tenancy.

E. No expiration or termination of this Lease (except as expressly provided herein) and no repossession of the Lease Area or any part thereof shall relieve Lessee of its liabilities and obligations hereunder, all of which shall survive such expiration, termination or repossession, and Landlord may, at its option, sue for and collect all rent and other charges due hereunder at any time as when such charges accrue. In the event Landlord commences any suit for the repossession of the Lease Area, for the recovery of rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of the Lessee to be kept or performed, and a breach shall be established, Lessee shall pay to Landlord reasonable expenses incurred in connection therewith, including reasonable attorneys' fees.

30. Estoppel Certificate by Lessee. After the commencement of this Lease, Lessee shall, upon request by Landlord, execute and deliver to Landlord within five (5) business days of

such request, a written certification in recordable form: (a) ratifying this Lease; (b) setting forth the commencement date and expiration date; (c) certifying that Lessee is in occupancy of the Lease Area; (d) certifying that this Lease is in full force and effect; (e) certifying that all conditions under this Lease to be performed by Landlord have been completed, or specifying the reasons if such is not the case; (f) certifying that there are no defenses or offsets against the enforcement of this Lease by Landlord; and (g) certifying any additional information that Landlord may reasonably request. Such certification shall be executed and delivered by Lessee as may from time to time be requested by Landlord, and shall entitle Landlord's mortgage lenders and/or purchasers to rely upon same. Lessee hereby appoints Landlord as Lessee's attorney-in-fact to execute any such estoppel certificate in the event Lessee does not execute and return such certificate within the time period set forth above.

31. Successors and Assigns. The terms, conditions, and provisions herein contained shall, subject to the provisions as to assignments, apply to and bind the heirs, successors, administrators, executors, and assigns of all the parties hereto.

32. Notices. All notices, demands, requests, consents, or approvals which may or are required to be given by either party to the other shall be in writing and shall be deemed given when sent by United States First-Class Mail, postage prepaid, or by reputable overnight delivery service or personal delivery (a) if for Lessee, addressed to Lessee at the Lease Area, or at such other place as Lessee may from time to time designate by notice to Landlord; or (b) if for Landlord, addressed to the City of El Paso de Robles, 1000 Spring Street, Paso Robles, CA 93446, Attn: City Manager, or at such other place as Landlord may from time to time designate by notice to Lessee. All consents and approvals provided for herein must be in writing to be valid. If the term "Lessee" as used in this Lease refers to more than one person, any notice, consent, approval, request, bill, demand or statement given as aforesaid to any one of such persons shall be deemed to have been duly given to Lessee.

33. Brokerage. Lessee represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, and Lessee agrees to defend with counsel acceptable to Landlord, indemnify and hold Landlord harmless from and against and all claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Lessee with regarding to this leasing transaction. The provisions of this subsection shall survive the termination of this Lease.

34. Employment and Local Contracting.

A. Lessee hereby agrees to use its best efforts to hire qualified Paso Robles residents for any new positions created on the Lease Area.

B. Lessee hereby agrees to use its best efforts to contract with Paso Robles businesses for services and/or products, as necessary.

C. Landlord acknowledges that the Lessee has the ultimate right to choose its employees and contractors.

35. Miscellaneous.

A. The section headings of this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

B. If any of the provisions of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

C. Neither party has made any representations or covenants, except as contained herein, or in some further writing signed by the party making such representation or promise. All prior communications or understandings, oral or written, between Landlord and Lessee are superseded by this Lease and this Lease contains the entire agreement between the parties hereto with respect to the subject matter of this Lease, and shall not be amended, modified or supplemented unless by agreement in writing, signed by both parties.

D. Lessee shall look solely to the Lease Area and rents derived therefrom for enforcement of any obligations hereunder or by law assumed or enforceable against Landlord, and no other Lease Area or other assets of Landlord shall be subjected to levy, execution or other enforcement procedure for the satisfaction of Lessee's remedies or with respect to this Lease, the relationship of Landlord and Lessee hereunder or Lessee's use and occupancy of the Lease Area.

E. This Lease may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same instrument.

F. Time is of the essence of every provision of this Lease.

G. A memorandum of this Lease shall be recorded.

IN WITNESS WHEREOF, the parties have hereto executed this agreement in duplicate on the day and year first above written.

LANDLORD:

CITY OF EL PASO DE ROBLES

James L. App
City Manager

APPROVED AS TO FORM:

Iris P. Yang
City Attorney

ATTEST:

City Clerk

LESSEE:

THE WINE WRANGLER

Coy Barnes
President

- DRAFT -

EXHIBIT A

MAP / DESCRIPTION OF THE LEASE AREA

[To Be Inserted.]

**AGREEMENT BETWEEN THE CITY OF EL PASO DE ROBLES AND
THE WINE WRANGLER
FOR TOURISM INFORMATION SERVICES
(Paso Robles Multi-Modal Train Station)**

THIS AGREEMENT ("Agreement"), is entered into as of _____, 2008, by and between the City of El Paso de Robles, hereafter referred to as the "CITY", and The Wine Wrangler, a California Corporation, hereafter referred to as the "PROVIDER."

WHEREAS, PROVIDER is a local Paso Robles tour company which has been conducting tours of the area and providing transportation services throughout Paso Robles and San Luis Obispo County; and

WHEREAS, concurrently with the execution of this Agreement, CITY (as Landlord) and PROVIDER (as Lessee) are entering into a separate Lease Agreement (the "Lease") whereby PROVIDER will lease from CITY certain space (the "Lease Area") located at the north side of the Paso Robles Multi-Modal (Train) Station (the "Train Station") for operation of PROVIDER's touring and transportation business; and

WHEREAS, PROVIDER is willing to establish and maintain a section of the Lease Area as a tourism information area, and provide certain services to visitors and tourists arriving in the Paso Robles area, as hereinafter set forth on behalf of the CITY in the manner and for the purpose hereinafter provided, which services will benefit the community, the surrounding areas, and the residents of CITY.

CITY and PROVIDER hereby enter into this Agreement to set forth the terms and conditions relating to certain visitor services to be provided by the PROVIDER.

1. **PROVIDER RESPONSIBILITIES.** The PROVIDER shall provide and perform services to facilitate the welcoming and hospitality of visitors to Paso Robles, in a manner designed to promote the unique character, heritage and special attributes of the community and the surrounding area, and enhance the economic vitality of the CITY. Such services shall include, but are not limited to, the following:
 - A. Following completion of the improvements to the Lease Area at the Train Station, as provided for under the Lease, PROVIDER shall, in conjunction with the operation of its touring business, establish and maintain a section of the Lease Area (the "Tourism Information Area") to provide information and other services to visitors and interested citizens, generally during the hours set forth below. The actual location of the Tourism Information Area shall be subject to approval by the CITY, which approval shall not be unreasonably withheld provided the Tourism Information Area display area shall be readily visible and accessible to the public.

- B. In consideration of the partial value of rent, the minimum number of base service hours within this agreement shall be 30 hours per week, six (6) days a week. The expected regular business hours that the Tourism Information Area shall be staffed is as follows:

Monday through Friday	9 AM to 5PM
Saturday:	12 PM to 5PM
Sunday	To be determined

It is understood that the PROVIDER's business hours may vary from time to time based on season or business responsiveness factors, but that generally, the business hours will meet or exceed the current business hours listed above.

- C. The Tourism Information Area shall be operated in a warm and welcoming setting, and maintained in a clean and professional manner.
- D. Maintain brochures, flyers, publications and other materials and visitor information regarding area events that suits the needs of visitors to the Paso Robles area and promotes the unique character, heritage and special attributes of the community, and the surrounding area, including but not limited to:
- Provide information on area tours offered by PROVIDER, including wine country tours, agricultural tours, historical and museum tours, private tours, Hearst Castle tours, as well as basic transportation services throughout Paso Robles and San Luis Obispo County.
 - Serve as an "ambassador" to Paso Robles and the surrounding region by helping customers find lodging, restaurants and activities in the area to suit their personal interests.
 - Dispense, provide and display supplies of City maps, hotel/motel directories, visitor's guides, brochures, pamphlets, flyers and other information provided by the City about the community and area events. Such materials to be displayed shall be supplied by the CITY; however, PROVIDER shall ensure that the display areas are kept stocked, and shall notify CITY when PROVIDER's stock of such materials is running low and additional materials are needed for display.
 - Visitor information and referrals provided from the Tourism Information Area shall reflect the varied tourist attractions, events, activities, hotels/motels and restaurants available throughout Paso Robles and surrounding region. No exclusive representation of single vendors shall be allowed.
- E. PROVIDER shall establish and maintain an area for the sale of simple packaged snack food and drink items for travelers and customers.

- F. Signs/graphics shall be installed and maintained in the front (west) and back (east) windows of the Lease Area which indicate that visitor information is available in the Tourism Information Area.
- G. PROVIDER shall work in partnership with the City's Tourism and Promotions staff to supply summary tourism information relative to the service requests that PROVIDER receives and services that the PROVIDER administers. The summary of tourism information will serve to demonstrate the PROVIDER's fulfillment of their obligations under this agreement, and to assist the City in trending tourism needs to leverage the common goal of promoting Paso Robles as a visitor destination. The summary of tourism information will be in a format and frequency (but not less than semi-annually) mutually agreed upon by the parties and may be amended from time to time in response to market needs, but generally could include the following types of information: a) the nature of visitor needs; b) types of referrals made; c) visitor's point of origin.
2. INSPECTION. PROVIDER acknowledges that in consideration of the partial value of rent that they are responsible for performing services which enhance the visitor experience to Paso Robles, and CITY shall have the ability to inspect the premises during normal business hours and evaluate said services within the context of this agreement.
3. COMPENSATION. In consideration of the terms of the Lease, and so long as PROVIDER is not in default under any of the provisions of this Agreement or the Lease, CITY shall not require lease payment by PROVIDER.
4. INDEMNIFICATION, HOLD HARMLESS. PROVIDER shall indemnify, defend and hold CITY, its members, officers, directors, agents and employees free and harmless from any and all claims, damages, losses and expenses including attorney fees arising out of the performance by PROVIDER of the services provided for hereunder, caused in whole or in part by any act of PROVIDER, its officers, employees or agents in carrying out the terms of this Agreement.
5. INSURANCE. PROVIDER agrees to maintain in full force and effect, at its sole cost and expense, during the term of this Agreement the following insurance:
- a. Workers' Compensation in accordance with State law, for all of its employees engaged in the work and services to be provided under this Agreement.
 - b. General Liability in an amount not less than One Million Dollars (\$1,000,000) combined single limit liability applying to bodily injury, personal injury and property damage, and products damage insurance in a sum of not less than Twenty-Five Thousand Dollars (\$25,000).

All such insurance policies shall be carried with insurance companies satisfactory to the CITY and shall name the CITY, its officers, agents, and employees as additional insured with respect to the work and services being performed under this Agreement.

PROVIDER shall cause to be furnished to the CITY certificates of insurance stating that such insurance is in full force and effect; that the premiums thereon have been paid; and that the insurance carrier will give the CITY at least thirty (30) days prior written notice of cancellation, termination or modification.

6. INDEPENDENT CONTRACTOR; NOT AGENT. Notwithstanding any other representation, oral or written, between the parties, including any and all agents or representatives thereof, the PROVIDER is at all times during the term of this Agreement acting as a free and independent contractor, and shall not be an employee or an agent of the CITY.

Except as CITY may authorize in writing, PROVIDER shall have no authority, express or implied to act on behalf of CITY in any capacity whatsoever as an agent. PROVIDER shall have no authority, express or implied, pursuant to this Agreement, to bind CITY to any obligations whatsoever.

7. CONFLICT OF INTEREST. PROVIDER shall not enter into any contract or agreement that will create a conflict of interest with its duties to CITY under this Agreement.

No member, official or employee of CITY shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is directly or indirectly interested. The PROVIDER warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

8. LICENSES, PERMITS. PROVIDER represents and warrants to CITY that it has, and shall maintain at all times during the term of this Agreement, at its sole cost and expense, all business licenses, permits, qualifications and approvals of whatsoever nature which are legally required for PROVIDER to provide the services hereunder.

9. STANDARD OF PERFORMANCE. PROVIDER shall perform all services required pursuant to this Agreement in a manner and according to the standards observed by a competent practitioner of the profession in which PROVIDER is engaged. All products and services of any nature which PROVIDER provides to CITY and to visitors to the Tourism Information Area shall conform to the standards of quality normally observed by licensed, competent organizations practicing in PROVIDER's profession.

PROVIDER shall devote such time to the performance of services as may be reasonably necessary for the satisfactory performance of PROVIDER's obligations pursuant to this Agreement. Neither party shall be considered in default of this Agreement to the extent performances are prevented or delayed by any cause, present or future, which is beyond the reasonable control of the parties.

PROVIDER agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services pursuant to this Agreement.

10. REVERSION OF FUNDS AND PROPERTY. During the term of this Agreement should the PROVIDER be dissolved, disbanded, or otherwise cease to function in a manner described in this Agreement, all funds attributable to the CITY, and equipment purchased out of funds provided by the CITY, shall revert to ownership of the CITY. For the purpose of this provision, the PROVIDER shall maintain a written record of capital equipment that has been purchased with the funds provided by the CITY, if applicable.
11. TERM. The term of this Agreement shall remain in effect as long as the Lease is in effect, and shall terminate upon the termination of the Lease.
12. ASSIGNMENT PROHIBITED. No party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligations pursuant to this Agreement shall be void and of no effect.
13. NON DISCRIMINATION. PROVIDER agrees to comply with all fair employment practice laws of the state and federal government. PROVIDER covenants and agrees for itself, its successors, its assigns and every successor in interest, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, medical condition, disability, marital status, ancestry or national origin in the provision of any services to be provided by PROVIDER hereunder, nor shall PROVIDER or any person claiming under or through PROVIDER establish or permit any such practice or practices of discrimination or segregation in the provision of any services to be provided by PROVIDER hereunder.
14. DEFAULT/TERMINATION. The failure of the parties to abide by any of the terms of this Agreement or the Lease shall constitute a default under this Agreement. If either party fails to cure any such default within ten (10) days of receiving notice from the other party of such default, then this Agreement may be terminated by giving thirty (30) days written notice of such termination. Upon the termination of this Agreement, the parties shall have no further rights against or obligations to each other.
15. NOTICES. All notices pursuant to this Agreement shall be in writing and mailed, postage prepaid, first class, or personally delivered, to the addresses set forth below, or such other address as a party may designate in writing.
16. FULL AGREEMENT AND AMENDMENT. This document represents the entire understanding between the parties and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may only be amended by a writing signed by both parties.
17. SEVERABILITY. Should any provision of this Agreement be deemed to be legally void or unenforceable, all remaining provisions shall survive and be enforceable. This Agreement shall in all respects be governed by the laws of the State of California.

18. ATTORNEYS' FEES. In the event suit is brought for the enforcement, or interpretation, of this Agreement, the prevailing party shall be entitled to reasonable attorney fees.

IN WITNESS WHEREOF, this Agreement is hereby executed as of the day and year first hereinabove written.

CITY OF EL PASO DE ROBLES
1000 Spring Street
Paso Robles, CA 93446

THE WINE WRANGLER
P.O. Box 2905
Paso Robles, CA 93447

By _____
James L. App, City Manager

By _____
Coy Barnes, President

Attest:

By: _____
Deborah Robinson
Deputy City Clerk



July 24, 2007

To: The City of Paso Robles
From: The Wine Wrangler & Paso Robles Wine Club

RE: Consideration of Lease at the Paso Robles Train Station

Please consider The Wine Wrangler, a local Paso Robles tour company as lessee of the space at the Paso Robles Train Station.

Company History:

The Wine Wrangler has been conducting tours of the area encompassing, wine country tours, agricultural tours, historical and museum tours, private tours, Hearst Castle tours, as well as basic transportation services throughout Paso Robles and San Luis Obispo County. We have been in business since August 3, 2003.

Our company also acts as a concierge to Paso Robles and San Luis Obispo County by helping our customers find, lodging, restaurants, and activities in the area to suit their personal interests.

We currently have contracts with Costco, Costco.com and Key Holidays selling our tours to people nationally as well as internationally. We currently have agreements where we pick-up and drop-off people on the Amtrak at the Paso Robles Train Station. These customers are coming to the area to do Wine Country Tours as well as Hearst Castle tours. Over the years that we have been in business, we have created relationships with most of the hotels in the area and are happy to direct people to any of the local lodging establishments.

We also own the Paso Robles Wine Club which ships wine to consumers three times per year from 150+ wineries in Paso Robles.

Hours of Operation:

Our current hours of operation are 10-6pm Monday thru Friday and 1 – 6pm on Saturday. Although in mid-August our hours of operation will change to 8:30-6pm Monday thru Friday and 1-6 Saturday. We are considering opening for some hours on Sunday.

TheWineWrangler.com

Specializing in the highest quality wine tasting experiences from our tasting tours
to our exclusive Paso Robles Wine Country Wine Club.

805-238-5700

Toll Free 1-866-238-6400

fax: 238-9003

Future Plans:

We have the following plans in progress for consideration and negotiation for The Wine Wrangler and The Paso Robles Wine Club.

Currently, we feel that we are ambassadors of Paso Robles with the service we provide to our customers from out of town. Currently 90% of the business our tours bring in are from tourists from out of the area. We would be happy to keep a section for brochures, newspapers, flyers, and information regarding events about our area (such as the Paso Robles Chamber has in the past).

Also, we would like you to consider allowing our Paso Robles Wine Club to (with proper bonding and licensing) serve as a tasting room and sell wine from this location. We would also have other miscellaneous, tasting room & Paso Robles area merchandise for sale.

People would be able to walk off the train, be able to shop and get a feel of what Paso Robles and Paso Robles Wine Country have to offer. We would also be able to provide material about the area for people while they wait for the trains (which are often late).

Currently our company has the following parking requirements:

- Space for 5 company vehicles
- Space for 2 employee vehicles

Again, please do consider us for the train station location. We would be happy to work with the City to create a mutually beneficial arrangement.

Sincerely,



Coy Barnes, President
Sarah Barnes, Vice President
The Wine Wrangler
805-238-5700

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to our exclusive Paso Robles Wine Country Wine Club.

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