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Mission Inn Foundation, a nonprofit corporation

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

The Mission Inn Foundation, a public benefit nonprofit organization,

Plaintiff,

v.

The Historic Mission Inn Corporation, a California corporation, and DOES 1 thru 10, inclusive,

Defendants.

Case No. **CVRI 2305781**

UNLIMITED JURISDICTION

VERIFIED COMPLAINT FOR

1) BREACH OF CONTRACT

2) BREACH OF CONTRACT – THIRD PARTY BENEFICIARY

3) DECLARATORY RELIEF

Plaintiff Mission Inn Foundation (the “Foundation”) respectfully submits the following Verified Complaint against the Historic Mission Inn Corporation and DOES 1 thru 10, inclusive:

INTRODUCTION

1. This case is about the Historic Mission Inn Corporation’s (the “Corporation”) failure to do what is required under the contracts and commitments it made when it acquired the Mission Inn. According to a Disposition and Development Agreement (the “DDA”) between the Corporation and the City of Riverside’s Redevelopment Agency and a resolution adopted by the Riverside City Council, both dated in the early 1990’s, the Corporation was to receive, and the Foundation believes the Corporation in fact received, millions in taxpayer dollars through the City

1 four wings in a labyrinth of gardens, towers, arches, and winding stairways that encompassed an
2 entire city block. The interior was filled with art and artifacts from across the nation and the world,
3 displayed throughout the hotel.

4 5. Following Miller's death in 1935, the Mission Inn's ownership changed hands but
5 saw declining prosperity. By 1969, a group of concerned citizens, fearing the Mission Inn would
6 be closed, formed the Friends of the Mission Inn, a volunteer organization dedicated to promoting
7 hotel business and safeguarding its historic collections. However, the Mission Inn's financial
8 difficulties persisted. In 1976, the City of Riverside's Redevelopment Agency purchased the
9 Mission Inn. This led to the creation of the nonprofit Foundation, Plaintiff in this lawsuit. In 1977,
10 the Mission Inn was designated a National Historic Landmark by the federal government.

11 6. In 1984, the Foundation began developing the Museum under the ownership of the
12 Mission Inn's then-current owners, the Carley Capital Group. The Foundation's work included
13 collections care, historical research, and development of the docent program. The Museum Store
14 opened in 1993, following the Corporation's purchase of the Mission Inn. The Foundation and the
15 Museum currently offers a range of community services including the award-winning Hands On
16 History Outreach Program, the annual Mission Inn Run, participation in First Sundays, Youth
17 Ambassadors, monthly educational programs, and continued stewardship of the hotel's expansive
18 art, artifact, and archival collections.¹

19 7. Despite clear contract language to the contrary, Defendants herein have denied the
20 right of the Foundation to exercise its ten-year lease extension under the lease option and seek to
21 oust the Foundation from its on-site location. The future of the Foundation and its ability to provide
22 important historical and educational community service is directly at stake in this litigation.

23 **PARTIES**

24 8. Plaintiff, Mission Inn Foundation, is a public benefit, 501(c)(3) tax exempt,
25 nonprofit organization registered in California, No. 0776837, with its principal place of business in
26 Riverside, California.

27
28 ¹ Further information regarding the Mission Inn Foundation's significant history and community
involvement can be found here: <https://missioninnmuseum.org>

1 15. The DDA allowed the Corporation to purchase and develop the Mission Inn, with
2 the Foundation's role in providing public services related to the Mission Inn as a critical piece of
3 the deal. The DDA provided that the City of Riverside would guaranty various loans to the
4 Corporation. The City, via the Agency, would also pay the Corporation a total of \$5,497,370, part
5 of which went to pay off prior debts held by Duane Roberts, the Corporation's owner, to fund the
6 Corporation's refurbishment of the Mission Inn, and, importantly, to fund the *Foundation's* move
7 to the Museum and to pay \$1,255,877 for a 50-year lease to allow the Foundation to operate the
8 Museum.

9 16. Section 206 of the DDA specifically contemplated a leasing arrangement to be made
10 for the benefit of the Foundation:

11 The Agency consents to the relocation of the museum from its
12 proposed location in the Galeria to a space of equivalent size . . . in
13 the first floor retail area. An additional 3,500 sq. ft. of office space
14 will be made available to the Mission Inn Foundation at a location
15 mutually acceptable to the Foundation and Developer.

16

17 Developer will lease the above space to the Agency or its designee
18 pursuant to terms of a lease in which the Agency shall prepay into
19 the Capital Account the sum of \$1,255,873 . . . for a thirty (30) year
20 term, with two ten year options to extend for the nominal rent of
21 \$1.00. Said lease shall be in a form negotiated between Developer
22 and Agency in good faith and consistent with the terms set forth
23 herein and in Attachment 7 attached hereto and incorporated herein
24 by this reference. Upon execution of the Museum Lease, a
25 memorandum of such lease shall be recorded against the Site.

26 17. Attachment 7 to the DDA (the "DDA Attachment") set forth the understanding of
27 the leasing arrangement to be made between the parties. It was signed by the Agency and the
28 Foundation. A true and correct copy of the DDA Attachment is attached as **Exhibit B** and
incorporated by reference.

1 18. The DDA Attachment specifically contemplated that the Corporation, referenced as
2 the "Developer," and the Agency, would enter into a lease for the portion of the Mission Inn known
3 as the Museum, along with ancillary office space. The Agency would then sublet these premises to
4 the Foundation.

5 ///

1 19. The DDA Attachment acknowledged “the historic, aesthetic, and cultural
2 significance of the Mission Inn; that the public interest in the Mission Inn will continue after the
3 sale of the property to the Developer; the presence of the Museum under the direction of the
4 Foundation and the responsibilities of the Foundation to interpret the history of the Mission Inn, its
5 artifacts, works of art, and cultural associations.”

6 20. The DDA Attachment also contemplated the Foundation’s exclusive use of the
7 Museum and the ancillary office space. At no point in the DDA Attachment’s terms is the Agency
8 ever contemplated as occupying, maintaining, or otherwise benefiting from the Museum and office
9 space. In fact, the DDA Attachment contemplates that only the Foundation would (a) operate a tour
10 program at the Museum subject to the approval of the Corporation and the Foundation, *not the*
11 *Agency*, (b) provide property and liability insurance to the Corporation, *not the Agency*, (c) be
12 responsible for maintenance and repair of the premises, *not the Agency*, (d) be responsible for
13 paying taxes associated with its operations, *not the Agency*, and be responsible for utilities not
14 otherwise covered by the Corporation, *not the Agency*.

15 21. In summary, the DDA and the DDA Attachment specifically contemplated that *only*
16 *the Foundation* would enjoy the use and benefit of the Museum and associated premises, not the
17 Agency. In other words, the Agency was *not* contemplated as the actual beneficiary of the Lease.
18 Rather, pursuant to the understanding memorialized in the DDA Attachment, the Lease would be
19 made for the Foundation’s benefit in that the Foundation, not the Agency, would enjoy the use of
20 the Museum and associated premises and incur all of the obligations to the Corporation.

21 22. The City of Riverside’s City Council adopted the DDA on December 15, 1992. A
22 true and correct copy of a City Resolution approving the DDA is attached as **Exhibit C** and
23 incorporated by reference.

THE LEASE AND THE SUBLEASE

24
25 23. On information and belief, the Corporation, the Redevelopment Agency for the City
26 of Riverside (the “Agency”), and the Foundation desired to formalize the 50-year leasing agreement
27 in or before 2000. This arrangement involved a lease between the Corporation and the Agency,
28 which specifically included the Foundation in its definition of “Tenant” and afforded both the

1 Agency and the Foundation an option to renew the lease, and a sublease, directly contemplated by
2 the Lease, between the Agency and the Foundation.

3 24. On December 22, 2000, the Corporation, as landlord, entered into a lease with the
4 Agency (the "Lease"). A true and correct copy of the fully executed Lease is attached as **Exhibit D**
5 and incorporated by reference.

6 25. Section 1.2 of the Lease expressly defines "Tenant" to include the Foundation:

7 The Redevelopment Agency of the City of Riverside, who by
8 separate agreement, will sublet the entire Premises to The Mission
9 Inn Foundation, a non-profit corporation ("Subtenant") operating
10 under the trade names: The Mission Inn Museum ("Museum") and
11 The Mission Inn Foundation ("Foundation"). **References to**
12 **"Tenant" in this Lease shall include references to "Subtenant"**
13 **as defined herein.**

14 (Exhibit D (Emphasis added).)

15 26. Section 1.5 provides that the Foundation would use and occupy the Rotunda Wing
16 and Mission Wing areas of the Mission Inn (the "Premises") for purposes of operating the Museum
17 and the Foundation for an initial period of 22 years, with the initial term of Lease expiring on
18 December 22, 2022, consistent with the initial term specified by the DDA.

19 27. Such use of the Premises was, by the Lease's express terms, for "**use by the**
20 **Foundation only.**" (Ex. D, Section 1.8 (Emphasis added).) Thus, the Lease expressly provides for
21 the use and benefit of the Premises by the Foundation, *not* the Agency.

22 28. Section 3.2 of the Lease also directly gives the Foundation an option to extend the
23 Lease's term for two additional ten-year periods:

24 Provided that Tenant shall have fulfilled completely and timely the
25 terms and conditions of this Lease, and provided Tenant has not
26 assigned or sublet the Premises in whole or in part, other than as
27 provided in Article XIV hereof, Tenant shall have the right to extend
28 the term of this Lease with respect to the Foundation Main Space and
the Museum Main Space only, for two (2) additional ten (10) year
period(s) (each, an "extension term") under the same terms and
conditions as the original Lease (except for Minimum Rent as
provided below). **It is understood that this option is unique to**
Tenant and Subtenant. Upon any assignment or subletting, other
than as specifically provided in Article XIV hereof, with or without
Landlord's consent, this option shall be rendered null and void. The
Minimum Rent payable pursuant to Section 4.1 of this Lease for each
extension term with respect to the Foundation Main Space and the
Museum Main Space only, shall be the sum of One Dollar (\$1.00).

1 In order to exercise such option to extend the Term of this Lease,
2 Tenant shall give to Landlord written notice of its election to do so
3 no fewer than one hundred eighty (180) days and no more than three
4 hundred sixty (360) days prior to expiration of the original Term or
5 extension term, as applicable, and if Tenant shall fail to give such
6 notice within said time limit, all rights and privileges as granted to
7 Tenant to extend the term of this Lease shall thereupon be null and
8 void.

(Ex. D., Section 3.2 (Emphasis added).)

9
10 29. Section 14.1 of the Lease also directly authorized the execution of a sublease and an
11 *assignment* of the Agency's rights to the Foundation:
12

13 Notwithstanding anything to the contrary contained in this Article
14 XIV or elsewhere in this Lease, Landlord and Tenant acknowledge
15 and agree that Tenant may and has, or within thirty (30) days after
16 execution of this Lease **will, assign all of Tenant's rights, title and
17 interest in and to this Lease or sublet the entire Premises (as
18 opposed to only a portion of the Premises) to Subtenant for the
19 sole purpose of operating The Mission Inn Foundation
20 offices/Museum;** provided, Tenant shall not be released from its
21 liabilities under this Lease unless Landlord shall specifically consent
22 to such a release.

(Ex. D, Section 14.1 (Emphasis added).)

23 30. Section 18.2 of the Lease also provides that the Agency and the Foundation are
24 *severally* bound by the Lease:
25

26 All rights and liabilities herein given to, or imposed upon, the
27 respective parties hereto shall extend to and bind the several
28 respective heirs, executors, administrators, successors, and assigns of
said parties; **and if there shall be more than one party comprising
Tenant, they shall all be bound jointly and severally by the terms,
covenants and agreements herein.**

(Exhibit D (Emphasis added).)

31. Thereafter, as contemplated by the Lease, the Agency and the Foundation entered a
sublease for the Premises dated January 29, 2002 (the "Sublease"). A true and correct copy of the
Sublease is attached as **Exhibit E** and incorporated by reference.

32. Section 7 of the Sublease provides that "[a]ll applicable terms and conditions of the
Master Lease are incorporated into and made part of this Sublease as if Sublandlord were the
landlord and Subtenant the lessee for the Premises."

1 true and correct copy of the letter with the check is attached as **Exhibit F** and incorporated by
2 reference.

3 39. The letter served “to formally notify [the Corporation] that the Mission Inn
4 Foundation, as Sub-Tenant, is exercising the option to renew our lease at 3696 Main Street
5 Riverside, CA for a further term of ten years as contained in Article 3.2 of the Hotel Space Master
6 Lease and Section 7 of the Hotel Space Sublease Agreement.” (Exhibit F.)

7 40. The mailing of the Renewal Letter with the enclosed check met the requirements for
8 a valid exercise of the renewal option pursuant to Section 3.2 of the Lease.

9 41. The Foundation’s exercise of the renewal option on May 26, 2022, was also timely
10 under the Lease’s terms, as it fell more than one hundred eighty (180) days and fewer than three
11 hundred sixty (360) days from the prior to the expiration of the Lease’s term.

12 42. On July 11, 2022, a letter from the Corporation acknowledged receipt of the
13 Renewal Letter with the enclosed check for \$1.00. However, the Corporation rejected the
14 Foundation’s exercise of the option. A true and correct copy of this letter is attached as **Exhibit G**
15 and incorporated by reference.

16 43. The Corporation stated:

17 It “is not in a position to accept the attempted exercise by the
18 Foundation of the option (“Option”) contained within the lease
19 between the HMIC and the Redevelopment Agency for the City of
20 Riverside (“Agency”). As you know, the Option is held by the City
21 of Riverside (“City”) as the successor to the Agency, which is the
22 sole tenant (“Tenant”) under the Hotel Space Lease As the
23 Sublessee of the Premises, the rights of the Foundation under the
24 Sublease are entirely derivative of the rights of the City, as successor
25 to the Agency, under the Lease. The Foundation has no greater right
26 to remain in possession of the Premises than does the Tenant under
27 the Lease, the City. As previously indicated, the City, as Tenant, is
28 prohibited by law from extending the term of the Lease, and the
Foundation, as Subtenant, has no contractual or lawful basis to
attempt to independently exercise the Option, as the Foundation’s
rights under the Sublease are derived solely and exclusively from the
rights of the City under the Lease. Accordingly, your attempt to
exercise the Option to extend the term of the Lease cannot be
accepted, and is hereby rejected, as the Foundation is not a party to
the Lease and, therefore, has no right to exercise the Option.”

(Exhibit G.)

44. On December 2, 2022, the Foundation sent a letter to the Corporation expressing the

1 Foundation's expectation that "the 10-year renewal term [would] commence December 23, 2022.
2 While [the Foundation] properly exercised the option to extend the current lease for another 10-year
3 term, we are certainly aware of your client's position as stated in your letter dated July 11, 2022."

4 A true and correct copy of this letter is attached as **Exhibit H** and incorporated by reference.

5 45. On December 22, 2022, the last day of the Lease, the Corporation responded in a
6 letter reaffirming the Corporation's position that the Foundation had no authority to exercise the
7 option to renew the Lease. A true and correct copy of this letter is attached as **Exhibit I** and
8 incorporated by reference.

9 46. Between December 23, 2022, and the present, in reliance on its exercise of the
10 renewal option, the Foundation continues to occupy the Premises and providing important historical
11 and educational public services.

12 47. On September 29, 2023, the Corporation delivered a Thirty-Day Notice to Vacate
13 to the Foundation. A true and correct copy of the Notice to Vacate is attached as **Exhibit J** and
14 incorporated by reference.

15 48. On October 12, 2023, the City then delivered a Thirty-Day Notice to Vacate to the
16 Foundation. A true and correct copy of the Notice to Vacate is attached as **Exhibit K** and
17 incorporated by reference.

18 **FIRST CAUSE OF ACTION**

19 **Breach of Contract**

20 **Historic Mission Inn Corporation, The City of Riverside, and DOES 1-10, inclusive**

21 49. The Foundation incorporates by reference Paragraphs 1-39 of the Complaint as
22 though fully set forth herein.

23 50. The Lease is a valid contract.

24 51. The Tenants under the Lease include both the Agency, now the City as its successor,
25 *and* the Foundation. The Agency/City and the Foundation are jointly and *severally* bound by the
26 Lease.

27 52. The Sublease is a valid contract.

28 53. The Sublease incorporates the terms of the Lease. Section 7 of the Sublease also

1 expressly affords, and assigns to, the Foundation all rights given to the Agency under the Lease by,
2 *inter alia*, treating the Foundation as the lessee under the Lease. This was expressly permitted under
3 the Lease as well.

4 54. The Corporation consented to the terms of the Sublease through the Lease and/or by
5 its performance of the Lease obligations through the years.

6 55. The Foundation performed all obligations under the Lease. The Agency/City also
7 performed all obligations under the Lease. No Tenant, either the Agency/City or the Foundation,
8 defaulted under the Lease. Nor did the Foundation default or breach the Sublease.

9 56. The Foundation performed all steps necessary to exercise the renewal option under
10 the Lease. The Foundation mailed to the Corporation's address written notice of the Foundation's
11 exercise of the renewal option with a check for \$1.00 for "Lease Renewal." The Foundation did
12 this within the timeframe specified in the Lease for the valid exercise of the renewal option.

13 57. For all the reasons, as set forth in this Complaint, the Foundation had the right to
14 exercise the renewal option.

15 58. Because the Foundation had the right to exercise the renewal option, the Corporation
16 is/was required to extend the Lease's term. Instead, the Corporation expressly rejected the
17 Foundation's exercise of the renewal option three times: (1) in its July 11, 2022, letter, (2) in its
18 December 22, 2022, letter, and (3) by sending the September 29, 2023, Thirty-Day Notice to
19 Vacate. Accordingly, the Corporation breached the Lease by rejecting and refusing to honor the
20 Foundation's exercise of the renewal option. The Corporation is not permitted to issue a Notice to
21 Vacate because the Foundation is a lawful tenant.

22 59. Therefore, the Foundation respectfully requests that the Court (1) find that the
23 Foundation duly exercised its renewal option, and (2) specifically enforce the exercised renewal
24 option by finding that (a) the Foundation is entitled to lease the Premises for an additional ten years
25 until December 22, 2032 and (b) the Foundation is entitled to an additional ten-year extension until
26 December 22, 2042 *if* the Foundation again duly exercises its second renewal option.

27 60. Finally, the Foundation requests an award of attorney's fees and costs pursuant to
28 Section 23.12 of the Lease.

1 **SECOND CAUSE OF ACTION**

2 **Breach of Contract – Third Party Beneficiary**

3 **Historic Mission Inn Corporation and DOES 1 thru 10, inclusive**

4 61. The Foundation incorporates Paragraphs 1-39 and 41-52 of the Complaint as though
5 fully set forth herein.

6 62. Though the Foundation contends that it is a first party to the Lease, as an alternative
7 theory, the Foundation further alleges that it is a third-party beneficiary of the Lease entitled to
8 enforce the renewal option.

9 63. The DDA, including the DDA Attachment, is a valid contract.

10 64. As previously stated, the Corporation and the Agency entered into the Lease.

11 65. The Lease is a valid contract.

12 66. By the terms of the Lease, the Corporation agreed to lease the Premises to the
13 Agency and for the Agency to sublease the Premises to the Foundation. The Corporation also
14 agreed, *inter alia*, to expressly name the Foundation as “Tenant” under the Lease. The Corporation
15 agreed to give the Foundation an option to renew the Lease for two additional ten-year terms.
16 Pursuant to the DDA Attachment and the Lease, the Corporation and the Agency also agreed that
17 the Foundation would solely benefit from the Lease insofar as the Foundation *only* would occupy,
18 use, and enjoy the Premises. In fact, the Agency, under the terms of the Lease and the Sublease,
19 reaped no benefit: the Foundation was not required to pay the Agency any money or otherwise
20 benefit the Agency at all. Therefore, the clear intent behind the Lease was to expressly benefit the
21 Foundation. The Foundation can thereby enforce the terms of the Lease, including the option to
22 renew.

23 67. Furthermore, by the terms of the DDA and the DDA Attachment, the lease between
24 the Corporation and the Agency was intended to expressly benefit the Foundation by exclusively
25 providing the Foundation the right to operate the Museum and carry on its other programs at the
26 Mission Inn.

27 68. The Foundation performed all obligations under the Lease. The Agency/City also
28 performed all obligations under the Lease. No Tenant, either the Agency/City or the Foundation,

1 defaulted under the Lease. Nor did the Foundation default or breach the Sublease.

2 69. The Foundation performed all steps necessary to exercise the renewal option under
3 the Lease. The Foundation mailed to the Corporation's address written notice of the Foundation's
4 exercise of the renewal option with a check for \$1.00 for "Lease Renewal." The Foundation did
5 this within the timeframe specified in the Lease for the valid exercise of the renewal option.

6 70. Because the Foundation had the right to exercise the renewal option, the Corporation
7 is/was required to extend the Lease's term. Instead, the Corporation expressly rejected the
8 Foundation's exercise of the renewal option three times: (1) in its July 11, 2022, letter, (2) in its
9 December 22, 2022, letter, and (3) by sending the September 29, 2023, Thirty-Day Notice to
10 Vacate. Accordingly, the Corporation breached the Lease by rejecting and refusing to honor the
11 Foundation's exercise of the renewal option. The Corporation is not permitted to issue a Notice to
12 Vacate because the Foundation is a lawful tenant.

13 71. Therefore, the Foundation respectfully requests that the Court (1) find that the
14 Foundation duly exercised its renewal option, and (2) specifically enforce the exercised renewal
15 option by finding that (a) the Foundation is entitled to lease the Premises for an additional ten years
16 until December 22, 2032 and (b) the Foundation is entitled to an additional ten-year extension until
17 December 22, 2042 *if* the Foundation again duly exercises its second renewal option.

18 72. Finally, the Foundation requests an award of attorney's fees and costs pursuant to
19 Section 23.12 of the Lease.

20 **THIRD CAUSE OF ACTION**

21 **Declaratory Relief**

22 **Historic Mission Inn Corporation and DOES 1 thru 10, inclusive**

23 73. The Foundation incorporates Paragraphs 1-39, 41-52, and 53-61 of the Complaint
24 as though fully set forth herein.

25 74. Despite the Foundation's valid exercise of its renewal option as described above,
26 the Corporation has, and continues, to dispute that the Foundation had any right to exercise the
27 renewal option despite the clear language of the Lease. As a result, an actual controversy has arisen
28 between the Foundation and the Corporation as to the Foundation's rights to exercise the renewal

1 option and remain in the Premises for additional ten-year terms.

2 75. The Foundation seeks a judicial determination of its rights under the Lease and the
3 Sublease.

4 76. Specifically, the Foundation requests a finding by this Court that the Foundation (1)
5 has the right to exercise the two ten-year renewal options contained in Section 3.2 of the Lease and
6 (2) in fact duly exercised its renewal option as provided in the Lease and the Sublease.

7 77. Finally, the Foundation requests an award of attorney's fees and costs pursuant to
8 Section 23.12 of the Lease.

9 **PRAYER**

10 **WHEREFORE**, the Foundation prays for the Court's judgment awarding:

11 As to the First Cause of Action for Breach of Contract:

12 1. A decree specifically enforcing the Foundation's duly exercised renewal option for
13 an additional period of ten years beginning December 23, 2022 along with confirmation of
14 its right to exercise the additional ten year option, or, alternatively, for damages in an
15 amount from the breach to be proven, according to proof, at the time of trial, but believed
16 to be in excess of the unlimited jurisdictional limits of \$25,000.00.

17 2. Attorney's fees and costs as permitted by contract or statute.

18 3. Other relief the Court deems just and proper.

19 As to the Second Cause of Action for Breach of Contract – Third Party Beneficiary:

20 1. A decree specifically enforcing the Foundation's duly exercised renewal option for
21 an additional period of ten years beginning December 23, 2022 along with confirmation of
22 its right to exercise the additional ten year option, or, alternatively, for damages in an
23 amount from the breach to be proven, according to proof, at the time of trial, but believed
24 to be in excess of the unlimited jurisdictional limits of \$25,000.00.

25 2. Attorney's fees and costs as permitted by contract or statute.

26 3. Other relief the Court deems just and proper.

27 As to the Third Cause of Action for Declaratory Relief:

28 1. A judicial decree that the Foundation (1) is entitled to exercise the renewal options,

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each for a ten-year term, as provided in the Lease and (2) in fact duly exercised the first renewal option as provided in the Lease.

- 2. Attorney's fees and costs as permitted by contract or statute.
- 3. Other relief the Court deems just and proper.

Dated: October 27, 2023

FENNEMORE DOWLING AARON

By: 

Kevin K. Randolph
Daniel C. Stein
Matthew C. Maler
Attorneys for Plaintiff
Mission Inn Foundation, a nonprofit corporation

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VERIFICATION

I am the Executive Director of Plaintiff Mission Inn Foundation and am authorized to act upon its behalf. I declare that I have read the foregoing Verified Complaint and know its contents. I declare that the same is true of my own knowledge, except as to those matters which are stated upon information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed on October 26, 2023 at Riverside, California.



EXHIBIT A

**RIVERSIDE MALL AND WHITE PARK REDEVELOPMENT PROJECT
RIVERSIDE, CALIFORNIA**

DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between

**REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE,
Agency,**

and

**HISTORIC MISSION INN CORPORATION
Developer**

ATTACHMENTS

**ATTACHMENT NO. 1
CONTRACT OF SALE AND JOINT ESCROW INSTRUCTIONS**

**ATTACHMENT NO. 2
LEGAL DESCRIPTION OF THE SITE**

**ATTACHMENT NO. 3
PROMISSORY NOTES AND DEEDS OF TRUST**

**ATTACHMENT NO. 4
COPIES OF HUD/UDAG AGREEMENTS**

**ATTACHMENT NO. 5
FORM OF CONTRIBUTION AGREEMENT**

**ATTACHMENT NO. 6
FORM OF AGREEMENT REGARDING GUARANTEE, ASSUMPTION,
PARTICIPATION AND FORGIVENESS OF DEBT**

**ATTACHMENT NO. 7
TERMS OF MUSEUM LEASE**

**ATTACHMENT NO. 8
TERMS OF PARKING GARAGE MANAGEMENT AGREEMENT**

**ATTACHMENT NO. 9
LEGAL DESCRIPTION OF ANNEX**

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DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("Agreement") is entered into by and between THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE, CALIFORNIA ("Agency") and HISTORIC MISSION INN CORPORATION ("Developer"). The Agency and Developer agree as follows:

I. § 100 SUBJECT OF AGREEMENT

A. § 101 Purpose of Agreement

The purpose of this Agreement is to effectuate the Redevelopment Plan for the Riverside Mall and White Park Redevelopment Project by providing assistance for the purchase and the completion of the restoration of that certain property known as the Mission Inn (hereinafter the "Site") located within the Project Area.

The disposition, use, restoration and improvement of the Site by Developer pursuant to this Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of the Agency and City of Riverside (the "City") and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements. It is recognized by Agency and Developer that significant restoration of the Site has been performed by the current owner and that it is the intention of this Agreement to complete the restoration of the Site and open the hotel facility at the earliest opportunity.

Pursuant to this Agreement, Developer shall improve and restore on the Site, or cause to be improved and restored on the Site, the facility known as the Mission Inn, in accordance with the requirements of this Agreement (hereinafter the "Project"). The Project constitutes an approximate 2.5 acre tract of land together with certain improvements located thereon, including a 240 room hotel located at 3649 Seventh Street, Riverside, California. Developer desires to purchase said Project from the current owner, Henzin Holding Corp. ("Seller"), pursuant to that certain Contract of Sale and Joint Escrow Instructions dated December 22, 1992, a copy of which is attached hereto as Attachment No. 1.

It is understood and agreed between the parties that the City will enjoy substantial benefits from this Agreement in the elimination of blight, expansion of the property tax base and employment of its residents and that Developer is committing under this Agreement to expend substantial sums of money, spend substantial amounts of time and undertake substantial risks.

The Agency and Developer hereby agree that the City shall be conclusively deemed a third party beneficiary for valuable consideration of this Agreement, and shall have the benefit of, and shall have full right, power and standing to enforce this Agreement in accordance with its terms, as completely as though the City were a party to this Agreement.

B. § 102 The Redevelopment Plan

This Agreement is subject to the provisions of the Redevelopment Plan which was approved and adopted on November 16, 1971, by the City Council of the City by Ordinance No. 3872, and amended by Ordinance No. 3980, Ordinance No. 4108, Ordinance No. 4246 and Ordinance No. 5238, recorded in Official Records of Riverside County, California. The Redevelopment Plan is incorporated herein by reference and made a part hereof as though fully set forth herein.

C. § 103 The Project Area

The Riverside Mall and White Park Redevelopment Project Area ("Project Area") is located in the City and the exact boundaries of the Project Area are specifically described in the Redevelopment Plan.

D. § 104 The Site

The Site is that portion of the Project Area generally known as the Mission Inn, located at 3649 Seventh Street, Riverside, California, as more specifically described as that real property more particularly described on Attachment 2 attached hereto and incorporated herein by this reference, and all buildings, structures, and other improvements located on such real property.

E. § 105 Parties to the Agreement

1. § 106 The Agency

The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California.

The principal office of the Agency is located at 3900 Main Street, Riverside, California 92522.

"Agency" as used in this Agreement includes the Redevelopment Agency of the City of Riverside and any assignee of, or successor to its rights, powers and responsibilities.

2. § 107 The Developer

The Developer is Historic Mission Inn Corporation, a California Corporation. The principal office of Developer is 3400 Central Avenue, Suite 325, Riverside, California, 92506. Whenever the term Developer is used herein, such term shall include any permitted nominee, assignee or successor-in-interest as herein provided.

F. § 108 Change in Ownership, Management and Control of Developer

The qualifications and identity of Developer is of particular concern to the City and the Agency. It is because of those qualifications and identity that the Agency has entered into this Agreement with Developer. Except as expressly set forth in this Agreement, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement, including, without limitation, Sections 312 through 316, inclusive. Prior to the recording of a Certificate of Compliance for the Site (as provided in Section 317 of this Agreement), Developer shall not assign all or any part of this Agreement without the prior written approval of the Agency except as provided in Section 310 of this Agreement.

If, prior to the recording of a Certificate of Compliance for the Site (as provided in Section 317 of this Agreement), there is a material adverse change in the ownership or control of Developer as set forth in Section 310 which will result in a failure by Developer to complete the disposition, restoration and improvement of the Site as required by this Agreement, the Agency may take such action as the Agency may deem appropriate to assure the Agency that such restoration and improvement will be completed.

Subject to the Use Requirements set forth in Section 401, 403, and 404 hereof, the restrictions of this Agreement shall terminate upon the issuance by the Agency of a Certificate of Compliance for the entire Site as hereinafter provided.

G. § 109 Good Faith Deposit

The Developer shall deliver to the Agency upon Developer's execution of this Agreement a ONE HUNDRED THOUSAND DOLLAR (\$100,000.00) good faith deposit (the "Deposit") as security for the performance of the obligations of the Developer to be performed hereunder in the form of an unconditional and irrevocable letter of credit in a form acceptable to the Agency (the "Letter of Credit"). The Agency shall immediately return, within five (5) working days, the Deposit to Developer if the escrow does not close by December 31, 1992, regardless of cause, and this Agreement shall terminate.

If the Letter of Credit is scheduled to expire prior to the date the Certificate of Compliance is recorded, and if Developer does not, on or before that date which is thirty (30) calendar days prior to the expiration of the Letter of Credit, either (i) renew the Letter of Credit, or (ii) provide Agency with a replacement Letter of Credit of equal amount from a bank reasonably approved by Agency, then Agency may draw down on the full amount of the Letter of Credit, regardless of the absence of any default or breach by Developer under this Agreement, and the proceeds shall thereafter be held by Agency as a cash Deposit, to be held by Agency pursuant to this Section 109. In such event, Agency shall keep the cash Deposit separate from its general funds, and invest the funds in an interest bearing account within ninety (90) days of the Agency's receipt of the funds, and Developer shall be entitled to all interest earned on the Deposit.

Provided no default has occurred by the parties herein, the Deposit shall be retained by the Agency until the issuance of a Certificate of Compliance by the Agency at which time the Deposit shall be immediately returned to Developer by the Agency.

II. § 200 DISPOSITION OF THE SITE

In accordance with and subject to the Sources and Uses Schedule to be prepared pursuant to Section 212 of this Agreement, the Developer agrees to purchase the Site and agrees to utilize the sum of \$2,300,000 as set forth in Section 212.

Subject to the conditions, provisions and terms of this Agreement, the Agency agrees to assist Developer in the purchase and receipt of title to the Site from Seller, in accordance with the form of Contract of Sale, Attachment No. 1.

A. § 201 Agency Assistance to the Project

1. § 202 Agency Public Loans

The Developer shall repay those certain public loans totalling \$2,748,503.00, in accordance with and subject to the Promissory Notes and Deeds of Trust attached hereto and incorporated herein as Attachment No. 3 (the "City Notes"). The liens for these debts will be subordinate only to the first deed of trust in an amount not to exceed \$12,263,000.00. The Developer shall have the right to prepay these loans in accordance with the terms and provisions of the City Notes.

2. § 203 UDAG

The Mission Inn was the subject of an Urban Development Action Grant, grant no. B-85-AA-06-0609 (the "UDAG Grant") by the United States Department of Housing and Urban Development ("HUD") to the City of Riverside. Agency represents and warrants that:

i) The Federal Assistance Application made by the Agency to HUD dated July 15, 1983, the Amendment/Revised UDAG Grant Agreement dated on or about January 29, 1986, and the UDAG Amendment No. 2 dated on or about March 8, 1990 attached hereto as Attachment No. 4 (collectively, the "UDAG Agreement") constitute all of the agreements which could affect the Site or Developer between the Agency and HUD concerning the UDAG Grant.

ii) Except for Federal Labor Standards Monitoring Report as evidenced by a letter dated December 4, 1992 from Barbara H. Sheldon of the Agency to Joseph Yousem, the Agency is not in default under the UDAG Agreement.

iii) The sale of the Site to Developer pursuant to the Contract of Sale does not constitute a default by Agency under the UDAG Agreement.

iv) HUD has disbursed to the Agency the full \$2,198,802.00 UDAG Grant.

v) The Agency has disbursed to Carley Mission Partners, a California limited partnership ("Carley") and/or to Seller the full amount of the UDAG Grant provided by the UDAG Agreement in the amount of \$2,198,802, and the full amount of the Matching Funds loan of \$549,701 required by the UDAG Agreement.

Agency shall use its best efforts to promptly obtain an executed Grant Closeout Agreement after the Close of Escrow.

Agency shall indemnify, protect, defend, and hold Developer harmless from and against any and all liabilities, claims, actions, administrative proceedings (including informal proceedings), sums paid in settlement of claims, interest, costs, and expenses, including, without limitation, attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), consultant fees, and expert fees of any kind or nature arising out of or relating to (i) any claim made by or action brought by HUD on account of breaches of the UDAG Agreement or the UDAG Grant which result from actions or inactions arising after the Close of Escrow, and (ii) any breach by Agency of its representations and warranties under this Section 203.

It is understood and agreed that Developer does not assume any of the obligations or liabilities of Seller, Carley, or Carley Capital Group with respect to the original UDAG Agreement or any other UDAG agreements between the Agency and Carley or the Agency and Henzin, or any other obligations under the UDAG Agreement.

3. § 204 Agency Funds

The Agency shall pay or credit to Developer the amount of \$2,051,497 at the Close of Escrow, which constitutes funds

from the repayment of that certain Seismic Public Loan from the seller. The funds are not to be repaid by the Developer. The source of this \$2,051,497 payment by the Agency is limited to funds received in the repayment by the Seller of the Seismic Public Loan at the Close of Escrow. Agency is not obligated to pay or credit such sum of \$2,051,497 unless such funds are paid or credited by the Seller, and Developer is not obligated to proceed with the purchase of the Site unless the sum of \$2,051,497 is paid to Developer by Agency at the Close of Escrow.

In addition to the payment of \$2,051,497 described in the preceding paragraph, Agency shall advance to Developer at the Close of Escrow the amount of \$1,750,000. The Agency will be repaid this \$1,750,000 advance to Developer, plus six percent (6%) per annum carrying costs, from cash available after:

(a) The payment of all operational costs, including the interest on the line of credit and completion loan; (b) debt service, if any, on the notes secured by the first deed of trust and on the City Notes, (c) reduction of principal on the lines of credit and payment of the completion loan; and (d) provision for adequate reserves for replacement and operation. The repayment of the Agency's advance in the amount of \$1,750,000 will have priority over any other returns to investors until the advance is repaid in full, with interest. The determination of repayment of this advance will be made on an annual basis pursuant to a procedure to be mutually established by Developer and Agency and, in the event that there are insufficient funds to make a payment which covers the current period interest expense, the unpaid interest amount will be added to the principal amount.

At the close of escrow, a capital account ("Capital Account") shall be opened by Developer and all funds deposited by Agency into the Capital Account shall only be used by Developer for improvement, start up costs, and operating costs for the Site. The Agency shall pay into escrow from this advance of \$1,750,000 the sum of \$855,000. The balance of funds from this \$1,750,000 Agency advance (being \$895,000) shall be deposited by Agency at the Close of Escrow into the Capital Account.

Prior to and as a condition precedent to a disbursement of any funds from the Capital Account, the Developer shall provide to Agency a voucher or statement in a form acceptable to Agency certifying the costs incurred or work to be performed. Upon submission of said voucher or statement, the Chairman or executive Director of Agency shall, within five (5) working days, approve in writing said voucher or statement for payment from the funds in the Capital Account or provide Developer a written objection to the payment of said voucher or statement with funds from the Capital Account. The failure of Agency to respond in writing to Developer's voucher or statement within five (5) working days shall constitute approval of the payment from the Capital Account of said voucher or statement. This disbursement procedure shall be superseded by the Sources and Uses Schedule to be negotiated between the parties pursuant to Section 212.

4. § 205 Agency Security Financing

The Agency agrees to assist Developer in securing financing to provide for working capital. Such assistance shall include a loan guaranty to a commercial bank in an amount not to exceed \$1,000,000 and for a period of four years, provided that Entrepreneurial Capital Corporation ("ECC") enters into a contribution agreement in the form attached hereto as Attachment 5 whereby ECC agrees to reimburse the Agency in the event that its guaranty is enforced by the commercial bank. The form of said guaranty with the commercial bank shall be negotiated between the Developer, ECC and Agency in good faith and consistent with the terms set forth herein. Developer shall permit the Agency to record a lien in the amount of \$1,000,000 on the Mission Inn which shall be junior to all other encumbrances (not to exceed \$12,263,000.00 plus the amount of the City Notes) at the later of (i) Close of Escrow or (ii) when the guarantee is made to the commercial bank. It shall be diminished incrementally and equally with the reduction in the agency's guaranty and extinguished in its entirety at the moment the Agency is wholly released from its pledges to the commercial bank.

At the Close of Escrow the Agency shall also provide a loan guaranty to Seller or other party for the loan in the amount of \$600,000 being made to Developer. The Agency will guaranty all principal, interest, and prepayment obligations as set forth pursuant to the terms of that certain form of Agreement Regarding Guarantee, Assumption, Participation and Forgiveness of Debt, attached hereto and incorporated herein as Attachment No. 6. Agency shall reimburse Developer for any prepayment penalty incurred by Developer if Developer prepays such \$600,000 loan.

5. § 206 Provision for Museum Lease

The Agency consents to the relocation of the museum from its proposed location in the Galeria to a space of equivalent size (3,000± sq. ft.) in the first floor retail area. An additional 3,500 sq. ft. of office space will be made available to the Mission Inn Foundation at a location mutually acceptable to the Foundation and Developer. The cost of relocation of the museum, up to a maximum of \$190,000, will be the obligation of Agency, provided that in no event shall Developer be responsible for any such costs, whether or not in excess of \$190,000.

Developer will lease the above space to the Agency or its designee pursuant to terms of a lease in which the Agency shall prepay into the Capital Account the sum of \$1,255,873, representing an annual net rent of \$77,100.00 (calculated on a fixed rate of \$1.15/sq. ft. for the museum space, and 85¢/sq. ft. for the office space) for a thirty (30) year term, with two ten year options to extend for the nominal rent of \$1.00. Said lease shall be in a form negotiated between Developer and Agency in

good faith and consistent with the terms set forth herein and in Attachment 7 attached hereto and incorporated herein by this reference. Upon execution of the Museum Lease, a memorandum of such lease shall be recorded against the Site.

Following the close of escrow, the payment of \$1,255,873.00 on the museum lease will be made by the Agency on January 4, 1993, or on such other dates agreeable to the Developer even if a lease has not been executed by the Developer and Agency.

Concurrently with the execution of the Museum Lease, Agency shall (and, if necessary, shall cause the City of Riverside to) execute, acknowledge, and deliver all documents necessary to terminate that certain Museum Lease dated December 30, 1985 (the "Galeria Lease") between Carley as lessor and the City of Riverside as lessee, including, without limitation, all documents required by First American Title Insurance Company (the "Title Company") to remove as an exception to Developer's title to the Site that certain Memorandum of Lease recorded March 28, 1986 as instrument no. 71721 in the Official Records of Riverside County.

Agency shall indemnify, protect, defend, and hold Developer harmless from and against any and all liabilities, claims, actions, administrative proceedings (including informal proceedings), sums paid in settlement of claims, interest, costs, and expenses, including, without limitation, attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), consultant fees, and expert fees of any kind or nature arising out of or relating to the Galeria Lease.

Nothing in this Agreement shall constitute an acknowledgment by Developer that Agency or the City has any rights to the Site, or any rights against Developer or otherwise, by reason of or on account of the Galeria Lease.

6. § 207 Parking Agreement with Orange Tree Plaza

The Agency will lease 350 parking spaces in the Orange Tree Parking Garage to Developer for a period of seven (7) years beginning on the date of sale, at a monthly rent of TEN DOLLARS (\$10) a space, or an annual payment of FORTY-TWO THOUSAND DOLLARS (\$42,000.00). Developer shall have the right to an eight (8) year extension option period at a monthly rent based on "market rate" which will be determined by an independent assessment and mutual agreement every two years during the option period. Agency hereby grants Developer (i) the option, at any time during the lease and option period, subject to the mutually acknowledged constraints imposed by the garage's bond financing, to purchase the 350 spaces for a fixed price of \$8,500 per space (a total of \$2,975,000.00), provided that following the first seven years of the lease, the purchase amount to be paid per-space will escalate 5% per year for the duration of the lease, (ii) subject to the

mutually acknowledged constraints imposed by the garage's bond financing, a Right of First Refusal to purchase the balance of the spaces (175±) and/or the parking garage structure (exclusive of air rights), and (iii) subject to the mutually acknowledged restraints imposed by the garage's bond financing, the option to acquire the balance of the spaces (175±) and/or the parking garage structure (exclusive of air rights) at market rate.

The Agency and Developer will mutually agree upon a management agreement for the Orange Tree Plaza Garage during the period of the lease. An agreement concerning the management of the garage agreement and the lease will be prepared to the mutual satisfaction of Developer and Agency in good faith and consistent with the terms as set forth herein on Attachment 8 attached hereto and incorporated herein by this reference.

7. § 208 Permits

The Agency and the City of Riverside shall exercise best efforts for the delivery of all permits for occupancy and operation of the Mission Inn which are under their jurisdiction prior to the date of sale and will assist in obtaining necessary permits from other governmental agencies. Nothing in this provision relieves the Mission Inn of its obligation to meet basic regulatory requirements, or pay necessary fees.

8. § 209 Mission Inn Annex and Orange Tree Plaza Air Rights

The Agency agrees to begin proceedings to complete interior bracing and exterior cosmetic clean-up of the Mission Inn Annex within twenty (20) days after the Close of Escrow and to complete the interior bracing and exterior cosmetic clean-up in a timely manner. The cost of these stabilization activities is estimated to be \$250,000, which expenses shall be the sole responsibility of the Agency. The Plans therefor shall be reviewed and approved by Developer, which approval shall not be unreasonably withheld by Developer. The Agency hereby grants to Developer an option to purchase the Mission Inn Annex (including all necessary encroachment agreements permitting any encroachment to remain in existence) for an amount equal to the cost of stabilization activities incurred by Agency, plus on-going maintenance and carrying costs incurred by Agency since December 1, 1992, for a period of five (5) years following execution of this Agreement. said option shall be in a form acceptable to both parties and negotiated in good faith between Developer and Agency. The legal description of the Annex is attached hereto and incorporated herein as Attachment No. 9. Agency acknowledges and agrees that Developer shall have full right of access to and full and unrestricted right to use the full Annex as described on Attachment No. 9.

The parties acknowledge that Agency has entered into a Disposition and Development Agreement with Plaza Associates for

the conveyance and development of the air rights over the Orange Tree Plaza Garage. If this air rights agreement with Plaza Associates is terminated for any reason within five (5) years after the date of this Agreement, Agency shall provide written notice of such termination to Developer within thirty (30) days after termination. Within sixty (60) days of receipt of said written notice, Developer shall have the unilateral and exclusive option to negotiate and enter into an agreement to negotiate exclusively for the conveyance and development of the air rights over the Orange Tree Plaza Garage. This agreement to negotiate exclusively shall be for a term of one (1) year and shall follow a standard form as previously approved by Agency for other projects.

9. § 210 Development of Golf Course for Site

The Agency and the City agree to exercise their best efforts to identify and assist in the development of a site for a golf course for the Developer. If the land is City-owned property (specifically excluding property controlled by Public Utilities), it will be made available for lease at substantially less than market rate.

10. § 211 Management Agreement

After the Close of Escrow, Developer shall provide Agency with a draft of the Management Agreement for the Site and provide assurances in said Management Agreement for the management of a first class hotel.

11. § 212 Sources and Uses Schedule

Developer and Agency will negotiate, in good faith, a Sources and Uses Schedule. Said schedule shall guarantee the expenditure by Developer of at least \$2,300,000 for the down payment, improvement, start up costs, and operating costs for the Site. Developer shall expend funds as set forth in the Sources and Uses Schedule and shall provide written documentation of such expenditures to Agency in a form as reasonably required by Agency. If the parties cannot agree on a Sources and Uses Schedule, in lieu thereof Developer shall operate the Site in a reasonable manner and no dividends shall be paid to the stockholders of Developer until the \$1,750,000 has been repaid to the Agency and the Agency's guarantees pursuant to Section 204 have been extinguished.

Developer shall deliver to Agency an annual audit from an independent Certified Public Accountant, within one hundred twenty (120) days of the close of each operating year during the term of this Agreement, including, but not limited to, operating expenses, net annual cash flow, net proceeds and receipts of the project. At Agency's option and at Agency's cost, Agency may request a Debt Covenant Letter from said independent Certified

Public Accountant stating that the Developer was in compliance with the terms of the Sources and Uses Schedule.

12. § 213 State Agreements

Agency is a party with State of California Department of Parks and Recreation (Historic Preservation Office) to that certain Project Agreement - Local Participant (Project No. 06-83-OJB-06) dated on or about December 29, 1983, and that certain Project Agreement - Local Participant (Project No. 06-8A02) dated on or about March 27, 1979, as amended by Amendment #1 dated on or about March 4, 1980 (collectively, the "State Agreements") concerning historic preservation grant in aid funds under the National Historic Preservation Act of 1966, P.L. 89-655, as amended (the "State Grants"). Developer assumes the obligations of the Agency under those certain project agreements for grants of funds under the National Historic Preservation Act of 1966, P.L. 89-665, as amended, Project Numbers 06-8A02 and 06-83-OJB-06, copies of which have been provided to Developer.

Agency represents and warrants that:

(i) The State Agreements constitute all of the agreements between the Agency and the State of California concerning the State Grants.

(ii) The Agency is not in default under the State Agreements.

(iii) The sale of the Site to Developer pursuant to the Contract of Sale does not constitute a default by Agency under the State Agreements.

(iv) The State has disbursed to the Agency the full amount of the State Grants.

Agency shall indemnify, protect, defend, and hold Developer harmless from and against any and all liabilities, claims, actions, administrative proceedings (including informal proceedings), sums paid in settlement of claims, interest, costs, and expenses, including, without limitation, attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), consultant fees, and expert fees of any kind or nature arising out of or relating to (i) any claim made by or action brought by the State on account of the State Agreements or the State Grants, and (ii) any breach by Agency of its representations and warranties under this Section 213.

It is understood and agreed that Developer does not assume any of the obligations or liabilities of Seller, Carley Mission Partners or of Carley Capital Group with respect to the original State Agreement or any other State agreements between

the Agency and Carley or the Agency and Henzin, or any other obligations under the State Agreements.

13. § 214 Arbitration

With respect to Sections 206, 207, 209, and 210 if Agency and Developer are unable to agree on the terms of any agreement to be negotiated and executed pursuant to any such section (such agreements being referred to in this Section 214 individually as a "Contract" and collectively as the "Contracts"), then all disputes concerning the terms and provisions to be contained such Contract or Contracts shall be submitted to and resolved by binding arbitration before a panel of three arbitrators (unless a single arbitrator is appointed pursuant to the next paragraph), in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

The Arbitrators shall be selected pursuant to the Commercial Arbitration Rules of the American Arbitration Association.

Each arbitrator shall be an attorney licensed to practice in the State of California and having at least five (5) years' experience in commercial real property transactions and development. Each arbitrator, shall be a person who has not previously acted in any capacity for or against either party.

Each party shall share equally the cost of the arbitrators.

Except to the extent otherwise expressly provided herein, the arbitration shall be conducted in accordance with the provisions of Section 1280 et seq. of the California Code of Civil Procedure, including, without limitation, the provisions of California Civil Code Section 1283.05, which are incorporated into and made a part of this Section 214.

The arbitrators shall apply and follow California substantive law. The arbitrators shall only have the power to determine the terms of the Contract or Contracts. The arbitrators shall not have the power to commit errors of law or make decisions contrary to applicable law.

The arbitration shall take place in the County of Riverside, State of California.

The formal rules of evidence applicable to judicial proceedings in the State of California shall govern the arbitration proceedings.

Unless the time is extended by the arbitrators, the arbitrators shall submit and serve on the parties a copy of their determination in writing within sixty (60) days after the close of the arbitration hearing. The arbitrators' award shall be in

writing and shall include factual findings, conclusions of law, and the reasons on which the award is based.

B. § 215 Approval of Firm and Binding Commitments

Prior to the close of escrow for the Site, the Developer shall submit to the Agency evidence that the Developer has obtained firm and binding commitments for financing necessary for the purchase of the Site and restoration and improvement of the Site in accordance with this Agreement. The Agency Executive Director, on behalf of the Agency, shall approve or disapprove such evidence of financing commitments prior to the close of escrow. Such approval shall not be unreasonably withheld.

III. § 300 DEVELOPMENT OF THE SITE

A. § 301 Scope of Development

The Site shall be restored and improved in accordance with and within the limitations set forth in the building plans approved by the City and Agency. Any material change in the restoration of the Site shall require City and Agency approval which shall not be unreasonably withheld. Issuance of a Certificate of Occupancy by the City shall be deemed compliance with this section.

B. § 302 Cost of Construction

The cost of restoring and improving the Site or any portion thereof and of constructing all improvements thereon and therefor shall be borne by Developer.

C. § 303 Schedule of Performance

Developer shall close escrow for the acquisition of the Site on or before December 31, 1992. Regardless of any other provision in this Agreement to the contrary, failure of the Developer to close escrow on or before December 31, 1992 shall result in the immediate termination of this Agreement. Developer shall commence the remaining restoration and improvement of the Site as set forth in Section 200 within ninety (90) days after Agency approval of this Agreement. Initial opening of the Mission Inn (restaurant service and at least 33% of the hotel rooms) shall occur on or before April 1, 1993. Completion, excluding tenant improvements, and full opening of the Mission Inn will occur on or before December 31, 1993.

D. § 304 Indemnification During Construction; Bodily Injury and Property Damage Insurance

During periods of restoration and improvement on the Site and until such time as the Agency has issued to Developer a Certificate of Compliance for the restoration and improvement on

the Site, Developer agrees to, and shall, indemnify and hold the Agency and the City harmless from and against all liability, loss, damage, costs, or expenses (including attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss and damage whatsoever caused to any person or to the property of any person which shall occur on or adjacent to the Site and which shall be caused by any negligent acts or willful misconduct of Developer and its agents, servants, employees and contractors.

E. § 305 Antidiscrimination During Construction;
Equal Opportunity

Developer for itself and its successors and assigns agrees that in the construction of the improvements on the Site provided for in this Agreement, Developer will not discriminate against any employee or applicant for employment because of race, color, religion, marital status, sex or national origin.

F. § 306 Local, State and Federal Laws

Developer shall carry out the construction of the improvements on the Site in conformity with all applicable laws, including all applicable federal and state labor standards.

G. § 307 City and Other Governmental Agency
Permits; Environmental Impact Report

Before commencement of restoration and improvement of any buildings, structures or other work or improvement upon the Site, Developer shall, at its own expense, secure or shall cause to be secured, any and all permits which may be required by the City or any other governmental agency affected by such construction or work.

H. § 308 Rights of Access

Representatives of the Agency and the City shall have the reasonable right of access to the Site with prior notice to Developer without charges or fees, at normal construction hours during and prior to the period of construction for the purposes of this Agreement, including, but not limited to the inspection of the work being performed in constructing the improvements on the Site as provided in this Agreement. Such representatives of the Agency and of the City shall be those who are so identified in writing by the Executive Director of the Agency. The Agency and the City hereby indemnify and hold Developer and Developer's agents harmless for any injury or damages arising out of any activity of any such representatives performed and conducted on the Site pursuant to this Section 308.

I. § 309 Taxes, Assessments, Encumbrances & Liens

Developer shall pay prior to delinquency all real property taxes and assessments assessed and levied on or against the Site. Upon failure to so pay, Developer shall remove, or shall have removed, any levy or attachment made on the Site, or any parcel, or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit Developer from contesting the validity or amounts of any tax assessment, encumbrance or lien, or to limit the remedies available to Developer in respect thereto, except that Developer shall not challenge any assessor valuation for the aggregate of all property at the Site subject to real and personal property taxes which does not exceed \$18,300,003.00, plus a 2% per annum escalation following the Close of Escrow. The failure of Developer to comply with any provision of this Section 309 shall constitute a material default in Developer's performance of this Agreement.

J. § 310 Prohibition Against Transfer

Developer shall not prior to the issuance of the Certificate of Compliance, except as permitted by this Agreement, assign or attempt to assign this Agreement or any right herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Site or the improvements thereon (but excluding furniture, fixtures and equipment), without prior written approval of such proposed transfer by the Agency. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the restoration and improvement of the Site nor to prohibit or restrict the leasing for occupancy of all or any part of the Site or of the improvements on the Site, nor shall it prohibit granting any security interests expressly described in this Agreement for financing the acquisition and restoration and improvement of the Site.

The prohibition set forth in this Section 310 shall not apply, in any case, to any assignment, transfer or conveyance resulting from the death or incapacity of any of the shareholders of Developer, or any conveyance arising from inheritance or by force of law, nor shall it apply to prohibit any assignment, transfer or conveyance of rights and interests among any of the initial shareholders or Developer or to a wholly-owned subsidiary of such shareholder.

In addition, the initial shareholders of the Developer may freely transfer shares to their immediate family members (e.g. spouse, lineal descendants and step children) or to a trust the beneficiaries of which are such immediate family members, so long as the initial shareholders retain control of the Developer.

Notwithstanding anything to the contrary in this Section, there are no restrictions on the ownership or transfer of shares as long as Duane R. Roberts or a company or entity controlled by him owns 80% or more of the shares.

In the absence of specific written agreement by the Agency, no such unauthorized sale, transfer, conveyance or assignment of all or a portion of the Site, or approval thereof by the Agency shall be deemed to relieve Developer or any other party from any obligations under this Agreement.

Failure of the Agency to respond within twenty (20) business days after receipt of Developer's written request shall be deemed Agency approval of such transfer.

K. § 311 Security Financing; Right of Holders

1. § 312 No Encumbrances Except Mortgages, Deeds of Trust, Conveyances and Lease-Back or Other Conveyance for Financing for Development

Notwithstanding anything to the contrary contained in this Agreement, mortgages, deeds of trust, conveyances and leaseback, or any other form of conveyance required for the method of financing contemplated by this Agreement are permitted for the purpose of securing financing for the acquisition and restoration and development of the Site, and assignments, conveyances, and/or leases are permitted for the purpose of restoring, improving, leasing and operating the Site. Developer shall notify the Agency in advance of any mortgage, deed of trust, conveyances and leaseback, or other form of conveyance for financing, and transfers, assignments and conveyances, if Developer proposes to enter into the same before the recordation of the Certificate of Compliance. Except for the financing contemplated by this Agreement, Developer shall not enter into any such conveyance for financing prior to the recordation of the Certificate of Compliance for the Site or portion thereof without the prior written approval of the Agency, which approval the Agency agrees to give if any such conveyance is given to a responsible financial or lending institution or other acceptable person or entity. Such lender approved by the Agency pursuant to this Section shall not be bound by any amendment, implementation agreement or modification to this Agreement subsequent to its approval without such lender giving its prior written consent.

In any event, Developer shall promptly notify the Agency of any mortgage, deed of trust, conveyance and leaseback or other financing conveyance, encumbrance or lien excluding mechanics liens, that has been created or attached thereto prior to completion of the construction of the improvements on the Site or portion thereof.

The words "mortgage" and "deed of trust" as used herein include all other appropriate modes of financing real estate acquisition, construction, and land development.

2. § 313 Holder Not Obligated to Construct Improvement

The holder of any mortgage, deed of trust or other security interest authorized by this Agreement shall in no way be obligated by the provisions of this Agreement to restore, improve or complete the Site improvements or to guaranty such restoration, improvement or completion; nor shall any covenant or any other provision in any Grant Deed for the Site be construed so to obligate such holder; however, nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Site to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

3. § 314 Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure

Whenever the Agency shall deliver any written notice or demand to Developer with respect to any breach or default by Developer in completion of restoration and improvement, or otherwise under this Agreement, the Agency shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by this Agreement a copy of such notice or demand. The Agency will cooperate with any holder to the extent reasonably necessary to modify the provisions of this Section 314 to meet the requirements of such holder. Each such holder shall (insofar as the rights of the Agency are concerned) have the right at its option within ninety (90) days after the receipt of the notice to cure or remedy any such default and to add the cost thereof to the security interest debt and the lien on its security interest. If such default shall be a default which can only be remedied or cured by such holder upon obtaining possession, such holder shall seek to obtain possession with diligence and continuity through a receiver or otherwise, and shall remedy or cure such default within ninety (90) days after obtaining possession; provided that in the case of a default which cannot with diligence be remedied or cured, or the remedy or cure of which cannot be commenced, within such 90-day period, such holder shall have such additional time as reasonably necessary to remedy or cure such default by Developer. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the restoration, improvement or completion of the improvements (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed Developer's obligations to the Agency by written agreement satisfactory to the Agency and such holder, which agreement shall entitle such holder to all of the rights, benefits and interests conferred

upon Developer in this Agreement. The holder in that event must agree to complete, in a manner satisfactory to the Agency and the holder, the improvements to which the lien or title of such holder relates, and submit evidence satisfactory to the Agency that it has the qualifications and financial responsibility necessary to perform such obligations. Any such holder properly completing such improvements shall be entitled, upon written request made to the Agency, to a Certificate of Compliance from the Agency.

4. § 315 Right of Agency to Cure Mortgage, Deed of Trust, or Other Security Interest Default

In the event of a default or breach by Developer of a mortgage, deed of trust or other security interest with respect to the Site (or any portion thereof) prior to the completion of restoration and improvement, and if the holder has not exercised its option to complete the restoration and improvement, the Agency may cure the default prior to completion of any foreclosure. In such event, the Agency shall be entitled to reimbursement from Developer of all reasonable costs and expenses incurred by the Agency in curing the default. The Agency shall also be entitled to a lien upon the Site (or any portion thereof) to the extent of such costs and disbursements. Any such lien shall be subordinate and subject to mortgages, deeds of trust, or other security instruments executed for the sole purpose of obtaining funds to acquire and restore and improve the Site as authorized herein.

5. § 316 Right of the Agency to Satisfy Other Liens on the Property After Title Passes

Prior to the recordation of the Certificate of Compliance (referred to in Section 317 of this Agreement), and after Developer has had a reasonable time to challenge, cure, or satisfy any unauthorized liens or encumbrances on the Site, the Agency shall have the right to satisfy any unauthorized liens or encumbrances; provided, however, that nothing in this Agreement shall require Developer to pay or make provisions for the payment of any tax, assessment, lien or charge so long as Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Site (or any portion thereof) to forfeiture or sale, without the right to redeem.

6. § 317 Certificate of Compliance

Promptly after the repayment of the Agency advance in the amount of \$1,750,000.00 as set forth in Section 204 and the termination of Agency's Guaranty obligations as set forth in Section 205, the Agency shall furnish Developer with a Certificate of Compliance in recordable form upon written request

therefor by Developer. The Agency shall not unreasonably withhold such Certificate of Compliance. Such Certificate of Compliance shall be, and shall so state, conclusive determination of satisfactory completion of all of the obligations of the Developer required by this Agreement.

After the recordation of the Certificate of Compliance, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest therein shall not (because of such ownership, purchase, lease, or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by any covenants contained in the deed, lease, mortgage, deed of trust, contract, or other instrument of transfer.

If the Agency refuses or fails to furnish a Certificate of Compliance after written request from Developer, the Agency shall, within thirty (30) days of the written request, provide Developer with a written statement of the reasons the Agency refused or failed to furnish a Certificate of Compliance. The statement shall also contain the Agency's opinion of the action Developer must take to obtain a Certificate of Compliance. If the Agency shall have failed to provide such written statement within said 30-day period, Developer shall be deemed entitled to the Certificate of Compliance for such phase of the Site.

Such Certificate of Compliance shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the improvements, or any part thereof.

L. § 318 Fuel Tank Indemnification.

The parties acknowledge that at least two (2) fuel oil storage tanks (the "Fuel Tanks") are located under Sixth Street adjacent to the Site.

(a) Indemnity. Agency shall indemnify, protect, defend (with counsel selected by Developer), and hold Developer and Developer's affiliates, directors, officers, shareholders, employees, tenants, contractors, assigns, and successors harmless from and against any and all liabilities, claims (including, without limitation, third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), sums paid in settlement of claims, interest, costs, and expenses, including, without limitation, attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), consultant fees, and expert fees of any kind or nature relating to or arising from the existence and use of the Fuel Tanks, including without limitation, the Remediation Work (as defined below),

and the release of environmental contamination from the Fuel Tanks and their associated pump and fill lines.

(b) Agency's Remediation Work

(1) Remediation Work. Without limiting the generality of the foregoing, the indemnification provided by this Section 318 shall cover all costs, including, without limitation, capital, operating, and maintenance costs, incurred in connection with any investigation and monitoring of site conditions and any clean-up, remedial, removal, or restoration work required or performed by any federal, state, or local governmental agency or political subdivision or performed by any non-governmental entity or person because or on account of the Fuel Tanks (hereinafter the "Remediation Work").

(2) Performance of Work. The performance of the Remediation Work shall be by the Agency, in the name of Agency. Agency shall obtain all necessary licenses, manifests, permits, and approvals to perform such work. Agency shall cause the Remediation Work to be completed as soon as reasonably possible, at Agency's sole cost and expense, in accordance with applicable law and to the satisfaction of Developer and all governmental bodies and agencies with jurisdiction. Agency shall, upon completion of the Remediation Work, promptly restore and repair any damage to the Property and/or any improvements thereon which may result from the performance of the Remediation Work, at Agency's sole cost and expense.

(3) Liens. Agency shall not permit any liens to be filed against the Site in connection with the Remediation Work. If any such liens are filed, Agency shall promptly cause such liens to be released and discharged of record, either by paying the indebtedness which gave rise to such lien or by posting a bond or other security as shall be required by law to obtain such release and discharge.

(4) No Interference. In performing the Remediation Work, Agency shall not interfere with the quiet enjoyment and use or, or access to, the Site by Developer and/or its tenants, invitees, and licensees nor shall Agency's activities result in damage to or destruction of any improvements on the Site. Without limiting the foregoing, Agency shall take no actions in performing the Remediation Work which would (i) constitute a default under the UDAG Agreements or State Agreements, (ii) could result in the termination of the Site's status as a State or Federal historical

landmark, or (iii) result in the disallowance of any income tax credits.

(c) Survival. The provisions of this Section 318 shall survive the expiration or earlier termination of this Agreement.

M. § 319 Removal of Encumbrances

(a) Deed Restrictions. Agency shall, on or before the Close of Escrow, execute, acknowledge, and deliver all documents required by First American Title Company (the "Title Company") to remove as an exception to Developer's title to the [Site] the restrictions set forth in Sections 1, 2, 3, 5, 6, 7, and 9 of that certain Grant Deed recorded March 28, 1986 as instrument no. 71712 in the Official Records of Riverside County naming as grantor and Carley as grantee.

(b) Termination of Financing Statement. Agency shall, on or before the Close of Escrow, execute, acknowledge, and deliver to Commerce Escrow Company for filing with the California Secretary of State a UCC-2 Termination of Financing Statement to terminate that certain UCC-1 Financing Statement executed by Carley as debtor in favor of Agency (as assignee of the City of Riverside) as secured party and filed on July 5, 1988 as document no. 88160745.

N. § 320 Hiring, Reporting

Developer shall use its best efforts to create, or cause to be created, the numbers and kinds of jobs set forth below. Developer agrees to report to the Agency, as the Agency may from time to time require, on the numbers and kinds of such jobs created or caused to be created and filled.

Total New Permanent Jobs: 304

Total New Permanent Jobs for Low- and Moderate-Income Persons: 258

Total New Permanent Jobs for Minorities: 121

Total New Permanent Jobs for Low- and Moderate-Income Residents of the Pocket of Poverty: 152

Notwithstanding the foregoing, Agency acknowledges that the total number of employees expected to be employed in the Hotel is not greater than 130. Developer shall use its best efforts to ensure that such employees are proportionately included in the groups described above. The parties acknowledge that, in fulfilling its obligations under this Agreement, Developer shall not be required to take any actions inconsistent with prudent hotel management practices.

IV. § 400 USE OF THE SITE

A. § 401 Uses

Developer covenants and agrees that during restoration and completion and thereafter, Developer shall devote the Site (or any part thereof) to the uses specified therefor in the Redevelopment Plan, as amended, and the provisions of this Agreement. The Site shall be maintained and operated as a first class hotel.

B. § 402 Maintenance of the Site

Developer shall maintain the improvements on the Site and shall keep the Site free from any accumulation of debris or waste materials consistent with customary practice. Developer shall also maintain any landscaping required to be planted.

C. § 403 Obligation to Refrain from Discrimination

Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons on account of sex, physical or mental disability, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site nor shall Developer, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site.

D. § 404 Form of Nondiscrimination and Nonsegregation Clauses

Developer shall refrain from restricting the sale, lease, sublease, rental, transfer, use, occupancy, tenure, or enjoyment of the Site (or any part thereof) on the basis of sex, physical or mental disability, marital status, race, color, religion, creed, ancestry or national origin of any person. All such deeds, leases, contracts pertaining thereto shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

In deeds: "The grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of sex, physical or mental disability, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee itself or any person

claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

In leases: "The lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of sex, physical or mental disability, marital status, race, color, religion, creed, national origin, or ancestry, in the leasing, subleasing, renting, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall lessee itself, or any person claiming under or through it, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, or occupancy of tenants, lessees, sublessees, tenants, or vendees in the land herein leased."

In contracts: "There shall be no discrimination against, or segregation of, any person, or group of persons on account of sex, physical or mental disability, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, rental, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the land."

E. § 405 Effect and Duration of Covenants

The covenants established in this Agreement, shall, without regard to technical classification and designation, be binding on Developer and any successor in interest to the Site or any part thereof for the benefit and in favor of the Agency, its successors and assigns, and the City. Except as set forth in the following sentence, the covenants contained in this Agreement shall remain in effect until January 1, 2015, unless this Agreement provides for their earlier termination. The covenants against discrimination (as described in Sections 403 and 404) shall remain in perpetuity.

V. § 500 **DEFAULTS, REMEDIES AND TERMINATION**

A. § 501 Defaults - General

Subject to the extensions of time set forth in Section 605 of this Agreement, and subject to the expiration of the curative

periods set forth in Sections 507 and 508, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately, upon written notice, commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence and during any period of curing shall not be in default.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

Any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

B. § 502 Legal Actions

1. § 503 Institution of Legal Actions

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted and maintained in the Superior Court of the County of Riverside, State of California, in any other appropriate court in that County, or in the Federal District Court in the Central District of California.

2. § 504 Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

3. § 505 Acceptance of Service of Process

In the event that any legal action is commenced by Developer against the Agency service of process on the Agency shall be made by personal service upon the Executive Director or Chairman of the Agency, or in such other manner as may be provided by law.

C. § 506 Rights and Remedies are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not

preclude the exercise by it, at the same or different times of any other rights or remedies for the same default or any other default by the other party.

D. § 507 Damages

If either party defaults with regard to any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon the defaulting party. If the defaulting party does not proceed in good faith to cure the default within sixty (60) days after service of the notice of default, the defaulting party shall be liable to the other party for damages caused by such default.

E. § 508 Specific Performance

If either party defaults under any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon such defaulting party. If the default is not commenced to be cured within thirty (30) days after service of the notice of default and is not cured promptly within a reasonable time after the commencement, the nondefaulting party, at its option, may institute an action for specific performance of the terms of this Agreement.

F. § 509 Termination by Either Party

The party seeking to terminate this Agreement shall deliver a written demand to the other party, specifying the cause of the proposed termination and providing not less than thirty (30) days within which the other party may cure or correct the specific cause. If such cause is not cured or corrected within the time provided for such cure or correction, and if the party in default has not commenced with reasonable diligence to cure such default, the party seeking to terminate this Agreement shall deliver a written notification to the other party that the Agreement is terminated.

In the event of such termination, the parties shall have such remedies as may be provided by law, or in this Agreement.

VI. § 600 GENERAL PROVISIONS

A. § 601 Notices, Demands, Communications Between the Parties

Formal notices, demands, and communications between the Agency and the Developer shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Agency and Developer, as designated in Sections 106 and 107. Such written notices, demands and communications may be sent in the

same manner to such other addresses as either party may from time to time designate in writing as provided in this Section 601.

B. § 602 Conflict of Interests

No member, official or employee of the Agency 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 the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly, interested.

C. § 603 Warranty Against Payment of Consideration for Agreement

Developer 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. Such prohibition shall not apply to consideration paid to Seller under the Contract of Sale, or to consultants, attorneys, architects, contractors or other persons for services rendered in connection with the Agreement or the Development of the Site.

D. § 604 Nonliability of Agency and Developer Officials and Employees

No member, official, or employee of the Agency shall be personally liable to Developer or any successor in interest, in the event of any default or breach by the Agency or for any amount which may become due to Developer or to its successor, or on any obligations under the terms of this Agreement.

No officer, director, shareholder, or employee of the Developer shall be personally liable to Agency or any successor in interest, in the event of any default or breach by the Developer or for any amount which may become due to the Agency or to its successor, or on any obligations under the terms of this Agreement, except that ECC shall execute the Contribution Agreement described in Section 205.

E. § 605 Enforced Delay; Extension of Time of Performance

Notwithstanding specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; labor disputes; riots; floods; earthquakes; fires; casualties; acts of God; action of the elements; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; usually severe weather; inability to secure necessary labor, materials or

tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of the City or any other public or governmental agency or entity (other than that acts or failure to act of the Agency of the City shall not excuse performance by the Agency); or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the Agency and Developer.

F. § 606 Inspection of Books and Records

The Agency has the right at all reasonable times, with notice to Developer, to inspect and audit the books and records of Developer pertaining to the Site as pertinent to the purposes of this Agreement. Developer also has the right at all reasonable times to inspect and audit the books and records of the Agency pertaining to the Site as pertinent to the purpose of the Agreement.

G. § 607 Approvals

Approvals required of the Agency or Developer shall not be unreasonably withheld and approval or disapproval shall be given within the time set forth in the Schedule of Performance (Section 303) or, if no time is given, within a reasonable time.

H. § 608 Real Estate Commissions

The Agency shall not be liable for any real estate commissions, brokerage fees or finders fees which may arise from this Agreement. The Agency and Developer each warrant that such party has not engaged any broker, agent or finder in connection with this Agreement.

I. § 609 Memorandum of Agreement

The Developer agrees and shall execute a Memorandum of Agreement in a recordable form, acceptable to the Agency, to be recorded in the Office of the Recorder, County of Riverside.

VII. § 700 ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement shall be executed in five duplicate originals each of which is deemed to be an original. This Agreement includes twenty-nine (29) pages and nine (9) attachments which constitute the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the Site.

None of the terms, covenants, agreements or conditions set forth in this Agreement shall be deemed to be merged with the Grant Deeds conveying title to the Parcels, and this Agreement shall continue in full force and effect before and after such conveyance as provided in this Agreement and until the recordation of the Certificate of Compliance as provided in Section 317.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Agency and Developer and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and Developer.

VIII. § 800 TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY

This Agreement, when executed by Developer and delivered to the Agency, must be authorized, executed and delivered by the Agency within the time established therefor in the Schedule of

Performance (Section 303) or this Agreement may be terminated by Developer on written notice to the Agency. The date of this Agreement shall be the day and year when the Agency shall have signed this Agreement.

"Agency"

THE REDEVELOPMENT AGENCY OF
CITY OF RIVERSIDE, CALIFORNIA

Date: 12/23/92

By: 
Robert C. Wales, P.E.,
Executive Director

APPROVED:


OLIVER, BARR & VOSE
Agency General Counsel

By: 

"Developer"

HISTORIC MISSION INN CORPORATION

Date: 12/23/92

By: 
Duane R. Roberts, President

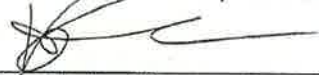
By: 
Robert W. Klemme, Secretary

EXHIBIT B

ATTACHMENTS

**ATTACHMENT NO. 1
CONTRACT OF SALE AND JOINT ESCROW INSTRUCTIONS**

**ATTACHMENT NO. 2
LEGAL DESCRIPTION OF THE SITE**

**ATTACHMENT NO. 3
PROMISSORY NOTES AND DEEDS OF TRUST**

**ATTACHMENT NO. 4
COPIES OF HUD/UDAG AGREEMENTS**

**ATTACHMENT NO. 5
FORM OF CONTRIBUTION AGREEMENT**

**ATTACHMENT NO. 6
FORM OF AGREEMENT REGARDING GUARANTEE, ASSUMPTION,
PARTICIPATION AND FORGIVENESS OF DEBT**

**ATTACHMENT NO. 7
TERMS OF MUSEUM LEASE**

**ATTACHMENT NO. 8
TERMS OF PARKING GARAGE MANAGEMENT AGREEMENT**

**ATTACHMENT NO. 9
LEGAL DESCRIPTION OF ANNEX**

ATTACHMENT NO. 7

TERMS OF MUSEUM LEASE

MISSION INN FOUNDATION AND MUSEUM

This document sets forth the basic understanding under which the Historic Mission Inn Corporation, a California corporation ("Developer"), owner of the Mission Inn, is leasing certain space to the City of Riverside Development Department ("Agency") and the Agency is thereafter subletting said space to the Mission Inn Foundation ("Foundation"). This document merely sets forth the basic understanding between the parties and is subject to and subordinate to the terms and conditions of the actual lease being entered into by the Developer and Agency, and this document shall be attached to the Development and Disposition Agreement between the Agency and Developer.

The Developer acknowledges the historic, aesthetic, and cultural significance of the Mission Inn; that the public interest in the Mission Inn will continue after the sale of the property to the Developer; the presence of the Mission Inn Museum under the direction of the Mission Inn Foundation and the responsibilities of the Foundation to interpret the history of the Mission Inn, its artifacts, works of art, and cultural associations.

Pursuant to these acknowledgements, the Developer agrees to lease space in the Mission Inn to the Agency, which, via a sublease, will convey certain rights and responsibilities to the Mission Inn Foundation and its Museum. Among these rights and responsibilities are:

- a) The operation of a professional quality, nonprofit museum which is open to the public and operated by the Mission Inn Foundation for the general care, preservation, interpretation, and exhibition of the collection of art, artifacts, papers, photographs, and other items of aesthetic, cultural, or historic significance relating to the Mission Inn. The Foundation will advise the Developer on all matters related to the collection. The area leased for the public museum will be approximately 3,000 square feet and located in the area that is commonly known as "Old Banks Drugstore." Through an agreement with the Developer and the Agency, the Foundation will relocate the public museum from the room commonly referred to as the "Galeria" to the Old Banks Drugstore within a reasonable time after requested by the Developer. Cost of this relocation, up to a maximum of \$190,000, will be the obligation of the Agency; however, any additional costs will not be the obligation of the Developer.
- b) In addition to the public museum facility, the Mission Inn Foundation shall have the right to maintain administrative offices, storage and restoration space, museum gift shop, temporary exhibition space, and such other space that is available in the Mission Inn for these purposes (Rotunda, including basement for storage and restoration, etc.). This space will approximate 3,500 square feet. The Agency, the Developer, and the Foundation acknowledge that the combination of museum space and other space will not exceed 6,500 square feet in its entirety. Further, the Foundation acknowledges that it will construct, and at its cost, provide their own rest room facilities within their museum space.

Additionally, all plans and specifications for any and all construction within the Foundation's space will be approved by the Developer and Agency; and by common agreement between the Agency, the Developer, and the Foundation, the Developer may relocate the Foundation to other office space in the Mission Inn as long as said other office space is reasonably comparable with what the Foundation currently occupies. If the Developer chooses to relocate the Foundation's offices, that relocation will be the responsibility of the Developer, who may use tenant finish funds from the Completion Budget to effect the relocation and to physically duplicate the new office space as close as reasonably possible to the existing Foundation's office space. The Foundation further agrees that it will not move back into their office space within the Rotunda until such time as the Developer has had the opportunity to do a complete inspection of the space for safety reasons; after such inspection and approval, the Foundation may relocate back into its existing space. Any decision to relocate the Foundation to comparable space will be made within six months of this agreement. Further, the Foundation acknowledges that they are responsible for any and all improvements within the current space if the Developer elects not to move them.

4 { The Developer and Foundation have had discussions concerning the space they currently use for docent training, etc. The Foundation agrees that if the Developer provides them with comparable space within the Mission Inn for docent training, director's meetings, etc., they will relinquish the meeting room next to the Galeria. Foundation and Developer both acknowledge, however, that in no way will the total space leased to the Foundation exceed 6,500 square feet.

Foundation and Developer agree that a discussion has taken place concerning the "A" List of art, artifacts, etc., and the Foundation acknowledges that Developer plans to retain ownership of these items.

Further items which the Agency, the Developer, and the Foundation agree to are as follows:

1. The Foundation will exclusively operate a tour program with trained volunteer docents. These tours shall be a maximum of two per day with up to fifteen people per tour. The Foundation may schedule one special tour per day at a time to be approved by the Developer with a maximum of fifteen persons per tour.
2. The tour route and timing is subject to approval of both the Developer and the Foundation. Special consideration in planning the tour route and timing shall be given to compliance with government and insurance requirements, the operation of the hotel, and the quiet enjoyment of the guests.
3. The Foundation shall provide at its own cost adequate property and liability insurance, with the Developer or nominee being named as additional insured on all insurance. The Foundation shall indemnify and hold the Developer harmless from its activities. In turn the Developer shall indemnify and hold the Foundation harmless from its negligence. The Developer shall obtain and maintain reasonable insurance for the art,

artifacts, papers, photographs, and other items of aesthetic, cultural, or historic significance owned by the Developer.

Prior to occupying space within the Mission Inn, the Foundation shall provide proof of required insurance.

- 4. The Foundation shall be responsible for maintenance and repair of the interior of all space occupied by it.
- 5. The Foundation shall be responsible and pay for any taxes relating to its operations.
- 6. The Developer shall be responsible for the cost of gas, water, sewer, electric, and refuse disposal of all spaces occupied by the Foundation. All other utilities, including communications, will be the responsibility of the Foundation.

ACKNOWLEDGED AND AGREED:

Mission Inn Foundation
"Foundation"

By:

Dr. Knox Mellon
Dr. Knox Mellon, Executive Director

City of Riverside Development Department
"Agency"

By:

Robert C. Wales
Robert C. Wales, Executive Director

Historic Mission Inn Corporation
"Developer"

By:

Robert W. Klemme, President

EXHIBIT C

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF RIVERSIDE,
CALIFORNIA, APPROVING THAT CERTAIN
DISPOSITION AND DEVELOPMENT AGREEMENT BY
AND BETWEEN THE REDEVELOPMENT AGENCY OF
THE CITY OF RIVERSIDE AND THE HISTORIC MISSION
INN CORPORATION**

WHEREAS, the Redevelopment Agency of the City of Riverside, California ("Agency") is engaged in activities necessary to execute and implement the Riverside Mall and White Park Redevelopment Project Area ("Project"); and

WHEREAS, in order to implement the Redevelopment Plan, the Agency proposes to participate in the restoration and improvement of the Mission Inn located in the Project Area, pursuant to the terms and provisions of a certain Disposition and Development Agreement ("Agreement") and which property is described in said Agreement; and

WHEREAS, The Historic Mission Inn Corporation ("Developer") submitted to the Agency a written offer in the form of said Agreement to purchase and develop the real property identified in the Agreement as the Site; and

WHEREAS, the Developer has entered into a Purchase and Sale Contract with the current owners of the property identified as the Site; and

WHEREAS, the proposed Agreement contains all the provisions, terms, conditions, and obligations required by state and local law; and

WHEREAS, Developer possesses the qualifications and financial resources necessary to acquire the Site and restore, improve and operate the Site as described in the Agreement, in accordance with the purposes and objectives of the Redevelopment Plan; and

WHEREAS, the Agency has prepared, and the City Council has reviewed and considered, a summary setting forth the cost of the Agreement to the Agency, the estimated value of the interests to be conveyed determined under the Redevelopment Plan, and the purchase price and made said summary available for public inspection in accordance with the California Community Redevelopment Law; and

WHEREAS, the Redevelopment Agency and the City Council have previously reviewed this project in full compliance with the provisions of the California Environmental Quality Act (Public Resources Code Section 21000, et seq., ("CEQA")) and the Agency hereby determines that this action is exempt from CEQA because this Agreement will have a significant effect upon the environment (14 Cal. Adm. Code Sec. 15061(b) (1) and (3)); and

WHEREAS, the Redevelopment Agency and the City Council have previously reviewed this project in full compliance with the provisions of the California Environmental Quality Act (Public Resources Code Section 21000, et seq., ("CEQA")) and the Agency hereby determines that this action is exempt from CEQA because this Agreement will have a significant effect upon the environment (14 Cal. Adm. Code Sec. 15061(b) (1) and (3)); and

WHEREAS, pursuant to provisions of California Community Redevelopment Law, the Agency and the City Council held a duly noticed joint public hearing on the proposed sale of the Site and on the proposed Agreement; and

WHEREAS, the City Council has considered all terms and conditions of the proposed sale, and the redevelopment of the Site pursuant to the proposed Agreement is in the best interests of the City and in accord with the public purposes and provisions of applicable State and local laws.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIVERSIDE, CALIFORNIA, AS FOLLOWS:

Section 1. The City Council hereby finds that the approval of the Agreement is exempt from CEQA in that it will not have a significant effect on the environment pursuant to 14 Cal. Adm. Code Section 15061 (b) (1) and (3).


Section 2. The City Council hereby finds and determines that the Agency's participation in the restoration, improvement and operation of the Site pursuant to the Disposition and Development Agreement between the Agency and Developer, is necessary to effectuate the purposes of the Redevelopment Plan for the reasons set forth in the summary.

Section 3. The Disposition and Development Agreement, and all attachments thereto, by and between Agency and Developer which establishes the terms and conditions of the restoration, improvement and operation of such Site, are hereby approved.

Section 4. The City Clerk shall certify to the passage and adoption of this resolution and the same shall thereupon take effect and be in force.

ADOPTED by the City Council and signed by the Mayor and attested by the City Clerk this 15th day of December, 1992.

ATTEST:



Mayor of the City of Riverside

KAREN E. LINDQUIST

City Clerk of the City of Riverside

BY 

ASSISTANT CITY CLERK

I, Karen F. Lindquist, City Clerk of the City of Riverside, California, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a meeting of the City Council on the 15th day of December, 1992, by the following vote to wit:

AYES: Councilmembers Loveridge, Clarke, Defenbaugh, Buster,
Thompson and Pearson.

NOES: Councilmember Clifford.

ABSENT: None.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Riverside, California this 15th day of December 1992.

KAREN E. LINDQUIST

City Clerk of the City of Riverside

BY Mary A. Maxwell
ASSISTANT CITY CLERK

EXHIBIT D

HOTEL SPACE LEASE

THIS LEASE is made and entered as of the 22nd day of December, 2000, by and between HISTORIC MISSION INN CORPORATION, a California corporation ("Landlord"), and THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE, a public body, corporate and politic ("Tenant").

ARTICLE I -- BASIC LEASE PROVISIONS

- 1.1 **Date of Lease.** December 22, 2000
- 1.2 **Tenant.** The Redevelopment Agency of the City of Riverside, who by separate agreement, will sublet the entire Premises to The Mission Inn Foundation, a non-profit corporation ("Subtenant") operating under the trade names: The Mission Inn Museum ("Museum") and The Mission Inn Foundation ("Foundation"). References to "Tenant" in this Lease shall include references to "Subtenant" as defined herein.
- 1.3 **Hotel.** The Mission Inn, located at 3649 Mission Inn Avenue in the City of Riverside, County of Riverside, State of California 92501.
- 1.4 **Premises.** Those certain premises located in the Rotunda Wing area and Mission Wing area of the Hotel, including the "Museum Main Space", the "Foundation Main Space", the "Museum Additional Space" and the "Foundation Additional Space" (all as defined below).
- 1.5 **Floor Area.** Approximately 6,500 square feet with approximately 3,000 square feet to be allocated to the Museum (the "Museum Main Space") and approximately 3,500 square feet to be allocated to the Foundation (the "Foundation Main Space"); notwithstanding the foregoing, the Museum currently occupies approximately 3,830 square feet, which is 830 square feet larger than the Museum Main Space (the additional 830 square feet shall sometimes hereinafter be referred to as the "Museum Additional Space") and the Foundation currently occupies approximately 5,470 square feet, which is 1,970 square feet larger than the Foundation Main Space (the additional 1,970 square feet are located entirely in the basement area of the Hotel and shall sometimes hereinafter be referred to as the "Foundation Additional Space"). The Foundation Main Space and the Museum Main Space are sometimes referred to herein collectively as the "Main Space". The Foundation Additional Space and the Museum Additional Space are sometimes referred to herein collectively as the "Additional Space". Landlord reserves the exclusive right to recapture the Museum Additional Space and/or the Foundation Additional Space, or any portion thereof, at any time and for any reason, upon one-eighty (180) days prior written notice from Landlord to Tenant.
- 1.6 **Term.** Twenty-two (22) years
- 1.7 **Minimum Rent.**
Main Space: PREPAID THROUGH DECEMBER 23, 2022 FOR INITIAL TWENTY-TWO (22) YEAR TERM
Museum Additional Space: \$0
Foundation Additional Space: \$0
- 1.8 **Use of Premises.** Mission Inn Museum and general office use by the Foundation only
- 1.9 **Security Deposit.** None
- 1.10 **Guarantor.** None
- 1.11 **Address For Notices to Tenant.** 3900 Main Street, Riverside, California 92522,
Attention: Executive Director
Telephone Number (909) 826-5554
- 1.12 **Address for Notices to Landlord.** 4100 Newport Place, Suite 400, Newport Beach, California 92660,
Attention: Ted Weggeland
Telephone Number (949) 809-3900
- 1.13 **Interest Rate:** Shall mean the greater of ten percent (10%) per annum or two percent (2%) in excess of the prime lending or reference rate of Wells Fargo Bank N.A. or any successor bank in effect on the twenty-fifth (25th) day of the calendar month immediately prior to the event giving rise to the Interest Rate imposition; provided, however, the Interest Rate will in no event exceed the maximum interest rate permitted to be charged by applicable law
- 1.14 **Commencement Date:** December 23, 2000
- 1.15 This Lease is entered into pursuant to the terms of that certain Disposition and Development Agreement ("DDA") dated December 23, 1992 by and between Landlord and Tenant

Landlord's Initials: _____

Tenant's Initials: 

ARTICLE II -- LEASED PREMISES

2.1 **Premises; Floor Area; Hotel.** Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, those certain Premises described in Section 1.4 of the Basic Lease Provisions which are located in the Hotel described in Section 1.3 of the Basic Lease Provisions. For all purposes of this Lease, "Floor Area" means all areas designated by Landlord for the exclusive use of Tenant or other occupants of the Hotel measured from the outside of the exterior walls and the center of the Interior demising walls. The boundaries and location of the Premises are generally depicted and outlined on the floor plan of the Hotel, attached hereto as Exhibit "A" (the "Hotel Floor Plan") and shall be deemed to include the entryways to the areas comprising the Premises. Tenant acknowledges and agrees that Exhibit "A" sets forth the existing general layout of the ground floor and the basement of the Hotel and shall not be deemed a representation by Landlord that any tenants or occupants designated by name or type of business will conduct business in the Hotel, or that the Hotel will not be expanded, reduced or otherwise modified.

2.2 **Reservations.** Provided Landlord does not unreasonably interfere with Tenant's use of and access to the Premises, Landlord reserves the right at any time to make alterations, additions and Improvements to the Hotel and all parts thereof.

2.3 **Conditions of Record.** Landlord's title is subject to: (a) the effect of any covenants, conditions, restrictions, easements, reciprocal easement and operating agreements, development agreements, mortgages or deeds of trust, ground leases, rights of way, and other matters or documents of record now or hereafter recorded against Landlord's title, (b) the effects of all zoning laws of the city, county and state where the Hotel is situated, and (c) general and special taxes and assessments. Tenant agrees (i) that as to its leasehold estate it, and all persons in possession or holding under it, will conform to and will not violate said matters of record, and (ii) that this Lease is and shall be subject and subordinate to said matters of record and any amendments or modifications thereto.

ARTICLE III -- TERM

3.1 **Term; Commencement Date.** The Term of this Lease shall be for the period designated in Section 1.6 of the Basic Lease Provisions commencing on the Commencement Date, and ending on the expiration of such period, unless the Term is sooner terminated or extended as provided in this Lease.

3.2 **Extension of Term.** Provided that Tenant shall have fulfilled completely and timely the terms and conditions of this Lease, and provided Tenant has not assigned or sublet the Premises in whole or in part, other than as provided in Article XIV hereof, Tenant shall have the right to extend the term of this Lease with respect to the Foundation Main Space and the Museum Main Space only, for two (2) additional ten (10) year period(s) (each, an "extension term") under the same terms and conditions as the original Lease (except for Minimum Rent as provided below). It is understood that this option is unique to Tenant and Subtenant. Upon any assignment or subletting, other than as specifically provided in Article XIV hereof, with or without Landlord's consent, this option shall be rendered null and void. The Minimum Rent payable pursuant to Section 4.1 of this Lease for each extension term with respect to the Foundation Main Space and the Museum Main Space only, shall be the sum of One Dollar (\$1.00). In order to exercise such option to extend the Term of this Lease, Tenant shall give to Landlord written notice of its election to do so no fewer than one hundred eighty (180) days and no more than three hundred sixty (360) days prior to expiration of the original Term or extension term, as applicable, and if Tenant shall fail to give such notice within said time limit, all rights and privileges as granted to Tenant to extend the term of this Lease shall thereupon be null and void.

ARTICLE IV -- RENT

4.1 **Minimum Rent.** Tenant has prepaid all rent for the Initial Term of this Lease for the Main Space into the Capital Account of Landlord in the non-refundable amount of One Million Two Hundred Fifty-Five Thousand Eight Hundred Seventy-Three Dollars (\$1,255,873.00) (the "Prepaid Rent"). Tenant shall not be entitled, under any circumstances or for any reason, other than for fraud and/or intentional misrepresentation committed by Landlord in connection with the negotiation of this Lease, to recover all or any portion of the Prepaid Rent, whether by way of refund, mitigation or otherwise.

ARTICLE V -- POSSESSION OF LEASED PREMISES

5.1 **Delivery of Possession.** Landlord and Tenant acknowledge and agree that Tenant, through Subtenant, is currently in possession of the Premises. Tenant further acknowledges that (a) the Premises (containing the Museum and the Foundation) currently occupied by Tenant contains approximately 9,300 square feet, which is in excess of the maximum square footage requirements set forth in this Lease; (b) Landlord shall have the exclusive right to recapture the Museum Additional Space and/or the Foundation Additional Space, or any portion thereof, at any time and for any reason, upon one-hundred eighty (180) days prior written notice from Landlord to Tenant; and (c) Landlord will perform no works of improvement in the Premises and that Tenant will remain in possession of the Premises on an "as-is" basis.

5.2 **Condition of Premises.** Tenant acknowledges that, except as otherwise expressly set forth in this Lease, neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises, the Hotel or their condition, or with respect to the suitability thereof for the conduct of Tenant's business. The taking of possession of the Premises by Tenant conclusively established that the Hotel, the Premises, the Tenant Improvements therein, the Hotel and the Common Areas were at such time complete and in good, sanitary and satisfactory condition and repair.

ARTICLE VI -- CONDUCT OF BUSINESS BY TENANT

6.1 **Use of Premises.** Tenant shall use the Premises solely for the use specified in Section 1.8 of the Basic Lease Provisions and under the trade names of Subtenant specified in Section 1.2 of the Basic Lease Provisions, and in accordance with the Rules and Regulations attached hereto as Exhibit "B". Tenant shall not use, or permit the Premises or any part thereof to be used, for any other use. Without limiting the generality of the preceding sentence, Tenant agrees as follows: Tenant shall not commit or suffer to be committed any waste upon the Premises or any nuisance or other act or thing which may disturb the quiet enjoyment of any other tenants or patrons of the Hotel. No use shall be made or permitted to be made of the Premises, nor acts done, which will increase the existing rate of insurance upon the Hotel, or cause a cancellation of any insurance policy covering the Premises or any part thereof. Tenant shall not sell or permit to be kept, used, stored or sold in or about the Premises any article which may be prohibited by standard form fire insurance policies. Tenant shall, at its sole cost, comply with any and all requirements pertaining to the use of the Premises of any insurance organization or company necessary for the maintenance of the fire and public liability insurance described in this Lease covering the Hotel and its appurtenances.

6.2 **Compliance with Laws.** Tenant shall not use the Premises, or permit anything to be done in or about the Premises, which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use, occupancy, alteration or improvement of the Premises, including, without limitation, the provisions of the Americans with Disabilities Act of 1990, as amended, as it pertains to Tenant's use, occupancy, improvement and alteration of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant.

ARTICLE VII -- MAINTENANCE AND REPAIRS

7.1 **Landlord's Maintenance Obligations.** Landlord on behalf of Tenant and the other occupants of the Hotel shall maintain in good condition and repair the foundations, roofs and exterior surfaces of the exterior walls of the Hotel (exclusive of doors, door frames, door checks, windows, window frames, and store fronts) and the heating, ventilation and air conditioning equipment of the Hotel; provided, however, if any repairs or replacements are necessitated by the negligence, gross negligence, or willful acts of Tenant or anyone acting under Tenant or by reason of Tenant's failure to observe or perform any provisions contained in this Lease or caused by alterations, additions or improvements made by Tenant or anyone acting under Tenant, the cost of such repairs and replacements shall be solely borne by Tenant. Notwithstanding anything to the contrary contained in this Lease, Landlord shall not be liable for failure to make repairs required to be made by Landlord under the provisions of this Lease unless Tenant has previously notified Landlord in writing of the need for such repairs and Landlord has failed to commence and complete the repairs within a reasonable period of time following receipt of Tenant's written notification. Tenant waives any right of offset against any rent due hereunder.

7.2 **Landlord's Right of Entry.** Landlord, its agents, contractors, employees and assigns may enter the Premises at all reasonable times upon reasonable prior notice under the circumstances (a) to examine the Premises; (b) to perform any obligation of, or exercise any right or remedy of, Landlord under this Lease; (c) to make repairs, alterations, improvements or additions to the Premises or to other portions of the Hotel as Landlord reasonably deems necessary; (d) to perform work necessary to comply with laws, ordinances, rules or regulations of any public authority or of any insurance underwriter; and (e) to perform work that Landlord reasonably deems necessary to prevent waste or deterioration in connection with the Premises should Tenant fail to commence to make, and diligently pursue to completion, its required repairs as provided herein. In exercising such entry rights, Landlord agrees to use commercially reasonable efforts under the circumstances to minimize interference with Tenant's use of the Premises.

7.3 **Tenant's Maintenance Obligations.** Tenant, at its sole cost and expense, shall keep the Premises and all parts thereof including, without limitation, utility meters, pipes and conduits, all fixtures, furniture and equipment, the storefront or storefronts, as applicable, Tenant's signs, locks and closing devices, security devices, windows, window sashes, casements or frames, all doors and door frames, floor coverings, including carpeting, tile and other flooring, all wall coverings, shelving, restrooms and other lavatory facilities, in first class order, condition and repair and shall make all replacements necessary to keep the Premises in such condition. All replacements shall be of a quality equal to or exceeding that of the original. Should Tenant fail to make these repairs and replacements or otherwise so maintain the Premises for a period of ten (10) days after written demand by Landlord, or should Tenant commence, but fail to complete, any repairs or replacements within a reasonable time after written demand by Landlord, Landlord may make such repairs or replacements without liability to Tenant for any loss or damage that may occur to Tenant's stock or business other than those resulting from Landlord's gross negligence or willful misconduct, and Tenant shall pay to Landlord the reasonable costs incurred by Landlord in making such repairs or replacements together with interest thereon at the interest rate from the date of commencement of the work until repaid. Tenant shall, at its expense, repair promptly any damage to the Hotel caused by Tenant or its agents or employees or caused by the installation or removal of Tenant's personal property. Tenant shall, at its own expense, comply with all requirements, including the installation and periodic maintenance of fire extinguishers or automatic dry chemical extinguishing system, of the insurance underwriters and other governmental authority having jurisdiction therefor as necessary for maintenance of reasonable fire and extended coverage insurance for the Premises.

7.4 **Plate Glass.** Tenant shall replace, at its expense, any and all plate and other glass in and about the Premises which is damaged or broken from any cause whatsoever except due to the gross negligence or willful misconduct of Landlord, its agents or employees.

ARTICLE VIII -- COMMON AREA

8.1 **Definition of Common Area.** The term "Common Area," as used in this Lease, means all areas within the exterior boundaries of the Hotel now or later made available for the general use of Landlord, its patrons and other persons entitled to occupy Floor Area in the Hotel and their customers, guests and invitees, and the general public. Common Area shall not include (a) the entryway to a tenant's premises, or (b) any areas or facilities that could be considered as Common Area except that the areas or facilities are included in the description of premises leased to a tenant or are exclusively for the use of and are the responsibility of a tenant.

8.2 **Maintenance and Use of Common Area.** The manner in which the Common Area shall be maintained shall be solely determined by Landlord. The use and occupancy by Tenant of the Premises shall include the right to use the Common Area in common with Landlord and other tenants of the Hotel and their customers and invitees, subject to such reasonable, non-discriminatory rules and regulations concerning the use of the Common Area as may be established by Landlord from time to time including, without limitation, the Rules and Regulations attached hereto as Exhibit "B" as the same may be amended from time to time. Written notice of such rules and regulations and amendments and supplements thereto, if any, shall be given to Tenant thirty (30) days prior to their effective date. Tenant agrees to promptly comply with all such rules and regulations upon receipt of written notice from Landlord. Tenant and Tenant's employees and agents shall not solicit business in the Common Areas.

8.3 **Control of and Changes to Common Area.** Landlord shall have the sole and exclusive control of the Common Area, as well as the right to make reasonable changes to the Common Area. Provided Tenant's use of and access to the Premises is not unreasonably interfered with, such rights of Landlord shall include, without limitation, the right to (a) restrain the use of the Common Area by unauthorized persons, (b) cause Tenant to remove or restrain persons from any unauthorized use of the Common Area if they are using the Common Area by reason of Tenant's presence in the Hotel, (c) utilize from time to time any portion of the Common Area for promotional, entertainment and related matters, (d) temporarily close any portion of the Common Area for repairs, improvements or alterations, to discourage non-customer use, to prevent dedication or an easement by prescription, or for any other reasons deemed sufficient in Landlord's reasonable judgment, and (e) reasonably change the shape and size of the Common Area, add, eliminate or change the location of improvements to the Common Area, including, without limitation, buildings and lighting, and construct buildings and other improvements on the Common Area.

8.4 **Parking.** Landlord shall have no obligation whatsoever to provide parking for the Premises. Parking for the Premises may be available to Tenant by way of public parking on the adjoining streets and highways, the parking garage adjacent to the Hotel and other public parking facilities in the immediate vicinity, all of which are owned by third parties not controlled by Landlord. Tenant acknowledges that Landlord has not made and does not make any representations or warranties with respect to the availability of parking and agrees that Tenant shall be responsible at its sole cost and expense, for making arrangements with such third parties as are necessary to satisfy Tenant's parking requirements. Furthermore, Tenant agrees that its inability to secure parking for the Premises shall not in any way affect the validity or the enforceability of this Lease, and Tenant shall not be entitled to terminate this Lease nor to abate rent by reason of inadequate parking for the Premises.

ARTICLE IX -- UTILITIES

Tenant shall be solely responsible for and shall promptly pay all charges for telephone service and for any other utility used, consumed or provided in, or furnished, or attributable to the Premises at the rates charged by the supplying utility companies. Should Landlord elect to supply any or all of such utilities, Tenant agrees to purchase and pay for the same as additional rent as apportioned by Landlord. In no event shall Landlord be liable for any interruption or failure in the supply of any such utilities to the Premises, nor shall rent be abated as a result of any such interruption. Tenant agrees to reimburse Landlord within ten (10) days of billing for fixture charges and/or water tariffs, if applicable, which are charged by local utility companies. Landlord will notify Tenant of any such charges as soon as they become known. Any such charges will increase or decrease with current charges being charged Landlord by the local utility company, and will be due as additional rent. Notwithstanding anything to the contrary contained in this Article IX, Landlord shall be responsible for the cost of gas, water, sewer, electricity and refuse disposal used, consumed or provided in, or furnished, or attributable to the Premises.

ARTICLE X -- ALTERATIONS, SIGNS AND FIXTURES

10.1 **Installation.** Without Landlord's prior written consent, Tenant shall not make or cause to be made any alterations, additions or improvements to the Premises, or install or cause to be installed any trade fixtures, floor covering, interior lighting, plumbing fixtures, exterior signs, shades or awnings, or make any changes to the store front of the Premises. Tenant shall present Landlord with plans and specifications for such work concurrently with the request for approval.

10.2 **Removal by Tenant.** All alterations, decorations, fixtures, additions and improvements made by Tenant, or made by Landlord on Tenant's behalf by agreement under this Lease, whether temporary or permanent in character, and whether or not affixed to the Premises (except furnishings, trade fixtures and equipment installed by Tenant) shall remain the property of Landlord and shall not be removed from the Premises without Landlord's prior written consent. Upon the expiration or earlier termination of this Lease, Landlord may require Tenant to remove all the alterations, decorations, fixtures, additions, and improvements, and to restore the Premises as provided in Article XI hereof. If, following Landlord's request to do so upon the expiration of this Lease, Tenant fails to remove such alterations, decorations, additions and improvements and restore the Premises, Tenant shall promptly reimburse Landlord for the cost of removal and restoration.

10.3 **Liens.** Tenant shall keep the Premises free of any kinds of liens arising out of work performed for or materials furnished to Tenant, and shall promptly pay all contractors and materialmen used by Tenant to improve the Premises

so as to minimize the possibility of a lien attaching thereto. Should any lien be made or filed, Tenant shall bond against or discharge the same within twenty (20) days after written request by Landlord. Tenant shall indemnify, defend, protect and hold Landlord, the Premises and the Hotel and every part thereof free and harmless from and against any and all liability, damage, claims, demands, suits, actions or expense (including attorneys' fees) arising out of any work done or materials furnished with respect to the Premises by Tenant, its employees, representatives, successors, contractors, subcontractors, materialmen and assigns.

10.4 **Signs, Awnings and Canopies.** Without Landlord's prior written consent, Tenant will not place or suffer to be placed or maintained on any door, wall or window of the Premises any sign, awning or canopy, nor any advertising matter on the glass of any window or door of the Premises or within 48" of any window. Tenant further agrees to maintain any permitted signs, awnings, canopies, decorations, lettering or advertising matter as may be approved in good condition and repair at all times. Within ninety (90) days of Landlord's request and provided that Tenant has been in occupancy of the Premises for at least five (5) years, Tenant shall remove Tenant's existing sign, patch the fascia, and install a new sign, at Tenant's sole cost and expense, in accordance with Landlord's Sign Criteria then in effect.

ARTICLE XI -- SURRENDER OF PREMISES

At the expiration or earlier termination of this Lease, Tenant shall surrender the Premises in a first class, clean condition in accordance with the requirements of Section 10.2 herein, reasonable wear and tear and damage by unavoidable casualty excepted, and shall surrender all keys for the Premises to Landlord at the place then fixed for the payment of rent. Tenant shall remove all of its furnishings, equipment and trade fixtures, and any alterations or improvements if required by Landlord as provided in Section 10.2 hereof, before surrendering the Premises to Landlord and shall repair any damage to the Premises caused thereby.

ARTICLE XII -- INSURANCE AND INDEMNITY

12.1 **Tenant Insurance.** During the Term, Tenant or Subtenant shall maintain at its own expense in full force and effect the following insurance policies:

(a) A policy of commercial general liability insurance, including coverage (by endorsement if necessary) for death, bodily injury, broad form property damage, premises/operations, blanket contractual liability, independent contractors, personal injury, products/completed operations, and, if applicable, liquor liability, with respect to the Premises and the business operated by the Tenant and subtenants and concessionaires of Tenant in the Premises, of which the combined single limit of general liability shall not be less than One Million Dollars (\$1,000,000) per occurrence. Such liability limit will be increased from time to time if Landlord's Insurance advisor reasonably determines that a higher limit is customary for similar uses. Such policy shall be on an occurrence (and not on a claims-made) basis. Notwithstanding anything to the contrary contained herein, only the Redevelopment Agency of the City of Riverside, and not Subtenant or any other assignee or subtenant, may self-insure against the risks described in this Paragraph 12(a);

(b) Insurance covering all trade fixtures, merchandise, personal property and plate glass in or upon the Premises in amounts no less than one hundred percent (100%) of the replacement value thereof, providing protection against any peril included within the classification of "Fire and Extended Coverage" including sprinkler damage, if any, vandalism and malicious mischief; and

(c) Workers compensation insurance as required by law.

Each of Tenant's insurance policies required hereinabove shall name Landlord, and any person, firms, or corporations designated by Landlord, as additional insureds. Such persons or entities shall not, by reason of their inclusion under any such policy, incur liability for payment of any premium. Tenant's insurance policies shall contain a clause that insurer will not cancel or change coverage without first giving Landlord at least thirty (30) days prior written notice. All insurance required hereunder shall be issued by an insurance company or companies approved by Landlord, licensed to do business in California and having a financial rating of Class A-X or better as rated in the most current available "Best's Key Rating Guide". A copy of the policy or certificate of insurance (and of all endorsements thereto) shall be delivered to Landlord prior to Tenant's occupancy of the Premises, and thereafter at least ten (10) days prior to the expiration of any existing policy. All public liability, property damage and other casualty policies shall be written as primary policies, not contributing with and not in excess of coverage which Landlord may carry. No policy required to be maintained by Tenant under this Section shall have a deductible in excess of \$5,000 without Landlord's prior written consent. If Tenant fails to maintain any insurance required under this Section, Landlord may itself maintain such insurance and charge the cost thereof to Tenant as additional rent. Such amount shall be due and owing within ten (10) days following written request therefor, and shall bear interest at the Interest Rate until paid. Landlord makes no representation or warranty to Tenant that the amount of insurance to be carried by Tenant under the terms of this Lease is adequate to fully protect Tenant's interests and Tenant assumes full responsibility to confirm the adequacy of its insurance coverage.

12.2 **Landlord Insurance.** During the Term, Landlord shall, subject to reimbursement as provided herein, maintain at its own expense in full force and effect the following insurance policies (collectively "Landlord Carried Insurance" herein):

(a) Fire with extended coverage insurance with a vandalism and malicious mischief endorsement, which insurance shall be in an amount equal to at least ninety percent (90%) of the replacement value (exclusive of foundation and excavation costs) of the Premises and other improvements within the Hotel;

(b) Insurance covering all art, artifacts, papers, photographs, and other items of aesthetic, cultural, or historical significance owned by Landlord within the Premises, which insurance coverages shall be in amounts from time to time deemed reasonably necessary by Landlord; and

(c) Rental loss insurance, or any other insurance coverages deemed necessary by Landlord or Landlord's lender throughout the Term, which insurance coverages shall be in amounts from time to time deemed reasonably necessary by Landlord or Landlord's lender.

The Landlord Carried Insurance may be obtained through a blanket policy or other form of pooled insurance coverage covering not only the Hotel, but other property owned by Landlord or its affiliates.

12.3 Indemnification of Landlord. Tenant will, during the Term, indemnify, protect, defend and save Landlord harmless from and against any and all claims, demands, actions, damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and costs of investigation with respect to any claim, demand or action) in connection with loss of life, bodily injury, personal injury and/or damage to property (collectively, "Claims") arising from or connected with the conduct or management of the business conducted by Tenant on the Premises, or the occupancy or use by Tenant of the Premises or any part thereof, or from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to this Lease, or from violations of or noncompliance with any governmental requirements or insurance requirements, or from any acts or omissions of Tenant or any person on the Premises by license or invitation of Tenant or occupying the Premises or any part thereof under Tenant, whether such injury occurs in, on or about the Premises or the Common Area. In case Landlord shall be made a party to any litigation commenced by or against Tenant, Tenant shall accept any tender of defense by Landlord and shall defend Landlord and protect and hold Landlord harmless and pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection with such litigation; provided, however, Tenant shall not be liable for any such injury or damage to the extent and in the proportion such injury or damage is ultimately determined to be attributable to the sole, active negligence or misconduct of Landlord, its agents or employees, unless covered by insurance required to be carried by Tenant. Landlord may, at its option, require Tenant to assume Landlord's defense in any action covered by this Section 12.3 through counsel satisfactory to Landlord.

12.4 Waiver Claims; Waiver of Subrogation. Provided that their respective policies of insurance are not invalidated thereby, each party hereby waives (a) its rights of recovery against the other party, its successors, assigns, directors, agents and representatives in connection with any loss or damage caused to the insured's property and covered by any property insurance policies of the insured, and (b) on behalf of its carriers, any right of subrogation it may have against the other. Each party shall notify its carrier of the waiver contained herein and shall obtain, if required by their respective insurers, any special endorsements required by such insurers to evidence compliance with the foregoing waiver.

12.5 Waiver of Loss and Damage. Except to the extent such matter is not covered by the insurance required to be maintained by Tenant under this Lease and such matter is attributable to the gross negligence or willful misconduct of Landlord, Landlord shall not be liable to Tenant, Tenant's employees, agents or invitees for: (i) any damage to property of Tenant, or of others, located in, on or about the Premises, nor for (ii) the loss of or damage to any property of Tenant or of others by theft or otherwise, (iii) any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or leaks from any part of the Premises or from the pipes, appliance of plumbing works or from the roof, street or subsurface or from any other places or by dampness or by any other cause of whatsoever nature, or (iv) any such damage caused by other tenants or persons in the Premises, occupants of adjacent property of the Hotel, or the public, or caused by operations in construction of any private, public or quasi-public work. All property of Tenant kept or stored on the Premises shall be so kept or stored at the sole risk of Tenant and Tenant shall hold Landlord harmless from any claims arising out of damage to the same, including subrogation claims by Tenant's insurance carriers, unless such damage shall be caused by the gross negligence or willful misconduct of Landlord.

12.6 Notice by Tenant. Tenant shall give immediate notice to Landlord in case of fire or accidents in the Premises or elsewhere in the Hotel or of any damage or defects in the Premises, the Hotel or any fixtures or equipment therein.

12.7 Indemnification of Tenant. Landlord will, during the Term, indemnify, protect, defend and save Tenant harmless from and against any and all Claims attributable to the sole, active negligence or misconduct of Landlord, its agents or employees, unless covered by insurance required to be carried by Tenant; provided, however, Landlord shall not be liable for any injury or damage to the extent and in the proportion such injury or damage is ultimately determined to be attributable to the sole, active negligence or misconduct of Tenant, its agents or employees.

ARTICLE XIII -- OFFSET STATEMENT, ATTORNTMENT, SUBORDINATION, MORTGAGEE PROTECTION CLAUSE

13.1 Offset Statement. Within ten (10) days after Landlord's written request, in connection with any sale, assignment, hypothecation or other transfer of Landlord's interest in this Lease or the Hotel, Tenant agrees to deliver in recordable form a certificate or tenant estoppel letter to any proposed mortgagee, purchaser, or other transferee, or to Landlord, certifying to the extent true that this Lease is in full force and effect, that to Tenant's knowledge there does not exist nor has there existed during the period of Tenant's tenancy any toxic materials or hazardous waste in, on or about the Premises, that a true and correct copy of this Lease and all amendments thereto are attached to the certificate or tenant estoppel letter, and that there are no defenses or offsets thereto, or stating those claimed by Tenant, and such other items as may be reasonably requested. Failure by Tenant to execute said offset statement shall be considered a material default by Tenant under this Lease.

13.2 Attornment and Nondisturbance. In the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, any mortgage, deed of trust or other encumbrance made by Landlord

covering the Premises, Tenant shall attorn to the purchaser or mortgagee upon any such foreclosure sale or transfer in lieu of foreclosure sale and recognize such purchaser or mortgagee as the Landlord under this Lease, provided that any such purchaser or mortgagee shall recognize this Lease as remaining in full force and effect so long as Tenant is not in default hereunder.

13.3 Subordination. Subject to the nondisturbance and attornment provisions of Section 13.2 above, Tenant agrees that this Lease, at Landlord's option, shall be subject and subordinate to the lien of any mortgages or trust deeds or the lien resulting from any other method of financing or refinancing, now or hereafter in force against the land and buildings of which the Premises are a part or upon any buildings hereafter placed upon the land of which the Premises are a part, and to all advances made or hereafter to be made upon the security thereof. This section shall be self-operative and no further instrument of subordination shall be required unless requested by Landlord. Tenant covenants and agrees that it will execute such additional subordination agreements from time to time within twenty (20) days following written request therefor by Landlord. Tenant's failure to timely execute and return any required agreement under this Section shall constitute a material default under this Lease. Further, if Tenant fails to deliver any required agreement under this Section within such twenty (20) day period, Tenant irrevocably appoints Landlord as Tenant's attorney-in-fact for the purpose of executing and delivering the same on behalf of Tenant.

13.4 Mortgagee Protection Clause. Tenant agrees to give any mortgagees and/or trust deed holders, by registered mail, a copy of any notice of default served by Tenant upon Landlord, provided that prior to such notice Tenant has been notified in writing (by way of notice of assignment of lease, or otherwise) of the addresses of such mortgagees and/or trust deed holders. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the mortgagees and/or trust deed holders shall have an additional thirty (30) days within which to cure such default, or if such default cannot be cured within that time, then such additional time as may be necessary, provided such mortgagees and/or trust deed holders commence such cure within thirty (30) days and diligently pursue the remedies necessary to cure such default (including, but not limited to, commencement of foreclosure proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated while such remedies are being so diligently pursued. Tenant shall not unreasonably withhold its consent to changes or amendments to this Lease requested by the holder of any mortgage or deed of trust covering Landlord's interest in the Premises so long as such changes do not materially alter the economic terms of this Lease or otherwise materially diminish the rights or materially increase the obligations of Tenant hereunder.

ARTICLE XIV -- ASSIGNMENT AND SUBLETTING

14.1 Assignment and Subletting. Tenant will not assign this Lease in whole or in part, nor sublet all or any part of the Premises, without the prior written consent of Landlord, which consent Landlord may withhold in its sole and absolute discretion. The consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for obtaining Landlord's consent to any subsequent assignment or subletting. Any assignment or sublease made by Tenant without Landlord's written consent shall be voidable at Landlord's election. Notwithstanding anything to the contrary contained in this Article XIV or elsewhere in this Lease, Landlord and Tenant acknowledge and agree that Tenant may and has, or within thirty (30) days after execution of this Lease will, assign all of Tenant's rights, title and interest in and to this Lease or sublet the entire Premises (as opposed to only a portion of the Premises) to Subtenant for the sole purpose of operating The Mission Inn Foundation offices/Museum; provided, Tenant shall not be released from its liabilities under this Lease unless Landlord shall specifically consent to such a release.

14.2 Other Prohibited Transfers. Tenant shall not grant any concession or right of use or occupancy to all or any part of the Premises (other than an assignment or sublease which shall be governed by Section 14.1 above), nor shall Tenant encumber, hypothecate, or assign this Lease as security for an obligation or indebtedness, or grant any other form of security interest in this Lease, without Landlord's prior written consent which may be withheld in Landlord's sole, absolute and arbitrary discretion. Any such concession, right or security interest made by Tenant without Landlord's written consent shall be null and void. If Tenant shall select or appoint some person or entity other than Tenant or Subtenant to manage and control the business conducted in the Premises, and the result thereof shall be substantially similar to the result of a sublease or assignment, then such selection or appointment shall be deemed an assignment within the meaning and provisions of this Article.

14.3 Sale of Premises. In the event Landlord shall sell, convey, transfer or exchange the Hotel, Tenant agrees to recognize and attorn to the purchaser, or transferee, as the Landlord hereunder and Landlord shall be and is hereby relieved and released from any liability under any and all of its covenants and obligations under this Lease arising out of any act, occurrence or event which occurs after such sale, conveyance, transfer or exchange.

ARTICLE XV -- DESTRUCTION

15.1 Total or Partial Destruction of Premises. If the Premises shall be damaged by fire, the elements or other casualty insured against under the provisions of Section 12.2 above, but are not thereby rendered untenable in whole or in part, Landlord shall, at its own expense, cause such damage to be repaired as soon as reasonably practical, and any rent or other charges payable hereunder shall not be abated. Tenant shall be responsible for the concurrent prompt repair and restoration of its furniture, fixtures and equipment in the Premises damaged by such event. If by reason of any damage or casualty, the Premises shall be rendered untenable only in part, the damage shall be repaired as described above, and any rent other charges payable hereunder shall not be abated. If the Premises shall be rendered wholly untenable by reason of such occurrence, either (i) the damage shall be repaired as described above, and any rent or other charges payable hereunder shall not be abated; or (ii) Landlord shall have the right, to be exercised by written notice delivered to Tenant within sixty (60) days from and after said occurrence, to elect not to reconstruct the Premises, and in such event this Lease and the tenancy hereby created shall cease as of the date of said damage. In such event, Landlord shall use good faith efforts to assist Tenant to find an alternate location, but Tenant shall not be entitled to receive any refund of any rent or other amount which has been prepaid by Tenant to Landlord. In the event the Premises are damaged as a result of casualty not covered by insurance required

to be maintained hereunder, or are damaged during the last twelve (12) months of the Term, Landlord, within sixty (60) days following the date of such damage may commence such repair or reconstruction work or may elect to terminate this Lease on the expiration of sixty (60) days following delivery of written notice to Tenant of Landlord's election not to repair or restore such damage. In such event, Landlord shall use good faith efforts to assist Tenant to find an alternate location, but Tenant shall not be entitled to receive any refund of any rent or other amount which has been prepaid by Tenant to Landlord.

15.2 Partial Destruction of Hotel. In the event that fifty percent (50%) or more of the Hotel shall be damaged or destroyed by fire or other cause, and the Premises is within close proximity to the damage by such fire or other cause, Landlord shall have the right to be exercised by written notice delivered to Tenant within sixty (60) days from and after said occurrence, to elect to cancel and terminate this Lease if it is determined the Premises cannot reasonably be repaired or rebuilt. Upon the giving of such notice to Tenant, the Term shall expire by lapse of time upon the 3rd day after such notice is given, and Tenant shall vacate the Premises and surrender the same to Landlord in the condition required pursuant to Article XI. In such event, Tenant shall not be entitled to receive any refund of any rent or other amount which has been prepaid by Tenant to Landlord.

15.3 Proceeds. All proceeds from the insurance required to be kept under Section 12.2 above shall be delivered to and constitute the property of Landlord and the proceeds of all property insurance covering Tenant's leasehold improvements which would constitute the property of Landlord upon termination of this Lease shall also be paid to Landlord. Unless Landlord elects to terminate this Lease in accordance with Section 15.1 or 15.2 above, Landlord shall apply its insurance proceeds toward reconstruction of the Premises. Tenant shall be entitled to retain the proceeds of its insurance carried pursuant to Section 12.1 above covering its trade fixtures, merchandise, signs and other personal property which it would be entitled to remove upon the expiration of this Lease.

15.4 Waiver of Termination. Tenant hereby waives any statutory rights which it may have to terminate this Lease in the event of the partial or total destruction of the Premises or the Hotel, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, it being agreed that the provisions of this Article XV shall control in the event of any damage or destruction.

ARTICLE XVI -- EMINENT DOMAIN

16.1 Total Condemnation of Premises or Hotel. If the whole of the Premises or a material part of the Hotel, i.e., twenty-five percent (25%) or more, shall be acquired for any public or quasi-public use or purpose or taken by eminent domain, then the Term shall cease and terminate as of the date possession of title is given to such condemning authority in such proceeding. In such event, Tenant shall not be entitled to receive any refund of any rent or other amount which has been prepaid by Tenant to Landlord.

16.2 Partial Condemnation of Premises or Hotel. If any part of the Premises or the Hotel shall be acquired or taken by eminent domain for any public or quasi-public use or purpose, and in the event that such partial taking or condemnation shall render the Premises or the Hotel unsuitable for the operation of Tenant's business, this Lease shall cease and terminate as of the date possession or title is given to such condemning authority in such proceeding. In the event of a partial taking or condemnation which is not extensive enough to render the Premises or the Hotel unsuitable for the operation of Tenant's business, Landlord shall promptly restore the Premises and/or the Hotel, as applicable, to a condition comparable to its condition at the time of such condemnation less the portion lost in the taking, and this Lease shall continue in full force and effect.

16.3 Allocation of Award. Except as provided below, in the event of any condemnation or taking as herein provided, whether whole or partial, Tenant shall not be entitled to any part of the award, as damages or otherwise, for such condemnation and Landlord is to receive the full amount of such award. Tenant expressly waives any right or claim to any part thereof, including the right or claim for the value of the unexpired portion of the Term or diminution in value of Tenant's leasehold interest, or for the value of any option to extend the Term or renew this Lease.

ARTICLE XVII -- DEFAULT

17.1 Default by Tenant. In the event of Tenant's failure to perform any of Tenant's obligations under this Lease when due or called for hereunder, Tenant shall have a period of three (3) days after service of written notice by Landlord specifying the nature of Tenant's default within which to cure such defaults, provided that if the nature of a non-monetary default is such that it cannot be fully cured within said three (3) day period, Tenant shall have such additional time as may be reasonably necessary to cure such default not to exceed thirty (30) days so long as Tenant commences such cure promptly after service of Landlord's notice and proceeds diligently at all times to complete such cure. If Tenant fails to comply with the foregoing provisions, Tenant shall be deemed to be in material breach of this Lease and Landlord with or without further notice or demand shall have all rights and remedies available to it at law, including Code of Civil Procedure 1161 (or its successor), or in equity. In such event, in accordance with state law, Landlord may re-enter the Premises and remove all persons and property from the Premise and such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. **TENANT AND LANDLORD HEREBY ACKNOWLEDGE AND AGREE THAT IN THE EVENT LANDLORD ELECTS TO TERMINATE THIS LEASE PURSUANT TO THE TERMS AND CONDITIONS CONTAINED HEREIN, TENANT SHALL NOT BE ENTITLED, UNDER ANY CIRCUMSTANCES, EXCEPT FRAUD OR INTENTIONAL MISCONDUCT OR INTENTIONAL MISREPRESENTATION COMMITTED BY LANDLORD IN CONNECTION WITH THE PERFORMANCE OF THE TERMS OF THIS LEASE, TO RECOVER ANY PREPAID RENT AND/OR OTHER MONETARY SUMS DEPOSITED HEREUNDER, WHETHER BY WAY OF REFUND, OR OTHERWISE, AND LANDLORD SHALL HAVE NO OBLIGATION TO MITIGATE ANY DAMAGES SUSTAINED BY LANDLORD AS A RESULT OF ANY SUCH TENANT DEFAULT. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, LANDLORD MAY ONLY TERMINATE THIS LEASE IF LANDLORD IS NOT THEN IN DEFAULT HEREUNDER.**

17.2 **Default by Landlord.** Landlord shall not be in default in the performance of any obligation required to be performed by Landlord under this Lease unless Landlord has failed to perform such obligation within thirty (30) days after the receipt of written notice from Tenant specifying in detail Landlord's failure to perform; provided however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be deemed in default if it commences such performance within such thirty (30) day period and thereafter diligently pursues the same to completion. Upon any such uncured default by Landlord, Tenant may only exercise those rights provided it in law or at equity which are specifically set forth below, and; (a) Tenant shall have no right to offset or abate rent in the event of any default by Landlord under this Lease, except to the extent offset rights are specifically provided to Tenant in this Lease; and (b) Tenant's rights and remedies hereunder shall be limited to the extent (i) Tenant has expressly waived in this Lease any of such rights or remedies and/or (ii) this Lease otherwise expressly limits Tenant's rights or remedies, including the limitation on Tenant's remedies set forth in the balance of this Section 17.2 and on Landlord's liability contained in Section 17.3 hereof. **TENANT AND LANDLORD HEREBY ACKNOWLEDGE AND AGREE THAT IN THE EVENT LANDLORD IS IN DEFAULT IN THE PERFORMANCE OF ANY OBLIGATION REQUIRED TO BE PERFORMED BY LANDLORD UNDER THIS LEASE, TENANT SHALL HAVE THE RIGHT TO EXERCISE ONLY ONE OF THE FOLLOWING ALTERNATIVE REMEDIES: (A) SUE LANDLORD FOR ACTUAL DAMAGE CAUSED BY LANDLORD'S SPECIFIC DEFAULT OR FOR SPECIFIC PERFORMANCE OF THE TERMS AND CONDITIONS OF THIS LEASE TO ENFORCE THE PERFORMANCE OF LANDLORD'S OBLIGATIONS HEREUNDER, OR (B) ONLY IN THE EVENT OF FRAUD OR INTENTIONAL MISCONDUCT OR INTENTIONAL MISREPRESENTATION COMMITTED BY LANDLORD IN CONNECTION WITH THE PERFORMANCE OF THE TERMS OF THIS LEASE, TERMINATE THIS LEASE AND RECOVER THE REMAINING UNAMORTIZED PORTION OF PRE-PAID RENT APPLICABLE TO THE REMAINDER OF THE INITIAL THIRTY (30) YEAR TERM BASED ON A COMMENCEMENT DATE OF DECEMBER 23, 1992; PROVIDED, HOWEVER, THAT TO THE EXTENT NOT SPECIFICALLY PROVIDED HEREIN, TENANT SHALL HAVE NO RIGHT TO RECOVER ANY PREPAID RENT AND OR OTHER MONETARY SUMS DEPOSITED HEREUNDER, WHETHER BY WAY OF REFUND, MITIGATION OR OTHERWISE. UNDER NO CIRCUMSTANCES SHALL TENANT BE ENTITLED TO ANY REMEDY, WHETHER PROVIDED AT LAW, EQUITY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO, THE RIGHT TO RECOVER ANY PREPAID RENT (EXCEPT IN THE CASE OF FRAUD OR INTENTIONAL MISCONDUCT OR INTENTIONAL MISREPRESENTATION COMMITTED BY LANDLORD IN CONNECTION WITH THE PERFORMANCE OF THE TERMS OF THIS LEASE) AND/OR OTHER MONETARY SUMS DEPOSITED HEREUNDER, WHETHER BY WAY OF REFUND, MITIGATION OR OTHERWISE. THE REMEDIES PROVIDED TENANT ABOVE SHALL PROVIDE TENANT COMPLETE AND TOTAL SATISFACTION FOR ANY CLAIM THAT TENANT MAY HAVE AS A RESULT OF ANY SUCH LANDLORD DEFAULT.**


Tenant's Initials

Landlord's Initials

17.3 **Limitation on Tenant's Recourse.** Tenant's sole recourse under this Lease against Landlord for monetary damages is to the interest of Landlord in and to the Hotel. Tenant shall have no right to satisfy any judgment which it may have against Landlord from any other assets of Landlord or from any other assets of any partner, venturer or shareholder of Landlord. The provisions of this Section are not intended to limit the Tenant's right to seek injunctive relief or specific performance, or Tenant's right to claim the proceeds of insurance (if any) specifically maintained by Landlord for Tenant's benefit. The foregoing limitations shall also apply to any successor to Landlord's interest in the Premises.

17.4 **Landlord's Right to Perform.** Except as specifically provided otherwise in this Lease, all covenants and agreements by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense. If Tenant shall fail to pay any sum of money or perform any other act on its part to be paid or performed hereunder and such failure shall continue for three (3) days with respect to monetary obligations (or ten (10) days with respect to non-monetary obligations) after Tenant's receipt of written notice thereof from Landlord, Landlord may, without waiving or releasing Tenant from any of Tenant's obligations, make such payment or perform such other act on behalf of Tenant. All sums so paid by Landlord and all necessary incidental costs incurred by Landlord in performing such other acts shall be payable by Tenant to Landlord within five (5) days after demand therefor as additional rent.

17.5 **Rights and Remedies Cumulative.** All rights, options and remedies of Landlord contained in this Section 17 and elsewhere in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity, whether or not stated in this Lease. Nothing in this Section 17 shall be deemed to limit or otherwise affect Tenant's indemnification of Landlord pursuant to any provision of this Lease.

ARTICLE XVIII -- HOLDING OVER, SUCCESSORS

18.1 **Holding Over.** Any holding over after the expiration of the Term or an extension term, with the consent of the Landlord, express or implied, shall, in the absence of a written agreement providing otherwise, be construed to be a tenancy from month to month at a Minimum Rent equal to one hundred twenty-five percent (125%) of the fair market rental rate for the Premises and shall otherwise be on the terms and conditions of this Lease.

18.2 **Successors.** All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors, and assigns of said parties; and if there shall be more than one party comprising Tenant, they shall all be bound jointly and severally by the terms, covenants and agreements herein.

ARTICLE XIX -- QUIET ENJOYMENT

19.1 **Landlord's Covenant.** Upon the observance and performance of all of the covenants, terms and conditions on Tenant's part to be observed and performed hereunder, Tenant shall peaceably and quietly hold and enjoy the

Premises for the Term without unreasonable hindrance or Interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under the Landlord, subject, nevertheless, to the terms and conditions of this Lease.

19.2 Relocation

(a) Landlord reserves the unilateral right to, at any time during the Term, by delivering ninety (90) days prior written notice to Tenant, relocate the Museum to other premises anywhere on the ground floor of the Hotel, or anywhere on floors 1, 2 or 3 of the Rotunda, or if and when improved, to any other space in the Mission Inn Annex building ("Substitute Museum Premises"); provided, however, that the Substitute Museum Premises contains a minimum and a maximum of 3,000 square feet of Floor Area, and provided further in no event shall Landlord relocate the Substitute Museum Premises to either the basement storage area of the Hotel or the Rotunda basement area. Landlord reserves the unilateral right to, at any time during the Term of this Lease, by delivering written notice to Tenant, relocate the Foundation to other premises within the Hotel, or when improved, to other space in the Mission Inn Annex building ("Substitute Foundation Premises"); provided, however, that the Substitute Foundation Premises contains a minimum and a maximum of 3,500 square feet of Floor Area. In no event shall the total aggregate square footage for the Substitute Museum Premises and the Substitute Foundation Premises exceed 6,500 square feet of Floor Area (i.e., Landlord shall have no obligation to provide relocation space for any Additional Space). The Substitute Museum Premises and Substitute Foundation Premises shall collectively be referred to herein as the "Substitute Premises." Additionally, Landlord, but not Tenant, shall have the right to relocate Tenant to "off-site" Substitute Premises which are within close proximity to the Hotel; rather than to other space within the Hotel or the Mission Inn Annex building. The location of the off-site Substitute Premises shall be mutually agreed upon and consented to by Landlord and Tenant, which consent shall not be unreasonably withheld. In the event Landlord and Subtenant are unable to agree upon the location of the proposed off-site Substitute Premises, the Riverside Redevelopment Agency, acting as arbitrator, shall have the authority to reasonably decide in good faith the appropriateness of the proposed off-site Substitute Premises, taking into account such factors as the location, size, physical condition and suitability of the off-site Substitute Premises for Subtenant's business operations. The decision of the Riverside Redevelopment Agency shall be binding upon Landlord, Tenant and Subtenant. Tenant shall vacate and surrender the applicable Premises to Landlord and shall occupy the Substitute Premises after Landlord has substantially completed the work to be performed by Landlord in the Substitute Premises pursuant to Section 19.2(b) below. Minimum Rent, Additional Rent and other charges shall be payable by Tenant at the same rate as payable by Tenant with respect to the Premises. From and after the relocation by Tenant to Substitute Premises, the Substitute Premises shall be deemed to be the Premises for the purposes of this Lease.

(b) If Landlord shall elect to relocate Tenant to Substitute Premises, Tenant shall not be entitled to any compensation for any inconvenience for interference with Tenant's business, but Landlord shall, at Landlord's sole cost and expense:

(i) Furnish and install or provide the necessary funding to Tenant to furnish and install in the Substitute Premises, to the extent reasonable given the then existing condition and configuration of the Substitute Premises, as determined by Landlord in its reasonable discretion, fixtures, equipment, improvements, appurtenances and leasehold improvements equal in kind and quality to those contained in the Premises at the time of Landlord's election;

(ii) At Landlord's option, arrange for or provide the necessary funding to Tenant for the moving of Tenant's personal property, equipment and trade fixtures from the Premises to the Substitute Premises;

(iii) Reimburse Tenant for Tenant's actual and reasonable out-of-pocket costs incurred in connection with the relocation of any telephone or other communications equipment from the Premises to the Substitute Premises; and

(iv) Reimburse Tenant for any other actual and reasonable out-of-pocket cost incurred by Tenant in connection with Tenant's move from the Premises to the Substitute Premises, provided such costs are approved by Landlord in advance, which approval shall not be unreasonably withheld.

(c) Tenant shall cooperate with Landlord so as to facilitate performance by Landlord of its obligations under Section 19.2(b) above. Without limiting the generality of the foregoing, Tenant shall provide Landlord promptly with any approvals or instructions and perform promptly in the Substitute Premises any work to be performed therein by Tenant to prepare the Substitute Premises for occupancy and opening for business.

ARTICLE XX -- TAXES ON TENANT'S PROPERTY AND BUSINESS OPERATIONS

Tenant agrees to pay before delinquency, all taxes and assessments (real and personal) levied against (a) any personal property or trade fixtures placed by Tenant in or about the Premises (including any increase in the assessed value of the Premises based upon the value of any such personal property or trade fixtures), and (b) any taxes relating to the operation of Tenant's business and/or the Museum. If any such taxes or assessments are levied against Landlord or Landlord's property, Landlord may, after written notice to Tenant (and under proper protest if requested by Tenant) pay such taxes and assessments, in which event Tenant agrees to reimburse Landlord all amounts paid by Landlord within ten (10) business days after demand by Landlord; provided, however, Tenant, at its sole cost and expense, will have the right, with Landlord's cooperation, to bring suit in any court of competent jurisdiction to recover the amount of any such taxes and assessments so paid under protest.

ARTICLE XXI – TOURS

Landlord hereby grants to Tenant a license to conduct, at Tenant's sole cost and expense, a maximum of two (2) general tours and one (1) special tour (collectively, "Tours") per day of the Premises and the Hotel, provided such Tours are conducted by trained docents, contain no more than fifteen (15) people per tour and comply with all applicable governmental and insurance requirements, and any other future rules and/or regulations that may be imposed by Landlord to ensure the safe and efficient operation of the Hotel and the quite enjoyment of all Hotel guests and invitees. The Tour route, duration and start times shall be subject to approval by Landlord, taking into account and giving special consideration to the daily operation of the Hotel and the quite enjoyment of all Hotel guests and invitees.

ARTICLE XXII – GO DARK

Should the Main Space "go dark" during the term of this Lease for a period of ninety (90) consecutive days (as extended by delays referred to in Section 23.6 below, repairs alterations and improvements, restoration due to casualty or condemnation, labor disputes or due to the actions of Landlord or its agents or employees), such that no business permitted by the terms of this Lease is being operated within any portion of the Main Space, then Landlord may terminate this Lease at any time thereafter during the continuance of such "dark" period upon written notice to Tenant specifying a termination date which is no sooner than thirty (30) days after such notice. Upon the expiration of such thirty (30) day extension period, this Lease will automatically terminate unless Tenant (or Subtenant) has reopened the Museum and began occupying the entire Main Space for the use described in Section 1.8 of the Basic Lease Provisions, in which case Landlord's termination notice will be of no force or effect. Landlord's notice of termination may only be given within thirty (30) days of the conclusion of said ninety (90) day period. Upon termination of this Lease by Landlord pursuant to this Article XXII, Tenant shall not be entitled, under any circumstances, to recover any prepaid rent and/or other monetary sums deposited hereunder, whether by way of refund, or otherwise, and Landlord shall have no obligation to mitigate any damages sustained by Landlord as a result of Tenant's failure to remain open for business.

ARTICLE XXIII – MISCELLANEOUS

23.1 **Intentionally Omitted.**

23.2 **Waiver.** The waiver by either party of any breach of any term, covenant or condition of this Lease shall not be deemed to be a waiver of any other term, covenant or condition of this Lease or of any subsequent breach of the same term, covenant or condition. No covenant, term or condition of this Lease shall be deemed to have been waived by either party, unless such waiver is in writing by the waiving party.

23.3 **Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than a partial payment of the rent herein stipulated, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease.

23.4 **Entire Agreement.** This Lease and the Exhibits, and Addenda, if any, attached hereto and forming a part hereof, set forth all the representations, covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premises, and there are no representations, covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by both parties.

23.5 **No Partnership.** Landlord does not in any way or for any purpose become a partner of Tenant in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with Tenant by reason of this Lease.

23.6 **Force Majeure.** In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lock-outs, labor troubles, inability to procure materials, failure of power, governmental moratorium, riots, insurrection, war or other reason of a like nature not the fault of the party delaying in performing work or doing acts required under the terms of this Lease (but excluding delays due to financial inability) (herein collectively, "Force Majeure Delays"), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this Section 23.6 shall not apply to nor operate to excuse Tenant from any payments due in accordance with the terms of this Lease.

23.7 **Notices.** All notices hereunder must be served personally or by certified or registered mail as aforesaid, postage prepaid, addressed to Tenant at the address specified in Section 1.11 of the Basic Lease Provisions and to Landlord at the address specified in Section 1.12 of the Basic Lease Provisions, or at such other address as Landlord or Tenant may designate by written notice pursuant to this Section, except that notice to Tenant at the Premises shall in all events be proper notice. Any notice given by mail as aforesaid shall be deemed given forty-eight (48) hours after deposit in the mails.

23.8 **Captions and Section Numbers.** The captions, section numbers and article numbers in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

23.9 **Partial Invalidity.** If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or

unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and enforceable to the fullest extent permitted by law.

23.10 **No Option.** The submission of this Lease for examination does not constitute a reservation of or option for the Premises and this Lease becomes effective as a Lease only upon execution and delivery thereof by Landlord to Tenant.

23.11 **Recording.** Tenant and Landlord agree to record a Memorandum of Lease in substantially the form and content of the attached Exhibit "C".

23.12 **Legal Expenses.** If either Landlord or Tenant should bring suit against the other with respect to this Lease, then all costs and expenses, including without limitation, actual professional fees and costs such as appraisers', accountants' and attorneys' fees and costs, incurred by the party which prevails in such action, whether by final judgment or out of court settlement, shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment. As used herein, attorneys' fees and costs shall include, without limitation, attorneys' fees, costs and expenses incurred in connection with any (i) postjudgment motions; (ii) contempt proceedings; (iii) garnishment, levy, and debtor and third party examination; (iv) discovery; and (v) bankruptcy litigation.

23.13 **Rights Cumulative.** The rights and remedies of Landlord specified in this Lease shall be cumulative and in addition to any other rights and remedies provided by law.

23.14 **Authority.** If Tenant is a corporation or partnership, each individual executing this Lease on behalf of such entity represents or warrants that he or she is duly authorized to execute and deliver this Lease on behalf of such entity and that such entity shall be bound by all the terms and provisions hereof.

23.15 **Time of the Essence.** Time is of the essence of each and every provision of this Lease except for delivery of possession of the Premises as set forth herein.

23.16 **Nondiscrimination.** Tenant acknowledges and agrees that there shall be no discrimination against, or segregation of, any person, group of persons, or entity on the basis of race, color, creed, religion, age, sex, marital status, national origin, or ancestry in the leasing, subleasing, transferring, assignment, occupancy, tenure, use, or enjoyment of the Premises, or any portion thereof.

23.17 **Exhibits.** This Lease contains the following Exhibits which are attached hereto and incorporated herein by this reference:

- Exhibit A - Hotel Floor Plan
- Exhibit B - Rules and Regulations
- Exhibit C - Memorandum of Lease

IN WITNESS WHEREOF, Landlord and Tenant have executed this lease as of the day and year first above written.

LANDLORD:

HISTORIC MISSION INN CORPORATION,
a California corporation

By: [Signature]
Its: Chairman, President, & C.E.O.

By: [Signature]
Its: Treasurer

By: [Signature]
Its: Secretary

TENANT:

THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE,
a public body, corporate and politic

By: [Signature]

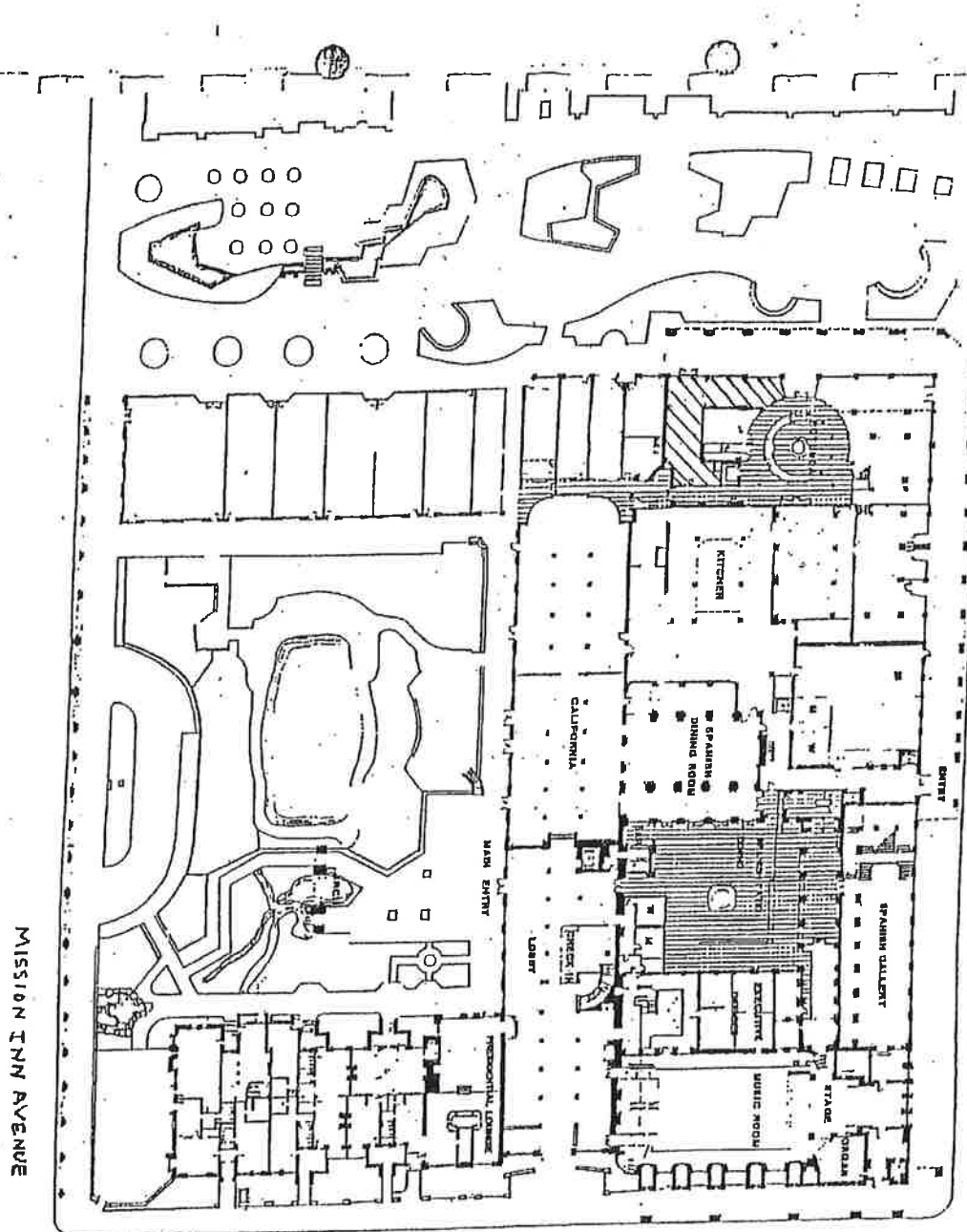
Name: Robert C. Wales

Title: Executive Director

Attest: [Signature]
Colleen J. Nicol
Agency Secretary

APPROVED AS TO FORM
[Signature]
ASST. CITY ATTORNEY

HOTEL FLOOR PLAN



MISSION INN AVENUE

ORANGE STREET

- PROPOSALS**
- ROTUNDA ENTRANCE
 - ARCADE ENTRANCE
 - FRONT ENTRY DRIVE
 - ORANGE STREET ENTRANCE
 - SIXTH STREET

MISSION INN
 RIVERSIDE CALIFORNIA
 CALIFORNIA STATE POLYTECHNIC UNIVERSITY
 PROPOSAL
 GROUND FLOOR PLAN

HISTORY

RULES AND REGULATIONS

1. The sidewalks, entrances, passages, or stairways shall not be obstructed or used for any purpose other than ingress and egress. No tenant or the agents, employees or invitees of any tenant shall go upon the roof of the Hotel or on to other areas not open to the general public (unless specifically designated in the lease for such tenant's use) without the prior written consent of Landlord.
2. All garbage and refuse shall be placed by Tenant in the containers at the location prepared by Landlord for refuse collection, in the manner and at the times and places specified by Landlord. Tenant shall not burn any trash or garbage of any kind in or about the leased Premises or the Hotel. All cardboard boxes must be "broken down" prior to being placed in the trash container. All styrofoam chips must be bagged or otherwise contained prior to placement in the trash container so as not to constitute a nuisance. Pallets may not be disposed of in the trash bins or enclosures. It is the Tenant's responsibility to dispose of pallets by alternative means. Except when removed for immediate temporary use, or for use within a building, all trash bins shall remain within trash enclosures at all times. Enclosure doors shall remain closed when not in active use. No uncontainerized liquids shall be poured or placed into a trash bin. Should any garbage or refuse not be deposited in the manner specified by Landlord. Landlord may, after three (3) hours verbal notice to Tenant, take whatever action necessary to correct the infraction at Tenant's expense.
3. No awnings or other projections shall be attached to the outside walls of the Hotel without the prior written consent of the Landlord. No hanging planters, television sets or other objects shall be attached to or suspended from ceilings without the prior written consent of Landlord. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises, without the prior written consent of Landlord.
4. No sign, advertisement or notice shall be exhibited, painted or affixed by any tenant on any part of, or so as to be seen from the outside the Premises without the prior written consent of the Landlord. In the event of the violation of the foregoing by any tenant, Landlord may remove same without any liability, and may charge the expense incurred in such removal to the tenant violating this rule.
5. The wash room partitions, mirrors, wash basins and other plumbing fixtures shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags or other substances shall be thrown therein. All damage resulting from any misuse of the fixtures shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees, shall have caused the same.
6. No tenant shall mark, paint, drill into, or in any way deface any part of the exterior of the Hotel.
7. No animals of any kind shall be brought into, or kept in or about the Premises and unless the premises shall be designed for food and beverage service, no cooking shall be done or permitted by the tenant of the Premises except that the preparation of coffee, tea, hot chocolate and similar items for the tenant and its employees and business visitors shall be permitted. No tenant shall cause or permit any unusual or objectionable odors to escape from the Premises.
8. Landlord reserves the right to exclude or expel from the Hotel any person who, in the judgment of Landlord is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Hotel.
9. No tenant shall occupy or permit any portion of his Premises to be occupied as an office for a public stenographic or typist, or for the manufacture or sale of narcotics in any form, or as a medical office, or as a barber shop, manicure shop or employment agency without the express written consent of Landlord. No tenant shall engage or pay any employees on the Premises except those actually working for such tenant of the Premises nor advertise for laborers giving an address at the Premises. The Premises shall not be used for lodging or sleeping or for any immoral or illegal purposes.
10. No tenant shall make, or permit to be made any unseemly or disturbing noises, sounds or vibrations or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them whether by the use of any musical instrument, radio phonograph, unusual noise, or in any other way.
11. No tenant shall throw anything out of doors or onto the parking lot and common areas. The outside areas immediately adjoining the Premises shall be kept clean and free from dirt and rubbish by the Tenant to the satisfaction of the Landlord, and Tenant shall not place or permit any obstruction or materials in such areas. No exterior storage shall be allowed.
12. No tenant shall at any time bring or keep upon the Premises any flammable, combustible, or explosive fluid, chemical or substance. The tenant shall not do or permit anything to be done in the Premises, or bring or keep anything herein, which shall in any way increase the rate of the fire insurance on the Hotel or on the property kept therein, or obstruct or interfere with the rights of other tenants, or in any way injure or annoy them, or conflict with the regulations of the Fire Department or the Fire laws, or with any insurance policy upon the Hotel or any part thereof, or with any rules and ordinances established by the Board of Health or other governmental authority.
13. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by any tenant, nor shall any changes be made in existing locks or the mechanism thereof without Landlord's written approval. Each tenant must, upon the termination of this tenancy, restore to the Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, such tenant, and in the event of the loss of any keys so furnished, such

tenant shall pay to the Landlord the cost of replacing the same or of changing the lock or jocks opened by such lost key if Landlord shall deem it necessary to make such change.

14. Any persons employed by any tenant to do Janitor work, shall, while in the Hotel and outside of the Premises, be subject to all rules and regulations contained herein, and the tenant shall be responsible for all acts of such persons.

15. Canvassing, soliciting and peddling in the Hotel are prohibited and each tenant shall cooperate to prevent the same.

16. No air conditioning unit or other similar apparatus shall be installed or used by any tenant without the written consent of Landlord. No aerial antenna shall be erected on the roof or exterior walls of the Premises, or on the grounds, without in each instance, the written consent of Landlord first being obtained. Any aerial or antenna so installed without such written consent shall be subject to removal by Landlord at any time without notice.

17. Landlord will direct electricians as to where and how telephone or telegraph wires are to be introduced. No boring or cutting for wires or stringing of wires will be allowed without written consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.

18. Landlord reserves the exclusive right to regulate and control the use of all parking ramps and areas, pedestrian walkways, plaza and other public areas forming a part of the Hotel. Landlord does not hereby assume any responsibility to provide security in and around these areas and tenant assumes all responsibility for the protection of the property and person of tenant, its agents and invitees from the acts of third persons.

19. Truck wells shall be used solely for temporary and immediate loading and unloading purposes. Parking or storage of items within truck well areas is strictly prohibited. Truck well doors shall remain closed when not in active use. No use of truck wells shall be allowed which causes vehicles waiting use thereof to park or wait excessively on a public street. Truck wells shall be kept neat and free of debris at all times.

Tenant agrees to comply with all such rules and regulations upon notice from Landlord. Should Tenant not abide by these Rules and Regulations, Landlord may serve a three (3) day notice to correct deficiencies. If Tenant has not corrected deficiencies by the end of the notice period, Tenant will be in default of the Lease.

Landlord reserves the right to amend or supplement the foregoing rules and regulations and to adopt and promulgate additional rules and regulations applicable to the Hotel or any portion thereof. Notice of such rules and regulations and amendments and supplements thereto, if any, shall be given to the Tenant.

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Historic Mission Inn Corporation
4100 Newport Place
Suite 400
Newport Beach, California 92660
Attention: Ted Weggeland

(Space Above For Recorder's Use)

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE ("Memorandum") is made and entered into as of December ____, 2000, by and between HISTORIC MISSION INN CORPORATION, a California corporation ("Landlord"), and THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE, a public body, corporate and politic ("Tenant").

1. Term and Premises. For the Lease Term and upon the provisions set forth in that certain written lease of even date herewith from Landlord to Tenant ("Lease"), all of which provisions are specifically made a part hereof as though fully and completely set forth herein, Landlord leases to Tenant, and Tenant leases from Landlord, that certain real property consisting of museum and office space ("Premises") located in the City of Riverside, County of Riverside, State of California, as depicted on Exhibit "1" attached hereto, and which is part of that hotel ("Hotel") legally described in Exhibit "2" attached hereto, together with all rights of ingress and egress and all other rights appurtenant to said Premises including, without limitation, the right to use the building constructed on the Premises for the purposes contemplated in the Lease, all of which rights are more particularly described in the Lease.
2. Options to Extend Term. Reference is particularly made to Section 3.2 of the Lease wherein Tenant is granted options to extend the Lease Term on the terms and conditions set forth therein.
3. Use. Reference is particularly made to Section 6.1 of the Lease wherein Tenant is granted the right to use the Premises for the Mission Inn Museum and general office uses.
4. Purpose of Memorandum of Lease. This Memorandum is prepared for the purpose of providing for record notice of the Lease, and in no way modifies the express and particular provisions of the Lease.
5. For the Benefit of the Premises. Landlord and Tenant intend that the covenants, conditions and restrictions described and referred to herein shall be both personal to Landlord and Tenant and binding on their successors and assigns. Each successive owner of the Premises or of any portion thereof, and each person having any interest therein derived through any owner thereof, shall be bound by such covenants, conditions and restrictions for the benefit of the Premises.

IN WITNESS WHEREOF, this Memorandum of Lease has been executed as of the date first written above.

"LANDLORD"

HISTORIC MISSION INN CORPORATION,
a California corporation

By: _____
Its: _____

By: _____
Name: _____
Title: _____

"TENANT"

THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE,
a public body, corporate and politic

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

FORM ONLY DO NOT SIGN

STATE OF CALIFORNIA)
COUNTY OF _____) ss.

On _____, before me, _____, a Notary Public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

(SEAL)

STATE OF CALIFORNIA)
COUNTY OF _____) ss.

On _____, before me, _____, a Notary Public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

(SEAL)

DEPICTION OF PREMISES FLOOR PLAN

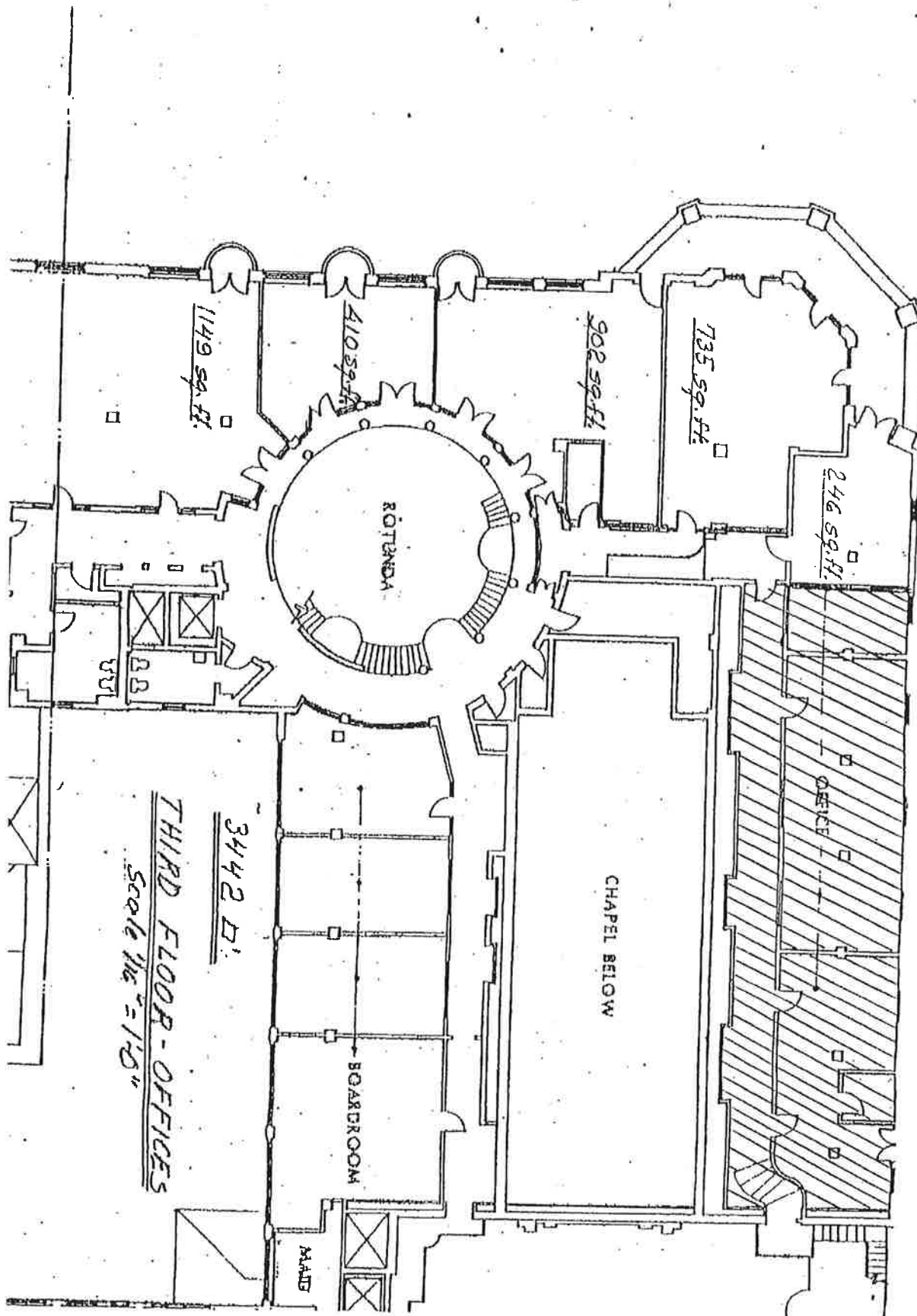
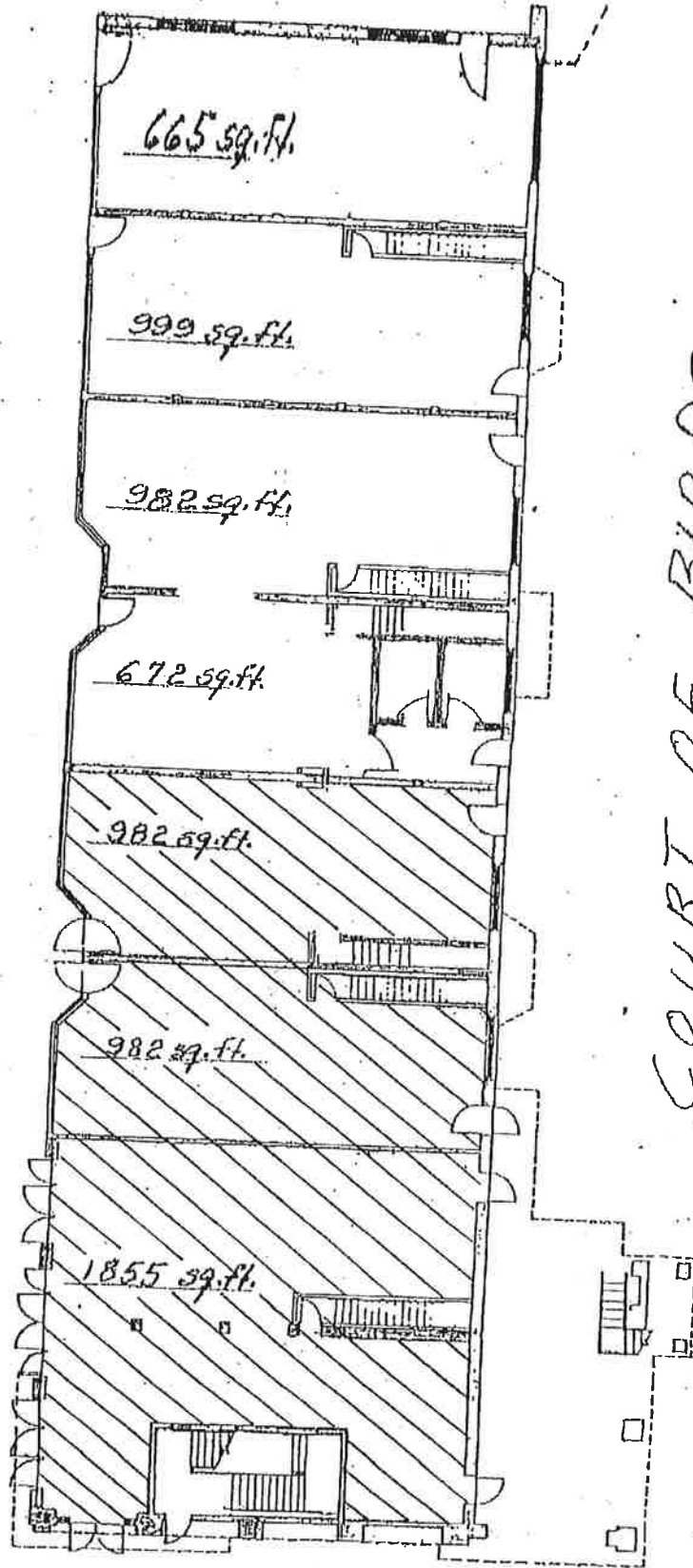


EXHIBIT "1"

MARK

7137 sq'



COURT OF BIRDS

GROUND FLOOR - RETAIL SHOPS

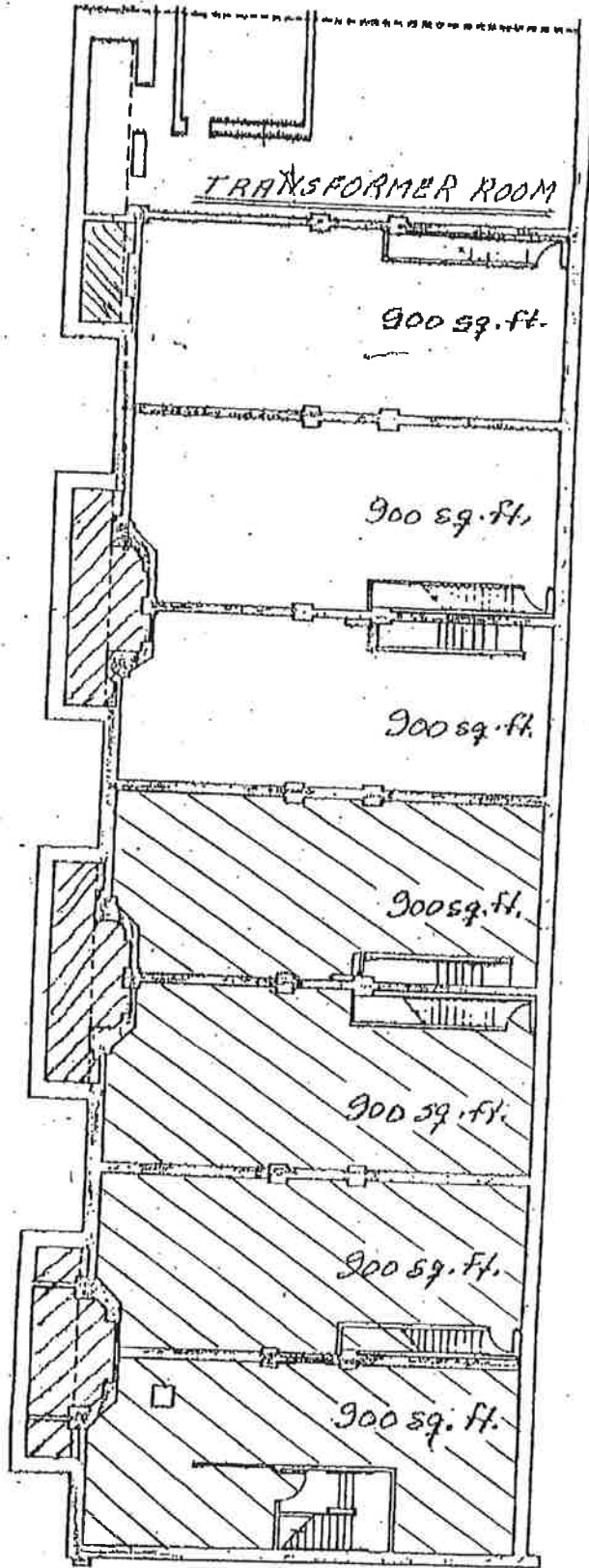
Scale 1/16" = 1'-0"

EXHIBIT "1"

52-

AW

MALL



6,300 D'

Scale $1/16" = 1'-0"$

BASEMENTS - RETAIL SHOPS

EXHIBIT "1"

LEGAL DESCRIPTION OF HOTEL PROPERTY

THE LAND REFERRED TO IN THIS POLICY IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF RIVERSIDE, CITY OF RIVERSIDE AND IS DESCRIBED AS FOLLOWS:

PARCEL 1

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF RIVERSIDE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BLOCK 6, RANGE 6, OF THE TOWN OF RIVERSIDE, AS SHOWN BY MAP ON FILE IN BOOK 7 PAGE 17 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA;

TOGETHER WITH THE FOLLOWING DESCRIBED PARCELS OF LAND FOR BASEMENTS, PERMITS AND/OR ENCROACHMENTS:

PARCEL 2
MAIN STREET

THAT PORTION OF MAIN STREET, ADJACENT TO BLOCK 6, RANGE 6, AS SHOWN ON THE TOWN OF RIVERSIDE BY MAP ON FILE IN BOOK 7 PAGE 17 OF THEREOF, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 29° 01' 52" WEST ALONG THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE SOUTHEASTERLY LINE OF SAID MAIN STREET, A DISTANCE OF 330.77 FEET TO THE MOST WESTERLY CORNER OF SAID BLOCK 6, RANGE 6;

THENCE NORTH 60° 56' 34" WEST ALONG THE NORTHWESTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, A DISTANCE OF 4.00 FEET TO A LINE PARALLEL WITH AND 4.00 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;

THENCE NORTH 29° 01' 52" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 214.77 FEET;

THENCE NORTH 60° 58' 08" WEST, A DISTANCE OF 15.00 FEET TO A LINE PARALLEL WITH AND 19.00 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;

THENCE NORTH 29° 01' 52" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 101.00 FEET;

THENCE NORTH 60° 58' 08" WEST, A DISTANCE OF 2.00 FEET TO A LINE PARALLEL WITH AND 21.00 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;

EXHIBIT "2"

THENCE NORTH 29° 01' 51" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 15.01 FEET TO THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG SAID PROLONGATION, A DISTANCE OF 21.00 FEET TO THE POINT OF BEGINNING.

PARCEL 3
SIXTH STREET

THAT PORTION OF SIXTH STREET, MAIN STREET AND ORANGE STREET, ADJACENT TO BLOCK 6, RANGE 6, AS SHOWN ON THE TOWN OF RIVERSIDE BY MAP ON FILE IN BOOK 7 PAGE 17, THEREOF, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE SOUTHWESTERLY LINE OF SAID SIXTH STREET, A DISTANCE OF 130.99 FEET TO THE MOST NORTHERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE CONTINUING NORTH 60° 56' 34" WEST ALONG THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, A DISTANCE OF 21.00 FEET TO A LINE PARALLEL WITH AND 21.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE SOUTHEASTERLY LINE OF SAID MAIN STREET;
THENCE NORTH 29° 01' 52" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 5.00 FEET;
THENCE NORTH 74° 02' 35" EAST, A DISTANCE OF 21.31 FEET TO A LINE PARALLEL WITH AND 20.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 122.00 FEET;
THENCE SOUTH 29° 03' 26" WEST, A DISTANCE OF 3.50 FEET TO A LINE PARALLEL WITH AND 16.50 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 213.00 FEET;
THENCE SOUTHEASTERLY AND SOUTHWESTERLY ON A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 16.00 FEET, THROUGH AN ANGLE OF 89° 58' 25", AN ARC LENGTH OF 25.13 FEET TO A LINE PARALLEL WITH AND 14.00 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHWESTERLY LINE OF SAID ORANGE STREET;
THENCE SOUTH 29° 01' 51" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 0.51 FEET TO THE SOUTHEASTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG SAID PROLONGATION, A DISTANCE OF 14.00 FEET TO THE POINT OF BEGINNING.

EXHIBIT "2"

THAT PORTION OF ORANGE STREET, ADJACENT TO BLOCK 6, RANGE 6, AS SHOWN ON THE TOWN OF RIVERSIDE BY MAP ON FILE IN BOOK 7 PAGE 17, THEREOF, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 29° 01' 51" EAST ALONG THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHWESTERLY LINE OF SAID ORANGE STREET, A DISTANCE OF 330.77 FEET TO THE MOST EASTERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG THE SOUTHEASTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, A DISTANCE OF 14.00 FEET TO A LINE PARALLEL WITH AND 14.00 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 29° 01' 51" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 330.77 FEET TO THE SOUTHEASTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG SAID PROLONGATION, A DISTANCE OF 14.00 FEET TO THE POINT OF BEGINNING.

PARCEL 5
SEVENTH STREET

THAT PORTION OF SEVENTH STREET, MAIN STREET AND ORANGE STREET, ADJACENT TO BLOCK 6, RANGE 6, AS SHOWN IN THE TOWN OF RIVERSIDE BY MAP OF FILE IN BOOK 7 PAGE 17, THEREOF, OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHEASTERLY LINE OF SAID SEVENTH STREET; A DISTANCE OF 330.99 FEET TO THE MOST SOUTHERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE CONTINUING SOUTH 60° 56' 34" EAST ALONG THE SOUTHEASTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, A DISTANCE OF 14.00 FEET TO A LINE PARALLEL WITH AND 14.00 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHWESTERLY LINE OF SAID ORANGE STREET;
THENCE SOUTH 29° 01' 51" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 5.99 FEET;
THENCE SOUTHWESTERLY AND NORTHWESTERLY ON A CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 14.00 FEET, THROUGH AN ANGLE OF 90° 01' 34", AN ARC LENGTH OF 22.00 FEET;

EXHIBIT "2"

THENCE SOUTH 29° 03' 36" WEST, A DISTANCE OF 1.00 FEET TO A LINE PARALLEL WITH AND 21.00 FEET SOUTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6; THENCE NORTH 60° 56' 34" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 334.99 FEET TO A LINE PARALLEL WITH AND 4.00 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE SOUTHEASTERLY LINE OF SAID MAIN STREET; THENCE NORTH 29° 01' 52" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 21.00 FEET TO THE NORTHWESTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6; THENCE SOUTH 60° 56' 34" EAST ALONG SAID PROLONGATION, A DISTANCE OF 4.00 FEET TO THE POINT OF BEGINNING.

PARCEL 6
SIXTH STREET TUNNEL

THAT PORTION OF SIXTH STREET ADJACENT TO BLOCK 5, RANGE 6, AND BLOCK 6, RANGE 6 OF TOWN OF RIVERSIDE, AS SHOWN BY MAP ON FILE IN BOOK 7 PAGE 17, THEREON, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, LYING IN A VERTICAL SPACE, THE TOP PLANE OF WHICH TERMINATES AT THE BOTTOM OF THE STRUCTURAL ELEMENTS OF THE SURFACE IMPROVEMENTS OF SAID SIXTH STREET, AND THE BOTTOM PLANE OF SAID SPACE HAVING AN ELEVATION OF 833.50 FEET, U.S. CAST AND GEODETIC SEA LEVEL DATUM OF 1929, THROUGH THE MEDIUM OF THE CITY OF RIVERSIDE, PRECISE LEVEL NETWORK ON FILE IN THE OFFICE OF THE CITY SURVEYOR. THE LOCAL BENCH MARK REFERENCE OF THIS DESCRIPTION IS A U.S.C. & G.S. 3-1/2" DIAMETER BRASS CAP SET IN THE CONCRETE ENTRANCE LANDING OF THE RIVERSIDE MUNICIPAL MUSEUM, 75.00 FEET, MORE OR LESS, SOUTHWESTERLY OF THE CENTERLINE OF SEVENTH STREET, AND 125 FEET, MORE OR LESS, SOUTHEASTERLY OF THE CENTERLINE OF ORANGE STREET, STAMPED "2-1, 1906, RESET 1964", HAVING AN ELEVATION OF 857.615 FEET, SAID PORTION OF SIXTH STREET BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF SAID BLOCK 5, RANGE 6; THENCE NORTH 60° 56' 34" WEST ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK 5, RANGE 6, ALSO BEING THE NORTHEASTERLY LINE OF SAID SIXTH STREET, A DISTANCE OF 175.42 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 29° 00' 58" WEST, A DISTANCE OF 49.50 FEET TO A LINE PARALLEL WITH AND 16.50 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE SOUTHWESTERLY LINE OF SAID SIXTH STREET; THENCE SOUTH 60° 56' 34" EAST, ALONG SAID PARALLEL LINE, A DISTANCE OF 15.00 FEET; THENCE NORTH 29° 00' 58" EAST, A DISTANCE OF 16.50 FEET TO THE CENTERLINE OF SAID SIXTH STREET; THENCE NORTH 60° 56' 34" WEST, ALONG SAID CENTERLINE, A DISTANCE OF 5.00 FEET;

EXHIBIT "2"

THENCE NORTH 29° 00' 58" EAST, A DISTANCE OF 33.00 FEET TO THE SOUTHWESTERLY LINE OF SAID BLOCK 5, RANGE 6, ALSO BEING THE NORTHEASTERLY LINE OF SAID SIXTH STREET;
THENCE NORTH 60° 56' 34" WEST ALONG SAID LINE, A DISTANCE OF 10.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 7
SIXTH STREET BRIDGE

ALL THE THOSE PORTIONS OF THE HEREIN DESCRIBED PROPERTY WHICH LIE BETWEEN THE VERTICAL SPACE WITH THE BOTTOM PLANE HAVING ELEVATIONS AS DESCRIBED BELOW AND THE TOP PLANE HAVING AN ELEVATION OF 885.00 FEET, U.S. COAST AND GEODETIC SEA LEVEL DATUM OF 1929, THROUGH THE OFFICE OF THE CITY OF RIVERSIDE PRECISE LEVEL, NET ON FILE IN THE OFFICE OF THE CITY SURVEYOR. BENCH MARK REFERENCE FOR THIS DESCRIPTION IS A U.S.C. & G.S. 3 1/3" DIAMETER BRASS CAP SET IN THE CONCRETE ENTRANCE LANEING OF THE RIVERSIDE MUNICIPAL MUSEUM, 75 FEET + OR - SOUTHWESTERLY OF THE CENTERLINE OF SEVENTH STREET AND 125 FEET + OR - SOUTHEASTERLY OF THE CENTERLINE OF ORANGE STREET, STAMPED "Z-1, 1906, RESET 1964", HAVING AN ELEVATION OF 857.615 FEET;

COMMENCING AT THE MOST SOUTHERLY CORNER OF BLOCK 5, RANGE 6 OF THE TOWN RIVERSIDE, AS SHOWN BY MAP ON FILE IN BOOK 7 PAGE 17, THEREOF, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA;
THENCE NORTH 60° 56' 34" WEST ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK 5, ALSO BEING THE NORTHEASTERLY LINE OF SIXTH STREET (66.00 FEET WIDE), A DISTANCE OF 173.00 FEET TO THE POINT OF BEGINNING, SAID POINT BEING IN THE BUILDING COMMONLY KNOWN AS THE MISSION INN ANNEX AT AN ELEVATION OF 863.75 FEET;
THENCE CONTINUING NORTH 60° 56' 34" WEST ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK 5, IN THE MISSION INN ANNEX, A DISTANCE OF 14.00 FEET AT AN ELEVATION OF 863.75 FEET;
THENCE SOUTH 29° 03' 25" WEST, A DISTANCE OF 17.00 FEET AT AN ELEVATION OF 863.75 FEET TO POINT "A";
THENCE CONTINUING SOUTH 29° 03' 25" WEST, A DISTANCE OF 6.00 FEET TO POINT "B", SAID POINT HAVING AN ELEVATION OF 868.75 FEET;
THENCE CONTINUING SOUTH 29° 03' 26" WEST, A DISTANCE OF 20.00 FEET AT AN ELEVATION OF 868.75 FEET TO POINT "C";
THENCE CONTINUING SOUTH 29° 03' 25" WEST, A DISTANCE OF 5.00 FEET TO POINT "D", SAID POINT HAVING AN ELEVATION OF 866.00 FEET;
THENCE CONTINUING SOUTH 29° 03' 26" WEST, A DISTANCE OF 18.00 FEET AT AN ELEVATION OF 866.00 FEET TO THE NORTHEASTERLY LINE OF BLOCK 6, RANGE 6, ALSO BEING THE SOUTHWESTERLY LINE OF SIXTH STREET (66.00 FEET WIDE), SAID LINE BEING IN THE BUILDING COMMONLY KNOWN AS THE MISSION INN;
THENCE SOUTH 60° 56' 34" EAST ALONG THE SAID NORTHEASTERLY LINE OF BLOCK 6, RANGE 6, IN THE MISSION INN, A DISTANCE OF 14.00 FEET AT AN ELEVATION OF 866.00 FEET;

EXHIBIT "2"

THENCE NORTH 29° 03' 26" EAST, A DISTANCE OF 18.00 FEET AT AN ELEVATION OF 866.00 FEET TO POINT "E";
THENCE CONTINUING NORTH 29° 03' 26" EAST, A DISTANCE OF 5.00 FEET TO POINT "F", SAID POINT HAVING AN ELEVATION OF 868.75 FEET;
THENCE CONTINUING NORTH 29° 03' 26" EAST, A DISTANCE OF 20.00 FEET AT AN ELEVATION OF 868.75 FEET TO POINT "G";
THENCE CONTINUING NORTH 29° 03' 26" EAST, A DISTANCE OF 6.00 FEET TO POINT HAVING AN ELEVATION OF 863.75 FEET;
THENCE CONTINUING NORTH 29° 03' 26" EAST, A DISTANCE OF 17.00 FEET AT AN ELEVATION OF 863.75 FEET TO THE POINT OF BEGINNING.

PARCEL B
ORANGE STREET "BUS LANE"

THAT PORTION OF ORANGE STREET, SEVENTH STREET AND SIXTH STREET, ADJACENT TO BLOCK 6, RANGE 6, AS SHOWN ON THE TOWN OF RIVERSIDE BY MAP ON FILE IN BOOK 7 PAGE 17, THEREOF, OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF SAID BLOCK 6, RANGE 6; THENCE SOUTH 60° 56' 34" EAST ALONG THE SOUTHEASTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHEASTERLY LINE OF SAID SEVENTH STREET, A DISTANCE OF 14.00 FEET TO A POINT IN A LINE PARALLEL WITH AND 14.00 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHWESTERLY LINE OF SAID ORANGE STREET, SAID POINT BEING THE TRUE POINT OF BEGINNING;
THENCE NORTH 29° 01' 51" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 331.28 FEET;
THENCE NORTHEASTERLY AND NORTHWESTERLY ON A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 16.00 FEET THROUGH AN ANGLE OF 89° 58' 25", AN ARC LENGTH OF 25.13 FEET TO LINE PARALLEL WITH AND 16.50 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY LINE OF BLOCK 6, RANGE 6, ALSO BEING THE SOUTHWESTERLY LINE OF SAID SIXTH STREET;
THENCE SOUTH 60° 56' 34" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 25.99 FEET TO A LINE PARALLEL WITH AND 24.00 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 29° 01' 51" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 368.27 FEET TO A LINE PARALLEL WITH AND 21.00 FEET SOUTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 24.01 FEET;
THENCE NORTH 29° 03' 26" EAST, A DISTANCE OF 1.00 FEET;

EXHIBIT "2"

STATE OF CALIFORNIA }
COUNTY OF Riverside } ss.

On December 21, 2000, before me, Shari Sterner, a Notary Public in and for said state, personally appeared Richard Shippe, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



(SEAL)

Shari Sterner
Notary Public in and for said State

STATE OF CALIFORNIA }
COUNTY OF Riverside } ss.

On December 21, 2000, before me, Shari Sterner, a Notary Public in and for said state, personally appeared Duane R. Roberts, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



(SEAL)

Shari Sterner
Notary Public in and for said State

EXHIBIT E

1 has consented to this Sublease, in the original Master Lease, for the term set forth in the original
2 Master Lease ("Term"), unless terminated sooner in accordance with the provisions of this
3 Sublease. Possession of the Premises has been delivered to Subtenant on the commencement of the
4 Term. If Sublandlord permits Subtenant to take Possession prior to the commencement of the
5 Term, the early Possession will not advance the Termination Date and will be subject to the
6 provisions of this Sublease.

7 **Section 4. Rent.**

8 The obligation to pay rent and operating costs to Master Landlord under the Master Lease
9 will be considered performed by Subtenant to the extent and in the amount minimum rent was paid
10 by the Sublandlord in accordance with "Article IV-Rent" in the original Master Lease. Any and all
11 other costs or rent incurred by Subtenant pursuant to the provisions of the original Master Lease
12 shall be the sole responsibility of Subtenant to Master Landlord.

13 **Section 5. Use of Premises.**

14 The Premises will be used and occupied only for the Mission Inn Museum and general
15 office use by the Foundation only and for no other use or purpose.

16 **Section 6. Assignment and Subletting.**

17 Subtenant will not assign this Sublease or further sublet all or any part of the Premises
18 without the prior written consent of Sublandlord and the consent of Master Landlord, as required
19 under the terms of the Master Lease.

20 **Section 7. Other Provisions of Sublease.**

21 All applicable terms and conditions of the Master Lease are incorporated into and made a
22 part of this Sublease as if Sublandlord were the landlord and Subtenant the lessee for the Premises.
23 Subtenant assumes and agrees to perform the lessee's obligations under the Master Lease during the
24 Term to the extent that these obligations are applicable to the Premises. Subtenant will not commit
25 or suffer any act or omission that will violate any of the provisions of the Master Lease.
26 Sublandlord will exercise due diligence in attempting to cause Master Landlord to perform its
27 obligations under the Master Lease for the benefit of Subtenant. If the Master Lease terminates, at

1 the option of Master Landlord in accordance with the Master Lease, this Sublease will terminate and
2 the parties will be relieved of any further liability or obligation under this Sublease. However, if the
3 Master Lease terminates as a result of a default or breach by Sublandlord or Subtenant under this
4 Sublease or the Master Lease, the defaulting party will be liable to the nondefaulting party for the
5 damage suffered as a result of the termination. Regardless, if the Master Lease gives Sublandlord
6 any right to terminate the Master Lease in the event of the partial or total damage, destruction, or
7 condemnation of the Master Premises or the building or project of which the Master Premises are a
8 part, the exercise of this right by Sublandlord will not constitute a default or breach.

9 **Section 8. Attorney Fees.**

10 If either party commences an action against the other in connection with this Sublease,
11 the prevailing party will be entitled to recover costs of suit and reasonable attorney fees.

12 **Section 9. No Broker.**

13 Sublandlord and Subtenant each warrant that they have not dealt with any real estate
14 broker in connection with this transaction. Sublandlord and Subtenant each agree to indemnify,
15 defend, and hold the other harmless against any damages incurred as a result of the breach of the
16 warranty contained in this Sublease.

17 **Section 10. Notices.**

18 All notices and demands that may be required or permitted by either party to the other
19 will be in writing. All notices and demands by the Sublandlord to Subtenant will be sent by United
20 States Mail, postage prepaid, addressed to the Subtenant at the Premises, and to the address in this
21 Sublease below, or to any other place that Subtenant may from time to time designate in a notice to
22 the Sublandlord. All notices and demands by the Subtenant to Sublandlord will be sent by United
23 States Mail, postage prepaid, addressed to the Sublandlord at the address in this Sublease, and to
24 any other person or place that the Sublandlord may from time to time designate in a notice to the
25 Subtenant.

26 To Sublandlord: Redevelopment Agency
Attn: Executive Director
27 3900 Main Street
Riverside, CA 82522

1 To Subtenant: Mission Inn Foundation
2 Attn: Executive Director
3 3696 Main Street
4 Riverside, CA 92501

4 **Section 10. Successors and Assigns.**

5 This Sublease will be binding on and inure to the benefit of the parties to it, their heirs,
6 executors, administrators, successors in interest, and assigns.

7 **Section 11. Attornment.**

8 If the Master Lease terminates, Subtenant will, if requested, attorn to Master Landlord
9 and recognize Master Landlord as Sublandlord under this Sublease. However, Subtenant's
10 obligation to attorn to Master Landlord will be conditioned on Subtenant's receipt of a
11 nondisturbance agreement.

12 **Section 12. Entry.**

13 Sublandlord reserves the right to enter the Premises on reasonable notice to Subtenant to
14 inspect the Premises or the performance by Subtenant of the terms and conditions of this Sublease.
15 In an emergency, no notice will be required for entry.

16 **Section 13. Entire Agreement.**

17 This Sublease sets forth all the agreements between Sublandlord and Subtenant
18 concerning the Premises, and there are no other agreements either oral or written other than as set
19 forth in this Sublease.

20 **Section 14. Time of Essence.**

21 Time is of the essence in this Sublease.

22 **Section 15. Consent by Master Landlord.**

23 This Sublease has been consented to by the Master Landlord pursuant to the terms
24 of the Master Lease and shall be in full force and effect upon its signature by the Sublandlord and
25 Subtenant.

26 **Section 16. Governing Law.**

27 This Sublease will be governed by and construed in accordance with California law and

1 as set forth in the Master Lease.

2 IN WITNESS WHEREOF the parties have caused this Sublease to be duly
3 executed on the day and year first above written.

4
5 Sublandlord:

6 REDEVELOPMENT AGENCY OF THE
7 CITY OF RIVERSIDE, a public entity

8 By: [Signature]
Executive Director

9
10
11 Attest: Kelly Palmer, Sr. Dep. City Clerk
for Agency Secretary

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Subtenant:

MISSION INN FOUNDATION, a
nonprofit corporation

By: [Signature]

Michael J. Marlatt
[Printed Name]

President MIF
[Title]

By: [Signature]

DAVID F. DOTES
[Printed Name]

TREASURER
[Title]

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MASTER LANDLORD'S CONSENT TO SUBLEASE

The undersigned HISTORIC MISSION INN CORPORATION, landlord under the Master Lease, consents to the Sublease without waiver of any restriction in the Master Lease concerning further assignment or subletting. Master Landlord certifies that, as of the date of Master Landlord's execution, Sublandlord is not in default or breach of any of the provisions of the Master Lease, and that the Master Lease has not been amended or modified except as expressly set forth in the Sublease.

Date: _____

HISTORIC MISSION INN CORPORATION
A California corporation

By: _____

Its: _____


By: _____

Its: _____

By: _____

Its: _____

APPROVED AS TO FORM:


for Stan T. Yamamoto, Agency General Counsel

AGR/01002501.KG
01/08/01

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
01/12/2001

PRODUCER
Talbot Ins & Fin Svcs, Inc.
4371 Latham Street Suite 101
PO Box 5345
Riverside, CA 92517
909-788-8500 ... fax 909-788-2994

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

- COMPANY A Golden Eagle Insurance Corp
- COMPANY B
- COMPANY C
- COMPANY D

INSURED
Mission Inn Foundation
3696 Main Street

Riverside CA 92501

RECEIVED
JAN 18 2001
RISK
MANAGEMENT

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	TBD	01/14/2001	01/14/2002	GENERAL AGGREGATE \$ 2,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMP/OP AGG \$ 2,000,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				PERSONAL & ADV INJURY \$ 1,000,000
	<input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE \$ 1,000,000
					FIRE DAMAGE (Any one fire) \$ 100,000
					MED EXP (Any one person) \$ 5,000
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT \$
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE \$
	<input type="checkbox"/> HIRED AUTOS				
	<input type="checkbox"/> NON-OWNED AUTOS				
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY:
					EACH ACCIDENT \$
					AGGREGATE \$
	EXCESS LIABILITY				EACH OCCURRENCE \$
	<input type="checkbox"/> UMBRELLA FORM				AGGREGATE \$
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM				\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS OTH-ER
	THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				EL EACH ACCIDENT \$
					EL DISEASE - POLICY LIMIT \$
					EL DISEASE - EA EMPLOYEE \$
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
CERTIFICATE HOLDER IS NAMED AS AN ADDITIONAL INSURED- MGR/LESSOR OF PREMISES
REF: 3649 SEVENTH ST., RIVERSIDE, CA 3696 MAIN STREET RIVERSIDE, CA

CERTIFICATE HOLDER

CITY OF RIVERSIDE
REDEVELOPMENT AGENCY
ATTN: BOB WALES
3900 MAIN ST.
RIVERSIDE, CA 92522

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, 10 days notice for non-payment BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

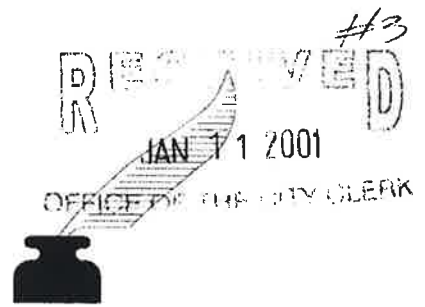
[Signature]

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ACORD 25-S (1/95)

@ds#768425

DOCUMENT TRANSMITTAL FORM



TO: CITY CLERK'S OFFICE
FROM: LEGAL DEPARTMENT
DATE: January 11, 2001

CONTRACTOR/LESSOR: MISSION INN FOUNDATION

PROJECT DESCRIPTION/BID NO.: Sublease Agreement Mission Inn Foundation Museum

X Approved by City Council on
Anticipated City Council future agenda of (Agency) 1/16/01
No City Council action required

Insurance required:

No Insurance Required
Yes, as Attached
X Yes, withhold execution until received

Bonds required:

X No Bonds Required
Yes, as Attached
Yes, withhold execution until received

Comments: Withhold execution pending receipt of insurance.

Department: City Manager

Contact person: Wales

Approved as to form by: Kathleen M. Gonzalez

City Attorney File No.: 01-25

Date Approved: 1/11/01

cc: Purchasing Division
Originating Department: City Manager

FOR\DOCTRANS.FRM

Kathleen M. Gonzalez



CITY OF RIVERSIDE REDEVELOPMENT AGENCY

MEMBERS

Minutes of: Regular Meeting of the Redevelopment Agency
 Date of Meeting: January 16, 2001
 Time of Meeting: 8 a.m.
 Place of Meeting: Art Pick Council Chamber, City Hall

	B E A T Y	M O O R E	D E F E N B A U G H	K A N E	A D K I S O N	T H O M P S O N	P E A R S O N
WARDS	1	2	3	4	5	6	7
Roll Call:	X	X	A	A	A	X	X
<u>CONSENT CALENDAR</u> The following items, presented to the Agency on the Consent Calendar for consideration, were approved by one motion affirming the actions appropriate to each item.							X
Motion							
Second						X	
All Ayes							
MINUTES The Minutes of the Meeting of January 2, 2001, were approved as presented.							
HOUSING REHABILITATION LOAN AND GRANT The Agency approved the Community Development Block Grant (CDBG) Housing Rehabilitation loan and grant in the Arlanza/La Sierra Area for the property in the amounts identified in the written staff report to be used for housing rehabilitation.							
MISSION INN FOUNDATION OFFICE AND MUSEUM SPACE LEASE - 3649 MISSION INN The Agency authorized the Executive Director or his designee to execute the Sublease Agreement with the Mission Inn Foundation for office and museum space within the Mission Inn at 3649 Mission Inn Avenue.							
IOWA AND LINDEN PUBLIC IMPROVEMENTS - SUPPLEMENTAL APPROP. The Agency approved the recommendations of the City Council Development Committee and staff to authorize (1) an increase to the Miscellaneous Revenue Budget in the amount of \$126,300 in University Corridor/Sycamore Canyon Capital Project Fund 9212700-374200 (University Village EDA Grant - Miscellaneous Receipts) and appropriate \$99,238 of the revenues to University Village EDA Grant Expenditure Account 9212700-440446; and (2) the transfer of \$72,938 from GrandMarc Deposit Account 0000476-224000 to University Village EDA Grant Miscellaneous Receipts Account 9212700-3742000 for GrandMarc's contributions to the required public improvements along Iowa and Linden Avenues.							
SALT LAKE TRANSFER AND STORAGE BUILDING - 2879 MAIN - SUPPLEMENTAL APPROPRIATION The Agency approved the recommendations of the City Council Development Committee and staff to (1) approve the proposed exterior facade assistance for matching funds in the amount of \$2,645 to assist with facade improvements consisting of exterior painting, signage, awnings, and window and door replacement at the Salt Lake Transfer and Storage Building at 2879 Main Street; (2) authorize the Executive Director or his designee to execute the Grant Agreement with Ralond D. and Ruby F. Troncin and make non-substantial changes as may be necessary; and (3) authorize the appropriation of \$2,645 to Troncin Door and Window Facade Account 9748100-440446.							
PARKING MANAGEMENT SERVICES - DOWNTOWN PARKING FACILITIES The Agency approved the recommendation of the City Council Finance Committee							

HOTEL SPACE LEASE

THIS LEASE is made and entered as of the 22nd day of December, 2000, by and between HISTORIC MISSION INN CORPORATION, a California corporation ("Landlord"), and THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE, a public body, corporate and politic ("Tenant").

ARTICLE I -- BASIC LEASE PROVISIONS

- 1.1 **Date of Lease.** December 22, 2000
- 1.2 **Tenant.** The Redevelopment Agency of the City of Riverside, who by separate agreement, will sublet the entire Premises to The Mission Inn Foundation, a non-profit corporation ("Subtenant") operating under the trade names: The Mission Inn Museum ("Museum") and The Mission Inn Foundation ("Foundation"). References to "Tenant" in this Lease shall include references to "Subtenant" as defined herein.
- 1.3 **Hotel.** The Mission Inn, located at 3649 Mission Inn Avenue in the City of Riverside, County of Riverside, State of California 92501.
- 1.4 **Premises.** Those certain premises located in the Rotunda Wing area and Mission Wing area of the Hotel, including the "Museum Main Space", the "Foundation Main Space", the "Museum Additional Space" and the "Foundation Additional Space" (all as defined below).
- 1.5 **Floor Area.** Approximately 6,500 square feet with approximately 3,000 square feet to be allocated to the Museum (the "Museum Main Space") and approximately 3,500 square feet to be allocated to the Foundation (the "Foundation Main Space"); notwithstanding the foregoing, the Museum currently occupies approximately 3,830 square feet, which is 830 square feet larger than the Museum Main Space (the additional 830 square feet shall sometimes hereinafter be referred to as the "Museum Additional Space") and the Foundation currently occupies approximately 5,470 square feet, which is 1,970 square feet larger than the Foundation Main Space (the additional 1,970 square feet are located entirely in the basement area of the Hotel and shall sometimes hereinafter be referred to as the "Foundation Additional Space"). The Foundation Main Space and the Museum Main Space are sometimes referred to herein collectively as the "Main Space". The Foundation Additional Space and the Museum Additional Space are sometimes referred to herein collectively as the "Additional Space". Landlord reserves the exclusive right to recapture the Museum Additional Space and/or the Foundation Additional Space, or any portion thereof, at any time and for any reason, upon one-eighty (180) days prior written notice from Landlord to Tenant.
- 1.6 **Term.** Twenty-two (22) years
- 1.7 **Minimum Rent.**
Main Space: PREPAID THROUGH DECEMBER 23, 2022 FOR INITIAL TWENTY-TWO (22) YEAR TERM
Museum Additional Space: \$0
Foundation Additional Space: \$0
- 1.8 **Use of Premises.** Mission Inn Museum and general office use by the Foundation only
- 1.9 **Security Deposit.** None
- 1.10 **Guarantor.** None
- 1.11 **Address For Notices to Tenant.** 3900 Main Street, Riverside, California 92522,
Attention: Executive Director
Telephone Number (909) 826-5554
- 1.12 **Address for Notices to Landlord.** 4100 Newport Place, Suite 400, Newport Beach, California 92660,
Attention: Ted Weggeland
Telephone Number (949) 809-3900
- 1.13 **Interest Rate:** Shall mean the greater of ten percent (10%) per annum or two percent (2%) in excess of the prime lending or reference rate of Wells Fargo Bank N.A. or any successor bank in effect on the twenty-fifth (25th) day of the calendar month immediately prior to the event giving rise to the Interest Rate imposition; provided, however, the Interest Rate will in no event exceed the maximum interest rate permitted to be charged by applicable law
- 1.14 **Commencement Date:** December 23, 2000
- 1.15 This Lease is entered into pursuant to the terms of that certain Disposition and Development Agreement ("DDA") dated December 23, 1992 by and between Landlord and Tenant

Landlord's Initials: _____

Tenant's Initials: 

EXHIBIT A

ARTICLE II -- LEASED PREMISES

2.1 **Premises; Floor Area; Hotel.** Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, those certain Premises described in Section 1.4 of the Basic Lease Provisions which are located in the Hotel described in Section 1.3 of the Basic Lease Provisions. For all purposes of this Lease, "Floor Area" means all areas designated by Landlord for the exclusive use of Tenant or other occupants of the Hotel measured from the outside of the exterior walls and the center of the interior demising walls. The boundaries and location of the Premises are generally depicted and outlined on the floor plan of the Hotel, attached hereto as Exhibit "A" (the "Hotel Floor Plan") and shall be deemed to include the entryways to the areas comprising the Premises. Tenant acknowledges and agrees that Exhibit "A" sets forth the existing general layout of the ground floor and the basement of the Hotel and shall not be deemed a representation by Landlord that any tenants or occupants designated by name or type of business will conduct business in the Hotel, or that the Hotel will not be expanded, reduced or otherwise modified.

2.2 **Reservations.** Provided Landlord does not unreasonably interfere with Tenant's use of and access to the Premises, Landlord reserves the right at any time to make alterations, additions and improvements to the Hotel and all parts thereof.

2.3 **Conditions of Record.** Landlord's title is subject to: (a) the effect of any covenants, conditions, restrictions, easements, reciprocal easement and operating agreements, development agreements, mortgages or deeds of trust, ground leases, rights of way, and other matters or documents of record now or hereafter recorded against Landlord's title, (b) the effects of all zoning laws of the city, county and state where the Hotel is situated, and (c) general and special taxes and assessments. Tenant agrees (i) that as to its leasehold estate it, and all persons in possession or holding under it, will conform to and will not violate said matters of record, and (ii) that this Lease is and shall be subject and subordinate to said matters of record and any amendments or modifications thereto.

ARTICLE III -- TERM

3.1 **Term; Commencement Date.** The Term of this Lease shall be for the period designated in Section 1.6 of the Basic Lease Provisions commencing on the Commencement Date, and ending on the expiration of such period, unless the Term is sooner terminated or extended as provided in this Lease.

3.2 **Extension of Term.** Provided that Tenant shall have fulfilled completely and timely the terms and conditions of this Lease, and provided Tenant has not assigned or sublet the Premises in whole or in part, other than as provided in Article XIV hereof, Tenant shall have the right to extend the term of this Lease with respect to the Foundation Main Space and the Museum Main Space only, for two (2) additional ten (10) year period(s) (each, an "extension term") under the same terms and conditions as the original Lease (except for Minimum Rent as provided below). It is understood that this option is unique to Tenant and Subtenant. Upon any assignment or subletting, other than as specifically provided in Article XIV hereof, with or without Landlord's consent, this option shall be rendered null and void. The Minimum Rent payable pursuant to Section 4.1 of this Lease for each extension term with respect to the Foundation Main Space and the Museum Main Space only, shall be the sum of One Dollar (\$1.00). In order to exercise such option to extend the Term of this Lease, Tenant shall give to Landlord written notice of its election to do so no fewer than one hundred eighty (180) days and no more than three hundred sixty (360) days prior to expiration of the original Term or extension term, as applicable, and if Tenant shall fail to give such notice within said time limit, all rights and privileges as granted to Tenant to extend the term of this Lease shall thereupon be null and void.

ARTICLE IV -- RENT

4.1 **Minimum Rent.** Tenant has prepaid all rent for the initial Term of this Lease for the Main Space into the Capital Account of Landlord in the non-refundable amount of One Million Two Hundred Fifty-Five Thousand Eight Hundred Seventy-Three Dollars (\$1,255,873.00) (the "Prepaid Rent"). Tenant shall not be entitled, under any circumstances or for any reason, other than for fraud and/or intentional misrepresentation committed by Landlord in connection with the negotiation of this Lease, to recover all or any portion of the Prepaid Rent, whether by way of refund, mitigation or otherwise.

ARTICLE V -- POSSESSION OF LEASED PREMISES

5.1 **Delivery of Possession.** Landlord and Tenant acknowledge and agree that Tenant, through Subtenant, is currently in possession of the Premises. Tenant further acknowledges that (a) the Premises (containing the Museum and the Foundation) currently occupied by Tenant contains approximately 9,300 square feet, which is in excess of the maximum square footage requirements set forth in this Lease; (b) Landlord shall have the exclusive right to recapture the Museum Additional Space and/or the Foundation Additional Space, or any portion thereof, at any time and for any reason, upon one-hundred eighty (180) days prior written notice from Landlord to Tenant; and (c) Landlord will perform no works of improvement in the Premises and that Tenant will remain in possession of the Premises on an "as-is" basis.

5.2 **Condition of Premises.** Tenant acknowledges that, except as otherwise expressly set forth in this Lease, neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises, the Hotel or their condition, or with respect to the suitability thereof for the conduct of Tenant's business. The taking of possession of the Premises by Tenant conclusively established that the Hotel, the Premises, the Tenant Improvements therein, the Hotel and the Common Areas were at such time complete and in good, sanitary and satisfactory condition and repair.

ARTICLE VI -- CONDUCT OF BUSINESS BY TENANT

6.1 **Use of Premises.** Tenant shall use the Premises solely for the use specified in Section 1.8 of the Basic Lease Provisions and under the trade names of Subtenant specified in Section 1.2 of the Basic Lease Provisions, and in accordance with the Rules and Regulations attached hereto as Exhibit "B". Tenant shall not use, or permit the Premises or any part thereof to be used, for any other use. Without limiting the generality of the preceding sentence, Tenant agrees as follows: Tenant shall not commit or suffer to be committed any waste upon the Premises or any nuisance or other act or thing which may disturb the quiet enjoyment of any other tenants or patrons of the Hotel. No use shall be made or permitted to be made of the Premises, nor acts done, which will increase the existing rate of insurance upon the Hotel, or cause a cancellation of any insurance policy covering the Premises or any part thereof. Tenant shall not sell or permit to be kept, used, stored or sold in or about the Premises any article which may be prohibited by standard form fire insurance policies. Tenant shall, at its sole cost, comply with any and all requirements pertaining to the use of the Premises of any insurance organization or company necessary for the maintenance of the fire and public liability insurance described in this Lease covering the Hotel and its appurtenances.

6.2 **Compliance with Laws.** Tenant shall not use the Premises, or permit anything to be done in or about the Premises, which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use, occupancy, alteration or improvement of the Premises, including, without limitation, the provisions of the Americans with Disabilities Act of 1990, as amended, as it pertains to Tenant's use, occupancy, improvement and alteration of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant.

ARTICLE VII -- MAINTENANCE AND REPAIRS

7.1 **Landlord's Maintenance Obligations.** Landlord on behalf of Tenant and the other occupants of the Hotel shall maintain in good condition and repair the foundations, roofs and exterior surfaces of the exterior walls of the Hotel (exclusive of doors, door frames, door checks, windows, window frames, and store fronts) and the heating, ventilation and air conditioning equipment of the Hotel; provided, however, if any repairs or replacements are necessitated by the negligence, gross negligence, or willful acts of Tenant or anyone acting under Tenant or by reason of Tenant's failure to observe or perform any provisions contained in this Lease or caused by alterations, additions or improvements made by Tenant or anyone acting under Tenant, the cost of such repairs and replacements shall be solely borne by Tenant. Notwithstanding anything to the contrary contained in this Lease, Landlord shall not be liable for failure to make repairs required to be made by Landlord under the provisions of this Lease unless Tenant has previously notified Landlord in writing of the need for such repairs and Landlord has failed to commence and complete the repairs within a reasonable period of time following receipt of Tenant's written notification. Tenant waives any right of offset against any rent due hereunder.

7.2 **Landlord's Right of Entry.** Landlord, its agents, contractors, employees and assigns may enter the Premises at all reasonable times upon reasonable prior notice under the circumstances (a) to examine the Premises; (b) to perform any obligation of, or exercise any right or remedy of, Landlord under this Lease; (c) to make repairs, alterations, improvements or additions to the Premises or to other portions of the Hotel as Landlord reasonably deems necessary; (d) to perform work necessary to comply with laws, ordinances, rules or regulations of any public authority or of any insurance underwriter; and (e) to perform work that Landlord reasonably deems necessary to prevent waste or deterioration in connection with the Premises should Tenant fail to commence to make, and diligently pursue to completion, its required repairs as provided herein. In exercising such entry rights, Landlord agrees to use commercially reasonable efforts under the circumstances to minimize interference with Tenant's use of the Premises.

7.3 **Tenant's Maintenance Obligations.** Tenant, at its sole cost and expense, shall keep the Premises and all parts thereof including, without limitation, utility meters, pipes and conduits, all fixtures, furniture and equipment, the storefront or storefronts, as applicable, Tenant's signs, locks and closing devices, security devices, windows, window sashes, casements or frames, all doors and door frames, floor coverings, including carpeting, tile and other flooring, all wall coverings, shelving, restrooms and other lavatory facilities, in first class order, condition and repair and shall make all replacements necessary to keep the Premises in such condition. All replacements shall be of a quality equal to or exceeding that of the original. Should Tenant fail to make these repairs and replacements or otherwise so maintain the Premises for a period of ten (10) days after written demand by Landlord, or should Tenant commence, but fail to complete, any repairs or replacements within a reasonable time after written demand by Landlord, Landlord may make such repairs or replacements without liability to Tenant for any loss or damage that may occur to Tenant's stock or business other than those resulting from Landlord's gross negligence or willful misconduct, and Tenant shall pay to Landlord the reasonable costs incurred by Landlord in making such repairs or replacements together with interest thereon at the Interest Rate from the date of commencement of the work until repaid. Tenant shall, at its expense, repair promptly any damage to the Hotel caused by Tenant or its agents or employees or caused by the installation or removal of Tenant's personal property. Tenant shall, at its own expense, comply with all requirements, including the installation and periodic maintenance of fire extinguishers or automatic dry chemical extinguishing system, of the insurance underwriters and other governmental authority having jurisdiction therefor as necessary for maintenance of reasonable fire and extended coverage insurance for the Premises.

7.4 **Plate Glass.** Tenant shall replace, at its expense, any and all plate and other glass in and about the Premises which is damaged or broken from any cause whatsoever except due to the gross negligence or willful misconduct of Landlord, its agents or employees.

ARTICLE VIII -- COMMON AREA

8.1 **Definition of Common Area.** The term "Common Area," as used in this Lease, means all areas within the exterior boundaries of the Hotel now or later made available for the general use of Landlord, its patrons and other persons entitled to occupy Floor Area in the Hotel and their customers, guests and invitees, and the general public. Common Area shall not include (a) the entryway to a tenant's premises, or (b) any areas or facilities that could be considered as Common Area except that the areas or facilities are included in the description of premises leased to a tenant or are exclusively for the use of and are the responsibility of a tenant.

8.2 **Maintenance and Use of Common Area.** The manner in which the Common Area shall be maintained shall be solely determined by Landlord. The use and occupancy by Tenant of the Premises shall include the right to use the Common Area in common with Landlord and other tenants of the Hotel and their customers and invitees, subject to such reasonable, non-discriminatory rules and regulations concerning the use of the Common Area as may be established by Landlord from time to time including, without limitation, the Rules and Regulations attached hereto as Exhibit "B" as the same may be amended from time to time. Written notice of such rules and regulations and amendments and supplements thereto, if any, shall be given to Tenant thirty (30) days prior to their effective date. Tenant agrees to promptly comply with all such rules and regulations upon receipt of written notice from Landlord. Tenant and Tenant's employees and agents shall not solicit business in the Common Areas.

8.3 **Control of and Changes to Common Area.** Landlord shall have the sole and exclusive control of the Common Area, as well as the right to make reasonable changes to the Common Area. Provided Tenant's use of and access to the Premises is not unreasonably interfered with, such rights of Landlord shall include, without limitation, the right to (a) restrain the use of the Common Area by unauthorized persons, (b) cause Tenant to remove or restrain persons from any unauthorized use of the Common Area if they are using the Common Area by reason of Tenant's presence in the Hotel, (c) utilize from time to time any portion of the Common Area for promotional, entertainment and related matters, (d) temporarily close any portion of the Common Area for repairs, improvements or alterations, to discourage non-customer use, to prevent dedication or an easement by prescription, or for any other reasons deemed sufficient in Landlord's reasonable judgment, and (e) reasonably change the shape and size of the Common Area, add, eliminate or change the location of improvements to the Common Area, including, without limitation, buildings and lighting, and construct buildings and other improvements on the Common Area.

8.4 **Parking.** Landlord shall have no obligation whatsoever to provide parking for the Premises. Parking for the Premises may be available to Tenant by way of public parking on the adjoining streets and highways, the parking garage adjacent to the Hotel and other public parking facilities in the immediate vicinity, all of which are owned by third parties not controlled by Landlord. Tenant acknowledges that Landlord has not made and does not make any representations or warranties with respect to the availability of parking and agrees that Tenant shall be responsible at its sole cost and expense, for making arrangements with such third parties as are necessary to satisfy Tenant's parking requirements. Furthermore, Tenant agrees that its inability to secure parking for the Premises shall not in any way affect the validity or the enforceability of this Lease, and Tenant shall not be entitled to terminate this Lease nor to abate rent by reason of inadequate parking for the Premises.

ARTICLE IX -- UTILITIES

Tenant shall be solely responsible for and shall promptly pay all charges for telephone service and for any other utility used, consumed or provided in, or furnished, or attributable to the Premises at the rates charged by the supplying utility companies. Should Landlord elect to supply any or all of such utilities, Tenant agrees to purchase and pay for the same as additional rent as apportioned by Landlord. In no event shall Landlord be liable for any interruption or failure in the supply of any such utilities to the Premises, nor shall rent be abated as a result of any such interruption. Tenant agrees to reimburse Landlord within ten (10) days of billing for fixture charges and/or water tariffs, if applicable, which are charged by local utility companies. Landlord will notify Tenant of any such charges as soon as they become known. Any such charges will increase or decrease with current charges being charged Landlord by the local utility company, and will be due as additional rent. Notwithstanding anything to the contrary contained in this Article IX, Landlord shall be responsible for the cost of gas, water, sewer, electricity and refuse disposal used, consumed or provided in, or furnished, or attributable to the Premises.

ARTICLE X -- ALTERATIONS, SIGNS AND FIXTURES

10.1 **Installation.** Without Landlord's prior written consent, Tenant shall not make or cause to be made any alterations, additions or improvements to the Premises, or install or cause to be installed any trade fixtures, floor covering, interior lighting, plumbing fixtures, exterior signs, shades or awnings, or make any changes to the store front of the Premises. Tenant shall present Landlord with plans and specifications for such work concurrently with the request for approval.

10.2 **Removal by Tenant.** All alterations, decorations, fixtures, additions and improvements made by Tenant, or made by Landlord on Tenant's behalf by agreement under this Lease, whether temporary or permanent in character, and whether or not affixed to the Premises (except furnishings, trade fixtures and equipment installed by Tenant) shall remain the property of Landlord and shall not be removed from the Premises without Landlord's prior written consent. Upon the expiration or earlier termination of this Lease, Landlord may require Tenant to remove all the alterations, decorations, fixtures, additions, and improvements, and to restore the Premises as provided in Article XI hereof. If, following Landlord's request to do so upon the expiration of this Lease, Tenant fails to remove such alterations, decorations, additions and improvements and restore the Premises, Tenant shall promptly reimburse Landlord for the cost of removal and restoration.

10.3 **Liens.** Tenant shall keep the Premises free of any kinds of liens arising out of work performed for or materials furnished to Tenant, and shall promptly pay all contractors and materialmen used by Tenant to improve the Premises.

so as to minimize the possibility of a lien attaching thereto. Should any lien be made or filed, Tenant shall bond against or discharge the same within twenty (20) days after written request by Landlord. Tenant shall indemnify, defend, protect and hold Landlord, the Premises and the Hotel and every part thereof free and harmless from and against any and all liability, damage, claims, demands, suits, actions or expense (including attorneys' fees) arising out of any work done or materials furnished with respect to the Premises by Tenant, its employees, representatives, successors, contractors, subcontractors, materialmen and assigns.

10.4 Signs, Awnings and Canopies. Without Landlord's prior written consent, Tenant will not place or suffer to be placed or maintained on any door, wall or window of the Premises any sign, awning or canopy, nor any advertising matter on the glass of any window or door of the Premises or within 48" of any window. Tenant further agrees to maintain any permitted signs, awnings, canopies, decorations, lettering or advertising matter as may be approved in good condition and repair at all times. Within ninety (90) days of Landlord's request and provided that Tenant has been in occupancy of the Premises for at least five (5) years, Tenant shall remove Tenant's existing sign, patch the fascia, and install a new sign, at Tenant's sole cost and expense, in accordance with Landlord's Sign Criteria then in effect.

ARTICLE XI -- SURRENDER OF PREMISES

At the expiration or earlier termination of this Lease, Tenant shall surrender the Premises in a first class, clean condition in accordance with the requirements of Section 10.2 herein, reasonable wear and tear and damage by unavoidable casualty excepted, and shall surrender all keys for the Premises to Landlord at the place then fixed for the payment of rent. Tenant shall remove all of its furnishings, equipment and trade fixtures, and any alterations or improvements if required by Landlord as provided in Section 10.2 hereof, before surrendering the Premises to Landlord and shall repair any damage to the Premises caused thereby.

ARTICLE XII -- INSURANCE AND INDEMNITY

12.1 Tenant Insurance. During the Term, Tenant or Subtenant shall maintain at its own expense in full force and effect the following insurance policies:

(a) A policy of commercial general liability insurance, including coverage (by endorsement if necessary) for death, bodily injury, broad form property damage, premises/operations, blanket contractual liability, independent contractors, personal injury, products/completed operations, and, if applicable, liquor liability, with respect to the Premises and the business operated by the Tenant and subtenants and concessionaires of Tenant in the Premises, of which the combined single limit of general liability shall not be less than One Million Dollars (\$1,000,000) per occurrence. Such liability limit will be increased from time to time if Landlord's insurance advisor reasonably determines that a higher limit is customary for similar uses. Such policy shall be on an occurrence (and not on a claims-made) basis. Notwithstanding anything to the contrary contained herein, only the Redevelopment Agency of the City of Riverside, and not Subtenant or any other assignee or subtenant, may self-insure against the risks described in this Paragraph 12(a);

(b) Insurance covering all trade fixtures, merchandise, personal property and plate glass in or upon the Premises in amounts no less than one hundred percent (100%) of the replacement value thereof, providing protection against any peril included within the classification of "Fire and Extended Coverage" including sprinkler damage, if any, vandalism and malicious mischief; and

(c) Workers compensation insurance as required by law.

Each of Tenant's insurance policies required hereinabove shall name Landlord, and any person, firms, or corporations designated by Landlord, as additional insureds. Such persons or entities shall not, by reason of their inclusion under any such policy, incur liability for payment of any premium. Tenant's insurance policies shall contain a clause that insurer will not cancel or change coverage without first giving Landlord at least thirty (30) days prior written notice. All insurance required hereunder shall be issued by an insurance company or companies approved by Landlord, licensed to do business in California and having a financial rating of Class A-X or better as rated in the most current available "Best's Key Rating Guide". A copy of the policy or certificate of insurance (and of all endorsements thereto) shall be delivered to Landlord prior to Tenant's occupancy of the Premises, and thereafter at least ten (10) days prior to the expiration of any existing policy. All public liability, property damage and other casualty policies shall be written as primary policies, not contributing with and not in excess of coverage which Landlord may carry. No policy required to be maintained by Tenant under this Section shall have a deductible in excess of \$5,000 without Landlord's prior written consent. If Tenant fails to maintain any insurance required under this Section, Landlord may itself maintain such insurance and charge the cost thereof to Tenant as additional rent. Such amount shall be due and owing within ten (10) days following written request therefor, and shall bear interest at the Interest Rate until paid. Landlord makes no representation or warranty to Tenant that the amount of insurance to be carried by Tenant under the terms of this Lease is adequate to fully protect Tenant's interests and Tenant assumes full responsibility to confirm the adequacy of its insurance coverage.

12.2 Landlord Insurance. During the Term, Landlord shall, subject to reimbursement as provided herein, maintain at its own expense in full force and effect the following insurance policies (collectively "Landlord Carried Insurance" herein):

(a) Fire with extended coverage insurance with a vandalism and malicious mischief endorsement, which insurance shall be in an amount equal to at least ninety percent (90%) of the replacement value (exclusive of foundation and excavation costs) of the Premises and other improvements within the Hotel;

(b) Insurance covering all art, artifacts, papers, photographs, and other items of aesthetic, cultural, or historical significance owned by Landlord within the Premises, which insurance coverages shall be in amounts from time to time deemed reasonably necessary by Landlord; and

(c) Rental loss insurance, or any other insurance coverages deemed necessary by Landlord or Landlord's lender throughout the Term, which insurance coverages shall be in amounts from time to time deemed reasonably necessary by Landlord or Landlord's lender.

The Landlord Carried Insurance may be obtained through a blanket policy or other form of pooled insurance coverage covering not only the Hotel, but other property owned by Landlord or its affiliates.

12.3 Indemnification of Landlord. Tenant will, during the Term, indemnify, protect, defend and save Landlord harmless from and against any and all claims, demands, actions, damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and costs of investigation with respect to any claim, demand or action) in connection with loss of life, bodily injury, personal injury and/or damage to property (collectively, "Claims") arising from or connected with the conduct or management of the business conducted by Tenant on the Premises, or the occupancy or use by Tenant of the Premises or any part thereof, or from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to this Lease, or from violations of or noncompliance with any governmental requirements or insurance requirements, or from any acts or omissions of Tenant or any person on the Premises by license or invitation of Tenant or occupying the Premises or any part thereof under Tenant, whether such injury occurs in, on or about the Premises or the Common Area. In case Landlord shall be made a party to any litigation commenced by or against Tenant, Tenant shall accept any tender of defense by Landlord and shall defend Landlord and protect and hold Landlord harmless and pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection with such litigation; provided, however, Tenant shall not be liable for any such injury or damage to the extent and in the proportion such injury or damage is ultimately determined to be attributable to the sole, active negligence or misconduct of Landlord, its agents or employees, unless covered by insurance required to be carried by Tenant. Landlord may, at its option, require Tenant to assume Landlord's defense in any action covered by this Section 12.3 through counsel satisfactory to Landlord.

12.4 Waiver Claims; Waiver of Subrogation. Provided that their respective policies of insurance are not invalidated thereby, each party hereby waives (a) its rights of recovery against the other party, its successors, assigns, directors, agents and representatives in connection with any loss or damage caused to the insured's property and covered by any property insurance policies of the insured, and (b) on behalf of its carriers, any right of subrogation it may have against the other. Each party shall notify its carrier of the waiver contained herein and shall obtain, if required by their respective insurers, any special endorsements required by such insurers to evidence compliance with the foregoing waiver.

12.5 Waiver of Loss and Damage. Except to the extent such matter is not covered by the insurance required to be maintained by Tenant under this Lease and such matter is attributable to the gross negligence or willful misconduct of Landlord, Landlord shall not be liable to Tenant, Tenant's employees, agents or invitees for: (i) any damage to property of Tenant, or of others, located in, on or about the Premises, nor for (ii) the loss of or damage to any property of Tenant or of others by theft or otherwise, (iii) any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or leaks from any part of the Premises or from the pipes, appliance of plumbing works or from the roof, street or subsurface or from any other places or by dampness or by any other cause of whatsoever nature, or (iv) any such damage caused by other tenants or persons in the Premises, occupants of adjacent property of the Hotel, or the public, or caused by operations in construction of any private, public or quasi-public work. All property of Tenant kept or stored on the Premises shall be so kept or stored at the sole risk of Tenant and Tenant shall hold Landlord harmless from any claims arising out of damage to the same, including subrogation claims by Tenant's insurance carriers, unless such damage shall be caused by the gross negligence or willful misconduct of Landlord.

12.6 Notice by Tenant. Tenant shall give immediate notice to Landlord in case of fire or accidents in the Premises or elsewhere in the Hotel or of any damage or defects in the Premises, the Hotel or any fixtures or equipment therein.

12.7 Indemnification of Tenant. Landlord will, during the Term, indemnify, protect, defend and save Tenant harmless from and against any and all Claims attributable to the sole, active negligence or misconduct of Landlord, its agents or employees, unless covered by insurance required to be carried by Tenant; provided, however, Landlord shall not be liable for any injury or damage to the extent and in the proportion such injury or damage is ultimately determined to be attributable to the sole, active negligence or misconduct of Tenant, its agents or employees.

ARTICLE XIII -- OFFSET STATEMENT, ATTORNMEN, SUBORDINATION, MORTGAGEE PROTECTION CLAUSE

13.1 Offset Statement. Within ten (10) days after Landlord's written request, in connection with any sale, assignment, hypothecation or other transfer of Landlord's interest in this Lease or the Hotel, Tenant agrees to deliver in recordable form a certificate or tenant estoppel letter to any proposed mortgagee, purchaser, or other transferee, or to Landlord, certifying to the extent true that this Lease is in full force and effect, that to Tenant's knowledge there does not exist nor has there existed during the period of Tenant's tenancy any toxic materials or hazardous waste in, on or about the Premises, that a true and correct copy of this Lease and all amendments thereto are attached to the certificate or tenant estoppel letter, and that there are no defenses or offsets thereto, or stating those claimed by Tenant, and such other items as may be reasonably requested. Failure by Tenant to execute said offset statement shall be considered a material default by Tenant under this Lease.

13.2 Attornment and Nondisturbance. In the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, any mortgage, deed of trust or other encumbrance made by Landlord

covering the Premises, Tenant shall attorn to the purchaser or mortgagee upon any such foreclosure sale or transfer in lieu of foreclosure sale and recognize such purchaser or mortgagee as the Landlord under this Lease, provided that any such purchaser or mortgagee shall recognize this Lease as remaining in full force and effect so long as Tenant is not in default hereunder.

13.3 Subordination. Subject to the nondisturbance and attornment provisions of Section 13.2 above, Tenant agrees that this Lease, at Landlord's option, shall be subject and subordinate to the lien of any mortgages or trust deeds or the lien resulting from any other method of financing or refinancing, now or hereafter in force against the land and buildings of which the Premises are a part or upon any buildings hereafter placed upon the land of which the Premises are a part, and to all advances made or hereafter to be made upon the security thereof. This section shall be self-operative and no further instrument of subordination shall be required unless requested by Landlord. Tenant covenants and agrees that it will execute such additional subordination agreements from time to time within twenty (20) days following written request therefor by Landlord. Tenant's failure to timely execute and return any required agreement under this Section shall constitute a material default under this Lease. Further, if Tenant fails to deliver any required agreement under this Section within such twenty (20) day period, Tenant irrevocably appoints Landlord as Tenant's attorney-in-fact for the purpose of executing and delivering the same on behalf of Tenant.

13.4 Mortgage Protection Clause. Tenant agrees to give any mortgagees and/or trust deed holders, by registered mail, a copy of any notice of default served by Tenant upon Landlord, provided that prior to such notice Tenant has been notified in writing (by way of notice of assignment of lease, or otherwise) of the addresses of such mortgagees and/or trust deed holders. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the mortgagees and/or trust deed holders shall have an additional thirty (30) days within which to cure such default, or if such default cannot be cured within that time, then such additional time as may be necessary, provided such mortgagees and/or trust deed holders commence such cure within thirty (30) days and diligently pursue the remedies necessary to cure such default (including, but not limited to, commencement of foreclosure proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated while such remedies are being so diligently pursued. Tenant shall not unreasonably withhold its consent to changes or amendments to this Lease requested by the holder of any mortgage or deed of trust covering Landlord's interest in the Premises so long as such changes do not materially alter the economic terms of this Lease or otherwise materially diminish the rights or materially increase the obligations of Tenant hereunder.

ARTICLE XIV -- ASSIGNMENT AND SUBLETTING

14.1 Assignment and Subletting. Tenant will not assign this Lease in whole or in part, nor sublet all or any part of the Premises, without the prior written consent of Landlord, which consent Landlord may withhold in its sole and absolute discretion. The consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for obtaining Landlord's consent to any subsequent assignment or subletting. Any assignment or sublease made by Tenant without Landlord's written consent shall be voidable at Landlord's election. Notwithstanding anything to the contrary contained in this Article XIV or elsewhere in this Lease, Landlord and Tenant acknowledge and agree that Tenant may and has, or within thirty (30) days after execution of this Lease will, assign all of Tenant's rights, title and interest in and to this Lease or sublet the entire Premises (as opposed to only a portion of the Premises) to Subtenant for the sole purpose of operating The Mission Inn Foundation offices/Museum; provided, Tenant shall not be released from its liabilities under this Lease unless Landlord shall specifically consent to such a release.

14.2 Other Prohibited Transfers. Tenant shall not grant any concession or right of use or occupancy to all or any part of the Premises (other than an assignment or sublease which shall be governed by Section 14.1 above), nor shall Tenant encumber, hypothecate, or assign this Lease as security for an obligation or indebtedness, or grant any other form of security interest in this Lease, without Landlord's prior written consent which may be withheld in Landlord's sole, absolute and arbitrary discretion. Any such concession, right or security interest made by Tenant without Landlord's written consent shall be null and void. If Tenant shall select or appoint some person or entity other than Tenant or Subtenant to manage and control the business conducted in the Premises, and the result thereof shall be substantially similar to the result of a sublease or assignment, then such selection or appointment shall be deemed an assignment within the meaning and provisions of this Article.

14.3 Sale of Premises. In the event Landlord shall sell, convey, transfer or exchange the Hotel, Tenant agrees to recognize and attorn to the purchaser, or transferee, as the Landlord hereunder and Landlord shall be and is hereby relieved and released from any liability under any and all of its covenants and obligations under this Lease arising out of any act, occurrence or event which occurs after such sale, conveyance, transfer or exchange.

ARTICLE XV -- DESTRUCTION

15.1 Total or Partial Destruction of Premises. If the Premises shall be damaged by fire, the elements or other casualty insured against under the provisions of Section 12.2 above, but are not thereby rendered untenable in whole or in part, Landlord shall, at its own expense, cause such damage to be repaired as soon as reasonably practical, and any rent or other charges payable hereunder shall not be abated. Tenant shall be responsible for the concurrent prompt repair and restoration of its furniture, fixtures and equipment in the Premises damaged by such event. If by reason of any damage or casualty, the Premises shall be rendered untenable only in part, the damage shall be repaired as described above, and any rent other charges payable hereunder shall not be abated. If the Premises shall be rendered wholly untenable by reason of such occurrence, either (i) the damage shall be repaired as described above, and any rent or other charges payable hereunder shall not be abated; or (ii) Landlord shall have the right, to be exercised by written notice delivered to Tenant within sixty (60) days from and after said occurrence, to elect not to reconstruct the Premises, and in such event this Lease and the tenancy hereby created shall cease as of the date of said damage. In such event, Landlord shall use good faith efforts to assist Tenant to find an alternate location, but Tenant shall not be entitled to receive any refund of any rent or other amount which has been prepaid by Tenant to Landlord. In the event the Premises are damaged as a result of casualty not covered by insurance required

to be maintained hereunder, or are damaged during the last twelve (12) months of the Term, Landlord, within sixty (60) days following the date of such damage may commence such repair or reconstruction work or may elect to terminate this Lease on the expiration of sixty (60) days following delivery of written notice to Tenant of Landlord's election not to repair or restore such damage. In such event, Landlord shall use good faith efforts to assist Tenant to find an alternate location, but Tenant shall not be entitled to receive any refund of any rent or other amount which has been prepaid by Tenant to Landlord.

15.2 Partial Destruction of Hotel. In the event that fifty percent (50%) or more of the Hotel shall be damaged or destroyed by fire or other cause, and the Premises is within close proximity to the damage by such fire or other cause, Landlord shall have the right to be exercised by written notice delivered to Tenant within sixty (60) days from and after said occurrence, to elect to cancel and terminate this Lease if it is determined the Premises cannot reasonably be repaired or rebuilt. Upon the giving of such notice to Tenant, the Term shall expire by lapse of time upon the 3rd day after such notice is given, and Tenant shall vacate the Premises and surrender the same to Landlord in the condition required pursuant to Article XI. In such event, Tenant shall not be entitled to receive any refund of any rent or other amount which has been prepaid by Tenant to Landlord.

15.3 Proceeds. All proceeds from the insurance required to be kept under Section 12.2 above shall be delivered to and constitute the property of Landlord and the proceeds of all property insurance covering Tenant's leasehold improvements which would constitute the property of Landlord upon termination of this Lease shall also be paid to Landlord. Unless Landlord elects to terminate this Lease in accordance with Section 15.1 or 15.2 above, Landlord shall apply its insurance proceeds toward reconstruction of the Premises. Tenant shall be entitled to retain the proceeds of its insurance carried pursuant to Section 12.1 above covering its trade fixtures, merchandise, signs and other personal property which it would be entitled to remove upon the expiration of this Lease.

15.4 Waiver of Termination. Tenant hereby waives any statutory rights which it may have to terminate this Lease in the event of the partial or total destruction of the Premises or the Hotel, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, it being agreed that the provisions of this Article XV shall control in the event of any damage or destruction.

ARTICLE XVI – EMINENT DOMAIN

16.1 Total Condemnation of Premises or Hotel. If the whole of the Premises or a material part of the Hotel, i.e., twenty-five percent (25%) or more, shall be acquired for any public or quasi-public use or purpose or taken by eminent domain, then the Term shall cease and terminate as of the date possession of title is given to such condemning authority in such proceeding. In such event, Tenant shall not be entitled to receive any refund of any rent or other amount which has been prepaid by Tenant to Landlord.

16.2 Partial Condemnation of Premises or Hotel. If any part of the Premises or the Hotel shall be acquired or taken by eminent domain for any public or quasi-public use or purpose, and in the event that such partial taking or condemnation shall render the Premises or the Hotel unsuitable for the operation of Tenant's business, this Lease shall cease and terminate as of the date possession or title is given to such condemning authority in such proceeding. In the event of a partial taking or condemnation which is not extensive enough to render the Premises or the Hotel unsuitable for the operation of Tenant's business, Landlord shall promptly restore the Premises and/or the Hotel, as applicable, to a condition comparable to its condition at the time of such condemnation less the portion lost in the taking, and this Lease shall continue in full force and effect.

16.3 Allocation of Award. Except as provided below, in the event of any condemnation or taking as herein provided, whether whole or partial, Tenant shall not be entitled to any part of the award, as damages or otherwise, for such condemnation and Landlord is to receive the full amount of such award. Tenant expressly waives any right or claim to any part thereof, including the right or claim for the value of the unexpired portion of the Term or diminution in value of Tenant's leasehold interest, or for the value of any option to extend the Term or renew this Lease.

ARTICLE XVII – DEFAULT

17.1 Default by Tenant. In the event of Tenant's failure to perform any of Tenant's obligations under this Lease when due or called for hereunder, Tenant shall have a period of three (3) days after service of written notice by Landlord specifying the nature of Tenant's default within which to cure such defaults, provided that if the nature of a non-monetary default is such that it cannot be fully cured within said three (3) day period, Tenant shall have such additional time as may be reasonably necessary to cure such default not to exceed thirty (30) days so long as Tenant commences such cure promptly after service of Landlord's notice and proceeds diligently at all times to complete such cure. If Tenant fails to comply with the foregoing provisions, Tenant shall be deemed to be in material breach of this Lease and Landlord with or without further notice or demand shall have all rights and remedies available to it at law, including Code of Civil Procedure 1161 (or its successor), or in equity. In such event, in accordance with state law, Landlord may re-enter the Premises and remove all persons and property from the Premise and such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. **TENANT AND LANDLORD HEREBY ACKNOWLEDGE AND AGREE THAT IN THE EVENT LANDLORD ELECTS TO TERMINATE THIS LEASE PURSUANT TO THE TERMS AND CONDITIONS CONTAINED HEREIN, TENANT SHALL NOT BE ENTITLED, UNDER ANY CIRCUMSTANCES, EXCEPT FRAUD OR INTENTIONAL MISCONDUCT OR INTENTIONAL MISREPRESENTATION COMMITTED BY LANDLORD IN CONNECTION WITH THE PERFORMANCE OF THE TERMS OF THIS LEASE, TO RECOVER ANY PREPAID RENT AND/OR OTHER MONETARY SUMS DEPOSITED HEREUNDER, WHETHER BY WAY OF REFUND, OR OTHERWISE, AND LANDLORD SHALL HAVE NO OBLIGATION TO MITIGATE ANY DAMAGES SUSTAINED BY LANDLORD AS A RESULT OF ANY SUCH TENANT DEFAULT. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, LANDLORD MAY ONLY TERMINATE THIS LEASE IF LANDLORD IS NOT THEN IN DEFAULT HEREUNDER.**

17.2 **Default by Landlord.** Landlord shall not be in default in the performance of any obligation required to be performed by Landlord under this Lease unless Landlord has failed to perform such obligation within thirty (30) days after the receipt of written notice from Tenant specifying in detail Landlord's failure to perform; provided however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be deemed in default if it commences such performance within such thirty (30) day period and thereafter diligently pursues the same to completion. Upon any such uncured default by Landlord, Tenant may only exercise those rights provided it in law or at equity which are specifically set forth below, and; (a) Tenant shall have no right to offset or abate rent in the event of any default by Landlord under this Lease, except to the extent offset rights are specifically provided to Tenant in this Lease; and (b) Tenant's rights and remedies hereunder shall be limited to the extent (i) Tenant has expressly waived in this Lease any of such rights or remedies and/or (ii) this Lease otherwise expressly limits Tenant's rights or remedies, including the limitation on Tenant's remedies set forth in the balance of this Section 17.2 and on Landlord's liability contained in Section 17.3 hereof. **TENANT AND LANDLORD HEREBY ACKNOWLEDGE AND AGREE THAT IN THE EVENT LANDLORD IS IN DEFAULT IN THE PERFORMANCE OF ANY OBLIGATION REQUIRED TO BE PERFORMED BY LANDLORD UNDER THIS LEASE, TENANT SHALL HAVE THE RIGHT TO EXERCISE ONLY ONE OF THE FOLLOWING ALTERNATIVE REMEDIES: (A) SUE LANDLORD FOR ACTUAL DAMAGE CAUSED BY LANDLORD'S SPECIFIC DEFAULT OR FOR SPECIFIC PERFORMANCE OF THE TERMS AND CONDITIONS OF THIS LEASE TO ENFORCE THE PERFORMANCE OF LANDLORD'S OBLIGATIONS HEREUNDER, OR (B) ONLY IN THE EVENT OF FRAUD OR INTENTIONAL MISCONDUCT OR INTENTIONAL MISREPRESENTATION COMMITTED BY LANDLORD IN CONNECTION WITH THE PERFORMANCE OF THE TERMS OF THIS LEASE, TERMINATE THIS LEASE AND RECOVER THE REMAINING UNAMORTIZED PORTION OF PRE-PAID RENT APPLICABLE TO THE REMAINDER OF THE INITIAL THIRTY (30) YEAR TERM BASED ON A COMMENCEMENT DATE OF DECEMBER 23, 1992; PROVIDED, HOWEVER, THAT TO THE EXTENT NOT SPECIFICALLY PROVIDED HEREIN, TENANT SHALL HAVE NO RIGHT TO RECOVER ANY PREPAID RENT AND OR OTHER MONETARY SUMS DEPOSITED HEREUNDER, WHETHER BY WAY OF REFUND, MITIGATION OR OTHERWISE. UNDER NO CIRCUMSTANCES SHALL TENANT BE ENTITLED TO ANY REMEDY, WHETHER PROVIDED AT LAW, EQUITY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO, THE RIGHT TO RECOVER ANY PREPAID RENT (EXCEPT IN THE CASE OF FRAUD OR INTENTIONAL MISCONDUCT OR INTENTIONAL MISREPRESENTATION COMMITTED BY LANDLORD IN CONNECTION WITH THE PERFORMANCE OF THE TERMS OF THIS LEASE) AND/OR OTHER MONETARY SUMS DEPOSITED HEREUNDER, WHETHER BY WAY OF REFUND, MITIGATION OR OTHERWISE. THE REMEDIES PROVIDED TENANT ABOVE SHALL PROVIDE TENANT COMPLETE AND TOTAL SATISFACTION FOR ANY CLAIM THAT TENANT MAY HAVE AS A RESULT OF ANY SUCH LANDLORD DEFAULT.**



Tenant's Initials

Landlord's Initials

17.3 **Limitation on Tenant's Recourse.** Tenant's sole recourse under this Lease against Landlord for monetary damages is to the interest of Landlord in and to the Hotel. Tenant shall have no right to satisfy any judgment which it may have against Landlord from any other assets of Landlord or from any other assets of any partner, venturer or shareholder of Landlord. The provisions of this Section are not intended to limit the Tenant's right to seek injunctive relief or specific performance, or Tenant's right to claim the proceeds of insurance (if any) specifically maintained by Landlord for Tenant's benefit. The foregoing limitations shall also apply to any successor to Landlord's interest in the Premises.

17.4 **Landlord's Right to Perform.** Except as specifically provided otherwise in this Lease, all covenants and agreements by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense. If Tenant shall fail to pay any sum of money or perform any other act on its part to be paid or performed hereunder and such failure shall continue for three (3) days with respect to monetary obligations (or ten (10) days with respect to non-monetary obligations) after Tenant's receipt of written notice thereof from Landlord, Landlord may, without waiving or releasing Tenant from any of Tenant's obligations, make such payment or perform such other act on behalf of Tenant. All sums so paid by Landlord and all necessary incidental costs incurred by Landlord in performing such other acts shall be payable by Tenant to Landlord within five (5) days after demand therefor as additional rent.

17.5 **Rights and Remedies Cumulative.** All rights, options and remedies of Landlord contained in this Section 17 and elsewhere in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity, whether or not stated in this Lease. Nothing in this Section 17 shall be deemed to limit or otherwise affect Tenant's indemnification of Landlord pursuant to any provision of this Lease.

ARTICLE XVIII – HOLDING OVER, SUCCESSORS

18.1 **Holding Over.** Any holding over after the expiration of the Term or an extension term, with the consent of the Landlord, express or implied, shall, in the absence of a written agreement providing otherwise, be construed to be a tenancy from month to month at a Minimum Rent equal to one hundred twenty-five percent (125%) of the fair market rental rate for the Premises and shall otherwise be on the terms and conditions of this Lease.

18.2 **Successors.** All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors, and assigns of said parties; and if there shall be more than one party comprising Tenant, they shall all be bound jointly and severally by the terms, covenants and agreements herein.

ARTICLE XIX -- QUIET ENJOYMENT

19.1 **Landlord's Covenant.** Upon the observance and performance of all of the covenants, terms and conditions on Tenant's part to be observed and performed hereunder, Tenant shall peaceably and quietly hold and enjoy the

Premises for the Term without unreasonable hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under the Landlord, subject, nevertheless, to the terms and conditions of this Lease.

19.2 Relocation

(a) Landlord reserves the unilateral right to, at any time during the Term, by delivering ninety (90) days prior written notice to Tenant, relocate the Museum to other premises anywhere on the ground floor of the Hotel, or anywhere on floors 1, 2 or 3 of the Rotunda, or if and when improved, to any other space in the Mission Inn Annex building ("Substitute Museum Premises"); provided, however, that the Substitute Museum Premises contains a minimum and a maximum of 3,000 square feet of Floor Area, and provided further in no event shall Landlord relocate the Substitute Museum Premises to either the basement storage area of the Hotel or the Rotunda basement area. Landlord reserves the unilateral right to, at any time during the Term of this Lease, by delivering written notice to Tenant, relocate the Foundation to other premises within the Hotel, or when improved, to other space in the Mission Inn Annex building ("Substitute Foundation Premises"); provided, however, that the Substitute Foundation Premises contains a minimum and a maximum of 3,500 square feet of Floor Area. In no event shall the total aggregate square footage for the Substitute Museum Premises and the Substitute Foundation Premises exceed 6,500 square feet of Floor Area (i.e., Landlord shall have no obligation to provide relocation space for any Additional Space). The Substitute Museum Premises and Substitute Foundation Premises shall collectively be referred to herein as the "Substitute Premises." Additionally, Landlord, but not Tenant, shall have the right to relocate Tenant to "off-site" Substitute Premises which are within close proximity to the Hotel; rather than to other space within the Hotel or the Mission Inn Annex building. The location of the off-site Substitute Premises shall be mutually agreed upon and consented to by Landlord and Tenant, which consent shall not be unreasonably withheld. In the event Landlord and Subtenant are unable to agree upon the location of the proposed off-site Substitute Premises, the Riverside Redevelopment Agency, acting as arbitrator, shall have the authority to reasonably decide in good faith the appropriateness of the proposed off-site Substitute Premises, taking into account such factors as the location, size, physical condition and suitability of the off-site Substitute Premises for Subtenant's business operations. The decision of the Riverside Redevelopment Agency shall be binding upon Landlord, Tenant and Subtenant. Tenant shall vacate and surrender the applicable Premises to Landlord and shall occupy the Substitute Premises after Landlord has substantially completed the work to be performed by Landlord in the Substitute Premises pursuant to Section 19.2(b) below. Minimum Rent, Additional Rent and other charges shall be payable by Tenant at the same rate as payable by Tenant with respect to the Premises. From and after the relocation by Tenant to Substitute Premises, the Substitute Premises shall be deemed to be the Premises for the purposes of this Lease.

(b) If Landlord shall elect to relocate Tenant to Substitute Premises, Tenant shall not be entitled to any compensation for any inconvenience for interference with Tenant's business, but Landlord shall, at Landlord's sole cost and expense:

- (i) Furnish and install or provide the necessary funding to Tenant to furnish and install in the Substitute Premises, to the extent reasonable given the then existing condition and configuration of the Substitute Premises, as determined by Landlord in its reasonable discretion, fixtures, equipment, improvements, appurtenances and leasehold improvements equal in kind and quality to those contained in the Premises at the time of Landlord's election;
- (ii) At Landlord's option, arrange for or provide the necessary funding to Tenant for the moving of Tenant's personal property, equipment and trade fixtures from the Premises to the Substitute Premises;
- (iii) Reimburse Tenant for Tenant's actual and reasonable out-of-pocket costs incurred in connection with the relocation of any telephone or other communications equipment from the Premises to the Substitute Premises; and
- (iv) Reimburse Tenant for any other actual and reasonable out-of-pocket cost incurred by Tenant in connection with Tenant's move from the Premises to the Substitute Premises, provided such costs are approved by Landlord in advance, which approval shall not be unreasonably withheld.

(c) Tenant shall cooperate with Landlord so as to facilitate performance by Landlord of its obligations under Section 19.2(b) above. Without limiting the generality of the foregoing, Tenant shall provide Landlord promptly with any approvals or instructions and perform promptly in the Substitute Premises any work to be performed therein by Tenant to prepare the Substitute Premises for occupancy and opening for business.

ARTICLE XX -- TAXES ON TENANT'S PROPERTY AND BUSINESS OPERATIONS

Tenant agrees to pay before delinquency, all taxes and assessments (real and personal) levied against (a) any personal property or trade fixtures placed by Tenant in or about the Premises (including any increase in the assessed value of the Premises based upon the value of any such personal property or trade fixtures), and (b) any taxes relating to the operation of Tenant's business and/or the Museum. If any such taxes or assessments are levied against Landlord or Landlord's property, Landlord may, after written notice to Tenant (and under proper protest if requested by Tenant) pay such taxes and assessments, in which event Tenant agrees to reimburse Landlord all amounts paid by Landlord within ten (10) business days after demand by Landlord; provided, however, Tenant, at its sole cost and expense, will have the right, with Landlord's cooperation, to bring suit in any court of competent jurisdiction to recover the amount of any such taxes and assessments so paid under protest.

ARTICLE XXI -- TOURS

Landlord hereby grants to Tenant a license to conduct, at Tenant's sole cost and expense, a maximum of two (2) general tours and one (1) special tour (collectively, "Tours") per day of the Premises and the Hotel, provided such Tours are conducted by trained docents, contain no more than fifteen (15) people per tour and comply with all applicable governmental and insurance requirements, and any other future rules and/or regulations that may be imposed by Landlord to ensure the safe and efficient operation of the Hotel and the quite enjoyment of all Hotel guests and invitees. The Tour route, duration and start times shall be subject to approval by Landlord, taking into account and giving special consideration to the daily operation of the Hotel and the quite enjoyment of all Hotel guests and invitees.

ARTICLE XXII -- GO DARK

Should the Main Space "go dark" during the term of this Lease for a period of ninety (90) consecutive days (as extended by delays referred to in Section 23.6 below, repairs alterations and improvements, restoration due to casualty or condemnation, labor disputes or due to the actions of Landlord or its agents or employees), such that no business permitted by the terms of this Lease is being operated within any portion of the Main Space, then Landlord may terminate this Lease at any time thereafter during the continuance of such "dark" period upon written notice to Tenant specifying a termination date which is no sooner than thirty (30) days after such notice. Upon the expiration of such thirty (30) day extension period, this Lease will automatically terminate unless Tenant (or Subtenant) has reopened the Museum and began occupying the entire Main Space for the use described in Section 1.8 of the Basic Lease Provisions, in which case Landlord's termination notice will be of no force or effect. Landlord's notice of termination may only be given within thirty (30) days of the conclusion of said ninety (90) day period. Upon termination of this Lease by Landlord pursuant to this Article XXII, Tenant shall not be entitled, under any circumstances, to recover any prepaid rent and/or other monetary sums deposited hereunder, whether by way of refund, or otherwise, and Landlord shall have no obligation to mitigate any damages sustained by Landlord as a result of Tenant's failure to remain open for business.

ARTICLE XXIII -- MISCELLANEOUS

23.1 Intentionally Omitted.

23.2 **Waiver.** The waiver by either party of any breach of any term, covenant or condition of this Lease shall not be deemed to be a waiver of any other term, covenant or condition of this Lease or of any subsequent breach of the same term, covenant or condition. No covenant, term or condition of this Lease shall be deemed to have been waived by either party, unless such waiver is in writing by the waiving party.

23.3 **Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than a partial payment of the rent herein stipulated, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease.

23.4 **Entire Agreement.** This Lease and the Exhibits, and Addenda, if any, attached hereto and forming a part hereof, set forth all the representations, covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premises, and there are no representations, covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by both parties.

23.5 **No Partnership.** Landlord does not in any way or for any purpose become a partner of Tenant in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with Tenant by reason of this Lease.

23.6 **Force Majeure.** In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lock-outs, labor troubles, inability to procure materials, failure of power, governmental moratorium, riots, insurrection, war or other reason of a like nature not the fault of the party delaying in performing work or doing acts required under the terms of this Lease (but excluding delays due to financial inability) (herein collectively, "Force Majeure Delays"), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this Section 23.6 shall not apply to nor operate to excuse Tenant from any payments due in accordance with the terms of this Lease.

23.7 **Notices.** All notices hereunder must be served personally or by certified or registered mail as aforesaid, postage prepaid, addressed to Tenant at the address specified in Section 1.11 of the Basic Lease Provisions and to Landlord at the address specified in Section 1.12 of the Basic Lease Provisions, or at such other address as Landlord or Tenant may designate by written notice pursuant to this Section, except that notice to Tenant at the Premises shall in all events be proper notice. Any notice given by mail as aforesaid shall be deemed given forty-eight (48) hours after deposit in the mails.

23.8 **Captions and Section Numbers.** The captions, section numbers and article numbers in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

23.9 **Partial Invalidity.** If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or

unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and enforceable to the fullest extent permitted by law.

23.10 **No Option.** The submission of this Lease for examination does not constitute a reservation of or option for the Premises and this Lease becomes effective as a Lease only upon execution and delivery thereof by Landlord to Tenant.

23.11 **Recording.** Tenant and Landlord agree to record a Memorandum of Lease in substantially the form and content of the attached Exhibit "C".

23.12 **Legal Expenses.** If either Landlord or Tenant should bring suit against the other with respect to this Lease, then all costs and expenses, including without limitation, actual professional fees and costs such as appraisers', accountants' and attorneys' fees and costs, incurred by the party which prevails in such action, whether by final judgment or out of court settlement, shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment. As used herein, attorneys' fees and costs shall include, without limitation, attorneys' fees, costs and expenses incurred in connection with any (i) postjudgment motions; (ii) contempt proceedings; (iii) garnishment, levy, and debtor and third party examination; (iv) discovery; and (v) bankruptcy litigation.

23.13 **Rights Cumulative.** The rights and remedies of Landlord specified in this Lease shall be cumulative and in addition to any other rights and remedies provided by law.

23.14 **Authority.** If Tenant is a corporation or partnership, each individual executing this Lease on behalf of such entity represents or warrants that he or she is duly authorized to execute and deliver this Lease on behalf of such entity and that such entity shall be bound by all the terms and provisions hereof.

23.15 **Time of the Essence.** Time is of the essence of each and every provision of this Lease except for delivery of possession of the Premises as set forth herein.

23.16 **Nondiscrimination.** Tenant acknowledges and agrees that there shall be no discrimination against, or segregation of, any person, group of persons, or entity on the basis of race, color, creed, religion, age, sex, marital status, national origin, or ancestry in the leasing, subleasing, transferring, assignment, occupancy, tenure, use, or enjoyment of the Premises, or any portion thereof.

23.17 **Exhibits.** This Lease contains the following Exhibits which are attached hereto and incorporated herein by this reference:

- Exhibit A - Hotel Floor Plan
- Exhibit B - Rules and Regulations
- Exhibit C - Memorandum of Lease

IN WITNESS WHEREOF, Landlord and Tenant have executed this lease as of the day and year first above written.

LANDLORD:

HISTORIC MISSION INN CORPORATION,
a California corporation

By: [Signature]
Its: Chairman, President, & C.E.O.

By: [Signature]
Its: Treasurer

By: [Signature]
Its: Secretary

TENANT:

THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE,
a public body, corporate and politic

By: [Signature]

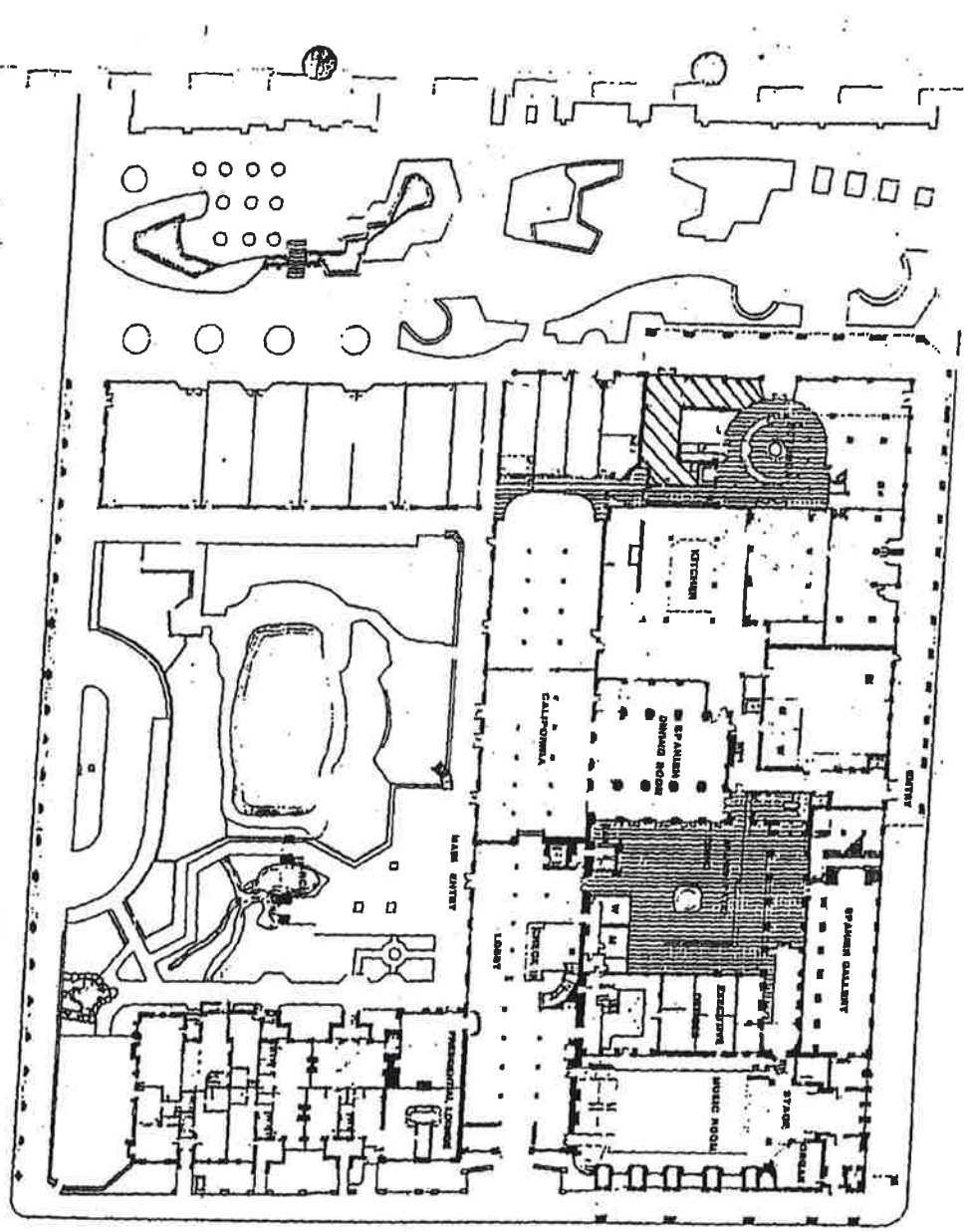
Name: Robert C. Wales

Title: Executive Director

Attest: [Signature]
Colleen J. Nicol
Agency Secretary

APPROVED AS TO FORM
[Signature]
ASSI. CITY ATTORNEY

EXHIBIT "A"
HOTEL FLOOR PLAN



MISSION INN AVENUE

ORANGE STREET

- PROPOSALS
- ROTUNDA ENTRANCE
 - ARCADE ENTRANCE
 - FRONT ENTRY DRIVE
 - ORANGE STREET ENTRANCE
 - SIXTH STREET

MISSION INN
RIVERSIDE CALIFORNIA

GROUND FLOOR PLAN

LEGEND

- EXISTING STRUCTURE
- PROPOSED STRUCTURE
- EXISTING LANDSCAPE
- PROPOSED LANDSCAPE

HISTORY

RULES AND REGULATIONS

1. The sidewalks, entrances, passages, or stairways shall not be obstructed or used for any purpose other than ingress and egress. No tenant or the agents, employees or invitees of any tenant shall go upon the roof of the Hotel or on to other areas not open to the general public (unless specifically designated in the lease for such tenant's use) without the prior written consent of Landlord.
2. All garbage and refuse shall be placed by Tenant in the containers at the location prepared by Landlord for refuse collection, in the manner and at the times and places specified by Landlord. Tenant shall not burn any trash or garbage of any kind in or about the leased Premises or the Hotel. All cardboard boxes must be "broken down" prior to being placed in the trash container. All styrofoam chips must be bagged or otherwise contained prior to placement in the trash container so as not to constitute a nuisance. Pallets may not be disposed of in the trash bins or enclosures. It is the Tenant's responsibility to dispose of pallets by alternative means. Except when removed for immediate temporary use, or for use within a building, all trash bins shall remain within trash enclosures at all times. Enclosure doors shall remain closed when not in active use. No uncontainerized liquids shall be poured or placed into a trash bin. Should any garbage or refuse not be deposited in the manner specified by Landlord, Landlord may, after three (3) hours verbal notice to Tenant, take whatever action necessary to correct the infraction at Tenant's expense.
3. No awnings or other projections shall be attached to the outside walls of the Hotel without the prior written consent of the Landlord. No hanging planters, television sets or other objects shall be attached to or suspended from ceilings without the prior written consent of Landlord. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises, without the prior written consent of Landlord.
4. No sign, advertisement or notice shall be exhibited, painted or affixed by any tenant on any part of, or so as to be seen from the outside the Premises without the prior written consent of the Landlord. In the event of the violation of the foregoing by any tenant, Landlord may remove same without any liability, and may charge the expense incurred in such removal to the tenant violating this rule.
5. The wash room partitions, mirrors, wash basins and other plumbing fixtures shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags or other substances shall be thrown therein. All damage resulting from any misuse of the fixtures shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees, shall have caused the same.
6. No tenant shall mark, paint, drill into, or in any way deface any part of the exterior of the Hotel.
7. No animals of any kind shall be brought into, or kept in or about the Premises and unless the premises shall be designed for food and beverage service, no cooking shall be done or permitted by the tenant of the Premises except that the preparation of coffee, tea, hot chocolate and similar items for the tenant and its employees and business visitors shall be permitted. No tenant shall cause or permit any unusual or objectionable odors to escape from the Premises.
8. Landlord reserves the right to exclude or expel from the Hotel any person who, in the judgment of Landlord is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Hotel.
9. No tenant shall occupy or permit any portion of his Premises to be occupied as an office for a public stenographic or typist, or for the manufacture or sale of narcotics in any form, or as a medical office, or as a barber shop, manicure shop or employment agency without the express written consent of Landlord. No tenant shall engage or pay any employees on the Premises except those actually working for such tenant of the Premises nor advertise for laborers giving an address at the Premises. The Premises shall not be used for lodging or sleeping or for any immoral or illegal purposes.
10. No tenant shall make, or permit to be made any unseemly or disturbing noises, sounds or vibrations or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them whether by the use of any musical instrument, radio phonograph, unusual noise, or in any other way.
11. No tenant shall throw anything out of doors or onto the parking lot and common areas. The outside areas immediately adjoining the Premises shall be kept clean and free from dirt and rubbish by the Tenant to the satisfaction of the Landlord, and Tenant shall not place or permit any obstruction or materials in such areas. No exterior storage shall be allowed.
12. No tenant shall at any time bring or keep upon the Premises any flammable, combustible, or explosive fluid, chemical or substance. The tenant shall not do or permit anything to be done in the Premises, or bring or keep anything herein, which shall in any way increase the rate of the fire insurance on the Hotel or on the property kept therein, or obstruct or interfere with the rights of other tenants, or in any way injure or annoy them, or conflict with the regulations of the Fire Department or the Fire laws, or with any insurance policy upon the Hotel or any part thereof, or with any rules and ordinances established by the Board of Health or other governmental authority.
13. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by any tenant, nor shall any changes be made in existing locks or the mechanism thereof without Landlord's written approval. Each tenant must, upon the termination of this tenancy, restore to the Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, such tenant, and in the event of the loss of any keys so furnished, such

tenant shall pay to the Landlord the cost of replacing the same or of changing the lock or jocks opened by such lost key if Landlord shall deem it necessary to make such change.

14. Any persons employed by any tenant to do janitor work, shall, while in the Hotel and outside of the Premises, be subject to all rules and regulations contained herein, and the tenant shall be responsible for all acts of such persons.

15. Canvassing, soliciting and peddling in the Hotel are prohibited and each tenant shall cooperate to prevent the same.

16. No air conditioning unit or other similar apparatus shall be installed or used by any tenant without the written consent of Landlord. No aerial antenna shall be erected on the roof or exterior walls of the Premises, or on the grounds, without in each instance, the written consent of Landlord first being obtained. Any aerial or antenna so installed without such written consent shall be subject to removal by Landlord at any time without notice.

17. Landlord will direct electricians as to where and how telephone or telegraph wires are to be introduced. No boring or cutting for wires or stringing of wires will be allowed without written consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.

18. Landlord reserves the exclusive right to regulate and control the use of all parking ramps and areas, pedestrian walkways, plaza and other public areas forming a part of the Hotel. Landlord does not hereby assume any responsibility to provide security in and around these areas and tenant assumes all responsibility for the protection of the property and person of tenant, its agents and invitees from the acts of third persons.

19. Truck wells shall be used solely for temporary and immediate loading and unloading purposes. Parking or storage of items within truck well areas is strictly prohibited. Truck well doors shall remain closed when not in active use. No use of truck wells shall be allowed which causes vehicles waiting use thereof to park or wait excessively on a public street. Truck wells shall be kept neat and free of debris at all times.

Tenant agrees to comply with all such rules and regulations upon notice from Landlord. Should Tenant not abide by these Rules and Regulations, Landlord may serve a three (3) day notice to correct deficiencies. If Tenant has not corrected deficiencies by the end of the notice period, Tenant will be in default of the Lease.

Landlord reserves the right to amend or supplement the foregoing rules and regulations and to adopt and promulgate additional rules and regulations applicable to the Hotel or any portion thereof. Notice of such rules and regulations and amendments and supplements thereto, if any, shall be given to the Tenant.

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Historic Mission Inn Corporation
4100 Newport Place
Suite 400
Newport Beach, California 92660
Attention: Ted Weggeland

(Space Above For Recorder's Use)

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE ("Memorandum") is made and entered into as of December __, 2000, by and between HISTORIC MISSION INN CORPORATION, a California corporation ("Landlord"), and THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE, a public body, corporate and politic ("Tenant").

- Term and Premises. For the Lease Term and upon the provisions set forth in that certain written lease of even date herewith from Landlord to Tenant ("Lease"), all of which provisions are specifically made a part hereof as though fully and completely set forth herein, Landlord leases to Tenant, and Tenant leases from Landlord, that certain real property consisting of museum and office space ("Premises") located in the City of Riverside, County of Riverside, State of California, as depicted on Exhibit "1" attached hereto, and which is part of that hotel ("Hotel") legally described in Exhibit "2" attached hereto, together with all rights of ingress and egress and all other rights appurtenant to said Premises including, without limitation, the right to use the building constructed on the Premises for the purposes contemplated in the Lease, all of which rights are more particularly described in the Lease.
- Options to Extend Term. Reference is particularly made to Section 3.2 of the Lease wherein Tenant is granted options to extend the Lease Term on the terms and conditions set forth therein.
- Use. Reference is particularly made to Section 6.1 of the Lease wherein Tenant is granted the right to use the Premises for the Mission Inn Museum and general office uses.
- Purpose of Memorandum of Lease. This Memorandum is prepared for the purpose of providing for record notice of the Lease, and in no way modifies the express and particular provisions of the Lease.
- For the Benefit of the Premises. Landlord and Tenant intend that the covenants, conditions and restrictions described and referred to herein shall be both personal to Landlord and Tenant and binding on their successors and assigns. Each successive owner of the Premises or of any portion thereof, and each person having any interest therein derived through any owner thereof, shall be bound by such covenants, conditions and restrictions for the benefit of the Premises.

IN WITNESS WHEREOF, this Memorandum of Lease has been executed as of the date first written above.

"LANDLORD"

HISTORIC MISSION INN CORPORATION,
a California corporation

By: _____
Its: _____

By: _____
Name: _____
Title: _____

"TENANT"

THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE,
a public body, corporate and politic

By: _____
Name _____
Title: _____

By: _____
Name: _____
Title: _____

Form ONLY DO NOT SIGN

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, a Notary Public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

(SEAL)

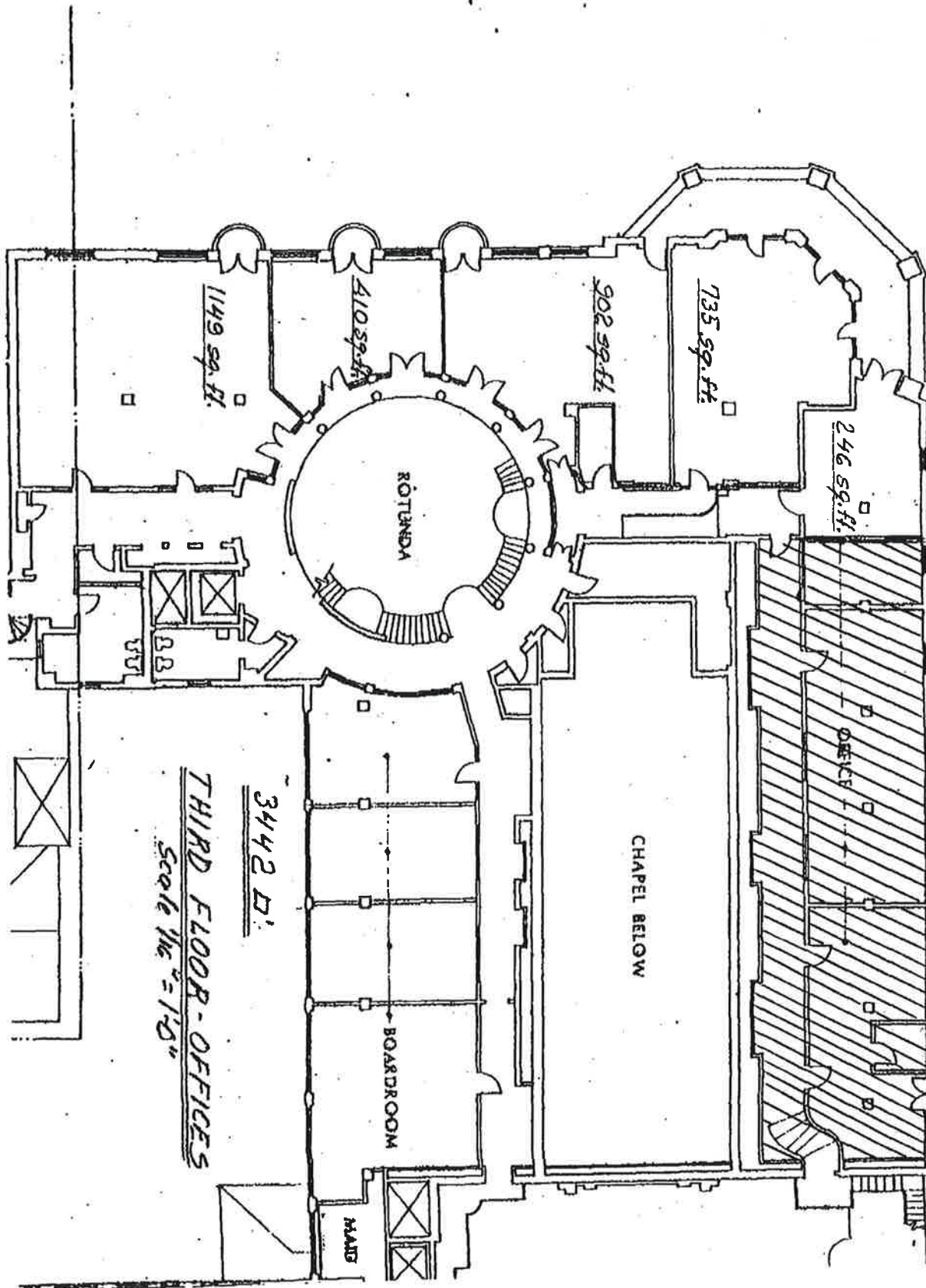
STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

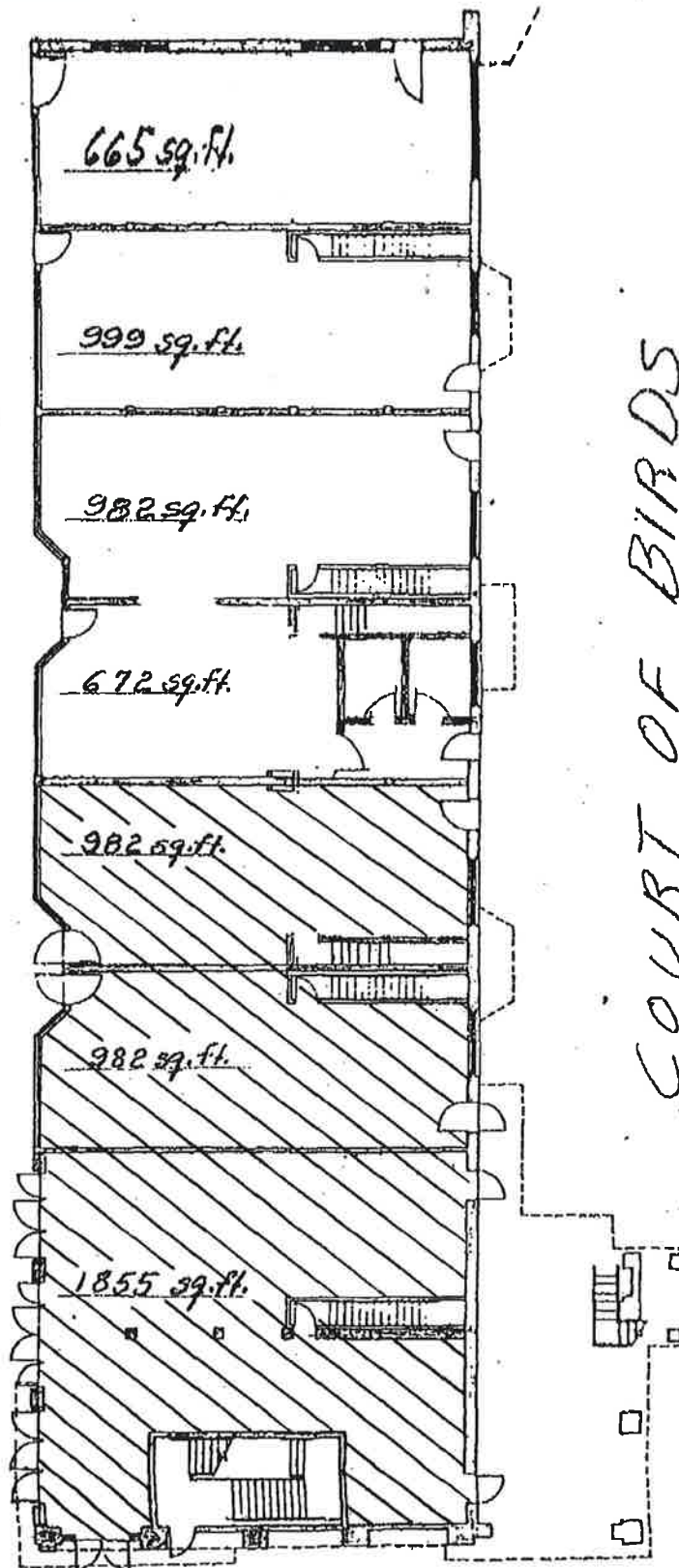
On _____, before me, _____, a Notary Public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

(SEAL)





MARK

7137 D'

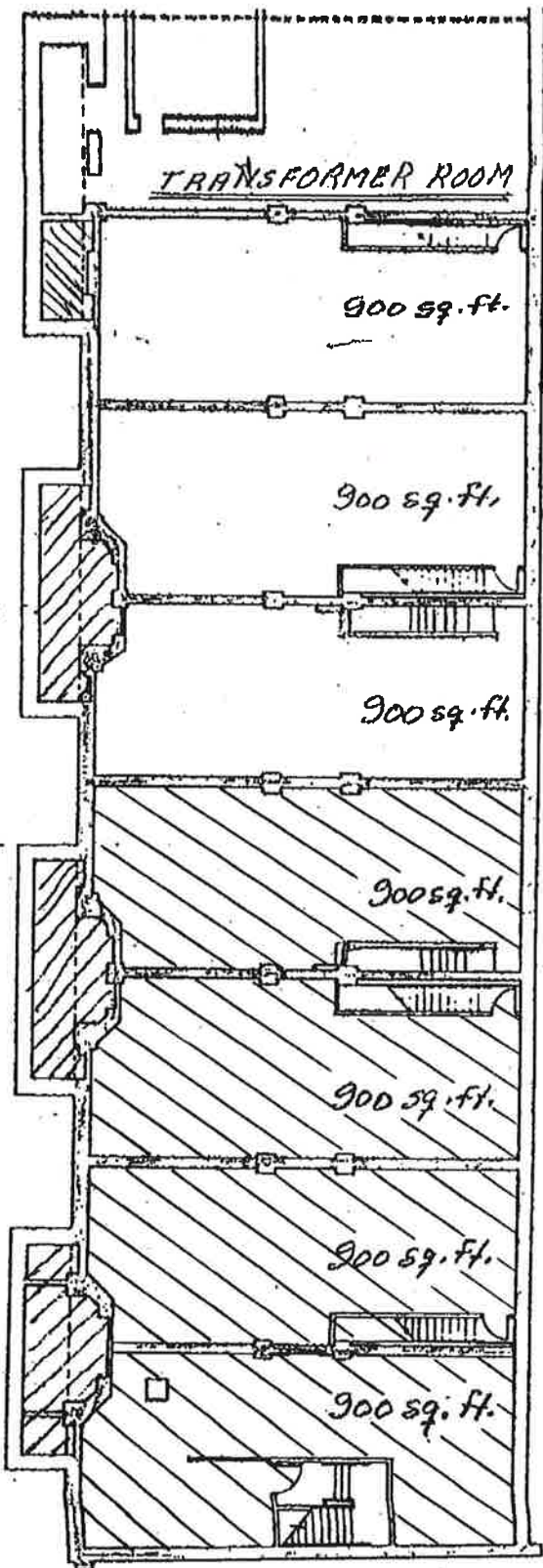
GROUND FLOOR-RETAIL SHOPS

Scale 1/16" = 1'-0"

EXHIBIT "1"
52-

BAW

MALL



6,300 D'

Scale 1/16" = 1'-0"

BASEMENTS - RETAIL SHOPS

EXHIBIT "1"

LEGAL DESCRIPTION OF HOTEL PROPERTY

THE LAND REFERRED TO IN THIS POLICY IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF RIVERSIDE, CITY OF RIVERSIDE AND IS DESCRIBED AS FOLLOWS:

PARCEL 1

THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF RIVERSIDE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BLOCK 6, RANGE 6, OF THE TOWN OF RIVERSIDE, AS SHOWN BY MAP ON FILE IN BOOK 7 PAGE 17 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA;

TOGETHER WITH THE FOLLOWING DESCRIBED PARCELS OF LAND FOR EASEMENTS, PERMITS AND/OR ENCROACHMENTS:

PARCEL 2
MAIN STREET

THAT PORTION OF MAIN STREET, ADJACENT TO BLOCK 6, RANGE 6, AS SHOWN ON THE TOWN OF RIVERSIDE BY MAP ON FILE IN BOOK 7 PAGE 17 OF THEREOF, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 29° 01' 52" WEST ALONG THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE SOUTHEASTERLY LINE OF SAID MAIN STREET, A DISTANCE OF 330.77 FEET TO THE MOST WESTERLY CORNER OF SAID BLOCK 6, RANGE 6;

THENCE NORTH 60° 56' 34" WEST ALONG THE NORTHWESTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, A DISTANCE OF 4.00 FEET TO A LINE PARALLEL WITH AND 4.00 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;

THENCE NORTH 29° 01' 52" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 214.77 FEET;

THENCE NORTH 60° 58' 08" WEST, A DISTANCE OF 15.00 FEET TO A LINE PARALLEL WITH AND 19.00 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;

THENCE NORTH 29° 01' 52" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 101.00 FEET;

THENCE NORTH 60° 58' 03" WEST, A DISTANCE OF 2.00 FEET TO A LINE PARALLEL WITH AND 21.00 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;

EXHIBIT "2"

THENCE NORTH 29° 01' 51" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 15.01 FEET TO THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG SAID PROLONGATION, A DISTANCE OF 21.00 FEET TO THE POINT OF BEGINNING.

PARCEL 3
SIXTH STREET

THAT PORTION OF SIXTH STREET, MAIN STREET AND ORANGE STREET, ADJACENT TO BLOCK 6, RANGE 6, AS SHOWN ON THE TOWN OF RIVERSIDE BY MAP ON FILE IN BOOK 7 PAGE 17, THEREOF, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE SOUTHWESTERLY LINE OF SAID SIXTH STREET, A DISTANCE OF 130.99 FEET TO THE MOST NORTHERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE CONTINUING NORTH 60° 56' 34" WEST ALONG THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, A DISTANCE OF 21.00 FEET TO A LINE PARALLEL WITH AND 21.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE SOUTHEASTERLY LINE OF SAID MAIN STREET;
THENCE NORTH 29° 01' 52" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 5.00 FEET;
THENCE NORTH 74° 02' 39" EAST, A DISTANCE OF 21.21 FEET TO A LINE PARALLEL WITH AND 20.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 122.00 FEET;

THENCE SOUTH 29° 03' 26" WEST, A DISTANCE OF 3.50 FEET TO A LINE PARALLEL WITH AND 16.50 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 213.00 FEET;
THENCE SOUTHEASTERLY AND SOUTHWESTERLY ON A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 16.00 FEET, THROUGH AN ANGLE OF 89° 58' 25", AN ARC LENGTH OF 25.13 FEET TO A LINE PARALLEL WITH AND 14.00 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHWESTERLY LINE OF SAID ORANGE STREET;
THENCE SOUTH 29° 01' 51" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 0.51 FEET TO THE SOUTHEASTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG SAID PROLONGATION, A DISTANCE OF 14.00 FEET TO THE POINT OF BEGINNING.

EXHIBIT "2"

THAT PORTION OF ORANGE STREET, ADJACENT TO BLOCK 6, RANGE 6, AS SHOWN ON THE TOWN OF RIVERSIDE BY MAP ON FILE IN BOOK 7 PAGE 17, THEREOF, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 29° 01' 51" EAST ALONG THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHWESTERLY LINE OF SAID ORANGE STREET, A DISTANCE OF 330.77 FEET TO THE MOST EASTERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG THE SOUTHEASTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, A DISTANCE OF 14.00 FEET TO A LINE PARALLEL WITH AND 14.00 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 29° 01' 51" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 330.77 FEET TO THE SOUTHEASTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG SAID PROLONGATION, A DISTANCE OF 14.00 FEET TO THE POINT OF BEGINNING.

PARCEL 5
SEVENTH STREET

THAT PORTION OF SEVENTH STREET, MAIN STREET AND ORANGE STREET, ADJACENT TO BLOCK 6, RANGE 6, AS SHOWN IN THE TOWN OF RIVERSIDE BY MAP OF FILE IN BOOK 7 PAGE 17, THEREOF, OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHEASTERLY LINE OF SAID SEVENTH STREET, A DISTANCE OF 330.99 FEET TO THE MOST SOUTHERLY CORNER OF SAID BLOCK 6, RANGE 6;
THENCE CONTINUING SOUTH 60° 56' 34" EAST ALONG THE SOUTHEASTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, A DISTANCE OF 14.00 FEET TO A LINE PARALLEL WITH AND 14.00 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHWESTERLY LINE OF SAID ORANGE STREET;
THENCE SOUTH 29° 01' 51" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 5.99 FEET;
THENCE SOUTHWESTERLY AND NORTHWESTERLY ON A CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 14.00 FEET, THROUGH AN ANGLE OF 90° 01' 34", AN ARC LENGTH OF 22.00 FEET;

EXHIBIT "2"

THENCE SOUTH 29° 03' 36" WEST, A DISTANCE OF 1.00 FEET TO A LINE PARALLEL WITH AND 21.00 FEET SOUTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 334.99 FEET TO A LINE PARALLEL WITH AND 4.00 FEET NORTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BRING THE SOUTHEASTERLY LINE OF SAID MAIN STREET;
THENCE NORTH 29° 01' 52" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 21.00 FEET TO THE NORTHWESTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG SAID PROLONGATION, A DISTANCE OF 4.00 FEET TO THE POINT OF BEGINNING.

PARCEL 6
SIXTH STREET TUNNEL

THAT PORTION OF SIXTH STREET ADJACENT TO BLOCK 5, RANGE 6, AND BLOCK 6, RANGE 6 OF TCWN OF RIVERSIDE, AS SHOWN BY MAP ON FILE IN BOOK 7 PAGE 17, THEREOF, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, LYING IN A VERTICAL SPACE, THE TOP PLANE OF WHICH TERMINATES AT THE BOTTOM OF THE STRUCTURAL ELEMENTS OF THE SURFACE IMPROVEMENTS OF SAID SIXTH STREET, AND THE BOTTOM PLANE OF SAID SPACE HAVING AN ELEVATION OF 833.50 FEET, U.S. CAST AND GEODETIC SEA LEVEL DATUM OF 1929, THROUGH THE MEDIUM OF THE CITY OF RIVERSIDE, PRECISE LEVEL NETWORK ON FILE IN THE OFFICE OF THE CITY SURVEYOR. THE LOCAL BENCH MARK REFERENCE OF THIS DESCRIPTION IS A U.S.C. & G.S. 3-1/2" DIAMETER BRASS CAP SET IN THE CONCRETE ENTRANCE LANDING OF THE RIVERSIDE MUNICIPAL MUSEUM, 75.00 FEET, MORE OR LESS, SOUTHWESTERLY OF THE CENTERLINE OF SEVENTH STREET, AND 125 FEET, MORE OR LESS, SOUTHEASTERLY OF THE CENTERLINE OF ORANGE STREET, STAMPED "2-1, 1906, RESET 1964", HAVING AN ELEVATION OF 857.615 FEET, SAID PORTION OF SIXTH STREET BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF SAID BLOCK 5, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK 5, RANGE 6, ALSO BEING THE NORTHEASTERLY LINE OF SAID SIXTH STREET, A DISTANCE OF 175.42 FEET TO THE TRUE POINT OF BEGINNING;
THENCE SOUTH 29° 00' 58" WEST, A DISTANCE OF 49.50 FEET TO A LINE PARALLEL WITH AND 16.50 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE SOUTHWESTERLY LINE OF SAID SIXTH STREET;
THENCE SOUTH 60° 56' 34" EAST, ALONG SAID PARALLEL LINE, A DISTANCE OF 15.00 FEET;
THENCE NORTH 29° 00' 58" EAST, A DISTANCE OF 16.50 FEET TO THE CENTERLINE OF SAID SIXTH STREET;
THENCE NORTH 60° 56' 34" WEST, ALONG SAID CENTERLINE, A DISTANCE OF 5.00 FEET;

EXHIBIT "2"

THENCE NORTH 29° 00' 58" EAST, A DISTANCE OF 33.00 FEET TO THE SOUTHWESTERLY LINE OF SAID BLOCK 5, RANGE 5, ALSO BEING THE NORTHEASTERLY LINE OF SAID SIXTH STREET;
THENCE NORTH 60° 56' 34" WEST ALONG SAID LINE, A DISTANCE OF 10.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 7
SIXTH STREET BRIDGE

ALL THE THOSE PORTIONS OF THE HEREIN DESCRIBED PROPERTY WHICH LIE BETWEEN THE VERTICAL SPACE WITH THE BOTTOM PLANE HAVING ELEVATIONS AS DESCRIBED BELOW AND THE TOP PLANE HAVING AN ELEVATION OF 885.00 FEET, U.S. COAST AND GEODETIC SEA LEVEL DATUM OF 1929, THROUGH THE MEDIUM OF THE CITY OF RIVERSIDE PRECISE LEVEL NET ON FILE IN THE OFFICE OF THE CITY SURVEYOR. BENCH MARK REFERENCE FOR THIS DESCRIPTION IS A U.S.C. & G.S. 3 1/3" DIAMETER BRASS CAP SET IN THE CONCRETE ENTRANCE LANDING OF THE RIVERSIDE MUNICIPAL MUSEUM, 75 FEET + OR - SOUTHWESTERLY OF THE CENTERLINE OF SEVENTH STREET AND 125 FEET + OR - SOUTHEASTERLY OF THE CENTERLINE OF ORANGE STREET, STAMPED "Z-1, 1906, RESET 1964", HAVING AN ELEVATION OF 857.615 FEET;

COMMENCING AT THE MOST SOUTHERLY CORNER OF BLOCK 5, RANGE 6 OF THE TOWN RIVERSIDE, AS SHOWN BY MAP ON FILE IN BOOK 7 PAGE 17, THEREOF, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA;
THENCE NORTH 60° 56' 34" WEST ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK 5, ALSO BEING THE NORTHEASTERLY LINE OF SIXTH STREET (66.00 FEET WIDE), A DISTANCE OF 173.00 FEET TO THE POINT OF BEGINNING, SAID POINT BEING IN THE BUILDING COMMONLY KNOWN AS THE MISSION INN ANNEX AT AN ELEVATION OF 863.75 FEET;
THENCE CONTINUING NORTH 60° 56' 34" WEST ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK 5, IN THE MISSION INN ANNEX, A DISTANCE OF 14.00 FEET AT AN ELEVATION OF 863.75 FEET;
THENCE SOUTH 29° 03' 26" WEST, A DISTANCE OF 17.00 FEET AT AN ELEVATION OF 863.75 FEET TO POINT "A";
THENCE CONTINUING SOUTH 29° 03' 26" WEST, A DISTANCE OF 6.00 FEET TO POINT "B", SAID POINT HAVING AN ELEVATION OF 868.75 FEET;
THENCE CONTINUING SOUTH 29° 03' 26" WEST, A DISTANCE OF 20.00 FEET AT AN ELEVATION OF 868.75 FEET TO POINT "C";
THENCE CONTINUING SOUTH 29° 03' 26" WEST, A DISTANCE OF 5.00 FEET TO POINT "D", SAID POINT HAVING AN ELEVATION OF 866.00 FEET;
THENCE CONTINUING SOUTH 29° 03' 26" WEST, A DISTANCE OF 18.00 FEET AT AN ELEVATION OF 866.00 FEET TO THE NORTHEASTERLY LINE OF BLOCK 6, RANGE 6, ALSO BEING THE SOUTHWESTERLY LINE OF SIXTH STREET (66.00 FEET WIDE), SAID LINE BEING IN THE BUILDING COMMONLY KNOWN AS THE MISSION INN;
THENCE SOUTH 60° 56' 34" EAST ALONG THE SAID NORTHEASTERLY LINE OF BLOCK 6, RANGE 6, IN THE MISSION INN, A DISTANCE OF 14.00 FEET AT AN ELEVATION OF 866.00 FEET;

EXHIBIT "2"

THENCE NORTH 29° 03' 26" EAST, A DISTANCE OF 18.00 FEET AT AN ELEVATION OF 866.00 FEET TO POINT "E";
THENCE CONTINUING NORTH 29° 03' 26" EAST, A DISTANCE OF 5.00 FEET TO POINT "F", SAID POINT HAVING AN ELEVATION OF 868.75 FEET;
THENCE CONTINUING NORTH 29° 03' 26" EAST, A DISTANCE OF 20.00 FEET AT AN ELEVATION OF 868.75 FEET TO POINT "G";
THENCE CONTINUING NORTH 29° 03' 26" EAST, A DISTANCE OF 6.00 FEET TO POINT HAVING AN ELEVATION OF 863.75 FEET;
THENCE CONTINUING NORTH 29° 03' 26" EAST, A DISTANCE OF 17.00 FEET AT AN ELEVATION OF 863.75 FEET TO THE POINT OF BEGINNING.

PARCEL B
ORANGE STREET "BUS LANE"

THAT PORTION OF ORANGE STREET, SEVENTH STREET AND SIXTH STREET, ADJACENT TO BLOCK 6, RANGE 6, AS SHOWN ON THE TOWN OF RIVERSIDE BY MAP ON FILE IN BOOK 7 PAGE 17, THEREOF, OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF SAID BLOCK 6, RANGE 6; THENCE SOUTH 60° 56' 34" EAST ALONG THE SOUTHEASTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHEASTERLY LINE OF SAID SEVENTH STREET, A DISTANCE OF 14.00 FEET TO A POINT IN A LINE PARALLEL WITH AND 14.00 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6, ALSO BEING THE NORTHWESTERLY LINE OF SAID ORANGE STREET, SAID POINT BEING THE TRUE POINT OF BEGINNING;
THENCE NORTH 29° 01' 51" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 331.28 FEET;
THENCE NORTHEASTERLY AND NORTHWESTERLY ON A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 16.00 FEET THROUGH AN ANGLE OF 89° 58' 25", AN ARC LENGTH OF 25.13 FEET TO LINE PARALLEL WITH AND 16.50 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE NORTHEASTERLY LINE OF BLOCK 6, RANGE 6, ALSO BEING THE SOUTHWESTERLY LINE OF SAID SIXTH STREET;
THENCE SOUTH 60° 56' 34" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 25.98 FEET TO A LINE PARALLEL WITH AND 24.00 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE SOUTH 29° 01' 51" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 368.27 FEET TO A LINE PARALLEL WITH AND 21.00 FEET SOUTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHWESTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 24.81 FEET;
THENCE NORTH 29° 03' 26" EAST, A DISTANCE OF 1.00 FEET;

EXHIBIT "2"

THENCE SOUTHEASTERLY AND NORTHEASTERLY ON A CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 14.00 FEET, THROUGH AN ANGLE OF 90° 01' 35", AN ARC LENGTH OF 22.00 FEET TO A LINE PARALLEL WITH AND 14.00 FEET SOUTHEASTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID BLOCK 6, RANGE 6;
THENCE NORTH 29° 01' 51" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 5.99 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 9
PARKING STRUCTURE ACCESS

A NON-EXCLUSIVE ENCROACHMENT FOR CONSTRUCTION, MAINTENANCE, AND ACCESS UNDER, OVER AND ON THE SURFACE OF THAT PORTION OF SIXTH STREET ADJACENT TO BLOCK 5, RANGE 6, AND BLOCK 6, RANGE 6 OF TOWN OF RIVERSIDE, AS SHOWN BY MAP ON FILE IN BOOK 7 PAGE 17 THEREOF, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF SAID BLOCK 5, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK 5, RANGE 6, ALSO BEING THE NORTHEASTERLY LINE OF SAID SIXTH STREET, A DISTANCE OF 175.42 FEET TO THE TRUE POINT OF BEGINNING;
THENCE CONTINUING NORTH 60° 56' 34" WEST ALONG THE SAID LINE, A DISTANCE OF 18.58 FEET;
THENCE SOUTH 29° 03' 26" WEST, A DISTANCE OF 17.00 FEET TO A LINE PARALLEL WITH AND 17.00 FEET SOUTHWESTERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHWESTERLY LINE OF SAID BLOCK 5, RANGE 6;
THENCE SOUTH 60° 56' 34" EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 68.93 FEET;
THENCE NORTH 29° 03' 26" EAST, A DISTANCE OF 17.00 FEET TO THE SOUTHWESTERLY LINE OF SAID BLOCK 5, RANGE 6;
THENCE NORTH 60° 56' 34" WEST ALONG SAID LINE, A DISTANCE OF 50.35 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 10
ANNEX

BEGINNING AT THE MOST SOUTHWESTERLY CORNER OF BLOCK 5, RANGE 6 OF THE TOWN OF RIVERSIDE, AS SHOWN BY MAP ON FILE IN BOOK 7 PAGE 17 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA;
THENCE NORTH 29° 02' 01" EAST, 91.00 FEET;
THENCE SOUTH 60° 55' 43" EAST, 74.36 FEET TO THE TRUE POINT OF BEGINNING;
THENCE NORTH 29° 08' 45" EAST, 35.22 FEET;
THENCE SOUTH 60° 55' 01" EAST, 81.11 FEET;
THENCE SOUTH 29° 00' 51" WEST, 56.00 FEET;
THENCE NORTH 60° 55' 01" WEST, 50.12 FEET;
THENCE NORTH 29° 00' 51" EAST, 20.78 FEET;

EXHIBIT "2"

THENCE NORTH 60° 55' 43" WEST, 30.99 FEET TO THE TRUE POINT OF BEGINNING FOR THE PURPOSE OF ACCESSING, MAINTAINING, SUBSTITUTING, EXPANDING AND REPLACING THE HEATING, VENTILATION AND AIR CONDITIONING SYSTEM.

PARCEL 11
ANNEX

BEGINNING AT THE MOST SOUTHWESTERLY CORNER OF BLOCK 5, RANGE 6 OF THE TOWN OF RIVERSIDE, AS SHOWN BY MAP ON FILE IN BOOK 7 PAGE 17 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;
THENCE SOUTH 60° 56' 14" EAST, 155.48 FEET TO THE TRUE POINT OF BEGINNING;
THENCE NORTH 29° 00' 53" EAST, 126.16 FEET;
THENCE SOUTH 60° 55' 01" EAST, 10 FEET;
THENCE SOUTH 29° 00' 53" WEST, 126.16 FEET;
THENCE NORTH 60° 56' 34" WEST, 10 FEET TO THE TRUE POINT OF BEGINNING FOR THE PURPOSE OF ACCESSING, MAINTAINING, SUBSTITUTING, EXPANDING AND REPLACING THE HEATING, VENTILATION AND AIR CONDITIONING SYSTEM.

KM

EXHIBIT "2"

STATE OF CALIFORNIA)
COUNTY OF Riverside) ss.

On December 21, 2000, before me, Shari Sterner, a Notary Public in and for said state, personally appeared Richard Skyppe, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



(SEAL)

Shari Sterner
Notary Public in and for said State

STATE OF CALIFORNIA)
COUNTY OF Riverside) ss.

On December 21, 2000, before me, Shari Sterner, a Notary Public in and for said state, personally appeared Diane R. Roberts, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



(SEAL)

Shari Sterner
Notary Public in and for said State

Client#: 30067

HISTO

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
04/20/01

PRODUCER

Driver-Averbeck Company
3270 Inland Empire Blvd #100
Ontario, CA 91764
909 941-6699

RECEIVED
APR 25 2001

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED

Historic Mission Inn Corporation DBA:
3649 Mission Inn Avenue
Riverside, CA 92501

INSURER A: St. Paul/NSU
INSURER B: TIG Insurance Company/NSU
INSURER C: State Fund
INSURER D:
INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR X OCP GEN'L AGGREGATE LIMIT APPLIES PER POLICY PRO-JECT LOC	602NB2763	08/01/00	08/01/01	EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$1,000,000 MED EXP (Any one person) \$500 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$1,000,000
A	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	602NB2763	08/01/00	08/01/01	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC AGG \$
B	EXCESS LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION \$	XLB9263424	08/01/00	08/01/01	EACH OCCURRENCE \$10,000,000 AGGREGATE \$10,000,000 \$ \$ \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY OTHER	29709801	04/01/01	04/01/02	WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Verification of Insurance
*Except 10 day notice of cancellation for non payment of premium.

CERTIFICATE HOLDER

ADDITIONAL INSURED;INSURER LETTER:

CANCELLATION

City of Riverside Development
Department
3900 Main Street
Riverside, CA 92501

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL *30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Melda Hernandez

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

RECEIVED
23 2001

DEVELOPMENT DEPARTMENT

EXHIBIT F



May 26, 2022

4100 Newport Place Suite 400
Newport Beach, CA. 92660

Dear Mr. David Bristow,

The Board of Directors of the Mission Inn Foundation would like to thank you for working with us these past thirty years and are excited about our shared future together.

This letter is to formally notify you that the Mission Inn Foundation, as Sub-Tenant, is exercising the option to renew our lease at 3696 Main Street Riverside, CA for a further term of ten years as contained in Article 3.2 of the Hotel Space Master Lease and Section 7 of the Hotel Space Sublease Agreement.

Article 3.2 of the Hotel Space Master Lease

Extension of Term. Provided that Tenant shall have fulfilled completely and timely the terms and conditions of this Lease, and provided Tenant has not assigned or sublet the Premises in whole or in part, other than as provided in Article XIV hereof, Tenant shall have the right to extend the term of this Lease with respect to the Foundation Main Space and the Museum Main Space only, for two (2) additional ten (10) year period(s) (each, an "extension term") under the same terms and conditions as the original Lease (except for Minimum Rent as provided below). It is understood that this option is unique to Tenant and Subtenant. Upon any assignment or subletting, Other than as specifically provided in Article XIV hereof, with or without Landlord's consent, this option shall be rendered null and void. The Minimum Rent payable pursuant to Section 4. 1 of this Lease for each extension term with respect to the Foundation Main Space and the Museum Main Space only, shall be the sum of One Dollar (\$ 1.00). In order to exercise such option to extend the Term of this Lease, Tenant shall give to Landlord written notice of its election to do so no fewer than one hundred eighty (180) days and no more than three hundred sixty (360) days prior to expiration of the original Term or extension term, as applicable, and if Tenant shall fail to give such notice within said time limit, all rights and privileges as granted to Tenant to extend the term of this Lease shall thereupon be null and void.

Section 7 of the Hotel Space Sub Lease

92501
RIVERSIDE
CALIFORNIA
JUN 12 2011

All applicable terms and conditions of the Master Lease are incorporated into and made a part of this Sublease as if Sublandlord were the landlord and Subtenant the lessee for the Premises. Subtenant assumes and agrees to perform the lessee's obligations under the Master Lease during the Term to the extent that these obligations are applicable to the Premises. Subtenant will not commit or suffer any act or omission that will violate any of the provisions of the Master Lease.

Sublandlord will exercise due diligence in attempting to cause Master Landlord to perform its obligations under the Master Lease for the benefit of Subtenant. If the Master Lease terminates, at the option of Master Landlord in accordance with the Master Lease, this Sublease will terminate and the parties will be relieved of any further liability or obligation under this Sublease. However, if the Master Lease terminates as a result of a default or breach by Sublandlord or Subtenant under this Sublease or the Master Lease, the defaulting party will be liable to the nondefaulting party for the damage suffered as a result of the termination. Regardless, if the Master Lease gives Sublandlord any right to terminate the Master Lease in the event of the partial or total damage, destruction, or condemnation of the Master Premises or the building or project of which the Master Premises are a part, the exercise of this right by Sublandlord will not constitute a default or breach.

Please find enclosed check #12015 for \$1.00 in accordance with the Master Lease agreement.

We look forward to working with you as we continue to preserve and share the heritage of the Historic Mission Inn with Riverside and beyond.

Sincerely,



Karl Leonard Hicks, Board President
Mission Inn Foundation

CC Mayor Patricia Lock Dawson
Council Member Erin Edwards
Council Member Clarissa Cervantes
Council Member Ronaldo Fierro
Council Member Chuck Conder
Council Member Gaby Plascencia
Council Member Jim Perry
Council Member Steve Hemenway

THE MISSION INN FOUNDATION

3696 MAIN STREET
RIVERSIDE, CA 92501
PH: 951-781-8241



PACIFIC PREMIER BANK

855-343-4070
WWW.PPBL.COM
90-8578/3222

12015



5/19/2022

PAY TO THE ORDER OF Historic Mission Corporation

\$ **1.00

One and 00/100

DOLLARS

Historic Mission Corporation
4100 Newport Place Suite 400
Newport Beach, CA 92660



AUTHORIZED SIGNATURE

MEMO

Lease Renewal

⑈012015⑈ ⑆322285781⑆6017188338⑈

THE MISSION INN FOUNDATION

Historic Mission Corporation

5/19/2022

12015

Date	Type	Reference
5/19/2022	Bill	lease renewal

Original Amt.
1.00

Balance Due
1.00

Discount

Payment

Check Amount

1.00

Checking - Pacific Pre Lease Renewal

1.00

EXHIBIT G



Entrepreneurial
Corporate
Group

Entrepreneurial Investment Corporation
Entrepreneurial Capital Corporation

Entrepreneurial Food Group, LLC
Entrepreneurial Properties Corporation

July 11, 2022

VIA REGISTERED MAIL
RETURN RECEIPT REQUESTED

Karl Leonard Hicks
President
Board of Directors
Mission Inn Foundation
3696 Main Street
Riverside, CA 92501

Re: Mission Inn Foundation Sublease

Dear Mr. Hicks:

I am in receipt of your letter, dated May 26, 2022, received on June 6, 2022, regarding the subtenancy of the Mission Inn Foundation ("Foundation") at the Historic Mission Inn Hotel & Spa ("Mission Inn"). The Mission Inn appreciates and supports the Foundation and its members and is grateful for all that it does to celebrate and preserve the history of this historic landmark hotel. However, notwithstanding our appreciation of the Foundation, the Historic Mission Inn Corporation ("HMIC"), as the Lessor of the premises occupied by the Foundation at the Mission Inn, is not in a position to accept the attempted exercise by the Foundation of the option ("Option") contained within the lease between the HMIC and the Redevelopment Agency for the City of Riverside ("Agency"). As you know, the Option is held by the City of Riverside ("City") as the successor to the Agency, which is the sole tenant ("Tenant") under the Hotel Space Lease, dated December 22, 2000, between the HMIC and the Agency ("Lease"). As set forth in greater detail below, on April 28, 2022, the City informed the HMIC that it was prohibited from exercising the Option under the Lease and that, as a result, the Lease will expire pursuant to its terms on December 22, 2022.

For purpose of background, the HMIC, as Lessor, entered into the Lease with the Agency, as Tenant, for approximately 6500 square feet of space within the Mission Inn ("Premises") for purposes of providing space for the Foundation's Museum and offices. As you note, the Lease explicitly stated that the Agency, in turn, would enter into a sublease with the Foundation as the subtenant ("Subtenant"). The Agency subsequently entered into a written sublease agreement ("Sublease") with the Foundation, dated January 29, 2001. The term of the Sublease is governed by the Term of the Lease, and the Foundation, as Subtenant, currently occupies the Premises pursuant to the Sublease. Subsequent to execution of the Lease (and Sublease), in 2012, the State of California dissolved and terminated all redevelopment agencies in California. Pursuant to the statutes effectuating the termination of

Karl Leonard Hicks

July 11, 2022

Page 2

the redevelopment agencies (California Health & Safety Code §§ 34161, et seq), the City became the successor in interest to the Agency.

The City, as the legal successor to the Agency, passed and adopted a formal Resolution on February 22, 2022, for purposes of formally notifying the HMIC of the City's intent to exercise its Option under the Lease. That Resolution, along with the accompanying official report, correctly identified the Agency as the Tenant/Lessee under the Lease, and the City, was also accurately identified as the legal successor of the Agency.

Following the City's Resolution and notice of its intent to exercise its Option pursuant to Paragraph 3.2 of the Lease, it sought approval of such from the Riverside County Oversight Board as required under California law for obligations of former redevelopment agencies (again, see, generally, Cal. Health & Safety Code § 34161, et seq.). Following approval by the Riverside County Oversight Board, the City submitted the proposed action to the California Department of Finance ("DOF") for approval, as required by California law. However, on April 28, 2022, the City notified HMIC that the City's request to exercise the Option had been denied by the DOF, as the DOF had concluded that the Option to extend the term of the Lease was not an expenditure authorized under California law. Specifically, in its April 12, 2022 letter of denial to the City, the DOF stated that California law precluded the Agency and/or the City from exercising its Option under the Lease, stating that the law prohibited any redevelopment agency (or successor thereof) from, *inter alia*, "renewing or extending term of leases or other agreements . . ." (Cal. Health & Safety Code § 34163(c)(1)). Thus, the City, as successor to the Agency, has no legal right or authority to extend the term of the Lease by the exercise of the Option. Indeed, it is specifically prohibited from doing so pursuant to statute (Cal. Health & Safety Code § 34163(c)(1)).

As noted previously, the Foundation is not a party to the Lease, and it has no independent contractual relationship with the HMIC regarding the Premises. The only parties to the Lease are the HMIC, as Landlord, and the City, as successor to the Agency, as Tenant. Just as the Foundation is not a party to the Lease, neither is the HMIC a party to the Sublease. The HMIC's sole contractual relationship regarding the Premises is with the City, as successor to the Agency. As the Sublessee of the Premises, the rights of the Foundation under the Sublease are entirely derivative of the rights of the City, as successor to the Agency, under the Lease. The Foundation has no greater right to remain in possession of the Premises than does the Tenant under the Lease, the City. As previously indicated, the City, as Tenant, is prohibited by law from extending the term of the Lease, and the Foundation, as Subtenant, has no contractual or lawful basis to attempt to independently exercise the Option, as the Foundation's rights under the Sublease are derived solely and exclusively from the rights of the City under the Lease. Accordingly, your attempt to exercise the Option to extend the term of the Lease cannot be accepted, and is hereby rejected, as the Foundation is not a party to the Lease and, therefore, has no right to exercise the Option. As the City has notified the HMIC that the DOF has forbidden the extension of the Lease, the Lease will therefore expire when the current term lapses on December 22, 2022. Please find enclosed the check in the amount of one dollar (\$1.00) which you included with your May 26, 2022 letter.

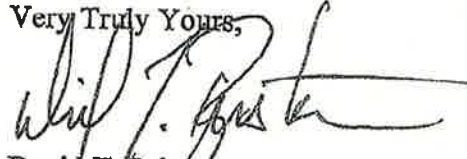
Karl Leonard Hicks

July 11, 2022

Page 3

We look forward to working with you on a path forward.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "David T. Bristow", written over the typed name below.

David T. Bristow
General Counsel

HICKS 001/jmc
Enclosure
cc: Duane & Kelly Roberts

THE MISSION INN FOUNDATION

3696 MAIN STREET
RIVERSIDE, CA 92501
PH: 951-781-8243



PACIFIC PREMIER BANK

909-343-4070
WWW.PPBL.COM
90-8578/3222

12015

5/19/2022

PAY TO THE
ORDER OF

Historic Mission Corporation

\$ **1.00

One and 00/100

DOLLARS

Historic Mission Corporation
4100 Newport Place Suite 400
Newport Beach, CA 92660



AUTHORIZED SIGNATURE

MEMO

Lease Renewal

⑈012015⑈ ⑆322285781⑆6017188338⑈

THE MISSION INN FOUNDATION

Historic Mission Corporation

5/19/2022

12015

Date	Type	Reference
5/19/2022	Bill	lease renewal

Original Amt.
1.00

Balance Due
1.00

5/19/2022	Discount
Check Amount	

Payment
1.00
1.00

Checking - Pacific Pre Lease Renewal

1.00

EXHIBIT H



December 2, 2022

Dear Mr. Bristow,

As there have been no substantive communications between The Mission Inn Foundation (MIF) and the Historic Mission Inn Corporation (HMIC) for some time relating to the extension of the MIF lease at the Mission Inn, we thought that clearly stating our position might be worthwhile. As you know, MIF strongly believes that it legally exercised its option to renew the lease for its first 10-year renewal term, per Article 3.2 of the Hotel Space Master Lease and Section 7 of the Hotel Space Sub Lease. As such, we expect the 10-year renewal term to commence December 23, 2022. While MIF properly exercised the option to extend the current lease for another 10-year term, we are certainly aware of your client's position as stated in your letter dated July 11, 2022

That being said, the MIF also recognizes that HMIC may have an interest in relocating MIF's museum and store from its current location at 3696 Main Street. In the context of the existing lease having been extended, MIF is ready, willing and able to negotiate the relocation of its museum to a mutually agreeable alternative space provided that reasonable improvements and relocation costs are provided per the conditions set forth in the existing lease and the terms and conditions of the existing lease and sublease relating to MIF's occupancy otherwise continue.

We have sincerely appreciated our decades of cooperation in promoting and honoring the Mission Inn, and are looking forward to working with you to share the incredible history and legacy of this iconic property.

Sincerely,

Karl Leonard Hicks, President

Mission Inn Foundation

EXHIBIT I



Entrepreneurial
Corporate
Group

Entrepreneurial Investment Corporation
Entrepreneurial Capital Corporation

Entrepreneurial Food Group, LLC
Entrepreneurial Properties Corporation

December 22, 2022

VIA FEDERAL EXPRESS

Chris Christopoulos
Director of Building and Safety
City of Riverside
3900 Main Street
Riverside, CA 92522

Re: City of Riverside Redevelopment Agency lease with the Historic Mission Inn Corporation

Dear Mr. Christopoulos:

As you know, the Lease dated December 22, 2000 ("Lease"), between the Historic Mission Inn Corporation ("HMIC") and the City of Riverside ("City") for the space at the Mission Inn Hotel & Spa ("Mission Inn"), occupied by the City's subtenant, the Mission Inn Foundation ("Foundation"), expires by its terms on December 22, 2022. Pursuant to your letter to Duane and Kelly Roberts, the owners of the Mission Inn, dated April 28, 2022, the City has acknowledged and notified the HMIC that the Lease will terminate, stating "... the existing agreement will end on December 22, 2022."

By way of background, the City's notice to the HMIC confirming that the Lease will terminate on December 22, 2022 was the culmination of a four-month process in which (i) the City Council considered and adopted a formal Resolution on February 22, 2022, whereby the City, as the Lessee under the Lease and the statutory successor to the Agency, elected to exercise its option to extend the Lease by an additional 10-year term ("Option") and, concurrently, sought to amend the City's sublease with the Foundation ("Sublease") in order to also extend the Sublease by an additional 10 years, consistent with the extension of the Lease; (ii) requested that the Riverside County Oversight Board authorize the City's exercise of the Option under the Lease (which occurred on March 17, 2022); and finally (iii) sought to obtain the necessary approval of the State of California Department of Finance for the exercise of the Option, as required by California Health & Safety Code § 34179.

However, as you know, the California Department of Finance rejected the request by the City for approval of its proposed exercise of the Option, along with the companion request to extend the term of the Sublease. The Department of Finance, in a pair of letters dated April 12, 2022, and April 15, 2022, concluded, *inter alia*, that the City's request to exercise the Option violated Cal. H&S § 34163(c)(1), forbidding successor agencies from renewing or extending the terms of leases, as well as Cal. H&S § 34177(h), requiring "the agency to expeditiously wind down the affairs of former redevelopment agency. An optional extension of the lease and sublease is contrary to dissolution law." The City elected not to challenge or appeal the determination of the Department of Finance, and your notice of the termination of the Lease was sent the following week.

Notwithstanding the City's notice of termination to the HMIC, on June 6, 2022, the HMIC received a letter from Karl Leonard Hicks, the President of the Board of Directors of the Foundation (attached hereto as Exhibit "A"), whereby the Foundation purported to attempt to exercise the City's Option. This attempt by the Foundation to somehow claim a right to exercise the Option, after the City

Chris Christopoulos
Acting Director
Community & Economic Development Department
City of Riverside

December 22, 2022
Page 2

has attempted and, ultimately, failed to do so for the past four months, belies credulity, particularly since the Foundation was aware of, and supported, the City's attempt to exercise its Option.

Accordingly, on July 11, 2022, the HMIC sent a detailed response to the Foundation, setting forth the factual and legal basis for its rejection of the Foundation's attempt to exercise the City's Option. A copy of the HMIC's July 11, 2022, letter to the Foundation is attached hereto as Exhibit "B."

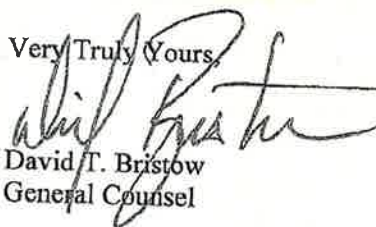
As stated in its July 11, 2002, letter to the Foundation, the Mission Inn has always valued its relationship with Foundation. Accordingly, in July of this year, again notwithstanding the impending termination of the Lease, the HMIC generously offered to extend the tenancy of the Foundation under essentially the current terms of the Sublease for an additional five years. However, the Foundation rejected this offer out of hand and insisted on its claim to invoke the City's Option to extend the Lease.

Thereafter, following the Foundation's rejection of HMIC's offer, there have been no further discussions between the Parties. On or about December 14, 2022, the HMIC received another letter from Mr. Hicks at the Foundation, a copy of which is attached hereto as Exhibit "C." As you can see, the Foundation continues to claim it somehow has a right to exercise the City's Option and fails to acknowledge the previous offer by the HMIC to provide an additional five year tenancy to the Foundation. Suffice it to say, the HMIC rejects the Foundation's claim in the strongest possible terms.

In sum, the City's Lease with the HMIC for the space occupied by the Foundation expires on December 22, 2022. It is the hope of the HMIC that the situation can be resolved in a satisfactory matter, short of litigation. However, in the event litigation becomes necessary, it is the City, unfortunately, which will become involved, as the Lease for the space is between HMIC and the City. The Foundation, as the City's subtenant, will be in breach of the Lease as a holdover tenant occupying the Lease space. Again, it is the hope of the HMIC that this matter can be resolved without resorting to litigation. If, however, litigation occurs, the HMIC believes it will prevail in such, and would pursue its costs and legal fees from the City pursuant to Paragraph 23.12 of the Lease.

I am happy to discuss this matter at your convenience.

Very Truly Yours,



David T. Bristow
General Counsel

CHRISTOPOULOS 001/jmc
Enclosures

cc: Duane & Kelly Roberts
Mayor Patricia Lock-Dawson
Riverside City Council
Riverside City Manager
Mission Inn Foundation

EXHIBIT J

THIRTY-DAY NOTICE TO VACATE

**TO: City of Riverside, through its successor agency for the
(former) Redevelopment Agency of the City of Riverside
Attention: Executive Director
3900 Main Street
Riverside, California 92522**

**City of Riverside, through its successor agency for the
(former) Redevelopment Agency of the City of Riverside
Attention: Executive Director
3696 Main Street
Riverside, CA 92501**

**Mission Inn Foundation
Attn: Executive Director
3696 Main Street
Riverside, CA 92501**

**AND ALL OTHER OCCUPANTS IN POSSESSION OF THAT CERTAIN REAL PROPERTY
COMMONLY KNOWN AS 3696 MAIN STREET, RIVERSIDE, CALIFORNIA 92501 AND 3649
MISSION INN AVENUE, RIVERSIDE, CALIFORNIA 92501**

On December 22, 2000, the Redevelopment Agency of the City of Riverside and the Historic Mission Inn Corporation ("Landlord") entered into the Hotel Space Lease for real property located at 3696 Main Street, Riverside, California 92501 and 3649 Mission Inn Avenue, Riverside, California 92501, including the Museum Main Space (3,000 square feet), the Foundation Main Space (3,500 square feet), and the Museum Additional Space (830 square feet), and the Foundation Additional Space (1,970 square feet) (collectively hereinafter, the "Premises"). Thereafter, the Redevelopment Agency of the City of Riverside entered into a sublease with the Mission Inn Foundation ("Subtenant") for the Premises.

On April 28, 2022, the City of Riverside, through its successor agency for the (former) the Redevelopment Agency of the City of Riverside ("Tenant") gave written notice to Landlord that the Hotel Space Lease would end on December 22, 2022. Accordingly, on December 23, 2022, the fixed term of the Hotel Space Lease expired. Pursuant to the terms of the Hotel Space Lease, any holding over after the expiration of the fixed term shall be construed as a tenancy for month-to-month at a minimum rent equal to one hundred and twenty-five percent (125%) of the fair market rental rate for the Premises.

PLEASE TAKE NOTICE that the month-to-month tenancy of the Premises is hereby terminated.

NOTICE IS ALSO HEREBY GIVEN that within thirty (30) days after service of this Notice on you, you are required to vacate and deliver possession of the Premises to the Historic Mission Inn Corporation.

Failure on your part to vacate and deliver possession of the Premises to Landlord within the designated time period could result in legal action being taken against you wherein possession of the subject Premises will be sought, and wherein damages for such things as rent, court costs, attorney fees, etc. may also be sought.

State law permits former tenants to reclaim abandoned personal property left at the former address of the tenant, subject to certain conditions. You may or may not be able to reclaim property without incurring additional costs, depending on the cost of storing the property and the length of time before it is reclaimed. In general, these costs will be lower the sooner you contact your former landlord after being notified that property belonging to you was left behind after you moved out.

DATED: September 29, 2023

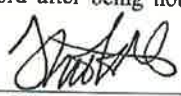

Theodore K. Stream, Esq., Stream Kim Hicks Wrage & Alfaro, PC
3403 Tenth Street, Suite 700, Riverside, California 92501
Phone: (951) 783-9470 / Email: ted.stream@streamkim.com
Agent for Landlord, Historic Mission Inn Corporation

EXHIBIT K

THIRTY-DAY NOTICE TO VACATE

TO:
Mission Inn Foundation
Attn: Executive Director
3696 Main Street
Riverside, CA 92501

AND ALL OTHER OCCUPANTS IN POSSESSION OF THAT CERTAIN REAL PROPERTY COMMONLY KNOWN AS 3696 MAIN STREET, RIVERSIDE, CALIFORNIA 92501, AND 3649 MISSION INN AVENUE, RIVERSIDE, CALIFORNIA 92501

On December 22, 2000, the Redevelopment Agency of the City of Riverside ("Tenant") and the Historic Mission Inn Corporation ("Landlord") entered into the Hotel Space Lease for real property located at 3696 Main Street, Riverside, California 92501, and 3649 Mission Inn Avenue, Riverside, California 92501, including the Museum Main Space (3,000 square feet), the Foundation Main Space (3,500 square feet), and the Museum Additional Space (830 square feet), and the Foundation Additional Space (1,970 square feet) (collectively hereinafter, the "Premises"). Thereafter, the Redevelopment Agency of the City of Riverside entered into a sublease ("Sublease") with the Mission Inn Foundation ("Subtenant") for the Premises.

On or about April 12, 2022, the State of California Department of Finance notified the City of Riverside, through its successor agency for the (former) Redevelopment Agency of the City of Riverside ("Successor Agency"), that the Successor Agency could not extend the Hotel Space Lease with the Historic Mission Inn Corporation, nor the Sublease Agreement with the Mission Inn Foundation concerning the Premises, for an additional ten years.

Accordingly, on April 28, 2022, the City of Riverside, through its successor agency for the (former) Redevelopment Agency of the City of Riverside, gave written notice to Landlord and Subtenant that the Hotel Space Lease would end on December 22, 2022. Accordingly, on December 23, 2022, the fixed term of the Hotel Space Lease expired. Pursuant to the terms of the Hotel Space Lease, any holding over after the expiration of the fixed term shall be construed as a tenancy for month-to-month at a minimum rent equal to one hundred twenty-five percent (125%) of the fair market rental rate for the Premises.

On or about September 29, 2023, Landlord provided a Thirty-Day Notice to Vacate to the City of Riverside, through its successor agency for the (former) Redevelopment Agency of the City of Riverside and the Mission Inn Foundation that the month-to-month subtenancy of the Premises was terminated and that within thirty (30) days the City and the Mission Inn Foundation were required to vacate and deliver possession of the Premises to the Historic Mission Inn Corporation (the "Landlord").


PLEASE TAKE NOTICE that the month-to-month subtenancy by the Mission Inn Foundation of the Premises is hereby terminated.

NOTICE IS ALSO HEREBY GIVEN that within thirty (30) days after service of this Notice on you, you are required to vacate and deliver possession of the Premises to the Historic Mission Inn Corporation.

Failure on your part to vacate and deliver possession of the Premises to Landlord within the designated time period could result in legal action being taken against you wherein possession of the subject Premises will be sought, and wherein damages for such things as rent, court costs, attorney fees, etc., may also be sought.

State law permits former tenants to reclaim abandoned personal property left at the former address of the tenant, subject to certain conditions. You may or may not be able to reclaim property without incurring additional costs, depending on the cost of storing the property and the length of time before it is reclaimed. In general, these costs will be lower the sooner you contact your former landlord after being notified that property belonging to you was left behind after you moved out.

DATED: October 12, 2023



Susan Wilson, Assistant City Attorney
Brandon Mercer, Senior Deputy City Attorney
Riverside City Attorney
3750 University Avenue, Suite 250
Riverside, CA 92501
Phone: (951) 826-5567
swilson@riversideca.gov; bmercer@riversideca.gov

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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF RIVERSIDE

I am employed in the county aforesaid; I am over the age of 18 years and not a party to the within above-entitled action; my business address is 3750 University Avenue, Suite 250, Riverside, California 92501.

On October 13, 2023, I served the within:

THIRTY-DAY NOTICE TO VACATE

on the interested parties in said action addressed as follows:

Mission Inn Foundation Attn: Executive Director 3696 Main Street Riverside, CA 92501	
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- (X) **VIA MAIL** - In accordance with the regular mail collection and processing practices of this business office, with which I am familiar, by means of which mail is deposited with the United States Postal Service at Riverside, California, that same day in the ordinary course of business, I deposited such sealed envelope for collection and mailing on this same date following ordinary business practices.
- () **VIA E-MAIL – ELECTRONIC TRANSMISSION** – I transmitted a copy of the document from e-mail address dzolman@riversideca.gov on _____, to the persons at the e-mail addresses listed above pursuant to Code of Civ. Proc. § 1010.6. No error message was received within a reasonable period of time after the transmission, nor any electronic message or other indication that the transmission was unsuccessful.
- () **PERSONAL** - I caused such envelope to be delivered by hand to the above-listed addressee pursuant to Code Civ. Proc. § 1011.
- () **VIA OVERNIGHT DELIVERY** - I caused such envelope to be delivered by hand to the office of the addressee via overnight delivery pursuant to Code Civ. Proc. § 1013(c). Said document was deposited at the box regularly maintained by said express service carrier on the date set forth above.
- () **VIA FACSIMILE** - I caused such document to be delivered to the office of the addressee via facsimile machine pursuant to Code Civ. Proc. § 1013(c). Said document was transmitted from the office of City Attorney in Riverside, California, on the date set forth above.

I declare under penalty of perjury, under the laws of the State of California that the foregoing is true and correct.

Executed on October 13, 2023, at Riverside, California.



Dorothy Zolman