LEASE

Agreement No. 23,910

This Lease ("Lease") is made as of this 24th day of November 2011, by and between THE CITY OF SANTA BARBARA ("Landlord"), and GREYHOUND LINES, INC., a Delaware corporation ("Tenant").

The following are attached hereto as Exhibits and hereby made a part of this Lease as though fully set forth herein.

EXHIBIT A – Premises Lease Area
EXHIBIT B - Parking License Agreement
EXHIBIT C - Nondiscrimination Certificate
EXHIBIT D - Water Conservation Policy
EXHIBIT E – Business Operation Requirements (Water Pollution Management)

Lease and Agreements

In consideration of the rents to be paid hereunder and of the agreements, covenants and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. BASIC LEASE TERMS

A. [§101] Premises

Upon and subject to the terms, covenants and conditions hereof, Landlord hereby leases to Tenant and Tenant leases from Landlord, the Premises (as further defined below) which is the real property and improvements identified in the attached Exhibit "A" which is incorporated by this reference as though fully set forth herein.

As used herein, the term "Premises" means the property located at 224 Chapala Street, Santa Barbara, California and shall include 1,437 square feet or 50% of the existing 2,874 square foot (approximate) building, the outdoor areas within and below the eaves of the portion of the building (the building together with the eaves area is hereinafter referred to as the "Building") and the designated Greyhound bus loading area ("Premises"). The Premises does not include the bus parking located on the 00 block of East Montecito Street.

It is mutually agreed that the leasing hereunder is upon and subject to the terms, covenants and conditions hereof, and that Tenant covenants, as a material part of the consideration of this Lease, to keep, perform and observe each and all terms, covenants and conditions to be kept, performed or observed by Tenant, and that this Lease is made upon the condition of such performance.

B. [§102] Term

The term of this Lease shall commence on November 17, 2011 "Commencement Date") and terminate on November 16, 2021, ("Termination Date").

Tenant shall have the right and option to extend the Lease on the same terms, conditions, limitations, and provisions contained in this Lease, for two (2) five-year terms commencing on the expiration of the initial lease term, provided that Tenant is and has been a "Tenant in good standing," which is defined as a Tenant who is and always has been in continuous compliance with the terms and conditions of this Lease, and applicable local, state and federal laws during the entire term of this Lease and any extensions of this Lease. Notwithstanding the foregoing, Tenant shall not have the right to exercise any option to extend while in default of this Lease. An event of default is defined in Section XI. An event of default that is corrected without the requirement of a notice of default or demand for correction by Landlord shall not be considered an event of default for the purposes of this paragraph. The occurrence of one or more events of default, which require correction, but which are corrected within 90 days after a demand for correction or notice of default from Landlord shall not impair Tenant's right to exercise this option to extend the term, so long as there are not more than two such events in any one calendar year during the term of this Lease.

Tenant may take possession of Premises on Lease Commencement Date for purposes of Tenant Build-Out as outlined in Section 210 but shall not begin before Final Inspection of the Build-Out permit(s) by City's Chief Building Official.

Tenant must give written notice of its intent to exercise an option to extend at least ninety (90) but not more than one hundred eighty (180) days prior to the expiration of the initial term or option period.

C. Title and Condition of the Premises

[§103] Title to the Premises

Title to the leasehold of the Premises is hereby conveyed by Landlord to Tenant free and clear of all recorded liens, encumbrances, covenants, assessments, easements, leases and taxes, except as are consistent with this Lease.

[§104] Condition of Premises

Except as otherwise specifically provided in this Lease, the Premises shall be conveyed to Tenant in "as-is" condition. It shall be the sole responsibility of Tenant, at Tenant's sole expense, to investigate and determine the conditions of the Premises, the condition of the existing improvements on the Premises and the suitability of such conditions for the business to be conducted by Tenant.

D. [§105] Rent

As rent for the Premises during the term of this Lease, and commencing on the Rent Commencement Date, Tenant shall pay to Landlord, in advance on or before the first day of each calendar month, rent of Four Thousand Dollars ($4,000) per month. Tenant shall pay such rent to Landlord, without abatement, deduction or offset whatsoever in lawful money of the United States of America, addressed to P.O. Box 1990, Santa Barbara, California 93102-1990, or to such other person or at such other place as Landlord may from time to time designate by notice to Tenant.

a) Deposit. Upon execution of this Lease, Tenant shall pay to Landlord Four Thousand Dollars ($4,000) representing one month's rent, as a security deposit. Upon default by Tenant under this Lease, Landlord may apply the security deposit to satisfy Tenant's obligations under this Lease, provided that this application shall not cure the default. Immediately following the receipt of notice of this application from Landlord, Tenant shall pay to Landlord an amount equal to that applied by Landlord sufficient to restore the original security deposit amount. Upon each five (5) year renewal following the initial ten (10) year term, the Deposit shall be increased to reflect the adjusted Rent and the difference between the prior term deposit and the renewed term deposit shall be paid to Landlord by Tenant.

b) Five-Year Rent Adjustment. On the five-year anniversary date of the Rent Commencement Date of the Lease ("Adjustment Date"), and at each subsequent five-year period following the first Adjustment Date, whether during the initial lease term or during a renewal term, the monthly rental shall be increased by twelve percent (12%).

c) Method of Payment. If any payment of Rent made by check, draft or money order is returned to Landlord due to insufficient funds, or otherwise, more than once in any given two (2) year period, Landlord shall have the right at any time thereafter, upon written notice to Tenant, to require Tenant to make all subsequent Rent payments by cashier's or certified check.

d) Rent Commencement Date. Tenant shall begin making monthly rental payments on May 1, 2012 ("Rent Commencement Date").

E. [§106] Late Charges

Tenant recognizes that late payment of Rent or any other payment due hereunder from Tenant to Landlord will result in administrative and other additional expenses to Landlord, the extent of which additional expense is extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if Rent or any other payment due hereunder from Tenant to Landlord remains unpaid ten (10) days after said payment is due, Tenant shall pay to Landlord a late charge equal to five percent (5%) of the amount of the delinquent Rent or other payment, which late charge shall be added to and become part of the delinquent Rent or any other payment. Tenant agrees that such amount is a reasonable estimate of the loss and expense to be suffered by Landlord as a

result of such late payment by Tenant and may be charged by Landlord to defray such loss and expense. The provisions of this Section 107 in no way relieve Tenant of the obligation to pay Rent or other payments on or before the date on which they are due, nor do the terms of this Section 107 in any way affect Landlord's remedies pursuant to Article XI hereof in the event any Rent or other payment is unpaid after the due date.

F. [§107] No Set-Offs

Rent and any and all other payments payable hereunder to or on behalf of Landlord shall be paid without notice or demand and without set-off, counter-claim, abatement, suspension, deferment, deduction or defense.

II. USE, OPERATION AND MAINTENANCE OF THE PREMISES

A. Use

1. [§201] Use of the Premises

Tenant shall use the Premises exclusively and continuously for the purpose of conducting all operations related to its intercity, common carry of passengers and cargo business and for no other purpose without the prior written consent of Landlord, such uses shall include bus passenger and cargo loading and unloading, passenger ticketing and waiting and passenger drop-off and pick-up. Vehicle washing and maintenance related activity shall not be conducted on the Premises, on the Santa Barbara Railroad Depot property, or on the bus parking or bus loading areas denoted on Exhibit A.

Tenant agrees at all times during the term of this Lease to continue its operations on the Premises, subject only to closures resulting from natural catastrophes or upon the request of the Landlord, and to use the utmost skill and diligence in the conduct of Tenant's operations on the Premises.

2. [§202] Parking

a. Bus Parking. Tenant shall utilize the designated Greyhound Bus loading area for passenger loading and unloading (see Exhibit A). No more than one Greyhound bus may be parked in the designated Greyhound Bus loading area. Tenant may utilize the designated "Bus Parking" on the 00 block of East Montecito Street for staging up to a maximum of two Greyhound buses overnight (8:00 p.m. -8:00 a.m.). The "Bus Parking" area on East Montecito Street shall be shared between Greyhound buses and other buses permitted by Landlord and for which the "Bus Parking" area is signed. The designated Greyhound Bus loading area and "Bus Parking" are depicted on Exhibit A. In the event that bus parking conflicts arise, all parties shall work together in good faith to seek resolution. Bus parking in the public right of way will be allowed pursuant to the license agreement between the parties attached as Exhibit "B" hereto.

b. Bus Service Employee Parking. Landlord shall designate, with signage as appropriate, two (2) parking spaces as exclusive parking spaces for Greyhound Bus Lines personnel. The spaces shall be located near the Premises and shall be provided without charge.

3. [§203] Nondiscrimination

There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises or the improvements to be constructed thereon, or any part thereof, and the Tenant itself, or any person claiming under or through it, shall not 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, sublessee or vendees of the Premises or any part thereof.

In addition, Tenant agrees to comply with the Certificate of Non-discrimination, attached as Exhibit C and incorporated herein.

4. [§204] Restrictions Upon Use

Tenant agrees that, in connection with the use and operation of the Premises, it will not:

a. Use or permit the use of any advertising medium employing sound amplifying devices and or technology, including but not limited to, loudspeakers, phonographs, public address systems, sound amplifiers, radios or broadcasts within the Premises in such manner that any sounds reproduced, transmitted or produced shall be directed beyond the interior of the Premises, and will keep all mechanical apparatus free of vibration and noise which may be transmitted beyond the interior of the Premises;

b. Cause or permit objectionable odors to emanate or be dispelled from the Premises (other than odors ordinarily associated with the operation of coach buses);

c. Permit any use of the Premises or any part thereof in a manner likely to injure the reputation of Landlord;

d. Permit undue accumulations of garbage, trash, rubbish or any other refuse;

e. Permit or provide any outside seating except at the sole discretion of the Landlord;

f. Permit any use of the Premises, or acts done by Tenant, which will cause a cancellation of any insurance policy covering Premises, or any part thereof, or any building or improvements thereon, any article which may be prohibited

by any insurance policies covering the Premises, said buildings or improvements;

g. Waste water, gas, electricity or any other utilities;

h. Permit the use of vending machines or any type of currency, ticket, token or coin-operated video game or machine outside of the building.

4. [§204] Other Use Obligations

a. Building Area. Tenant agrees that no improvement shall be erected, placed upon, operated or maintained within the Premises, nor any business or activity conducted or carried on therein or therefrom, in violation of the terms of this Lease, or in violation of any regulation, order of law, statute, bylaw or ordinance of a governmental agency having jurisdiction over the Premises.

b. Signs. All signs shall be installed, maintained and permitted in accordance with the Sign Regulations of the Municipal Code of the City of Santa Barbara and, in addition, shall be approved by the Agency Deputy Director. "Sign" shall have the meaning set forth in said Sign Regulations.

c. Governmental Requirements. Tenant shall at all times comply with and shall pay all costs and expenses which may be incurred or required to be paid in order to comply with any and all laws, statutes, ordinances, which govern, apply to or are promulgated with respect to the operation and use of the Premises by Tenant in connection with its business. Specifically, but without limiting the generality of the foregoing, Tenant shall make any alterations or additions required to be made to safety appliances or devices required to be maintained or installed in or about the interior of all improvements located upon the Premises under any laws, statutes and ordinances, now or hereafter adopted, enacted or made and applicable to the Premises.

d. Lighting. The Premises shall be lighted for security purposes during hours of darkness in a manner at least equivalent to the security lighting provided in similar properties, unless Landlord consents to a lesser amount of lighting in writing or unless to do so is contrary to any law, statute, ordinance or final judgment of any court having jurisdiction then in effect, in which event, the standards so prescribed shall be adhered to while in effect.

B. [§205] Operation

The parties recognize and acknowledge that the manner in which the Premises is used and operated is of critical concern to Landlord, by reason of (a) the prominence of the location of the Premises, (b) the impact which the Tenant's operation is expected to have upon surrounding properties.

In order to give Landlord assurance as to the manner in which the Premises will be used and operated, Tenant agrees that, at all times during the term of this Lease, Tenant shall maintain a first class operation in level of quality and character of operation.

C. [§206] Landlord's Maintenance Obligations

Landlord shall maintain the Building Shell, defined as the concrete pad and foundation, bearing and exterior walls, and roof of the building in which the Premises is located.

If repairs, rebuilding or replacement obligations of Landlord require closure of all or a portion of the Site or access to the Site by the public or Tenant's members, it shall be done in a timely manner and shall undertake such work in a manner that causes the minimum disruption of business; provided, however, the means and method chosen by Landlord to complete the work shall be in Landlord's sole and absolute discretion. Should repair, reconstruction or building of any facility require Landlord to close the Site to public access, Landlord agrees that such work shall be completed in a timely manner and shall undertake such work in a manner that causes the minimum disruption of business; provided, however, the means and method chosen by Landlord to complete the work shall be in Landlord's sole and absolute discretion. Landlord shall have no liability to Tenant for lost business caused by an interruption of access to the Premises. However, should the Landlord by its sole action prevent public access to the Premises for more than 72 consecutive hours under circumstances not covered by business interruption insurance, and the business would be open but for the Landlord's action, the Tenant shall be entitled to a daily offset equal to 1/30 of the minimum monthly rent for each day after the first consecutive 72 hours until public access to the Premises is restored by the Landlord.

No offset shall be available to Tenant once public access is restored by Landlord. No offset shall be made available following restoration of access or after completion of improvements that are Landlord's obligation to provide, regardless of whether or not all of the Tenant's improvements are completed and regardless of any delay to the Tenant's improvement work caused by, or on account of, the work done by Landlord.

D. [§207] Tenant's Maintenance Obligations

Tenant, at its sole cost and expense, shall maintain the Premises and the improvements on the Premises in good condition and repair. The Premises shall include exterior walls, window casings, exterior doors and door casings. Tenant shall be responsible for keeping the area within ten (10) feet of all customer entrances clean of rubbish and litter. Without limiting the generality of the foregoing, Tenant's obligation to maintain and repair hereunder shall exist throughout the term of this Lease. Tenant shall be responsible for maintenance of all glass windows and glass doors, screens, screen doors, doors, and locks. Tenant shall be responsible for, outlets, switches, light bulbs, ballasts and all other associated electrical devices on the customer side of the meter. Tenant shall be responsible for maintenance of all telephone, cable TV and other communications equipment and services on the customer side of the outlet box or junction provided by Landlord or the utility company.

Tenant shall be responsible for all mechanical equipment, as well as ancillary connections to the equipment, including, but not limited to, electrical, gas and water utility

service, vents, drains, supporting structures and aesthetic architectural structures, and Landlord shall have no responsibility therefore. Delineation of Landlord and Tenant responsibilities for utilities are more completely specified in Section 308.

Notwithstanding anything herein to the contrary, Tenant is occupying the Premises only include, approximately 50% of the Building, and Tenant's obligations to repair, maintain, replace, or otherwise be responsible for the Building shall only extend to the Premises.

Tenant shall initiate repairs to all structures necessitated by utility malfunction for which Tenant is responsible within forty-eight (48) hours of initial discovery and pursue the repairs diligently until completion, subject to the approval of the Agency Deputy Director.

Tenant shall keep the Premises and the area within ten feet of the Premises clean, sanitary, and functional at all times. No offensive materials, refuse matter nor any substance constituting any unnecessary, unreasonable or unlawful fire hazard or material detrimental to the public health shall be permitted on or within ten (10) feet of the Premises. Tenant shall see that all garbage or refuse is collected as often as necessary to maintain the Premises in a clean and sanitary condition. All garbage shall be placed in an approved trash enclosure designated by Landlord. Tenant shall furnish all equipment and materials necessary therefore, including trash receptacles of size, type and style approved by the City Administrator and County Health Department. Landlord shall determine the location and type of garbage disposal required for the Premises; the cost of which shall be exclusively borne by the Tenant.

E. [§208] Landlord's Right to Repair

If Tenant fails to maintain or repair the Premises or Building as required herein, Landlord may notify Tenant in writing of said failure. Should Tenant fail to correct the situation within a reasonable time thereafter, as determined by Landlord, Landlord may make the necessary correction and the cost thereof, including, but not limited to, the cost of labor, materials, equipment and administration, shall be paid by Tenant within ten (10) days of receipt of a statement of said cost from Landlord. Landlord's exercise of its right to repair or correct the Premises or Building pursuant to this section does not in any way limit and/or affect Landlord's remedies, including but not limited to Landlord's remedies pursuant to Article XI hereof. Landlord may, at its option, choose other remedies available herein, or by law without limitation.

F. [§209] Tenant Improvements

1. Tenant may, at its own cost and expense, make, alter or construct, or cause to be made, altered or constructed, improvements to the Premises provided Tenant obtains prior written approval of the Assistant City Administrator for each specific improvement and obtains any and all necessary permits from the City of Santa Barbara. The decision of the Agency Deputy Director regarding such approval shall be final without further administrative appeal. Notwithstanding the above, Tenant shall not be required to

obtain written approval of the Agency Deputy Director if the total cost of the interior alteration, restoration, or improvement is less than $10,000.00; provided, however, Tenant must comply with all City of Santa Barbara permit and other requirements. Recognizing the historic nature of the Premises, all exterior changes proposed by Tenant shall require advance written approval of the Agency Deputy Director.

2. For any improvement, Tenant shall comply with Section 402(General Construction Standards) and any other terms and/or conditions relating to the construction that the Landlord may reasonably impose.

3. In addition to the prior written approval of the Agency Deputy Director, Tenant shall obtain all necessary approvals and permits from all applicable governmental agencies, boards and commissions before commencing construction. Tenant shall comply with all terms and conditions of said approvals and permits in a prompt and expeditious manner.

G. [§210] Tenant Build-Out

Tenant shall complete interior improvements consistent with Building Permit No. BLD2011-01142 and other required permits, and obtain approval from the City of Santa Barbara Building and Safety Division prior to occupancy of the Premises. Prior to undertaking any structural changes to the building on the Premises, Tenant shall submit its plans and specifications to Landlord for review and approval.

H. [§211] Future Building Improvements: Coordination Between Landlord and Tenant

Landlord and Tenant recognize and expect that during the lease duration, improvements may be undertaken by Landlord or Tenant to the whole of the building or portions of the building within and/or outside of the Premises. Landlord and Tenant shall make a good faith effort to coordinate such activities to minimize disruption to operations within the building and to operations immediately adjacent to and outside of the Premises (e.g. Railroad Depot Parking Lot operations, Amtrak rail service operations).

I. [§212] Storage of Hazardous Materials

1. Legal Compliance. Tenant shall comply with all municipal, state and federal laws, rules and regulations concerning the storage, use, manufacture, disposal, transportation or release of Hazardous Materials on the Premises.

2. Definition. The term "Hazardous Materials" as used in this lease shall mean any product, substance or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental

authority, or (iii) a basis for potential liability of City to any governmental agency or third party under any applicable statute or common law theory. Hazardous Materials shall include, but not be limited to, all materials so defined by Title 22 of the California Code of Regulations, any federal law, and, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof.

3. Consent Required. Except for Hazardous Materials commonly used in the operation of vehicles such as Tenant's buses, which Landlord acknowledges are required for the operation of Tenant's business and may therefore by used, in accordance with the provisions herein and with the requirements of local, state and federal law, on the Premises, Tenant shall not cause, permit or suffer the storage, use, manufacture or transport of any Hazardous Material on the Premises without the express prior written consent of the City, which consent shall not be unreasonably withheld. City may condition such consent to store, use, manufacture or transport Hazardous Material on the Premises upon receiving such additional assurances from Tenant as City reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability including, but not limited to, the procurement of environmental insurance coverage in a form acceptable to City and naming the City as an additional insured, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as impervious encasements), periodic inspections by City officials or agents to inspect for the presence of Hazardous Materials and to verify compliance with any municipal, state and federal laws, rules and regulations concerning the storage, use, manufacture, disposal of, transport, or release any Hazardous Material on the Premises and/or increasing the security deposit. Any inspection conducted by City or City's agents pursuant to this Lease shall be for the benefit of City in its proprietary capacity and shall not establish Tenant's compliance with any governmental rule, regulation or provision of law or estop City from later asserting or enforcing any right or obligation under this Lease. City may charge Tenant for the reasonable cost of conducting such inspections.

4. Notice. If Tenant knows or has reasonable cause to believe, that a Hazardous Material has come to be located in, on, under or about the Premises, other than as previously consented by City, Tenant shall immediately give written notice of such fact to City, and provide City with a copy of any report, notice, claim or other documentation which Tenant has concerning the presence of such Hazardous Material. Tenant shall provide City with copies of all inspection reports and correspondence by or from all local, state or federal licensing, permitting or regulatory agencies.

5. Investigation and Remediation. Tenant shall not cause or permit any Hazardous Material to be spilled or released in, on, under, or about the Premises (including though the plumbing or sanitary sewer system) and shall immediately, at Tenant's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Tenant, or pertaining to or involving any Hazardous Material spilled or released onto the Premises during the term of this Lease, by Tenant or any third party. In the course of any recommended or required remediation, Tenant shall properly dispose of any contaminated soil or other material under its own

invoice and provide City with a copy of such invoice indicating the proper disposal of such contaminated soil or material.

6. Indemnity. Tenant shall indemnify, defend and hold City, its officers, employees and agents harmless from and against any and all loss, damages, liabilities, judgments, claims, expenses, penalties, costs and attorneys' and consultants' fees arising out of or involving any Hazardous Material stored, used, manufactured, disposed of, transported, or released on the Premises during the term of this Lease by Tenant or any third party (provided, however, Tenant shall have no liability under this Lease with respect to underground migration of any Hazardous Material under the Premises from an identified location on a property adjacent to the Premises). Tenant's obligations hereunder shall include, but not be limited to, the effects of any contamination or injury to any person, property or the environment created or suffered by Tenant, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by City and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Materials, unless specifically agreed to by City in writing at the time of such agreement.

7. Final Report. Upon the expiration or termination of this Lease or Tenant's possession and occupancy of the Premises for any reason, Tenant shall pay for and provide to City a Phase I Environmental Site Assessment in conformance with a protocol recommended by the American Society for Testing and Materials (ASTM) or an equivalent organization and approved by City and conducted by a licensed professional approved by City, unless the requirement of such a report is waived in writing by the City Administrator. If the Phase I Assessment identifies any "Recognized Environmental Conditions" (as defined by ASTM E-1527 or an equivalent protocol) that developed during the term of this Lease, Tenant shall pay for and provide to City a Phase II Environmental Site Assessment in conformance with a protocol recommended by ASTM or an equivalent organization and approved by City and conducted by a licensed professional approved by City. If the Phase II Environmental Site Assessment identifies soil and/or ground water in, on or under the Premises that contains Hazardous Materials at levels requiring remediation under any municipal, state or federal law, rule or regulation, Tenant shall undertake, at Tenant's sole cost and expense, any and all actions reasonably recommended, whether or not formally ordered, for the cleanup of said contamination and for the maintenance, security and/or monitoring of the Premises or neighboring properties arising out of or involving any Hazardous Material stored, used, manufactured, disposed of, transported or released on the Premises during the term of this Lease.

III. LAWS, TAXES AND UTILITIES

A. [§301] Compliance with Laws

Tenant agrees to comply with all City, State, and federal laws, rules and regulations, now or hereinafter in force, pertaining to Tenant's use of the Premises pursuant to this Lease. Tenant shall, at its sole cost and expense, comply with and shall cause all its operators, licensees and customers to comply with the Uniform Fire Code in

connection with the prevention of fire or the correction of hazardous conditions that apply to the Premises.

Tenant shall comply with each and every requirement of all policies of public liability, fire and other insurance that at any time may be in force with respect to the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action or proceeding against it, whether Landlord be a party thereto or not, that Tenant has violated any such ordinance or statute in the use of the Premises shall be conclusive of that fact as between Landlord and Tenant.

B. Taxes and Assessments

1. [§302] Generally

Tenant acknowledges and agrees that this Lease may create a possessory interest subject to property taxation. Tenant agrees to pay and discharge, as additional rent for the Premises during the term of this Lease, before delinquency, all taxes (including, without limitation, possessory interest taxes associated with the Premises and the execution of this Lease), assessments, fees, levies, license and permit fees and other governmental charges of any kind or nature whatsoever, general and special, ordinary and extraordinary, foreseen, and unforeseen or hereinafter levied or assessed in lieu of or in substitution of any of the foregoing (all of the foregoing collectively called "taxes" for all purposes under this Lease) which are or may be at any time or from time to time during the term of this Lease levied, charged, assessed or imposed upon or against the Premises, or against any of Tenant's personal property now or hereafter located thereon, or which may be levied, charged, assessed or imposed upon or against the leasehold estate created hereby or which may be imposed upon any taxable interest of Tenant acquired pursuant to this Lease on account of any taxable possessory right which Tenant may have acquired pursuant to this Lease, or which may be levied upon or measured by the rent payable hereunder, including, without limitation, any gross receipts tax levied by the City of Santa Barbara, the State of California, the federal government or any other governmental body with respect to receipt of such rent by Landlord whether or not the same shall have been in the express contemplation of Landlord and Tenant.

2. [§303] Additional Rent

In the event that the Premises, or any possessory interest therein, should at any time be subject to ad valorem taxes or privilege taxes levied, assessed or imposed on such property, Tenant shall pay taxes upon the assessed value of the entire Premises and not merely upon the assessed value of its leasehold interest.

3. [§304] Evidence of Non-payment

The certificate, advice, receipt or bill of the appropriate official designated by law to make or issue the same or to receive payment of any such taxes, of nonpayment of such taxes shall be prima facie evidence that such taxes are due and unpaid or have not been paid at the time of the making or issuance of such certificate, advice, receipt or bill.

4. [§305] Landlord's Attorney-in-Fact

Landlord appoints Tenant the attorney-in-fact of Landlord for the purpose of making all payments to be made by Tenant pursuant to any of the provisions of this Lease to persons or entities other than Landlord. Tenant shall provide Landlord with satisfactory evidence of payment. In case any person or entity to whom any sum is directly payable by Tenant under any of the provisions of this Lease shall refuse to accept payment of such sum from Tenant, Tenant shall thereupon give written notice of such fact to Landlord and shall pay such sum directly to Landlord at the address specified in Section 1402 hereof, and Landlord shall thereupon pay such sum to such person or entity.

5. [§306] Landlord's Right to Cure

If Tenant, in violation of the provisions of this Lease, shall fail to pay and to discharge any taxes, Landlord may (but shall not be obligated to) pay or discharge such taxes, and the amount paid by Landlord and the amount of all costs, expenses, interest and penalties connected therewith, including attorneys' fees, together with interest at the rate of ten (10%) percent per annum from the date of such payment by Landlord and shall be payable by Tenant as additional rent and shall be reimbursed to Landlord by Tenant on demand.

6. [§307] Permitted Contests

Tenant shall not be required to pay, discharge or remove any taxes (including penalties and interest) upon or against the Premises or any part thereof, so long as Tenant shall in good faith contest the same or the validity thereof by appropriate legal proceedings and shall give to Landlord prompt notice in writing of such contest at least ten (10) days before any delinquency occurs, provided that said legal proceedings shall operate to prevent the collection of the taxes so contested, or the sale of the Premises or any part thereof, to satisfy the same, and provided, further, that Tenant shall, prior to the date such taxes are due and payable, have given such reasonable security as may be required from time to time in order to ensure the payment of such taxes to prevent any sale, foreclosure or forfeiture of the Premises or any part thereof, by reason of such non-payment. Such security shall be not less than a sum equal to one and one-quarter times the amount of such taxes and all penalties, fines and interest which can be assessed thereon and may be in the form of a bond issued by a surety acceptable to Landlord.

In the event of any such contest and the final determination thereof adversely to Tenant, Tenant shall, before any fine, interest, penalty or cost may be added thereto for nonpayment thereof, pay fully and discharge the amounts involved in or affected by such contest, together with any penalties, fines, interest, costs and expenses that may have accrued thereon or that may result from any such contest by Tenant, and after such payment and discharge by Tenant, Landlord will promptly return to Tenant such security as Landlord shall have received in connection with such contest. Any such proceedings to contest the validity or amount of taxes or to recover back any taxes paid by Tenant shall be brought by Tenant, at Tenant's expense, in the name of Tenant; provided, however, that if any such proceeding shall be brought by Tenant, Tenant shall indemnify and save

harmless Landlord against any and all loss, cost or expense of any kind (including, but not limited to, reasonable attorneys' fees and expenses) which may be imposed upon or incurred by Landlord in connection therewith.

C. [§308] Service and Utilities

1. Except as otherwise provided in this Lease, Landlord shall provide all required utilities up to a point on the Premises convenient to and at the discretion of Landlord, and may arrange for separate meters to monitor the consumption of utilities on the Premises. Landlord shall not be liable for the failure or malfunction of utilities or services to the Premises.

2. Tenant shall pay promptly as the same become due and payable all charges, costs, bills and expenses of and for gas, electricity, sewer, air conditioning, telephone, water and all other services and utilities of whatever kind furnished or supplied to or used by Tenant or any other party in connection with the use, occupancy, maintenance or operation of the Premises or any part thereof. Tenant hereby expressly waives any and all claims against Landlord for compensation, damages, payments or offset based upon or with respect to any and all loss or damage now or hereafter sustained by Tenant by reason of any defect, deficiency, failure or impairment of whatever kind or nature in any service or utility furnished or supplied to or used by Tenant or any other party in connection with the use, occupancy, maintenance or operation of the Premises or any part thereof. Such services and utilities shall include, without limitation, the water supply system, drainage, sewer system, wires leading to or inside the Premises, gas, electric or telephone services.

IV. CONSTRUCTION AND LIENS

A. [§401] Additional Construction, Alterations and Repairs

Prior to making any alterations to the Premises, Tenant shall obtain the written approval of the Agency Deputy Director to the extent required by Section 209 above.

B. [§402] General Construction Standards

1. All Tenant's construction, alteration or repair work permitted herein shall be accomplished expeditiously and diligently. Tenant shall take all necessary measures to minimize any damage, disruption or inconvenience caused by such work and make adequate provision for the safety and convenience of all persons affected thereby. Tenant shall repair, at its own cost and expense, any and all damage caused by such work and shall restore the area upon which such work is performed to a condition which is equal to or better than the condition which existed prior to the beginning of such work. In addition, Tenant shall pay (or cause to be paid) all costs and expenses associated therewith and, to the extent not covered by insurance carried by Landlord or Tenant, shall indemnify and hold Landlord harmless from all damages, losses or claims attributable to the performance of such work. Dust, noise and other effects of such work

shall be controlled using the best accepted methods customarily utilized in order to control such deleterious effects associated with construction projects in a populated or developed area.

2. Any remodeling or reconstruction work undertaken on any existing Building on the Premises shall at all times be of first quality construction and architectural design and in accordance with plans therefore submitted to and approved by Landlord. Any such remodeling or reconstruction of any building shall at all times conform to the most recently approved original design concepts or plans by City design review boards and Landlord so that the exterior of all buildings, including, without limitation, exterior elevations and color thereof, and all such other improvements, will be architecturally and aesthetically compatible and harmonious with the other buildings and improvements in the surrounding area to create a uniform general plan for the Premises and the surrounding area, to the satisfaction of the City design review boards.

V. OWNERSHIP OF IMPROVEMENTS

A. [§501] Ownership During Term

Title to the Premises and Building shall remain in Landlord. All improvements to real property constructed on the Premises by Tenant as permitted or required by this Lease shall, during this Lease term, be and remain the property of Tenant, provided however, that Tenant shall have no right to waste, destroy, demolish or remove the improvements, and provided, further, that Tenant's rights and powers with respect to the improvements are subject to the terms and limitations of this Lease.

B. [§502] Ownership at Termination

1. At the expiration or sooner termination of this Lease term, Landlord may, at Landlord's election, demand the removal from the Premises, at Tenant's sole cost and expense, of all improvements, fixtures, and/or furnishings, as specified in the notice provided for below. A demand to take effect at the normal expiration of the term shall be effected by notice given at least thirty (30) days before the expiration date. A demand to take effect on any other termination of this Lease shall be effectuated by notice given concurrently with notice of such termination or within ten (10) days after such termination.

2. Any fixtures or furnishings not removed by Tenant within thirty (30) days of the termination of this Lease shall be deemed to be abandoned by Tenant and shall, without compensation to Tenant, then become the Landlord's property, free and clear of all claims to or against them by Tenant or any third party.

3. Upon termination of this Lease, whether by expiration of the term or otherwise, all improvements not required to be removed by Tenant as hereinabove provided shall, without compensation to Tenant, then remain Landlord's property, free and clear of all claims to or against them by Tenant or any third party.

4. Tenant shall defend and indemnify Landlord against all liability and loss arising from any such claims or from Landlord's exercise of the rights conferred by this Section 502.

5. Notwithstanding any provision in this Lease to the contrary, in the event Tenant fails to remove any property as demanded by Landlord, then Landlord after ten days written notice to Tenant, and without waiving or releasing Tenant from any obligation of Tenant hereunder, may (but shall not be required to) place such property in storage for the account of and at the expense of Tenant in which event the provisions of Section 1105 shall be applicable.

VI. ASSIGNMENT AND SUBLETTING

A. [§601] Assignment and Subletting

In view of the fact that the Premises constitutes a major and indispensable component of the Landlord's plan for the Railroad Depot and that, therefore, the identity of the Tenant of the Premises is of the utmost concern to the Landlord, Tenant, its successors and assigns, shall not assign, either voluntarily or by operation of law, its interest in this Lease to all or any part of the Premises or allow any other person or entity (except Tenant's authorized representatives) to occupy or use all or any part of the Premises without the prior written consent of Landlord, which consent may be withheld in the sole and absolute discretion of Landlord during the entire term of this lease, including any exercised options.

In giving its consent pursuant to the above paragraph, Landlord shall, in addition to any other requirements or conditions, require compliance with the following:

1. Any proposed transferee shall have the qualifications and financial responsibility, as determined by Landlord, necessary and adequate to fulfill the obligations undertaken in this Lease by Tenant. In addition, for the purposes of this provision, the following acts of Tenant are examples of and shall be considered assignments and shall require the prior written consent of Landlord to be effective:

a. Partnership and L.L.C. Transfers If Tenant is a partnership or a California limited liability company, a transfer of capital interest to a new partner or partners (or member or members) which computed alone or cumulatively with previous transfers would result or has resulted in the transfer of ownership of a more than twenty five percent (25%) interest in the capital of the partnership; provided that the following transfers shall not be considered in computing whether a cumulative total of more than twenty five percent (25%) of the capital of the Partnership has been transferred:

(1) Transfers to persons who are related by blood or marriage to the transferring partner or to a trust established for the benefit of the transferring partner or such persons; and

(2) Transfers resulting from the death of the partner whether such transfers are made pursuant to the will of the deceased partner an inter-vivos trust instrument or the laws of intestacy.

b. Corporations: The transfer of more than twenty five percent (25%) of the voting stock in a corporation that is not a publicly traded company, which is either itself the Tenant, or is a general partner in a partnership which is the Tenant; provided that the following transfers shall not be considered in computing whether a cumulative total of more than twenty five percent (25%) of the voting stock has been transferred:

(1) Transfers to persons who are related by blood or marriage to the transferring shareholder or to a trust established for the benefit of the transferring shareholder or such persons; and

(2) Transfers resulting from the death of the shareholder whether such transfers are made pursuant to the will of the deceased shareholder an inter-vivos trust instrument or the laws of intestacy.

2. Any proposed transferee shall have expressly assumed, by instrument in writing, for itself and its successors and assignees, and expressly for the benefit of Landlord, all of the obligations of Tenant under this Lease. Any proposed transferee shall have agreed to be subject to all of the conditions and restrictions to which Tenant is subject. However, the failure for any reason, of any transferee, or any successor in interest whatsoever to this Lease, to have assumed such obligations, shall not relieve or except such transferee or successor of or from such obligations, conditions or restrictions or deprive or limit Landlord of or with respect to any rights or remedies or controls with respect to this Lease, the Premises or any required construction of improvements. It is the intent of this Lease, to the fullest extent permitted by law and equity and excepting only in the manner and to the extent specifically provided otherwise in this Lease, that transfer of this Lease, or any interest herein, however consummated or occurring, and whether voluntary or involuntary, shall not operate, legally or practically, to deprive or limit Landlord of or with respect to any rights or remedies or controls provided in or resulting from this Lease with respect to the Premises and construction of improvements that Landlord would have had, had there been no such transfer or change.

3. There has been submitted to Landlord for review, and Landlord has approved, all instruments and other legal documents involved in effecting transfer of the leasehold interest.

4. A processing fee of $3,000 has been paid to Landlord for review of each proposed assignment.

5. If, notwithstanding the provisions of this Section, this Lease is assigned by operation of law in connection with any proceedings under state or federal insolvency or bankruptcy law, or any comparable law, whether for liquidation or reorganization, Landlord shall have a right of first refusal to purchase this Lease. If any

trustee or debtor in possession (collectively "trustee") receives an acceptable offer to purchase this Lease, such trustee shall notify Landlord in writing of the terms of such offer. If Landlord within thirty (30) days after receipt of such notice, indicates in writing its agreement to purchase this Lease on the terms stated, the trustee shall sell and convey this Lease to Landlord on the terms stated in the notice. If the Landlord does not indicate its agreement within thirty (30) days, the trustee shall thereafter have the right to assign this Lease to the party making the offer on the terms of such offer. If such offeror does not purchase this Lease on such terms and conditions, Landlord shall have a right of first refusal to purchase this Lease in the event of any later offer for the purchase of this Lease. If an offeror purchases this Lease in connection with any proceedings under state or federal insolvency or bankruptcy law, or any comparable law, whether for liquidation or reorganization, Landlord shall have the option to purchase this Lease from such party for an amount equal to the amount such party paid for this Lease, at any time within one (1) year from the date of such offeror's purchase thereof.

Tenant represents and agrees for itself and any successor in interest of itself that without the prior written approval of Landlord, there shall be no significant change (voluntary or involuntary) in the membership, management or control of Tenant which would prevent or impair the ability of Tenant to complete its obligations under this Lease.

Tenant shall promptly notify Landlord of any and all significant changes in the membership, management or control of Tenant whether legal or beneficial, or of any other act or transaction involving or resulting in any change in the ownership or identity of Tenant, or with respect to the identity of the parties in control of Tenant or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. This Lease may be terminated by Landlord hereof if there is any significant change in the membership, management or control of Tenant whether legal or beneficial, or of any other act or transaction involving or resulting in any change in the ownership or identity of Tenant, or with respect to the identity of the parties in control of Tenant or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information.

No assignment of any interest in this Lease made with Landlord's consent, or as herein otherwise permitted, shall be effective until there shall have been delivered to Landlord an executed counterpart of such assignment containing an agreement, in recordable form, executed by the assignor and the proposed assignee, wherein and whereby such assignee assumes due performance of the obligations on the assignor's part to be performed under this Lease to the end of the term hereof.

The consent by Landlord to an assignment hereunder shall not in any way be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further assignment.

Notwithstanding an assignment by Tenant hereunder to which Landlord has consented, Tenant shall remain liable for all liabilities and obligations incurred by Tenant hereunder prior to the date of said assignment.

Notwithstanding the foregoing, Tenant may, with the prior written consent of Landlord, which may be withheld at Landlord's discretion, assign this Lease from time to time to an affiliate, which is defined to be an entity that directly or indirectly controls, is controlled by, or is under common control with Tenant, or to an entity into which Tenant or any affiliate is merged, consolidated, or reorganized or which acquires a substantial portion of the business assets or equity interests of Tenant or any affiliate, in each case with the purpose of materially continuing Tenant's business operations.

B [§602] Successors and Assigns

The terms, covenants and conditions contained herein shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties hereto, if approved by Landlord pursuant to Section 601. If the Lease is transferred to a party not approved in advance, Landlord may terminate Lease in its sole discretion.

C. [§603] Release of Landlord

In the event of a sale, assignment, transfer or conveyance by Landlord of the Premises or its rights hereunder, the same shall operate to release Landlord from any liability incurred following the effective date of such assignment upon any of the covenants or conditions, expressed or implied, herein contained in favor of Tenant, and in such event, Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to the Premises or this Lease. This Lease shall not be affected by any such sale, assignment, transfer or conveyance, and Tenant agrees to attorn to any such purchaser or assignee.

VII. INSURANCE AND INDEMNIFICATION

A. [§701] Required Insurance Policies

Tenant shall maintain and keep in force during the term of this Lease, for the mutual benefit of Landlord and Tenant, at Tenant's sole cost and expense, the following insurance applicable to the Premises:

1. Commercial General Liability Insurance and Automobile Liability Insurance. Commercial General Liability Insurance and Automobile Liability Insurance with limits of not less than five million dollars ($5,000,000) each occurrence combined single-limit bodily injury and property damage. Coverage thereunder shall include contractual liability, personal injury, owners' and contractors' protective, liquor liability if applicable, fire legal liability and products completed operations coverage. All such insurance policies, along with their endorsements, shall name Tenant as named insured and Landlord as additional insured.

2. Property Insurance From and after the date of Tenant's acceptance and continuing throughout the term of this lease, Tenant, at its own cost and expense, shall insure against loss of or damage to all Tenant's improvements, equipment and

fixtures thereon resulting from fire, lightning, vandalism, malicious mischief, those risks ordinarily defined as "special form" coverage and in addition thereto for loss or damage resulting from flood surface water, waves, tidal water or tidal waves, overflow of streams or other bodies of water or spray from any of the foregoing, all whether driven by wind or not; water which backs up through sewers or drains or water below the ground which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors.

Such insurance shall be in an amount equal to one hundred percent (100%) of the full replacement cost of said improvements, equipment and fixtures and shall be placed and maintained with one insurance company or companies which is or are acceptable to Landlord.

3. Business Interruption Insurance Tenant, at its cost, shall maintain business interruption insurance insuring that the Rent will be paid to Landlord for a period of twelve (12) months, if the Premises is destroyed or rendered inaccessible by a risk described in Section 701.

4. Tenant Bears Risk If Tenant is unable to obtain flood, tidal wave or other water related coverage or forgoes such coverage due to Tenant's inability to obtain it at a reasonable cost, then Tenant bears all risk other than the repair and restoration obligations undertaken by Landlord in Sections 206, 208, 901, and 902 under this Lease and will not be considered to be in default of this Lease for the failure to obtain such coverage.

B. [§702] General Insurance Policy Requirements

1. All insurance provided for in this Article VII (Sections 701 et seq.) shall be effected under valid and enforceable policies in form and substance satisfactory to Landlord, issued by insurers satisfactory to Landlord and authorized to do business in the State of California. Tenant will provide a certificate of each insurance policy to the City of Santa Barbara on or before the Commencement Date and upon the renewal of each policy.

2. Tenant hereby expressly waives on behalf of its insurers hereunder any right of subrogation against Landlord, which any such insurers may have against Landlord by reason of any claim, liability, loss or expense arising under this Lease.

3. Insurance Revisions Landlord shall retain the right at any time to review the coverage, form and amount of public liability insurance required hereby. If, in the opinion of Landlord, the insurance provisions in this lease do not provide adequate protection for Landlord and for members of the public using the Premises, Landlord may require Tenant to obtain insurance sufficient in an amount to provide adequate protection.

Landlord's requirements shall be reasonable, but shall be designed to assure protection from and against the extent of the risks which exist at the time a change in insurance is required.

The procuring of such required policy or policies of insurance shall not be construed to limit Tenant's liability hereunder nor to fulfill the indemnification provisions and requirements of this Lease. Notwithstanding said policy or policies of insurance, Tenant shall remain obligated for indemnification of Landlord under the provisions of Section 703 below.

C. [§703] Hold Harmless and Indemnification

Tenant shall investigate, defend, indemnify and hold the Landlord and its respective officers, agents and employees harmless from and against all liabilities, obligations, damages, penalties, claims, costs, charges and expenses (including reasonable attorneys' fees) which may be imposed upon, incurred by or asserted against the Landlord or its respective officers, agents and employees arising out of or in any way connected to Tenant's possession or use of the Premises and use of the designated overnight bus staging area on E. Montecito Street identified in Exhibit A. Tenant shall have all responsibility for passenger loading and unloading safety.

In case any action or proceeding is brought against Landlord or its respective officers, agents and employees by reason of any such claim, Tenant, upon written notice from the Landlord, shall at Tenant's expense resist and defend such action or proceeding by counsel approved by Landlord in writing.

VIII. SURRENDER; HOLDING OVER

A. [§801] Surrender of Premises

1. At least ninety (90) days before the last day of the term hereof, Tenant shall give to Landlord a written notice of its intention to surrender the Premises on that date. Nothing contained herein shall be construed as an extension of the term hereof or as consent of Landlord to any holding over by Tenant. Failure to give such notice will not cause an extension of the Termination Date.

2. At the end of the term, or other sooner termination of this Lease, Tenant will surrender and deliver to Landlord the possession of the Premises, together with all fixtures and improvements, in good order, condition and repair, free and clear of all occupancies, and free and clear of all liens and encumbrances other than those, if any, presently existing or created by Landlord, without payment or allowance whatsoever by Landlord on account of any such improvements. Tenant may, upon or prior to the termination of this Lease, remove, at Tenant's sole cost and expense, all movable furniture, trade fixtures and equipment belonging to Tenant, provided that upon any such removal, Tenant, at Tenant's sole cost and expense, shall repair all damage, of any kind or nature, caused by such removal. Property not so removed shall be deemed abandoned by Tenant, and title to the same shall thereupon immediately pass

to Landlord without payment or allowance whatsoever by Landlord on account of such property. Within 30 days of receiving written notice from Tenant of its intention to surrender Premises, at Landlord's written request, Tenant shall remove within 60 days thereafter, at Tenant's sole cost and expense, any and all improvements constructed or installed by or at the expense of Tenant, , Tenant shall repair or cause the repair of any damage resulting from such removal.

B. [§802] Holding Over

Tenant shall also indemnify and hold Landlord harmless from any loss or liability resulting from delay by Tenant in surrendering the Premises, including, without limitation, any claims made by any succeeding Tenant founded on such delay. Alternatively, if Landlord in its sole discretion gives written notice to Tenant of Landlord's election thereof, such holding over shall constitute renewal of this Lease on a month to month basis. Except after delivery by Landlord of such written notice, acceptance of rent by Landlord following expiration or termination shall not constitute a renewal of this Lease and nothing contained in this Section 802 shall waive Landlord's right of re-entry or any other right. Unless Landlord exercises the option hereby given to it, Tenant shall be only a Tenant at sufferance, whether or not Landlord accepts any rent from Tenant while Tenant is holding over without Landlord's written consent.

IX. DESTRUCTION

A. [§901] Destruction Due to Risk Covered by Insurance

If at any time during the term of this Lease, the Premises, or any buildings, improvements or fixtures on the Premises, are damaged from a risk covered by the insurance described in Section 701, such destruction shall not terminate this Lease, but the Premises and all buildings, improvements and fixtures so damaged shall be repaired, replaced and restored according to the provisions of this Article IX.

1. Tenant shall, at its sole cost and expense, repair, replace and restore the Premises and Landlord may, at its sole cost and expense, repair, replace and restore the remainder of the Building, improvements, fixtures, and utilities, all to substantially the same design and functionality as existed immediately before the damage occurred. Landlord and Tenant shall cooperate in good faith to coordinate their respective repair and replacement obligations hereunder. Tenant shall, at its sole cost and expense, provide any embedments or penetrations in the concrete slab beneath the building that are required by its improvements. Tenant shall comply, at its sole cost and expense, with all existing building codes and requirements in effect at the time of in the performance of all repairs, replacements and restoration. Tenant is required, at all times, to maintain replacement cost insurance sufficient to cover the actual cost of restoration. Failure to maintain and/or receive sufficient insurance coverage shall in no way limit or excuse Tenant's obligations hereunder. If Landlord elects not to repair Landlord's portion of the Building, Tenant shall be provided the option to also not repair Tenant's Premises at which point the lease shall be terminated and Section 901.3 shall apply.

2. If existing laws do not permit repair, replacement and/or restoration of the entire Premises including but not limited to all buildings, improvements and/or fixtures on the Premises, to substantially the same design or functionality as existed immediately before the damage occurred, Landlord may terminate this Lease by giving written notice of Landlord's intent to cancel and terminate this Lease to Tenant within sixty (60) days after the occurrence of such damage. If existing laws do permit repair, replacement and/or restoration of any portion of the Premises, including but not limited to any improvements and/or fixtures on the Premises, to substantially the same design or functionality as existed immediately before the damage occurred, Tenant shall be obligated to repair, replace and/or restore any such portion of the Premises to the full extent permitted by law.

3. Allocation of Insurance Proceeds if this Lease is Terminated: In the event damage to the Premises, buildings, improvements or fixtures is not repaired, replaced or reconstructed by Tenant as a result of the action of any governmental agency having authority to prohibit such repair, replacement or reconstruction or, pursuant to the provisions of this Lease, the insurance proceeds that have been received under any property damage insurance policy required by Section 701 and not expended on repairing, replacing or reconstructing the Premises shall be distributed as follows:

a. First, to Landlord to the extent of the then actual cash value of the Building. (For purposes of this section, the term "actual cash value" shall be defined as the actual amount received as insurance proceeds resulting from the property insurance required by Section 701 attributable to the Building; provided, however, nothing contained herein shall preclude Landlord or Tenant from asserting any legal rights it may have against such insurance carriers in the establishment of the actual cash value of the Premises or any portion thereof or in the settlement of any insurance claim relating to the Premises.)

b. Second, to Tenant, the balance of such insurance proceeds, if any, remaining after the payments to Landlord pursuant to the above paragraph.

B. [§902] Destruction due to Risk Not Covered by Insurance

1. If at any time during the term of this Lease, the Premises, or any , improvements and/or fixtures on the Premises, are damaged from a risk not covered by the insurance described in Section 701 and the cost of restoration exceeds forty percent (40%) of the then replacement value of the Premises, including all improvements or fixtures on the Premises, Tenant may elect to terminate this Lease by giving written notice to Landlord within fifteen (15) days after determining the restoration cost and replacement value. In any case, the notice required under this Section must be given within forty five (45) days from the date of destruction.

2. If Tenant elects to terminate this Lease, Landlord, within fifteen (15) days after receiving Tenant's notice to terminate, may elect to pay to Tenant, at the time Landlord notifies Tenant of its election, the difference between forty per cent (40%) of the replacement value of the Premises, including all, improvements or fixtures on the Premises, and the actual cost of restoration, in which case Tenant shall restore the Premises according to this Article IX. On Landlord's making its election to contribute, each

party shall deposit immediately the amount of its contribution with the Insurance Trustee provided for in §904.

If Tenant elects to terminate this Lease and Landlord does not elect to contribute toward the cost of restoration as provided in this Section, this Lease shall terminate.

3. If the destruction does not exceed forty percent (40%) of the then replacement value of the Premises, including all improvements or fixtures on the Premises, Tenant shall immediately deposit the cost of restoration with the Insurance Trustee as provided in Section 904 and repair, replace and restore the Premises and all improvements and fixtures on the Premises in accordance with this Article IX.

4. If there is destruction to the Premises that exceeds forty percent (40%) of the replacement value of the Premises, including all improvements and fixtures, from a risk not covered by the insurance described in Section 701, and should Tenant elect to restore the Premises at Tenant's sole cost and expense, Landlord shall allow Tenant to restore the Premises in accordance with this Article IX. Nothing in this Section 902(4) shall obligate Landlord to contribute to such a reconstruction.

C. [§903] Adjustment of Minor Loss-No Insurance Trustee

If at any time during the term of this Lease, the Premises is damaged from a risk covered by the insurance described in Section 701, and the total amount of loss does not exceed Fifty Thousand Dollars ($50,000) Tenant shall make the loss adjustment with the insurance company insuring the loss. The proceeds shall be paid directly to Tenant for the sole purpose of repairing, replacing or restoring the Premises in accordance with Sections 402 and 905.

D. [§904] Adjustment of Major Loss - Insurance Trustee

1. If the Premises is damaged from a risk covered by the insurance described in Section 701 and the total amount of loss exceeds fifty thousand dollars ($50,000), Tenant shall make the loss adjustment with the insurance company insuring the Premises and instruct the insurer to pay all proceeds directly to an institutional lender or title company doing business within the City of Santa Barbara and approved by Landlord ("Insurance Trustee").

2. If the Premises is damaged from a risk not covered by the insurance described in Section 701, but Tenant has the obligation to restore the Premises, and the total amount of the loss exceeds fifty thousand dollars ($50,000), Tenant shall deposit its contribution toward the cost of the restoration with the Insurance Trustee within thirty (30) days of Tenant becoming obligated to restore the Premises.

3. All sums deposited with the Insurance Trustee shall be held for the following purposes and the Insurance Trustee shall have the following powers and duties:

a. The deposited sums shall be held in trust for payment of architectural, engineering and construction costs associated with the restoration of the Premises and Buildings. Fees and costs shall be paid in installments by the Insurance Trustee to the architect, engineer or contractor retained by Tenant as the restoration progresses. A ten percent (10%) retention fund shall be established with the contractor that will be paid upon completion of restoration, payment of all costs, expiration of all applicable lien periods, and proof that the Premises is free of all mechanic's liens and lienable claims;

b. Payments to design professionals shall be made upon presentation of invoices to the Insurance Trustee. Payments to the contractor shall be made upon presentation of certificates or vouchers from the architect or engineer retained by Tenant showing the amount due. If the Insurance Trustee, in its reasonable discretion, determines that the architect or engineer retained by Tenant is improperly invoicing or approving charges, the Insurance Trustee shall have the right to appoint an architect or an engineer to supervise construction. After such an appointment, Insurance Trustee shall make payments on certificates or vouchers approved by the architect or engineer retained by the Insurance Trustee. The reasonable expenses and charges of the architect and/or engineer retained by the Insurance Trustee shall be paid by the Insurance Trustee out of the trust fund;

c. If the sums held by the Insurance Trustee are not sufficient to pay the actual cost of restoration, Tenant (in the case of a restoration pursuant to Section 901) or both the Tenant and Landlord in the case of a restoration pursuant to the Landlord's election (under Section 902), shall deposit their proportionate shares of the deficiency with the Insurance Trustee within twenty-one (21) days of receiving a request from the Insurance Trustee indicating the amount of the deficiency;

d. Any sums remaining in the trust account after the restoration is complete, the final payment has been made to Tenant's contractor and the Insurance Trustee has been compensated according to the trust agreement approved by Landlord and Tenant shall be delivered to the party entitled to such proceeds within fifteen (15) days;

e. Any and all actual costs and charges of the Insurance Trustee shall first be paid by insurance proceeds and thereafter by the Tenant;

f. If the Insurance Trustee resigns or for any reason is unwilling to act or continue to act, Landlord shall substitute a new trustee in the place of the designated Insurance Trustee; and

g. Tenant and Landlord shall promptly execute all documents and perform all obligations under this Section.

E. [§905] <u>Procedure for Restoring Premises</u>

1. Plans, Specifications and Drawings. Tenant shall, at its own cost or from insurance proceeds, prepare final plans, specifications and working drawings

necessary for restoration of the Premises. Tenant acknowledges that the plans, specifications and working drawings shall be subject to approval of the appropriate government bodies and that they will be prepared in such a manner as to obtain that approval. The plans, specifications and working drawings must be approved by Landlord. Landlord shall have thirty (30) days after receipt of the plans, specifications and working drawings to approve or disapprove the plans, specifications and working drawings and return them to Tenant. If Landlord disapproves the plans, specifications and working drawings, Landlord shall notify Tenant of its objections. Upon Tenant's re-submittal of plans, specifications and working drawings after Landlord disapproval, Landlord shall have a maximum of fifteen (15) days to respond and approve or disapprove such re-submitted plans, specifications and drawings. If Landlord fails to respond within the time period required by this Section, any and all plans, specifications and working drawings submitted by Tenant shall be deemed disapproved.

Tenant shall have submitted approved plans, specifications and working drawings for governmental review and approval within ninety (90) days after Tenant becomes obligated to restore the Premises.

2. Construction. Tenant shall complete the restoration within eighty-four (84) working days from the date when all required permits are ready to be issued. Such period shall be subject to reasonable extension for delays resulting from causes beyond Tenant's reasonable control.

a. Tenant shall retain a licensed and bonded contractor. The contractor shall be required to carry public liability and property damage insurance, standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, during the period of construction in accordance with Section 702 and a completion bond. Such insurance shall contain waiver of subrogation on behalf of the insurer in favor of Landlord and Tenant in accordance with the provisions of Section 702.

b. Tenant shall notify Landlord of commencement of construction no later than two (2) days before work commences in order to allow Landlord an opportunity to post and record notices of non-responsibility. The contractor retained by Tenant shall not commence construction until a completion bond and a labor and materials bond have been delivered to Landlord to insure completion of the construction.

c. Tenant shall accomplish the restoration in accordance with the provisions of Section 402 (General Construction Standards).

d. Upon completion of the restoration Tenant shall immediately record a notice of completion with the County of Santa Barbara.

e. The construction shall not commence until sums sufficient to cover the cost of restoration are placed with the Insurance Trustee as provided in Section 904. Any delay caused by Tenant's failure to deposit sufficient funds with the Insurance Trustee shall not entitle Tenant to an extension of the eighty-four (84) day period in which the construction is to be completed.

F. [§906] No Abatement or Reduction of Rent

In the case of damage to the Premises or Building, for the term of this Lease, Tenant shall continue to pay Rent and any other amounts due without abatement, offset or reduction.

G. [§907] Loss During Last Part of Term

If the Premises is damaged (total) during the last three (3) years of the Lease term and such destruction is from a risk not covered by insurance, Tenant may terminate this Lease by giving written notice to Landlord not more than thirty (30) days after the occurrence of the damage. If the Tenant elects not to restore the Premises, Landlord shall be entitled to any and all insurance proceeds up to the replacement cost of the structure, as determined by a certified appraiser.

H. [§908] Waiver of Civil Code Sections

Tenant waives the provisions of Civil Code §1932(2) and Civil Code §1933(4) with respect to any destruction of the Premises.

I. [§909] Termination by Landlord

Notwithstanding any provision to the contrary, in the event the Premises is damaged or destroyed and Landlord determines to close the Premises and Building to the public rather than repair or rebuild it, Landlord shall terminate this Lease. Notice of termination shall be given by Landlord to Tenant not later than sixty (60) days after the occurrence of such damage or destruction. In the event of such termination the provisions of subdivision 4 of Section 901 shall govern how insurance proceeds, if any, are to be allocated.

J. [§910] Allocation of Obligations

Notwithstanding any provision to the contrary, it is agreed and understood that Tenant's responsibility to insure, repair and restore the Building and to allocate any insurance awards applies to the 50% of the Building containing the Premises, and Landlord is responsible for the remainder of the Building.

X. EMINENT DOMAIN

A. [§1001] Definition of Taking

The term "taking" as used herein means the exercise by any governmental or other permitted authority of the power of eminent domain or the exercise of any similar governmental power to take and any purchase or other acquisition in lieu of condemnation, including, but not limited to, a voluntary sale or conveyance in lieu of condemnation.

B. [§1002] Total Taking

In the case of a taking (other than for temporary use or of only the leasehold estate hereunder) of the fee of the entire Premises, this Lease shall terminate as of the date on which such taking shall be effective. In case of a taking (other than for temporary use or of only the leasehold estate hereunder) of such substantial part of the Premises as shall result, in the good faith judgment of Tenant, in the Premises remaining after such taking (even if restoration were made) being economically unsuitable for the use being made of the Premises at the time of such taking, Tenant, at its option, may terminate this Lease by written notice given to Landlord within sixty (60) days after such taking. Any taking of the Premises of the character referred to in this Section 1002, which results in the termination of this Lease is referred to as a "total taking."

C. [§1003] Partial Taking

In the event of a taking of a portion of the Premises which is not a total taking (a "partial taking"), then and in that event:

1. This Lease shall remain in full force and effect as to the portion of the Premises remaining immediately after such partial taking, without any abatement of Rent or any other payment payable hereunder; and,

2. If the partial taking affects any portion of the Premises, then Tenant will promptly commence and complete (subject to delay, hindrance or prevention by reason of any of the causes mentioned in Article XII [Section 1200 et seq.]) restoration of the Premises as nearly as possible to its condition and character immediately prior to such partial taking, except for any reduction in area caused thereby; provided that, in the case of a partial taking for temporary use, Tenant shall not be required to effect such restoration until such partial taking is terminated. Such restoration shall be performed in a good and workmanlike manner and undertaken in accordance with plans and specifications submitted to and approved by Landlord in accordance with Sections 401 and 402 hereof, and otherwise in accordance with the applicable provisions of this Lease.

D. [§1004] Application of Awards

Awards and other payments on account of a taking (less costs, fees and expenses incurred by Landlord, and Tenant in connection with the collection thereof) shall be applied as follows:

1. Net awards and payments received on account of taking, other than (a) a taking for temporary use, (b) a taking of only the leasehold estate hereunder, or (c) a total taking, shall be held and applied to pay the cost of restoration of the Premises. The balance, if any, remaining after restoration shall be divided between Landlord and Tenant as they may agree and, in the absence of such agreement, such balance shall be paid to Landlord and Tenant in the ratio, as nearly as practicable, which (a) the sum

of (1) the then fair market value of Landlord's reversionary interest in the improvements and (2) the fair market value of the land, valued as unencumbered by this Lease, unimproved and to be used for the uses specified in this Lease bears to (b) the then fair market value of Tenant's interest in the improvements for the remainder of the term of this Lease, provided, however, that Tenant's share of any such balance shall be applied first to any payment of any past due Rent or any other payment payable hereunder, including, without limitation, any past due tax payments.

2. Net awards and payment received on account of (a) a taking for temporary use or (b) a taking of only the leasehold estate created by this Lease shall be paid to Tenant, except that:

a. If any portion of any such award or payment is made by reason of any damage to or destruction of the Premises, and there exists in this Lease on obligation to restore said Premises, such portion shall be held and applied to pay the cost of restoration thereof; and

b. If any portion of any award or payment on account of a taking for temporary use relates to a period beyond the date of termination of this Lease term, such portion shall be paid to Landlord; and

c. If, at any time such award becomes payable to Tenant, any Rent or other payments payable hereunder (including, without limitation, any tax payments) shall be due and unpaid, such award shall be first applied to the payment thereof.

3. With the exception of payments to tenant for loss of business goodwill and Tenant improvements at cost less depreciation in accordance with the Internal Revenue Code, any award and payment received on account of a total taking shall be paid to the Landlord, including any and all payments for leasehold bonus value, fixtures and equipment not considered Tenant improvements and severance damages.

E. [§1005] Notice of Taking

In case of a taking of all or any part of the Premises or the commencement of any proceeding or negotiations which might result in such taking, the party having notice of such taking or of the commencement of any such proceeding or negotiations shall promptly give written notice thereof to the other party. Landlord and Tenant shall jointly prosecute their claims for an award in a single proceeding. Landlord and Tenant shall not prosecute separate claims for an award, except that Tenant and any subtenant may prosecute separate claims for awards for moving expenses or on account of the taking of any removable trade fixtures or for the unamortized portion of any leasehold improvements made by any subtenant, but only to the extent that any such separate award shall not diminish the award made to Landlord and Tenant in respect of their joint claim.

F. [§1006] Disbursement of Awards on Partial Taking

All awards or other payments received on account of a partial taking shall be paid to the Landlord, to be held and disbursed in the same manner as insurance proceeds, except that any portion of such award(s) remaining after completion of any restoration shall be disbursed by the Landlord to the parties pursuant to subsection 1 of Section 1004.

XI. DEFAULT

A. [§1101] Default by Tenant

1. Any of the following occurrences or acts shall constitute an "Event of Default" under this Lease:

a. If Tenant fails to pay Rent when due as described herein, Landlord may give Tenant notice to pay all sums due within fourteen (14) calendar days, and if such payment is not made within fourteen (14) calendar days, Landlord may terminate the Tenancy without discharging any amount due. If Tenant at any time during the term (and regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in equity or before any administrative tribunal which have or might have the effect of preventing Tenant from complying with the terms of this Lease) shall fail (1) to make payment of any of any other payment herein specified to be paid by Tenant, when due or (2) to observe or perform any of Tenant's other covenants, agreements or obligations hereunder; and if any such default shall not be cured as to any default referred to in clause (1) within ten (10) days after receipt of written notice thereof by Tenant or as to any default referred to in clause (2) with the exception of an abandonment or violation of Section 204(a)or(b)which shall have no applicable cure period, within thirty (30) days after Landlord shall have given to Tenant written notice specifying such default (or, in the case of any default referred to in clause (2) which cannot with diligence be cured within such thirty-day period, if Tenant shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with diligence, it being intended, in connection with a default not susceptible of being cured with diligence within such thirty-day period, that the time within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with diligence); or

b. If Tenant shall file a petition in bankruptcy or for reorganization or for any arrangement pursuant to any present or future federal bankruptcy act or under any similar federal or state law, or shall be adjudicated a bankrupt or insolvent or shall make an assignment for the benefit of its creditors or shall admit in writing its inability to pay its debts generally as they become due, or if a petitioner or answer proposing the adjudication of Tenant as a bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or

c. If a receiver, trustee or liquidator of Tenant or of all or substantially all of the property of Tenant or of the Premises shall be appointed in any proceeding brought by Tenant, or if any such receiver, trustee or liquidator shall be appointed in any proceeding brought against Tenant and if such receiver, trustee or liquidator shall not be discharged within sixty (60) days after such appointment, or if Tenant shall acquiesce in or consent to such appointment; or

d. If Tenant shall be liquidated or dissolved or shall begin proceedings toward its liquidation or dissolution; or

e. If Tenant shall fail:

(1) To timely pay any taxes when due; or

(2) To observe or perform any of Tenant's other covenants, agreements or obligations under any agreement with Landlord relating to taxes; or

f. If Tenant shall commit or suffer to be committed any waste or impairment of the Premises or any part thereof; or

g. If Tenant shall alter the improvements in any manner, except as expressly permitted by this Lease; or

h. If Tenant shall fail to maintain insurance as required by this Lease; or

i. If Tenant shall engage in any financing except as approved by Landlord and permitted by the terms of this Lease, or any other transaction creating any mortgage on the Premises, or place or suffer to be placed thereon any lien or other encumbrance to the Premises, or suffer any levy or attachment to be made thereon; or

j. If Tenant uses the Premises for purposes other than those provided for in this Lease without the prior written approval of Landlord; or

k. If Tenant fails to be open for business on the Premises for more than seventy-two consecutive hours, except in the case of such closures as may be allowed or provided for by this Lease or by prior written approval of the Agency Deputy Director, (hereafter "abandonment.") An abandonment shall constitute an automatic event of default and forfeiture of this Lease and entitle Landlord to reenter and retake the Premises pursuant to the provisions of Section 1101 (2) without allowing Tenant a period to cure the event of default; or

l. If Tenant fails to comply with any applicable laws as evidenced by a notice of violation issued by the applicable enforcement agency. In the case of health or fire agency enforcement, an event of default shall occur when the Tenant receives a notice of a violation of health or fire regulations and fails to cure the violation within the initial time period set by the enforcement agency in its first notice of violation.

m. If Tenant fails to obtain written approval of the Agency Deputy Director before construction, renovation or repair if the total cost of the construction, renovation or repair is more than $10,000.00 of any portion of the Premises and fails to conform to and abide by all rules and regulations relative to the Premises and uses herein authorized, which Premises and uses are subject at all times to applicable rules, regulations, resolutions, ordinances and statutes of the City of Santa Barbara, County of Santa Barbara, State of California, the Federal Government and all other governmental agencies when applicable.

n. If Tenant fails to obtain all required permits or licenses for repair, construction or renovation of any portion of the Premises or use therein from the regulatory body having jurisdiction thereof before such repair or use is undertaken.

o. If Tenant attempts to assign, lease, or sublease any part of the Premises without Landlord's advanced approval.

2. Upon the occurrence of any such Event of Default, in addition to any and all other rights or remedies of Landlord hereunder or by law or in equity, it shall be, at the option of Landlord, without further notice or demand of any kind to Tenant or any other person:

a. The right of Landlord to declare the term hereof ended and to terminate this Lease, in which event Tenant shall promptly surrender possession of the Premises to Landlord, and pay to Landlord all Rent and all other payments due Landlord hereunder to the date of such termination. If Tenant does not so promptly surrender the Premises, Landlord shall have the immediate right to re-enter the Premises and take possession thereof including the right to refuse to permit and to deny the right of the Tenant to remove any or all of Tenant's movable furniture, trade fixtures, equipment, improvements or personal property, notwithstanding any other provision of this Lease, located in, or upon the Premises, and take exclusive possession of same as a guarantee of payment for past due rents, without any obligation or liability to the Tenant, and remove all persons therefrom, and Tenant shall have no further claim thereon or thereunder.

b. The right of Landlord, without terminating this Lease, to enter the Premises and occupy the whole or any part thereof for and on account of Tenant and to collect said rent and any other rent that may thereafter become payable, to refuse, notwithstanding any other term or provision of this Lease, to permit and to deny the right of Tenant to remove any or all of Tenant's movable furniture, trade fixtures, equipment, improvements or personal property located in, on or upon the Premises, and to use and take exclusive possession of same without payment to Tenant or cost to Landlord for so long as Landlord so occupies the Premises or until this Lease is terminated pursuant to subsection c. below; and

c. The right of Landlord, even though it may have re-entered the Premises pursuant to subsection b. above, to thereafter elect to terminate this Lease.

3. Tenant further acknowledges and agrees that the service by Landlord of any notice pursuant to the unlawful detainer or similar such statute of the State of California and the surrender of possession pursuant to such notice shall not be deemed to be a termination of this Lease. Tenant hereby irrevocably appoints Landlord as agent and attorney-in-fact of and for Tenant to so enter upon the Premises in the Event of Default by Tenant hereunder, to remove any and all furniture and personal property whatsoever situated upon the Premises, and to place such furniture and personal property in storage for the account of and at the expense of Tenant. In the event that Tenant shall not have paid the cost of such storage after ninety (90) days, Landlord may, at its discretion, sell any or all of such furniture and personal property at public or private sale in such manner and at such times and places as Landlord in its sole discretion may deem proper, without notice to Tenant or any demand upon Tenant. If Landlord so elects to sell such furniture and personal property, Landlord shall apply the proceeds of such sale first, to the cost and expenses of such sale, including reasonable attorneys' fees actually incurred, second, to the payment of the costs of or charges for removing and storing any such furniture and personal property, third, to the payment of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the terms of this Lease, and fourth, the balance, if any, to Tenant. Tenant hereby waives all claim for damages that may be caused by Landlord's re-entering and taking possession of the Premises or removing and storing furniture and personal property as herein provided, and will save Landlord harmless from any losses, costs or damages occasioned thereby. No such re-entry shall be considered or construed to be a forcible entry as the same is defined in the Code of Civil Procedure of the State of California.

4. Should Landlord elect to terminate this Lease pursuant to any of the provisions of above, Landlord may recover from Tenant as damages:

a. The worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

b. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses incurred by Landlord in maintaining or preserving the Premises after such default, preparing the Premises for reletting to a new tenant, any repairs or alterations to the Premises for such reletting, leasing commissions or other costs necessary or proximate to reletting the Premises; and

c. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of California.

As used hereinabove, the term "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum. For purposes of determining Landlord's damages under this subsection 4, the annual rent payable hereunder shall be deemed to be equal to the average rent paid by Tenant for the calendar year immediately preceding the date of Tenant's default.

5. Trade Fixtures and Equipment. If there occurs an Event of Default, all of Tenant's fixtures, equipment, improvements, additions, alterations shall remain on the Premises and in that event, and continuing during the length of said default, Landlord shall have the right to take the exclusive possession of same and to use same without payment to Tenant or any other party.

6. Remedies Not Exclusive No right or remedy herein conferred upon or reserved to Landlord or Tenant is intended to be exclusive of any other right or remedy, except as expressly stated herein, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute, except such rights or remedies as are expressly limited herein.

7. Waiver of Rights of Redemption Tenant hereby waives for itself and all those claiming under it all rights which it may have under any present or future constitution, statute or rule of law (a) to redeem the Premises after termination of Tenant's right of occupancy by order or judgment of any court or by any legal process or writ or (b) which exempts property from liability for debt or for distress for rent.

8. Termination Upon More Than Two Defaults. In the event Landlord issues more than two (2) Notices of Default to Tenant in any twelve (12) month period, Landlord may terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant:

a. The worth at the time of award of any unpaid rent and other charges which had been earned at the time of such termination; and

b. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses incurred by Landlord in maintaining or preserving the Premises after such default, preparing the Premises for re-letting to a new Tenant and any repairs or alterations to the Premises.

B. [§1102] Right of Landlord to Perform

All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of rent. Subject to any rights of Tenant to contest, if Tenant shall fail to pay any sum of money, other than Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for fifteen (15) days after notice thereof by Landlord, Landlord may, but shall not be obligated so to do, and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such act on Tenant's part to be made or performed as in this Lease provided. All sums so paid by Landlord and all necessary

incidental costs and expenses, together with interest thereon at the rate of ten (10%) percent per annum from the date of such payment by Landlord shall be payable, as additional rent to Landlord on demand, and Tenant covenants to pay any such sums, and Landlord shall have, in addition to any other right or remedy of Landlord, the same rights and remedies in the event of the nonpayment thereof by Tenant as in the case of default by Tenant in the payment of the rent.

If Tenant fails to maintain quality of character and operation in the manner specified in this Lease, then:

1. Landlord shall notify Tenant in writing, specifying the complaint and, if possible, requesting means of cure.

2. If Tenant has not cured the condition specified in the complaint within thirty (30) days after receipt of notice, or if cure cannot be achieved within thirty (30) days and Tenant has not commenced cure and is not proceeding diligently, then:

a. Landlord may re-enter the Premises without terminating this Lease and, as Tenant's attorney-in-fact, cure the default for the account of Tenant; and

b. If sums of money are expended by Landlord, Tenant agrees to repay such sums immediately upon demand and, if not paid, said sums shall bear interest at the rate of ten (10%) per annum until paid. All said sums shall constitute additional rent due hereunder.

C. [§1103] Personal Service Nature of Tenant's Obligations

Tenant acknowledges that the Premises constitutes a major and indispensable component of the Santa Barbara Railroad Depot and that, therefore, the identity and qualifications of the Tenant as an intercity, common passenger carry bus station is of the utmost concern to the Landlord. The parties acknowledge that pursuant to this Lease, Tenant is, to a significant degree, performing personal services for Landlord and that the provisions in this Lease relating to assignment and default are based upon the particular and unique circumstances under which this Lease is made.

D. [§1104] Default by Landlord

In the event Landlord shall fail to perform or observe any of the covenants or provisions contained in this Lease on the part of Landlord to be performed or observed within thirty (30) days after written notice from Tenant to Landlord specifying the particulars of such default or breach of performance, or if more than thirty (30) days shall be reasonably required because of the nature of the default, if Landlord shall fail to proceed diligently to cure such default after such notice, then in that event, Tenant shall have all rights and remedies provided by law.

E. [§1105] Abandonment -Title to Fixtures and Equipment

If Tenant shall abandon, subject to Section 1101(k), vacate or surrender said Premises or be dispossessed by process of law, or otherwise, any furniture, trade fixtures, business equipment or other personal property belonging to Tenant and left on the Premises shall, at the option of Landlord, be deemed to be abandoned and title thereto shall thereupon pass to Landlord without any payment or allowance whatever by Landlord on account of such property. In such event such property may be retained by Landlord as Landlord's property or be disposed of, without accountability, in such manner as Landlord elects, or if Landlord shall give written notice to Tenant to remove such property, such property shall be removed by Tenant at Tenant's sole cost and expense.

F. [§1106] No Recourse

Tenant, other than judicial award, agrees that it shall have no recourse with respect to any obligation of Landlord under this Lease, or for any claim based upon this Lease, or otherwise, against any incorporator, shareholder, officer, director or attorney, past, present or future of Landlord, or against any other person than Landlord, and against Landlord only to the extent of the value of Building and improvements, whether by virtue of any constitution, statute, rule of law, rule of equity, enforcement of any assessment as penalty, or by reason of any matter prior to the execution and delivery of this Lease, or otherwise, all such liability, by Tenant's execution and delivery hereof and as part of the consideration for Landlord's obligations hereunder being expressly waived.

XII. [§1200] UNAVOIDABLE DELAY; FORCE MAJEURE

If either party shall be delayed or prevented from the performance of any act required by this Lease by reason of war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restriction or priority; unusually severe weather; inability to secure necessary labor, materials or tools; acts of the other party; acts or failures to act of any public or governmental agency or entity (except acts or failures to act of Landlord shall not excuse performance by Landlord); or any other similar causes, without fault and beyond the reasonable control of the party claiming an extension of time to perform, performance of such act shall be excused for the period of the delay, provided, however, that nothing in this Section 1200 shall excuse Tenant from the prompt payment of any Rent or other monetary charges required of Tenant, and provided, further, that the party delayed or prevented from the performance of any act as above described has notified the other of such delay or prevention within thirty (30) days of the inception thereof, and has thereafter kept said party regularly informed of the status of such delay or prevention.

XIII. [§1300] ENTRY BY LANDLORD

A. Landlord and its agents may enter and examine the Premises at all reasonable times after giving reasonable notice to Tenant of the time and purpose of the entry in order to determine whether Tenant is in compliance with the provisions

hereof. Landlord will exercise this right of inspection in a way that will cause as little interference, inconvenience, and disturbance to Tenant's operation as possible.

B. Landlord and its authorized representatives reserve and shall have the right to enter upon the Premises at all reasonable times to inspect the same, to make necessary repairs and adjustments, to show said Premises to prospective purchasers, mortgagees or tenants or to post notices, including, without limitation, notices of non-responsibility, all of the foregoing without abatement of rent. Except in the event of an emergency, Landlord shall use all reasonable efforts to limit such entry to regular business hours after giving reasonable notice to Tenant of the time and purpose of the entry. In the event of an emergency, Landlord shall have the right to use any and all means which Landlord may deem necessary or proper to open any doors in order to obtain entry to any portion of the Premises, and any entry to the Premises, or portions thereof obtained by Landlord by any of said means or otherwise, shall not under any circumstances be construed or deemed to be forcible or unlawful entry into or detainer of, the Premises or an eviction, actual or constructive of Tenant from the Premises or any portions thereof.

XIV. GENERAL

A. [§1400] Estoppel Certificates

Landlord or Tenant, as the case may be, shall execute, acknowledge and deliver to or for the benefit of the other or to or for the benefit of any Lender, at any time, from time to time, at the expense of the party requesting a certificate as herein below described, promptly upon request, its certificate certifying (1) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications), (2) the dates, if any, to which all rents due hereunder have been paid, (3) whether there are then existing any charges, offsets or defenses against the enforcement by Landlord or Tenant of any agreement, covenant or condition hereof on the part of the other party to be performed or observed (and, if so, specifying the same), and (4) whether there are then existing any defaults by Tenant and known by Landlord in the performance or observance by Tenant of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed and whether any notice has been given to Tenant of any default which has not been cured (and, if so, specifying the same). Any such certificate may be relied upon by a prospective purchaser, mortgagee or trustee or beneficiary under a deed of trust of the Premises or the leasehold estate hereunder or any part thereof.

B. [§1401] Waiver

No waiver of any default under this Lease shall constitute or operate as a waiver of any subsequent default hereunder, and no delay, failure or omission in exercising or enforcing any right, privilege or option under this Lease shall constitute a waiver, abandonment or relinquishment thereof or prohibit or prevent any election under or enforcement or exercise of any right, privilege or option hereunder. No waiver of any provision hereof by Landlord or Tenant shall be deemed to have been made unless and

until such waiver shall have been reduced to writing and signed by Landlord or Tenant, as the case may be. The receipt and acceptance by Landlord of rent with knowledge of any default under this Lease shall not constitute or operate as a waiver of such default.

Failure by Landlord or Tenant, as the case may be, to enforce any of the terms, covenants or conditions of this Lease for any length of time or from time to time shall not be deemed to waive or decrease the right of Landlord to insist thereafter upon strict performance by Tenant.

C. [§1402] Notices

If at any time after the execution of this Lease, it shall become necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication shall be in writing and shall be served personally or by depositing the same in the United States Mail by first class post, or by depositing the same in registered or certified United States mail, return receipt requested, postage prepaid and (1) if intended for Landlord shall be addressed to:

City Clerk
City of Santa Barbara
P.O. Box 1990
Santa Barbara, California 93102-1990

with a copy to:

Assistant City Administrator
P.O. Box 1990

Santa Barbara, California 93102

and (2) if intended for Tenant shall be addressed to:

Greyhound Lines, Inc.
600 Vine Street, Suite 1400
Cincinnati, OH 45202-
Attn: Real Estate

with a copy to:

Greyhound Lines, Inc.
600 Vine Street, Suite 1400
Cincinnati, OH 45202-
Attn: Legal Dept.

or to such other address as either party may have furnished to the other in writing as a place for the service of notice. Any notice so mailed shall be deemed to have been given as of the time the same is deposited in the United States mail.

D. [§1403] Corporate Authority

If Tenant signs as a corporation, Tenant covenants that each of the persons executing this Lease on behalf of Tenant is a duly authorized and existing officer of the corporation, that Tenant has, is and shall remain during the term of this Lease qualified to do business in the State of California, that the corporation has full right and authority to enter into this Lease and that each, both or all of the persons signing on behalf of the corporation were authorized to do so. Upon Landlord's request, Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord confirming the foregoing covenants and warranties.

E. [§1404] No Light, Air or View Easement

Tenant covenants and agrees that no diminution of light, air or view by any structure which may hereafter be erected (whether or not by Landlord) shall entitle Tenant to any reduction or abatement of Rent or other amount payable under this Lease, result in any liability of Landlord to Tenant or in any other way affect this Lease or Tenant's obligations hereunder.

F. [§1405] Landlord's Covenant of Quiet Enjoyment

Landlord hereby covenants to Tenant that Landlord has good and marketable fee simple title to the Premises, free and clear of all claims, liens and encumbrances except the Tidelands Grant restrictions. Upon Tenant paying the Rent and other amounts payable hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall peaceably hold and quietly enjoy the Premises for the entire term hereof without hindrance, molestation or interruption by Landlord or any party claiming through or under Landlord.

G. [§1406] No Joint Venture

It is agreed that nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party or cause Landlord to be responsible in any way for the debts or obligations of Tenant or any other party.

H. [§1407] Provisions Subject to Applicable Law

All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law and are intended to be limited to the extent necessary so that they will not render this Lease invalid, unenforceable or not entitled to be recorded under any applicable law. If any term of this Lease shall be held to be invalid, illegal or unenforceable, the validity of the other terms of this Lease shall in no way be affected thereby.

I. [§1408] Miscellaneous

1. Each party hereby agrees to indemnify the other party from and against any real estate brokerage commissions or other such obligations incurred by the indemnifying party as the result of the negotiation or execution of this Lease.

2. Tenant shall not pay any money or provide any other consideration of any kind whatsoever or employ, contract with or sublease to or with any person or entity if such payment of money or provision of other consideration would violate or would have a reasonable likelihood of violating any law, statute, ordinance, directive, regulation, decision or opinion now or hereafter enacted or promulgated by the City of Santa Barbara, the State of California or any governmental public or judicial body, agency or department relating in any manner to conflicts of interest or if such payment or provision of consideration is to a person or entity which has discretionary authority or power of any kind over the development, use or occupancy of the Premises or any part thereof or with respect to the enforcement or interpretation of this Lease.

3. In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein.

4. Except as described in this Lease, Tenant shall have no special parking privileges and Tenant's employees and customers shall be subject to Railroad Depot parking fees where applicable.

5. Nothing in this Lease shall be construed to create any duty to, any standard of care with reference to or any liability to anyone not a party except as otherwise expressly provided herein.

6. The words "Landlord" and "Tenant" as used herein shall include a corporation and include the plural as well as the singular. Words used in the masculine gender include the feminine and neuter. If there be more than one Landlord and Tenant, the obligations hereunder imposed upon Landlord and Tenant shall be joint and several.

7. The captions used herein are for convenience of reference only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions hereof.

8. Time is of the essence of each and all of the agreements, covenants and conditions of this Lease.

9. This Lease shall be interpreted in accordance with and governed by the laws of the State of California. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against Landlord or Tenant.

10. Tenant agrees to comply with the attached Exhibit "C" - Water and Energy Conservation Guidelines.

11. The area, if any, under sidewalks, driveways or passageways adjoining the Premises or any part thereof is subject to all prior and existing rights of the City of Santa Barbara, and, furthermore, any tax, charge, assessment or rental of whatever form or nature and however denominated, which may hereafter be imposed, at any time or from time to time, by the City of Santa Barbara or by its authority or by any other public authority for the use or occupancy of such area shall be borne and paid by Tenant, except as otherwise herein expressly provided.

12. This Lease constitutes the entire agreement between Landlord and Tenant with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral and written. This Lease may not be amended or modified in any respect whatsoever except by an instrument in writing, approved by the City Council and signed by Landlord and Tenant.

13. Tenant hereby represents, by executing this agreement, that Tenant has reviewed this Lease with an attorney of Tenant's choice or has had a reasonable opportunity to review this Lease with an attorney of Tenant's choice and (with knowledge of Tenant's right to do so) has elected against seeking such advice, before signing this Lease.

Landlord hereby represents, by executing this agreement, that Tenant has been informed of Tenant's right to have this Lease reviewed by legal counsel of Tenant's choice and has been afforded a reasonable opportunity to seek such advice.

(signatures appear on following page)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease by proper persons thereunto duly authorized as of the date first hereinabove written.

LANDLORD:

CITY OF SANTA BARBARA

Paul A. Casey
Assistant City Administrator

ATTEST:

for Cynthia M. Rodriguez, CMC
City Clerk Services Manager

APPROVED AS TO CONTENT:

Brian Bosse
Housing and Redevelopment Manager

APPROVED AS TO FORM:

Stephen P. Wiley
City Attorney

By
Sarah J. Knecht, Assistant City Attorney

BUSINESS TAX COMPLIANCE:

Certificate No. 20449

By

APPROVED AS TO INSURANCE:

Mark Howard, Risk Manager

TENANT:

Greyhound Lines, Inc.

Name, Title
Bruce Rasch
Sr. V.P. and General Counsel

924 Anacapa Street, Suite 1
Santa Barbara, CA 93101

Lease Site and Lease "Premises" – 224 Chapala Street
Lease between City of Santa Barbara
and
Greyhound Lines, Inc.

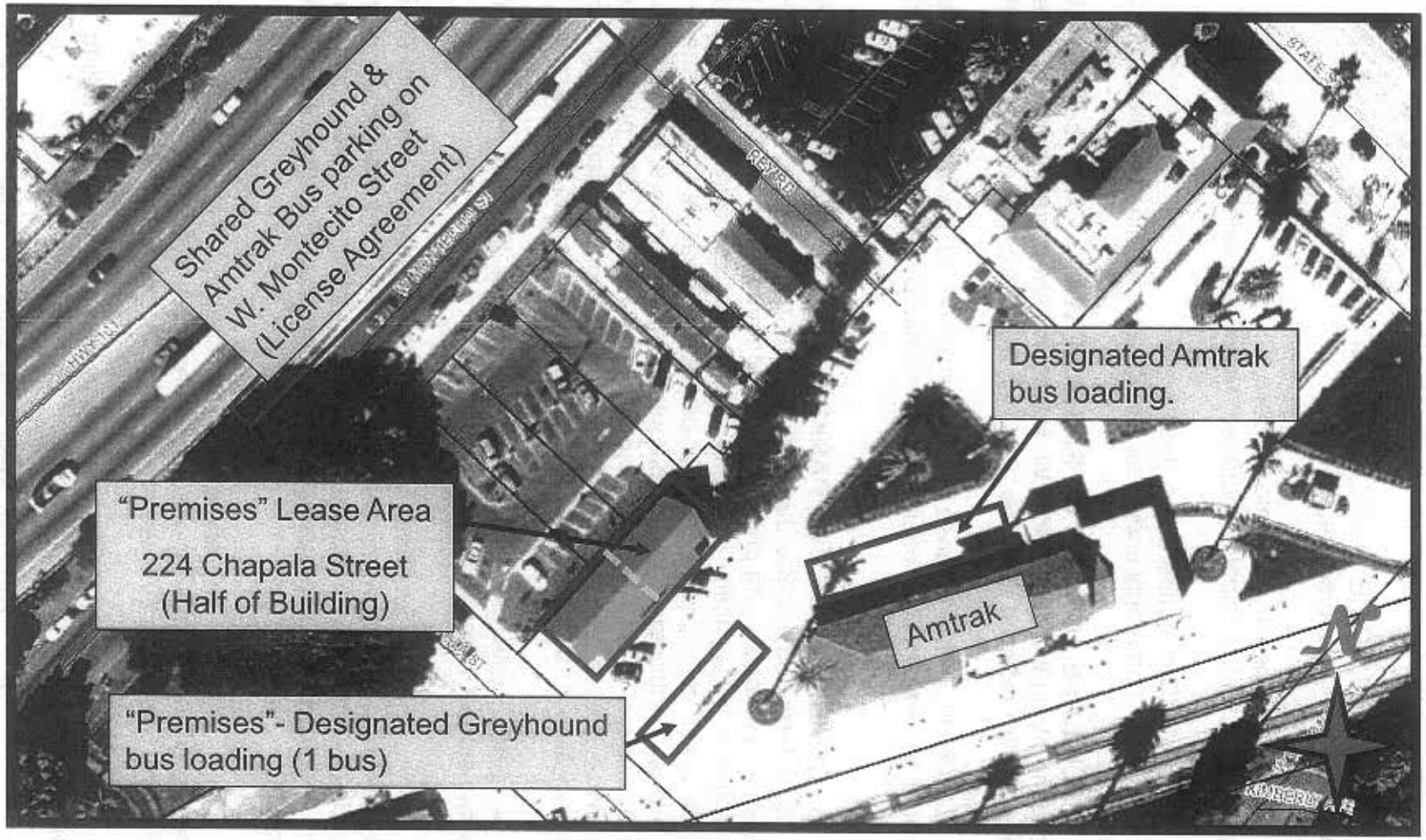

Exhibit A

EXHIBIT B

LICENSE FOR USE OF A PORTION OF THE W. MONTECITO STREET RIGHT OF WAY FOR GREYHOUND BUS PARKING

THIS LICENSE AGREEMENT is made and entered into this 24th day of November, 2011, by and between

The City of Santa Barbara,
a municipal corporation, hereinafter referred to as "City"; and

Greyhound Lines, Inc.,
commonly known as Greyhound, hereinafter referred to as "Licensee"

1. **LICENSE FOR USE OF RIGHT OF WAY.** This license entitles Licensee to use the bus parking along the 00 Block of W. Montecito Street designated for Greyhound and Amtrak busses (hereinafter referred to as the "Bus Parking Site"), and depicted in Exhibit A.

2. **TERM.** This License shall commence on the date first written above and shall continue on a month-to-month basis until terminated by either party pursuant to the terms of this License.

3. **CONDITION OF BUS PARKING SITE.** Licensee has examined the Bus Parking Site and has determined that the Bus Parking Site is suitable for the purposes of Licensee based upon its own examination, and understands and agrees that the City makes no representation or promise of fitness or suitability for those uses. Licensee agrees that neither the City of Santa Barbara nor any of its officers, agents or employees shall be liable to the Licensee, or to any of the employees, contractors, heirs, executors, administrators, successors or assigns of the Licensee by reason of any use made of the Bus Parking Site pursuant to this license. The Licensee will be held responsible for all actions of all construction-related activity, including those of all of its employees, subcontractors, vendors, suppliers and visitors.

4. **USE.** City grants Licensee the use of the Bus Parking Site for the following purposes and subject to the following conditions:

a. Licensee is granted the non-exclusive use of the Bus Parking Site for overnight (8:00 p.m. to 8:00 a.m.) parking of up to two (2) passenger busses. Passenger loading and unloading at the Bus Parking Site is prohibited. Licensee shall make no structural alterations, additions, or improvements upon the Bus Parking Site without the prior written consent of City.

b. Any alterations, additions or improvements to the Bus Parking Site shall be at the sole cost and expense of Licensee. All alterations, additions or improvements to the Bus Parking Site made by Licensee shall be the property of Licensee.

c. Licensee agrees to maintain the Bus Parking Site in a good, safe, and sanitary condition.

d. Licensee shall reimburse the City of Santa Barbara for any costs incurred by the City to repair damage related to Greyhound's use, construction, installation or maintenance of the improvements at the Bus Parking Site.

5. **INDEMNIFICATION.** Licensee shall investigate, defend, indemnify and hold harmless the City, its officers, agents and employees from and against any and all loss, damage, liability, claims, demands, detriments, costs, charges and expenses (including attorney's fees) and causes of action of whatsoever character which City may incur, sustain or be subjected to on account of loss or damage to property or loss of use thereof, or for bodily injury to or death of any persons arising out of or in any way connected with the use of the Bus Parking Site pursuant to this License.

6. **INSURANCE.** Licensee shall maintain and keep in force during the term of this Agreement, for the mutual benefit of City and Licensee, at Licensee's sole cost and expense, the following insurance applicable to the Bus Parking Site and all buildings, improvements, equipment and fixtures on the Bus Parking Site:

a. Commercial General Liability Insurance with limits of not less than Five Million Dollars ($5,000,000) for each occurrence combined single limit for bodily injury and property damage. Coverage thereunder shall include contractual liability, personal injury, owners' and contractors' protection and broad property damage coverage.

b. Automobile Liability Insurance with limits of not less than Five Million Dollars ($5,000,000) each occurrence combined single limit for bodily injury and property damage for all vehicles owned or operated by Licensee.

c. General Insurance Policy Requirements

All insurance provided for in this Section shall be enacted under valid and enforceable policies in form and substance satisfactory to City issued by insurers satisfactory to City and authorized to do business in the State of California. Such insurance shall apply as primary and not in excess of or contributing with any insurance that City may carry. The policies required shall name City, its officers, employees and agents as additional insured. Licensee's insurance policies shall apply separately to each named or additional insured as if separate policies had been issued to each. Licensee's insurance, as required by this Agreement, shall not be subject to cancellation or material reduction without at least thirty (30) days prior written notice to the City. Licensee shall furnish to City a certificate of insurance evidencing that the above requirements have been met on or before the commencement of this Agreement and upon the renewal of each policy.

Tenant hereby expressly waives on behalf of its insurers hereunder any right of subrogation against Landlord, which any such insurers may have against Landlord by reason of any claim, liability, loss or expense arising under this License Agreement

City shall retain the right to review at any time the coverage, form and amount of insurance required hereby. If, in the opinion of City, the insurance provisions in this Agreement do not provide adequate protection for City and for members of the public using the Bus Parking Site, City may require Licensee to obtain insurance sufficient in coverage, form and amount to provide adequate protection. City's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risks that exist at the time a change in insurance is required.

The procuring, or City waiver, of such required policy or policies of insurance shall not be construed as a limit to Licensee's liability hereunder or to fulfill the indemnification provisions and requirements of this Agreement. Notwithstanding said policy or policies of insurance, Licensee shall be obligated for the full and total amount of any damage, injury or loss caused by negligence or neglect connected with this Agreement or with use or occupancy of the Bus Parking Site.

7. **TERMINATION**

a. Either party shall have the right to terminate this License, with or without cause, upon 30 days prior written notice to the other party.

b. If Licensee defaults as to any of the terms, covenants, conditions or provisions of this License and such default continues for a period of thirty (30) days without cure following written notice from City to Licensee, City shall have the right to immediately terminate this License upon written notice to Licensee.

c. Upon termination of this License, Licensee shall surrender the Bus Parking Site with all improvements, parts, and surfaces broom clean and free of debris, and in good operating order, ordinary wear and tear excepted. Ordinary wear and tear shall not include any damage or deterioration that would have been prevented by good maintenance practice. Licensee shall repair any damage occasioned by Licensee's installation, maintenance or removal or any alterations, additions, improvements or equipment on the Bus Parking Site.

d. City may require Licensee to remove any alterations, additions or improvements that Licensee made to the Bus Parking Site upon the termination of this License.

8. **WAIVER**

City's failure to exercise its rights under this License in any Event of Default or breach of covenant on the part of Licensee shall not be construed as a waiver thereof; nor shall any custom or practice, which may develop between the parties in the course of administering this instrument, be construed so as to waive or to lessen the right of City to insist upon the performance by Licensee of any term, covenant or condition hereof, or to exercise any rights given to City on account of any such default or breach. A waiver of any particular breach or default shall not be deemed to be a waiver of any other subsequent breach or default.

9. **NOTICES**

Any notices that are required under this License may be given by use of the United States mail and shall be mailed to the City and Licensee as hereinafter set forth:

TO CITY:	City Clerk 735 Anacapa Street Santa Barbara, CA 93103
TO LICENSEE:	Greyhound Lines, Inc. 600 Vine Street, Suite 1400 Cincinnati, OH 45202 Attn: Legal Dept

10. **GENERAL**

a. **Compliance with Law.** Licensee shall comply with all applicable statutes, ordinances, orders, laws, rules and regulations, and the requirements of all federal, state and municipal governments and appropriate departments, commissions, boards and offices thereof in Licensee's use of the Bus Parking Site.

b. **Nondiscrimination.** There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, ancestry or national origin in the exercise of Agreement or other rights or duties under this Agreement, in providing services, sales, use, participation in programs, or enjoyment of the Bus Parking Site or any improvements thereon, and Licensee, or any person providing services under or through the Licensee, shall not establish or permit any practice or practices of discrimination or segregation with reference to the selection, order, preferences, use or benefits to clientele, employees, volunteers, visitors, service persons, vendors, and members of the public. In addition, Licensee agrees to comply with the Certificate of Nondiscrimination, attached as Exhibit C and incorporated into this Agreement.

c. **Time.** Time is of the essence of this Agreement and all of the terms and covenants hereof are conditions.

d. **Captions.** Titles and headings are for convenience only and shall have no effect upon the construction or interpretation of any part of this Agreement.

e. **Governing Law.** This Agreement shall be interpreted in accordance with and governed by the laws of the State of California. The language in all parts of this Agreement shall be, in all cases, construed according to its fair meaning and not strictly for or against City or Licensee.

11. COMPLETE UNDERSTANDING AND AMENDMENTS

This Agreement sets forth all of the agreements and understandings of the parties. Any modification of this Agreement must be written and properly executed by both parties.

IN WITNESS WHEREOF, the City and Licensee have executed this License for a Portion of the W. Montecito Street Right of Way for Greyhound bus parking on the day and year first above written.

CITY OF SANTA BARBARA
Barbara
A Municipal Corporation

By: _____
Christine F. Andersen
Public Works Director

Licensee: Greyhound Lines, Inc.

By: _____
Name/Title Sr. V.P. and General Counsel

Approved as to content

By: _____
Pat Kelly
City Engineer

Approved as to form
Stephen P. Wiley, City Attorney

By: _____

Approved as to insurance

By: _____
Risk Management

Exhibit C

CONTRACTOR'S NONDISCRIMINATORY EMPLOYMENT CERTIFICATE Santa Barbara Municipal Code §9.126.020

A. Certificate Generally

Consistent with a policy of nondiscrimination in employment on contracts of the City of Santa Barbara and in furtherance of the provisions of Section 1735 and 1777.6 of the California Labor Code a "contractor's obligation for nondiscriminatory employment certificate" as hereinafter set forth shall be attached and incorporated by reference as an indispensable and integral term of all bid specifications and contracts of the City for purchases, services, and the construction, repair, or improvement of public works.

B. Contents of Certificate

In performing the work of this contract, the Contractor agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, ancestry, sexual orientation, political affiliation or beliefs, sex, age, physical handicap, medical condition, marital status or pregnancy (as those terms are defined by the California Fair Employment and Housing Act -- Government Code Section 12900-12996), except where such discrimination is based on a bona fide occupational qualification. The Contractor will take positive action or ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, national origin, ancestry, sexual orientation, political affiliation or beliefs, sex, age, physical handicap, medical condition, marital status or pregnancy (as those terms are defined by the California Fair Employment and Housing Act -- Government Code Section 12900-12996), except where such discrimination is based on a bona fide occupational qualification. Such action shall include but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause.

2. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, national origin, ancestry, sexual orientation, political affiliation or beliefs, sex, age, physical handicap, medical condition, marital status or pregnancy (as those terms are defined by the California Fair Employment and Housing Act -- Government Code Section 12900-12996), except where such discrimination is based on a bona fide occupational qualification.

3. The Contractor will send to each labor union or representative of workers, with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the City advising the said labor union or workers' representative of the

Contractor's commitments under this provision, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. The Contractor will permit access to his records of employment, employment advertisements, application forms, and other pertinent data and records by the City, the Fair Employment Practices Commission, or any other appropriate agency of the State designated by the City for the purposes of investigation to ascertain compliance with the Contractor's Obligation for Nondiscriminatory Employment provisions of this contract, or Fair Employment Practices statute.

5. A finding of willful violation of the nondiscriminatory employment practices article of this contract or of the Fair Employment Practices Act shall be regarded by the City as a basis for determining that as to future contracts for which the Contractor may submit bids, the Contractor is a "disqualified bidder" for being "nonresponsible".

The City shall deem a finding of willful violation of the Fair Employment Practices Act to have occurred upon receipt of written notice from the Fair Employment Practices Commission that it has investigated and determined that the Contractor has violated the Fair Employment Practices Act and has issued an order under Labor Code Section 1426 or obtained an injunction under Labor Code Section 1429.

Upon receipt of any such written notice, the City shall notify the Contractor that unless he demonstrates to the satisfaction of the City within a stated period that the violation has been corrected, he shall be declared a "disqualified bidder" until such time as the Contractor can demonstrate that he has implemented remedial measures, satisfactory to the City, to eliminate the discriminatory employment practices which constituted the violation found by the Fair Employment Practices Commission.

6. Upon receipt from any person of a complaint of alleged discrimination under any City contract, the City Administrator shall ascertain whether probable cause for such complaint exists. If probable cause for the complaint is found, the Administrator shall request the City Council to hold a public hearing to determine the existence of a discriminatory practice in violation of this contract.

In addition to any other remedy or action provided by law or the terms of this contract, the Contractor agrees that, should the City Council determine after a public hearing duly noticed to the Contractor that the Contractor has not complied with the nondiscriminatory employment practices provisions of this contract or has willfully violated such provisions, the City may, without liability of any kind, terminate, cancel, or suspend this contract, in whole or in part. In addition, upon such determination the Contractor shall, as a penalty to the City, forfeit a penalty of $25.00 for each calendar day, or portion thereof, for each person who was denied employment as a result of such noncompliance. Such moneys shall be recovered from the Contractor. The City may deduct any such penalties from any moneys due the Contractor from the City.

7. The Contractor certifies to the City that he has met or will meet the following standards for positive compliance, which shall be evaluated in each case by the City:

a. The Contractor shall notify all supervisors, foremen and other personnel officers in writing of the content of the nondiscrimination provision and their responsibilities under it.

b. The Contractor shall notify all sources of employee referrals (including unions, employment agencies, advertisements, Department of Employment) of the content of the nondiscrimination provision.

c. The Contractor shall file a basic compliance report as required by the City. Willfully false statements made in such reports shall be punishable as provided by law. The compliance report shall also specify the sources of the work force and who has the responsibility for determining whom to hire, or whether or not to hire.

d. The Contractor shall notify the City of opposition to the nondiscrimination provision by individuals, firms or organizations during the period of this contract.

8. Nothing contained in this Contractor's Obligation for Nondiscriminatory Employment Certificate shall be construed in any manner to prevent the City from pursuing any other remedies that may be available at law.

9. The Contractor certifies to the City that he will comply with the following requirements with regard to all subcontractors and suppliers:

a. In the performance of the work under this contract, the Contractor will include the provisions of the foregoing paragraphs (1) through (8) in all subcontracts and in any supply contract to be performed within the State of California, so that such provisions will be equally binding upon each subcontractor and each supplier.

b. The Contractor will take such action with respect to any subcontract or purchase order as the City may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction by the City, the Contractor may request the City to enter into such litigation to protect the interests of the City.

Exhibit D

City of Santa Barbara

Water Conservation Requirements for New and Renovations to City Facilities

The following Water Conservation Requirements apply for new construction and renovation in City facilities. The City relies on water conservation as an important part of our water supply strategy. The Water Conservation Requirements will insure that City Facilities meet the water conservation elements of Council policy, in accordance with the City's Green Building Policy, Resolution No. 07-018

Indoor	
Toilets	1.28 gal flush high-efficiency or dual flush models for all new toilets
Urinals	waterless
Showerheads	2.5 gpm
Faucet Aerators	1.5 gpm bath; 2.2 gpm kitchen
Outdoor	
Plants	All water wise plant type. Irrigated with bubblers 0.5 gpm max., rotating nozzles on spray heads, sub-surface, or drip irrigation.
Valves and circuits	Separately zoned by plant type, water use and sun/shade areas
Turf Areas	No turf unless approved for recreational purposes. Use rotating nozzles if spray heads. Turf not allowed in medians or parkways.
Irrigation Controller	Smart Irrigation technology and rain sensors
Recycled Water	All landscape irrigation and all toilet flushing plumbed with recycled water, if it is available.

Business Operation Requirements

Working Clean in Our City
To Prevent Pollution in Our Creeks & Ocean

Why is Polluted Water and Wastes from Local Businesses a Problem?

Wash water and waste products from local businesses and contractors contain pollutants, such as oil and grease, bacteria, petroleum hydrocarbons and other organic compounds, heavy metals, nutrients, and suspended solids. These pollutants, if not managed properly, pollute City creeks and beaches via the City storm drain system.

Street gutters and drop inlets drain runoff directly to creeks and the ocean, untreated.

Any waste water from your business or construction site must be contained onsite, discharged to the sanitary sewer, and/or recycled.

Regulated Business Operations Include:

- Outside washing of tools, equipment, floor mats, or construction materials
- Automotive service stations
- Mobile vehicle steam cleaning operations
- All business-related vehicle washing
- Washing of parking lots
- Outdoor cleaning of commercial cooking equipment such as filters and grills
- Washing of buildings, including exteriors
- Construction operations and debris

FOR STORM WATER BEST MANAGEMENT PRACTICES (BMPs) GO TO:
http://www.cabmphandbooks.com/
Here you will find how to design and implement BMPs to adhere to City regulations

For further information and assistance:
Tim Burgess or Autumn Malanca, Water Resources Specialists (805) 897-2688
Creeks Restoration and Water Quality Improvement Division
www.sbcreeks.com

Business Operation Requirements

Working Clean in Our City
To Prevent Pollution in Our Creeks & Ocean

Implement Best Management Practices (BMPs):

- **WASTE MANAGEMENT AND PROPER STORAGE**
  - Store materials in closed or covered areas
  - Keep covers on all trash cans and dumpsters
  - Prevent liquids from leaking
  - Recycle leftover materials whenever possible. Materials such as concrete, asphalt, scrap metal, solvents, degreasers, cleared vegetation, paper, rock, and vehicle maintenance materials, such as used oil, antifreeze, batteries, and tires are recyclable.

- **WASH WATER CONTAINMENT**
  - Sweep or sponge instead of using the hose, or use a mop bucket to contain wash water
  - Grade, dike, or berm wash areas to prevent runoff to the street and storm drains
  - If washing a vehicle – wash in a designated wash bay where the water drains to the sewer, or wash on grass or dirt where water will be absorbed – avoid parking lots
  - Use a wet vac to collect wash water, then dump it into a sink or toilet

- **CONSTRUCTION SITE MANAGEMENT**
  - Keep all stored or scrap materials on the property and away from the street, gutter, storm drain, and creek
  - Protect all storm drain inlets by avoiding runoff from the work site
  - Prevent soil erosion and sedimentation with erosion control blankets or plastic, fiber rolls, gravel bags, straw bales, silt fences, etc.
  - When saw cutting asphalt, brick, or concrete, do not discharge saw dust to the street
  - Never clean paint brushes or rinse paint into a street, gutter, storm drain, or creek

City of Santa Barbara Municipal Code (SBMC) Title 16, Liquid and Industrial Waste Disposal, prohibits discharge of untreated wash water to the storm drain system.

Contacts to Know:

Sanitary Sewer Discharge Requirements: (805) 897-1915
Hazardous Waste Disposal @ Marborg Recycling Center: 725 Cacique Street
Water Quality Requirements/Washing Operations/Enforcement: (805) 897-2688
Environmental Services/Trash Complaints: (805) 564-5678

For further information and assistance:
Tim Burgess or Autumn Malanca, Water Resources Specialists (805) 897-2688
Creeks Restoration and Water Quality Improvement Division
www.sbcreeks.com