

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO: Honorable City Council**

**FROM: Jessica Sandifer, Senior Management Analyst** 

**Date: September 24, 2015 (CC Meeting of 10/7/2015)**

**Subject: Consider Lease Agreement with American Legion, Moorpark Post 502 for Property at 220 High Street**

**BACKGROUND/DISCUSSION**

The Redevelopment Agency of the City of Moorpark ("Agency") acquired the property on the south side of High Street ("Property"), for redevelopment purposes. With the dissolution of the Agency, the Property was transferred to the Successor Agency of the Redevelopment Agency of the City of Moorpark ("Successor Agency") as an Economic Development asset. The property has several sites that have been the subject of leases over the years, including the Moorpark Chamber of Commerce, Maria's Restaurant, and the One More Time Thrift Store. In December 2014, the One More Time Thrift Store terminated their lease.

The American Legion, Moorpark Post 502 ("Legion") approached the City about renting the property at 220 High Street to use as storage for the various items that the Legion uses during the course of their philanthropic activities. Staff informed the Legion that the property will eventually be sold for development, although the timeframe is uncertain. The future use of the property and uncertain timeframe were acceptable to the Legion and they elected to pursue a lease agreement for use of the Property.

On February 12, 2015, staff was notified by the State Department of Finance (DOF), that the Successor Agency's Property Management Plan was approved. On March 12, 2015, the Successor Agency approved the lease with the American Legion and in April 2015, the Oversight Board concurred with the Successor Agency's approval of the lease. Pursuant to required procedures DOF was notified of the Oversight Boards action. DOF notified the City that they were invoking their 40-day review period to further study the Oversight Board action relevant to the lease with the American Legion.

On June 1, 2015, DOF notified the Successor Agency that the lease agreement with the American Legion was not approved. DOF's stated reason for not approving the lease is because the property that is the subject of the lease, should have been transferred to the City of Moorpark pursuant to the approved Long Range Property Management Plan

and that the "...City of Moorpark should be responsible for approving and executing Agreements relevant to the property."

Staff is bringing the item to City Council for approval, since as DOF suggested, it is now a City Council matter. Staff is supportive of the Legion's use of the Property. The Property is currently vacant and there is no current need for the Property for the next few years. Having the Property occupied will deter vandalism and reduce the City's maintenance costs.

Staff has negotiated a proposed lease agreement with the Legion. The Property would be utilized for office uses and related storage only. No services are to be provided to the public from this location. The proposed lease term is for the period of November 1, 2015 through October 30, 2017. The rent would be \$1.00 per year and the Legion will be responsible for all utilities, maintenance, and repairs to the Property.

Staff recommends approving the proposed lease between the City and the Legion for the Property.

#### **FISCAL IMPACT**

The proposed lease agreement is not anticipated to generate revenue for the City of Moorpark, but will reduce the expenses of maintaining the Property. Due to the fact that the Property was previously rented, the City has spent minimal funding maintaining the Property. Leasing the Property to the Legion will continue to keep the maintenance costs for the Property low. The City will maintain property insurance for the Property, but is not obligated to repair damage or replace improvements.

#### **STAFF RECOMMENDATION**

Approve Lease Agreement with American Legion, Moorpark Post 502 for 220 High Street and authorize City Manager to sign the Agreement, subject to final language approval of the City Manager.

Attachment: Lease Agreement

# ATTACHMENT 1

## LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter "Lease") is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by and between the City of Moorpark (hereinafter the "City"), Lessor, and the American Legion, Moorpark Post 502, a non-profit organization, (hereinafter the "Tenant").

THE PARTIES AGREE THAT:

### SECTION 1. PROPERTY LEASED

City, in consideration of the rents herein agreed to be paid and of the indemnifications, covenants, and agreements agreed to herein, hereby leases to Tenant, and Tenant hereby leases from the City, that certain real property known as 220 High Street, Moorpark, California, (hereinafter referred to as the "Premises").

### SECTION 2. TERM

The term of this Lease shall commence on the 1st day of November 2015, and all terms and conditions of the Lease shall continue through October 31, 2017.

City's obligations hereunder shall be contingent upon Tenant's payment in full of any obligations described in Section 5 below, and Tenant's complying with all other provisions set forth herein.

### SECTION 3. HOLDING OVER

It is further agreed that if Tenant shall retain possession of the Premises beyond the original term of this Lease or any extension thereof, without the express written consent of the City, Tenant shall continue to be Tenant from month-to-month during such hold-over period.

Tenant shall be subject to all of the terms, covenants and conditions of this Lease, including the obligation to pay rent during any such hold-over period, at the prevailing rate specified in Section 5, hereof, or as may be adjusted pursuant to the Lease.

### SECTION 4. RENT

Tenant shall pay City, without abatement, deduction or offset, rent in the amount of one dollar (\$1) per year (Annual Rent) payable in advance on or before the first day of tenancy.

### SECTION 5. INDEMNIFICATION AND HOLD HARMLESS

Tenant shall indemnify, defend with legal counsel approved by City and hold

harmless City and its officers, employees, servants and agents from and against any and all claims, actions, liabilities, losses, damages, costs, attorneys' fees and other expense of any nature for loss or damage to property, or injury to or death of persons, arising in any manner whatsoever, directly or indirectly, by reason of this Lease or the use or occupancy of the Premises by Tenant, whether any such claim be made during tenancy or thereafter, except such loss, damage, injury or death caused by the sole negligence of City or any of its officers, employees, servants or agents.

SECTION 6.            NOTICE OF NON-ELIGIBILITY FOR RELOCATION BENEFITS

Please read this notification carefully prior to signing this agreement and moving into the property. The Successor Agency of the Redevelopment Agency of the City of Moorpark acquired the property located at 220 High Street for redevelopment purposes and subsequently transferred it to the City of Moorpark. As a post acquisition tenant, you will not be eligible for relocation benefits under the federal and State Law. This notice is to inform you of the following information **before you enter into any lease agreement and occupy a unit at the above address:**

1.     You may be displaced at the end of lease term.
2.     You may be subject to a rent increase upon lease renewal or option to extend the lease term.
3.     You will not be entitled to any relocation benefits.

If you have to move or your rent is increased, you will not be reimbursed for any such rent increase or for any costs or expenses incurred by you in connection with a move.

SECTION 7.            USE

Tenant shall use the Premises for incidental office use, storage and distribution of materials and supplies used in the conduct of Tenant's philanthropic activities. No outside storage will be allowed on the Premises. The Premises shall not be used for any other purpose, except with the prior written consent of the City Manager for the particular purpose which consent Tenant agrees may be withheld by the City Manager at his sole and absolute discretion.

SECTION 8.            UTILITIES

Tenant agrees to pay all monthly service charges for electric current, gas, water, sewer, trash removal and any other utilities/services which may be furnished to or used upon the Premises by Tenant during this Lease. It is further agreed that in the event Tenant shall fail to pay the above mentioned charges when due, City shall have the right to pay the same on demand, together with any interest thereon and any other fees that may be owed. The City shall be reimbursed by Tenant within five (5) days of notice from City for the amount of payment plus any

interest or fees, with an additional fifteen percent (15%) administrative fee. Failure to pay monthly service charges for any above-mentioned utility in a timely fashion shall be cause for termination of this Lease.

**SECTION 9. TAXES, ASSESSMENTS AND LIENS**

Tenant shall pay directly to the tax collector, when due, all taxes and assessments which may be levied against Tenant's possessory interest in the Premises and upon all improvements and personal property which are located on the Premises. Within five (5) days after the date when any tax or assessment would become delinquent, Tenant shall serve upon City receipts or other appropriate evidence establishing the payment.

Tenant shall keep the Premises and improvements free from all liens and encumbrances by reason of the use or occupancy of the Premises by Tenant. If any liens or encumbrances are filed thereon, Tenant shall remove the same at their own cost and expense and shall pay any judgment and penalties which may be entered thereon. Should Tenant fail, neglect or refuse to do so, City shall have the rights to pay any amount required to release any lien or encumbrance or to defend any action brought thereon, and to pay any judgment or penalty, and Tenant shall be liable to City for all costs, damages, and attorneys' fees, and any amounts expended in defending any proceedings, or in the payment of any lien, encumbrance, judgment or penalty. City may post and maintain upon the Premises notices of non responsibility as provided by laws. Upon demand by City, Tenant shall post the bond contemplated by Civil Code Section 3143.

**SECTION 10. INSTALLATION BY TENANT**

Tenant shall not make any alterations, additions, or improvements upon the Premises without the prior written consent of the City Manager. Any alterations, or additions or improvements installed or caused to be installed to the building or site, or any fencing, floor covering, interior or exterior lighting, plumbing fixtures, shades or awnings, or any other improvements on the Premises (collectively "Installations") shall be solely at Tenant's cost and is not reimbursable by the City at any time, including at the time of termination of the Lease by either the Tenant or City. All alterations, additions and improvements shall be done in a good and workmanlike manner and diligently prosecuted to completion, and shall be performed and maintained in strict accord with all federal, state, county, and local laws, ordinances, codes, standards, and requirements relating thereto. Unless otherwise expressly agreed to by the City, any alterations, additions and improvements shall remain on and be surrendered with the Premises upon the expiration or termination of this Lease. Tenant agrees to and shall indemnify, defend and save City free and harmless against all liability, loss, damage, costs, attorneys' fees and other expenses of any nature resulting from any Tenant alterations, additions or improvements to the Premises.

SECTION 11. REMEDIES

In case of the failure or refusal of Tenant to comply with and perform each and all of the terms and covenants on their part herein contained, this Lease and all rights hereby given shall, at the option of the City, cease and terminate, and the City shall have the right forthwith to remove Tenant's personal property from the Premises at the sole cost, expense and risk of Tenant, which cost and expense Tenant agrees to pay to City upon demand, together with interest thereon at the maximum rate allowed by law from the date of expenditure by City. Such action shall be proceeded by thirty (30) day written notice.

SECTION 12. MAINTENANCE

Tenant has examined the Premises and accepts it in its existing condition. Throughout the term of this Lease Tenant shall, at Tenant's sole cost and expense, maintain the Premises, including the fence and the fenced area at the rear of the building, and all improvements thereon in good order, condition, and repair and in accordance with all applicable statutes, ordinances, rules, and regulations. City shall be responsible for providing landscape maintenance for the landscaped area in front of the building. Tenant shall immediately report any problems with the Premises to Property Manager at (805) 517-6225, or other designee of the City Manager with written notice pursuant to Section 32 of this Lease. City shall not be obligated to repair or maintain the Premises or improvements in any manner throughout the term of the Lease.

City may elect to perform any obligation of Tenant pursuant to this Section due to Tenant's failure or refusal to do so and at Tenant's waiver of any rights or remedy for Tenant's default. Tenant shall reimburse City for the cost and expense they incurred in the performance of Tenant's obligation within fifteen (15) days of City's request for payment, plus any interest or fees, with an additional fifteen percent (15%) administrative fee. Should City perform any of the foregoing, such services shall be at the sole discretion of City, and the performance of such services shall not be construed as an obligation or warranty by City of the future or ongoing performance of such services. Failure to maintain Premises as outlined herein shall be considered grounds for termination of this Lease.

Tenant shall also indemnify, defend with legal counsel approved by City and hold harmless City, City and its officers, employees, servants and agents from and against all claims, actions, liabilities, losses, damages, costs, attorneys' fees, and other expenses of any nature for loss or damage to property, or injury to or death of persons, arising in any manner whatsoever, directly or indirectly, from Tenant's performance pursuant to this Section. The indemnification, legal defense and hold harmless provisions of this Lease shall survive the termination of the tenancy.

**SECTION 13.        PESTICIDES AND HERBICIDES**

Tenant shall use pesticides and herbicides on the Premises only in strict accordance with all applicable statutes, ordinances, rules and regulations. Such pesticides and herbicides shall be limited to those that are permitted for residential housing units.

**SECTION 14.        HAZARDOUS MATERIALS INDEMNITY**

As used in this Section, Hazardous Materials means any substance, product, waste or other material of any nature whatsoever which is or becomes listed, regulated or addressed pursuant to; (1) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq. ("CERCLA"); the Hazardous Materials Transportation Act, 49 U.S.C., Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C., Section 6901, et seq.; the Substances Control Act, 15 U.S.C., Section 2601, et seq.; the Clean Water Act, 33 U.S.C. Section 1251, et seq.; the California Hazardous Waste Control Act, Health and Safety Code Section 25100, et seq.; the California Hazardous Substance Account Act, Health and Safety Code Section 25330, et seq.; the California Safe Drinking Water and Toxic Enforcement Act, Health and Safety Code Section 25249.5 et seq.; California Health and Safety Code Section 25280, et seq. (Underground Storage of Hazardous Substances); The California Hazardous Waste Management Act, Health and safety Code Section 25170.1, et seq.; California Health and Safety Code Section 25501, et seq. (Hazardous Materials Response Plans and Inventory); or the Porter-Cologne Water Quality Control Act, Water Code Section 13000, et seq. all as amended, (2) any other federal or state law or any local law regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic: or dangerous waste, substance or material, as now is, or at any time hereafter may be, in effect, and (3) any rule or regulation adopted or promulgated under or pursuant to any of said laws.

If Tenant receives any notice, whether oral or written, of any inquiry, test, investigation, enforcement proceeding, environmental audit or the like regarding any Hazardous Material on the Premises, Tenant shall immediately serve City with a copy of such notice.

In no case shall Tenant cause or allow the deposit or disposal of any such substance on the Premises. However, household products necessary for routine cleaning and maintenance of the Premises may be kept on the Premises in quantities reasonable for current needs.

The provisions of this Section shall survive the termination of the tenancy and shall relate back to all periods of Tenant's possession of the Premises. The provisions of this Section are intended to operate as an agreement pursuant to Section 107(e) of CERCLA, 42 U.S.C. Section 9707(e), and California Health

and Safety Code Section 25364 to insure, protect, hold harmless and indemnify City from any liability pursuant to such law.

SECTION 15.        NO WARRANTIES BY CITY

The Premises are accepted by Tenant in an "as is" condition and without any representation or warranty by City as to the condition of the Premises or as to fitness of the Premises for Tenant's use.

SECTION 16.        CASUALTY INSURANCE

City shall not be obligated to keep the Premises and the improvements thereon insured against any insurable risk; nor shall City insure Tenant for any personal injury or property damage. Tenant hereby and forever waives all right to claim or recover damages from City in any amount as the result of any damage to the Premises or any improvement thereon or as a result of any injury to any person upon the Premises.

SECTION 17.        INSURANCE

Tenant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit A attached to and part of this Agreement. ***The policy shall name Tenant as the insured and the City of Moorpark as additional insured.***

SECTION 18.        GOVERNING LAW

Tenant agrees that in the exercise of their rights under this Lease, Tenant shall comply with all applicable federal, state, county and local laws and regulations in connection with its use of the Premises. The existence, validity, construction, operation and effect of this Lease and all of its terms and provisions shall be determined in accordance with the laws of the State of California.

SECTION 19.        ENTRY BY CITY

During the tenancy, City may enter the Premises upon not less than 24 hours advance notice and Tenant shall make the Premises available during normal business hours to the City's authorized agent or representative for the purpose of; (1) to show the premises to prospective or actual purchasers, mortgagee, tenants, workmen or contractors, (2) to make necessary or agreed repairs, decorations, alterations or improvements, and (3) at all reasonable times to examine the condition thereof, including its environmental condition. In an emergency, City's agent or authorized representative may enter the premises at any time without securing prior permission from Tenant.

SECTION 20. ASSIGNMENT AND SUBLETTING

No portion of the Premises or of Tenant's interest in this Lease shall be transferred by way of sublease, assignment or other voluntary or involuntary transfer or encumbrance, without the prior written consent of the City Manager, which consent Tenant agrees may be reasonably withheld by the City Manager at his sole and absolute discretion. Tenant shall pay City the sum of One Hundred Dollars (\$100.00) to enable City to investigate the qualifications of a proposed assignee and the sum of One Hundred Dollars (\$100.00) to investigate the qualifications of a proposed sublessee, occupant or user; City shall not be required to account for the use of said sum paid.

A consent to one transfer shall not be deemed to be a consent to any subsequent transfer. Any transfer without consent shall be void, and shall, at the option of the City, terminate this Lease.

SECTION 21. DEFAULT OR BREACH

Except as otherwise provided, at any time one party to this Lease is in default or breach in the performance of any of the terms and conditions of this Lease, the other party shall give written notice to remedy such default or breach. If the default or breach is remedied within 30 days following such notice, then this Lease shall continue in full force and effect. If such default or breach is not remedied within 30 days following such notice or if the nature of the default is such that it cannot reasonably be cured within 30 days, if Tenant fail to commence to cure within the 30 day period, the other party may, at its option, terminate this Lease. Such termination shall not be considered a waiver of damages or other remedies available to either party because of such default or breach. Each term and condition of this Lease shall be deemed to be both a covenant and a condition.

SECTION 22. INSOLVENCY OR BANKRUPTCY

If Tenant shall be adjudged bankrupt or insolvent, this Lease shall thereupon immediately terminate and the same shall not be assignable by any process of law, or be treated as an asset of the Tenant under such adjudication, nor shall it pass under the control of any trustee or assignee by virtue of any process in bankruptcy or insolvency, or by execution or assignment for the benefit of creditors. If any such event occurs, this Lease shall immediately become null and void and of no effect, and City may thereupon repossess said Premises and all rights of the Tenant thereupon shall cease and terminate.

SECTION 23. DISPOSSESSION

In the event Tenant is lawfully deprived of the possession of the Premises or any part thereof, at any time during the tenancy, by anyone other than City, they shall notify City in writing, setting forth in full the circumstances in relation thereto.

Upon receipt of said notice, City may, at its option, either install Tenant in possession of the Premises or terminate the tenancy and refund to Tenant the pro rata amount of any pre-paid rent. No claim for damages or whatsoever kind or character incurred by Tenant by reason of such dispossession shall be chargeable against City.

SECTION 24.        CONDEMNATION

If the whole of the Premises should be taken by a public authority under the power of eminent domain, then the term of this Lease shall cease on the day of possession by the public authority. If only a part of the Premises should be taken under eminent domain, Tenant shall have the right to either terminate this Lease or to continue in possession of the remainder of the Premises. If Tenant remain in possession, all of the terms hereof shall continue in effect, the rental payable being reduced proportionately for the balance of the Lease term. If a taking under the power of eminent domain occurs, those payments attributable to the leasehold interest of the Tenant shall belong to the Tenant, and those payments attributable to the reversionary interest of the City shall belong to the City.

SECTION 25.        WAIVER

A waiver by either party of any default or breach by the other party of any provision of this Lease shall not constitute or be deemed to be a waiver of any subsequent or other default or breach. No waiver shall be binding, unless executed in writing by the party making the waiver. No waiver, benefit, privilege, or service voluntarily given or performed by either party shall give the other party any contractual right by custom, estoppel, or otherwise. The subsequent acceptance of rent pursuant to the Lease shall not constitute a waiver of any preceding default or breach by Tenant other than default in the payment of the particular rental payment so accepted, regardless of City's knowledge of the preceding default or breach at the time of accepting the rent; nor shall acceptance of rent or any other payment after termination of the tenancy constitute a reinstatement, extension, or renewal of the Lease or revocation of any notice or other act by City.

SECTION 26.        ACQUIESCENCE

No acquiescence, failure or neglect of any party hereto to insist on strict performance of any or all of the terms hereof in one instance shall be considered or constitute a waiver of the rights to insist upon strict performance of the terms hereof in any subsequent instance.

SECTION 27.        PARTIES BOUND AND BENEFITTED

The covenants and conditions herein contained shall apply to and bind the heirs, successors, executors, administrators, and assigns of all the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

SECTION 28. TERMINATION

In consideration of the Premises future development status, either party may, with 60-days written notice, terminate the Lease, prior to the expiration date in Section 2.

SECTION 29. CONDITION UPON TERMINATION

Upon termination of the tenancy, Tenant shall surrender the Premises to City including all improvements, clean and in good condition, except for ordinary wear and tear which Tenant was otherwise obligated to remedy under Section 12 above. Any installation which Tenant install during occupancy with in accordance with Section 10 of this Lease, and has not removed at the termination of the Lease, shall become the possession of the City. Tenant shall repair at Tenant's expense, any damage to the Premises caused by the removal of any improvement made by Tenant from such installation. Any installations, improvements, or additions to the Premises prior to the execution of this Lease shall be deemed as part of the Premises and shall be the possession of the City.

SECTION 30. TENANT'S FAILURE TO REMOVE PERSONAL PROPERTY

Upon termination of the tenancy, City may reenter and retake possession of the Premises and store Tenant's personal property for a period of thirty (30) days at Tenant's cost and expense. If Tenant fails to pick up said personal property and pay said cost and expenses during said 30 day period, City may dispose of any or all of such personal property in any manner that City, in its sole and absolute discretion, deems appropriate.

If any of Tenant's personal property remains on the Premises after the termination of the tenancy, City may use, dispose of, or sell any of said property, in its sole and absolute discretion, without compensating Tenant for the same and without the City having any liability whatsoever therefore.

SECTION 31. NO RECORDATION

Neither this Lease Agreement nor a memorandum thereof shall be recorded by Tenant.

SECTION 32. ATTORNEY'S FEES

In the event any action, suit or proceeding is brought for the enforcement of, or the declaration of, any right or obligation pursuant to, this Lease or as a result of any alleged breach of any provision of this Lease, or for an unlawful detainer action, the prevailing party shall be entitled to recover its costs and expenses, including reasonable attorney's fees, from the losing party, and any judgment or decree rendered in such a proceeding shall include an award thereof.



in a writing signed by all of the parties hereto; or (2) upon expiration of thirty (30) days service in accordance with Civil Code Section 1946, or any successor statute in effect on the date the written notice is served, by City on Tenant of a written notice setting forth the modification or amendment.

The parties agree that no estoppel argument can be raised during legal proceedings in order to avoid the provisions of this Section.

SECTION 38. INTERPRETATION

Should interpretation of this Lease, or any portion thereof, be necessary, it is deemed that the Lease was prepared by the parties jointly and equally, and the Lease shall not be interpreted against either party on the ground that the party prepared it or caused it to be prepared.

SECTION 39. VENUE

This Lease is made, entered into, and executed in Ventura County, California, and any action filed in any court for the interpretation, enforcement or other action arising from any term, covenant or condition herein shall be filed in the applicable court in Ventura County, California.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed by their duly authorized representatives as of the date first written above.

CITY OF MOORPARK

By: \_\_\_\_\_  
Steven Kueny, City Manager

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

TENANT:  
American Legion, Moorpark Post 502

By: \_\_\_\_\_  
Barbara Lombrano, Commander

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

ATTEST:

By: \_\_\_\_\_  
Maureen Benson, City Clerk

## Exhibit A Insurance Requirements

Tenant, at Tenant's expense shall throughout the term of this Lease, maintain:

**Commercial General Liability Insurance and Umbrella Liability Insurance** (with drop down coverage applicable when underlying does not apply) that pays on behalf of the insured, provides defense in addition to limits, concurrent starting and ending dates for both primary and umbrella coverage, **naming the City of Moorpark as additional insured**. Said coverage to encompass bodily injury and property damage during the policy period, personal injury and advertising injury caused by an offense during the policy period. Coverage will not exclude suits between insureds.

Coverage and limits shall apply to the full extent of the policy with no limitations to vicarious liability for additional insureds and extending coverage to any location for operations or activities necessary or incidental to the operations of the leased premises. Coverage limits for primary and umbrella liability insurance combined to be no less than \$1,000,000 per occurrence and \$2,000,000 annually in the aggregate. This is the minimum requirement and is not considered as precluding City from availing itself of any additional coverage or limits available from Tenant. Coverage provided by Tenant is intended to apply first on a primary non-contributing basis in relation to any insurance or self-insurance of City. City shall approve deductibles.

Tenant agrees to waive rights of subrogation as to City and to have all policies of insurance required here endorsed to permit such waiver. All insurance provided pursuant to this requirement is to be provided by insurers admitted and authorized to do business in the state of California with minimum Best's rating of A:VII. The insurance coverage and limits required here shall not be construed as a limit of Tenant's liability.

Rent shall not abate by any reason of damage to or destruction of the premises. Any rent insurance proceeds received by City by reason of such damage or destruction of leased premises shall be applied by City to the payment of rent, but this shall not relieve Tenant of any obligation under the lease including the obligation to pay rent.

Proof of insurance using certificates of insurance and standard ISO endorsement No. CG 2010 with an edition prior to 2004 must be delivered to City no later than 30 days following execution of this Lease. If Tenant fails to comply, City has the right but not the duty to purchase such coverage and charge the premium to Tenant who must promptly pay said premium. Tenant agrees to be personally responsible for all losses not covered by insurance whether by reason of coverage being inapplicable or by Tenant's failure to obtain coverage.

**Workers' Compensation** on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000 per accident or disease.