

## **COMMERCIAL LEASE**

THIS LEASE is made and entered into this 1<sup>st</sup> day of October, 2014 by and between SQUAW VALLEY PUBLIC SERVICE DISTRICT, a California public entity, (hereinafter called "Lessor") and INN SHOP RENTALS, a California Limited Liability Company (hereinafter called "Lessee").

### **WITNESSETH:**

Lessor leases to Lessee, and Lessee hires from Lessor one (1) garage bay located within the old Squaw Valley Public Service District Administration/Utility Building, consisting of approximately 357 square-feet  $\pm$ , located at 1810 Squaw Valley Road, Olympic Valley, Placer County, California (the "Premises"), not to include the generator room located at the northeast corner of the building, upon the following terms and conditions:

#### **1. TERM:**

The term hereof shall commence on October 1, 2014 and terminate on May 31, 2016, unless sooner terminated pursuant to the terms and conditions herein set forth.

#### **2. RENT; LATE PENALTY AND INTEREST:**

a. Lessee shall pay monthly rent to Lessor, for the use and occupancy of said Premises, the minimum monthly rent of \$411 payable in advance on the first (1<sup>st</sup>) day of each and every month during the term hereof. Lessee shall pay the first month's rent, for the month of October, upon execution hereof.

b. In the event that Lessee shall fail to pay rent within fifteen (15) days from the date that the same shall become due, Lessee shall additionally pay to Lessor a penalty therefor equal to ten (10%) percent of the installment of rent then due and delinquent. Delinquent rent and all unpaid rent accruing thereafter shall gather interest at the rate of twelve (12%) percent per annum from date due until paid in full.

#### **3. ANNUAL RENTAL INCREASE:**

Not applicable.

#### **4. TAXES:**

a. Lessee shall pay all taxes levied upon personal property, including its own trade fixtures, equipment and inventory.

b. Lessee shall pay and be solely responsible for any possessory interest tax levied or assessed by the County of Placer and/or any other governmental agency. Lessee shall pay said tax directly to the levying agency upon receipt of the same, if separately billed to Lessee. However, in the event that Lessor shall be separately billed for or on account of any such possessory interest tax, Lessee shall pay to Lessor an amount equal to said tax within thirty (30) calendar days before the taxing authority's delinquency date therefor.

## **5. SECURITY DEPOSIT:**

a. Upon execution hereof, Lessee shall pay to Lessor the sum of One Thousand Dollars (\$1,000.00) as a deposit to secure Lessee's timely and full performance of the terms and conditions hereof. Lessee shall not be entitled to any interest on said security deposit, nor shall Lessor be required to maintain any segregated depository account therefor.

b. Should Lessee be in default of payment of rent when due, or should Lessee fail to pay any other sum payable to Lessor hereunder when due, Lessor may, at its sole option and without prior notice thereof, use and apply any portion or all of the security deposit in payment of any such overdue rent or other sum(s) as may then be due and outstanding. In such event and upon written demand from Lessor, Lessee shall forthwith pay to Lessor such sums in cash as may be necessary to restore the security deposit to the full amount originally deposited pursuant hereto. Lessee's failure to do so, within fifteen (15) calendar days after receiving such demand, shall constitute a material breach of this lease. In the event Lessee shall fully comply with all of the terms and conditions of this Lease and promptly pay all rent and other charges as the same become due during the term hereof, Lessor shall remit to Lessee all sums held as a security deposit upon termination hereof.

## **6. UTILITIES/SNOW REMOVAL:**

a. At the fixed rate set forth in Sections 6(b) and (c) below, Lessee shall pay for all utilities and utility-type services supplied to, used or consumed upon the premises by Lessee, including but not limited to electricity, propane, water, sewer, trash and snow removal. Such charges shall be paid by Lessee to Lessor, together with rent, in advance on the first (1<sup>st</sup>) day of each and every month during the term hereof.

b. Lessee shall pay the sum of \$85.00 per month, in addition to the rent of the Premises, for utilities and utility-type services supplied to, used or consumed upon the Premises by Lessee, including, but not limited to, electricity, propane, water, sewer, and trash removal.

c. Lessee shall further pay the sum of \$50.00 per month for snow removal services.

## **7. USE OF PREMISES:**

The leased Premises shall be used by Lessee for non-retail light industrial/utility purposes (i.e., ski repair, ski tuning and storage). Lessee shall at all times conform and comply with any and all laws, ordinances, regulations, ordinances or restrictions applicable to Lessee's proposed use of the subject property, including any restrictions as may be imposed by the County of Placer applicable to said use.

## **8. USE OF COMMON AREAS:**

The Premises consist solely of the one (1) garage bay which is adjoined and partitioned from the former Administration office building of Lessor. Lessee shall have no right of access, nor use of the interior of the former Administration office building or other garage bays, including, but not limited to, the use of hallways, toilets or meeting rooms situated therein. Lessee's use of this space is subject to the rules, regulations and procedures of Lessor.

a. Lessee shall be entitled to non-exclusive vehicular and pedestrian access on, over and across the improved parking areas, located upon the property which the Premises are a part, which right of use shall be in common with that of Lessor, the Squaw Valley Fire Department, and other of Lessor's tenants.

b. Lessee shall have a non-exclusive right to use of four (4) parking space for Lessee, its employees, invitees and guests, upon a first-come/first-served basis. Lessor reserves the right to designate specific parking spaces for Lessee and/or to adopt reasonable rules regarding use of the parking lot area. Lessee and its employees shall park their vehicles only in those portions of the parking areas so designated, as available by Lessor. Lessee assumes responsibility for compliance by its employees with the parking provisions contained herein. Lessee agrees to cooperate with Lessor and the other tenants of the Property, including the Squaw Valley Fire Department, regarding use of available parking.

c. Lessee shall be responsible for its own trash and trash removal service and shall provide its own garbage, trash and disposal containers or facilities, as approved by Lessor, at its sole cost and expense. Such garbage, trash or disposal containers shall be located in an area designated by Lessor and subject to reasonable rules regarding the use and location of such receptacles, as Lessor may adopt from time to time.

d. Lessee shall not store, house, or maintain any personal property, trade equipment, disabled vehicles, trash, garbage or refuse upon the Property located outside of the demised Premises, whatsoever. Vehicles shall not be parked, left, stored, or repaired outside of the Premises and no overnight parking of vehicles shall be allowed whatsoever.

e. Lessee, its employees and invitees, shall be entitled to use the Common Areas during the term hereof and in common with Lessor and such other persons authorized by Lessor from time to time to use such areas, as authorized by Lessor.

f. Lessor agrees to allow Lessee access to the generator room located at the northeast corner of the building to operate electrical breakers in the subpanel which provides service to Lessee's space.

g. Lessee is advised that there is no entitlement to off-site parking. If off-site parking is required by Lessee, its agents, employees and invitees, Lessee agrees that it shall make suitable arrangements with the Squaw Valley Resort, LLC, Squaw Valley Real Estate, LLC, or others, for off-site parking upon adjacent property.

## **9. SIGNS:**

Lessee shall not place or affix any signs or other advertising upon the windows, exterior of the demised Premises, the building within which the Premises are located without first having had and obtained the written consent of Lessor.

## **10. MAINTENANCE, REPAIRS OR ALTERATIONS:**

a. Lessor shall maintain the common areas and exterior of the leased building and Premises,

including the landscaping, roof, exterior walls and exterior plumbing to the leased Premises in good condition and repair.

b. Lessee, at its own cost and expense, shall keep and maintain the interior Premises, appurtenances and every part thereof. Lessee shall not commit damage nor waste upon the demised Premises whatsoever and upon expiration or termination hereof, Lessee shall return and surrender said property and Premises in the same or better condition as received, normal wear and tear excepted. Lessee assumes all risk of breakage of glass on said Premises and will replace all such breakage at its own expense.

c. Lessor shall keep and maintain the real property, of which the Premises are a part, in clean condition. Lessor shall be responsible for maintaining parking lot paving and striping.

d. Lessor shall not be liable for any damage done to said Premises, or any of the fixtures, merchandise, property or equipment therein contained, whether owned by Lessee or by any other person, due to the overflowing or breaking of water pipes, tanks, drains, basins, toilets, lavatories or gutters or from smoke, fire, odors, earthquake, explosion, gas, electricity, lighting and wiring, or from any other cause and whether having its origin in the Premises hereby leased or elsewhere.

e. Any construction or erection of improvements by Lessee, as approved in advance in writing by Lessor, shall be undertaken in a good and workmanlike manner and in full compliance with the Uniform Building Code and any and all other governmental ordinances or regulations applicable to the same. Lessee shall be responsible to secure all permits as may be required for construction of its improvements and shall be required to pay for the same at its own cost and expense.

f. Lessee shall keep the leased Premises free from all liens and claims of mechanics, laborers, material men, and others for work done and materials furnished, and Lessee shall not create nor suffer to be created any liens or encumbrances otherwise on said Premises.

g. Lessee shall fully indemnify and hold Lessor harmless on account of the construction or erection or improvements by Lessee upon the Premises, including, but not necessarily limited to, any and all claims for death, injury, property damage, fault in design and/or workmanship and/or the cost and expense of construction of the same.

#### **11. DESTRUCTION OF PREMISES:**

If, during the term of this Lease, said building or the Premises be destroyed or damaged by cause or causes, other than as caused or occasioned by the act or neglect of Lessee, its agents, employees or independent contractors, and the Premises can no longer serve Lessee's intended use thereof, as then mutually agreed between Lessor and Lessee, then this Lease shall, at Lessee's election in writing, terminate. In the event of termination, as set forth above, Lessee shall be entitled to a rebate or refund of unearned rent to the date of termination of the Lease. No such rebate or refund of rent shall be allowed unless a written notice of intention to claim such rebate or refund be made by Lessee and served upon Lessor along with its written notice of termination.

#### **12. INDEMNIFICATION AND INSURANCE:**

a. Lessee shall indemnify and hold Lessor harmless from or on account of any suit, action, claim or demand arising out of or for injury to any person or property in or about the leased Premises caused by any act or omission of Lessee, its agents, servants, employees, patrons, customers, licensees, and invitees.

b. Lessee shall procure, pay for and continuously maintain during the term hereof or any extension thereof a policy of liability insurance specifying Lessor as additional named insured thereon with a policy of combined single limits coverage of at least ONE MILLION DOLLARS (\$1,000,000).

c. Lessee shall maintain its own fire and hazard insurance, insuring its contents and leasehold improvements, and shall specify Lessor as named additional insured thereon. Insurance required hereunder shall be placed with companies holding a "General Policy Holders Rating" of ☐A☐, or better, as set forth in the most current issue of "Bests Insurance Guide", or its equivalent. Lessee shall deliver to Lessor copies of all policies of such insurance or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Lessor. No such policy shall be cancelable nor subject to reduction of coverage nor other modification or revision except after ten (10) days' prior written notice to Lessor. Lessee shall, within ten (10) days prior to the expiration of such policies, furnish Lessor with any and all renewals, "binders", or evidence of extension of any and all such policies of insurance, or Lessor may procure and obtain the required insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Lessee shall not do nor permit to be done upon the demised Premises anything which would invalidate the insurance policies required to be maintained by Lessee pursuant hereto.

d. Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the building and Premises, but not any of Lessee's property, fixtures, equipment or tenant improvements. Said insurance shall be in an amount of at least the full replacement value of the Premises, as the same may exist from time to time, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, earthquake (in the event the same is required by a lender having a lien on the Premises), and special extended perils ("all risk" as such term is used in the insurance industry).

### **13. ASSIGNMENT:**

a. Lessee shall not assign this Lease nor any interest therein nor shall said Premises or any part thereof be sublet without Lessor's written consent first had and obtained and neither this Lease, nor any interest therein, shall be assigned or assignable either by operation of law or otherwise. In the event Lessee should attempt to assign or sublet this Lease or the demised Premises; or in the event Lessee voluntarily or involuntarily makes or petitions for the appointment of a receiver or petition in insolvency or bankruptcy; or in the event a receiver is appointed by a court of competent jurisdiction for the administration of Lessee's affairs, or in the event of an assignment by Lessee of its assets (whether excluding or including this Lease or any portion thereof) for the benefit of its creditors, this Lease shall, at the option of Lessor forthwith cease and terminate.

b. Lessor agrees that it shall not unreasonably withhold its consent to a proposed assignment of this Lease or subletting of the Premises by Lessee. Factors that Lessor shall have the right to consider in determining if it will consent to a requested assignment or subletting shall include, but shall not be limited to: the credit rating, financial history, and business experience of the proposed new Lessee; the

nature, character and quality of the business to be conducted by the proposed new Lessee, the requirements of the proposed Lessee for services furnished by the Lessor, and, the impact of the business of the proposed new Lessee upon the entire Premises, including other tenants thereof.

c. In the event Lessee shall sublet or assign this Lease with the prior written consent of Lessor, Lessee shall pay to Lessor any and all additional consideration or compensation that Lessee shall be paid or entitled to be paid by the Sublettee or Assignee to Lessor, as additional rent, that shall become due monthly throughout the remaining Term of this Lease.

#### **14. RIGHT OF ENTRY FOR INSPECTION:**

Lessor, or its agents, shall be entitled to enter upon the Premises at reasonable times and upon the giving of reasonable notice for the purpose of inspecting the Premises or showing the same to prospective tenants or purchasers.

#### **15. DEFAULT AND RE-ENTRY:**

This Lease is subject to the limitations that if, at any time during the lease term, an "Event of Default", as hereinafter defined, shall occur, then upon such event of default and the expiration of the period of time prescribed in any required notice and the period of time given for Lessee's curing of an existing default other than payment of rent, Lessor shall, at its option without additional notice to Lessee and without prejudice to any other rights and remedies hereunder or by law, have the following rights and remedies:

- a. Though Lessee has abandoned the leased Premises, the Lease shall continue in effect unless Lessor elects to terminate Lessee's right to possession by written notice. Lessor may enforce all its rights and remedies under the Lease, including the right to recover rent as it becomes due. In no event shall Lessor's acts of maintenance or preservation of the leased Premises be deemed to constitute a termination of Lessee's right to possession. Lessor may take whatever actions provided herein, or as permitted by law, without terminating this Lease, and this Lease shall continue in full force and effect until and only if Lessor gives to Lessee written notice of its election to terminate this Lease.
- b. Lessor may elect, by written notice to Lessee, to terminate this Lease at any time after the occurrence of an event of default and Lessee's failure to cure as set forth in Section 15(h); and, in such event Lessor may, at its option declare this Lease and Lessee's right to possession terminated, and Lessor shall be entitled to the right to re-enter and take immediate possession of said Premises and every part thereof. If re-entry is made after abandonment by Lessee, Lessor may consider any property belonging to Lessee and left on the Premises to have been abandoned. Lessor may utilize or dispose of such property without liability. Any such re-entry shall be permitted by Lessee without hindrance; and Lessor shall not thereby be liable in damage for such re-entry or be guilty of trespass or forcible entry.
- c. In the event Lessor elects to terminate this Lease and Lessee's right to possession in accordance with subparagraph (b), or the same are terminated by operation of law,

Lessor may recover as damages from Lessee the following:

- i) The worth at the time of the award of the unpaid rent and other sums which are due hereunder which had been earned at the time of termination of this Lease;
  - ii) The worth at the time of the award of the amount by which the unpaid rent which would have been earned after the date of termination of this Lease until the time of award exceeds the amount of such loss of rent and other sums due that Lessee proves could have been reasonably avoided;
  - iii) The worth at the time of award of the amount by which the unpaid rent and other sums due hereunder for the balance of the lease term after the time of award exceeds the amount of loss of such rent and other sums that Lessee proves could have been reasonably avoided; and
  - iv) Any other amounts, including attorney's fees and court costs, necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform Lessee's obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.
- d. The worth at the time of award of the amounts referred to in subparagraphs C i) and ii) above, shall be computed by allowing interest at the rate of ten percent (10%) per annum. The "worth at the time of award" of the amount referred to in subparagraph 3(C) above, is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one (1%) percent.
  - e. Efforts by Lessor to mitigate damages caused by Lessee's breach of this Lease shall not constitute a waiver of Lessor's right to recover damages under the foregoing provisions.
  - f. Nothing herein affects the right of Lessor to indemnification for liability arising prior to the termination of this Lease for personal injuries or property damage as may be provided elsewhere in this Lease.
  - g. The foregoing remedies of Lessor shall be cumulative, or alternative, as Lessor determines, and shall be in addition to all rights and remedies now and hereafter provided or allowed by law.
  - h. An "event of default" hereunder shall be deemed to be any one or more of the following:
    - i) If Lessee shall make an assignment for the benefit of its creditors; or
    - ii) If any petition for bankruptcy, reorganization, composition, extension, arrangement, or insolvency proceedings, and Lessee shall thereafter be adjudicated bankrupt, and if such proceeding shall not be dismissed within sixty (60) days after the institution of the same, or, if any such petition shall be so filed by Lessee; or

- iii) If, in any proceeding, a receiver or trustee shall not be discharged within sixty (60) days after his appointment; or
- iv) If Lessee shall fail to pay when due any rent due hereunder; or
- v) If Lessee shall fail to perform or observe any other requirement of this Lease and Lessee fails to cure such default within fifteen (15) days' written notice from Lessor.

#### **16. FIXTURES AND IMPROVEMENTS:**

Upon expiration of the term or any sooner termination hereof, any and all alterations, additions or improvements made or installed upon the Premises by Lessee shall be and become the property of Lessor. However, all movable furniture and trade fixtures and equipment installed in the Premises by Lessee shall remain the property of Lessee and shall be immediately removed upon expiration of the term or termination of this Lease, provided Lessee shall repair any damage to the building occasioned by such removal.

#### **17. NO RIGHT TO EXTEND OR RENEW CONFERRED:**

There shall be no right to renew or extend this Lease. Further, neither the execution, delivery of possession nor occupancy of the Property by Lessee shall, in any manner, create, confer or convey any right or option to purchase the Premises or the Property of which the Premises are part, nor any right of first refusal of purchase of the Property and Premises, whatsoever. Lessor covenants and agrees that it shall, without binding obligation, enter into good faith negotiations with Lessee regarding renewal or extension of this Lease before expiration of the term hereof, subject to the mutual written agreement of Lessor and Lessee as to the terms and conditions of such renewal or extension, including, but not limited to, rent, rental increases and as otherwise agreed. Lessor reserves the right to withhold the Premises for further rental occupancy beyond the term of this Commercial Lease, should Lessor so determine in its sole discretion.

#### **18. RELATIONSHIP OF PARTIES:**

No joint venture, partnership nor other relationship, other than that of Landlord and Tenant, is nor shall be created hereby, whatsoever.

#### **19. HOLD OVER TENANCY:**

Any holding over after the expiration of the term hereof, with the consent of the Lessor, shall be construed to be a tenancy from month to month, upon the terms and conditions, including payment of rent, as specified herein, and/or prorated on a monthly basis if less than a full month.

#### **20. HAZARDOUS SUBSTANCES AND MATERIALS:**

Lessee shall not use, allow, or cause to be used, any hazardous or toxic substances or materials. Lessee shall not store, cause to be stored, or dispose of any hazardous substance, material or waste upon



the Premises or upon Lessor's property upon which the Premises are located, except in accordance with all state, federal and local governmental laws, regulations or ordinances applicable thereto. Lessee shall be solely responsible for all costs, damages, fines, penalties and remuneration arising from the use or storage of hazardous substances, materials or wastes which Lessee uses, allows to be used, stores, allows to be stored, or disposes of, in or about the Premises. Lessee further assumes all responsibility for clean-up of any spills, contamination or pollution, and reparation of property which may arise from the use or storage of hazardous chemicals, substances, materials or wastes and shall be solely responsible for all costs, damages, fines, penalties and remuneration for the clean-up of said pollution or contamination.

Lessee shall indemnify and hold Lessor harmless from and on account of all damages to persons and to property (whether real or personal), claims, causes of action, penalties, fines, attorneys' fees, remuneration and/or costs of clean-up and reparation as may be suffered or incurred by Lessor and resulting from the use, storage, disposal, spillage or overflow of chemicals, hazardous substances, materials or wastes in or about the leased Premises.

**21. GOVERNMENTAL APPROVALS:**

Lessee shall take full responsibility for securing any and all permits, including conditional use permits, or approvals as may be required by the County of Placer and/or any other governmental agency, and as may be applicable to Lessee's proposed use, occupancy of or improvement to the Premises and operation of business thereon. Lessee hereby waives any and all claims, demands, causes of action against Lessor or obligations arising from or on account of Lessee's failure or inability to secure necessary approvals for purpose of the proposed occupancy and use of the subject Premises by Lessee.

**22. NO RECORDING OF LEASE:**

It is hereby covenanted and agreed that neither a Memorandum of Lease nor this Lease shall be recorded, nor recordable, whatsoever.

**23. TIME OF ESSENCE:**

Time is of the essence hereof.

**24. BINDING EFFECT:**

This Lease shall inure to the benefit of and be binding upon the heirs, executors, personal representatives, sub-entities, affiliates, agents, successors and assigns of the parties hereto.

**25. WAIVER:**

No failure of Lessor to enforce any term or condition hereof shall be deemed as a waiver of its right to subsequently enforce any of the terms, conditions or provisions hereof.

**26. ATTORNEY'S FEES:**

Should either party commence suit to enforce any of the terms, conditions or covenants hereof;

for a declaration of their respective rights and duties pursuant hereto, or, for termination, eviction, unlawful detention or to secure possession of the demised property and Premises, the prevailing party shall be awarded any and all costs, expenses and attorney's fees incurred in connection therewith.

**27. NOTICES:**

Any notices required or contemplated to be given under or pursuant to this Lease shall be given and addressed as follows:

To LESSOR:

Squaw Valley Public Service District  
Attn: Michael Geary, General Manager  
P. O. Box 2026  
Olympic Valley, CA 96146-2026

TO LESSEE:

Inn Shop Rentals, LLC  
Attn: Frank Sahlman, Managing Member  
P. O. Box 2621  
Olympic Valley, CA 96146-2026

LESSOR: Squaw Valley Public Service District

DATED: \_\_\_\_\_

\_\_\_\_\_  
Michael Geary, General Manager

ATTEST:

\_\_\_\_\_  
Kathryn Obayashi-Bartsch, Secretary to the Board

LESSEE: INN SHOP RENTALS, LLC

DATED: \_\_\_\_\_

\_\_\_\_\_  
Frank Sahlman, Managing Member

### **PERSONAL GUARANTY**

I/We, the undersigned, in consideration of execution of the foregoing Lease do hereby personally guarantee any and all payments to be made by \_\_\_\_\_, a \_\_\_\_\_, as well as performance of all other terms and conditions by said entity under and pursuant to said Lease. I/We agree to pay on demand any sum or sums that may become due to Lessor in accordance with said Lease and in the event that the Lessee shall have failed to make timely payment.

It is understood that this guarantee shall be a continuing, irrevocable guarantee and indemnity for all performances, terms and conditions of said Lease to be performed by Lessee. I/We further agree that my/our personal consent shall not be required for any modification, renewal, or exercise of any option by Lessee under said Lease and additionally, that any such act by Lessee shall not cancel nor alter this guarantee in any way.

GUARANTOR:

DATED: \_\_\_\_\_

By \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (name)  
\_\_\_\_\_  
\_\_\_\_\_ (address)  
\_\_\_\_\_ (city/state/zip)

DATED: \_\_\_\_\_

By \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (name)  
\_\_\_\_\_  
\_\_\_\_\_ (address)  
\_\_\_\_\_ (city/state/zip)