

INSURANCE NOT ON FILE
WORK MAY BE PROCEEDED
CLERK OF COUNCIL
DATE: 5/14/87

INSURANCE ON FILE
WORK MAY PROCEED
UNTIL INSURANCE EXPIRES
10-30-88
CLERK OF COUNCIL
DATE: 8-16-88 cc: CM
FIN

REL: adg-I
1/28/87
Rev. 2/5/87
Rev. 4/6/87: jd
Rev. 4/9/87: jd

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AGREEMENT

THIS AGREEMENT, made and entered into this 20th day of April, 1987, by and between the City of Santa Ana, a municipal corporation of the State of California, hereinafter referred to as "City," and the Charles W. Bowers Museum Corporation, a California nonprofit public benefit corporation, hereinafter referred to as "Corporation."

W-I-T-N-E-S-S-E-T-H

Recitals:

A. The Charles W. Bowers Memorial Museum is owned and operated by City in accordance with the terms of a conveyance in trust by the late Charles W. Bowers and his wife Ada Bowers.

B. Corporation is organized and existing under the laws of the State of California for the purpose of managing and operating the said Museum.

C. It is in the best interests of City that Corporation manage and operate the said Museum.

WHEREFORE, for and in consideration of their mutual and respective covenants and promises hereinafter set forth, and subject to the terms and conditions of this Agreement, the parties hereto do hereby agree as follows:

ARTICLE 1

PRELIMINARY MATTERS

§ 1.01 Definitions

As used in this Agreement, the following terms shall have the following meanings:

- (a) "City" means the City of Santa Ana, California.
- (b) "City Council" means the City Council of the City.
- (c) "City Manager" means the City Manager of the City.
- (d) "City Attorney" means the City Attorney of the City.
- (e) "Clerk of the Council" means the Clerk of the Council of the City.
- (f) "Corporation" means the Charles W. Bowers Museum Corporation, a California nonprofit public benefit corporation.
- (g) "Board" means the Board of Directors of the Corporation.
- (h) "Museum Director" means the chief administrative officer retained by the Corporation to manage and operate the Bowers Museum.
- (i) "Premises" means the land shown on the map attached to this Agreement as Exhibit A, and incorporated herein by reference, together with all improvements thereon.
- (j) "License" means the license specified in section 2. of this Agreement.
- (k) "Commencement Date" means May 1, 1987.
- (l) "Term" means a period of twenty (20) years from and after the Commencement Date.
- (m) "Transition Period" means a period commencing on the Commencement Date and terminating on January 1, 1989.
- (n) "Cost of Living Adjustment" means an annual percentage increase equal to the percentage increase in the Consumers Price Index - All Urban Consumers - All items (1967 = 100) for Los Angeles-Long Beach-Anaheim, as

published by the Bureau of Labor Statistics of the United States Department of Labor.

§ 1.02 Status of Corporation

(a) By its execution of this Agreement, Corporation warrants that it is duly incorporated under the laws of the State of California and that true and correct copies of its Articles of Incorporation and Bylaws and a true and correct listing of Corporation's directors and officers and their terms of office, certified as such by Corporation's Secretary, have been filed with the Clerk of the Council.

(b) By its execution of this Agreement, City accepts and agrees to the organization of Corporation as set forth in the abovesaid Articles of Incorporation and Bylaws.

§ 1.03 Compensation of Board Members and Meetings

(a) The members of the Board shall serve without compensation other than reimbursement for expenses incurred by them in the course of the performance of services for Corporation when authorized by the Board.

(b) Meetings of the Board shall be open to observation by all interested persons, subject to the Board's right to preserve order. The Museum Director shall assure that written notice of the date, time and place of each meeting of the Board is posted in the main lobby of the Museum at least 24 hours in advance of the meeting.

§ 1.04 Changes in Directors and Officers, Articles and Bylaws

Corporation shall notify the Clerk of the Council of any change in the membership of Board and any change in the officers of Corporation. Any amendment of Corporation's

Articles or Bylaws shall be filed with the Clerk of the Council.

§ 1.05 City Representation on the Board

The City Manager or his designated representative shall be entitled to attend all meetings of the Board and to participate in the discussions of the Board to the same extent as the members of the Board, and Corporation shall assure that the City Manager or his designated representative is provided with reasonable advance notice of all meetings of the Board. Nothing herein shall be construed to provide the City Manager or his designated representative with any authority to make, second, or vote on motions, or to cause him to be counted for purposes of determining whether a quorum exists, at meetings of the Board.

§ 1.06 City Residents on the Board

At least two members of the Board shall be City residents. If the number of members who are City residents become less than two due to the death, resignation, or change of residence of a member, Corporation shall not be in default under this section, provided, however, that the next member appointed to the Board shall be a City resident.

ARTICLE 2

LICENSE FOR USE AND OCCUPANCY

OF THE PREMISES

§ 2.01 Grant of License

City hereby grants to Corporation, and Corporation hereby accepts, a license for the occupancy and use of the Premises during the Term for the uses and purposes set forth

in this Agreement and subject to the terms and conditions of this Agreement.

§ 2.02 Additions and Alterations

Throughout the Term, Corporation shall make no substantial additions or alterations to the buildings and grounds on the Premises except after providing the City Manager with an opportunity to review and comment upon the plans for such additions or alterations. The retention and enhancement of the current physical character and appearance of the buildings and grounds on the Premises shall be a primary objective in determining the propriety of any proposed addition or alteration. Any and all improvements on the Premises resulting from additions or alterations made by Corporation shall be the property of City from the time of their creation and shall be deemed part of the Premises for all purposes of this Agreement.

§ 2.03 Personal Property

(a) Prior to the date occurring one (1) year after the date of this Agreement, the City Manager and the Museum Director shall cause an inventory to be prepared of all personal property owned by City, or loaned to the City for museum purposes, and which is located on the Premises or otherwise reserved for use for museum purposes, including, but not limited to, furnishings, equipment, exhibit materials and collection materials. Within said time period, the City Manager shall further determine which items of such personal property shall be retained by City and which items shall be donated to Corporation and shall cause separate listings to be prepared of the property to be retained

and the property to be donated. Upon approval of said listings by the City Council, the personal property listed for donation to Corporation shall be deemed so donated and shall be the property of Corporation thereafter. All items donated to the City for Museum purposes shall be donated by the City to the Corporation for such purposes unless prohibited by the terms of the original donation.

(b) Except as otherwise specified by the City Manager, all items of personal property listed for retention by City shall be loaned by City to Corporation during the Term. Corporation shall not sell or otherwise dispose of any such item except by return thereof to City. Corporation shall maintain such property in good condition, reasonable wear and tear excepted. Corporation shall return any or all such items, or pay to City the value thereof, upon demand therefor by City or upon termination of this Agreement.

ARTICLE 3

MUSEUM OPERATIONS

§ 3.01 Corporation's Undertaking to Operate Museum

Corporation hereby agrees to operate a museum open to the public on the Premises during the Term, subject to the terms and conditions herein set forth.

§ 3.02 Standards of Operation

Corporation agrees that its operation of the said museum shall be in accordance with the following standards:

(a) The Premises and the museum operations carried on thereon shall be known formally as the "Charles W. Bowers Memorial Museum" and referred to less formally as the "Bowers Museum." All operations shall likewise conform in all respects to all other requirements of that certain Trust No. 58, created the 26th of May, 1924, by C. W. Bowers and Ada A. Bowers, his wife, as Trustors, and the First National Bank of Santa Ana as Trustee.

(b) Corporation shall display exhibits and conduct programs having artistic, scientific, cultural, or historic interest on the Premises. Such exhibits and programs shall be held open to the general public on a regular basis without regard to race, color, creed, religion, sex, marital status, national origin, or ancestry.

(c) Except as otherwise provided in Article 6, Corporation shall be responsible for basic maintenance of the buildings on the Premises, including exterior walls, ceilings, roofs, floors, electrical circuits, plumbing, and fixtures such as heating equipment, elevators, and the like.

(d) Except as otherwise provided in Article 6, Corporation shall perform janitorial and gardening services in the buildings and on the grounds of the Premises as necessary to maintain said buildings and grounds in a safe, clean, sanitary and attractive condition at all times.

(e) Corporation shall not allow any use of the Premises except those authorized by this Agreement or by written authorization of the City Manager.

(f) Corporation will operate and manage the museum operations in a competent and efficient manner at least comparable to other well-managed operations of the same type.

§ 3.03 Permitted Activities

In addition to normal museum operations, Corporation may conduct or permit the following activities on the Premises:

- (a) Events designed to raise funds for the benefit of the museum or promote museum interests.
- (b) Meetings of persons involved in museum activities.
- (c) Events sponsored by the City of Santa Ana or by community organizations, subject to Corporation's normal scheduling procedures.
- (d) The operation of a shop for the sale of books, artifacts or pictorial reproductions and similar items pertaining to museum exhibits and programs or otherwise having artistic, scientific, cultural or historical interest.
- (e) The operation of a restaurant.
- (f) The licensing of Museum facilities on an occasional basis.

§ 3.04 Employees

(a) Except as otherwise provided in Article 6, Corporation shall at all times retain active, qualified, competent personnel to conduct the museum operations.

Corporation shall maintain supervision over such personnel to insure the maintenance of a high standard of service to the public. Corporation shall take appropriate action against any employee whose conduct is detrimental to the maintenance of such standard.

(b) Except as otherwise provided herein, all personnel retained by Corporation to perform services pertaining to museum operations shall be employees or independent contractors of Corporation which shall be solely responsible for the terms and conditions of employment thereof and for any and all wages, salaries, benefits and expenses due or owing thereto, and for any claims or liability arising out of the employment thereof.

(c) City and Corporation, by one or more separate agreements, may arrange for City officers and employees to perform services pertaining to museum operations upon such terms and conditions as may be mutually agreeable to the parties. The City Manager and the Museum Director are authorized to execute such agreements on behalf of City and Corporation.

§ 3.05 Exhibits and Materials and Collections

Corporation shall have full control over the custody, display, and storage and disposition of exhibit items, collections, and research materials on the Premises or stored elsewhere for future use on the Premises and shall bear sole responsibility for the protection of the same from damage, destruction, theft or

loss. Corporation shall likewise have control and responsibility for the interior design and decoration of the buildings on the Premises as appropriate for the accommodation of exhibits.

ARTICLE 4
REPORTS AND RECORDS
AND CITY ASSISTANCE

§ 4.01 The Fiscal Year

Corporation's fiscal year shall be July 1 of each calendar year through June 30 of the following calendar year.

§ 4.02 Annual Budget and Program Report

Prior to the commencement of each fiscal year, and for the purpose of allowing City to determine the compensation to be paid to Corporation pursuant to section 4.07 hereinbelow, Corporation shall provide the City Manager with a copy of a detailed operating budget showing expected sources of revenue and the nature of all expected or proposed expenditures for the forthcoming fiscal year and a report on the proposed programs to be undertaken by the Corporation in the said forthcoming fiscal year.

§ 4.03 Annual Financial Statement and Audit

Within ninety (90) days following the end of each fiscal year, Corporation shall submit to the City Manager a complete statement of Corporation's revenues and expenditures and a financial audit for the preceding fiscal year prepared by an independent certified public accountant.

§ 4.04 Financial Records

Corporation shall keep, or cause to be kept, true, accurate and complete records, including double-entry books, a profit and loss statement, and a balance sheet, such that if possible at all times to determine the amount and nature of all revenues and expenditures. All expenditures and transactions shall be supported by documents of original entry such as sales slips, cash register tapes, and purchase invoice and receipts. All such account books, statements, balance sheets and supporting documents shall be retained by Corporation for a period of three (3) years after the end of the accounting year to which they pertain.

§ 4.05 Accounting Procedures

Corporation shall maintain a system of accounting according to generally accepted accounting practices and approved by the City Manager. Said system of accounting shall not be revised without the prior approval of the City Manager.

§ 4.06 Inspection and Audit

(a) City shall be entitled, during the term of the License granted in this Agreement and for a period of one year following the termination of said License, to inspect and examine all of Corporation's books, statements, records, and supporting documents to ascertain the correctness of Corporation's financial statements. Any such inspection shall be conducted during normal business hours with prior notice to Corporation.

(b) City shall also be entitled during the Term and for a period of one year thereafter, but not more frequently than once in any one-year period, to an independent audit of Corporation's books, statements, records and supporting documents. Any such audit shall be at City's expense and shall be conducted during normal business hours at the location where Corporation's records are maintained.

§ 4.07 Operational Cost Compensation

In consideration of Corporation's services in operating the museum on the Premises pursuant to this Agreement, City agrees to provide funding annually to Corporation to assist in defraying Corporation's operational costs during the Term. The amount of such funding shall be determined each fiscal year by the City Council in accordance with the formulas set forth herein below. During the first ten (10) fiscal years of the Term (commencing with fiscal year 1987-88) such amount shall not be less than that amount which, when added to the City's cost of providing City personnel pursuant to sections 6.01 and 6.02, equals the amount of the approved budget for the "O.C. Bowers Museum District" in the City's 1986-87 annual general fund budget as adjusted each fiscal year by the Cost of Living Adjustment. During the next ten (10) fiscal years of the Term, the minimum amount of annual City funding shall be equal to the Tenth Year Base Amount adjusted downward in each successive fiscal year by ten percent (10%) of the Tenth Year Base Amount. As used herein "Tenth Year Base Amount" means the minimum required City funding in the tenth fiscal year of the Term. In each fiscal year, once the amount of the annual funding has been determined by the City Council, it shall be paid to Corporation in equal monthly installments, unless an alternative manner of payment is mutually agreed

upon by the City Manager and the Museum Director.

§ 4.08 Supplementary Assistance

The City Manager may provide, upon request of Corporation, for City staff to provide legal, employee payroll and similar services to Corporation under such terms and conditions as he deems appropriate.

§ 4.09 Capital Expansion

City shall provide funding for the capital expansion of the Bowers Museum and other facility improvements at such times and to such extent as the City Council shall deem appropriate.

ARTICLE 5

INDEMNITY AND INSURANCE

§ 5.01 Indemnification

Corporation shall indemnify and save harmless City and its officers, agents and employees from and against any and all claims, demands, loss or liability of any kind or nature which City or its officers, agents, or employees may sustain or incur, or which may be imposed upon them or any of them for injury to or death of persons or damage to property as a result of, arising out of, or in any manner connected with this Agreement or with the occupancy and use of the Premises by Corporation, its officers, agents, and employees.

§ 5.02 Insurance Requirement Generally

Prior to the Commencement Date (except as hereinafter otherwise provided), Corporation shall obtain at its sole cost and file with the Clerk of the Council, and maintain throughout

out the Term, policies of insurance as required by this section and sections 5.03 through 5.06, or a certificate of such insurance, satisfactory in form to the City Attorney. Each such policy (except policies of Workers' Compensation Insurance) shall name City as an insured or additional insured and each liability insurance policy shall also name the officers, agents and employees of City as insureds or additional insureds. Each such policy shall also contain a provision that no termination, cancellation or change of coverage or (where applicable) of insured or additional insured shall be effective until after thirty (30) days notice thereof has been given in writing to City.

§ 5.03 Liability Insurance

Corporation shall provide a policy or policies of insurance which provides coverage not less than that provided in the form of a comprehensive general liability insurance policy against liability for any and all claims and suits for damages or injuries to persons or property resulting from or arising out of the operations of Corporation, its officers, employees, agents or assigns. Said policy or policies of insurance shall provide coverage for both bodily injury and property damage in not less than One Million Dollars (\$1,000,000.00) combined single limit, or its equivalent.

§ 5.04 Fine Arts Insurance

Corporation shall provide insurance protection against loss of or damage to all fine arts property in the custody and control of Corporation. Such insurance shall be at least equivalent in coverage to policy number IMC 435 117 issued by Continental Insurance Company to City and Corporation for a term

beginning November 1, 1985, in a maximum payable amount of not less than \$5,000,000.00. The City Manager and the Museum Director may agree upon any method whereby such insurance is maintained by City at the cost of Corporation for any mutually agreeable period of time. Corporation's obligation under this section shall not begin until the first premium date on the aforesaid policy occurring after the Commencement Date, or the termination of said policy, whichever first occurs.

§ 5.05 Fidelity Bonding

Corporation shall provide a policy or policies of insurance insuring Corporation against loss due to dishonesty of Corporation's officers, agents and employees. Said policy or policies shall provide coverage in not less than \$1,000,000.

§ 5.06 Workers' Compensation Insurance

Corporation shall provide a policy or policies of workers' compensation insurance.

§ 5.07 Other Insurance

(a) City shall maintain such insurance protection against loss of or damage to the buildings and personal property located on the premises (exclusive of fine arts property covered pursuant to section 5.04 and of the Bowers Museum Shop stock-in-trade) as City shall deem appropriate. Corporation shall have no responsibility for such insurance.

(b) Corporation shall maintain such insurance protection against loss of or damage to the Bowers Museum Shop stock-in-trade as Corporation shall deem appropriate. City shall have no responsibility for such insurance.

§ 5.08 Modification of Insurance Requirements

The City Manager may modify or suspend the requirements imposed on Corporation by this Article if in his reasonable determination, strict compliance is impossible or excessively costly due to insurance market conditions.

ARTICLE 6

TRANSITION PERIOD

§ 6.01 Museum Personnel

(a) During the Transition Period, City shall maintain sufficient City personnel (including City employees and independent contractors) assigned to the Bowers Museum such that such City personnel, when complemented by personnel hired or retained by Corporation, provides a staff for the Bowers Museum which is substantially equivalent to the authorized personnel for the "O.C. Bowers Museum District" set forth in City's 1986-87 annual budget. Corporation shall cooperate with the City Manager to replace City personnel assigned to the Bowers Museum with Corporation personnel in order that such replacement shall be complete by the end of the Transition Period and will be accomplished in a manner that is as non-disruptive as reasonably possible, to the operations of the Bowers Museum and the affected City personnel.

(b) City agrees to require all City personnel (including City employees and independent contractors) working at the Museum to work under the direction and supervision of the Museum Director and to remove, replace, reassign or take appropriate disciplinary action against any such person who fails to do so. Corporation agrees to require the Museum Director to comply

with City personnel rules and procedures in all personnel matters affecting City personnel working at the Museum.

§ 6.02 Custodial and Maintenance Services

During the Transition Period, City shall provide custodial services and basic maintenance services to keep the buildings and grounds comprising the Premises in a safe, clean and sanitary condition. Basic building maintenance shall include maintenance of exterior and interior walls, ceilings, roofs, floors, external structures, electrical circuits, plumbing fixtures, heating equipment, elevators and similar permanent features to the extent that provision has been made therefore in the schedules upon which the City appropriation for maintenance of public buildings in fiscal year 1986-87 is based. Such custodial and maintenance services shall become the responsibility of Corporation at the end of the Transition Period or earlier if mutually agreed to by Corporation and the City Manager.

ARTICLE 7

DEFAULTS, REMEDIES AND TERMINATION

§ 7.01 Defaults

(a) Failure or delay by either party to perform any term or provision of this Agreement shall constitute a default under this Agreement. The injured party shall not initiate the remedies hereinafter provided until the defaulting party has been given written notice of the default, specifying the nature thereof, and a period of sixty (60) days to cure or correct such default.

(b) Any failure or delay by either party in asserting any of its rights or remedies as to any default shall not

operate as a waiver of any default or of any such rights or remedies, or deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

§ 7.02 Remedies of City

In the event of any default and failure to cure, correct or remedy the same by Corporation, City may, at City's sole discretion, in addition to or in lieu of any other remedies, exercise either of the following remedies:

(a) Delay of any or all compensation to Corporation pursuant to § 4.07 of this Agreement until such default is cured, corrected or remedied; provided such delay is approved by the City Council.

(b) Terminate this Agreement, provided such termination is approved by the City Council.

§ 7.03 Legal Actions

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

§ 7.04 Cumulative Rights and Remedies

The rights and remedies of the parties are cumulative, and the exercise by either party of one or more such rights or remedies shall not preclude the exercise by it, at the same or

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

§ 7.05 Termination

Upon the expiration of the Term or upon the earlier termination of this Agreement:

(1) City shall have no further obligation to provide funding or other assistance to Corporation pursuant to this Agreement.

(2) Corporation shall vacate the Premises and deliver possession thereof to City.

(3) Corporation shall return to City possession of all personal property loaned to Corporation pursuant to Section 2.03

(4) All cash donated to Corporation for museum purposes and all items of personal property donated or loaned to Corporation for museum purposes shall be delivered over to the City to be held in trust for the donor or lender and used solely for the purpose for which the donation or loan was made.

ARTICLE 8

GENERAL PROVISIONS

§ 8.01 Representatives

(a) All actions authorized to be taken by City pursuant to this Agreement, without specification in this

Agreement as to the body or office so authorized, shall be deemed exercisable on behalf of City by the City Manager. The City Manager may, by written notice to Corporation, designate any officer of the City as his representative with respect to any specified authority given to the City Manager by this Agreement, and in such event the actions of such officer within the scope of such authority shall have the same effect as if taken by the City Manager.

(b) All actions authorized to be taken by Corporation pursuant to this Agreement, without specification in this Agreement as to the body or office so authorized, shall be deemed exercisable on behalf of Corporation by Corporation's governing board or by such officer of Corporation as may be designated by resolution of said governing board.

(c) The officers designated as representatives of City and Corporation pursuant to this section may, on behalf of the parties hereto, enter into such subordinate arrangements and agreements as are consistent with the terms and conditions of this Agreement.

§ 8.02 Notices

Notices and written communications sent by one party to the other shall be either personally delivered or sent by U.S. Mail, postage prepaid, to the following addresses:

(a) If sent by Corporation to City:

City of Santa Ana
20 Civic Center Plaza
Santa Ana, CA 92701

(b) If sent by City to Corporation

Bowers Museum Corporation
2002 N. Main Street
Santa Ana, CA 92707

§ 8.03 Non-assignability

The rights and obligations of Corporation under this Agreement may not be assigned or delegated without the prior approval of City's City Council.

§ 8.04 Partial Invalidity

If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforcible, the remainder of the provisions hereof shall remain in full force and effect, and shall in no way be affected, impaired or invalidated thereby.

§ 8.05 Exclusivity

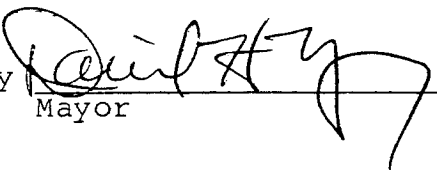
This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto and contains all covenants and agreements between the parties. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement or

amendment hereto shall be effective unless executed in writing and signed by both City and Corporation.

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

CITY OF SANTA ANA

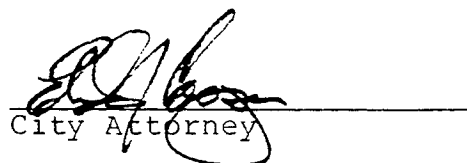
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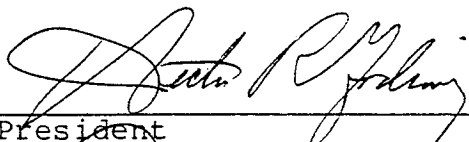
By 
Mayor


Clerk of the Council

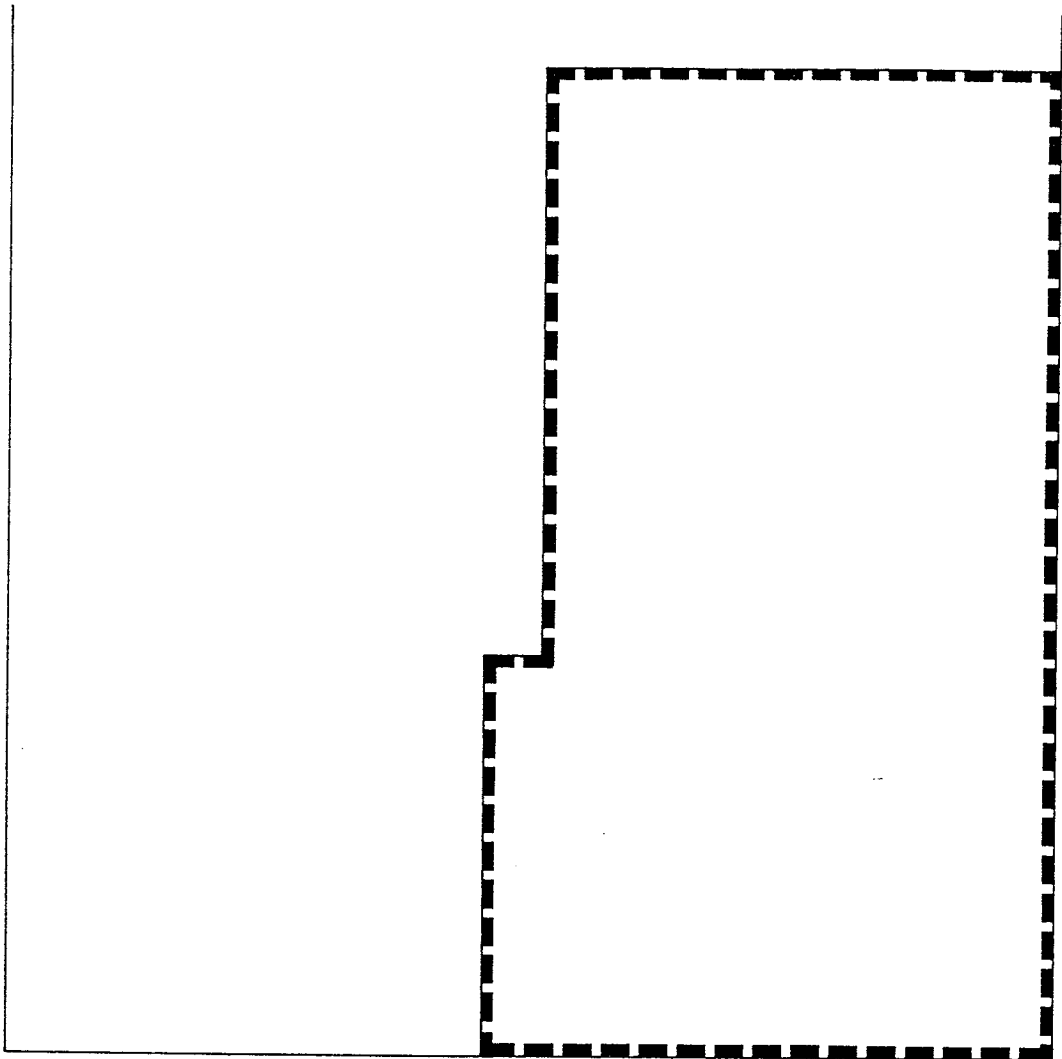
CHARLES W. BOWERS MUSEUM CORPORATION

APPROVED AS TO FORM:


City Attorney

By 
President

By 
Secretary



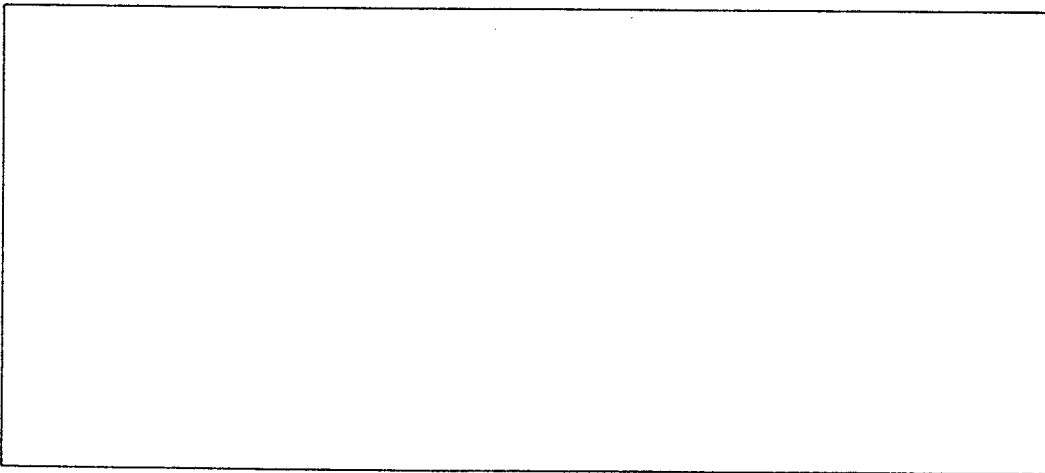
ST

TWENTIETH

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BROADWAY

MAIN



NINETEENTH

ST



PROPERTY OCCUPIED BY BOWERS MUSEUM



SCALE 1"=100'

EXHIBIT A

ORIGINAL

A-93-031

INSURANCE ON FILE
WORK MAY PROCEED
UNTIL INSURANCE EXPIRES

6/30/94

AMENDMENT TO AGREEMENT

CLERK OF COUNCIL

DATE: 7/29/93

THIS AMENDMENT TO AGREEMENT, made and entered into this
5th day of April, 1993, by and between the City
of Santa Ana, a municipal corporation of the State of California,
hereinafter referred to as "City," and the Charles W. Bowers Museum
Corporation, a California nonprofit public benefit corporation,
hereinafter referred to as "Corporation,"

W I T N E S S E T H

Recitals:

A. City and Corporation entered into that certain
agreement, dated April 20, 1987, hereinafter referred to as "said
Agreement," for the license and operation of the Charles W. Bowers
Memorial Museum.

B. The parties desire to amend said Agreement to provide
for an option to extend the term and for disposition of donations
in the event of termination of said Agreement.

WHEREFORE, for and in consideration of their mutual and
respective covenants and promises hereinafter set forth, and
subject to the terms and conditions of said Agreement, as amended
hereby, the parties hereto do hereby agree as follows:

1. Section 1.01, subsection (1), of said agreement, is
hereby amended to read as follows:

"(1) "Term" means a period of twenty (20) years
from and after the Commencement Date, and any extended term
occurring by reason of Corporation's exercise of an option to
extend as herein provided."

2. Section 2.04 is hereby added to said Agreement, which Section reads as follows:

"§ 2.04 Option to Extend Term

"Corporation is given the option to extend the term on all the provisions contained in this license for a ten (10) year period ("extended term") following the expiration of the initial term or any extended term, by giving notice of exercise of the option ("option notice") to City at least one (1) year but not more than two (2) years before the expiration of the term or any extended term. Provided that, if Corporation is in default on the date of giving the option notice, the option notice shall be totally ineffective, or if Corporation is in default on the date any extended term is to commence, the extended term shall not commence and this license shall expire at the end of the initial term or previous extended term as the case may be. In no event shall the term and any subsequent extended terms exceed a total of ninety-nine (99) years."

3. Section 7.05, subsection (4) of said Agreement is hereby amended to read as follows:

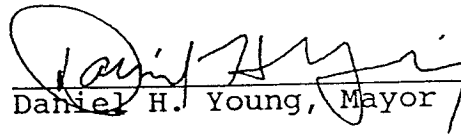
"(4) All cash donated to Corporation for museum purposes and all items of personal property donated or loaned to Corporation for museum purposes shall be delivered over to the City to be held in trust for the donor or lender and used solely for the purpose for which the donation or loan was made, provided, however, the terms and conditions of any donation or loan shall prevail over any inconsistent term or condition in this subsection."

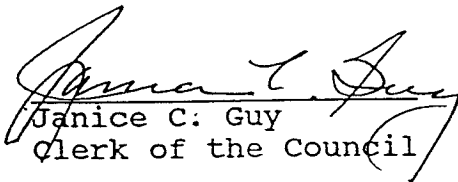
4. Except as expressly amended hereby, the terms and conditions of said Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Agreement on the day and year first above written.

CITY OF SANTA ANA

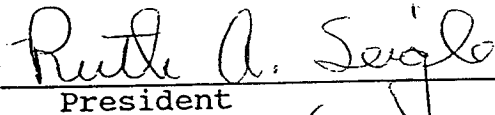
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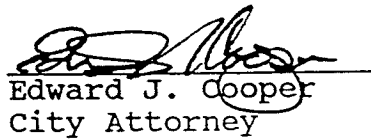

Daniel H. Young, Mayor

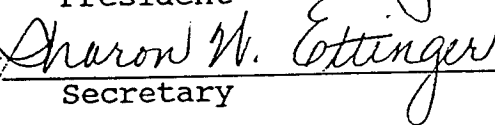

Janice C. Guy
Clerk of the Council

CHARLES W. BOWERS MUSEUM
CORPORATION

APPROVED AS TO FORM:

By 
President


Edward J. Cooper
City Attorney

By 
Secretary