

**CHARTER SCHOOL LEASE AGREEMENT**

BETWEEN

LOS ANGELES UNIFIED SCHOOL DISTRICT,  
a school district duly organized and existing under the laws of the State of California,  
as LANDLORD

and

OCEAN CHARTER SCHOOL.,  
a California nonprofit corporation,  
as the operator of the Ocean Charter School,  
as Tenant

for

THE OCEAN CHARTER SCHOOL  
12870 Panama Street, Los Angeles, California

\_\_\_\_\_, 2017

## FUNDAMENTAL LEASE PROVISIONS

The following is a summary of fundamental provisions (the “**Summary**”) of the CHARTER SCHOOL LEASE (herein the “**Lease**”), and this Summary is incorporated by reference into and made a part of the Lease. Each reference in the Lease to any term of this Summary shall have the meaning as set forth in this Summary for such term. In the event of a conflict between the terms of this Summary and the Lease, the terms of the Lease shall prevail. Any initially capitalized terms used herein and not otherwise defined herein shall have the meaning as set forth in the Lease.

(a) “Landlord”:	Los Angeles Unified School District (also referred to herein as “ <b>LAUSD</b> ”), a school district duly organized and existing under the laws of the State of California.
(b) “Tenant”:	Ocean Charter School., a California non-profit corporation (also referred to herein as “ <b>Ocean</b> ”), a California nonprofit corporation as the operator of the Ocean Charter School, an independent charter school approved by Los Angeles Unified School District’s Board of Education (the “ <b>Board</b> ”).
(c) “Leased Premises”:	Property being developed by Tenant, which portions are identified on that Premises Plan <b>Exhibit “A-1”</b> , attached hereto and incorporated by reference, which is currently known by the following street address – 12870 Panama Street, Los Angeles 900XX.
(d) “Effective Date”:	This Lease shall become effective upon the full execution by the Parties, subject to the satisfaction of the conditions set forth in Section 3 of the Lease (herein, collectively the “ <b>Conditions Precedent</b> ”).
(e) “Project”:	The Project is to be located on the Property, and generally means Tenant’s construction of the new facilities for the Tenant to provide permanent education facilities for Tenant’s students in kindergarten through eighth grade for the use and benefit of Tenant’s students. See <b>Exhibit “B”</b> , the Recitals and the Development Agreement for particulars about the Project.
(f) “Property”	The Property means the real property commonly known as 12870 Panama Street in the City of Los Angeles (“ <b>City</b> ”), County of Los Angeles (“ <b>County</b> ”), State of California (“ <b>State</b> ”), which real property is more particularly described in on <b>Exhibit “A-3”</b> attached hereto and made a part hereof.

(g) "Term Commencement Date":	Subject to the satisfaction of the Conditions Precedent, the term commencement date shall be the date that DSA has issued a Form 6 indicating the facility is ready for occupancy and LAUSD OEHS completed Essential Safety Checklist & Approval Form for the Leased Premises.
(h) "Term":	Forty (40) years, unless sooner terminated as provided in the Lease, as measured from the Term Commencement Date.
(i) "Expiration Date":	Forty (40) years after Term Commencement Date.
(j) "Base Rent":	<p>None, provided:</p> <p>ii) Tenant continuously operates the Span School (as defined below) as a charter span school serving grade levels kindergarten – 8, regardless of chartering entity, as set forth in the Use provision below and in accordance with all Applicable Law (as defined in this Lease); and</p> <p>(ii) No uncured Tenant Event of Default exists hereunder.</p> <p>Tenant will be obligated to pay (or reimburse Landlord for) all other costs associated with the Span School as set forth in the Lease.</p>
(k) "Security Deposit":	None at this time. LAUSD reserves the right to require Tenant to submit a security deposit at a later date as provided in Article 26 of this Lease.
(l) "Use":	Tenant shall use the Leased Premises solely to operate a span school under its charter petition as of November 27, 2012 and named the Ocean Charter School (herein, the "Span School") which shall provide educational instruction in a safe and secure environment to no more than 532 students at grade levels kindergarten to 8, and those uses related to the educational instruction occurring on the Leased Premises, in a manner wholly consistent with all Applicable Law and the Tenant's chartering documents.
(m) Tenant's Address for Notices:	Ocean Charter School

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**Comment [1]:** We need to be consistent. We use the term "Span School" and "Middle School" and "School." Please choose one and use make the changes through the instrument.

	<p>Attn: Stephanie Edwards, Executive Director  12606 Culver Blvd.  Los Angeles, CA 9XXXX  Telephone: (XXXXXX)  Fax: (XXXXX)E-mail: <a href="mailto:msedwards@oceans.org">msedwards@oceans.org</a></p>
(n) LAUSD's Address for Notices:	<p>Los Angeles Unified School District  Leasing &amp; Space Utilization  333 S. Beaudry Avenue, 23<sup>rd</sup> Floor  Los Angeles, California 90017  Attention: Dir. of Asset Management  Facsimile: (213) 241-6784</p> <p>With a copy to:</p> <p>Los Angeles Unified School District  Office of General Counsel  333 S. Beaudry Avenue, 23<sup>rd</sup> Floor  Los Angeles, California 90017  Attention: Office of the General Counsel, Facilities  Facsimile: (213) 241-8386</p>
(o) LAUSD's Address for Payment:	<p>Los Angeles Unified School District  333 S. Beaudry Avenue, 23<sup>rd</sup> Floor  Los Angeles, California 90017  Attention: Leasing &amp; Space Utilization  Facsimile: (213) 241-6784</p>
(p) "Date of Lease":	_____, 2017 (for reference purposes only)

## CHARTER SCHOOL LEASE AGREEMENT

This CHARTER SCHOOL LEASE AGREEMENT and the preceding Summary attached hereto and incorporated herein by this reference (the Charter School Lease and Summary to be known sometimes collectively hereafter as the "**Lease**") is made and entered into by **LOS ANGELES UNIFIED SCHOOL DISTRICT**, a school district duly organized and existing under the laws of the State of California (herein "**LAUSD**" or "**Landlord**"), and **OCEAN CHARTER SCHOOL, INC.**, a California public benefit corporation ("**OCS**" or "**Tenant**"), (LAUSD and OCS sometimes collectively referred to herein as the "**Parties**"), with reference to the following facts:

### RECITALS

- A. OCS identified and conducted its due diligence of the Property for the construction of its public school and purchased the Property with Charter School Facilities Program ("CSFP") funds on \_\_\_\_\_. OCS subsequently transferred the Property to LAUSD, \_\_\_\_\_ by that certain Deed dated \_\_\_\_\_ and recorded in the County of Los Angeles Recorder's Office as \_\_\_\_\_, in order to obtain from LAUSD the Augmentation Grant funds for the development of the Project.
- B. LAUSD holds title to the Property in trust for the California public school system for purposes of CSFP funds and LAUSD Augmentation Grant funds, which funds shall be used by Tenant to develop the Leased Premises into a public school campus for OCEAN fulfilling the criteria of the "**Project**" described on **Exhibit "B"** attached hereto and made a part hereof;
- C. OCS is currently located on a leased site at 12606 Culver Blvd, Los Angeles 90066 and on a portion of the LAUSD Westchester High School campus under that certain Single Year Co-Location Use Agreement (as may be amended or renewed from time to time, the "**Use Agreement**") under a facilities request pursuant to Proposition 39. Under the Use Agreement, OCS serves kindergarten through 8<sup>th</sup> grade students in XX classrooms co-located on the Westchester High School campus. OCS has been located on the Westchester High School campus since the 20XX-XX school year, with all of such classrooms being in portable buildings ("Current Prop. 39 Premises").
- D. OCS will occupy the "Current Prop. 39 Premises" under the Use Agreement (and subject to all terms and conditions contained therein) and shall be required to submit a facilities request in accordance with Proposition 39 during OCS's construction of the Project. Upon completion of the Project, OCS will take occupancy of the Leased Premises pursuant to the terms of this Lease and the Development Agreement.
- E. When complete, the Project will provide "permanent" facilities for OCS in 19 classrooms for OCS's Use as defined in this Lease. OCS agrees that this Project, when complete, will provide a long term facilities solution for the Span School in lieu of

an annual co-location agreement under Prop. 39 (as defined in Section 29.1). The word “permanent” shall mean facilities that are not temporary or portable bungalows and shall not be construed as any indication or intention of OCS having the right to occupy the Project and/or Leased Premises in perpetuity.

F. On April 12, 2016, by its report numbered 341-15/16 (“**Augmentation Grant Board Report**”), the Board approved an Augmentation Grant up to 50% of the total project costs, which based on the project budget provided by OCS, was anticipated to be \$25,791,888, for the development of a new K-8 span school. The Board authorized the Chief Facilities Executive, and/or his designee(s) to negotiate and execute the necessary agreements for the financing of the charter augmentation grant project.

G. Under that certain board report identified as 341-15/16, dated April 12, 2016, the Board authorized (i) LAUSD to begin negotiations with Tenant for this Lease and a Development Agreement and other related documents for the construction, delivery and occupancy of the Project at the Property; and (ii) an amendment to the Facilities Services Division Strategic Execution Plan to approve an augmentation grant to OCS in connection with the construction of the Project at the of up to 50% of the total project costs, which based on OCS’s project budget at the time of approval, the augmentation grant was anticipated to be \$25,791,888. The term “**Augmentation Grant**” shall mean the LAUSD bond funds allocated to this Project under the LAUSD Augmentation program in the amount of \$25,791,888.

H. LAUSD shall fund the Augmentation Grant to OCS pursuant to the disbursement procedures in the Development Agreement.

I. OCS has projected the total cost of the Project as \$51,583,776. In addition to the Augmentation Grant, OCS has applied for and was approved for \$25,791,888 (“**CSFP Award**”) from the State of California’s Charter School Facility Program (“**CSFP**”), which shall be granted to OCS as a loan and a matching grant. The loan portion of the CSFP award is \$10,300,000.

J. The CSFP requires, among other things, that LAUSD provide OCS with a lease having a term of 40 years for the use of the Leased Premises. This Lease satisfies such requirement under the CSFP.

K. On January 10, 2017, by its reports numbered 311-16/17, 312-16/17 and 313-16/17, the Board adopted a resolution to exempt the Project from Local Land Use Regulations, adopted the Mitigated Negative Declaration and approved the Project. The Board’s approval of the Project authorizes Ocean to proceed with the construction of the Project.

L. As more particularly set forth in Article 3 below, OCS shall satisfy or cause to be satisfied certain conditions precedent to Term Commencement Date.

M. The CSFP also requires LAUSD to observe certain requirements in the event of the termination of this Lease. Any termination of the Development Agreement

prior to completion of construction of the Project shall effectuate an automatic termination of this Lease. This Lease may also terminate due to a default as specified herein, and, in the event this Lease terminates prior to completion of construction of the Project, then the Development Agreement shall also automatically terminate concurrently with the termination of this Lease. LAUSD shall observe the requirements of Section 17078.62(b)(1) through (6), inclusive, of the Ed Code which are generally provided in Section 17.2(j) below.

N. Tenant and LAUSD intend to simultaneously execute this Lease and the Development Agreement to facilitate the development and construction of the Leased Premises, as set forth herein.

NOW, THEREFORE, for and in consideration of the foregoing, the rents hereinafter reserved and the covenants and agreements hereinafter contained, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1.

DEMISE

1.1 Effectiveness; Demise. Notwithstanding the Term and/or any provision herein to the contrary, the Parties agree that their agreements herein contained shall be effective and binding as of the Effective Date, provided that their rights, duties and obligations (as applicable) shall be subject to the satisfaction (or waiver) of the conditions contained in Article 3 below. Subject to the provisions of Sections 2.2 and 3 below, Landlord agrees to lease the Leased Premises to Tenant and Tenant hereby agrees to rent from Landlord, the Leased Premises.

1.2 Premises Plan; Reservations. Tenant recognizes that the improvements depicted in the Premises Plan do not yet exist and that the land depicted thereon is not currently available for Tenant's use due to the construction to be undertaken as herein provided. This Lease, and the Leased Premises, shall be at all times subject to the following:

a. Utility Rights of Way and Risers and Conduits. Rights of way and areas within the Leased Premises, sewers, pipelines, conduits and other transmission devices or facilities for electrical and utility service (telephone, cable, gas, heat, light, heat, data and power) as shown on the Plans and Specifications, including the right to enter upon, above, below or through the Leased Premises or otherwise utilize the Leased Premises for such purpose and to maintain, replace, repair, and enlarge the utility areas, without compensation or abatement, subject to the requirements of Sections 12. 1 and 12.5 and provided the Leased Premises shall be restored as much as reasonably possible to the condition existing prior to entry; and such rights of way shall not materially and adversely impair Tenant's use and operation of the Leased Premises.

b. Common Areas, Streets and Rights of Way. Rights of way, reservations or dedications for streets, common hallways and other access ways which

are apparent from a visual inspection of the Project or the Plans and Specifications, or which shall be duly established or which are expressly reserved herein; and

c. **Prior Exceptions; Title.** The exceptions, reservations, grants, easements, leases (except as shall be removed as of the Term Commencement Date as set forth in Section 2.2 below) or licenses of any kind whatsoever, as the same appear on record in the office of the Recorder of Los Angeles County, California, or in the official records the City or any of its various departments (the "**Permitted Exceptions**"). Tenant bears full responsibility and liability for complying with all documents and agreements of record as included in the Permitted Exceptions.

## ARTICLE 2.

## TERM

2.1 **Term of Lease.** This Lease is effective, subject to the Conditions Precedent contained in Article 3, as of Effective Date. However, the Term shall be measured from and shall commence on the Term Commencement Date (assuming the conditions set forth in Article 3 are satisfied) and shall terminate at 11:59 p.m. on the day prior to the 40<sup>th</sup> anniversary thereof, if not sooner terminated (the "**Expiration Date**"). At least one (1) year but no more than three (3) years prior to the Expiration Date, Tenant shall notify Landlord in writing of its desire to remain in occupancy of the Leased Premises. After receipt of Tenant's notice, Tenant and Landlord shall negotiate a new lease for Tenant's occupancy of the Leased Premises. Landlord's Board of Education shall accept or reject the terms and conditions of said new lease as it deems appropriate and prudent prior to any execution of said new lease by Landlord. If the parties cannot mutually agree upon the terms and conditions of a new lease for Tenant's occupancy of the Leased Premises, Landlord may require and Tenant agrees to execute a Proposition 39 occupancy/use agreement for a school year, a 30-day license or such other instrument that will allow Landlord and Tenant to continue to negotiate and mutually agree upon the terms and conditions of Tenant's occupancy of the Leased Premises. The term of this Lease shall not automatically extend regardless of any renewal of Tenant's charter petition because Landlord's Board of Education should be provided with the opportunity to review Tenant's occupancy of the Leased Premises, the proposed terms and conditions under which Tenant will continue its occupancy of the Leased premises and make a reasonable decision regarding said proposed terms and conditions.

## 2.2 [RESERVED]

2.3 **Commencement Date Certificate.** Within a reasonable period of time after the Term Commencement Date, at the request of either party the parties will memorialize the Term Commencement Date, the Expiration Date, and such other terms and conditions as may be reasonably contained in a written agreement substantially in the form of Exhibit "D", attached hereto and made a part hereof ("**Commencement Date Certificate**"). Tenant shall execute the Commencement Date Certificate within 15 days of receipt, failing which Landlord may execute the same on Tenant's behalf as its attorney in fact.



2.4 Termination of Use Agreement. Upon the Term Commencement Date, the Use Agreement shall automatically terminate, and Tenant's sole right to use and occupy the Leased Premises shall be pursuant to this Lease.

ARTICLE 3.

CONDITIONS PRECEDENT

3.1 Landlord's Conditions. Landlord's obligations under this Lease, the Development Agreement and the Term Commencement Date are expressly subject to the timely satisfaction of the conditions listed in this Section 3.1 (collectively, the "**Conditions Precedent**"). Each condition may be waived in whole or in part by Landlord by written notice to Tenant. Landlord and Tenant hereby covenant and agree that notwithstanding anything in this Lease to the contrary, in the event that any Condition Precedent has not been satisfied or waived, Landlord may elect to terminate this Lease and the Development Agreement, and Landlord shall have no further obligations to the Tenant under this Lease or the Development Agreement, so long as any delay or failure to meet any Condition Precedent is not a result of Landlord's failure or inability to act, scheduling delays on the part of Landlord, Landlord's delay of approval or other act or omission of Landlord:

a. School Board Approval. The Board shall have approved the Project and additional actions contemplated herein (such as environmental remediation, DTSC compliance, CEQA compliance, or otherwise) by October 30, 2017, and given delegated authority to LAUSD's Chief Facilities Executive or his designee(s) for the execution, delivery and consummation of the same.

b. Charter Documentation. Tenant shall be and at all times possesses all necessary consents, permits and approvals required by Applicable Law to operate the School, that it is in good standing under the laws of the State, and its charter is fully operational, complete, and effective in all material respects relative to its operation of the School.

c. Plans and Specifications. OCS shall have submitted to LAUSD and LAUSD shall have reviewed and, in its reasonable discretion, approved, approved with conditions, or rejected all "**Plans and Specifications**" for the Project. The approved Plans and Specifications shall be added to the Development Agreement as an exhibit thereto. The Plans and Specifications shall also comply with the requirements of the Division of State Architect ("**DSA**").

d. Budget and Construction Schedule. OCS shall have submitted to LAUSD and LAUSD shall have reviewed and, in its reasonable discretion, approved, approved with conditions, or rejected the "**Budget**" and "**Construction Schedule**" for the Project. The approved Budget and Construction Schedule for the Project shall be added to the Development Agreement as an exhibit thereto. The approved budget shall establish the total project cost "**Total Project Cost**" for the Project, which is currently estimated to be \$51,583,776.

e. CEQA. OCS shall comply with the requirements of the California Environmental Quality Act ("**CEQA**"), shall have delivered all documents in conjunction

with CEQA to LAUSD for its review and action, and LAUSD's Board of Education shall have adopted said CEQA action.

f. Remediation. If required pursuant to any review in connection with CEQA, the Department of Toxic Substances (“**DTSC**”) or other legal requirement, OCS shall have completed at OCEAN's sole cost and expense any and all required remediation to the Property as may be further defined in an abatement report and according to the following protocol: (1) any such abatement report, abatement work, and demolition work shall be performed by an LAUSD approved demolition and abatement contractor as applicable; (2) LAUSD's Facilities Environmental Technical Unit (“**FETU**”) shall review and approve any such abatement report in writing prior to the commencement of any abatement, demolition or removal work of the applicable materials or structures; and (3) FETU shall review all such remediation work, and OCS shall grant FETU access to all reports, records and files as requested by FETU in connection with overseeing such remediation work, access to the Campus and the Project, and shall promptly respond to all inquiries of and request for information from FETU regarding such remediation work. The completion of such remediation shall not be a Condition Precedent.

g. Other Approvals. At its sole cost and expense, OCS shall obtain and provide to LAUSD one (1) copy of all necessary consents, permits and approvals required by Applicable Law, rule or regulation in order to commence the construction of the Project. The foregoing shall also include, but shall not be limited to, the consents, permits and approvals required to obtain funding from the CSFP, if any, including approval of the Plans and Specifications for the proposed improvements constituting the Project.

h. Development Agreement and Other Documents. OCS shall have executed the Development Agreement substantially in the form attached hereto as **Exhibit “C”** and all such other reasonable and necessary instruments and documents for the transactions contemplated in this Lease in a form satisfactory to LAUSD in its reasonable discretion. In the event OCS refuses to execute the Development Agreement and all such other reasonable and necessary instruments and documents, OCS shall have no right to construct the Project on the Leased Premises, and OCS agrees LAUSD shall not be liable for any costs, expenses and/or damages arising from the Project or the consequential termination of this Lease.

i. Tenant's Waiver of Prop. 39 rights. The representations, warranties and covenants of Section 28 shall be true and correct.

j. CSFP Final Apportionment.

(i) On or before October 30, 2017 (“**CSFP Submission Date**”), OCS shall have completed and submitted the instruments necessary for OCS to obtain disbursement of the remaining funds of the CSFP Award for the Project. OCS shall advise LAUSD in writing of the State of California's determination of the final apportionment it is eligible to receive for the Project, the amount of the CSFP Award it

shall receive under CSFP (amount of final apportionment less the amount of advance apportionment equals the amount of “**Final Disbursement**”).

(ii) On or before the date that is four years after the CSFP Submission Date, OCS shall have actually received the Final Disbursement from the State.

k. Total Project Cost. In connection with the approved Budget, and, in the event the Final Disbursement plus the Augmentation Grant is less than the Project Cost, LAUSD shall review and solely approve OCS’s plan and commitment to fund the difference. LAUSD, in its sole discretion, shall review the information provided by OCS and determine whether the available funding OCS is committing to provide for the Project is sufficient to commence and complete construction of the Project. LAUSD shall notify OCS in writing if it determines OCS has not provided acceptable evidence of sufficient funding to commence and complete construction of the Project and OCS agrees it shall not commence construction of the Project until it has provided evidence of sufficient funding acceptable to LAUSD. LAUSD discloses that a plan to fundraise for the costs and expenses of the Project shall not be acceptable until the funds are actually available to pay such costs.

l. Notice of Intent to Proceed. OCS shall deliver to LAUSD a written notice of its intent to proceed with the construction of the Project.

m. Permits and Approvals. OCS shall have obtained and maintain throughout its occupancy on the Leased Premises all necessary consents, permits and approvals required by Applicable Law, rule or regulation in order to operate the Charter School.

n. Use Agreement. OCS shall have not been in default under the Use Agreement, and the Use Agreement shall be in full force and effect.

o. Timely Satisfaction of conditions. OCS shall have satisfied all Conditions Precedent on or before October 30, 2017.

3.2 Failure of a Condition Precedent. Tenant specifically acknowledges and agrees that Landlord may terminate this Lease, the Development Agreement and the Pre-Occupancy Period for a failure of one or more of the Conditions Precedent or Conditions Subsequent, subject to the limitations set forth above, and in the event Landlord so terminates the Lease, Development Agreement and Pre-Occupancy Period, Tenant shall thereafter have no right to occupy the Leased Premises pursuant to this Lease, and shall only have such rights, if any, to occupy a portion of the Property Pursuant to the Use Agreement. Tenant specifically affixes its initials in the space provided below to evidence Tenants understanding as provided in this Section 3.2 and the Lease.

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OCEAN Initials

3.3 Specific Covenants in the Event the Conditions Precedent are Satisfied. Tenant shall timely satisfy all of the following covenants in the event the Conditions Precedent are satisfied (in addition to other covenants and conditions in this Lease) (the following all being referred to as the “**Conditions Subsequent**”):

a. Commence Construction. Tenant shall have commenced construction of the Project within three (3) months after the satisfaction of the Conditions Precedent.

b. Comply with all Requirements of the Development Agreement. OCS shall satisfy all of the requirements the Development Agreement.

c. Completion of Project. OCS shall complete the Project in accordance with the Development Agreement within two (2) years of its commencement of construction of the Project subject to extensions as a result of Force Majeure Delays (as provided in the Development Agreement).

#### ARTICLE 4.

#### USE

4.1 Use. Tenant shall only use the Leased Premises for the purposes specified in Section (I) of the Summary and shall open the Span School as soon as reasonably practicable and in no event more than thirty (30) days after the Term Commencement Date. Tenant’s right to access the Leased Premises shall be 24/7. No other uses shall be granted or permitted. Such use shall not permit the placement, storage or use of portable buildings or classrooms on the Leased Premises regardless that such portable building(s) or classroom(s) would support Tenant’s use. Tenant acknowledges and agrees that the use which Tenant is permitted to make of the Leased Premises and covenants that its operations on or about the Project are material provisions of this Lease. The Leased Premises and the Project shall not be used for any lewd, lascivious, immoral or illegal use. In no event shall smoking be permitted anywhere on the Project. Tenant shall not be permitted to erect or display on or about the Project any form of third party signage or advertising (whether in the form of signs, billboards, electronic media, or otherwise), without first having obtained Landlord’s consent, which consent may be withheld in Landlord’s sole discretion. Notwithstanding any provision in this Lease, use of the Leased Premises for fundraising, other income generating purposes or commercial activities where such activities involve third-party vendors or third-party invitees shall not be considered to be accessory to Tenant’s educational program regardless of any funds or income generated for Tenant and shall not be a permitted use; provided, that Tenant may conduct such activities in accordance with LAUSD’s practices and policies and subject to Landlord’s prior consent.

(a) Licenses. Notwithstanding anything in this Section 4.1 or Article 19 to the contrary, Tenant shall have the right to enter into license or other agreements for the provision of services or goods to the educational programs operated by Tenant for the benefit of all of Tenant’s students (e.g., food service, art instruction as part of a course offered by Tenant) without the consent of Landlord as to only those portions of the Leased Premises that are for Tenant’s exclusive use; provided, however, that any license or other agreements that require students to pay a fee to participate in or which

participation is voluntary (e.g., band camp, after school art lessons, after school SAT preparatory course, etc., but excluding food service provided to Tenant's enrolled students during normal school hours), whether or not paid directly to the Tenant or the third party service provider, shall be handled as a license in accordance with Landlord's policies and procedures and subject to Landlord's review and approval. Tenant's license or other agreements shall at a minimum require the vendor providing the services or goods to Tenant's educational program to maintain reasonable insurance for the benefit and protection of Tenant and Landlord, such insurance shall be issued by a company or companies licensed to do business in the State of California and meet Landlord's minimum insurance requirements, and indemnify and defend Tenant and Landlord. For purposes of efficient administration, Landlord recommends Tenant prepare a form license or other agreement for use with all vendors providing services or goods to Tenant's educational program and work with Landlord to review and consent to the use of the form license.

4.2 Supervision and Security. Tenant, at its sole cost and expense, shall monitor, respond and be responsible for the on-campus safety and security of its students, staff and invitees while on the Leased Premises. LAUSD shall not provide any safety and security services to the Leased Premises and OCEAN agrees that OCEAN shall be solely responsible and liable for providing the safety and security services it deems appropriate for its operations.

4.3 Signage and other Exterior Alterations. Within the buildings on the Lease Premises, Tenant shall be allowed to establish such identification and directional signage as is reasonable, customary and generally compatible with that which Landlord has in and on the Project. Tenant shall review its proposed signage program with Landlord. Tenant shall be required to obtain any and all governmental approvals as be applicable to installation of permitted Tenant signage. All signage shall be in compliance with any covenants, conditions or restrictions encumbering the Leased Premises and Tenant shall be required to procure (and provided evidence thereof to Landlord) of receipt of any applicable permits and approvals required under Applicable Law. Tenant may apply to Landlord in writing to place signs and/or exterior art, paintings or other like alterations on the exterior portions of the Leased Premises (including, without limitation, signs and/or art work hung on the interior of the buildings on the Leased Premises and visible on the exterior of the Lease Premises, such as interior windows signs). To the extent the same are approved by Landlord (including, without limitation, the size, color, shape, subject matter, type, lighting and locations), in Landlord sole and absolute discretion, Tenant shall install such signs at Tenant's sole cost and expense.

4.4 Pedestrian Safety. Tenant shall establish and or cooperate with Landlord in establishing and adhering to a pedestrian safety plan for the safe arrival and departure of students to and from the Property. The plan may include, but are not limited to: installation and use of traffic controls, pedestrian signal lights, school warning and speed limit signs, school crosswalks, pavement markings, passenger loading zones and school bus loading zones and crossing guard operations. The plan may also include a "Pedestrian Routes to School" map for distribution to all school attendees with

clear guidance on safe pedestrian access to school. The plan may require a traffic monitor to assure effective site circulation and pedestrian safety. Tenant agrees this monitor may be required to be one or more adult school staff stationed in the loading zone to ensure that the school's drop-off and pick-up procedures are followed. Tenant shall pay any and all costs for capital improvements required by Applicable Law as well as any and all operating costs associated with the implementation of any pedestrian safety measures, controls or monitoring.

4.8 Available Space. The Project is intended to serve a maximum of 532 student seats. Landlord and Tenant have agreed that for each school year Tenant shall have enrolled a minimum of 450 students or 85% of its maximum number of students permitted by its charter petition physically attending at the Leased Premises. If Tenant seeks to increase or decrease the number of students permitted under its charter petition which would result in a change of the maximum and minimum number of student seats, Tenant and LAUSD shall negotiate the impact of such change on this Lease and mutually agreeable on the terms and conditions of the amendment of this Lease; provided that Tenant agrees that it shall not implement the change in students permitted under its charter petition until the parties agree on such amendment to Lease.

Notwithstanding anything to the contrary contained in this Lease, commencing upon the first academic school year after the Term Commencement Date and for every year thereafter, should Tenant not have an average daily attendance of a minimum of 85% of its maximum number of students permitted by its charter petition physically attending at the Leased Premises, then Landlord may elect, but shall not be obligated, to temporarily utilize the available space of the Project area (including classrooms and related facilities) in such size and configuration as Landlord believes reasonable and appropriate (or as required by law) for the District's use, which may include providing the space to another charter school under Proposition 39. Tenant shall notify LAUSD if: (i) it anticipates enrollment will be below the minimum set forth herein; or (ii) actual enrollment is below the minimum set forth herein. Prior to the exercise of said election, Landlord and Tenant shall discuss Tenant's current and projected enrollment for the next coming school year and efforts to increase enrollment. After this discussion, Landlord may deliver to Tenant written notice of its election to temporarily use the available space on the following conditions: (a) Landlord's use of the available space shall commence no earlier than ninety (90) days after delivery of notice to Tenant but the parties may mutually agree on a date beyond said ninety (90) days for commencement of use; and (b) if Landlord's use involves a program that does not involve students attending such space (such as, but not limited to, preparation of professional development material), Landlord agrees to relocate such use upon ninety (90) days' written notice that Tenant has enrolled students in attendance at the Project at or above said minimum enrollment number and Tenant can establish such minimum enrollment for a minimum of a two (2) month period with evidence reasonably satisfactory to Landlord; or (c) if Landlord elects to place a program that involves students attending such space (such as, but not limited to, a Prop. 39 single year occupant), Landlord agrees such use shall commence no sooner than July 1<sup>st</sup> of the next school year and Tenant agrees that such use shall continue in effect for said school year regardless of any increase in Tenant's enrollment. Landlord agrees that

any use of available space shall result in a proportionate reduction of Tenant's Pro Rata Share, if applicable, and payment of utilities based on the square footage occupied by Landlord and Tenant agrees that such proportionate reduction in Tenant's Pro Rata Share, if applicable, and payment of a proportionate share of utilities shall be full compensation for the use of said space; provided, that if Pro Rata Share is not being paid by Tenant then Tenant and Landlord shall mutually agree upon the amount of compensation that shall be paid for the use of said space. Tenant may apply for any reason and at any time to Landlord to recover any space used by Landlord under this provision and the return of said space shall be governed by subsection (b) or (c) above; provided that if Tenant is in default of any other provisions of this Lease, Tenant shall cure such default before Landlord is obligated to remove its use of said space.

ARTICLE 5.

BUILD OUT OF LEASED PREMISES;

5.1 Tenant Construction. Pursuant to the terms of the Development Agreement and this Lease, OCEAN has agreed to construct and complete the Project reflected in the Plans and Specifications. Buildings and fixtures shall at a minimum meet LAUSD's requirements and specifications for equivalent schools. Tenant shall acquire all FF&E that it deems appropriate for its educational program, and shall not receive any FF&E from LAUSD.

5.2 Inspections and Acceptance of Leased Premises. Upon being notified that the Leased Premises are "Substantially Complete" (as such term shall be defined in the Development Agreement), the Parties shall conduct a "walkthrough" of the Leased Premises to establish a punchlist of cosmetic, non-structural items that remain to be completed (the "**Punch List Items**"). OCS shall correct and complete the Punch List Items, if any, promptly following identification thereof and if at all possible within 30 days.

5.3 Occupancy. OCS shall not be allowed to occupy the respective Phase I Improvements or Phase II Improvements until DSA has issued a Form 6 indicating that the applicable improvement is ready for occupancy and an Essential Safety Checklist & Approval Form has been completed by the Office of Environmental Health and Safety ("**OEHS**").

5.4 Fitness for a Particular Purpose. LAUSD makes no representations or warranties of any nature as to whether the Leased Premises satisfy OCEAN's business plans, charter requirements or loan requirements or are otherwise suitable for OCEAN's operation and use. OCEAN agrees that LAUSD has not made any representations or warranties of any nature because it identified the Leased Premises, conducted its own due diligence, acquired the Leased Premises with CSFP funds and elected to convey the Leased Premises to LAUSD to obtain LAUSD Augmentation Grant funds.

5.5 As-Is, Release. Except as specifically set forth in this Lease, Tenant acknowledges and agrees that LAUSD makes no representations or warranties, express or implied, as to the Leased Premises or the transactions contemplated by this Lease. Prior to the Effective Date of this Lease, Tenant shall conduct any and all inspections of the Leased Premises that it deems to be necessary or appropriate to its

full and complete satisfaction, and if Tenant leases the Leased Premises from LAUSD, Tenant acknowledges that it will be leasing the Leased Premises with full knowledge of any and all conditions of the Leased Premises. Tenant acknowledges that it is fully capable of evaluating the Leased Premises' suitability for Tenant's intended use. Tenant agrees to accept the Leased Premises "as is," "where is" and "with all faults" and subject to any condition which may exist, without any representation or warranty by LAUSD. Tenant shall be liable for and shall indemnify and defend LAUSD from any and all damage or destruction of the Leased Premises and any property located thereon, injury or death of persons, or any other claims, losses or demands arising solely from Tenant's inspection and due diligence review of the Leased Premises.

ARTICLE 6.

RENT

There is no "Rent" due under this Lease. Notwithstanding the preceding sentence, Landlord, at Landlord's option, may elect to characterize payments to be made by Tenant to LAUSD hereunder as "rent" within the meaning of California Civil Code Section 1951(a) for purposes of calculating LAUSD's damages and enforcing its remedies against Tenant in the event Tenant defaults hereunder.

ARTICLE 7.

NET LEASE

7.1 Generally. This is a purely "net" Lease, as the Parties intend that Tenant be fully responsible for the payment of all expenses related to the Leased Premises, including, without limitation, Tenant's Pro Rata Share (if applicable) of expenses for the Leased Premises, which may be attributed to, or become due, during the Term of the Lease, including, without limitation, all maintenance and repair costs, the cost of utilities, capital expenditures, taxes and insurance costs (collectively, "**Costs**"), as provided herein. It is the purpose and intent of LAUSD and Tenant that Tenant's occupancy of the Leased Premises shall be net to LAUSD, so that this Lease shall yield, net to LAUSD, all Costs that shall be paid by Tenant, and that Tenant shall protect, defend (by counsel reasonably approved in writing by LAUSD), save, indemnify and hold harmless LAUSD from and against all Costs.

7.2 Supervisory Oversight Fee, Pro Rata Share.

a. In addition to the Costs due hereunder, Tenant agrees that it will pay to LAUSD the supervisory oversight fee (herein, the "**Supervisory Oversight Fee**") as provided by Section 47613 of the California Education Code ("**Ed. Code**,"), as from time to time may be amended. This fee shall (i) be determined in arrears as of July 1 of every year during the Term hereof; and (ii) be remitted to LAUSD on an installment schedule established by LAUSD, which schedule shall be delivered to Tenant in advance of Tenant's payment. LAUSD shall have the right, from time to time, during the Term (and for one (1) year after the Term) to audit Tenant's books and records, including the photocopy of Tenant's books and records, upon at least ten (10) days prior written notice during normal business hours. Notwithstanding any provision in this Lease, nothing herein shall prohibit LAUSD from performing its duties and obligations imposed by the Ed. Code as the charter authorizer of Tenant.



b. Landlord is holding title to the Leased Premises in trust for the California public school system and Landlord is intended to have the limited responsibilities set forth in the CSFP section 17078.52 et seq. in effect as of the date of the initial execution of this Lease. Landlord shall not be obligated to provide any services to Tenant. Tenant, at its sole cost and expense, shall be responsible for all services it requires for the operation of its public school and based on the agreement that Tenant is solely responsible and liable, Landlord will not collect a Pro Rata Share as is permitted under the Charter School Act of 1992.

(i) **Notwithstanding** if Landlord is determined to be responsible or liable for Tenant's operation of Tenant's public school on the Leased Premises for any reason or required to provide services to Tenant, Landlord shall have the option, but not the obligation, to collect Tenant's "**Pro Rata Share**" or require payment of a fee based on Landlord's cost schedule in effect at the time of the services. Pro Rata Share shall be calculated on the District's total facilities costs calculated pursuant to 5 CCR Section 11969.7 divided by the total interior square footage of LAUSD (resulting in a per square foot cost), multiplied by the total interior square footage of the Leased Premises then occupied by Tenant, and is intended to be consistent with Section 47614(b) of the Ed. Code. The calculation of expenses to be passed through to Tenant under Tenant's Pro Rata Share is made annually, and therefore the expenses passed through to Tenant under Pro Rata Share may increase or decrease annually.

7.3 **Additional Payments.** If LAUSD reasonably incurs costs, expenses or other charges under the terms of this Lease on behalf of Tenant for any costs or expenses that Tenant is otherwise responsible for under this Lease and after Tenant fails to pay such amount after the expiration of all applicable notice and cure periods, Tenant shall be responsible for reimbursing Landlord for the same. As an example, and not as a limitation, if Tenant fails to maintain the required insurance and, after observing the notice requirements in this Lease, LAUSD elects to obtain the insurance on behalf of Tenant, the cost of said insurance shall be payable by Tenant.

7.4 **Payments of Costs and Other Charges.** Except as expressly provided above, LAUSD shall not be required to submit a written invoice for any payments due from Tenant to Landlord under this Lease. Tenant shall make monthly installments of all Costs, including, without limitation, its Pro Rata Share (if applicable), on the first (1st) day of every month and LAUSD shall not be required to submit a written invoice for any amounts other than to establish such amounts at the beginning of each school year or as otherwise provided in this Lease. If any such sums due from Tenant to Landlord under this Lease are imposed on other than the first (1st) day of a calendar month, then Tenant shall pay the first (1st) month's amount prorated to reflect a partial month. All reasonable costs and expenses actually incurred by LAUSD, including reasonable attorneys' fees (whether or not legal proceedings are instituted), in collecting the payment of any amounts and charges or enforcing the obligations of Tenant under this Lease shall be paid by Tenant to LAUSD in the manner set forth in this Section 7.4.

7.5 **Utilities.** Tenant shall cause all water, gas, heat, lighting, power, trash removal, sewer and other utilities (collectively, the "**Utilities**") that may be used or

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**Comment [2]:** I would delete the (i) and just make this a provision of b.

needed by Tenant in connection with its use of the Leased Premises to be in Tenant's name and invoices delivered directly to Tenant. No interruption, reduction or cessation of any Utilities shall constitute an eviction or disturbance of Tenant's use or possession of the Leased Premises or an ejection or eviction of Tenant from the Leased Premises, or a breach by LAUSD of any of its obligations, or render LAUSD liable for any damages, including but not limited to any damages, compensation or claims arising from any interruption or cessation of Tenant's business, or entitle Tenant to be relieved from any of its obligations under this Lease.

7.6 Taxes. The term "**Tax**" or "**Taxes**" shall mean all city, state and county ad valorem taxes and similar taxes and assessments and real estate taxes (to the extent that the Parties are not exempted therefrom), privilege taxes, excise taxes, gross sales taxes, water charges, sewer charges, assessments and bonds (including, but not limited to, assessments and bonds for public improvements or benefits) and all other governmental taxes, fees, impositions and charges of every kind and nature, general and special, ordinary and extraordinary, unforeseen as well as foreseen, whether belonging to or chargeable against LAUSD or Tenant, which shall be or become due and payable under or by virtue of any Applicable Law or otherwise is applicable to the Project during the Term or attributable to the use of the Project during the Term. Further, Taxes shall mean all taxes on property of subtenants of the Project which have not been paid by such subtenants directly to the taxing authority; surcharges; and any taxes levied or assessed in addition to or in lieu of, in whole or in part, of real estate taxes or assessments and any other tax or assessment upon leasing of the Project or rents collected therefrom. **TENANT IS AWARE THAT THE GRANTING OF THIS LEASE TO TENANT MAY CREATE A POSSESSORY PROPERTY INTEREST IN TENANT AND THAT TENANT MAY BE SUBJECT TO PAYMENT OF A POSSESSORY PROPERTY TAX IF SUCH AN INTEREST IS CREATED.** Taxes include:

a. Real Estate Taxes. All real estate taxes, assessments for improvements to the Leased Premises or any other assessments or taxes, which shall be levied against the same, or any interest therein, and which become a lien thereon and accrue during the term of this Lease Agreement.

b. Personal Property Taxes. All personal property taxes, assessments, charges, rates, duties, license fees and liens of every kind and nature which shall be levied against Tenant's materials, furniture, fixtures, equipment or other personal property as may be from time to time situated within the Leased Premises, and which become a lien thereon and accrue during the term of this Lease ("**Personal Property Taxes**"). Tenant shall cause such Personal Property Taxes to be billed separately from the property of LAUSD. Tenant hereby indemnifies and holds LAUSD harmless from and against the payment of all such Personal Property Taxes.

c. Possessory Interest Taxes. If, pursuant to the provisions of the California Revenue and Taxation Code, Tenant's ownership of the improvements on the Leased Premises results in a possessory interest tax being levied against LAUSD, any such possessory interest tax and any fine, penalty, interest or cost that may be added

thereto for the nonpayment thereof. Landlord makes no representation or warranty about the imposition or exemption of Taxes.

d. **Miscellaneous Taxes.** "Miscellaneous Taxes" which means all documentary transfer taxes, excise and payroll taxes and sales, consumer, use and/or similar taxes related to the Leased Premises or its construction, maintenance, repair, use and operation. Tenant agrees it is responsible for any and all documentary transfer tax associated with any recordation of documentation evidencing this Lease, the Term of this Lease and/or a reassessment of real property taxes stemming from a "change of ownership" attributable to the Tenant's lease of the Leased Premises.

Notwithstanding the foregoing, prior to payment of any Taxes (other than Miscellaneous Taxes), Tenant shall have the right, at its sole cost and expense, to contest the amount or validity of any Taxes, in whole or in part, by appropriate administrative and legal proceedings, and LAUSD shall reasonably cooperate with Tenant should Tenant in good faith contest or appeal any proposed Taxes.

LAUSD and Tenant agree to mutually cooperate to arrange with the taxing authorities to have the Leased Premises and any improvements thereon treated as a separately taxed interest from the balance of the Project, and for any Tax related to the Leased Premises to be directed to Tenant. If any Tax is not separately assessed to the Leased Premises, or directed to Tenant, but is included in an assessment covering the Project, or in an assessment directed to LAUSD, then LAUSD shall deliver to Tenant a statement setting forth any such assessment not separately assessed to the Leased Premises or directed to Tenant and Tenant shall pay to LAUSD said assessment within ten (10) days of its receipt of the statement. If Tenant fails to pay said assessment within the above ten (10) days, LAUSD shall deliver the statement to Tenant again and Tenant shall have ten (10) days from the date of delivery of the second statement to remit payment to LAUSD and upon expiration of the ten (10) days Tenant authorizes LAUSD to deduct the amount of the assessment in the statement from Tenant's revenue accounts. Such authorization is evidenced by the placement of Tenant's initials in the space provided herein:

LAUSD is authorized to deduct from Tenant's revenue accounts: \_\_\_\_\_.

7.7 **Maintenance and Operation of the Leased Premises.** Tenant shall be responsible to pay for all costs and expenses to and shall operate and maintain the Leased Premises including all systems and improvements for the Project and the furniture, fixtures, equipment and other personal property in a good, safe and sanitary condition. Tenant shall be required to, and shall not be limited to, repair, improve, replace, perform deferred maintenance and routine repair and general maintenance for the Project including all furniture, fixtures and equipment. Tenant shall be required to perform deferred maintenance for the Leased. The operation and maintenance of the Leased Premises and specifically custodial, RRG and deferred maintenance shall sometimes collectively be referred to as "M&O Services." Tenant shall be required to perform such M&O Services in accordance with Applicable Law. Subject to Article 9 below, Tenant shall also be responsible to make any and all capital or non-capital

additions, Alterations, renewals, replacements or repairs to the Leased Premises which may be required by any Applicable Law. All such additions, Alterations, renewals, replacements or repairs made by Tenant shall be done in a good worker-like manner with first (1<sup>st</sup>) class materials, shall be made pursuant to Article 9 below, and shall comply with all requirements applicable to public school construction as required by Ed. Code Section 17078.54(c)(1)(A).

(i) Routine Repair Service Calls. Routine Repair Service Calls are requests by Tenant for repairs to existing buildings, equipment, systems and infrastructure occurring from reasonable use and within the useful life of said item. As an example, and not as a limitation, services for a clogged toilet or a door off the hinges. Tenant may request LAUSD services and LAUSD may, but shall not be obligated to, provide the requested services for Tenant. If LAUSD is willing to provide the requested service Tenant shall pay for said requested services prior to LAUSD providing the service.

(ii) Emergency Service. In the event of an emergency, LAUSD may provide services to the Leased Premises without notice to Tenant and Tenant shall pay for such services as provided in this Lease. Nothing herein shall require LAUSD to take action or provide services in the event of an emergency regardless of LAUSD holding title to the Lease Premises as LAUSD is holding title as required by CSFP and LAUSD Augmentation Grant.

LAUSD shall have no obligations whatsoever with respect to the maintenance, repair, replacement, improvements or other capital or non-capital improvements, including those that may be required by Applicable Law, at the Leased Premises.

Nothing contained herein shall be construed as requiring LAUSD to make any repairs or to do any maintenance necessitated or to make any repairs, changes, alterations, additions, improvements or replacements of any nature whatsoever in, on or about the Leased Premises or Project at any time by reason of the act or omission of Tenant or anyone claiming under Tenant or by reason of the failure of Tenant to observe or perform any conditions, covenants or agreements contained in this Lease or required by Applicable Law, or by any act or omission of any third-party (excluding LAUSD), or by reason of any damage to or destruction of other property caused by any improvements, alterations or additions made by Tenant or anyone claiming through Tenant. Tenant waives any rights created under any law now or hereafter in force to make repairs to the Leased Premises or Project at LAUSD's expense.

7.8 Tenant's Insurance. Except as provided in this Lease, no coverage shall be provided to the Tenant by LAUSD under any of LAUSD's self-insured programs or commercial insurance policies. Tenant shall secure and maintain, at a minimum, insurance as set forth below with insurance companies acceptable to Landlord (as set forth in Section 7.10 below) to protect Tenant and Landlord from claims which may arise from Tenant's operations. It shall be Tenant's responsibility, not LAUSD's, to monitor its vendors, contractors, partners or sponsors for compliance with the insurance

requirements. Tenant, at Tenant 's sole cost and expense, shall obtain and keep in full force and effect, beginning on the Term Commencement Date and continuing until the Lease terminates the following insurance:

(a) Liability Insurance. Commercial general liability insurance with respect to the Leased Premises and the operations of or on behalf of Tenant in, on or about the Project, the Leased Premises including but not limited to: bodily injury, product liability (if applicable), blanket contractual, broad form property damage liability coverage and host liquor liability in an amount not less than \$5,000,000.00 per occurrence and \$5,000,000.00 in the aggregate, plus a \$5,000,000.00 umbrella policy, and excess liability coverage on a basis consistent with coverage for schools as required by LAUSD as a school district. The policy shall be endorsed to name LAUSD and the Board as named additional insureds and shall provide specifically that any insurance carried by the Landlord which may be applicable to any claims or loss shall be deemed excess and the Tenant's insurance shall be primary despite any conflicting provisions in the Tenant's policy. Coverage shall be maintained with no Self-Insured Retention above \$15,000 without the prior written approval of the Office of Risk Management for LAUSD.

(b) Other Liability Coverage. In addition, Tenant shall procure, pay for and keep in full force and effect commercial auto liability coverage with limits of \$1,000,000 combined single limit unless Tenant operates bus services for students; provided, that if Tenant is providing any bus services for students, Tenant shall maintain coverage limits not less than \$5,000,000 combined single limit. All liability policies shall contain: (1) severability of interest, (2) cross liability, (3) contractual liability, (4) personal injury liability, (5) coverage for explosion, collapse, and underground hazards, (6) an endorsement stating "Such insurance as is afforded by this policy for the benefit of LAUSD shall be primary with respect to any liability of claims arising out of the occupancy of the Leased Premises by Tenant, or out of Tenant's operations, and any insurance carried by LAUSD shall be excess and non-contributory." If any such liability coverage is written on a claims-made basis, the certificate of insurance must clearly so state and the following additional information must be provided to LAUSD: (A) Is defense coverage included in the limit (yes or no); (B) aggregate limitations (general and products/completed operations); (C) retroactive date; (D) length of time for extended reporting period (E) limitations on invoking reporting period (if other than nonpayment); and (F) is "notice of circumstances" allowed (yes or no). Any independent contractors performing services on or about the Middle School shall be required to provide proof of liability insurance comparable to that required of Tenant for the benefit of LAUSD.

(c) Property Insurance. Tenant, at its sole cost and expense, shall obtain and maintain property insurance against fire, vandalism, malicious mischief and such other additional perils as now are or hereafter may be included in a standard "All Risks" coverage, including coverage for earthquake, sprinkler leakage, insuring the Leased Premises (including the Project) and all of Tenant's trade fixtures, furnishings, equipment, stock, loss of income or extra expense, and other items of personal property ("**Tenant's Personal Property**") in an amount not less than 100% of replacement

value, with a deductible subject to the approval of LAUSD. Such insurance shall contain: (i) no coinsurance or contribution clauses, (ii) comprehensive boiler and machinery coverage for all objects, including but not limited to boilers, pressure vessels, pressure piping and other major components or any centralized heating, air conditioning and cooling system and elevator system, (iii) a Replacement Cost Endorsement and (iv) a waiver of subrogation in favor of LAUSD and LAUSD Parties (as hereinafter defined). Such insurance shall include Tenant as named insured and LAUSD and LAUSD's Board of Education as additional insureds.

(d) Workers' Compensation, Employer Liability. Workers' Compensation Insurance in accordance with provisions of the California Labor Code adequate to protect the Tenant and Middle School from claims that may arise from Tenant's operations pursuant to the Workers' Compensation Act (Statutory Coverage). The Workers' Compensation Insurance coverage must also include Employers Liability coverage with limits of \$1,000,000/\$1,000,000/\$1,000,000. Coverage shall be specifically endorsed to include an insurer's waiver of subrogation in favor of LAUSD and its directors, officers, representatives, agents and employees, a copy of which shall be provided to LAUSD. Should any such work be subcontracted, Tenant shall require each subcontractor of any tier to similarly comply with this provision, all in the strict compliance with Applicable Law.

(e) Loss of Business. Loss of income, business interruption and extra expense insurance in such amounts as will reimburse Tenant for direct or indirect loss of earnings and incurred costs attributable to the perils commonly covered by property insurance, but in no event less than the greater of \$1,000,000.00 or 100% of gross revenues for a period of 12 months. Such insurance will be carried with the same insurer that issues the insurance for Tenant's Property. LAUSD shall not be responsible for any deductibles under Tenant's policies, nor any personal property of Tenant that is underinsured or valued at less than 100% of the replacement cost.

(f) Fidelity Bond. Fidelity Bond coverage for all of Tenant's employees who handle, process or otherwise have responsibility for Tenant's funds, supplies, equipment, or other assets, whether used or located on the Leased Premises or not, in an amount of at least \$50,000.00 per occurrence, with no self-insured retention under the policy.

(g) Professional Educator's Errors and Omissions. Professional educators' errors and omissions liability coverage including sexual molestation and abuse coverage (if that coverage is not afforded elsewhere in the commercial general liability policy), with minimum limits of \$3,000,000.00 per occurrence and \$3,000,000 general aggregate.

(h) Sexual Molestation and Abuse. Sexual Molestation and Abuse coverage with minimum limits of \$3,000,000 per occurrence and \$3,000,000 general aggregate. Coverage may be held as a separate policy or included by endorsement in the Commercial General Liability or the Errors and Omissions Policy.

(i) Employment Practices Legal Liability. Employment Practices Legal

Liability coverage with limits of \$3,000,000 per occurrence and \$3,000,000 general aggregate.

(j) Competitive Sports Programs. Tenant shall also maintain excess/umbrella insurance with limits of not less than \$10,000,000 required of all middle schools and any school which participates in competitive interscholastic or intramural sports programs.

Should the Tenant deem it prudent and/or desirable to have insurance coverage for damage or theft to school, employee or student property, for student accident, or any other type of insurance coverage not listed above, such insurance shall not be provided by LAUSD and Tenant is solely responsible for the purchase and maintenance of the same.

7.9 Insurance Policy Criteria. All policies of insurance required to be carried by Tenant pursuant to these requirements shall be written by responsible insurance companies qualified to do business in the State of California rated no less than the standard LAUSD requires for the schools within the District (A.M. Best, A-, VII, or better). Any such insurance required of Tenant hereunder may be furnished by Tenant under any blanket policy carried by it or under a separate policy therefore. A true and exact copy of each paid-up policy evidencing such insurance or a certificate of the insurer, certifying that such policy has been issued, providing the coverage required and containing the provisions specified herein, shall be delivered to LAUSD (as set forth below) prior to the date Tenant is given the right to possession of the Leased Premises, and upon renewals, not less than 30 days prior to the expiration of such coverage. In addition, LAUSD shall be named as an additional insured on the liability policies and a loss payee on the property coverages. LAUSD may, at any time and from time to time, upon reasonable notice to Tenant and at no cost to Tenant, inspect and/or copy any and all insurance policies required hereunder, and in no event shall the then-limits of any policy be considered as limiting the liability of Tenant under this Lease.

(i) Address for Insurance Deliveries. Tenant shall furnish to LAUSD's Office of Risk Management and Insurance Services located at 333 S. Beaudry Ave, 28th Floor, Los Angeles CA 90017

(ii) Language for Certificates of Insurance. Certificates shall be endorsed as follows: "The insurance afforded by this policy shall not be suspended, cancelled, reduced in coverage or limits or non-renewed except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District." Facsimile or reproduced signatures may be acceptable upon review by the Office of Risk Management and Insurance Services. However, LAUSD reserves the right to require certified copies of any required insurance policies.

b. Modification of Insurance Coverage. At any time during the Term of this Lease, LAUSD may request reasonable modifications to the insurance coverage required in this Article 7 to be maintained by Tenant. Tenant may obtain and maintain policies of insurance in addition to those required to be obtained and maintained by

Tenant hereunder; provided, however, that any such policy shall comply with the provisions applicable to insurance policies obtained and maintained under this Article 7.

c. Notice of Cancellation. All policies shall be endorsed to provide not less than 30 days' prior written notice of any cancellation, reduction or material change in coverage. Tenant shall submit certifications annually to LAUSD confirming that the insurance required has been renewed and continues in place.

d. Failure to Obtain Insurance. If Tenant fails to procure, maintain and/or pay for at the times and for the durations specified in this Lease, the insurance required hereunder, or fails to carry insurance required by any Applicable Law, LAUSD may (but without obligation to do so), and with concurrent notice to Tenant, perform such obligations on behalf of Tenant, and the cost thereof, together with interest thereon at the Interest Rate from the date of demand until paid, shall immediately become due and payable as additional payment to LAUSD.

e. LAUSD's Insurance. During the Pre-Occupancy Term and throughout Tenant's construction of the Project, Tenant shall carry and maintain builder's risk property insurance and such other insurance in the amounts and subject to the deductibles as LAUSD may reasonably approve.

f. Release. Notwithstanding anything in this Lease to the contrary, LAUSD and Tenant hereby release each other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to real or personal property on the Leased Premises caused by fire or any other peril that is insured or required to be insured under this Lease (including, any loss attributable to a deductible or self insured retention for any peril that is insured or required to be insured under this Lease), even if such fire or other peril shall have been caused by the fault or negligence of the other party or anyone for whom such party may be responsible. LAUSD and Tenant shall each procure insurance policies with such a waiver of subrogation and with a clause or endorsement to the effect that any such release shall not adversely affect or impair said policies or prejudice the right of the releasor to recover thereunder.

7.10 Required Regulatory Inspections. Tenant understands that LAUSD, as the owner of the Property, is required to submit certain forms, tests, and reports to various regulatory agencies ("**Required Regulatory Inspections**"). Tenant shall compensate LAUSD for the Required Regulatory Inspections at LAUSD's then prevailing rate for such tests, inspections and preparation of reports through Tenant's payment of its Pro Rata Share, or as a direct expense if, for any reason, the Required Regulatory Inspections are not included as part of the Pro Rata Share. In addition, Tenant shall compensate LAUSD at LAUSD's then prevailing rate for repairs or other work LAUSD reasonably determines is needed to allow a facility, system, equipment, etc. to favorably satisfy the requirements of the Required Regulatory Inspections. LAUSD shall notify Tenant of its proposed schedule to perform the Required Regulatory Inspections, identify the then current, applicable Required Regulatory Inspections, and the rate of compensation Tenant shall pay LAUSD for any work associated therewith or

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**Comment [3]:** We should double check with Finstad, Cho and Khazei if LAUSD has to do the required regulatory inspections.



reasonably necessary to allow the facility or improvement to satisfy regulatory requirements or operate in a safe, sanitary manner. **The provision of the Required Regulatory Inspections by LAUSD and payment for the Required Regulatory Inspections by Tenant is a material provision of and consideration for this Lease. LAUSD is responsible for and may incur liability arising from the Required Regulatory Inspections and may perform such Required Regulatory Inspections at will and at its discretion; PROVIDED, THAT, LAUSD in good faith shall use reasonable effort to perform such Required Regulatory Inspections on a schedule agreeable to Tenant.**

7.11 Deferred Maintenance. The term “**Deferred Maintenance**” shall mean facilities repair or replacement projects as described in Ed. Code section 17582(a) or additionally approved by the State Allocation Board; and further detailed by Office of Public School Construction Deferred Maintenance Program Handbook, as updated from time to time. Those projects include, but are not limited to, work necessary to restore or replace deteriorated or damaged building systems such as plumbing, heating, air conditioning, electrical, roofing, flooring, and wall systems, the exterior and interior painting of school buildings, asphalt paving, the inspection, sampling and analysis of building materials to determine the presence of asbestos-containing materials, the encapsulation or removal of asbestos-containing materials, the inspection, identification, sampling, and analysis of building materials to determine the presence of lead-containing materials, the control, management, and removal of lead-containing materials, or such other items as may be approved by LAUSD’s Board of Education, to such condition that the school buildings may be effectively utilized for their designated purposes.

(a) Tenant Solely Responsible For Deferred Maintenance. As disclosed above, Tenant identified the Property, conducted its own due diligence for the intended use of the Property, and acquired the Property with CSFP funds. Tenant agrees LAUSD is holding title to the Property in accordance with CSFP for purposes of that funding and to obtain LAUSD Augmentation Grant funds and Tenant is constructing the Project. Tenant agrees that Tenant, at its sole cost and expense, shall be responsible for the Deferred Maintenance for the Leased Premises. Tenant shall establish an account, which it shall fund with approximately one-half of one percent (0.50%) of the average daily attendance of its school per school year; provided, that this account shall be under the control of Tenant and which funds shall be restricted for the Deferred Maintenance for the Leased Premises. LAUSD shall have no obligation to provide any funding (whether General Fund, Bond Funds or any other funds) or services for the Deferred Maintenance for the Leased Premises.

(b) LAUSD and Deferred Maintenance. If LAUSD is ever determined to be responsible for the Deferred Maintenance for the Leased Premises, Tenant agrees that Tenant shall pay LAUSD: (i) for the costs and expenses incurred by LAUSD in any proceeding or legal action involving the determination of responsibility for the Leased Premises which may intentionally or unintentionally result in LAUSD being responsible to perform Deferred Maintenance; and (ii) for the costs and expenses incurred by LAUSD in performing the Deferred Maintenance; and (iii) its contribution

towards Deferred Maintenance on an annual basis which contribution shall be calculated as if Tenant was a LAUSD operated school. In regards to subsection (iii) herein, LAUSD discloses and Tenant agrees that payment of Tenant's contribution towards Deferred Maintenance is not a guarantee or assurance the Leased Premises will receive Deferred Maintenance. LAUSD operated schools are not guaranteed or assured of Deferred Maintenance during each year that a portion of LAUSD's General Fund is contributed towards Deferred Maintenance. As a disclosure, in years prior to the date hereof, LAUSD has contributed approximately \$30-million towards Deferred Maintenance and together with the State matching funds, approximately \$60-million was available for Deferred Maintenance, which was used to address less than one percent (1%) of the \$6-billion backlog of Deferred Maintenance services and projects for the entirety of LAUSD.

(c) Tenant Responsibility for Deferred Maintenance. In addition to the Project, Tenant, at its sole cost and expense, shall be solely responsible for Deferred Maintenance for those alterations, modifications or improvements to the Leased Premises that Tenant constructs or causes to be constructed so that such alterations, modifications, or improvements shall be in a good, safe and sanitary condition in compliance with all Applicable Law. Section 7.12(b) above shall also apply to any alterations, modifications or improvements to the Leased Premises.

7.12 Late Payments.

a. Interest. If Tenant fails to pay when due any amounts or charges which Tenant is obligated to pay under the terms of this Lease, the unpaid amounts shall bear interest at the lesser of (a) the rate publicly announced from time to time by the largest (as measured by deposits) chartered bank operating in California, as its prime rate, reference rate or other similar benchmark rate, plus two percent (2%) or (b) the maximum rate then allowed by law ("**Interest Rate**") from the date such amount is due until the date paid.

b. Late Charge. Tenant acknowledges that the late payment of any amounts due hereunder will cause LAUSD to lose the use of that money and incur costs and expenses not contemplated under this Lease, including without limitation, administrative and collection costs, processing and accounting expenses, and late charges that may be imposed on LAUSD by the terms of any encumbrance (and companion promissory note) covering the Leased Premises, the exact amount of which is unknown at this time. Therefore, in addition to interest, if any amounts due hereunder from Tenant are received by LAUSD within five (5) days from the date it is due, or if Tenant fails to pay any other sum of money due hereunder and such failure continues for five (5) days after receipt of written notice thereof from LAUSD, Tenant shall pay LAUSD a late charge equal to 5% of the delinquent amount plus the Interest Rate. LAUSD and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses of and is fair compensation to LAUSD for the loss suffered from such nonpayment by Tenant. Acceptance of any interest or late charge shall not constitute a waiver of Tenant's Event of Default with respect to such nonpayment by

Tenant nor prevent LAUSD from exercising any other rights or remedies available to LAUSD under this Lease.

7.13 Disputes as to Payments. Tenant agrees to pay all amounts due hereunder within the time limits set forth in this Lease. If Tenant in good faith disputes whether all or any part of such amounts, fees for services, or other amounts are due and owing, Tenant shall pay the undisputed amount to LAUSD and shall deposit the disputed amount into an escrow with a mutually agreeable escrow company authorized to do business in California, at Tenant's expense. Tenant shall provide LAUSD with a letter or notice entitled "Payment Under Protest" which (a) states that Tenant plans to dispute such payment, (b) includes proof of deposit of funds into escrow provide by the escrow company, and (c) details Tenant's allegations as to why the amounts are not due and/or Tenant is not required to pay the same. The Payment under Protest notice shall be provided to LAUSD by the date that said payment would have been due under this Agreement. The parties shall then proceed to resolve such dispute following the process set forth in Section 25.1 below provided that the disputed amount shall remain in escrow until the payment dispute is resolved either through the dispute resolution process or by a final judgment from a court of competent jurisdiction as herein specified. Any interest accrued on the escrowed funds shall be allocated to the parties proportionally on the same percentage allocation as the disputed payment amount. Any portion of the disputed amount that is awarded to LAUSD shall bear interest at the Interest Rate; provided, that any interest accrued on the escrow funds, or portion thereof, that is awarded to LAUSD shall be deducted from the amount due for the Interest Rate.

7.14 Audit Rights. LAUSD shall maintain books and records reflecting all charges, expenses, costs and fees charged to Tenant in accordance with LAUSD's standard operating procedures and practice. Tenant and its agent shall have the right from time to time during the Term (and for one (1) year after the Term) to audit and photocopy LAUSD's relevant records at LAUSD's applicable local office upon at least thirty (30) days prior written notice during normal business hours; provided it shall keep the result of its audit confidential to the extent permitted by Applicable Law and shall not retain any auditor whose fee is contingency based. Tenant shall provide to LAUSD a copy of such audit or review. If such audit or review reveals that LAUSD has overcharged Tenant by more than 5% and LAUSD does not dispute the audit or review, then LAUSD shall credit the amount of such overcharge against any other Costs or amounts next due and payable by Tenant under this Lease (except upon the expiration or termination of the Lease, in which event, such overcharged amount shall be promptly paid to Tenant), and LAUSD shall pay the cost of such audit. If such audit or review reveals that LAUSD has undercharged Tenant then Tenant shall reimburse LAUSD the amount of such undercharge and Tenant shall pay the cost of such audit. Tenant shall perform any audit hereunder by using a certified public accountant from any recognized, reputable, third party accounting firm. Notwithstanding anything to the contrary in this Section, Tenant's audit right hereunder is not in lieu of, and does not constitute a waiver or limit in any way Tenant's right to file a request for information under the California Public Records Act (as may be amended from time to time) or other similar Applicable Law.

7.15 Timely Charges. The parties agree that the statute of limitations to collect or dispute amounts due and owing under this Agreement shall be 4 years from the date when said charge accrued.

ARTICLE 8.

COMPLIANCE

8.1 Compliance with Laws. Tenant shall, at its sole cost and expense, promptly comply with all present and future, foreseeable and unforeseeable, laws (including, without limitation, the California Charter School Facilities Program, California Education Code, the California Public Contract Code, the California Building Standards Law and any requirements of the DSA, ordinances, statutes, orders, rules, licenses and regulations and requirements of all federal, state, county and municipal government, courts, departments, commissions, boards and offices, any national or local Board of Fire Underwriters, LAUSD policies (as defined below), and any other governmental body exercising jurisdiction over the Leased Premises or Tenant's operations within the Project (or otherwise exercising functions similar to those of any of the foregoing), including foreseen or unforeseen, ordinary as well as extraordinary, and any covenants or conditions (collectively, "**Applicable Law**"), which may be applicable to (a) the Leased Premises including the improvements thereon or to be constructed thereon, or (b) the use or manner of use of the Leased Premises and/or the Project by Tenant and the occupants thereof (including the use of the Leased Premises as a charter school), whether or not such Applicable Law shall necessitate operational changes, structural changes, repairs or additions to the Leased Premises, the addition of any improvements on the Leased Premises, or the removal of any encroachment or projections, ornamental, structural or otherwise, on the Leased Premises. Tenant shall faithfully observe and comply in all material respects with all Applicable Law in the use and occupancy of the Leased Premises and/or the Project, regulating the use by Tenant thereof. The phrase "**LAUSD policies**" shall mean the any and all policies, bulletins, procedures and other requirements generated by and promulgated by LAUSD to the extent such policies and bulletins (i) affect the health, safety or sanitation at the Leased Premises, or the risk of physical damage thereto, and (ii) apply to Tenant's activities and operational use of the Leased Premises and not to any other location of Tenant.

8.2 Compliance with Charter Petition. Tenant shall, at its sole cost and expense, promptly and at all times comply with the terms and provisions of the charter petition submitted by Tenant to the chartering authority pursuant to Ed. Code Section 47605 *et seq.*

8.3 Continuous Use. Tenant shall uninterruptedly operate the Middle School at the Leased Premises during the Term hereof, except for normal and customary school holidays and days during the traditional summer months when summer school is not in session.

8.4 Name of School. The Middle School and/or the Project shall be named \_\_\_\_\_ . LAUSD approves this name.

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**Comment [4]:** Do we want a say in what they name the school?

9.1 Alterations. Excluding the Project which is subject to the Development Agreement, Tenant may make alterations, additions, or improvements to the Leased Premises ("Alteration" or "Alterations") upon satisfaction of those terms and conditions which LAUSD may require in addition to all of the following terms and conditions and the satisfaction of Section 9.2 below:

(a) LAUSD Consent. Tenant agrees that no Alterations may occur without the prior written consent of LAUSD, and shall be governed by the procedures in this Article 9 including, without limitation, Section 9.2 below. Prior to the delivery or any supplies or the commencement of construction Tenant shall comply with the process set forth below. Tenant, at Tenant's sole cost and expense, shall pay all costs related to the Alterations, including costs of planning, design, permitting, insurance and construction. Tenant shall immediately reimburse LAUSD for its costs and expenses reasonably incurred by LAUSD in reviewing and approving the plans and specifications (including the Plans and Specifications under the Development Agreement) for such work or by reason of any faulty work done by Tenant or Tenant's contractors or by reason of inadequate cleanup or which is otherwise incurred by LAUSD to monitor and inspect the progress of such work. For purposes of this Section 9.1, all references to plans and specifications shall include the Plans and Specification under the Development Agreement.

(b) Compliance. All Alterations, including the construction of such Alterations, shall comply with Applicable Law and LAUSD policies. If the Alterations do not require compliance with the Field Act, the Alterations shall comply with the California Building Standards Code as adopted and enforced by the City of Los Angeles (or any future local building enforcement agency with jurisdiction over the area in which the Leased Premises is located). If the Alterations require the Leased Premises to immediately comply with any Applicable Laws, Tenant, at its sole cost and expense, shall comply with and satisfy such statute, ordinance, rule and/or regulation, or may elect not to construct its Alterations. As an example, and not as a limitation on the construction of this provision or an admission, if an Alteration causes the Leased Premises to immediately comply with the Americans with Disabilities Act, Tenant shall bear the sole expense of compliance or may elect not to construct the Alteration.

(c) Ownership of Alterations. Unless otherwise agreed by the parties in writing, Tenant maintains its ownership rights in any Alterations and may be allowed to remove the same at termination of this Agreement so long as Tenant, at its sole cost and expense, restores the Leased Premises to the condition existing prior to the Alteration, reasonable wear and tear excluded. The term "Leased Premises" as previously defined shall be construed to include any Alterations that Tenant may cause to occur during the Term and shall not be construed to convey ownership of any Alterations from Tenant to LAUSD. Tenant, as the owner of the Alterations, shall solely enjoy those rights and benefits arising from its ownership of the Alterations and correspondingly, shall solely bear the responsibilities and liabilities arising from the Alterations.

(d) Permits and Approvals. Tenant, at its sole cost and expense, shall be responsible for obtaining all governmental permits and approvals, including DSA approval, for the Alterations, including all plans and drawings, to the full extent necessary pursuant to Applicable Laws. LAUSD discloses that DSA does not review plans and specifications for items such as, but not limited to, compliance with local ordinances, geotechnical, grading and drainage designs, storm water management, electrical, mechanical and plumbing. If the Alterations do not require DSA approval or DSA does not review such items, Tenant shall obtain the permits and approvals from the building enforcement agency with jurisdiction over the area in which the Leased Premises is located. Tenant shall provide LAUSD with complete copies of all such permits and approvals prior to commencing construction of the Alterations.

(e) Performance Bond. Prior to and throughout the construction of any Alterations, Tenant, at its sole cost and expense, shall: (i) obtain and provide to LAUSD a payment and/or performance bond (or a suitable dual obligee rider) in a form and by a surety acceptable to LAUSD and in an amount not less than 100% of the estimated cost of such Alterations; or (ii) provide written evidence of sufficient funds in an amount not less than 100% of the estimated cost of such Alterations and the segregation of such funds for the duration of the construction of the Alterations in a manner acceptable to LAUSD to prevent the use of such funds prior to completion of construction.

(f) Insurance. Prior to and throughout the construction of any Alterations, Tenant, at its sole cost and expense, shall provide and keep in force: (i) "all risks" builder's risk insurance, including vandalism and malicious mischief, covering improvements in place and all material and equipment at the job site, (ii) workers' compensation insurance covering all persons employed in connection with the work in compliance with Applicable Laws, and (iii) commercial general liability insurance including bodily injury, property damage and automobile liability, in an amount acceptable to LAUSD, such insurance to remain in full force and effect until such Alterations shall have been completed and fully insured as hereinafter provided. A copy of said insurance shall be delivered to LAUSD prior to the commencement of any work or the delivery of materials or supplies.

(g) Notice of Non-Responsibility. Prior to the commencement of any Alterations, including the delivery of any materials, for which a claim or lien may be filed, Tenant shall provide LAUSD with notice of the intended commencement of any work to enable LAUSD to post notices of non-responsibility or any other notices which LAUSD deems necessary for the proper protection of LAUSD's interest in the Leased Premises, and LAUSD shall have the right to enter the Leased Premises during normal business hours and post such notices.

(h) Work. All Alterations shall be constructed of new materials and done in a good and workmanlike manner by properly qualified and licensed personnel, and such work shall be diligently prosecuted to completion. Any work not acceptable to any governmental authority or agency having or exercising jurisdiction over such work

as a permitting agency, shall be promptly replaced and corrected at Tenant's sole cost and expense.

(i) Contracts. All contracts entered into by Tenant related to the design and construction of the Alterations shall be freely assignable to LAUSD without Tenant's consent or the consent of the contracting party and without the payment of any fee whatsoever; provided, that this provision does not require Tenant to assign said contracts to LAUSD at this time but rather, only after a default by Tenant under this Lease and upon receipt of notice from LAUSD. In addition, Tenant agrees that it shall competitively bid the general construction contract and any other contracts if required by Applicable Laws.

(j) Construction Personnel. The architect, construction manager, general contractor for construction, each subcontractor listed by the contractor in the bid(s) to be accepted by Tenant or subcontractors substituted pursuant to the Subletting and Subcontracting Fair Practices Act, engineer, consultant and professional retained for the Alterations (collectively referred to as the "Construction Personnel") shall be licensed, if applicable, in good standing and authorized to do business in the State of California.

(k) Labor Compliance. If the Alterations constitute public works under the Labor Code, then prevailing wages must be paid. In this instance, Tenant shall cause all parties entering into a contract with Tenant for the design, preconstruction, and construction of the Alterations to pay prevailing wages. If it is determined that LAUSD must handle the labor compliance program for any Alterations by Tenant, Tenant agrees to be subject to and bound by the labor compliance program operated by LAUSD. Tenant shall pay all costs incurred by LAUSD's labor compliance program to monitor and enforce prevailing wages for the Alterations. Such costs shall be separate from any wage and penalty assessment issued by LAUSD's labor compliance program to Tenant or any of Tenant's contractors or subcontractors for violations of the Labor Code.

9.2 Process. Tenant shall comply with the following general review and approval process for any proposed Alterations:

(a) Project Scope. Tenant shall submit to LAUSD a description of the scope of the proposed Alterations ("**Project Scope**") and a fee (payable by certified check) to be established by LAUSD for its review of the Project Scope. LAUSD will provide Tenant with a fee schedule associated with Project Scope review. The Project Scope shall contain at a minimum the scope and nature of the proposed Alteration, the estimated timeline for construction, the intended use of the Alteration and the estimated total cost of construction of the Alterations. Within 15 business days of Tenant's submittal of the Project Scope and fee, LAUSD shall review the Project Scope and issue a written statement:

(i) Determining whether the Alterations or portions thereof require DSA review and approval;

(ii) Determining whether the Alterations or portions thereof require LAUSD review and approval, and an estimate of LAUSD's fee (payable by certified check) to review those items not requiring DSA approval;

(iii) Determining whether the Alterations or portions thereof require the review and approval of the building enforcement agency with jurisdiction over the area in which the Leased Premises is located; or

(iv) Determining that the Project Scope is rejected and/or denied by LAUSD in its sole and absolute discretion.

If LAUSD fails to provide any of the foregoing responses to Tenant within said 15 business day period, Tenant may proceed to DSA or the appropriate building enforcement agency with jurisdiction over the Alterations. Notwithstanding, the foregoing does not negate Tenant's obligation to comply with subsection (b) below.

(b) Review and Approval. Tenant, at its sole cost and expense, shall submit the Alterations, or portions thereof, to LAUSD and DSA or the building enforcement agency with jurisdiction over the area in which the Leased Premises is located, as applicable, for review and approval prior to commencement of construction or the delivery of any materials or supplies to the Leased Premises.

If the Alterations require DSA review and approval, LAUSD shall review the submitted plans and specifications, and request clarifications or revisions, approve with conditions or disapprove the plans and specifications for the proposed Alterations within the same time period as the DSA review or prior to DSA review, whichever is more appropriate. If the Alterations do not require DSA review and approval, LAUSD shall use reasonable efforts to review the submitted plans and specifications, and request clarifications or revisions, approve with conditions or disapprove the plans and specifications for the proposed Alterations within 30 days of the submittal of the plans and specifications and the certified check paying the fee referenced in Section 9.2(a)(ii) above. The 30 day review period referenced herein shall be extended by an equivalent number of business days that LAUSD or its civil engineering department is closed for business. As an example, and not as a limitation, LAUSD shuts down its business operations between Christmas and New Year as a budget saving measure.

(c) Inspections. Notwithstanding any provision contained herein, Tenant agrees that the Alterations shall not be used or put into operations prior to inspection and final clearance by DSA, if applicable, and LAUSD and/or the building enforcement agency with jurisdiction over the area in which the Leased Premises is located.

Tenant, at its sole cost and expense, shall pay for the DSA inspector of record or, if unavailable, a DSA inspector selected from LAUSD's approved DSA inspectors list or, if the DSA inspector is not on LAUSD's approved list, as reasonably approved by LAUSD to inspect the Alterations during construction and after completion;



provided, that, if the DSA inspectors employed by LAUSD do not have availability for Tenant's Alteration(s), Tenant, at its sole cost and expense, shall retain a DSA inspector reasonably approved by LAUSD to inspect the Alteration(s) during construction and after completion. The DSA inspector shall be permitted to access the Project at all times during construction, which access shall be coordinated between the DSA inspector and Tenant, and Tenant shall provide notice to all other co-located users (if any) of the Leased Premises.

Neither LAUSD's right to make such inspections nor the making of such inspections, regardless of any assertions that such inspections amount to unauthorized supervision of construction, or the supervision of construction by the DSA Inspector, shall operate as a waiver of any rights of LAUSD to require that construction be accomplished with new materials, and executed in a good and workmanlike manner in accordance with the plans in all material respects, and Applicable Laws.

(d) Close-Out. Within 30 business days after completion of construction of any Alterations, Tenant, at its sole cost and expense, shall, if applicable, cause a Notice of Completion to be recorded in the office of the Recorder of Los Angeles County in accordance with section 3093 of the Civil Code, or any successor statute, and shall furnish a copy thereof to LAUSD upon such recordation. At the conclusion of construction of Alterations, Tenant, at its sole cost and expense, shall:

(i) cause the contractor that built the Alterations to (A) update all construction documents related to the Alterations as necessary to reflect all changes made to the construction documents during the course of construction, (B) forward the "record-set" to Tenant's architect of record who will prepare a final set of "as-built" drawings, and (C) deliver to LAUSD one (1) set of record-set of drawings (which shall be the DSA approved transparencies which the architect of record has recorded all of the as-built conditions and each sheet shall have the DSA application number and stamped "As-Built") and one (1) CD containing said record-set of drawings within 90 days following substantial completion of the Alterations; and

(ii) Tenant shall maintain a copy of all warranties, guaranties, and operating manuals and information relating to the Alterations and deliver a copy of the same to LAUSD.

9.3 No LAUSD Liability. Tenant understands and agrees that LAUSD is not a guarantor of, nor responsible for, the construction of the Alterations as completed, or the compliance thereof with Applicable Laws. LAUSD shall not incur liability of any kind by reviewing or otherwise allowing construction of the Alterations and Tenant shall indemnify and defend LAUSD from any and all liability, claims or damages that may arise directly or indirectly from the Alterations, except to the extent that such liability, claim or damages arise from LAUSD's gross negligence or willful misconduct.

9.4 No Portable Buildings or Classrooms. Tenant shall not permit the placement, storage or use of portable buildings or classrooms on the Leased Premises regardless that such portable building(s) or classroom(s) would support Tenant's use,

without LAUSD's prior written consent which LAUSD may withhold in its sole and absolute discretion.

9.5 General. In addition to the terms and conditions specified in this Article 9, LAUSD may also require such additional items or assurances as LAUSD in its sole discretion may deem reasonable or desirable in connection with any Alterations to the Leased Premises.

ARTICLE 10.

SURRENDER; END OF THE TERM

10.1 Surrender of Leased Premises. On the last day of the Term hereof, Tenant shall surrender to LAUSD the Leased Premises, vacant and in the same condition as at Substantial Completion of the Project (as defined in the Development Agreement), ordinary wear and tear, and casualty damage excepted, free and clear of any liens or encumbrances. All Alterations made by or for Tenant, whether temporary or permanent in character, made either by LAUSD or Tenant, shall be LAUSD's property, and shall be surrendered to LAUSD in good condition upon expiration of the Term or termination of this Lease without compensation to Tenant, ordinary wear and tear, and casualty damage excepted. Prior to the expiration of the Term, Tenant shall remove completely all of Tenant's Property and repair all damage caused by such removal. Any of Tenant's Property not so removed shall, at the option of LAUSD, automatically become the property of LAUSD upon the expiration or termination of this Lease. Thereafter, LAUSD may retain or dispose of in any manner the personal property not so removed, without any notice or liability whatsoever to Tenant.

10.2 Removal of Property. "**Tenant's Property**" shall mean such machinery, furniture, equipment, inventory, trade fixtures and personal property which exists on or about the Leased Premises and which was paid for solely by Tenant. Tenant's Property shall be removed by Tenant upon the last day of the Term. Tenant shall repair any damage to the Leased Premises occasioned by the removal of Tenant's Property, which repair shall include the patching and filling of holes and repair of structural damage. Any property not removed by Tenant from the Leased Premises within 30 days after the end of the Term shall be conclusively presumed to have been abandoned by Tenant.

10.3 Compliance with Applicable Law. All removal of Tenant's Property is subject to Applicable Law, including any local permits (which shall be obtained at Tenant's expense) and/or approval by the DSA.

ARTICLE 11.

HOLDING OVER

11.1 Holding Over. Tenant shall surrender possession of the Leased Premises immediately upon the expiration of the Term or earlier termination of this Lease. Tenant will not be permitted to hold over possession of the Leased Premises after the expiration or earlier termination of the Term without the express written consent of LAUSD, which consent LAUSD may withhold in its sole and absolute discretion. Any holdover by Tenant shall constitute a material breach of this Lease by Tenant entitling LAUSD to pursue any and all remedies available at law and in equity

including, without limitation, consequential damages resulting there from. If Tenant remains in possession of the Leased Premises after the expiration of the Term or earlier termination of the Lease, Tenant, at LAUSD's sole and absolute option, shall be deemed to be occupying the Leased Premises under a month-to-month tenancy at sufferance, subject to all the terms and conditions of this Lease, except that for each month during the hold over period Tenant shall owe Landlord a monthly penalty amount deemed to be the higher of the rent charged by LAUSD for other Charter middle schools in the District, but in no event less than the market rate rent charged for commercial property on a price per square foot basis within a 1 mile radius of the Premises.

11.2 No Extension of Lease. No payment of money by Tenant to LAUSD after the termination of the Lease by LAUSD, or after the giving of any notice of termination to Tenant by LAUSD which LAUSD is entitled to give Tenant under the Lease, shall reinstate, continue or extend the Term of the Lease or shall affect any such notice given to Tenant prior to the payment of such money, it being agreed that after the service of such notice or the commencement of any suit by LAUSD to obtain possession of the Leased Premises, LAUSD may receive and collect when due any and all payments owed by Tenant under the Lease, and otherwise exercise its rights and remedies. The making of any such payments by Tenant shall not waive such notice, or in any manner affect any pending suit or judgment obtained.

#### ARTICLE 12.

#### LAUSD'S ACCESS

12.1 Entry. From and after the Term Commencement Date and notwithstanding delivery of the Leased Premises to Tenant, LAUSD and its authorized representatives shall have the right, after twenty-four hours prior written notice to Tenant, to enter the Leased Premises for the purpose of inspecting the Leased Premises ("**Inspection**") or to access the reserved areas described in Section 1.2 above (including but not limited to the Utilities serving the Project) or if necessary to make repairs to the Project or the Leased Premises as herein required or allowed (and Tenant may have a representative present during such Inspections or repairs); provided, however, that in an emergency situation, no prior notice shall be required. If Tenant is violating the use restrictions of this Lease or is not in material compliance with Applicable Law, then all reasonable costs and expenses reasonably and actually incurred by LAUSD in connection with any Inspection shall become due and payable by Tenant as an additional payment due to LAUSD, within 10 business days of presentation by LAUSD of a written invoice therefore. If Tenant shall not be present to open and permit an entry into the Leased Premises in an emergency situation as reasonably determined by LAUSD, LAUSD may enter by means of a master key without liability to Tenant and without affecting this Lease.

12.2 Right to Perform. If Tenant fails to perform any covenant or condition to be performed by Tenant, after the expiration of all reasonable cure and notice periods, LAUSD and its authorized representative shall have the right, after reasonable prior written notice to Tenant, to enter the Leased Premises during normal business hours for the purpose of performing such covenant or condition at its option after 10 days' written notice to and failure to perform by Tenant (provided, no prior notice is

required in the case of emergencies). All costs incurred by LAUSD in so performing shall be reimbursed to LAUSD by Tenant within 10 business days of written demand therefore, together with interest at the Interest Rate computed from the date incurred by LAUSD until paid. Any performance by LAUSD of Tenant's obligations shall not waive or cure such default. LAUSD may perform Tenant's defaulted obligations at Tenant's sole cost and expense without notice in the case of any emergency. All reasonable out-of-pocket costs and expenses actually incurred by LAUSD, including reasonable attorneys' fees (whether or not legal proceedings are instituted), in collecting Costs and other sums due hereunder or enforcing the obligations of Tenant under the Lease, shall be paid by Tenant to LAUSD within 10 business days of written demand therefore.

LAUSD may, during the progress of such work, keep and store on the Leased Premises all necessary materials, tools, supplies and equipment. Except to the extent of LAUSD's gross negligence or willful misconduct, LAUSD shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage of Tenant by reason of making such repairs or the performance of any such work.

12.3 Other. LAUSD shall have the right to enter the Leased Premises after giving reasonable prior notice to Tenant, at all reasonable times during usual business hours for the purpose of exhibiting or otherwise showing the Leased Premises to interested parties. LAUSD will endeavor to give Tenant 24 hours prior written notice of such showings.

12.4 Entry Related to Middle School Operations. Notwithstanding any provision of this Lease, LAUSD, in its capacity as the chartering authority, shall have the right to enter the Leased Premises to inspect Tenant's operations, with or without notice to Tenant, as permitted by Tenant's charter petition and as may be permitted by the Ed. Code and regulations thereto. No provision contained herein shall be construed to deny or limit the right of LAUSD, in its capacity as the chartering authority, to enter the Leased Premises to inspect Tenant's operations of the Middle School.

12.5 LAUSD's Conduct. At any time after the Term Commencement Date that LAUSD or its representatives enter the Leased Premises or exercise any other rights of landlord under this Lease, they shall use their best efforts not to disturb or interfere with Tenant's access to, or use and occupancy of the Leased Premises.

#### ARTICLE 13.

#### LIENS

13.1 Liens. Tenant shall not suffer or permit any liens to stand against the Leased Premises, or any part of the Project, by reason of any work, labor, services or materials done, or supplied, or claimed to have been done or supplied. If any such lien shall at any time be filed against the Leased Premises or Project, Tenant shall provide LAUSD written notice thereof as soon as notice of such lien or action comes to the knowledge of Tenant and commence an action to cause the same to be discharged of record within 30 days after the date of the filing of same and diligently pursue the discharge of such liens. Nothing in this Lease shall imply any consent or agreement on the part of LAUSD to subject its estate in the Leased Premises or the Project to liability under any mechanics' lien law or to any contractor or laborer for work performed.

13.2 Release of Liens by LAUSD. If Tenant fails to commence an action to discharge a lien within 30 days after the date of the filing of same and diligently pursue the lien's discharge, and such lien is not so discharged within 90 days after the date of the filing of the same, LAUSD may, without waiving its rights and remedies based on such breach of Tenant and without releasing Tenant from any of its obligations, cause such lien to be released by any reasonable means, including payment in satisfaction of the claim giving rise to such lien. Tenant shall pay to LAUSD within 10 days of written demand therefore, any sum paid by LAUSD to remove such liens, together with interest at the Interest Rate from the date of such payment by LAUSD. Except to the extent of LAUSD's gross negligence or willful misconduct, Tenant shall indemnify, defend and protect (by counsel reasonably approved in writing by LAUSD) against and keep LAUSD free and harmless from all liability, loss, damage, costs, attorneys' fees and any other expense incurred on account of claims by any person performing work or furnishing materials or supplies for Tenant or any person claiming under Tenant.

ARTICLE 14.

ALLOCATION OF RISK

14.1 Release. Except to the extent of LAUSD's Parties' gross negligence or willful misconduct, Tenant, as a material part of the consideration to LAUSD hereunder, hereby assumes all risk of damage to Tenant's Property or the Leased Premises, and Tenant hereby waives any and all claims against LAUSD, or LAUSD's agents, contractors, employees, licensees, directors, officers, partners, trustees, visitors or invitees and their successors and assigns ("**LAUSD Parties**") for any and all loss, cost, liability, damage or expense, including, but not limited to, penalties, fines, reasonable attorneys' fees or costs (collectively "**Claims**"), arising out of or in connection with damage or destruction to Tenant's Property and the Leased Premises. Except to the extent of LAUSD's Parties' gross negligence or willful misconduct, LAUSD shall not be liable for and Tenant hereby waives all claims against LAUSD for injury, illness or death of any person in, upon or about the Leased Premises arising at any time and from any cause whatsoever, and LAUSD shall not be liable for and Tenant hereby waives all Claims (as hereinafter defined) against LAUSD arising in any way due to, in connection with or related to, directly or indirectly, the operation by Tenant of the Middle School or any other operations by Tenant at the Leased Premises.

TENANT HEREBY ASSUMES SUCH RISK AND AGREES THAT THE RELEASE CONTAINED IN THIS SECTION SHALL APPLY TO ALL UNKNOWN OR UNANTICIPATED CLAIMS, AS WELL AS THOSE KNOWN AND ANTICIPATED, AND TENANT DOES HEREBY WAIVE ANY AND ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SEC. 1542, WHICH SECTION HAS BEEN DULY EXPLAINED AND READS AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

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OCS Initials

14.2 Indemnity. To the fullest extent permitted by law and except to the extent of LAUSD’s Parties’ gross negligence or willful misconduct, Tenant shall indemnify, defend and protect the LAUSD Parties and hold the LAUSD Parties harmless from any and all Claims incurred in connection with or arising from any cause (i) in the use or occupancy by Tenant of the Project (including, without limitation, the operation by Tenant of the Middle School) or (ii) in connection with the operations by Tenant at the Leased Premises without limiting the generality of the foregoing: (a) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant’s part to be observed or performed; (b) the use or occupancy of the Leased Premises by Tenant or any person claiming by, through or under Tenant or Tenant’s employees, agents, contractors, licensees, directors, officers, partners, trustees, visitors or invitees or any such person in, on or about the Leased Premises either prior to, during, or after the expiration of the Term of the Lease (singularly, “**Liability**”; collectively, “**Liabilities**”); and (c) any claim by a third party that any LAUSD Party is responsible for any actions by Tenant in connection with any use or occupancy of the Leased Premises or in any way related to this Lease.

When required hereunder, Tenant shall, upon request by any LAUSD Party, undertake the defense of any Liabilities threatened or asserted against such LAUSD Party on the following terms and conditions:

a. Notice of the assumption of such defense (“**Notice**”) shall be delivered to LAUSD within 15 days after transmittal by the LAUSD Party of a request that Tenant defend such Liability;

b. Such defense shall be conducted by reputable attorneys retained by Tenant selected from an approved list provided by LAUSD and with the prior written approval of all the LAUSD Parties against whom such Liability has been asserted or threatened, all at Tenant’s sole cost and expense. In the event the interests of Tenant and any such LAUSD Parties in the action conflict in such manner and to such an extent as to require, consistent with applicable standards of professional responsibility, the retention of separate counsel for any of the LAUSD Parties involved in the action, Tenant shall pay all fees and costs charged or incurred by separate counsel chosen by LAUSD.

c. Tenant agrees promptly to notify the LAUSD Parties of the commencement of any litigation or proceedings pending, threatened or commenced (whether or not served) against Tenant, or any of the directors, officers, agents or employees of Tenant, in connection with the Leased Premises.

Notwithstanding anything to the contrary set forth in this Lease, Tenant agrees that this Article 14 applies to and include any act or failure to act by the Middle School regardless of whether the Middle School is deemed to be a legal entity separate and distinct from Tenant. This Article 14 shall survive the expiration or earlier termination of this Lease.

ARTICLE 15.

DAMAGE AND DESTRUCTION

15.1 Notice of Damage or Destruction. Tenant shall provide to LAUSD written notice of any damage or destruction of the Leased Premises or any part thereof by fire or other cause. Tenant shall deliver said notice to LAUSD within twenty-four (24) hours of the occurrence of the damage, destruction or other cause. Immediately after the occurrence of any damage or destruction of the Leased Premises or any part thereof by any cause, Tenant, at its sole cost and expense, shall perform or caused to be performed those acts reasonably necessary to secure the Leased Premises in a safe and clean condition; provided, that all such acts shall be in compliance with Applicable Laws, ordinances, rules and regulations and LAUSD standards and policies.

15.2 Obligation to Repair. In case of damage to or destruction of the Leased Premises or any part thereof by fire or other cause at any time during the Term of this Lease, Tenant, at Tenant's sole cost and expense, and shall restore the same as nearly as possible to their value, condition and character immediately prior to such damage or destruction, and this Lease shall continue in full force and effect. Such restoration shall be commenced within 90 days of the occurrence of the damage or destruction and prosecuted with due diligence to completion; provided, that LAUSD and Tenant may agree to a different timeline if the nature of the damage or destruction is of such magnitude that a longer period of time is warranted and reasonable. No loss or damage by fire or other casualty resulting in either partial or total destruction of all or part of the Leased Premises shall operate to terminate this Lease or relieve or discharge Tenant from its obligations hereunder, except that Tenant shall be relieved of any payments due to Landlord based on use or maintenance of the affected portion of the Leased Premises. ~~Notwithstanding the foregoing, if an event of damage or destruction damages not only the Leased Premises, but any other portion of the Property, then LAUSD shall have the right to cause Tenant to assign the insurance proceeds to LAUSD so that LAUSD may cause the restoration (as defined below) of the Leased Premises to be undertaken and completed in conjunction with the restoration of the Property.~~

15.3 Insurance Proceeds.

a. Use of Insurance Proceeds. All insurance proceeds paid either to Tenant or its agents, employees, assigns or successors in interest or to Landlord on account of any damage or destruction together with the amount of the deductible (but less the reasonable actual cost, fees and expenses, if any, incurred in connection with

the adjustment of the loss, which costs, fees and expenses shall be reimbursed to the party incurring such expenses) shall first be applied to the payment of the cost of the restoration or repairs of such damage or destruction and other insured losses, costs and expenses. Such work may include the cost of demolition and temporary repairs and for the protection of the Project and property pending the completion of permanent restoration, repairs, replacements, rebuilding or alterations (all of which temporary repairs, protection of property and permanent restoration, repairs, replacement, rebuilding or alterations are hereinafter collectively referred to as the “**restoration**”). Such proceeds shall be held by a trustee (which trustee may be but shall not be automatically designated as LAUSD), as mutually agreed upon by LAUSD and Tenant, and shall be paid out from time to time to Tenant or to Landlord as herein provided, as such restoration progresses.

b. **Insufficient Insurance Proceeds.** In the event the insurance proceeds are insufficient and Tenant declines to pay the deficiency, Tenant shall inform LAUSD and all applicable governing State agencies of its intention not to cause the restoration of the Leased Premises and its desire to terminate this Lease. Either Tenant or LAUSD may terminate this Lease upon satisfaction of all of the following:

(i) Delivery of a “Notice of Termination” to the other party. A “**Notice of Termination**” shall be in writing, designate the date when the termination shall be effective, and a plan and timeline for the demolition and removal of the damage or destruction so that the remaining portions of the Project, if any, are in a good, clean and safe condition; normal wear and tear and casualty damage excepted provided, that if LAUSD is the party providing the Notice of Termination to Tenant, Tenant shall provide to LAUSD an acceptable and reasonable plan and timeline within thirty (30) days of Tenant’s receipt of LAUSD’s Notice of Termination;

(ii) Tenant and LAUSD shall execute and deliver to each other a release of any and all rights under this Lease and to otherwise possess and occupy the Leased Premises except for those obligations which expressly survive the expiration or termination of this Lease;

(iii) Tenant shall assign and/or remit to LAUSD all proceeds from the insurance maintained by Tenant for the Leased Premises, along with an amount equal to its deductible, and LAUSD shall utilize the same in the following order of priority:

(A) If Tenant did not secure the Leased Premises in a safe condition immediately after the damage, destruction or other casualty, LAUSD shall use the insurance proceeds to secure the Leased Premises in a safe condition; provided, that if LAUSD secured the Leased Premises in a safe condition, LAUSD may be reimbursed its actual costs and expenses incurred in securing the Leased Premises;

(B) In accordance with California Education Code Section 17078.62(b)(2), any qualifying successor charter school may meet its facility needs by occupying the Leased Premises on equal terms of Tenant, which shall require said successor charter school to cause the restoration of the Leased Premises as provided



by this Lease; provided, that in such situation, LAUSD and said successor charter school shall agree upon the work and timeline for the restoration of the Leased Premises and the disbursement of the remaining insurance proceeds for LAUSD's costs and expenses in observing the requirements of California Education Code Section 17078.62(b)(2) and toward the restoration of the Leased Premises by the successor charter school;

(C) If neither the State or LAUSD can locate a qualifying successor charter school in accordance with California Education Code Section 17078.62(b), LAUSD shall be entitled to a reimbursement of its actual costs and expenses incurred in observing California Education Code Section 17078.62(b)(2) from the insurance proceeds;

(D) If LAUSD elects to take possession of the Leased Premises and make the improvements available for use as a LAUSD public school, LAUSD shall have the right to use the insurance proceeds to restore the improvements;

(E) If LAUSD does not elect to take possession of the Leased Premises, LAUSD shall dispose of this Lease with its remaining Term in the manner applicable to the disposal of surplus public school sites. In such situation, the insurance proceeds shall reimburse LAUSD for its actual costs and expenses incurred in observing the requirements of California Education Code Section 17078.62(b) (1) through (5), inclusive, and the disposal of this Lease. Thereafter, LAUSD shall remit to the State any remaining balance of the insurance proceeds and the proceeds from the disposal of this Lease in a manner applicable to the disposal of surplus public school sites.

15.4 Destruction of Tenant's Property. In the event of any damage to or destruction of the Leased Premises, under no circumstances shall LAUSD be required to repair any injury, or damage to, or make any repairs to or replacements of, Tenant's Property, except to the extent such damage or destruction is caused by LAUSD's gross negligence or willful misconduct.

15.5 No Rent Abatement. In the event of a casualty, Tenant shall not be entitled to any abatement of its Pro Rata Share (if applicable) except to the extent the casualty deprives Tenant of use of all or a portion of the Leased Premises, in which event Tenant shall not be obligated to pay Pro Rata Share (if applicable) for the portion of the Leased Premises rendered unusable by such casualty.

15.6 Exclusive Remedy. This Article 15 shall be Tenant's sole and exclusive remedy in the event of damage or destruction to the Leased Premises, and Tenant, as a material inducement to LAUSD entering into this Lease, irrevocably waives and releases Tenant's rights under California Civil Code Sections 1932(2) and 1933(4). No damages, compensation or claim shall be payable by LAUSD for any inconvenience, any interruption or cessation of Tenant's business, or any annoyance, arising from any damage to or destruction of all or any portion of the Leased Premises, except to the extent the same is caused by LAUSD's gross negligence or willful misconduct.

Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure.

16.1 Condemnation of Entire Leased Premises. In the event the entire Leased Premises is taken by power of eminent domain or condemned by any competent authority for any public or quasi-public purpose, or if LAUSD shall grant a deed or other instrument in lieu of any such taking by eminent domain or condemnation for the entire Leased Premises (any such events to be referred to herein as a "Full Taking"), this Lease shall automatically terminate on that date, whichever shall first occur, when: (i) Tenant completely vacates the Leased Premises and such vacation has been mutually agreed upon by Tenant, LAUSD and the condemning authority; or (ii) a court of competent jurisdiction over the condemnation proceeding issues an Order for Prejudgment Possession ("**OPP**") or similar order granting possession of the Leased Premises to the condemning entity and the condemning entity exercises its right to possession of the Leased Premises; or (iii) if an OPP is not obtained, the condemnation proceeding is concluded.

16.2 Condemnation of a Portion of the Leased Premises. In the event any portion of the Leased Premises is taken by power of eminent domain or condemned by any competent authority for any public or quasi-public purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner so as to require the use, reconstruction, or remodeling of the Leased Premises, or any portion thereof, or if LAUSD shall grant a deed or other instrument in lieu of any such taking by eminent domain or condemnation for said portion of the Leased Premises (any such events to be referred to herein as a "Partial Taking") the following shall apply:

16.2.1 Abatement. Any fees and other amounts due and owing to LAUSD under this Use Agreement shall be abated or reduced as a result of any Partial Taking in direct proportion to the square footage taken by the condemning entity. The abatement or reduction shall not apply to: (i) the Statutory Oversight Fee because the Statutory Oversight Fee is applicable to Tenant's operations regardless of the size of the real property from which Tenant operates or the extent of the educational programs that Tenant conducts; (ii) any insurance premiums or other fees, charges or amounts due and owing that do not correspondingly decrease with the reduction in the size of the Leased Premises.

16.2.2 Right to Terminate. If the remaining portion of the Leased Premises is such that Tenant cannot operate its educational programs, Tenant may terminate this Lease by providing written notice to LAUSD of its intention to do so. Tenant may exercise this right of termination at any time after the condemning entity has commenced action to acquire a portion of the Leased Premises and up to six (6) months after the occurrence of Section 16.1(ii) or (iii) above. LAUSD discloses that it is allowing Tenant the ability to terminate this Lease for a period of six (6) months after the occurrence of Section 16.1(ii) or (iii) to allow Tenant to make a good faith effort to adapt

its educational programs to the remaining portion of the Leased Premises. Tenant's written notice of termination shall set forth the date when Tenant shall vacate the remaining portion of the Leased Premises. Tenant's notice of termination shall effectuate a termination of any right to redeem provided in this Lease and LAUSD may proceed to observing the requirements of Section 17078.62(b)(2) through (5) inclusive.

### 16.3 Award and Payments.

16.3.1 Real Property. Regardless of whether it is a Full Taking or Partial Taking, LAUSD shall be entitled to receive the entire award or payment in connection with the real property underlying the Project and shall tender to the State of California the award or payment less any actual costs or expenses incurred by LAUSD arising from the Full Taking or Partial Taking and the LAUSD Augmentation Grant, which LAUSD Augmentation Grant funds or portion thereof shall be deposited back into the LAUSD Augmentation Grant or equivalent LAUSD program for charter schools.

16.3.2 Project. Regardless of whether Tenant has repaid or has not repaid its loan to the State of California, LAUSD shall receive the entire award or payment in connection with the Project (excluding the underlying real property) and shall tender to the State of California the award or payment less any actual costs or expenses incurred by LAUSD arising from the Full Taking or Partial Taking and the LAUSD Augmentation Grant, which LAUSD Augmentation Grant funds or portion thereof shall be deposited back into the LAUSD Augmentation Grant or equivalent LAUSD program for charter schools. Nothing herein shall prevent Tenant from discussing with the State of California whether it is entitled to any portion of said award or payment.

16.3.3 Personal Property. Tenant shall be entitled to any separate award or payment designated by the condemning entity, including, without limitation, for the Full Taking or Partial Taking of Tenant's personal property, interruption to Tenant's business, and relocating expenses.

16.4 Exclusive Remedy. This Article 16 shall be Tenant's sole and exclusive remedy in the event of a taking or condemnation. Tenant hereby waives the benefit of California Code of Civil Procedure Section 1265.130.

## ARTICLE 17.

## TENANT'S DEFAULT; LAUSD'S REMEDIES

17.1 Tenant's Default. The occurrence of any one of the following events shall be considered an "**Event of Default**" by Tenant:

a. The failure of Tenant to pay any of the Costs, sum or charges or any other monies to LAUSD, when due hereunder, which failure continues for ten (10) days after written notice thereof by LAUSD to Tenant; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161, and such ten (10) day cure period shall run

concurrently with any cure period required under California law, including California Code of Civil Procedure Section 1161;

b. The failure of Tenant to observe or perform any of its other covenants or obligations hereunder, which failure continues for 10 days after written notice thereof by LAUSD to Tenant (unless the nature of the default is such that more than 10 days are required for its cure and Tenant shall have commenced such cure within such 10 day period and thereafter diligently prosecutes the same to completion provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 and such 30 day cure period shall run concurrently with any cure period required under California law, including California Code of Civil Procedure Section;

c. Tenant's abandonment of the Leased Premises by Tenant for a period of 60 consecutive days, it being agreed that the fact that any of Tenant's property remains in the Leased Premises shall not be evidence that Tenant has not vacated or abandoned the Leased Premises; provided, however, any normal School holidays shall not constitute abandonment of the Leased Premises;

d. The making by Tenant of any general assignment or general arrangement for the benefit of creditors; the filing by or against Tenant or any guarantor of this Lease of a petition to have Tenant or any guarantor of this Lease adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant or any guarantor of this Lease, the same is dismissed within 60 days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Leased Premises, or of Tenant's interest in this Lease, where possession is not restored to Tenant within 60 days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease, where such seizure is not discharged within 60 days;

e. Any failure by Tenant to execute and deliver any statement or document described in Article 21 below within the time periods specified therein, where such failure continues for ten (10) days after delivery of written notice of such failure by LAUSD to Tenant; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 and such ten (10) day cure period shall run concurrently with any cure period required under California law, including California Code of Civil Procedure Section 1161;

f. The making or furnishing by Tenant of any warranty, representation or statement to LAUSD in connection with this Lease, or any other agreement to which Tenant and LAUSD are parties, which is false or misleading in any material respect when made or furnished;

g. The assignment, subletting or other transfer, or any attempted assignment, subletting or other transfer, of this Lease in violation of Article 19.

h. Any default under the Development Agreement or Use Agreement.

17.2 LAUSD Remedies.

a. In the event of any Event of Default by Tenant, LAUSD shall have the right, in addition to all other rights available to LAUSD under this Lease or now or later permitted by law or equity, to terminate this Lease by providing Tenant with a notice of termination. Upon termination, LAUSD may recover any damages proximately caused by Tenant's failure to perform under this Lease, or which are likely in the ordinary course of business to be incurred, including any amount expended or to be expended by LAUSD in an effort to mitigate damages, as well as any other damages which LAUSD is entitled to recover under any statute now or later in effect. In furtherance of the immediately preceding sentence, upon termination of this Lease, LAUSD may recover from Tenant the following damages pursuant to California Civil Code Section 1951.2(a): (i) the worth at the time of award of the unpaid "rent" (or any other unpaid amount due to LAUSD) which had been earned at the time of termination, (ii) the worth at the time of award of the amount by which the unpaid "rent" (or any other unpaid amount due to LAUSD) which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided, (iii) the worth at the time of award of the amount by which the unpaid "rent" (or any other unpaid amount due to LAUSD) for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided and (iv) any other amount necessary to compensate LAUSD for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result there from. LAUSD's damages include the worth, at the time of any award, of the amount by which the unpaid "rent" for the balance of the term after the time of the award exceeds the amount of the rental loss that Tenant proves could be reasonably avoided. The worth at the time of award shall be determined by discounting to present value such amount at one percent (1%) more than the discount rate of the Federal Reserve Bank in San Francisco in effect at the time of the award. Other damages to which LAUSD is entitled shall earn interest at the Interest Rate. The term "rent" as used in this Section 17 shall be deemed to be and to mean the higher of the Tenant's Pro Rata Share (as applicable), together with the Supervisorial Oversight Fee and all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others.

b. In accordance with California Civil Code Section 1951.4 (or any successor statute), Tenant acknowledges that in the event Tenant has breached this Lease and abandoned the Leased Premises, this Lease shall continue in effect for so long as LAUSD does not terminate Tenant's right to possession, and LAUSD may enforce all its rights and remedies under this Lease, including the right to recover "rent" as it becomes due under this Lease. Acts of maintenance or preservation or efforts to re-let the Leased Premises or the appointment of a receiver upon initiative of LAUSD to protect LAUSD's interest under this Lease shall not constitute a termination of Tenant's right to possession. In addition to its other rights under this Lease, LAUSD has the remedy described in California Civil Code Section 1951.4 (LAUSD may continue this Lease in effect after Tenant's breach and abandonment and recover "rent" as it

becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations).

c. In the event of any default by Tenant beyond all applicable cure periods, LAUSD shall also have the right, with or without terminating this Lease, to enter the Leased Premises and remove all persons and personal property from the Leased Premises or any of Tenant's Property located on or about the Project, such property being removed and stored in a public warehouse or elsewhere at Tenant's sole cost and expense. No removal by LAUSD of any persons or property in the Leased Premises or elsewhere in the Project shall constitute an election to terminate this Lease. Such an election to terminate may only be made by LAUSD in writing, or decreed by a court of competent jurisdiction. LAUSD's right of entry shall include the right to remodel the Leased Premises and re-let the Leased Premises. All costs incurred in such entry and re-letting shall be paid by Tenant. Any sums collected by LAUSD from any other tenant that occupies the Leased Premises shall be offset against the amounts owed to LAUSD by Tenant. Tenant shall be responsible for any amounts not recovered by LAUSD from any other tenants. Any payments made by Tenant shall be credited to the amounts owed by Tenant in the sole order and discretion of LAUSD, irrespective of any designation or request by Tenant. No entry by LAUSD shall prevent LAUSD from later terminating this Lease by written notice.

d. Tenant hereby waives, for itself and all persons claiming by and under Tenant, all rights and privileges which it might have under any present or future law to redeem the Leased Premises or to continue this Lease after being dispossessed or ejected from the Leased Premises.

e. If Tenant fails to perform any covenant or condition to be performed by Tenant, LAUSD may perform such covenant or condition at its option, after notice to Tenant. All costs incurred by LAUSD in so performing shall be reimbursed to LAUSD by Tenant within 10 business days of written demand therefore, together with interest at the Interest Rate computed from the date incurred by LAUSD. Any performance by LAUSD of Tenant's obligations shall not waive or cure such default. In the case of any emergency as reasonably determined by LAUSD, LAUSD may perform Tenant's obligations at Tenant's sole cost and expense without notice and without waiting thirty (30) days for Tenant to perform such obligation. All out-of-pocket, reasonable costs and expenses actually incurred by LAUSD, including reasonable attorneys' fees (whether or not legal proceedings are instituted), in collecting any payments due or enforcing the obligations of Tenant under this Lease shall be paid by Tenant to LAUSD within 10 business days of written demand therefor.

f. Tenant specifically agrees that if an Event of Default exists relative to Tenant's payment of "rent" (including those amounts arising as a result of subsection (e) above), then Landlord may deduct, at its option and without the giving of any additional notice, funds necessary to cure the Event of Default from any revenue account and/or other accounts that LAUSD maintains in its possession or control and otherwise intended for distribution to Tenant (and whether or not related to the operation of the Middle School) until Landlord is paid in full.

g. The rights and remedies of LAUSD set forth herein are not exclusive, and LAUSD may exercise any other right or remedy now or later available to it under this Lease, at law or in equity.

h. No waiver by Landlord of any violation or breach by Tenant of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other or later violation or breach by Tenant of the same or any other of the terms, provisions, and covenants herein contained. Forbearance by Landlord in enforcement of one or more of the remedies herein provided upon a default by Tenant shall not be deemed or construed to constitute a waiver of such default. The acceptance of any amounts hereunder by Landlord following the occurrence of any default, whether or not known to Landlord, shall not be deemed a waiver of any such default, except only a default in the payment of the sums so accepted.

i. For the purposes of this Article 17, Tenant's right to possession shall not be deemed to have been terminated by efforts of Landlord to relet the Premises, by its acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect Landlord's interests hereunder. The foregoing enumeration is not exhaustive, but merely illustrative of acts which may be performed by Landlord without terminating Tenant's right to possession.

j. Notwithstanding this Article 17 but assuming that the Total Project Costs were funded, in whole or in part, by CSFP funds, the following special terms required by the CSFP shall apply for the Term of this Lease in the following priority:

(i) If LAUSD revokes or denies renewal of Tenant's charter petition, pursuant to California Education Code Section 17078.62(b)(1) LAUSD shall allow Tenant "a reasonable time, not to exceed six months, for completion of the review process contemplated in Section 47607 and 47607.5 of the California Education Code" before proceeding to the termination of the Lease.

(ii) If subpart (i) above has transpired or is not applicable, pursuant to Section 17078.62(b) (2) of the California Education Code "any qualifying successor charter school shall be permitted to meet its facility needs by occupying the facility on equal terms as the prior charter school occupant." In the event a qualifying successor charter school assumes the place of Tenant, this Lease shall be amended to incorporate the qualifying successor charter school. This Lease may be restated to delete references to "OCS" and to replace them with the specific name of the new tenant.

(iii) If a qualifying successor charter school cannot be found to occupy the School on equal terms as Tenant, LAUSD may elect to "take possession of the facility and make the facility available for continued use as a public school facility" by notifying the State of California. If LAUSD elects to take possession of the School, LAUSD shall be required to pay to the State of California the balance of the money borrowed by Tenant to satisfy its local matching share requirement under the CSFP in accordance with California Education Code Section 17078.62(b)(4). This Lease shall

terminate upon LAUSD election to take possession of the School for use as public school facility.

If LAUSD does not elect to take possession of the School as provided in subpart (iii) above, or if the School is no longer needed for public school purposes, pursuant to Section 17078.62(b)(5) of the California Education Code, LAUSD "shall dispose of the facilities in a manner otherwise applicable to the disposal of surplus public school sites."

ARTICLE 18.

LAUSD'S DEFAULT; TENANT'S REMEDIES

18.1 LAUSD's Default. LAUSD shall not be in default of any of the obligations of LAUSD under this Lease unless LAUSD fails to perform such obligations within a reasonable time, but in no event less than 30 days, after written notice by Tenant to LAUSD specifying wherein LAUSD has failed to perform such obligations; provided, however, that if the nature of LAUSD's default is such that more than 30 days are required for its cure, LAUSD shall not be in default if LAUSD commences such cure within such 30 day period and thereafter diligently prosecutes the same to completion.

18.2 Tenant's Remedies. Tenant shall have no rights as a result of any default by LAUSD until Tenant gives 30 days' written notice to LAUSD, specifying the nature of the default. LAUSD shall then have the right to cure such default, and LAUSD shall not be deemed in default if LAUSD cures such default within 30 days after receipt of notice of the default, or within such longer period of time as may reasonably be necessary to cure the default.

18.3 Limitation on Liability. Notwithstanding anything to the contrary set forth in this Lease, Tenant covenants and agrees: (a) that it shall look solely to Landlord's interest in the Leased Premises for the satisfaction of any judgment or decree against Landlord based upon any default by LAUSD under this Lease; (b) that no other property or assets of the Landlord (or its shareholders, members, partners, officers or directors) shall be subject to levy, execution or other enforcement procedures for satisfaction of any such judgment or decree; and (c) no officer, employee or director in Landlord nor any individual Board member shall be named in any such action or proceedings. Notwithstanding anything to the contrary in this Lease, LAUSD shall have no liability to Tenant for consequential damages. The maximum liability to Tenant for damages resulting from LAUSD's breach of any provision or provisions of this Lease shall be limited to, and shall not exceed, the value of LAUSD's equity interest in the Leased Premises as of the date of this Lease.

ARTICLE 19.

NO ASSIGNMENT OR SUBLETTING

Tenant shall not have the right to, voluntarily or involuntarily, assign, license, transfer, mortgage or encumber this Lease or sublet all or any part of the Leased Premises without LAUSD's prior written consent, which consent may be withheld in LAUSD's sole discretion. LAUSD and Tenant acknowledge and agree that this Lease is being entered into so that Tenant may operate the Middle School and for purposes of the CSFP, LAUSD would not be entering into this Lease. Accordingly, Tenant acknowledges and



agrees that it has no right to assign or sublease this Lease. Any purported assignment, sublease, license, encumbrance, mortgage or other transfer of this Lease shall be void and shall, at LAUSD's election, constitute a default. No consent to transfer shall constitute a waiver of any of the provisions of this Article 19.

ARTICLE 20.

HAZARDOUS MATERIALS

20.1 Compliance with Laws. Tenant shall comply with all applicable Environmental Laws (as defined below) relating to industrial hygiene and environmental conditions on, under or about the Leased Premises including, but not limited to, air, soil and ground water conditions. Tenant shall not use Hazardous Materials on, under or about the Leased Premises; provided, however, that Tenant may use normal and customary cleaning solutions, office supplies and classroom chemicals and compounds (for educational purposes), so long as the use of such solutions, supplies, chemicals and compounds are in quantities and in a manner wholly consistent with all applicable Environmental Laws. Without limiting the generality of the foregoing, during the Term, Tenant shall not, nor shall allow any other party to, transport, use, store, maintain, generate, manufacture, handle, dispose, Release (as defined below) or discharge any Hazardous Material (as defined below) upon or about the Leased Premises in violation of Environmental Laws, nor permit its employees, agents, invitees or contractors to engage in such activities in violation of Environmental Laws upon or about the Leased Premises, during the Term of this Lease.

20.2 Notice. Tenant will promptly notify LAUSD in writing if Tenant has or acquires written notice or actual knowledge that any Hazardous Material has been or is threatened to be released, discharged, disposed of, transported, or stored on, in, under or from the Leased Premises in violation of Environmental Laws. Tenant shall promptly provide copies to LAUSD of all written complaints, claims, citations, demands, inquiries, reports or notices relating to the conditions of the Leased Premises or compliance with Environmental Laws. Tenant shall promptly supply LAUSD with copies of all written notices, reports, correspondence, and submissions made by Tenant to the United States Environmental Protection Agency, the United States Occupational Safety and Health Administration, and any other local, state or federal authority which requires submission of any information concerning environmental matters or hazardous wastes or substances pursuant to Environmental Laws. Tenant shall promptly notify LAUSD of any liens threatened or attached against the Leased Premises pursuant to any Environmental Law.

20.3 Inspection. LAUSD and LAUSD's agents, servants, and employees including, without limitation, legal counsel and environmental consultants and engineers retained by LAUSD, may (but without the obligation or duty to do so), at its sole cost and expenses, at any time and from time to time, on not less than 10 business days' notice to Tenant (except in the event of an emergency in which case no notice will be required), inspect the Leased Premises to determine whether Tenant is complying with Tenant's obligations set forth in this Article 20, and to perform environmental inspections and samplings, during regular business hours (except in the event of an

emergency) or during such other hours as LAUSD and Tenant may agree.

20.4 Definitions. As used in this Lease, the following definitions shall apply: **"Environmental Laws"** shall mean all federal, state and local laws, ordinances, court orders and administrative directives, rules and regulations now or hereafter in force, as amended from time to time, in any way relating to or regulating human health or safety, or industrial hygiene or environmental conditions, or protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq. ("**CERCLA**"), the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq., the Clean Water Act, 33 U.S.C. § 1251, et seq., the Hazardous Substance Account Act, California Health and Safety Code § 25300, et seq., the Hazardous Waste Control Law, California Health and Safety Code § 25100, et seq., the Medical Waste Management Act, California Health and Safety Code § 25015, et seq., the Porter-Cologne Water Quality Control Act, California Water Code § 13000, et seq., California Education Code § 17210, et seq., and California Code of Regulations, Title 5 § 14010, et seq. **"Hazardous Material(s)"** shall mean any substance or material that is described as a toxic or hazardous substance, explosive material, radioactive substance, waste or material or a pollutant or contaminant or infectious waste, or words of similar import, in any of the Environmental Laws, and includes, but is not limited to, asbestos, petroleum or petroleum products (including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof), polychlorinated byphenyls, urea formaldehyde, radon gas, radioactive matter, medical waste, and chemicals which may cause cancer or reproductive toxicity. **"Release"** shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment, including continuing migration, of Hazardous Material into or through soil, air, surface water or groundwater.

20.5 Indemnification. Tenant shall indemnify, defend (by counsel reasonably approved in writing by LAUSD), protect, save and hold harmless LAUSD and LAUSD Parties from and against any and all Claims arising from any breach of Tenant's covenants under this Article 20, except to the extent such Claims are a result of Landlord's gross negligence or willful misconduct.

#### ARTICLE 21.

#### ESTOPPEL CERTIFICATES

21.1 Generally. Either party hereto, without charge, at any time and from time to time, within 20 days after receipt of written request by the other party hereto, shall deliver a written instrument, duly executed, certifying to such requesting party, or any other person, firm or corporation specified by such requesting party:

a. That this Lease is unmodified and in full force and effect, or if there has been any modification, that the same is in full force and effect as so modified, and identifying any such modification;

b. Whether or not to the knowledge of such party executing the certificate the party requesting such certificate is in default in the performance of any

covenant or agreement or condition contained in this Lease and if so, specifying each such default;

c. The dates to which fees, additional payments and all other charges hereunder have been paid; and

d. That this Lease has not been assigned, and there has been no subletting of the Leased Premises in violation of this Lease.

Any written instrument given hereunder shall be given with the understanding that such written instrument may be relied upon by the recipient of such instrument and by a prospective Purchaser, Tenant or mortgagee of the Leased Premises.

21.2 Failure to Provide Estoppel Certificate. The failure of either LAUSD or Tenant to deliver such statement within such 20 day period shall constitute a default hereunder and shall be conclusive upon the requesting party or any other person, firm or corporation for whose benefit the statement was requested, that this Lease is in full force and effect without modification or assignment except as may be represented by the requesting party and that there are no uncured defaults on the part of the requesting party.

#### ARTICLE 22.

#### NOTICE

Any notice or communication required or permitted hereunder shall be given in writing, sent by (a) personal delivery delivered by a representative of the party giving such notice, or (b) overnight delivery by recognized overnight courier, or (c) United States mail, postage prepaid, registered or certified mail, or (d) facsimile or email (provided that the same shall be followed by delivery of a copy by one of the other permitted means of delivery), addressed as provided in Section (m) and (n), as appropriate, of the Summary or to such other address or to the attention of such other person as hereafter shall be designated in writing by the applicable party sent in accordance herewith. Any such notice or communication shall be deemed to have been delivered either at the time of personal delivery actually received by the addressee or a representative of the addressee at the address provided above or, if delivered on a business day in the case of delivery service or certified or registered mail, as of the earlier of the date delivered or the date 72 hours following the date deposited in the United States mail at the address provided herein, or if by telecopier or email, upon electronic confirmation of good receipt by the receiving telecopier or PC. LAUSD and Tenant hereby agree that notices may be given hereunder by the Parties' respective counsel and that, if any communication is to be given hereunder by LAUSD's or Tenant's counsel, such counsel may communicate directly with all principals as required to comply with the provisions of this Article 22.

#### ARTICLE 23.

#### BROKERS

LAUSD and Tenant represent to each other that they are not obligated to any broker or real estate or financing agent in connection with the subject matter of this Lease or the transaction contemplated hereby and each party agrees to protect, defend,

indemnify and hold the other harmless from any claim, suit or demand made upon the other by any person, firm or corporation for brokerage fees or commissions or other similar compensation with respect to this Lease.

ARTICLE 24.

SUBORDINATION, ATTORNMENT AND  
NON-DISTURBANCE

24.1 Obligations of Tenant. This Lease and the rights granted to Tenant by this Lease are and shall be subject and subordinate at all times to (a) all ground or underlying leases affecting all or any part of the Leased Premises now or later existing and all amendments, renewals, modifications, supplements and extensions of such leases and (b) all deeds of trust or mortgages now or later affecting or encumbering all or any part of the Leased Premises and/or any ground or underlying leasehold estate. From and after the Term Commencement Date, any such subordination shall be subject to the execution of a non-disturbance agreement reasonably acceptable to Tenant by landlord under the ground or underlying lease or by the lender under the deed of trust or mortgage; and provided, further, however, that if a landlord or lender elects at any time to have Tenant's interest in this Lease be or become superior, senior or prior to any such instrument, then upon receipt by Tenant of written notice of such election, Tenant shall immediately execute all necessary and reasonable subordination instruments or other reasonable documents confirming the subordination of such mortgage, deed of trust, ground or underlying lease to this Lease.

24.2 LAUSD's Right to Assign. LAUSD's interest in this Lease may be assigned to any mortgagee or trust deed beneficiary as additional security. Nothing in this Lease shall empower Tenant to do any act without LAUSD's prior consent which can, shall or may encumber the title of the owner of all or any part of the Leased Premises.

24.3 Attornment by Tenant. In the event of the cancellation or termination of any or all ground or underlying leases affecting all or any part of the Leased Premises in accordance with its terms or by the surrender thereof, whether voluntary, involuntary or by operation of law, or by summary proceedings, or in the event of any foreclosure of any or all mortgages or deeds of trust encumbering the Leased Premises by trustee's sale, voluntary agreement, deed in lieu of foreclosure, or by the commencement of any judicial action seeking foreclosure, Tenant shall attorn to and recognize (a) the ground or underlying lessor, under the ground or underlying lease Tenant's landlord under this Lease, and Tenant agrees to execute and deliver at any time upon request of such ground or underlying lessor, beneficiary, Purchaser, or their successors, any instrument to further evidence such attornment.

24.4 Non-Disturbance. Notwithstanding any of the provisions of this Article to the contrary, in the event of the cancellation or termination of any or all ground or underlying leases affecting all or any part of the Leased Premises in accordance with its terms or by the surrender thereof, whether voluntary, involuntary or by operation of law, or by summary proceedings, or in the event of any foreclosure of any or all mortgages or deeds of trust encumbering the Leased Premises by trustee's sale, voluntary

agreement, deed in lieu of foreclosure, or by the commencement of any judicial action seeking foreclosure, Tenant shall be allowed to occupy the Leased Premises and this Lease shall remain in effect, subject to the terms of this Lease.

ARTICLE 25.

MISCELLANEOUS

25.1 Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation of this Lease, shall not work a merger, and shall, at the option of LAUSD, terminate all or any existing subleases or subtenancies, or may, at the option of LAUSD, operate as an assignment to it of Tenant's interest in any or all such subleases or subtenancies. **[\*\*AALRR to provide language\*\*]**

25.2 LAUSD's Successors. In the event of any transfer of fee title or interest of lessor, LAUSD (and in case of any subsequent transfers, the then grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability as respect to the performance of any agreements or obligations on the part of LAUSD contained in this Lease thereafter to be performed; provided, however, that (a) any funds in the hands of LAUSD or the then grantor at the time of such transfer in which Tenant has an interest shall be delivered to the grantee and (b) any such grantee shall fully assume all of the obligations of LAUSD (or, in the case of any subsequent transfers, the then grantor) under this Lease. The obligations contained in this Lease to be performed by LAUSD shall, subject as aforesaid, be binding on LAUSD's successors and assigns only during their respective periods of ownership.

25.3 Not a Partnership or Joint Venture. LAUSD and Tenant hereby agree and acknowledge that the relationship between LAUSD and Tenant is solely a landlord/tenant relationship and not a principal/agent relationship, partnership, joint venture or any other relationship. Tenant is acting on its own behalf in operating from the Leased Premises any school thereon (or any other purpose(s) therein) and is not operating as an agent of LAUSD. Nothing herein obligates Landlord to operate in all or any part of the Project.

25.4 Quiet Enjoyment. Provided Tenant has performed all of the terms, covenants, agreements and conditions of this Lease, including the payment of all sums due hereunder, Tenant shall peaceably, exclusively and quietly hold and enjoy the Leased Premises for the Term hereof and subject to the provisions and conditions of this Lease. Tenant's right to use the Leased Premises as herein provided shall be subject to restrictions or other limitations or prohibitions resulting from any Applicable Law now in force or which may hereafter be in force and no such event shall in any way affect this Lease, relieve Tenant of any liabilities or obligations under this Lease or give rise to any claim whatsoever against LAUSD.

25.5 Partial Invalidity. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, this Lease shall automatically terminate effective on the thirty-first (31<sup>st</sup>) day after the determination of the invalidity or unenforceability of any provision in this Lease; provided that during the above thirty (30) day period Tenant and Landlord shall

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review and evaluate the Lease without the invalid or unenforceable provision(s) and determine whether the Lease as modified shall remain in effect or terminate or whether the parties shall negotiate an amendment to this Lease so that Tenant and Landlord receive the benefit of the bargain, responsibilities and obligations that they thought they were receiving and committing to when each initially entered into this Lease. If this Lease terminates due to this Section 25.5 and such termination occurs during the initial forty (40) year term, Tenant and Landlord shall negotiate a new lease for the remainder of such forty (40) year term in order to comply with the CSFP requirement for a forty (40) year lease.

25.6 Captions. The captions and headings in this Lease are inserted only as a matter of convenience and for reference, and they in no way define, limit or describe the scope of this Lease or the intent of any provision thereof.

25.7 Amendment. No amendment or modification to this Lease shall be effective for any purpose unless in a written instrument signed by LAUSD and Tenant.

25.8 Recordation. From and after the Term Commencement Date, Tenant may record, at its cost and expense, a memorandum of this Lease in form and substance reasonably acceptable to LAUSD.

25.9 Choice of Law. This Lease shall be governed by the State of California.

25.10 Interpretation. This Lease shall be deemed to be jointly prepared by both of the Parties hereto, and any ambiguities or uncertainties herein shall not be construed for or against either of the Parties hereto. Any and all references to dollar amounts herein shall mean the legal currency of the United States.

25.11 Attorneys' Fees. In the event either party hereto should commence an action against the other to enforce any obligation set forth herein (including, but not limited to, arbitration), the unsuccessful party shall pay to the prevailing party its cost of litigation or arbitration, including reasonable attorneys' fees, whether or not the suit is brought to judgment or conclusion in arbitration.

25.12 Counterparts. This Lease may be executed in one or more counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument. To facilitate execution hereof, this Lease may be executed by handwritten signing or by electronically transmitted facsimile of such signing, either of which shall create a validly executed document, in as many counterparts as may be required.

25.13 Entire Agreement. This Lease contains all of the agreements of the parties hereto with respect to the matters covered hereby, and no prior agreements, oral or written, or understandings or representations of any nature whatsoever pertaining to any such matters shall be effective for any purpose unless expressly incorporated in the provisions of this Lease. The provisions of this Lease shall not be amended or altered

except by an agreement in writing signed by both of the parties hereto prior to its becoming effective.

25.14 Successors and Assigns. Subject to the provisions hereof relative to assignment, this Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, transferees, successors and assigns of the respective parties hereto.

25.15 Time Is of the Essence. Time is of the essence with respect to the performance or observance of each of the obligations, covenants and agreements under this Lease. Notwithstanding anything to the contrary contained in this Agreement, the Parties agree that any matter that requires the approval or consent of a party under this Agreement, such approval or consent shall be given or withheld within thirty (30) days following request unless a shorter timeframe is herein specified; provided, however, if the party fails to respond in such time period or if the party denies or disapproves the request and fails to specify in detail the reasons for such denial or disapproval, then the request shall be deemed approved.

25.16 Gender. As used herein, the neuter gender includes the feminine and the masculine, the masculine includes the feminine and the neuter and the feminine includes the masculine and the neuter, and each includes corporation, partnership or other legal entity when the context so requires.

25.17 Waiver. No waiver of any provision hereof shall be deemed a waiver of any other provision hereof. Consent to or approval of any act by one of the Parties hereto shall not be deemed to render unnecessary the obtaining of such party's consent to or approval of any subsequent act, nor shall any custom or practice which may grow up between the Parties in the administration of the terms hereof be deemed a waiver of, or in any way affect, the right of LAUSD to insist upon the performance by Tenant in strict accordance with said terms. The acceptance of any monies hereunder by LAUSD shall not be a waiver of any preceding breach by Tenant of any provision hereof, other than the failure of Tenant to pay the particular amounts so accepted, regardless of LAUSD's knowledge of such preceding breach at the time of acceptance of such amounts.

25.18 Cumulative Remedies. No remedy herein shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Lease may be exercised from time to time and as often as occasion may arise or as may be deemed expedient.

25.19 Force Majeure. Except for the payment of any amounts due hereunder, whenever either party hereto shall be required by the terms of this Lease or by law to perform any contract, act, work, construction, labor or services, or to perform and comply with any laws, rules, orders, ordinances, regulations or zoning regulations, said party shall not be deemed to be in default herein and the other party shall not enforce or exercise any of its rights under this Lease, if and so long as nonperformance or default herein shall be directly caused by strikes, nonavailability of materials, war or

national defense preemptions or civil disobedience, governmental restrictions, acts of God or other similar causes beyond the reasonable control of the non-performing party.

25.20 Incorporation. The Exhibits attached hereto are incorporated herein.

25.21 Sale. LAUSD shall have the right at any time and from time to time during the Term hereof to sell, encumber or assign all or any portion of its fee interest in the Leased Premises; subject, however, to the leasehold estate of Tenant created hereby.

25.22 Authorization to Sign Lease. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Each individual executing this Lease on behalf of LAUSD represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of LAUSD and that this Lease is binding upon LAUSD in accordance with its terms.

25.23 Covenants and Conditions. All provisions, whether covenants or conditions, on the part of Tenant shall be deemed to be both covenants and conditions.

25.24 Effective Date. The effective date of this Lease shall be the last date set forth adjacent to the signatures to this Lease.

#### ARTICLE 26.

#### SECURITY DEPOSIT

As of the execution of this Lease, LAUSD is not requiring Tenant to tender a security deposit because LAUSD in good faith is relying upon Tenant to comply with the terms and conditions of this Lease. In the event Tenant defaults under this Lease, LAUSD may require Tenant to tender a security deposit equal to the average of three (3) months of rent as LAUSD charges any other middle school in the district, as selected by LAUSD, but in no event less than \$50,000 per month (herein "**Security Deposit**"). The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the Lease Term. If Tenant defaults with respect to any provisions of this Lease, Landlord may, but shall not be required to, use, apply or retain all or any part of the Security Deposit for the payment of any sum in default, or for the payment of any amount that Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage that Landlord may suffer by reason of Tenant's default. If any portion of the Security Deposit is so used or applied, Tenant shall, within five (5) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a default under this Lease. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit, or any balance thereof, shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, within sixty (60) days following the expiration of the Lease Term. Landlord shall not be required to keep the Security Deposit in a separate account and Tenant shall not be entitled to any



interest on the Security Deposit. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, and all other provisions of law, now or hereafter in force, which provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage, foreseeable or unforeseeable, caused by the act or omission of Tenant or any officer, employee, agent or invitee of Tenant. LAUSD shall have the right to increase or decrease the amount of any Security Deposit during the Term of this Lease.

ARTICLE 27.

REPRESENTATIONS AND WARRANTIES

27.1 Tenant's Representations: Tenant warrants, represents and covenants to Landlord, as follows:

a. Authority. Tenant (i) is a lawfully constituted corporation, duly organized, validly existing, and in good standing under the laws of the State of California and is qualified to do business in the State of California; (ii) has the authority and power to enter into this Lease and to consummate the transaction contemplated herein; and (iii) upon execution hereof will be legally obligated to Landlord in accordance with the terms and provisions of this Lease. Tenant agrees to deliver to Landlord a certified copy of the resolution of its board of directors authorizing or ratifying the execution of this Lease.

b. Conflicts. The execution and entry into this Lease, the execution and delivery of the documents and instruments to be executed and delivered by Tenant by the Term Commencement Date, and the performance by Tenant of Tenant's duties and obligations under this Lease and of all other acts necessary and appropriate for the full consummation of the lease of the Leased Premises as contemplated herein, are consistent with and not in violation of, and will not create any adverse condition under, any contract, agreement or other instrument to which Tenant is a party, or any judicial order or judgment of any nature by which Tenant is bound. All necessary and appropriate action will have been taken by Tenant authorizing and approving the execution of and entry into this Lease, the execution and delivery by Tenant of the documents and instruments to be executed by Tenant, and the performance by Tenant of Tenant's duties and obligations under this Lease and of all other acts necessary and appropriate for the consummation of the lease of the Leased Premises as contemplated herein.

ARTICLE 28.

WAIVER OF FACILITIES REQUEST

Tenant's charter petition for the School is for 405 students receiving education instruction at grade levels 6 to and including 8. In the interest of long term planning, Tenant agrees that the Leased Premises satisfy Tenant's space needs for the Middle School. Tenant agrees that it shall not submit and hereby waives any and all rights, whether under the auspices of Proposition 39 (as codified at California Education Code Section 47614, and Title 5, California Code of Regulations, Section 11969.1-11969.9 or

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otherwise), to submit a request to use any real property owned or leased by LAUSD for the charter petition for the Middle School for the duration of the Term of this Lease and any period following the expiration or termination of this Lease that Tenant is in occupancy of the Leased Premises until the Parties enter into any new agreement for the occupancy of said Leased Premises. Nothing herein shall be construed to limit Tenant's ability to create a new charter petition to establish a new charter school and request use of different LAUSD real property for said new charter school in accordance with the approved charter petition. Tenant specifically agrees that:

a. Tenant waives any and all rights existing at equity or under Applicable Law that require LAUSD to provide Tenant with (i) any additional facilities, furniture, fixture, equipment, facilities-related services or upgrades thereto, repair or replacement of any portions of the Middle School and/or Lease Premises, or (ii) other real or personal property with respect to students authorized pursuant to the Tenant's approved charter petition, (collectively, "**Additional Facilities**"), and

b. Tenant covenants that it shall not commence any action or proceeding to require LAUSD to provide Tenant with any Additional Facilities.

The foregoing waivers and covenants shall be broadly construed in favor of LAUSD and shall apply to existing and future Applicable Laws imposing a requirement on LAUSD to provide Tenant with any Additional Facilities.

The rationale for the foregoing waiver and covenant is that Tenant identified the Leased Premises, conducted its due diligence for its intended use, acquired the Leased Premises, and constructed the Project in accordance with plans and specifications that Tenant had prepared on its behalf. LAUSD is holding title to the Leased Premises in accordance with the CSFP and so Tenant could qualify for LAUSD Augmentation Grant funds. In light of Tenant's active role in the acquisition of the Leased Premises and the construction of the Project, Tenant has equipped the Leased Premises suitable for operation of its Middle School, and sufficient to accommodate its students. Tenant will receive all revenues and average daily attendance funding for the students educated by Tenant at the Middle School (LAUSD will not receive any of these funds deriving from the students Tenant educates) and Tenant shall be required to use such revenues and funds to operate and maintain the School for Tenant's students.

This Article shall survive the earlier termination of this Lease and shall survive the expiration of this Lease so long as Tenant is in occupancy of the Leased Premises.

[SIGNATURE PAGE FOLLOWS IMMEDIATELY]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Lease as of the day and year written adjacent to their respective signatures.

“LANDLORD”:

Dated:

LOS ANGELES UNIFIED SCHOOL DISTRICT,  
a school district duly organized and existing  
under the laws of the State of California

By:

\_\_\_\_\_  
Name:  
Title:

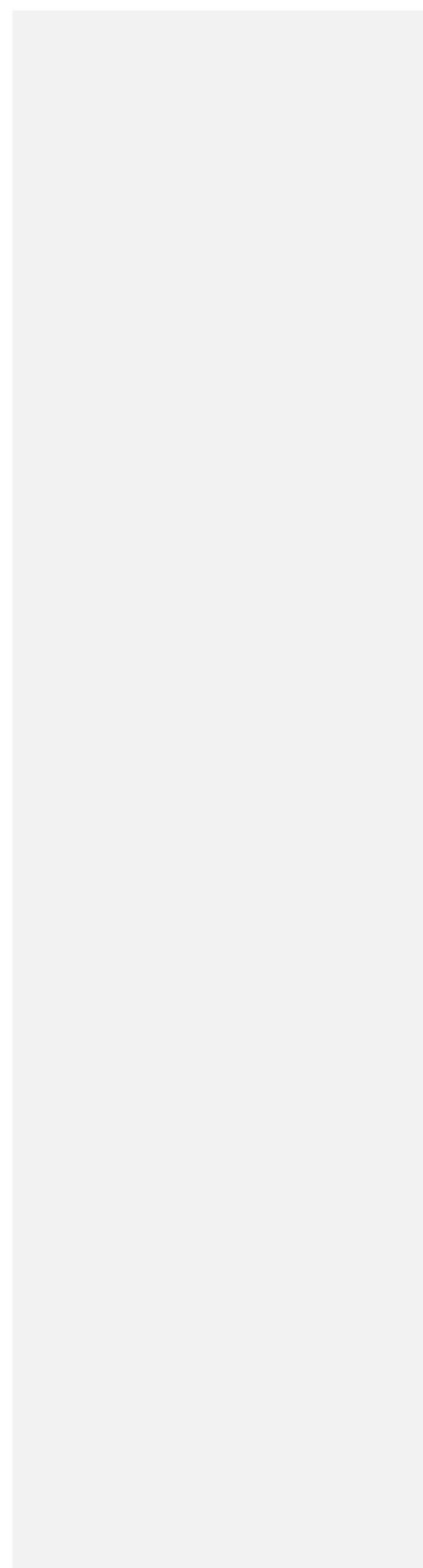
“TENANT”:

Dated:

OCEAN CHARTER SCHOOL, INC.,  
a California nonprofit corporation

By:

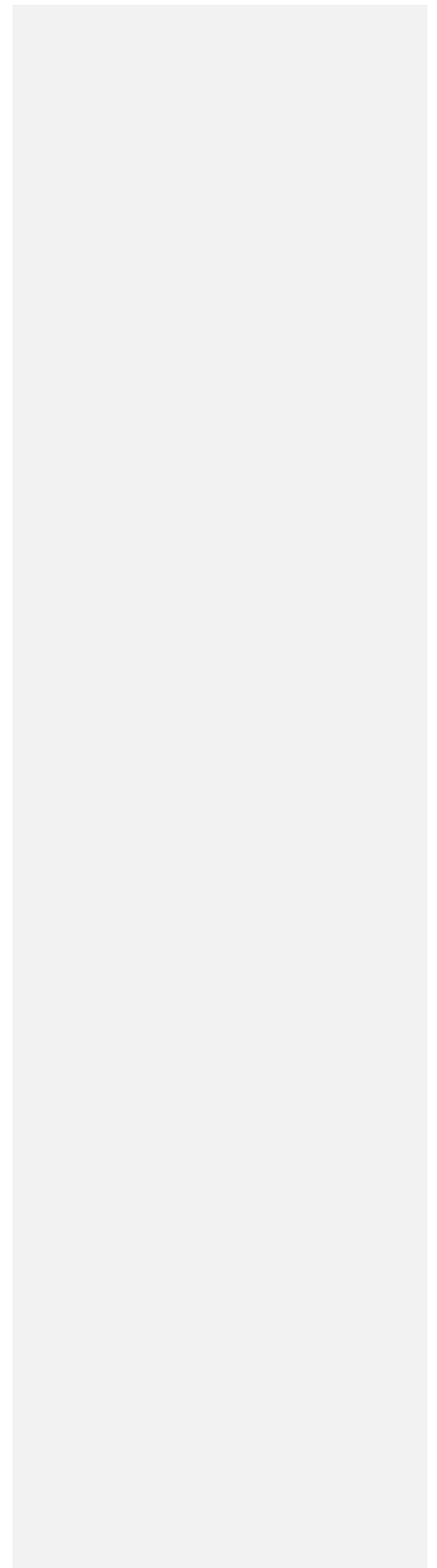
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**EXHIBIT "A-1"**

PREMISES PLAN

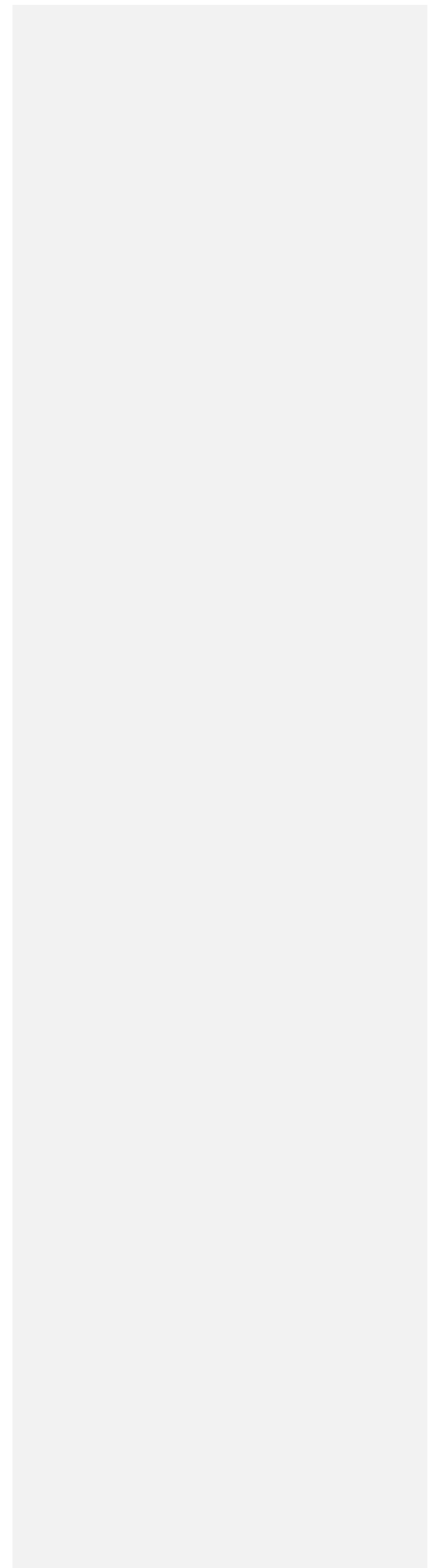
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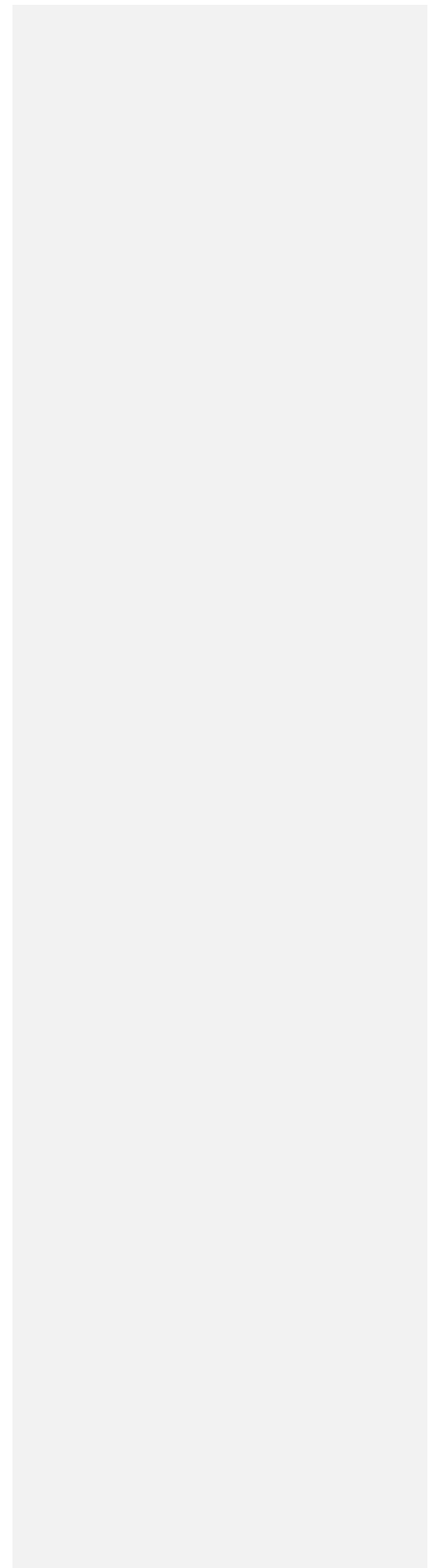


**EXHIBIT "A-2"**

LEGAL DESCRIPTION OF PROPERTY



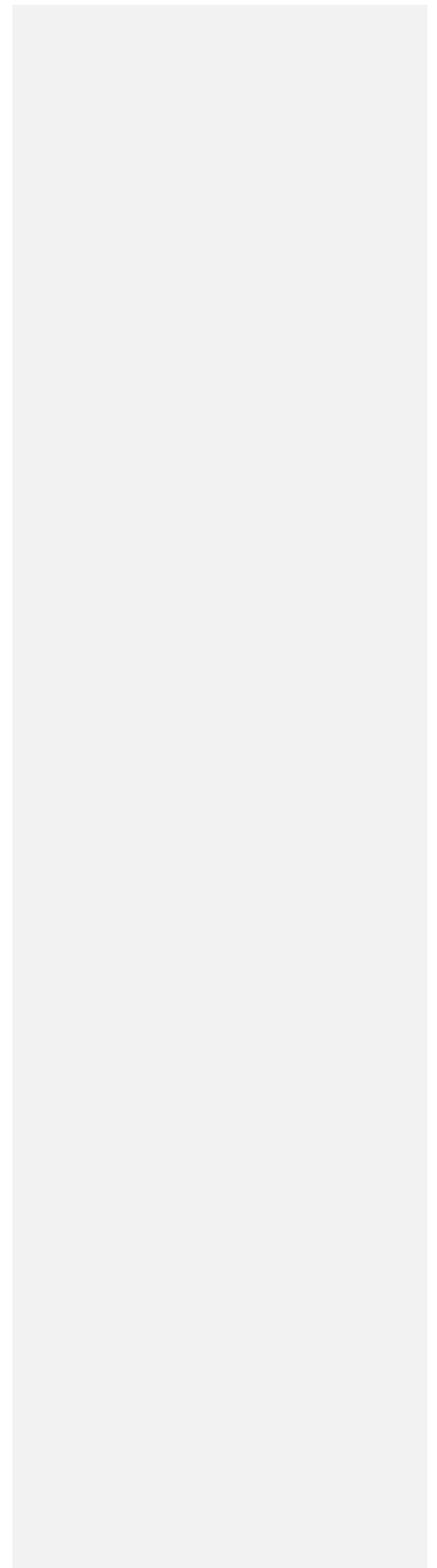
**EXHIBIT "B"**  
PROJECT DESCRIPTION



**EXHIBIT "C"**

**DEVELOPMENT AGREEMENT**

**(See Attached)**





**EXHIBIT "D"**

COMMENCEMENT DATE CERTIFICATE

THIS COMMENCEMENT DATE CERTIFICATE (this "Agreement"), is made and entered into as of \_\_\_\_\_, 20\_\_\_\_, by and between LOS ANGELES UNIFIED SCHOOL DISTRICT, a school district duly organized and existing under the laws of the State of California, as LANDLORD and OCEAN CHARTER SCHOOL, INC., a California nonprofit corporation, with reference to the following facts:

RECITALS

A. Landlord and Tenant have entered into that certain Charter School Lease dated \_\_\_\_\_, 20\_\_\_\_ (the "Lease") covering the Leased Premises located in Los Angeles County, California as more particularly described on Exhibit "A", attached hereto and made a part hereof.

B. The Lease provides for the execution of this Agreement establishing the actual date of the commencement of the Term of the Lease, which date fixes the duration of the Term of the Lease and its Expiration Date.

NOW, THEREFORE, in consideration of the foregoing, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. For all purposes of the Lease, the "Term Commencement Date" shall mean \_\_\_\_\_, 20\_\_\_\_. The Term of the Lease commenced on \_\_\_\_\_, 20\_\_\_\_, and shall run until 11:59 p.m. (local time) on \_\_\_\_\_.
2. All capitalized terms not defined herein shall have the meaning as set forth in the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Commencement Date Certificate effective as of the day and year above written.

"LANDLORD":

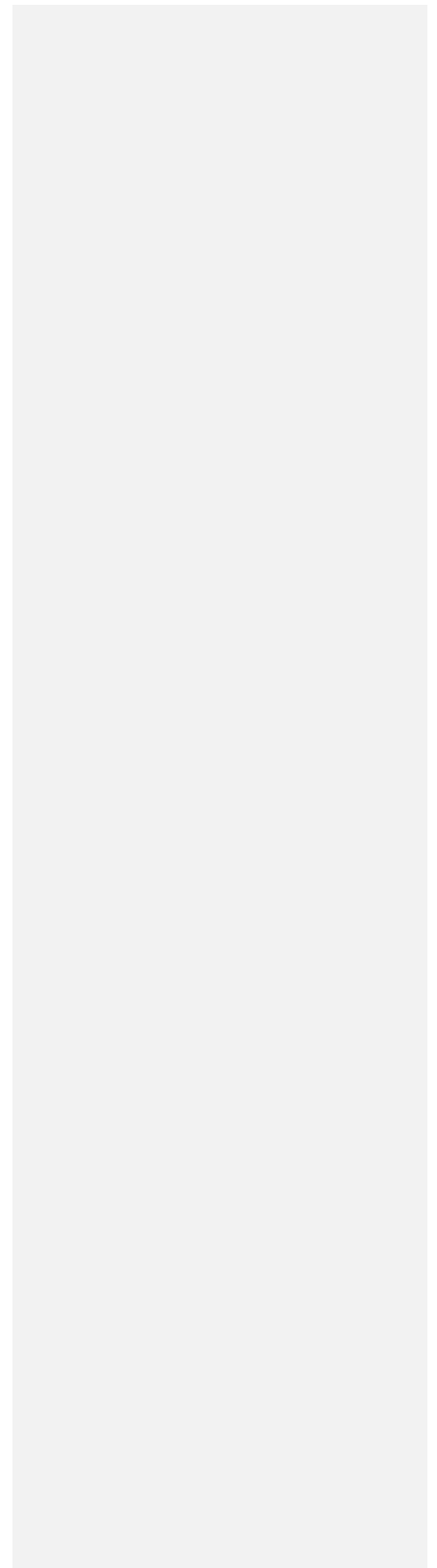
Dated:

LOS ANGELES UNIFIED SCHOOL DISTRICT,  
a school district duly organized and existing  
under the laws of the State of California

By:

\_\_\_\_\_  
Name:  
Title:

[SIGNATURES CONTINUED ON NEXT PAGE]



"TENANT":

Dated:

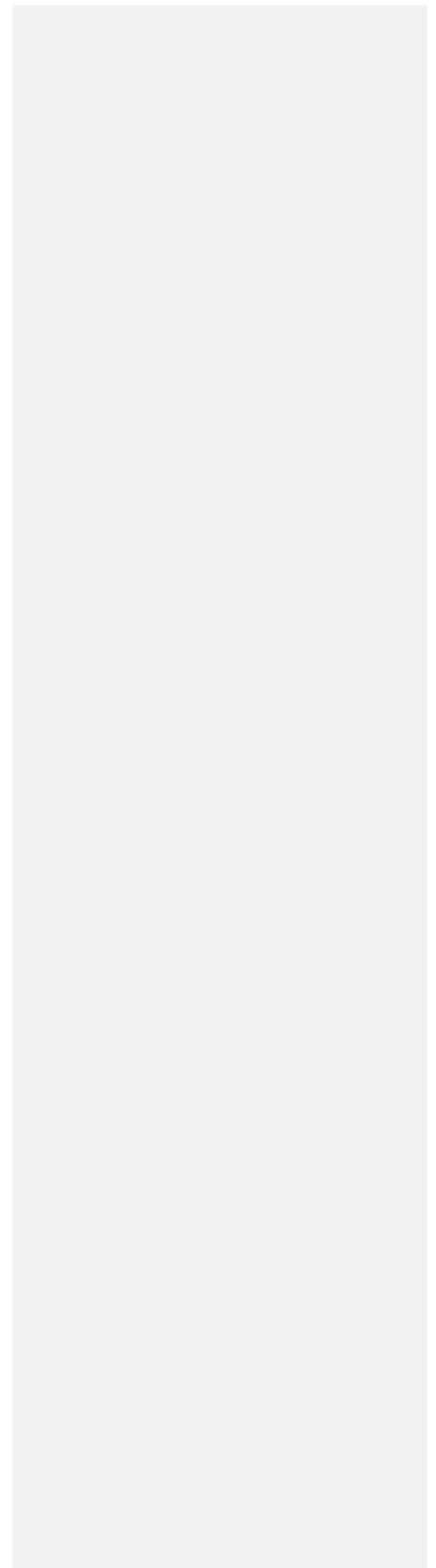
OCEAN CHARTER SCHOOL, INC.,  
a California nonprofit corporation

By:

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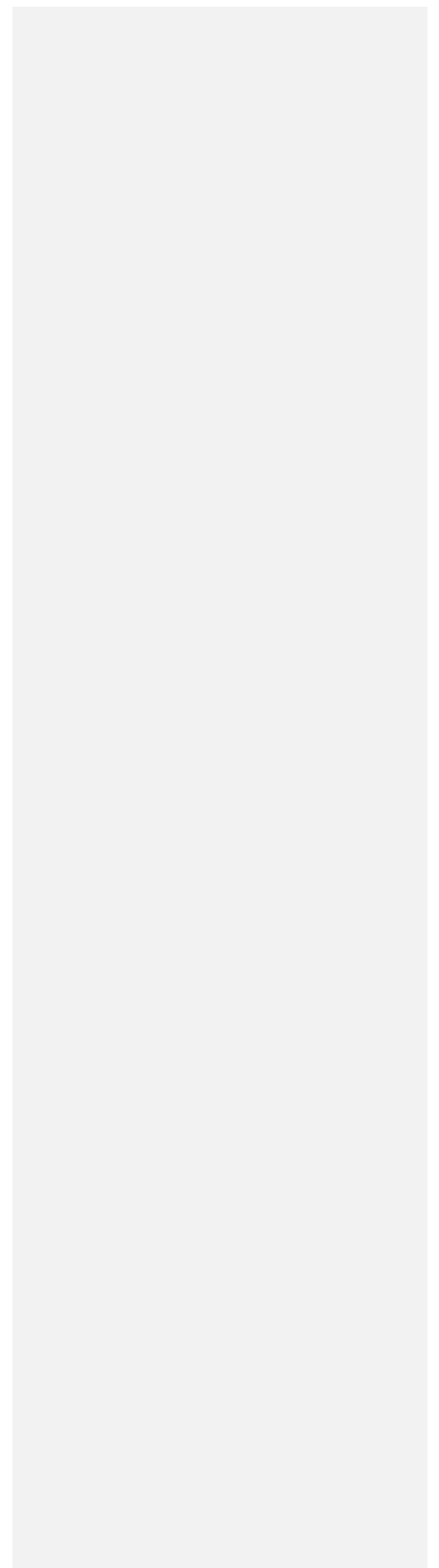
Name:

Title:



**EXHIBIT "E"**

[RESERVED]





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Exhibit "A-3": Legal Description
Exhibit "B": Project Description
Exhibit "C": Development Agreement
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### GLOSSARY OF DEFINED TERMS

<u>Term or Phrase</u>	<u>Section of Lease*</u>
"AAA" .....	Section 25.1 (e)
"Additional Facilities" .....	Section 28 b)
"Applicable Law" .....	Section 8.1
"Alterations" .....	Section 9.1

“Arbitrator”	Section 25.1 (e)
“Arbitration Notice”	Section 25.1 (e)
“Base Rent”	Summary, Section (i)
“Board”	Summary, section (b)
“Bond Funds”	Section 7.13 (b)
“CERCLA”	Section 20.4
“City”	Summary, section (e)
“Conditions Precedent”	Summary, section (d)
“Claims”	Section 14.1
“Commencement Date Certificate”	Section 2.3
“Costs”	Section 7.1
“County”	Summary, section (e)
“Date of Lease”	Summary, section (p)
“Deferred Maintenance”	Section 7.13
“Deferred Maintenance Plan”	Section 7.13 (d)
“District”	Section 4.1(b)
“DSA”	Recital B
“Ed. Code”	Section 7.3 (a)
“Expiration Date”	Section 2.1
“Effective Date”	Summary, section (d)
“Environmental Laws”	Section 20.4
“Event of Default”	Section 17.1
“Expiration Date”	Section 2.1
“Facilities Condition Index”	Section 7.13 (g)
“First Lease Year”	Section 2.1
“Reimbursement Amount”	Summary, section (i)
“Hazardous Material(s)”	Section 20.4
“Initiating Party”	Section 25.1 (b)
“Inspection”	Section 12.1
“Interest Rate”	Section 6.6(a)
“JAMS”	Section 25.1 (e)
“Joint Use Facilities”	Section 7.14 (a)
“Joint Use Issues”	Section 4.3
“Joint Use Schedule”	Section 4.3
“Landlord”	Summary (a)
“LAUSD”	Summary (a)
“LAUSD’s Address for Notices”	Summary, section (n)
“LAUSD’s Address for Payment”	Summary, section (o)
“LAUSD Parties”	Section 14.1
“LAUSD Property Insurance Program”	Section 7.10 (c)
“Lease”	Intro. Paragraph
“Lease Year”	Section 2.1
“Leased Premises”	Summary, section (c)
“Liability” or “Liabilities”	Section 14.2
“Maturity Date”	Summary, section (i)

<b>“Middle School”</b>	Summary, section (l)
<b>“Miscellaneous Taxes”</b>	Section 7.7 (d)
<b>“Note”</b>	Summary, section (j)
<b>“Notice”</b>	Section 14.2 (a)
<b>“Notice of Termination”</b>	Section 15.3(b) (i)
<b>“Permitted Exceptions”</b>	Section 1.2 (c)
<b>“Personal Property Taxes”</b>	Section 7.7(b)
<b>“Phased Payment Option”</b>	Summary, section (i)
<b>“Plans and Specifications”</b>	Recital B
<b>“MORCS”</b>	Summary, section (b)
<b>“MORCS’s Address for Notices”</b>	Summary, section (m)
<b>“Pre-Occupancy Period”</b>	Section 2.2
<b>“Primary Hours”</b>	Section 4.2(c)
<b>“Pro Rata Share”</b>	Section 7.3 (b)(i)
<b>“Project”</b>	Recital A
<b>“Proposition 39”</b>	Section 28
<b>“Punch List Items”</b>	Section 5.3
<b>“Rent”</b>	Article 6
<b>“Release”</b>	Section 20.4
<b>“Required Regulatory Inspections”</b>	Section 7.12
<b>“Representatives”</b>	Section 4.3(c)
<b>“Responding Party”</b>	Section 25.1 (b)
<b>“Restoration”</b>	Section 15.3 (a)
<b>“State”</b>	Summary, section (e)
<b>“Security Deposit”</b>	Summary, section (k)
	Article 26
<b>“SMCS”</b>	Section 25.1 (b)
<b>“Substantial Completion”</b>	
<b>“Summary”</b>	Fundamental Lease
	Provisions: Intro paragraph
<b>“Supervisory Oversight Fee”</b>	Section 7.3 (a)
<b>“Superintendent”</b>	Section 4.3 (c)
<b>“Tax” or “Taxes”</b>	Section 7.3
<b>“Tenant”</b>	Summary, section (b)
<b>“Tenant DM Contribution”</b>	Section 7.13 (c)
<b>“Tenant President”</b>	Section 4.3 (c)
<b>“Tenant’s Property”</b>	Section 10.2
<b>“Tenant’s Share”</b>	Section 7.3(b) (ii)
<b>“Term”</b>	Summary, section (g)
<b>“Term Commencement Date”</b>	Summary, section (f)
<b>“Use”</b>	Summary, section (l)
<b>“Utility” or “Utilities”</b>	Section 7.6

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\*All cites are to the Lease unless otherwise noted

