

LEASE OF SCHOOL DISTRICT OWNED FACILITIES

THIS LEASE OF SCHOOL DISTRICT OWNED FACILITIES (this "Lease") dated as of July 1, 2015 is entered into by and between the Manhattan Beach Unified School District ("District"), and Beach Cities Learning Center, Inc. ("Tenant," together with District, "Parties").

RECITALS:

A. District is the owner of certain improved and unimproved real property which is not currently needed for public school purposes and which District desires to lease to Tenant.

B. Tenant desires to lease certain real property owned by District upon the terms and conditions set forth in this Lease.

NOW, THEREFORE, in consideration of the foregoing Recitals and for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and upon and subject to the terms, covenants and conditions set forth in this Lease, District leases to Tenant and Tenant hires from District a leasehold estate in the Premises (as that term is defined hereinafter), for the term, use and purpose herein set forth. District and Tenant further agree as follows:

1. DESCRIPTION OF PREMISES

District hereby leases to Tenant and Tenant hereby leases from District certain real property "as is" commonly known as Transition School (MBI), Rooms 21, 22, 23, 24, 25, 26, 27, and 28, located at 1431 15th Street, Manhattan Beach, California (the "Premises").

The property leased has been inspected by Tenant and Tenant hereby acknowledges that Tenant is entering into this Lease after such inspection of the Premises. Tenant hereby accepts the Premises "AS IS".

2. USE

Tenant shall only have the right to use the Premises for education/instruction and for no other purposes. Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter become effective.

Additionally: (a) The serving or sale of alcoholic beverages will not be permitted on the Premises, except to the extent permitted by Business and Professions Code Section 25608, (b) Unlicensed vehicles, campers, mobile homes or portable buildings shall not be allowed on the Premises, and (c) Gambling shall not be permitted on the Premises.

Under no circumstances shall Tenant be allowed to keep or bring on the Premises or permit any other person to bring onto the Premises any Hazardous Materials (as defined below).

“Hazardous Materials” shall mean (a) any oil, petroleum, petroleum product, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other materials or pollutants which (i) pose a hazard to the Premises or to persons on or about the Premises or (ii) cause the Premises to be in violation of any law; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million; (c) any chemical, material or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any applicable law; and (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the users of the Premises or the owners and/or occupants of property adjacent to or surrounding the Premises.

3. **ACCESS TO PREMISES**

District hereby grants to Tenant reasonable access to the Premises. District hereby reserves the right to change Tenant's access to the Premises upon 30 days' prior written notice. District reserves the right to enter the Premises at any time, for any reason.

4. **TERM OF LEASE**

Subject to the provisions of Paragraph 5 herein, the term of this Lease shall be for a period of **twelve (12) months** commencing upon July 1, 2015 and terminating on June 30, 2016.

5. **TERMINATION OF LEASE**

Either District or Tenant shall have the right to cancel or terminate this Lease prior to the expiration of its term by giving the other party hereto 90 days' prior written notice of its intention to so terminate.

6. **BASE RENT**

The annual rent for the Lease shall be \$116,915.52 (“**Base Rent**”), payable in twelve (12) equal monthly payments of \$9,742.96 each due on the 1st day of each calendar month commencing on July 1, 2015 and ending on June 1, 2016. Rent is made payable to Manhattan Beach Unified School District, 325 S. Peck Ave, Manhattan Beach, CA 90266, attn. Dawnalyn Murakawa-Leopard.

7. **UTILITIES**

Tenant agrees that the monthly rent stated in Paragraph 6 above includes amounts for standard utilities (described below) furnished to the Premises by District as of the first day of the lease term. Any additional utilities or services which Tenant desires to be furnished shall be at the expense of Tenant and subject to the approval of District. District shall provide the Premises with the following utilities and services:

Water, Gas & Electricity. District reserves the right to charge Tenant an additional utility payment at any time if/when an increase in the amount charged to District occurs. In the event District elects to charge and/or increase a utility payment, it shall furnish to Tenant appropriate invoices or statements evidencing the basis for the charge or increase and any such charge or increase shall be on a pro-rata basis, as reasonably determined by District, based on the Premises leased by Tenant.

8. **LATE PAYMENTS**

All payments due hereunder are due in the District Office at 325 S. Peck Ave., Manhattan Beach, California 90266, attention: Dawnalyn Murakawa-Leopard, on the dates set forth above and payments received by District more than ten (10) days after the payment due date specified above (regardless of the date on any check used in payment) shall be subject to a late payment fee of 10% of the monthly payment amount. The Parties agree that this late charge represents a fair and reasonable estimate of the costs that District will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent District from exercising any other rights and remedies available to District.

9. **MAINTENANCE OF PREMISES**

Tenant acknowledges the Premises are in good repair and order unless otherwise indicated herein. Upon the termination of this Lease, Tenant shall surrender the Premises to District in the same condition as of the date first set forth above, ordinary wear and tear excepted. Structural, electrical, heating, air conditioning and plumbing repairs to the Premises shall also be made by District unless necessitated by the negligent or willful acts or omissions of, or otherwise caused by, Tenant. Any other repairs to the Premises shall be made by Tenant. Notwithstanding the foregoing, any damage to the Premises arising out of use by Tenant, including, but not limited to, its students, employees, consultants, contractors, guests, and/or any other person(s) it allows on the Premises ("Tenant Parties"), shall be paid by Tenant.

Custodial and cleaning service shall be provided by Tenant, and shall be at a level consistent with custodial and cleaning services at other school sites operated and maintained by District. If, upon inspection by the staff of District, custodial services are determined to be at a level unacceptable to District or inconsistent with District-maintained services, the services will be provided by District employed staff and the cost thereof shall be the responsibility of Tenant.

The Premises have not been inspected by a Certified Access Specialist to determine whether the Premises meet all applicable construction-related accessibility standards pursuant to Civil Code Section 55.53.

10. **ALTERATIONS TO PREMISES**

No changes, repairs, additions, or improvements shall be built or made to or upon the Premises by Tenant without the prior written consent of District. Notwithstanding the foregoing, Tenant shall be permitted to make emergency repairs to the Premises when necessary to avoid any threat to person or property without District's consent; provided that, Tenant promptly notifies District of such repair thereafter.

11. **NON-USE PAYMENTS**

Should a non-use penalty be imposed pursuant to Education Code Section 17219, such penalty shall be paid by Tenant.

12. **HOLD HARMLESS**

Tenant hereby indemnifies, defends and holds harmless District, its Board, staff, officers and employees from and against any and all liabilities, claims, demands, costs, losses, damages or expenses, including, without limitation, attorneys' fees and costs, by reason of, arising out of or resulting from any injury to person or damage to the Premises or any other property, in connection with or relating to the use of the Premises by Tenant or the acts or omissions of any of the Tenant Parties, except such injury to person or damage to property caused by and due solely and exclusively to the gross negligence or willful misconduct of District, its Board, staff, officers or employees. Tenant agrees to carry throughout the term of this Lease liability insurance covering its use of the Premises of not less than \$500,000 for bodily injury per person, \$500,000 for bodily injury per occurrence, and \$1,000,000 for property damage, naming District as additional insured, and to provide a certificate of such insurance coverage to District, the first of which shall be delivered to District prior to the commencement of the term of this Lease. Such certificate of insurance shall provide the following endorsement to the said insurance policy:

“This policy shall not be suspended, canceled, reduced in coverage or required limits of liability or amounts of insurance or non-renewed until notice has been mailed to the Manhattan Beach Unified School District. Date of suspension, cancellation, reduction in coverage or non-renewal shall not be less than thirty (30) days after the date of mailing of such notice. The insurance afforded by this policy is primary and any other insurance carried by the Manhattan Beach Unified School District with respect to the matters covered by such policy shall be excess and non-contributing.”

If Tenant fails to purchase and maintain the insurance required under, the District may, but shall not be obligated to, upon five (5) days' written notice to the Tenant, purchase such insurance on behalf of the Tenant and shall be entitled to be reimbursed by the

Tenant promptly thereafter, together with interest thereon from the date such premiums are paid by District until reimbursed to District at the rate of ten percent (10%) per annum.

13. ASSIGNMENT AND SUBLETTING

Tenant shall not voluntarily or by operation of law or otherwise license, assign, transfer, mortgage, sublet or otherwise encumber or convey all or any part of Tenant's interest in this Lease or in the Premises without obtaining the prior written consent of District in each instance, and any attempt to do so without such consent being first had and obtained shall be wholly void (such consent shall not be unreasonably withheld). No subletting or assignment, even with the consent of District, shall permit a change in the use or relieve Tenant of its obligation to pay Base Rent and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of payments by District from any other person shall not be deemed to be a waiver by District of any provision of this Lease or to be consent of any assignment, subletting or other transfer and shall not be deemed to constitute consent to any subsequent assignment, subletting or other transfer. The term "transfer" shall include the direct or indirect transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of Tenant (or of any corporate, partnership or membership shares or interests of or in Tenant).

14. FAILURE TO COMPLY WITH CURRENT TERMS AND CONDITIONS

In the event of the failure of Tenant to comply fully with any of the terms, covenants, and conditions of this Lease, District shall have the right to immediately terminate all rights and privileges thereby granted to Tenant, and District shall have the right to enter into and upon the Premises and take immediate possession thereof and to exclude Tenant from such property. Tenant shall reimburse District for any and all legal expenses and rental losses incurred by District as a result of Tenant's default. The rights granted above to District are hereby expressly agreed to be in addition to any and all other legal rights that may be exercised by District in the event of a breach of any of the terms, conditions, and covenants of this Lease by Tenant (including, without limitations, the remedies set forth in California Civil Code Sections 1951.2 and 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations) or any successor statutes).

15. ADDITIONAL CONDITIONS

Upon ninety (90) days' prior written notice, District shall have the right, but not the obligation, to relocate Tenant to another location owned by District which is reasonably similar to the Premises. The cost of any such relocation shall be the responsibility of Tenant. Tenant shall peaceably vacate the Premises and leave the Premises in reasonably good condition, ordinary wear and tear excepted.

In the event of destruction of or damage to the Premises not occasioned by the action or default of any Tenant Parties, District shall have the sole option of either repairing the Premises or terminating this Lease as of the date of the destruction or damage. If District chooses to repair the Premises, Tenant shall remain liable under the terms of this Lease and shall pay Base Rent to District for the damaged Premises should they be fit for occupancy during the time of repair. Tenant shall, however, be obligated to pay Base Rent during such period of repair only in the proportion that the portion of the Premises which are fit for occupancy bears to the entire Premises. Tenant shall repair any damage or destruction caused by Tenant Parties and shall pay the entire monthly Base Rent due during such period of repair.

The failure of District to insist upon strict performance of any of the terms, conditions or covenants of this Lease shall not be deemed a waiver of any right or remedy District may have and shall not be deemed a waiver of any right or remedy for subsequent breach or default of the terms, conditions, or covenants herein contained.

The Tenant shall abide by the conditions adopted by District's board of trustees as follows:

A. Care and Maintenance of Property

1. Property of District and others shall be protected. Students shall not be allowed to destroy property.
2. Property shall be maintained in a safe condition. Any damages shall be properly repaired.

B. Rules for Safe and Courteous Behavior

1. Rules for behavior shall meet the standards and requirements of District.
2. Behavior of students shall not be permitted to disrupt or disturb neighboring classes.
3. Loud and active games shall be scheduled for the playground area during school hours to reduce any disruption or disturbance to other classes or programs.
4. Where the location of one of Tenant's classes is adjacent to next door neighbors, every attempt shall be made to schedule loud activities on the playground areas and as far away from neighbors as possible.

C. Resolution of Problems

The Tenant shall report any problem or complaint to the Assistant Superintendent of Administrative Services for District. The Tenant shall be responsible for seeking a solution to any major or frequently reported problem.

16. **BANKRUPTCY DEFAULT**

In addition to the other terms and provisions of this Lease, the following shall constitute a default by Tenant (a "Bankruptcy Default"): (i) the making by Tenant of any general arrangement or assignment for the benefit of creditors, (ii) Tenant becomes a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within 30 days. The Lease shall automatically terminate (without the necessity for any act by District) upon the occurrence of a Bankruptcy Default.

17. **HOLDING OVER**

If Tenant, with or without District's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all of the provisions of this Lease pertaining to the obligations of Tenant, but the Base Rent then in effect shall be increased and will equal 200% of the Base Rent currently set forth in Paragraph 6 hereof.

18. **CUMULATIVE REMEDIES**

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

19. **ATTORNEY'S FEES**

If either party brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, arbitration, trial or appeal, shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court or arbitrator, as the case may be.

20. **TIME OF ESSENCE**

Time is of the essence of every term, covenant and condition of this Lease.

21. **SECURITY MEASURES**

Tenant hereby acknowledges that the rent payable to District hereunder does not include the cost of guard service or other security measure, and that District shall have no obligation whatsoever to provide same. Tenant assumes all responsibility for the protection of Tenant Parties and its and their property from acts of third parties.

22. **SEVERABILITY**

The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision of law.

23. **PROVISIONS REQUIRED BY LAW**

Each and every provision of law and clause required to be inserted into this Lease shall be deemed to be inserted herein, and this Lease shall be read and enforced as though such law and clause were included herein.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease as of the date first written above.

BEACH CITIES LEARNING CENTER INC.

BY: _____

TITLE: _____

BY: _____

TITLE: _____

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

BY: _____

PRINTED NAME: _____

TITLE: _____