

GROUND LEASE

between

**CITY OF COVINA,
a California municipal corporation**

("Landlord")

and

**COVINA HOUSING AUTHORITY,
a California public entity
("Tenant")**

June 21, 2022

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EXHIBIT "C"	SCHEDULE OF PERFORMANCE
EXHIBIT "D"	PERMITTED HAZARDOUS MATERIALS
EXHIBIT "E"	FORM OF MEMORANDUM OF GROUND LEASE, AND USE RESTRICTIONS
EXHIBIT "F"	FORM OF NOTICE OF AFFORDABILITY COVENANTS

GROUND LEASE

THIS GROUND LEASE (the "Lease") is dated for reference purposes and entered into as of June 21, 2022, by and between the CITY OF COVINA, a California municipal corporation ("Landlord"), and the COVINA HOUSING AUTHORITY, a California public entity ("Tenant").

Recitals

A. Landlord owns the land more particularly described in Exhibit "A" attached hereto and any improvements thereon ("Property").

B. Tenant desires to lease the Property from Landlord, and complete the construction of the improvements described on Exhibit "B" ("Improvements" or "Project") in accordance with the schedule (deadlines, subject to Force Majeure delays) set forth on Exhibit "C", and Landlord desires to lease the Property to Tenant, and require Tenant to timely complete the construction of such Improvements upon and subject to the terms and conditions set forth in this Lease, and thereafter maintain and operate them as a homeless "navigation center" providing free housing and services to homeless individuals and families who are extremely low income.

C. Construction and operation of the Improvements on the Property and providing homeless services will provide housing to homeless individuals and families, reduce the use by such individuals and families of other public areas as temporary dwelling space, reduce the burdens on the City of policing and cleaning such public areas, encourage new investment, and otherwise improve the economic and physical conditions in the City.

NOW THEREFORE, in consideration of the mutual promises contained herein, Landlord and Tenant agree as follows:

1. Lease of Property.

1.1 Landlord hereby leases the Property to Tenant, and Tenant hereby leases the Property from Landlord, upon and subject to the terms hereinafter set forth.

2. Term of Lease; Possession.

2.1 Term. The term of this Lease (the "Term") shall commence on the date hereof and shall continue until the date that is fifty-five (55) years thereafter; however, the extremely low income affordable housing restrictions herein shall survive the expiration of the Term, and continue until the date that is 55 years after the completion of the Project.

2.2 Possession. Tenant shall be entitled to take possession of the Property upon the later of (i) the commencement of the Term; or (ii) when Tenant provides reasonable evidence to Landlord (such as insurance certificates) that Tenant has obtained and is maintaining the insurance required of Tenant under Section 9 below. Tenant acknowledges that Tenant has inspected the Property and a title report for the Property, and Tenant accepts the Property in its existing condition, "AS IS", without representation or warranty (express or implied) and subject to all matters of record and all defects and conditions, whether patent or latent, and subject further to all legal requirements such as taxes, assessments, zoning, use permit requirements and

building codes, based solely on Tenant's own inspection, analysis and evaluation and not in reliance on any information provided by or on behalf of Landlord.

3. Rent; Prepayment of Rent; Use of Rent by Landlord Upon Failure to Complete Project; Possible Loan by City of Prepaid Rent for Construction of Project.

3.1 Rent. Commencing on the earlier of: (i) the date on which the Project is completed, or (ii) the deadline for completion of the Project in Exhibit "C" as extended pursuant to Section 14.4 if applicable (such earlier date being hereinafter referred to as the "Rent Commencement Date"), Tenant shall pay rent to Landlord for the Property at the rate of Sixty Four Thousand Dollars (\$64,000.00) per year, increased on each anniversary of the Rent Commencement Date by three percent (3%), which shall be prepaid for the first 18 years after the Rent Commencement Date by Tenant prior to the Rent Commencement Date (such prepayment amount being \$1,414,777.81, which was calculated as a present value amount using a discount rate equal to the current LAIF interest rate that Landlord could obtain by investing such funds), and shall be payable for the period after the 18 year prepayment period in equal monthly installments, on the first business day of each calendar month, without notice, deduction or offset.

Tenant may also prepay additional rent at any time by paying the present value of the rent prepaid, using such discount/interest rate then applicable to funds invested by Landlord.

3.2 Completion/Operation of Project by Landlord Using Prepaid Rent. If this Lease is terminated by Landlord due to Tenant's breach of its obligation under Section 7.1 below to timely complete and operate the Improvements, or due to any other uncured Tenant default prior to completion and operation of such Improvements, then except to the extent such rent has been disbursed to Tenant as a construction loan under Section 3.3 below, Landlord shall use the rent paid to Landlord to complete the Improvements itself, or shall use the rent for other affordable housing purposes permitted by California Health and Safety Code Section 34176.1 and shall comply with applicable laws in connection therewith.

3.3 Contingent Secured Construction Loan by Landlord from Prepaid Rent. If Tenant is unable, despite good faith efforts, to obtain adequate grant, conditional grant or forgivable loan funds/financing on or before June 1, 2024 to complete the Improvements, then Landlord hereby commits and covenants to make Tenant a conditional secured grant (or forgivable secured loan) from the rent paid by Tenant to Landlord, up to the entire amount of such rent, to the extent needed to finance the completion of the Improvements. Such construction loan shall be disbursed in increments, not more often that once every thirty days, after receipt of a written draw request from Tenant stating the amount of the disbursement requested and including reasonable evidence of the costs to be paid, and subject to other reasonable construction loan disbursement conditions.

Such loan shall be secured by the Tenant's interest under this Lease, and shall be evidenced by a promissory note and leasehold deed of trust reasonably acceptable to Landlord. The promissory note shall have an interest rate of three percent (3%) per annum and a maturity date that is the expiration or earlier termination of this Lease, and will provide that the loan principal and accrued interest shall be repaid in annual installments from 100% of the annual

“residual receipts” (as defined in the promissory note, but consisting of the amount by which income from the Property exceeds costs of operating the Property and providing services to residents), but that principal outstanding on the maturity date will be forgiven.

The leasehold deed of trust shall be recorded and shall be a first lien on the Property, except that Landlord’s City Manager shall have the authority to execute and record reasonable subordination agreements subordinating the Landlord’s leasehold deed of trust to leasehold deeds of trust securing other financing for the Improvements.

3.4 Place for Payment. All rent and other sums that become payable to Landlord under this Lease (collectively, “Rent”) shall be paid to Landlord on or before the due date in lawful currency of the United States at Landlord’s offices located at 125 E. College Street Covina, CA 91723, Attn: City Manager, or at any other place that Landlord may designate by written notice to Tenant.

4. Utilities. Tenant shall obtain, at Tenant’s expense, all electricity, gas, potable water, fire suppression water, sewer, waste water services and other services and utilities needed to operate the Improvements during the Term.

5. Net Lease. This Lease is a “triple-net” lease; all Rent shall be paid to Landlord absolutely net of all costs and expenses, except to the extent otherwise expressly provided in this Lease. Without limiting the generality of the foregoing, Tenant shall be responsible for all aspects of maintaining and operating the Property, including the payment when and as due of all real property assessments from time to time assessed against the Property, and for all charges for gas, electricity, telephone service, water, sewer service, trash removal and other utilities and services furnished to the Property during the Term; provided, however, that Landlord may at any time, in its discretion, pay any such assessments and charges that Tenant fails to pay when and as due, including, in Landlord’s discretion, any fees, penalties and charges assessed by reason of Tenant’s failure to make timely payment, in which case Tenant shall reimburse Landlord within five (5) business days after Landlord delivers written request for reimbursement. Tenant shall indemnify and hold Landlord’s property, including the Property and any improvements now or hereafter on the Property, free and harmless from any liability, loss, or damage resulting from any taxes, assessments, or other charges required by this Lease to be paid by Tenant and from all interest, penalties, and other sums imposed thereon and from any sales or other proceedings to enforce collection of any such taxes, assessments, or other charges.

LANDLORD HEREBY GIVES TENANT NOTICE, AND TENANT ACKNOWLEDGES RECEIPT OF SUCH NOTICE, AS REQUIRED PURSUANT TO CALIFORNIA REVENUE AND TAXATION CODE SECTION 107.6, THAT THE LEASEHOLD INTEREST CREATED BY THIS LEASE MAY RESULT IN A **POSSESSORY INTEREST TAX** BEING LEVIED AGAINST THE PROPERTY AND/OR TENANT’S LEASEHOLD INTEREST, AND THAT, **UNLESS TENANT IS EXEMPT**, TENANT SHALL BE OBLIGATED TO PAY SUCH TAX.

6. Use; Hazardous Materials; Compliance with Laws; Inspection.

6.1 Use of Property. Tenant shall use the Property for the development, construction, operation and maintenance of the Improvements described in Section 7.1 below as a "navigation center", which shall include housing (for no rent), and ancillary services to homeless individuals and families who are extremely low income (as described in California Health and Safety Code Section 50106), and Tenant shall use reasonable efforts to obtain evidence of their income and shall retain such records to the extent required by law. Tenant shall include at least six (6) units of housing, and all housing shall comply with the preceding sentence. Tenant shall not use or permit the Property or any portion of the Property to be improved, developed, used, or occupied in any manner or for any purpose that is in any way in violation of any federal, state or local law, ordinance, or regulation; and Tenant shall not maintain, commit or permit the maintenance or commission of any fire or health hazards, or any nuisance, as now or hereafter defined by any statutory or decisional law applicable to the Property, on the Property or any part of the Property.

6.2 Hazardous Materials.

(a) Definitions.

"Hazardous Materials" shall mean any substance that now or in the future requires investigation or remediation under, or is regulated or defined as a hazardous waste or hazardous substance by, any governmental authority or instrumentality or any law, regulation, rule or order, or any amendment thereto, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. § 9601 et seq. and the Resource Conservation and Recovery Act, 42 U.S.C. § 9601 et seq., or that is otherwise toxic, explosive, corrosive, flammable, infectious, mutagenic, radioactive, carcinogenic, a pollutant or a contaminant, including gasoline, diesel, petroleum hydrocarbons, polychlorinated biphenyls (PCBs), asbestos, radon and urea formaldehyde foam insulation.

"Environmental Requirements" shall mean all present and future governmental laws, regulations, rules, orders, permits, licenses, approvals, authorizations and other requirements of any kind applicable to Hazardous Materials, including common law tort principles (such as public and private nuisance and strict liability for conducting abnormally dangerous activities).

"Handle," "Handled" or "Handling" shall mean any installation, handling, generation, storing, treatment, use, disposal, discharge, release, manufacture, refinement, emission, abatement, removal, transportation, presence or migration of any Hazardous Materials brought on the Property by Tenant or Tenant's Representatives, or any other activity or any type in connection with or involving Hazardous Materials.

"Tenant's Representatives" shall mean all Tenant's officers, employees, contractors, representatives, assignees, sublessees, licensees, agents, invitees, and any trespassers on the Property.

(b) Indemnification by Tenant. In addition to, and not in derogation of any other indemnification contained in this Lease, Tenant agrees to indemnify, defend and hold harmless Landlord, its successors and assigns, and its and their directors, officers, shareholders, employees, agents and affiliates from all costs, expenses, damages, liabilities, claims, fines,

penalties, interest, judgments, and losses of any kind arising from or in any way related to Tenant's or Tenant's Representatives' Handling of Hazardous Materials during the Term or failure to comply in full with this Section 6.2 (collectively, "Environmental Losses"), including consequential damages, damages for personal or bodily injury, property damage, damage to natural resources occurring on or off the Property, encumbrances, liens, costs and expenses of investigations, monitoring, clean up, removal or remediation of Hazardous Materials, defense costs of any claims (whether or not such claim is ultimately defeated), good faith settlements, attorneys' and consultants' fees and costs, and losses attributable to the diminution of value, loss or use or adverse effects on marketability or use of any portion of the Property, whether or not such Environmental Losses are contingent or otherwise, matured or unmatured, foreseeable or unforeseeable. If Landlord is ever made a party to any action or proceeding by reason of a matter for which Tenant is obligated to indemnify Landlord, then Tenant, upon notice from Landlord, shall, at Landlord's option, either defend that action or proceeding on behalf of Landlord at Tenant's expense with counsel satisfactory to Landlord or reimburse Landlord for all defense costs Landlord actually incurs in defending against such action or proceeding, whether or not the action or proceeding is ultimately defeated. This indemnity is intended by the parties to be as broad and comprehensive as possible under law and shall apply regardless of the fault (including active or passive negligence) of either Tenant or Landlord.

(c) Landlord's Consent to Handling of Limited Hazardous Materials. Except for Hazardous Materials described on Exhibit "D", Tenant and Tenant's Representatives shall not Handle any Hazardous Materials at or about the Property without Landlord's prior written consent, which consent may be granted, denied, or conditioned upon compliance with Landlord's requirements, all in Landlord's absolute discretion.

(d) Release of Hazardous Materials. In the event of any release, discharge or other event caused or contributed to by the acts or omissions of the Tenant or Tenant's Representatives which poses a threat of damage or contamination to the Property or the environment, whether discovered by Landlord or Tenant, Tenant shall fully document the facts relating to the event, including the circumstances existing prior to and after the occurrence of the event, the precise nature of the release, discharge or event, including specific compounds and quantities involved, and all actions Tenant has taken and will take to remediate the release, discharge or event. Tenant shall provide such documentation to Landlord promptly after the occurrence in question. Tenant shall pay the reasonable costs and fees charged by Landlord's environmental consultants to review such documentation and provide peer review confirming the adequacy of the measures, past and future, taken by Tenant to remediate the problem.

6.3 Compliance with Applicable Requirements. Tenant, shall, at Tenant's sole expense, fully, diligently and in a timely manner, comply with all applicable laws, building codes, regulations, ordinances, rules, directives, covenants, or restrictions of record (collectively, "Applicable Requirements"), without regard to whether such Applicable Requirements are now in effect or become effective hereafter. Tenant shall, within ten (10) days after Landlord delivers written request to Tenant, provide Landlord with copies of all permits and other documents, and other information evidencing Tenant's compliance with any Applicable Requirements specified by Landlord. Tenant shall immediately notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report

pertaining to or involving the failure of Tenant or the Property to comply with any Applicable Requirements.

6.4 Inspection. Landlord's consultants shall have the right, but not the obligation, to enter into the Property at any time in the case of an emergency, and otherwise at reasonable times upon at least 48 hours advance notice, for the purpose of (a) inspecting the condition of the Property and reviewing all permits, reports, plans and other documents regarding the Handling of Hazardous Materials, (b) verifying compliance by Tenant with this Lease and (c) performing Tenant's obligations under Section 6.2 if Tenant has failed to timely do so. The cost of any such inspections shall be paid by Landlord, unless a significant and material violation of Applicable Requirements or a contamination is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority other than Landlord. In such case, Tenant shall upon request reimburse Landlord for the reasonable cost of such inspections, so long as such inspections are reasonably related to the significant and material violation or contamination. Tenant shall pay, in any case, all such costs incurred pursuant to clause (c) above.

7. Construction and Installation of Improvements.

7.1 Improvements. At no cost to Landlord, Tenant shall cause to be performed all construction, alterations, additions and installations, required to complete the work described in the Scope of Development attached hereto as Exhibit "B" (the "Improvements"), and shall comply with the schedule set forth in the Schedule of Performance attached hereto as Exhibit "C". Tenant's failure to meet any of the deadlines in the Schedule of Performance, as the same may be extended in accordance with Section 14.4 of this Lease, shall constitute an "Event of Default" (as defined in Section 13.1). Material alterations to the completed Improvements shall require Landlord's prior written consent, not to be unreasonably withheld.

7.2 Construction Contracts. All Improvements and any alterations thereto ("Work") shall be performed only by competent and qualified contractors duly licensed under the laws of the State of California pursuant to written contracts with such contractors. Tenant shall enter into a general construction contract for any Work (the "General Construction Contract") with a contractor reasonably acceptable to Landlord requiring the contractor to cause the Work to be performed in a manner and timeframe consistent with the terms of this Lease. Without limiting the conditions on which Landlord may grant its consent to any contractor, Landlord may require that such contractor furnish performance and payment bonds issued by a licensed corporate surety on terms and conditions and in amounts satisfactory to Landlord.

7.3 Review of Plans and Permits. Landlord shall not be deemed to have reviewed any plans, drawings or specifications from an engineering or technical standpoint, and Landlord shall have no liability whatsoever to Tenant or any third party based on or arising out of any patent or latent defect in the design or construction of the Work, whether or not such defect is actually known or apparent to Landlord.

7.4 Compliance with Law and Quality. Tenant shall cause all Work to be completed: (a) in a workmanlike manner with only new and high quality building materials, (b) in compliance with all applicable building codes and other applicable laws, ordinances,

regulations, and orders of all federal, state, county, and local governmental agencies or entities having jurisdiction over the Property (including Landlord in its governmental capacity), and (c) in compliance with all applicable insurance requirements. Without limiting the generality of the foregoing provisions, Tenant shall not permit any component of any Work to be commenced until all building permits and other governmental permits, licenses and approvals required in connection with such component of the Work have been issued.

7.5 Notices of Non-responsibility. Landlord shall, at any and all times during the Term, have the right to post and maintain on the Property and to record as required by law any notice or notices of non-responsibility provided for by the mechanics' lien laws of the State of California. Tenant shall give Landlord not less than thirty (30) days' written notice prior to the commencement of any Work (including site preparation work) or the delivery of building materials to the Property.

7.6 Mechanics' Liens. At all times during the Term, Tenant shall keep the Property and all building and improvements now or hereafter located on the Property free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Property. Should Tenant fail to pay and discharge or cause the Property to be released from any such lien or claim of lien within thirty (30) days after service on Tenant of written request from Landlord to do so, Landlord may pay, adjust, compromise and discharge any such lien or claim of lien on such terms and manner as Landlord may deem appropriate. In such event, Tenant shall, on or before the first day of the next calendar month following any such payment by Landlord, reimburse Landlord for the full amount paid by Landlord in paying, adjusting, comprising, and discharging such lien or claim of lien, including any attorneys' fees and other costs expended by Landlord, together with interest as provided in Section 14.5 from the date of payment by Landlord to the date of repayment by Tenant.

7.7 Ownership of Improvements. Any and all buildings and improvements placed or erected on the Property as well as any and all other alterations, additions, improvements and fixtures made or placed in or on the Property by Tenant (except for Tenant's furniture and trade fixtures, and any modular improvements or similar improvements that may be removed without substantial damage to the land---and all such items may be removed and relocated by Tenant upon the expiration or earlier termination of this Lease) shall be owned by Tenant only until the expiration or any earlier termination of this Lease, shall be considered part of the real property of the Property, and shall remain on the Property and, without compensation to Tenant, on the expiration or any earlier termination of this Lease shall become the sole property of Landlord or, if Landlord so elects and upon written notice to Tenant, shall be demolished and removed by Tenant from the Property at Tenant's sole expense. Tenant shall not remove any improvements from the Property, commit or permit any waste, or destroy or modify any improvements on the Property except as expressly permitted by this Lease.

8. Maintenance and Repairs.

8.1 Maintenance by Tenant. At all times during the Term, Tenant shall, at Tenant's own cost and expense, keep and maintain the Property (including all structural, non-structural, interior, exterior, landscaped areas, systems, equipment, facilities, driveways, parking lots, fences, and signs) in good order, condition and repair (whether or not the portion of the

Property requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements or the age of such portion of the Property). Tenant's maintenance obligations shall include restorations, replacements and renewals when necessary to keep the Property and all improvements thereon in good order, condition and repair. Tenant shall, during the Term, keep the exterior appearance of all improvements on the Property in a first-class condition consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, exterior repainting. In keeping the Property in good order, condition and repair, Tenant shall exercise and perform good maintenance practices, specifically including the procurement and maintenance at Tenant's expense of service contracts for HVAC equipment, any boiler and pressure vessels, fire protection systems, landscaping and irrigation systems, the roof and drains, and asphalt and parking lots, each with a contractor specializing and experienced in the maintenance of the applicable equipment or improvements. Upon the request of Landlord, Tenant shall provide Landlord with a complete and correct copy of each such service contract and any amendments thereto. Tenant's maintenance obligations under this Section shall not be construed as limiting any right or requirement expressly provided for elsewhere in this Lease for Tenant to alter, modify, demolish, remove or replace any improvement. No deprivation, impairment or limitation of use resulting from any event or work contemplated by this Section shall entitle Tenant to any offset, abatement or reduction in rent nor to any termination or extension of the Term.

8.2 Requirements of Governmental Agencies. At all times during the Term, Tenant shall, at Tenant's own cost and expense:

(a) make all alterations, additions, or repairs to the Property (including the improvements and facilities on the Property) required by any law, ordinance, statute, order, or regulation now or hereafter made or issued by any federal, county, local, or other governmental agency or entity;

(b) observe and comply with all laws, ordinances, statutes, orders, and regulations now or hereafter made or issued respecting the Property by any federal, county, local, or other governmental agency or entity; and

(c) indemnify, defend and hold Landlord and the Property free and harmless from any and all liabilities, losses, damages, fines, penalties, claims, and actions resulting from Tenant's failure to comply with the requirements of this Section 8.

8.3 Tenant's Duty to Restore Property. Should, at any time during the Term, any buildings or improvements now or hereafter on the Property be destroyed in whole or in part by fire or other casualty, Tenant, at Tenant's own cost and expense, shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and promptly and diligently commence the repair or replacement of the damaged or destroyed buildings or improvements according to the original final plans and specifications therefore or according to any modified plans and specifications that provide for improvements consistent in terms of size, design and quality with the original buildings and improvements. The Parties agree that events or conditions may preclude in some instances delay the immediate making of permanent repairs.

The Parties agree that in those instances Tenant shall make interim repairs that will protect the improvements from further deterioration and permit the continued use of the Property to the extent possible for the purposes for which they were demised, until repairs and replacements can be completed. In such event Tenant, upon demand, shall provide Landlord sufficient information for Landlord to satisfy itself that the time for making permanent repairs must be extended as reasonable beyond the time limits specified hereinbefore. In all other respects, the work of repair and restoration shall be done in accordance with the requirements for the original Improvements set forth in Section 7; provided that Tenant may reconstruct such other improvements on the Property as are consistent with applicable land use regulations and which are: (i) approved by the City in its governmental capacity, and all other governmental agency or agencies with jurisdiction, and (ii) approved by Landlord under this Lease in its reasonable discretion. No deprivation, impairment or limitation of use resulting from any event or work contemplated by this Section shall entitle Tenant to any offset, abatement or reduction in Rent or to any termination or extension of the Term.

8.4 Landlord's Rights of Entry. Landlord and Landlord's agents shall have the right to enter at reasonable hours after prior notice of the time and place of entry into and upon said portions of the Property as necessary for the purpose of ascertaining that the improvements on the Property are kept and maintained in good condition and repair as provided for in this Section 8 and that the terms of this Lease are observed.

9. Indemnity and Insurance.

9.1 Exculpation of Landlord. Landlord shall not be liable to Tenant for any damage to Tenant or Tenant's property for any cause, except for any damage to Tenant or Tenant's property resulting from the negligence and/or willful misconduct of Landlord or its employees, officers, agents or authorized representatives; however, in no event shall Landlord be liable for consequential damages consisting of lost profits or other damages in the nature of lost profits. Tenant waives all claims against Landlord except as provided in the previous sentence. Subject to the foregoing provisions, Landlord agrees to, defend, indemnify and hold Tenant and its officers, directors, employees, agents and affiliates and their respective assets free and harmless against and from any and all liabilities, claims, losses, damages, and expenses (including attorneys' fees and court costs) resulting from or arising out of Landlord's failure to perform any of Landlord's obligations under this Lease when and as required by the terms hereof.

9.2 Indemnity. Tenant agrees to, and does hereby defend, indemnify and hold Landlord and its officers, directors, employees, agents and affiliates and their respective assets, including the Property and all improvements now or hereafter on the Property, free and harmless against and from any and all liabilities, claims, losses, damages, and expenses (including attorneys' fees and court costs) resulting from or arising out of Tenant's occupation and use of the Property, and activities of Tenant and its contractors, specifically including any liability, claim, loss, damage, or expense arising by reason of:

(a) The death or injury of any person, including any person who is an employee or agent of Tenant, or the damage to or destruction of any property, including property

owned by Tenant or by any person who is an employee or agent of Tenant, from any cause whatsoever while such person or property is on the Property;

(b) Any work performed on the Property or materials furnished to the Property at the instance or request of Tenant or any person or entity acting for or on behalf of Tenant; or

(c) Tenant's failure to comply with any requirement of law or any requirement imposed on Tenant or the Property by any governmental agency or authority;

(d) Tenant's failure to perform any of Tenant's obligations under this Lease when and as required by the terms hereof; or

(e) The inaccuracy of any representation made by Tenant to Landlord in this Lease.

9.3 **Liability Insurance.** Tenant shall, at Tenant's own cost and expense, secure promptly after execution of this Lease and maintain during the entire Term of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Tenant's operation and use of the leased premises. The cost of such insurance shall be borne by the Tenant. Insurance is to be placed with insurers authorized to conduct business in the state of California with a current A.M. Best's rating of no less than A: VII, unless otherwise acceptable to the Entity, insuring Tenant and Landlord against loss or liability caused by or connected with Tenant's occupation, use, disuse, or condition of the Property under this Lease in amounts not less than:

(a) **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit; and

(b) **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$1,000,000 per accident for bodily injury and property damage

(c) **Property insurance** against all risks of loss to any tenant improvements or betterments, at full replacement cost with no coinsurance penalty provision.

9.4 **Broader Coverage; Increases in Insurance Coverage.** If the Tenant maintains broader coverage and/or higher limits than the minimums shown above, Landlord shall be entitled to the broader coverage and/or the higher limits maintained by the Tenant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to Landlord. Not more frequently than each three years, if, in the reasonable opinion of Landlord, the amount of public liability and property insurance coverage at that time is not adequate, Tenant shall increase the insurance coverage as reasonably required by Landlord.

9.5 Fire and Casualty Insurance. Tenant shall, at Tenant's own cost and expense, at all times during the Term, keep all buildings, improvements, Tenant's personal property and other structures on the Property, as well as any and all additions thereto, insured for their actual cash, full replacement value (as defined below), by insurance companies authorized to issue such insurance in the State of California and having a rating of not less than "A-13" as set forth in the then current Best's Insurance Guide, against loss or destruction by fire and the perils commonly covered under the standard extended coverage endorsement to fire insurance policies in the geographic area in which the Property are located. Each insurance policy shall be issued in the names of Landlord, Tenant and any Mortgagee, as their interests may appear. Each insurance policy shall provide that any loss payable under such insurance shall be payable in Trust to Landlord and Mortgagee as loss payees.

9.6 Specific Perils to Be Insured. Notwithstanding anything to the contrary contained in Section 9.4, the insurance required by Section 9.4 shall, whether or not included in the standard extended coverage endorsement mentioned in Section 9.4, insure all buildings, improvements, and other structures on the Property, as well as any and all additions thereto, against loss or destruction by windstorm, typhoon, tidal wave, explosion, riot, riot attending a strike, civil commotion, acts of terrorism, sabotage or other warlike acts, malicious mischief, vandalism, aircraft, fire, smoke damage and sprinkler leakage. Furthermore, the insurance required by Section 9.4 during the performance of the Work shall have course of construction, vandalism, and malicious mischief clauses attached insuring the Work during construction and all materials delivered to the Property for their actual cash full replacement value. For purposes of this Section 9.5, the "full replacement value" of any building or other improvements to be insured shall be determined by the company issuing the insurance policy at the time the policy is initially obtained. Every two years thereafter, either party hereto shall have the right to notify the other party hereto that it elects to have the replacement value re-determined by any insurance company. The redetermination shall be made promptly in accordance with the rules and practices of the Board of Fire Underwriters, or a like board recognized and generally accepted by the insurance company, and each party shall be promptly notified of the results by such company. The insurance policy or policies shall be adjusted accordingly to reflect the re-determined value.

9.7 Evidence of Insurance. Prior to entering the Premises for any purpose, Tenant shall deliver to Landlord insurance certificates showing that Tenant has obtained and is maintaining the insurance required by this Section 9. Upon written request of Landlord, Tenant shall deliver to Landlord a complete and correct copy of each insurance policy required by this Section 9. All insurance policies required by express provisions of this Lease shall be non-assessable and shall contain language to the effect that (a) any loss shall be payable notwithstanding any act or negligence of Landlord that might otherwise result in the forfeiture of the insurance, (b) that the insurer waives the right of subrogation against Landlord, and (c) the policies are primary and non-contributing with any insurance that may be carried by Landlord.

9.8 Additional Insured Status. The City, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Tenant including materials, parts, or equipment furnished in connection with such work or operations. General liability

coverage can be provided in the form of an endorsement to the Tenant's insurance (at least as broad as ISO Form CG 20 10).

9.9 Primary Coverage. For any claims related to this contract, the Tenant's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the Entity, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Entity, its officers, officials, employees, or volunteers shall be excess of the Tenant's insurance and shall not contribute with it.

9.10 Notice of Cancellation of Insurance. Each insurance policy required by this Section 9 shall contain a provision that it cannot be cancelled or materially changed for any reason unless 30 days' prior written notice of such cancellation or change is given to Landlord in the manner required by this Lease for service of notices on Landlord by Tenant.

9.11 Waiver of Subrogation. Tenant hereby grants to Entity a waiver of any right to subrogation which any insurer of said Tenant may acquire against Landlord by virtue of the payment of any loss under such insurance. Tenant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not Landlord has received a waiver of subrogation endorsement from the insurer.

9.12 Verification of Coverage. Tenant shall furnish Landlord with original Certificates of Insurance including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements to Landlord before work begins. However, failure to obtain the required documents prior to the work beginning shall not waive the Tenant's obligation to provide them. Landlord reserves the right to require complete, certified copies of all required insurance policies, including endorsements, required by these specifications, at any time.

9.13 Unavailability of Coverage. Notwithstanding anything to the contrary contained in this Section 9, should insurance coverage meeting all the requirements set forth in this Section 9 be unavailable due to circumstances beyond the control of Tenant, Tenant and Landlord shall agree as to substitute coverage which shall to the greatest extent possible meet the requirements set forth in this Section 9, provided that any substitute coverage shall not be less than insurance coverage available to and actually obtained for comparable industrial facilities in the State of California.

9.14 Self-Insured Retentions. Self-insured retentions must be declared to and approved by Landlord. At the option of Landlord, either: The Tenant shall obtain coverage to reduce or eliminate such self-insured retentions as respects Landlord, its officers, officials, employees, and volunteers; or the Tenant shall provide a financial guarantee satisfactory to Landlord guaranteeing payment of losses and related investigations, claim administration, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or Landlord.

9.15 Special Risks or Circumstances. Landlord shall have the right to modify these requirements at any time, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

10. [INTENTIONALLY OMITTED]

11. Assignment and Subletting.

11.1 Landlord's Consent Required. Except as expressly provided within Section 11.1 or in Section 12 below, Tenant shall not voluntarily or by operation of law assign, encumber or otherwise transfer this Lease or any right or interest in, under or to this Lease or the Property, or except for extremely low income homeless individuals and families housed at the Property without charge to them and as needed to provide ancillary services to them, permit all or any portion of the Property to be occupied by anyone other than Tenant, without the express prior written consent of Landlord in Landlord's sole and absolute discretion. Tenant shall promptly deliver copies of all proposed subleases to Landlord. A change in the control of Tenant shall be deemed to constitute an assignment requiring Landlord's consent. The transfer, on a cumulative basis during the Term, of a majority of the voting control of Tenant shall constitute a change in control for this purpose. Any such assignment without the prior written consent of Landlord, whether voluntary or involuntary, by operation of law or otherwise, shall be void and shall constitute an Event of Default. A consent by Landlord to any one assignment or other transfer shall not be deemed to be a consent to any subsequent assignment or transfer. Without limiting the matters that may be considered by Landlord in determining whether to consent to any requested assignment or transfer, Landlord may take into account the proposed assignee's or transferee's financial strength and ability to perform all of the obligations of Tenant under this Lease.

11.2 Additional Provisions Regarding Assignment and Transfer.

(a) Each request for consent to an assignment, subletting or transfer shall be in writing, accompanied by information relevant to Landlord's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or transferee, including the intended use and/or required modification of the Property, if any, together with a fee of \$1,000.00 (increased by three percent (3%) on each anniversary of the date of this Lease) to compensate Landlord for considering and processing such request. Tenant shall also reimburse Landlord for Landlord's reasonable attorneys' fees incurred in connection with any such assignment or subletting for which Landlord's consent is required. Tenant agrees to provide Landlord with such other or additional information and documentation as may be reasonably requested.

(b) Landlord's consent to any assignment, subletting or transfer shall not constitute a consent to any subsequent assignment, subletting or transfer.

(c) Any assignee of this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed

or performed by Tenant during the term of said assignment, other than such obligations as are contrary to or inconsistent with provisions of an assignment to which Landlord has specifically consented to in writing.

(d) No assignee shall have a right further to assign or sublet without complying with this Section 11.

(e) If an assignment is approved by Landlord, then the assigning Tenant shall pay to Landlord one hundred percent (100%) of the amount of any payments and other economic consideration received by Tenant (whether before or after the date of such adjustment) as a result of any assignment, less actual, documented brokerage commissions and reasonable attorneys' fees incurred and paid in connection with the assignment and all reasonable, documented out-of-pocket costs incurred by the assigning Tenant in the design or construction of the Improvements provided all relevant contracts, plans and improvements are assigned and conveyed to the assignee in writing and a copy of the assignment is delivered to Landlord. Such remittance shall be payable to Landlord as additional Rent under this Lease without affecting or reducing any other obligation of Tenant hereunder.

(f) The term of any sublease shall not extend beyond the Term.

(g) Each sublease shall by its own terms be expressly subject to all of the terms, covenants and conditions of this Lease, and Tenant shall remain fully liable to Landlord for the payment of rents and performance of all other obligations under this Lease.

(h) Each sublease shall contain a provision, satisfactory to Landlord, that upon the termination of this Lease for any reason, at Landlord's election either (i) the sublease shall terminate or (ii) the sublessee shall attorn to Landlord and pay rent and perform all of the other obligations of the sublessee under its sublease directly to Landlord.

(i) Each sublease shall contain a provision, satisfactory to Landlord, prohibiting the payment of rent more than one month in advance.

(j) Each sublease shall contain a provision, satisfactory to Landlord, that if Tenant defaults under this Lease and fails to deliver to Landlord any security deposit or prepaid rent paid to Tenant by a subtenant under such sublease, then (i) Landlord shall have no obligation or liability to such subtenant for the return of any security deposit or prepaid rent paid to Tenant, (ii) such subtenant shall be solely responsible to pursue its rights and remedies against Tenant for recovery of any security deposit or prepaid rent paid to Tenant, and (iii) such subtenant shall deliver to Landlord, within thirty (30) days after demand by Landlord, a security deposit in the same amount as set forth in such sublease, and notwithstanding any prepayment by such subtenant of rent to Tenant, shall be obligated to pay to Landlord rent set forth in such sublease commencing upon termination of this Lease and notice thereof to such subtenant by Landlord.

(k) Promptly after execution of any sublease or an amendment to any sublease, Tenant shall deliver to Landlord a complete and correct copy of the fully executed and effective sublease or amendment, including all exhibits and attachments.

(l) Tenant shall not charge rent to homeless individuals or families housed at the Property. Subject to the foregoing, Tenant hereby assigns and transfers to Landlord all of Tenant's interest in all rent payable to Tenant under any sublease, and Landlord may collect such rent and apply same toward Tenant's obligations under this Lease; provided, however, that until an Event of Default shall have occurred under this Lease, Tenant may collect such rent, subject to Section 11.2(g). Landlord shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of any rent thereunder, be deemed liable to the sublessee for any failure of Tenant to perform and comply with any of Tenant's obligations to such sublessee. Tenant hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Landlord stating that an Event of Default exists under this Lease, to pay to Landlord all rent due and to become due under the sublease. The sublessee shall rely upon any such notice from Landlord and shall pay such rent to Landlord without any obligation or right to inquire as to whether such Event of Default exists, notwithstanding any claim from Tenant to the contrary.

(m) Upon the occurrence of any Event of Default under this Lease, Landlord may, at its option, require sublessee to attorn to Landlord, in which event Landlord shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, that Landlord shall not be liable for any prepaid rent or security deposit paid by such sublessee (except to the extent actually paid over to Landlord) or for any prior defaults of such sublessor.

12. Encumbrance of Lease.

12.1 Tenant's Right to Encumber. Tenant may, at any time and from time to time during the Term, encumber to any bank, insurance company, governmental entity or other institutional lender or maker of a so-called "conditional grant" or forgivable loan", herein called "Mortgagee," by deed of trust (the "Security Instrument"), all of Tenant's interest under this Lease and the leasehold estate hereby created (the "Leasehold Estate") for any purpose or purposes without the consent of Landlord, provided that:

(a) the Security Instrument and all rights acquired under it shall, by its express terms, be subject to each and all of the covenants, conditions and restrictions stated in this Lease and to all rights and interests of Landlord;

(b) Tenant shall deliver to Landlord: (i) a complete and correct copy of the Security Instrument and all related promissory notes, loan agreements, security agreements, indemnity agreements, guarantees, financing statements and other loan documents executed by Tenant or for Tenant's benefit in connection therewith (the "Loan Documents"), each as fully executed and delivered, within five business days after the execution thereof, and (ii) a complete and correct of the recorded Security Instrument, conformed by the recorder to show the date or recordation and other recording information, within five business days after the date of recordation;

(c) the Security Instrument shall expressly provide that any proceeds from fire or extended coverage insurance shall be used to repair or rebuild the damaged or destroyed improvements on the Property;

(d) the Security Instrument shall contain a provision that all notices of default under the Loan Documents must be sent to Landlord and Tenant and that Landlord shall have ten (10) business days in which to cure any default after the time for Tenant to cure it has expired (provided that if Landlord requires possession of the Property in order to cure the default, then Landlord shall have, in addition to such ten (10) business day period, such further time as is needed to terminate Tenant's right to possession of the Property), and neither Landlord's right to cure any default nor any exercise of such right shall constitute an assumption of liability under any Loan Document;

(e) Tenant shall immediately reimburse Landlord for the cost of any default cured by Landlord with interest thereon as provided in Section 14.5; and

(f) no encumbrance incurred by Tenant pursuant to this Section or otherwise shall, and Tenant shall not have power to incur any encumbrance that will, constitute in any way a lien or encumbrance on Landlord's fee title to the Property or on any other interest of Landlord in the Property.

12.2 Notice to and Service on Mortgagee. If Tenant executes any Security Instrument in accordance with Section 12.1, Landlord shall mail to Mortgagee a duplicate copy of any and all notices Landlord may from time to time give to or serve on Tenant pursuant to or relating to this Lease. Tenant shall at all times keep Landlord informed in writing of the name and mailing address of Mortgagee and any changes in Mortgagee's mailing address. Any notices or other communications permitted by this or any other Section of this Lease or by law to be served on or given to Mortgagee by Landlord shall be deemed duly served on or given to Mortgagee when deposited in the United States certified or registered mail, first-class postage prepaid, addressed to Mortgagee at the last mailing address for Mortgagee furnished in writing to Landlord by Tenant or Mortgagee.

12.3 Rights of Mortgagee. If Tenant executes any Security Instrument in accordance with Section 12.1 and then defaults under the related Loan Documents, Mortgagee shall have the right during the Term to the extent permitted by the Loan Documents to realize on the security afforded by the Security Instrument by instituting judicial or nonjudicial foreclosure proceedings and pursuing all other remedies available at law or in equity or under the Loan Documents, subject to the following provisions:

(a) Mortgagee shall not acquire or thereafter assign to any third party less than Tenant's entire interest in this Lease;

(b) Mortgagee's acquisition of Tenant's interest under this Lease by purchase at Mortgagee's foreclosure sale, or the acquisition of Tenant's interest under this Lease by mortgagee or an affiliate of Mortgagee (such affiliation to be material and shown by reasonable evidence delivered to Landlord) by acceptance of an assignment in lieu of foreclosure, and Mortgagee's or such affiliate's transfer of such interest to another person or entity after such acquisition, shall not be considered an assignment of this Lease and therefore shall not be subject to any of the conditions and restrictions applicable to assignments contained in Section 11, but from and after the date of such acquisition, Mortgagee and any transferee shall

be bound by all of the terms and conditions of this Lease except as otherwise expressly provided in Section 12.6;

(c) The acquisition of Tenant's interest under this Lease by any person or entity other than Mortgagee by purchase at Mortgagee's foreclosure sale, and the acquisition of Tenant's interest under this Lease by Mortgagee or an affiliate of Mortgagee by acceptance of an assignment in lieu of foreclosure, shall not be considered an assignment of this Lease and therefore shall not be subject to all of the conditions and restrictions applicable to assignments contained in Section 11; and

(d) An acquisition of Tenant's interest under this Lease described in clause (c) above may be financed by such person or entity by encumbering to any new Mortgagee by a new Security Instrument encumbering Tenant's entire Leasehold Estate, provided that such encumbrance and such Mortgagee shall be subject to all of the terms and conditions of this Section 12.

12.4 Right of Mortgagee to Cure Defaults. If Tenant executes any Security Instrument in accordance with Section 12.1, then before Landlord may terminate this Lease because of any default under this Lease by Tenant, Landlord must give written notice of the default to Mortgagee and afford Mortgagee the opportunity after service of the notice to cure the default within (a) five (5) business days after date of notice where the default can be cured by the payment of money to Landlord or some other person or (b) the minimum period of time reasonably required to effect a cure (but in no event more than 90 days) where the default cannot, by its nature, be cured solely by the payment of money. Upon the full performance by Mortgagee of the obligation or obligations the nonperformance of which was the subject of the notice of default given to Mortgagee pursuant to this Section, such default shall be deemed cured and shall no longer give rise to any rights and remedies of Landlord; provided, however, that Mortgagee's cure of any default under this Lease by Tenant shall not excuse or waive any future default under this Lease by Tenant or preclude or limit the exercise of any rights or remedies afforded Landlord under this Lease as a result of such future default.

12.5 No Merger of Leasehold and Fee Estates. While any Security Instrument remains in effect, there shall be no merger without the consent of Mortgagee of the Leasehold Estate and the fee estate in the Property merely because both estates have been acquired or become vested in the same person or entity.

12.6 Mortgagee as Assignee of Lease. No Mortgagee shall be liable to Landlord as the successor to the rights and obligations of Tenant under this Lease unless and until such Mortgagee acquires the Leasehold Estate through foreclosure or other proceedings in the nature of foreclosure or as a result of an assignment in lieu of foreclosure or other action or remedy. Notwithstanding any provision to the contrary contained elsewhere in this Lease, Mortgagee shall not be liable for any Event of Default that may occur after the effective date of any such further assignment.

12.7 Mortgagee as Including Subsequent Security Holders. No transfer by Mortgagee of its lien or security interest on or in the Leasehold Estate shall be valid or effective as against Landlord until Mortgagee shall have given Landlord written notice of the name,

address, telephone number and email address (for notices) of the transferee. The term "Mortgagee" as used in this Lease shall mean not only the initial institutional lender named as beneficiary, mortgagee, or secured party in the Security Instrument, but also any institutional lenders that may subsequently acquire the lien or security interest created by the Security Instrument.

12.8 Estoppel Certificates by Landlord. Landlord from time to time and within ten (10) days the written request of Tenant or any Mortgagee, shall furnish a written statement that this Lease is in full force and effect and that there is no default hereunder by Tenant, or if there is a default, such statement shall specify the default which Landlord claims to exist, provided that Landlord shall not be required to deliver more than three such statements during any 12-month period.

12.9 New Lease to Mortgagee. If, while any Security Instrument is in effect, this Lease shall be terminated prior to the stated expiration hereof for any reason not related to damage or condemnation (including, without limitation, termination in any bankruptcy of the Tenant), then Landlord upon request by Mortgagee will enter into a new lease with Mortgagee for the remainder of the Term, effective as of the date of such termination, at the Rent and on the terms specified in this Lease, subject to the following conditions:

(a) Mortgagee shall make written request to Landlord for such new lease within thirty (30) days after the date of such termination and such written request shall be accompanied by a payment to Landlord of all sums then due to Landlord under this Lease;

(b) Mortgagee shall pay to Landlord, at the time of the execution and delivery of such new lease, any and all sums which would at the time of the execution and delivery thereof be due under this Lease but for its termination, and in addition thereto, any reasonable expenses, including attorneys' fees and court costs, to which Landlord shall have been subject by reason of any default by Tenant;

(c) Mortgagee shall perform all other obligations required to have been performed under this Lease by Tenant to the extent that Tenant shall have failed to perform such obligations;

(d) Upon the execution and delivery of such new lease, any subleases which may have theretofore been assigned and transferred to Landlord shall thereupon be assigned and transferred by Landlord to the new Tenant, without recourse to Landlord; and

(e) The new lease shall commence and rent and all obligations shall accrue as of the date of termination of this Lease. The new lease shall be superior to and have priority over all encumbrances, liens, conveyances and interests upon and in the Property, other than those of record to which this Lease may be subject as of the date hereof.

(f) This Section 12.9 shall survive the termination of this Lease.

12.10 Surrender or Amendment. There shall not be any cancellation, mutual termination, surrender, or acceptance of surrender of this Lease, or any or amendment of this Lease that is materially adverse to Tenant, without the prior written consent of Mortgagee, which

consent shall not be unreasonably withheld and shall be deemed granted if contrary notice is not received by Landlord within five business days after Mortgagee's consent is requested.

12.11 Subordination. Landlord's rights under this Lease with respect to fire or other property insurance proceeds that become payable because of damage to or destruction of any improvements on the Property and with respect to compensation or damages awarded or payable because of the taking of any improvements on the Property by eminent domain shall be subject and subordinate to the rights of Mortgagee under the Security Instrument; provided, however, that nothing in this Section 12.11 shall be construed as a subordination of or encumbrance on Landlord's fee title to the Property.

13. Default and Remedies.

13.1 Events of Default. Any of the following events shall constitute an "Event of Default" under this Lease:

- (a) Tenant fails to timely pay rent;
- (b) Tenant fails to pay any other sums due Landlord within five (5) business days after written notice from Landlord that the same is due and payable;
- (c) Tenant fails to timely construct the Improvements in accordance with the terms of Section 7.1;
- (d) Tenant assigns this Lease or sublets in violation of Section 11; or
- (e) Tenant fails to perform fully and when due any of its other covenants, conditions or obligations under this Lease and after written notice from Landlord specifying the nature of such failure of Tenant, Tenant: (i) does not promptly commence taking all necessary and appropriate actions to remedy such failure, or (ii) does not thereafter diligently and continuously pursue all such remedial actions, or (iii) does not fully cure such failure within the minimum period of time reasonably required under the circumstances to achieve a cure, but in any event within ninety (90) days after Landlord's written notice of such failure, time being strictly of the essence; provided, however, that Tenant shall not be entitled to cure the breach of any covenant that is "non-curable".

13.2 Remedies. Upon the occurrence of any Event of Default, and without the giving of any additional notice not otherwise required hereunder or by law, Landlord may exercise the following rights and remedies in addition to all other rights and remedies provided by law or equity, either cumulatively or in the alternative:

- (a) Maintain this Lease and Tenant's right to possession of the Property in effect and continue to enforce all of Landlord's rights and remedies hereunder, including the remedy described in California Civil Code Section 1951.4 (granting the landlord the right to continue a lease in effect after a tenant's breach and abandonment and to recover all rent as it becomes due if the tenant has the right to sublet or assign, subject only to reasonable limitations) provided that upon Landlord's election of such remedy, Landlord may not unreasonably withhold its consent to any assignment or subletting. Acts of maintenance or

preservation or efforts to re-let the Property or the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease shall not constitute a termination of this Lease or Tenant's right to possession unless written notice of termination is given by Landlord to Tenant.

(b) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the State of California. The expiration or termination of this Lease and/or the termination of Tenant's right to possession shall not relieve Tenant from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the Term or by reason of Tenant's occupancy of the Property.

(c) Upon an Event of Default by Tenant, in addition to the foregoing remedies, City shall also be entitled to terminate Tenant's right to possession of the Property by written notice to Tenant, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Property to Landlord. In such event Landlord shall be entitled to recover from Tenant: (i) the unpaid Rent that had been earned at the time of termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent that 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; plus (iii) the worth at the time of award of the amount by which the unpaid Rent 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; plus (iv) any other amounts necessary to compensate Landlord for all the detriment 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 therefrom, including the cost of recovering possession of the Property, expenses of re-letting, including necessary renovation and alteration of the Property, reasonable attorneys' fees. The worth at the time of award of the amount referred to in clause (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Landlord shall have the right to recover in such proceeding any unpaid Base Rent and damages as are recoverable therein, or Landlord may reserve the right to recover all or any part thereof in a separate suit. If any notice required under Section 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Tenant under the unlawful detainer statute shall also be deemed to constitute the notice required by Section 13.1. In such case, any applicable grace period required by Section 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Tenant to cure the Event of Default within the greater of the two such grace periods shall constitute both an unlawful detainer and an Event of Default entitling Landlord to the remedies provided for in this Lease and/or by said statute. If a notice is required under Section 13.1 is given, Tenant expressly agrees that it shall satisfy the notice requirements of the unlawful detainer statutes and laws.

13.3 Landlord's Performance of Tenant's Obligations. If Tenant fails to perform any affirmative duty or obligation under this Lease within ten (10) days after written notice (or in case of an emergency, without notice), the Landlord may, at its option, perform such duty or obligation on Tenant's behalf, including the obtaining of reasonably required bonds, insurance policies, or governmental permits, licenses and approvals. The costs and expenses of any such performance by Landlord shall be due and payable by Tenant upon Landlord's written

demand. If any check given to Landlord by Tenant shall not be honored by the bank upon which it is drawn, Landlord, at its option, may require that all future payments by Tenant to Landlord be made by bank cashier's check.

13.4 Remedies Cumulative. The remedies given to Landlord in this Section shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this Lease.

13.5 Waiver of Breach. The waiver by Landlord of any breach of Tenant of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Tenant either of the same or a different provision of this Lease. No waiver, benefit, privilege or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel or otherwise. The subsequent acceptance of rent pursuant to this Lease shall not constitute a waiver of any preceding default by Tenant other than default in the payment of the particular rental payment so accepted, regardless of Landlord's knowledge of the preceding breach at the time of accepting the rent, nor shall acceptance of rent or any other payment after termination constitute a reinstatement, extension or renewal of the Term or revocation of any notice or other act by Landlord.

14. Miscellaneous.

14.1 Tenant's Duty to Surrender Property. At the expiration or any earlier termination of the Term, Tenant shall surrender to Landlord the possession of the Property and all improvements and fixtures installed or constructed by or for Tenant thereon free and clear of all claims to or against them by Tenant or any third person or party. Subject to the provisions of Section 7.7, Tenant shall leave the surrendered property in good, safe and broom-clean condition. All property that Tenant is required to surrender shall become Landlord's property at termination of this Lease, or, if Landlord so elects and upon written notice to Tenant, shall be demolished and removed by Tenant at Tenant's sole expense, and all property that Tenant is not required to surrender but that Tenant does not remove shall become Landlord's property at termination of this Lease, or, if Landlord so elects and upon written notice to Tenant, shall be demolished and removed by Tenant at Tenant's sole expense. If Tenant fails to surrender the Property at the expiration or earlier termination of this Lease, Tenant shall defend and indemnify Landlord from all liability and expense resulting from the delay or failure to surrender, including claims made by any succeeding tenant or any purchaser or prospective purchaser founded on or resulting from Tenant's failure to surrender.

14.2 Holding Over. This Lease shall terminate without further notice at the expiration of the Term. Notwithstanding Landlord's acceptance of Rent after expiration or any earlier termination of the Term, any holding over by Tenant shall not constitute a renewal or extension of the Term or give Tenant any rights in or to the Property. Nothing contained herein shall be construed as a consent by Landlord to any holding over by Tenant.

14.3 Survival. Each obligation of Tenant's obligations under this Lease that, by its nature, is to be, or may need to be, performed after the expiration or any earlier termination of this Lease shall survive such expiration or termination.

14.4 Force Majeure Delays. Except as otherwise expressly provided in this Lease, should the performance of any act required by this Lease to be performed by either Landlord or Tenant be prevented or delayed by reason of any act of God, strike, war, lockout, labor trouble, or inability to secure materials (but not by reason of delay in the issuance of any required governmental permit, license or approval unless the delay is unusual and unjustified under the circumstances), the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused; provided, however, that that nothing contained in this Section shall excuse the full payment when due of any Rent payable by Tenant or the performance of any act rendered difficult or impossible solely because of the financial condition of the party required to perform the act; and provided further that any such extension of the time for performance shall not affect the commencement or expiration of the Term.

14.5 Interest on Overdue Payments. All Rent and other sums of any nature that Tenant fails to pay to Landlord when due under any provision of this Lease or that Landlord pays to any third party on behalf of Tenant pursuant to any provision of this Lease shall bear interest from the date due to Landlord or paid by Landlord, as applicable (the "Due Date"), at the lesser of the maximum rate permitted by law or rate of ten percent (10%) per annum, accruing daily but not compounded. Such interest shall be payable immediately and without the necessity of any demand by Landlord. The fact that Landlord is entitled to interest under this Section shall not be construed to excuse or mitigate any default by Tenant.

14.6 Attorneys' Fees. In the event either party brings a suit, action or other proceeding against the other party that in any way relates to or arises out of this Lease, the prevailing party (meaning the party that obtains substantially the relief sought by it) shall be entitled to have and recover from the other party all costs and expenses of the suit, action or proceeding, including attorneys' fees, from the commencement of the suit, action or proceeding through the entry of judgment. The trial court shall determine which party is the prevailing party as well as the amount of attorneys' fees and costs to be awarded immediately following the entry of judgment (and without awaiting any appeal) in a post-trial proceeding such as is conducted when a cost bill is submitted. If an appeal is timely filed and if the awarding or amount of attorneys' fees and costs is at issue in the appeal, then the appellate court (or the trial court, acting pursuant to an order of the appellate court) shall determine such issue, and the recoverable attorneys' fees and costs shall include those incurred through the entry of final judgment following the appeal.

14.7 Estoppel Certificates by Tenant. Tenant shall within ten (10) days after written notice from Landlord execute, acknowledge and deliver to Landlord an estoppel certificate in writing, in form similar to the then most current "Tenancy Statement" form published by the American Industrial Real Estate Association, plus such additional information, confirmation and statements as may be reasonably requested by Landlord. Any such statement by Tenant may be given by Landlord to any prospective purchaser or encumbrancer of the Property. Such purchaser or encumbrancer may rely conclusively upon such statement as true and correct. If Tenant does not deliver such statement to Landlord within such 10-day period, Landlord and any prospective purchaser or encumbrancer may conclusively presume that: (a) the terms and provisions of this Lease have not been changed except as otherwise represented by Landlord; (b) this Lease has not been canceled or terminated except as otherwise represented by

Landlord; (c) not more than one month's Base Rent has been paid in advance; and (d) Landlord is not in default under this Lease. In such event, Tenant shall be estopped from denying the truth of any such presumption. If Landlord desires to finance, refinance, or sell the Property or any part thereof, Tenant shall deliver to any potential lender or purchaser designated by Landlord such financial statements as may be reasonably required by such lender or purchaser, including Tenant's financial statements for the past three years. All such financial statements shall be received by Landlord and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

14.8 Limitation on Landlord's Liability. The obligations of Landlord under this Lease shall not constitute personal obligations of Landlord's councilmembers, officers, employees or affiliates, and Tenant shall not seek recourse against Landlord's individual councilmembers, officers, employees or affiliates, or any of their personal assets for such satisfaction.

14.9 Subordination; Attornment; Non-Disturbance.

(a) Subordination. Subject to paragraph (c) below, this Lease shall be subject and subordinate to any deed of trust or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed by Landlord upon the Property, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Tenant agrees that the holders of any such Security Devices shall have no liability or obligation to perform any of the obligations of Landlord under this Lease.

(b) Attornment. Subject to paragraph (c) below, Tenant agrees to attorn to any lender or any other party who acquires ownership of the Property by reason of a foreclosure of a Security Device, and in the event of such foreclosure, such new owner shall not (i) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership, (ii) be subject to any offsets or defenses that Tenant might have against any prior lessor, or (iii) be bound by any prepayment of more than one calendar month's Base Rent.

(c) Non-Disturbance. Tenant's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the lender to the effect that Tenant's possession of the Property shall not be disturbed so long as Tenant is not in default hereunder and attorns to the record owner of the Property.

(d) Self-Executing. The agreements contained in this Section shall be effective without the execution of any further documents; provided, however, that, upon the written request of Landlord or any lender in connection with a sale, financing or refinancing of the Property, Tenant and Landlord shall execute such further writings as may be reasonably required to separately document the subordination, attornment and non-disturbance agreement provided for herein.

14.10 Consents. Whenever the consent, approval, judgment or determination of Landlord is required or permitted under any provision of this Lease, Landlord's City Manager

may give the same provided it is in writing. Landlord's actual reasonable costs and expenses (including architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Tenant for any Landlord consent, including consents to an assignment, a subletting or the presence or use of a Hazardous Materials, shall be paid by Tenant upon receipt of an invoice and supporting documentation therefor. Landlord's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Event of Default by Tenant of this Lease exists, nor shall such consent be deemed a waiver of any then-existing Event of Default, except for any waiver as may be otherwise specifically stated in writing by Landlord at the time of such consent. The failure to specify herein any particular condition to Landlord's consent shall not preclude the imposition by Landlord at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. The review or approval by Landlord of any item to be reviewed or approved by Landlord under the terms of this Lease shall not impose upon Landlord any liability for accuracy or sufficiency of any such item or the quality or suitability of such item for its intended use. Any such review or approval is for the sole purpose of protecting Landlord's interest in the Property or under this Lease, and no third parties, including Tenant or the representatives and visitors or Tenant or any person or entity claiming by, through or under Tenant, shall have any rights hereunder.

14.11 Reservations by Landlord. Landlord reserves to itself the right, from time to time and without the consent or joinder of Tenant, to grant such easements, rights and dedications as Landlord may deem necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Property by Tenant. Tenant agrees to sign any documents reasonably requested by Landlord to effectuate any such easement rights, dedication, map or restrictions.

14.12 Authority. Each individual executing this Lease on behalf of Landlord or Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on such party's behalf. Each party shall, within thirty (30) days after written request, deliver to the other party satisfactory evidence of such authority.

14.13 Quiet Enjoyment. Tenant shall and may peacefully and quietly have, hold and enjoy the Property hereby demised, for the Term, on the terms and subject to the conditions contained in this Lease.

14.14 Notices. All notices required or permitted by this Lease shall be in writing and may be delivered by personal delivery, or overnight courier or may be sent by certified mail, with postage prepaid, and shall be deemed sufficiently given if served in a manner specified in this Section. Until changed by a notice given in accordance with the provisions of this Section, the respective addresses of Landlord and Tenant for the purpose of receiving notices required or permitted by this Lease are as follows:

Landlord: City of Covina
125 E. College Street
Covina, CA 91723
Attention: City Manager

Tenant: Covina Housing Authority
125 E. College Street
Covina, CA 91723
Attention: Executive Director

Any notice sent by certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. Notices delivered by overnight courier that guarantee next day delivery shall be deemed given on the next business day after delivery of the same to the courier. Notices personally delivered shall be deemed delivered upon actual delivery/receipt, as shown by reasonable evidence (such as affidavit of the person who is delivering or receiving on behalf of a party). If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

14.15 Successors and Assigns. This Lease shall be binding on and enforceable by, and shall inure to the benefit of, Landlord and Tenant and their respective successors, and assigns, subject to the provisions of Section 11.

14.16 Time of Essence. Time is of the essence of each provision of this Lease in which time is a factor.

14.17 Memorandum of Lease; Notice of Affordability Covenants. Concurrently with their execution of this Lease, Landlord and Tenant shall execute and acknowledge a memorandum of this Lease in the form of Exhibit "E", and a Notice of Affordability Covenants in the form attached hereto as Exhibit "F", and shall record them in the Official Records of Los Angeles County.

14.18 Counterparts. This Lease may be executed in counterparts, all of which together shall constitute one and the same document.

14.19 Partial Invalidity. Should any provision of this Lease be held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.

14.20 Entire Agreement. This Lease constitutes the sole and complete agreement between Landlord and Tenant regarding the subject matter hereof.

14.21 Amendments. This Lease may be modified only by a written instrument signed by the parties in interest at the time of the modification. Tenant agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a lender in connection with any financing or refinancing of the Property, provided that such modifications do not materially change Tenant's obligations hereunder. Landlord agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by Tenant's lender in connection with any financing or refinancing of the Improvements or any Work (including, without limitation, a reasonable additional cure period based on the lender's need to obtain possession by receiver or foreclosure in order to cure non-monetary defaults), provided

that such modifications do not materially increase Landlord's obligations hereunder or materially decrease Landlord's rights.

14.22 Construction of Lease. This Lease shall be construed fairly as to all parties and not in favor of or against any party, regardless of which party prepared this Lease. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the sections and paragraphs of this Lease are for convenience only and do not define or limit any terms or provisions. Unless otherwise specifically provided, references in this Lease to sections, paragraphs and exhibits shall be to sections, paragraphs and exhibits of or to this Lease. All exhibits hereto are incorporated herein by the references thereto in this Lease. The use in this Lease of the word "include" or any derivative thereof shall be construed as providing examples or illustration only and shall not limited the generality of any provision in which it is used. As used in this Lease, the term "business day" means any day on which commercial banks are open for business in the State of California, and the term "day" means a calendar day when not expressly stated to be a business day. If any period or deadline specified in this Lease ends or falls on a day that is not a business day, such period or deadline shall be extended to end or fall on the next succeeding business day. Wherever used in this Lease, the symbol "\$" refers to dollars in currency of the United States of America.


14.23 Effect of Delivery. The delivery of any unexecuted draft of this Lease shall not constitute an offer by the delivering party or otherwise bind the delivering party or create any enforceable rights in favor of the other party. This Lease shall not be binding or enforceable unless and until it is executed and delivered by both Landlord and Tenant.

14.24 Effect on Landlord Governmental Capacity. Although Landlord is a governmental entity, none of Landlord's consents, approvals or performance of obligations under this Lease shall constitute consents, approvals or acts in the Landlord's governmental capacity, but shall only constitute consents, approvals and acts by Landlord in its proprietary capacity as the landlord under this Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date first above written.

LANDLORD:

CITY OF COVINA,
a municipal corporation

By: 
Print Name: Chris Marcarello
Title: City Manager

TENANT:

COVINA HOUSING AUTHORITY

By: 
Print Name: Chris Marcarello
Title: Executive Director

ATTEST:


~~Fabian Velez, City Clerk~~ Deputy City Clerk

EXHIBIT "A"

DESCRIPTION OF LAND

THAT PORTION OF LOT 53 OF TRACT NO. 14799, IN THE CITY OF COVINA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 313, PAGES 9, 10 AND 11, INCLUSIVE OF MAPS AND THAT PORTION OF LOT 2 IN SECTION 13, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF COVINA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF THE SURVEY OF SAID LAND ON FILE IN THE BUREAU OF LAND MANAGEMENT, WHICH IS DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 53;

THENCE ALONG THE EASTERLY LINE OF SAID LOT 53 AND ITS NORTHERLY PROLONGATION, NORTH 00° 13' 48" WEST, 292.00 FEET;

THENCE DEPARTING SAID NORTHERLY PROLONGATION, SOUTH 89°45'52" WEST, 87.00 FEET;

THENCE SOUTH 00° 13' 48" EAST, 167.67 FEET;

THENCE SOUTH 40° 33' 36" EAST, 60.00 FEET;

THENCE SOUTH 01° 13' 48" EAST, 82.24 FEET TO THE SOUTHERLY LINE OF SAID LOT 53 AND THE NORTHERLY RIGHT-OF-WAY LINE OF SAN BERNARDINO RD. (33.00' NORTHERLY HALF WIDTH);

THENCE ALONG SAID SOUTHERLY LINE OF LOT 53 AND THE NORTHERLY RIGHT-OF-WAY LINE OF SAN BERNARDINO RD., NORTH 85° 25' 51" EAST, 48.31 FEET TO THE POINT OF BEGINNING.

EXHIBIT "B"

SCOPE OF DEVELOPMENT/DESCRIPTION OF IMPROVEMENTS/PROJECT

The City of Covina Navigation Center will consist of the following major development features:

1. Perimeter fencing of not less than 6 feet in height and not more than 10 feet in height. The perimeter fencing would consist of decorative metal, wood (or synthetic wood), masonry block and/or a combination of all those materials.
2. Administrative Center building consisting of administrative offices, meeting rooms, restrooms, small classroom(s) and computer lab/work stations.
3. Restroom/shower facilities (either permanent or modular).
4. Laundry facility (modular).
5. Warming kitchen (modular).
6. Storage lockers (modular).
7. Modular living quarters---at least 6 units of housing (but all housing built shall be subject to the extremely low income and affordability requirements of the Lease, and such requirements shall survive the expiration of the term of the Lease to the extent provided in the Lease).
8. Dog run.
9. Outdoor dining area.
10. Surface parking/loading area.
11. Utility service (electricity, water, sewage).

EXHIBIT "C"

SCHEDULE OF PERFORMANCE (DEADLINES)

1. December 1, 2023. Construction of new driveway entrance from San Bernardino Road into the City of Covina Public Works Yard (with new surface parking lot).
2. June 1, 2024. Installation of perimeter fencing, modular facilities, administrative facilities, utilities and similar features.
3. December 1, 2024. Completion; begin Navigation Center operations.

EXHIBIT "D"

PERMITTED HAZARDOUS MATERIALS

1. Hazardous materials normally and customarily used in the development, construction and operation of developments similar to the project described in this Lease that are used, stored, transported and disposed of in accordance with all applicable laws.
2. Minor quantities of hazardous materials normally and customarily used by tenants/subtenants of developments similar to the Property that are used, stored, transported and disposed of in accordance with all applicable laws.

EXHIBIT "E"

FORM OF MEMORANDUM OF GROUND LEASE AND USE RESTRICTIONS

(Attached.)

AMENDMENT TO GROUND LEASE

This AMENDMENT TO GROUND LEASE (this "Amendment") is dated as of December 5, 2023 (the "Effective Date") and is entered into by and between the CITY OF COVINA, a municipal corporation ("Lessor"), and the COVINA HOUSING AUTHORITY ("Lessee").

RECITALS

- A. The Lessor and Lessee are parties to that certain Ground Lease dated June 21, 2022.
- B. Lessor and Lessee desire to amend the Lease as hereinafter set forth.

AGREEMENT

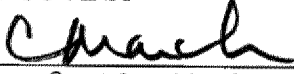
NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows.

- 1. New Exhibit "C" (Schedule of Performance) Exhibit "C" to the Lease is hereby deleted and the attached new Exhibit "C" is hereby substituted in lieu thereof.
- 2. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.
- 3. Time of Essence. Time is of the essence of every provision hereof and the new Exhibit C in which time is a factor

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date and year first above written.


LESSOR.

CITY OF COVINA

By: 
Print Name: CHRIS MARCARELLO
Title: CITY MANAGER

LESSEE

COVINA HOUSING AUTHORITY

By: 
Print Name: CHRIS MARCARELLO
Title: EXECUTIVE DIRECTOR

ATTEST


City Clerk

APPROVED AS TO FORM.


Candice Lee, City Attorney

EXHIBIT "C"

SCHEDULE OF PERFORMANCE (DEADLINES)

- 1 September 30, 2024 Construction of new signalized intersection entrance from San Bernardino Road into the City of Covina Public Works Yard (with new surface parking lot)
2. March 30, 2025 Installation of perimeter fencing, modular facilities, administrative facilities, utilities and similar features.
- 3 September 30, 2025 Completion, begin Navigation Center operations.

SECOND AMENDMENT TO GROUND LEASE

This SECOND AMENDMENT TO GROUND LEASE (this "Amendment") is dated as of June 18, 2024 (the "Effective Date") and is entered into by and between the CITY OF COVINA, a municipal corporation ("Lessor"), and the COVINA HOUSING AUTHORITY ("Lessee").

RECITALS

- A. The Lessor and Lessee are parties to that certain Ground Lease dated June 21, 2022 and amended it by an Amendment to Ground Lease dated December 5, 2023.
- B. Lessor and Lessee desire to amend the Lease as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Rent. Section 3.1 of the Lease is hereby deleted and the following is substituted in lieu thereof:

“3.1 Rent. Commencing on the earlier of: (i) the date on which the Project is completed, or (ii) the deadline for completion of the Project in Exhibit “C” as extended pursuant to Section 14.4 if applicable (such earlier date being hereinafter referred to as the “Rent Commencement Date”), Tenant shall pay rent to Landlord for the Property at the rate of Sixty Four Thousand Dollars (\$64,000.00) per year, increased on each anniversary of the Rent Commencement Date by three percent (3%), which shall be prepaid for the first 23 years after the Rent Commencement Date by Tenant prior to the Rent Commencement Date (such prepayment amount being \$1,929,835.22, which was calculated as a present value amount using a discount rate equal to the LAIF interest rate of the original Lease reference date of June 21, 2022 that Landlord could obtain by investing such funds), and shall be payable for the period after the 23 year prepayment period in equal monthly installments, on the first business day of each calendar month, without notice, deduction or offset.

Tenant may also prepay more rent at any time by paying the present value of the rent prepaid, using such discount/interest rate then applicable to funds invested by Landlord.”

2. Section 3.3 of the Lease is hereby deleted and the following is substituted in lieu therefore:

“3.3 Contingent Secured Construction Loan by Landlord from Prepaid Rent. If Tenant is unable, despite good faith efforts, to obtain adequate grant, conditional grant or forgivable loan funds/financing on or before March 30, 2025 to complete the Improvements, then Landlord hereby commits and covenants to make Tenant a conditional secured grant (or forgivable secured loan) from the rent paid by Tenant to Landlord, up to the entire amount of such rent, to the extent needed to finance the completion of the

Improvements. Such construction loan shall be disbursed in increments, not more often than once every thirty days, after receipt of a written draw request from Tenant stating the amount of the disbursement requested and including reasonable evidence of the costs to be paid, and subject to other reasonable construction loan disbursement conditions.

Such loan shall be secured by the Tenant's interest under this Lease, and shall be evidenced by a promissory note and leasehold deed of trust reasonably acceptable to Landlord. The promissory note shall have an interest rate of three percent (3%) per annum and a maturity date that is the expiration or earlier termination of this Lease, and will provide that the loan principal and accrued interest shall be repaid in annual installments from 100% of the annual "residual receipts" (as defined in the promissory note, but consisting of the amount by which income from the Property exceeds costs of operating the Property and providing services to residents), but that principal outstanding on the maturity date will be forgiven."


3. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

4. Time of Essence. Time is of the essence of every provision of this Lease in which time is a factor.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date and year first above written.

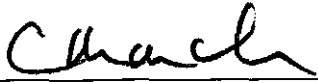
LESSOR:

CITY OF COVINA


By: 
Print Name: Chris Marcarello
Title: City Manager

LESSEE:

COVINA HOUSING AUTHORITY

By: 
Print Name: Chris Marcarello
Title: Executive Director

ATTEST:


City Clerk