

## LEASE AGREEMENT

This **LEASE AGREEMENT** (“Lease”) is dated as of November 12th, 2024 for reference purposes only and is made by and between **THE NORTHCOAST EDUCATIONAL FOUNDATION**, a California limited liability company (the “Lessor”), and **NORTHCOAST PREPARATORY AND PERFORMING ARTS ACADEMY**, a California nonprofit public benefit corporation operating a public charter school of the same name (the “Lessee,” and together with Lessor, collectively the “Parties,” or individually a “Party”).

### ARTICLE I

#### Basic Provisions

**Section 1.01 Premises.** The premises consist of real property located at the address 285 Bayside Road, Arcata, CA 95521 including all of the current and future buildings and improvements thereon (collectively, the “Facility”), and which is in the County of Humboldt in the State of California (the “Property”), collectively, the “Premises”.

**Section 1.02 Term.** The term of this Lease shall commence on November 1, 2024 (the “Commencement Date”) and end on June 30, 2025 (the “Initial Expiration Date”), unless extended pursuant to Section 1.03, in which case the term shall include all Renewal Terms (defined below) (altogether, the “Term”).

**Section 1.03 Automatic Extension.** The Term shall be automatically extended by five-years (each a “Renewal Term”) unless Lessee gives written notice to Lessor at least sixty days before the Initial Expiration Date or end of any Renewal Term notifying Lessor that it is declining to extend the Term. The Term shall be extended in this manner a maximum of five (5) times, such that unless otherwise terminated, the Term will ultimately expire on June 30, 2050.

**Section 1.04 Base Rent.** Lessee shall pay Lessee Four Thousand Five Hundred Dollars (\$4,500.00) on the first day of each full month of the Term or Renewal Term (the “Base Rent”).

**Section 1.05 Option to Terminate.** Lessee shall have the right to terminate this Lease without penalty in the event Lessee’s application for renewal of the School’s charter petition is denied by its chartering authority or if such charter petition is terminated for any other reason (the “Termination Option”). Lessee may exercise the Termination Option by providing Lessor with written notice of Lessee’s intent to exercise the Termination Option no later than 90 days prior to the expiration or termination of Lessee’s current charter petition term for the School occupying the Premises, or within 10 days following actual notification to Lessee of the denial or other termination, whichever is later. Notwithstanding the foregoing, in the event Lessee exercises its Termination Option in accordance with this Section 1.05, Lessee shall continue to pay Base Rent and all other amounts due hereunder to Lessor as provided in this Lease until such time that Lessor or Lessee secures a tenant reasonably acceptable to the Lessor (not to be unreasonably withheld or delayed), to lease the Premises, and such tenant enters into a lease with Lessor and commences the payment of Base Rent (as defined below) and Expenses (as defined below) and all other amounts due hereunder.

### ARTICLE II

#### Premises

**Section 2.01 Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the Term, at the Rent (as defined below) and upon and subject to all of the terms, covenants and conditions set forth in this Lease.

**Section 2.02 Compliance.** If the applicable building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances (“Applicable Requirements”) subsequently require, during the Term, the construction of any alteration of the Premises or any portion of the Improvements, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises and/or the Improvements, the Lessee hereby agrees to undertake and complete such construction, alteration, remediation, reinforcement or other modification (each, a “Capital Expenditure”), and the costs therefor shall be incurred solely by Lessee.

**Section 2.03 Acknowledgements.** Lessee acknowledges that its acceptance of the Premises on the Commencement Date shall be conclusive evidence that it has made all investigations and inspections as it deems necessary with respect to the suitability of the Premises as it relates to Lessee’s occupancy thereof and the Premises’ compliance with Applicable Requirements, and Lessee has satisfied itself as to such matters on the Commencement Date.

### **ARTICLE III**

#### **Rent and Expenses**

**Section 3.01 Rent Defined.** Subject to the terms herein, “Rent” is defined as and shall consist of the sum of (i) Base Rent and (ii) Expenses, together with all other monetary obligations of Lessee to Lessor under the terms of this Lease.

**Section 3.02 Expenses.** Lessee shall be responsible for all Expenses, which Lessee shall pay directly, but if Lessee fails to pay such Expenses, Lessor may, but shall not be obligated to, pay such Expenses and Lessee shall, within 30 days after receiving a statement from Lessor itemizing (with reasonable description) all charges included thereon, reimburse Lessor therefor.

“Expenses” shall mean and include all costs and expenses of the ownership, operation, maintenance, repair or replacement, and insurance of the Facility, as determined by standard accounting practices, including, by way of illustration only, and not by way of limitation, to the extent they apply to the Facility, the aggregate of the “Maintenance Expenses” and the “General Expenses” set forth below:

(a) “Maintenance Expenses” means all costs of maintaining and repairing the Facility, the parking area, athletic fields and other portions of the Facility, deferred maintenance, installing or extending service systems and other built-in equipment, and improving the Facility, including without limitation all of the following:

(i) All maintenance, replacement and repair costs of air conditioning, heating and ventilation equipment and systems, elevators (if any), landscaping, service areas, parking lots, athletic fields, building exteriors (including painting), signs and directories, repairing and replacing roofs, walls, structural compliments of the Facility, and cost of compliance with applicable laws (including any required upgrades or retrofitting).

(ii) Supplies, materials, labor, equipment, and utilities used in or related to the repair and maintenance of the Facility and such common areas.

(iii) Capital improvements made to the Facility (whether funded in full or amortized with reasonable financing charges) which may be required by any government authority or which will improve the operating efficiency of the Facility.

(iv) If applicable, amounts payable under a Ground Lease that are similar in nature to the foregoing.

(b) "General Expenses" means all of the following, to the extent not included in Maintenance Expenses:

(i) Gross receipts taxes, whether assessed against Lessor or assessed against Lessee and collected by Lessor.

(ii) Water, sewage, and waste or refuse removal charges.

(iii) Gas, electricity, telephone and other utilities.

(iv) The cost of monthly or annual contracts for systems or services such as alarm systems, security systems, internet services, janitorial services or landscaping services.

(v) All janitorial, cleaning, landscaping, sweeping and repair services relating to the Facility.

(vi) The costs of signs and directories.

(vii) The cost of compliance with applicable laws.

(viii) Reasonable costs incurred by Lessor for operating expenses, including the day-to-day management (if any), including the cost of management personnel (if any), together with any of Lessor's administrative expenses such as state filings, preparation of tax returns or notices, and all taxes, charges, or fees in connection therewith to the extent related to the Facility.

(ix) Real Property Taxes (as defined in Section 8.01 hereof) and personal property taxes (as described in Section 8.03 hereof), if any.

(x) Amounts required to be paid as deductibles in connection with any insurance required under the Loan Documents.

(xi) Any other costs or expenses incurred by Lessor under this Lease.

(xii) If applicable, amounts payable under a Ground Lease that are the responsibility of the Lessor and not otherwise paid pursuant to any other provisions of this subsection.

**Section 3.03 Payment.** Lessee shall cause all Rent payable to Lessor under this Lease to be paid in lawful money of the United States on or before the day on which it is due, without offset or deduction. Rent for any period during the Term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent due to Lessor

shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing.

## ARTICLE IV

### Use

**Section 4.01 Use.** Lessee shall use and occupy the Premises only for classroom space, including education-use playfields and outdoor classroom space, ancillary office space, and for any other associated uses necessary to operate California public charter schools by a corporation that is a 501(c)(3) Organization and that qualifies as an “educational organization” as described under Internal Revenue Code (the “Code”) Section 170(b)(1)(A)(ii) (the “Agreed Use”), and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs other tenants on the property of or causes damage to neighboring premises or properties.

### **Section 4.02 Hazardous Substances.**

**(a) Hazardous Substances.** “Hazardous Substances” means any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) injurious to the public health, safety or welfare, the environment or the Property, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor or Lessee to any governmental agency or third party under any applicable statute or common law theory.

**(b) Reportable Uses Require Consent.** Lessee shall not engage in any activity in or on the Property that constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee’s expense) with all Applicable Requirements (as defined in Section 2.03 herein). “Reportable Use” shall mean (A) the installation or use of any above or below ground storage tank; (B) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority; and/or (C) the presence at the Property of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Property or neighboring properties. Notwithstanding the foregoing or anything herein to the contrary, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials and materials necessary for educational use in in science classes offered by the School, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Property or neighboring property to any meaningful risk of contamination or damage or expose Lessor or Lessee to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Property and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements).

**(c) Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe,

that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

**(d) Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Property (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Property or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Property during the Term of this Lease, by or for Lessee, or any third party.

**(e) Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its managing member, and the agents, employees, officers, directors of them harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Property by or for Lessee; provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Property from adjacent properties not caused or contributed to by Lessee. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement. The provisions of this subsection shall survive the termination of this Lease.

**(f) Lessor Indemnification.** Lessor shall indemnify, defend and hold Lessee, and the agents, employees, officers, directors of it harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Property (by a party other than Lessee) prior to the Commencement Date; provided, however, that Lessor shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Property from adjacent properties not caused or contributed to by Lessor. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessor from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessee in writing at the time of such agreement.

**(g) Hazardous Substance Condition Remediation.** If Lessee becomes aware of a Hazardous Substance Condition occurring during the Term of this Lease, then Lessee shall notify Lessor and Lessor shall make the investigation and remediation thereof required by the Applicable Requirements, the costs relating thereto constituting an Expense for which Lessee is responsible and this Lease shall continue in full force and effect, but subject to Lessor's rights under Section 4.02(d) hereof; provided, however, that if a Hazardous Substance Condition occurs as a result of Hazardous Materials that are brought on the Property (by a party other than Lessee) prior to the Commencement Date, then Lessor shall be solely responsible for making the investigation and remediation thereof at its sole cost and expense, and this Lease shall continue in full force and effect. "Hazardous Substance Condition" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Section 4.02(a) hereof, in, on, or under the Premises which requires repair, remediation, or restoration.

**Section 4.03 Lessee's Compliance with Applicable Requirements.** Except as otherwise

provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to such Applicable Requirements, without regard to whether such Applicable Requirements are now in effect or become effective after the Commencement Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor 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 Lessee or the Premises to materially comply with any Applicable Requirements.

## ARTICLE V

### Maintenance; Repairs

**Section 5.01 Lessee's Obligations.** Lessee shall, at Lessee's sole expense, keep the interior, exterior and structural elements of the Premises in good order, condition and repair; and keep the exterior, structural and major utility components of the Premises and other portions of the Property in good order, condition and repair, including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), ceilings, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, on, or adjacent to the Property. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Property and all improvements thereon or a part thereof in good order, condition and state of repair. Subject to the provisions of Article VII and Section 13.02, it is intended by the Parties hereto that Lessor have no obligation, in any manner whatsoever, to repair and maintain the Premises, or the equipment therein, all of which obligations are intended to be that of the Lessee. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to maintenance and repair of the Premises, and they expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

### **Section 5.02 Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions.** The term "Utility Installations" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Section 5.03(a) hereof.

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent, except as provided herein. Lessee may make non-structural Alterations or Utility Installations and may make structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice

to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, and will not affect the electrical, plumbing, HVAC, and/or life safety systems. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) complying with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days' notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense to defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof.

### **Section 5.03 Ownership; Surrender; and Restoration.**

(a) **Ownership.** All Alterations and Utility Installations made by Lessee shall be the property of Lessor.

(b) **Surrender and Restoration.** Lessee shall surrender the Premises at the end of the Term or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises), even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this subsection without the express written consent of Lessor shall constitute a holdover under the provisions of Section 13.13 hereof.

## ARTICLE VI

### Insurance; Indemnity

**Section 6.01 Liability.** Lessee shall keep in force such liability insurance policies and in such amounts as Lessee deems commercially reasonable. The premium for such insurance shall be deemed an “Expense” hereunder.

**Section 6.02 Property.** Lessee shall obtain and keep in force a policy or policies of property insurance in the name, and for the benefit, of Lessor, with loss payable to Lessor, insuring loss or damage to the Property. The premium for such insurance shall be deemed an “Expense” hereunder.

**Section 6.04 Waiver of Subrogation.** Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other and waive their entire right to recover damages against the other for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

**Section 6.05 Indemnity.** Except for Lessor’s gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, partners, members, directors, officers and lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys’ and consultants’ fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee or any subtenant of Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee’s expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified. The provisions of this Section shall survive the termination of this Lease.

**Section 6.06 Exemption of Lessor from Liability.** Unless caused by Lessor’s gross negligence or willful misconduct, Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee’s employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or from other sources or places.



## ARTICLE VII

### Damage or Destruction

#### **Section 7.01 Definitions.**

- (a) “*Damage*” shall mean damage or destruction to the improvements on the Property.
- (b) “*Insured Loss*” shall mean Damage which was caused by an event required to be covered by the insurance described in Section 6.02 hereof, irrespective of any deductible amounts or coverage limits involved.
- (c) “*Replacement Cost*” shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

**Section 7.02 Damage—Insured Loss.** Lessor shall be entitled to any and all insurance proceeds that are available as a result of the Damage. If Damage that is an Insured Loss occurs and such Damage is less than ten percent of the Book Value of the Premises, then Lessee shall be entitled to use the insurance proceeds that are actually collected as a result of the Damage to repair the Damage as soon as reasonably possible and this Lease shall continue in full force and effect.

**Section 7.03 Damage—Uninsured Loss.** If Damage that is not an Insured Loss occurs, (a) Lessee may repair such damage as soon as reasonably possible at Lessee’s expense, in which event this Lease shall continue in full force and effect; or if Lessee elects not to repair, Lessor may terminate this Lease by providing written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Damage.

**Section 7.04 Waiver of Statutes.** Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith.

## ARTICLE VIII

### Real Property Taxes

**Section 8.01 Definition.** As used herein, the term “Real Property Taxes” shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Property, Lessor’s right to other income therefrom; and/or Lessor’s business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the address of the Property and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a

jurisdiction within which the Property is located. Real Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (a) imposed by reason of events occurring during the Term of this Lease, including but not limited to, a change in the ownership of the Property, and (b) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

**Section 8.02 Payment of Taxes.** Lessee shall timely file for exemption against any Real Property Taxes and shall maintain such exemption during the Term. In any event, Lessee shall pay, before the same become past due, the Real Property Taxes applicable to the Property during the Term to the extent any such Real Property Taxes are charged, levied, assessed or imposed.

**Section 8.03 Personal Property Taxes.** Lessee shall timely file for exemption against any taxes on Lessee Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee and shall maintain such exemption during the Term. Lessee shall pay, prior to delinquency, all such taxes to the extent they are charged, levied, assessed or imposed after an exemption for such taxes is filed as required hereunder.

## **ARTICLE IX**

### **Assignment and Subletting**

**Section 9.01 By Lessee.** Lessee shall not sublease, assign, mortgage, pledge, hypothecate or encumber this Lease or any of Lessee's interest hereunder without the prior written consent of Lessor (which shall not be unreasonably withheld, conditioned or delayed). Any attempted sublease, assignment, mortgage, pledge, hypothecation or encumbrance of this Lease by Lessee in violation of this Section 9.01 shall be null and void and shall be of no force or effect.

## **ARTICLE X**

### **Default; Breach; Remedies**

**Section 10.01 Default; Breach.** Except as specifically set forth herein, a "Default" is defined as a failure by the Lessee to comply with or perform any of the covenants or other obligations of the Lessee under this Lease and a "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

- (a) the abandonment of the Premises;
- (b) the failure of Lessee to make any payment of Rent required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of three business days following written notice to Lessee;
- (c) any material representation or warranty made in this Lease, or in any report, certificate, financial statement, or instrument furnished in connection with this Lease is inaccurate when made in any material respects, and is not promptly corrected;
- (d) Lessee violates or fails to observe or perform any covenant contained in Section 12.02;

(e) a Default, other than those described in subparagraphs Section 10.01(a) through (d) above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of the Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion; and

(f) the occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a “debtor” as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 90 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee’s assets located at the Premises or of Lessee’s interest in this Lease, where possession is not restored to Lessee within 60 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee’s assets located at the Premises or of Lessee’s interest in this Lease, where such seizure is not discharged within 60 days; provided, however, in the event that any provision of this clause (f) is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

**Section 10.02 Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within 30 days after written notice (or, in the case of those duties and obligations that cannot reasonably be performed within 30 days after notice, to commence and diligently prosecute such duties and obligations to completion), Lessor may, at its option, perform such duty or obligation on Lessee’s behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, including Lessee’s failure to comply with the covenants set forth in Article XII hereof after notice and the expiration of any applicable grace period, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee’s right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (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 the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee’s failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys’ fees of Lessor and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. 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 the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee’s Breach of this Lease shall not waive Lessor’s right to recover damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to

recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Section 10.01 hereof was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Section 10.01 hereof. In such case, the applicable grace period required by Section 10.01 hereof and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under this Lease, including under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

**Section 10.03 Interest.** Any monetary payment due Lessor hereunder not received by Lessor when due as to scheduled payments (such as Base Rent) or within thirty (30) days following the date on which it was due for non-scheduled payments, shall bear interest from the date when due as to scheduled payments, or the 31st day after it was due as to non-scheduled payments. The interest charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to any late charges and default rate interest under the Loan Agreement.

## ARTICLE XI

### Subordination; Attornment; Non-Disturbance

**Section 11.01 Subordination.** This Lease shall automatically be subject and subordinate to any mortgage, deed of trust, or other hypothecation or security device encumbering the Property and securing Lessor's obligations under any loan in favor of a lender (collectively, "Security Device"), and, if requested by Lessor or by any subsequent lender or other lender, any subsequent lender, whether such Security Device is now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all modifications and extensions thereof. Lessee agrees that a lender shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any lender may elect to have this Lease granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

**Section 11.02 Attornment.** In the event the Property is acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (a) Lessee shall, subject to the non-disturbance provisions of Section 11.03 hereof, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of such new owner, this Lease shall automatically become a new Lease between Lessee and such new owner, upon all of the terms and conditions hereof, for the remainder of the term hereof, and (b) Lessor shall thereafter be relieved of

any further obligations hereunder (but not obligations that accrued prior to such transfer) and such new owner shall assume all of Lessor's obligations hereunder, except that 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 which Lessee might have against any prior Lessor; (iii) be bound by prepayment of more than one month's rent; or (iv) be liable for the return of any security deposit paid to any prior Lessor unless such security was assigned by such prior Lessor to the new owner.

**Section 11.03 Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to Lessee's receiving a commercially reasonable non-disturbance agreement ("Non-Disturbance Agreement") which provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in breach hereof and attorns to the record owner of the Property.

**Section 11.04 Self-Executing.** The agreements contained in this Article XI shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a lender in connection with a sale, financing or refinancing of the Property, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and Non-Disturbance Agreement provided for herein. Nothing herein shall be interpreted as otherwise permitting use or operation in conflict with Section 4.01 hereof.

## **ARTICLE XII**

### **Covenants and Representations**

**Section 12.01 Lessor's Access; Showing Premises; Repairs.** Lessor shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times after 24 hours' prior notice for the purpose of inspecting the Premises, verifying compliance by Lessee with this Lease, showing the Premises to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises as long as there is no material adverse effect to Lessee's use of the Premises.

## **ARTICLE XIII**

### **Miscellaneous**

**Section 13.01 Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs, and Expenses thereafter shall be limited to those applying to the remaining Premises subject to this Lease. In the event that there is a Condemnation of less than all of the Premises, and such portion so taken is material to Lessee's use and quiet enjoyment of the Premises as a whole, then all available Condemnation awards and/or payments shall be used first, to restore the remaining portion of the Premises to a usable whole. Any portion of the award and/or payment that remains shall be the property of Lessor. If the entirety of the Premises is taken, then the Condemnation awards and/or payments shall be the property of Lessor.

**Section 13.02 Estoppel Certificates.** Each Party shall within 10 days after written notice from the other Party (the “Requesting Party”) execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current estoppel certificate form published by the AIR Commercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

**Section 13.03 Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

**Section 13.04 Days.** Unless otherwise specifically indicated to the contrary, the word “days” as used in this Lease shall mean and refer to calendar days.

**Section 13.05 Limitation on Liability.** The obligations of Lessor under this Lease shall not be personal obligations, and Lessee shall look to the Premises and to no other assets of Lessor for the satisfaction of any liability of Lessor with respect to this Lease. No member, officer, agent or employee of Lessor or Lessee shall be personally liable for the payment of any amounts hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Lease; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or this Lease.

**Section 13.06 Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

**Section 13.07 No Prior or Other Agreements.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Each Party represents and warrants that the execution of the Lease will not, to the best of the Party’s knowledge, constitute a violation under any material agreements to which such Party is a party.

**Section 13.08 Notices Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by Electronic Means, and shall be deemed sufficiently given if served in a manner specified in this Section. The addresses for the Parties are set forth below and shall constitute the respective addresses for delivery or mailing of notices. Either Party may, by written notice to the others, specify a different address for notice. A copy of all notices to Lessor or Lessee shall be concurrently transmitted to such party or parties at such addresses as Lessor or Lessee, respectively, may from time to time hereafter designate in writing.

**Section 13.9 Addresses.**

to the Lessor:           The Northcoast Educational Foundation  
                                  PO Box 865  
                                  Trinidad, California 95570  
                                  Attention: Matthew Marshall

to the Lessee:           Northcoast Preparatory and Performing Arts Academy  
                                  P.O. Box 276

Arcata, CA 95518  
Attention: Executive Director

**Section 13.10 Date of Notice.** Any notice sent by registered or 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. If sent by regular mail the notice shall be deemed given 48 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or other Electronic Means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient). If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

**Section 13.11 Waivers.** No waiver by Lessor of any Default or Breach shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof.

**Section 13.12 No Right to Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 110% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

**Section 13.13 Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

**Section 13.14 Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

**Section 13.15 Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State of California. Any litigation between the Parties hereto concerning this Lease shall be initiated in the County of Madera.

**Section 13.16 Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the Term hereof.

**Section 13.16 Counterparts.** This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

**Section 13.18 Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification.

**Section 13.19 CASp Disclosure.** California Civil Code Section 1938 requires Lessor to notify Lessee whether the Premises has undergone inspection by a Certified Access Specialist, as defined in California Civil Code section 55.52. Lessor hereby states to Lessee that as of the date this Lease is executed, the property of which the Premises is a part has not undergone such inspection. A CASp can inspect the Premises and determine whether the Premises will comply with all of the applicable construction-related accessibility standards under California state law. Although California state law does not require a CASp inspection of the Premises, the Lessor may not prohibit Lessee from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of Lessee, if requested by Lessee. The Parties shall mutually agree on the arrangement for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Premises. Notwithstanding the foregoing, Lessee shall be solely responsible for any such inspections and for any repairs that may be deemed necessary in connection with such inspections, and in any case, Lessor shall have the opportunity to have a representative present at any such inspection.

The Parties hereto have executed this Lease as of the date of the last signature appearing below.

**Lessor:**

**THE NORTHCOAST EDUCATIONAL  
FOUNDATION**

\_\_\_\_\_  
NAME: Mr. Matthew Marshall

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
DATE

**Lessee:**

**NORTHCOAST PREPARATORY AND  
PERFORMING ARTS ACADEMY**

\_\_\_\_\_  
NAME: Dr. Robert Ziemer

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
DATE