

GROUND LEASE

This Ground Lease ("Lease"), dated as of April 19, 2005, is entered into by and between the Alameda Unified School District, a Public School District in the State of California, ("Landlord"), and Alameda Boys and Girls Club, a California Non-Profit Corporation ("Tenant").

Recitals

A. Landlord is the owner of certain real property located in the City and County of Alameda, State of California, described on Exhibit "A" to this Lease (the "Site").

B. Tenant desires to lease from Landlord, and Landlord desires to lease to Tenant, a portion of the Site consisting of approximately 1.4 acres, in the general location depicted on the map attached hereto as Exhibit "B," the precise location and legal description to be determined in accordance with Section 4.01, below (the "Premises"). The Premises shall be used by Tenant for the construction and operation of an office, classroom and recreational facility and other related improvements, including but not limited to a gymnasium and other general-use and multi-purpose rooms (collectively referred to in this Lease as the "Improvements") in accordance with the agreement of the parties as set forth in this Lease.

ARTICLE 1: LEASE OF PREMISES AND EARLY ACCESS

Section 1.01. Agreement to Lease. For and in consideration of the mutual covenants contained herein, Landlord agrees to lease the Premises to Tenant, and Tenant agrees to lease the Premises from Landlord, on the terms and conditions set forth in this Lease. Except as otherwise expressly provided in this Lease, the "Premises" means and includes the real property determined in accordance with Section 4.01, below, plus any appurtenances and easements, but exclusive of any Improvements now or subsequently located on the Premises, notwithstanding that any Improvements may or shall be construed as affixed to and as constituting part of the described Premises, and without regard to whether ownership of the Improvements is in Landlord or in Tenant.

Section 1.02. Term of Lease. The term of this Lease ("Term") shall be for a period of ninety-nine (99) years, commencing on the date that the Premises are defined as a separate legal parcel under Section 4.01, below (the "Commencement Date"), and continuing for 99 years thereafter, unless terminated earlier as provided in this Lease.

Section 1.03. Early Access. At any time after full execution of this Lease and prior to the Commencement Date, Landlord shall permit Tenant and its authorized agents and contractors to have access to the Site, upon reasonable prior notice, in order to enable Tenant to conduct such inspections and tests as Tenant deems necessary (including, without limitation, geotechnical, environmental and engineering tests) to determine the feasibility, cost and scope of improvements to be constructed by Tenant on the Premises. Tenant shall indemnify, defend and hold Landlord harmless from any injury, loss or damage to persons or property caused by or resulting from any such inspections and testing during this early access period.

ARTICLE 2: RENT

Section 2.01. Rent. Tenant agrees to pay Rent to Landlord in the sum of one dollar (\$1.00) for each year during the Term.

ARTICLE 3: USE OF PREMISES

Section 3.01. Permitted Use. Tenant shall use the Premises solely for the purpose of constructing, maintaining, and operating a non-profit social, educational and recreational facility for children. Tenant shall not change the use of the Premises without first obtaining the written consent of Landlord.

Section 3.02. Compliance With Laws. Tenant shall, at Tenant's own cost and expense, comply with all statutes, ordinances, regulations, and requirements of all governmental entities, both federal and state and county or municipal ("Laws"), relating to Tenant's use and occupancy of the Premises, whether those Laws are now in force or are subsequently enacted. If any license, permit, or other governmental authorization is required for the lawful use or occupancy of the Premises or any portion of the Premises, Tenant shall procure and maintain it throughout the term of this Lease. Notwithstanding the foregoing, Tenant shall not be responsible for making any alterations or modifications to the Improvements, or any other capital expenditures, that are triggered by Landlord's use of the Improvements under Sections 3.04 and 3.05, below, and that otherwise would not be required based on Tenant's then current use.

Section 3.03. Prohibited Uses. Tenant shall not use or permit the Premises or any portion of the Premises to be improved, developed, used, or occupied in any manner or for any purpose that is in any way in violation of any valid Laws. Furthermore, Tenant shall not maintain, commit, or permit the maintenance or commission of any nuisance as now or hereafter defined by any Laws applicable to the Premises or any part of the Premises.

Section 3.04. Landlord's Right to Use Premises. Tenant understands and agrees that a material inducement to Landlord in entering into this Lease is the right of Landlord to use the gymnasium and other general use, multi-purpose rooms contemplated to be built by Tenant, during normal academic school hours, and otherwise as mutually agreed ("Landlord's Usage Time"). Landlord and Tenant agree to cooperate in good faith to schedule Landlord's Usage Time in order to minimize any conflicts with Tenant's operations. Landlord shall be solely responsible for any injury or damage to the Property or the Improvements or other extraordinary costs caused by the acts or omissions of persons using the Improvements during Landlord's Usage Time. As a condition to Landlord's use of any Improvements, Landlord shall maintain liability insurance, insuring both Landlord and Tenant, with terms, coverages and limits no less than those maintained by Tenant under Section 7.01 and 7.03, below (as modified or increased from time to time).

Section 3.05. Landlord's Obligation For Usage Costs. Subject to Section 3.04, Landlord shall be entitled to make reasonable and normal use of the Improvements during Landlord's Usage Time, without charge to Landlord. Notwithstanding the foregoing, Landlord shall be solely responsible for supervision costs during Landlord's Usage Time, as well as for any extraordinary costs resulting from its use of the Improvements that would not otherwise be incurred by Tenant if it was using the same Improvements during the same time. Landlord and Tenant both shall require that each of their respective employees and volunteers who are working at the Premises and who reasonably may come into direct contact with children in the course of their employment or volunteer service, must submit to an appropriate background check as a condition to such employment or volunteer service.

ARTICLE 4: LOCATION, CONSTRUCTION AND OWNERSHIP OF IMPROVEMENTS

Section 4.01. Location of Premises. Promptly upon full execution of this Lease, Landlord shall conduct a survey of the Site and the Premises, and take such other actions as are necessary to establish and define the Premises as a separate legal parcel suitable for the use set forth in Article 3. Upon establishment of the Premises as a separate legal parcel, the Parties shall attach a legal description of the Premises to this Lease and record a memorandum of this Lease in the Official Records of Alameda

County; provided that the failure to attach such a description or to record such a memorandum shall not affect the validity of this Lease.

Section 4.02. Demolition of Existing Improvements. At any time following execution of this Lease, but in no event later than the date of Landlord's approval of Tenant's Plans, as provided in Section 4.05, below, Landlord shall cause all existing structures on the Premises to be demolished and removed at Landlord's sole cost and expense.

Section 4.03. Scope of Construction. Promptly upon Landlord's compliance with Sections 4.01 and 4.02, above, Tenant shall, at Tenant's sole cost and expense, design and construct the Improvements in the manner and according to the terms and conditions specified in this Article. Attached hereto as Exhibit C are conceptual drawings of the Improvements as presently contemplated by Tenant. Landlord and Tenant understand and acknowledge that the Improvements may differ from these drawings.

Section 4.04. Requirement of Landlord's Written Approval. No Improvements shall be constructed on the Premises unless and until formal plans, specifications, and proposed locations for the Improvements have been approved in writing by Landlord.

Section 4.05. Preparation and Submission of Plans. Tenant shall, at Tenant's own cost and expense, engage a licensed architect and/or engineer to prepare plans and specifications for the Improvements ("Plans") and shall submit the Plans to Landlord for Landlord's reasonable approval. Within thirty (30) days after receipt of the Plans, Landlord shall either approve those Plans or Landlord shall give written notice to Tenant of any objections Landlord may have to those Plans. Landlord's failure to give written notice to Tenant within that thirty-day period of any objections Landlord may have to the Plans shall constitute approval of the Plans by Landlord. Within thirty (30) days after service on Tenant of the written notice of Landlord's objections, Tenant may deliver corrective amendments to the Plans to Landlord and Landlord shall, within fifteen (15) days after receiving the corrective amendments, serve written notice on Tenant of Landlord's approval or rejection of the Plans as so amended. Failure of Landlord to serve written notice on Tenant within that fifteen-day period after receipt of the corrective amendments shall constitute approval by Landlord of the same. This process shall be repeated until the Plans are reasonably approved by Landlord.

Section 4.06. Approval of Plans by Governmental Agencies. Promptly upon Landlord's approval of the Plans, Tenant shall submit the Plans to all necessary Federal, State and local authorities ("Authorities") including, without limitation, the City of Alameda and the California Department of Architecture, for all required approvals and permits. Tenant shall advise Landlord of any changes in the Plans required by any Authorities or proposed by Tenant, and shall deliver to Landlord copies of any modifications or changes in the Plans concurrently with delivery of the same to the Authorities. Should Tenant deem it necessary or appropriate to obtain any use permit, variance, or rezoning of the Premises to construct or operate the Improvements, Landlord agrees to cooperate with Tenant and to execute any documents, petitions, applications, and authorizations that may be necessary or appropriate; provided, however, that any such permits, variances, or rezoning shall be obtained at the sole cost and expense of Tenant and Tenant agrees to indemnify and hold harmless Landlord and the Premises from any such cost and expense.

Section 4.07. Written Contracts for Construction. All work required in the construction of the Improvements, including any site preparation work, landscaping work, and utility installation work, as well as actual construction work on the Improvements, shall be performed only by competent contractors licensed under the laws of the State of California and shall be performed in accordance with written contracts with those contractors. Tenant shall provide Landlord with copies of all such written contracts.

Section 4.08. Compliance With Law and Standards. The Improvements shall be constructed, and all work on the Premises shall be performed, in accordance with all valid Laws and orders of Authorities having jurisdiction over the Premises (“Applicable Requirements”), including, without limitation, all Applicable Requirements pertaining to inspections and certifications; provided, however, that all Improvements shall be deemed to have been constructed in full compliance with all such Applicable Requirements when a valid final Certificate of Occupancy entitling Tenant and subtenants of Tenant to occupy and use the Improvements has been duly issued. All work performed on the Premises under this Lease, or authorized by this Lease, shall be done in a good workmanlike manner and only with new materials of good quality and high standard.

Section 4.09. Notices of Non-Responsibility; Mechanics’ Liens. Prior to commencing any construction at the Premises, Tenant shall provide Landlord with at least 48 hours prior notice to enable Landlord to post notices of non-responsibility at the Premises. At all times during the term of this Lease, Tenant shall keep the Premises and all Improvements now or hereafter located on the Premises free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Premises. Nothing in this Section shall preclude Tenant from legally contesting any such liens or claims of liens; provided that Tenant shall indemnify and hold Landlord harmless from any loss or damage resulting from the same.

Section 4.10. Ownership of Improvements. Title to all Improvements to be constructed on the Premises by Tenant shall be owned by Tenant until expiration of the Term or earlier termination of this Lease. All Improvements on the Premises at the expiration of the term or earlier termination of this Lease shall, without compensation to Tenant, then automatically and without any act of Tenant or any third party become Landlord’s property. Tenant shall surrender the Improvements to Landlord at the expiration of the Term or earlier termination of this Lease, free and clear of all liens and encumbrances, other than those, if any, permitted under this Lease or otherwise created or consented to by Landlord. Tenant agrees to execute, acknowledge, and deliver to Landlord any instrument requested by Landlord as necessary in Landlord’s reasonable opinion to perfect Landlord’s right, title, and interest to the Improvements and the Premises.

ARTICLE 5: TENANT FINANCING

Section 5.01. Tenant’s Right to Encumber Leasehold Estate. Tenant may, at any time and from time to time during the Term of this Lease, encumber by deed of trust or mortgage or other security instrument, all of Tenant’s interest under this Lease and the leasehold estate hereby created in Tenant (referred to in this lease as a “Leasehold Encumbrance”) for any purpose or purposes without the consent of Landlord, provided that the Leasehold Encumbrance does not constitute a lien or encumbrance on Landlord’s fee interest in the Premises. Any Leasehold Encumbrance shall be subject to all covenants, conditions, and restrictions set forth in this Lease and to all rights and interests of Landlord, except as is otherwise provided in this Lease. Tenant shall give Landlord prior written notice of any Leasehold Encumbrance, together with a copy of the deed of trust, mortgage, or other security interest evidencing the Leasehold Encumbrance. With respect to any Leasehold Encumbrance, Landlord agrees to the following:

(a) Landlord shall mail to any Lender with a Leasehold Encumbrance who has given Landlord written notice of its name and address, a duplicate copy of any and all notices Landlord may from time to time give to or serve on Tenant in accordance with or relating to this Lease, including but not limited to any notice of default, notice of termination, or notice regarding any matter on which Landlord may predicate or claim a default.

(b) A Lender with a Leasehold Encumbrance shall have the right at any time during the term of this Lease and the existence of the encumbrance to do both of the following:

(1) Any act or thing required of Tenant under this Lease, and any such act or thing done and performed by Lender shall be as effective to prevent a forfeiture of Tenant's rights under this Lease as if done by Tenant; and

(2) Realize on the security afforded by the leasehold estate by foreclosure proceedings, accepting an assignment in lieu of foreclosure, or other remedy afforded in law or in equity or by the security instrument evidencing the Leasehold Encumbrance (referred to in this lease as "the Security Instrument"), and

(i) To transfer, convey, or assign the title of Tenant to the leasehold state created by this Lease to any purchaser at any foreclosure sale, whether the foreclosure sale is conducted under court order or a power of sale contained in the Security Instrument, or to an assignee under an assignment in lieu of foreclosure; and

(ii) To acquire and succeed to the interest of Tenant under this Lease by virtue of any foreclosure sale, whether the foreclosure sale is conducted under a court order or a power of sale contained in the Security Instrument, or by virtue of an assignment in lieu of foreclosure.

(c) As long as there is in effect any Leasehold Encumbrance, before Landlord may terminate this Lease because of any default by Tenant, Landlord shall give written notice of the default to Lender and afford Lender the opportunity after service of the notice to do one of the following:

(1) Cure the breach or default within thirty (30) days after expiration of the time period granted to Tenant under this Lease for curing the default; or

(2) Cure the default in any reasonable time that may be required when something other than money is required to cure the default and cannot be performed within thirty (30) days after expiration of the time period granted to the Tenant under this Lease for curing a default, provided that acts to cure the breach or default are commenced within that time period after service of notice of default on Lender by Landlord and are thereafter diligently continued by Lender.

(d) Notwithstanding any other provision of this Lease, a Lender under a Leasehold Encumbrance may forestall termination of this Lease by Landlord for a default by Tenant by commencing proceedings to foreclose the Leasehold Encumbrance. The proceedings so commenced may be for foreclosure of the Leasehold Encumbrance by order of court or for foreclosure of the Leasehold Encumbrance under a power of sale contained in the Security Instrument. The proceedings shall not, however, forestall termination of this Lease by Landlord for the default by Tenant unless all of the following conditions are met:

(1) The proceedings are commenced within thirty (30) days after service on Lender of the notice described in Section 5.01 (c), above;

(2) The proceedings are, after having been commenced, diligently pursued in the manner required by law to completion; and

(3) Lender keeps and performs all of the terms, covenants, and conditions of this Lease requiring the payment or expenditure of money by Tenant until the foreclosure proceedings are complete or are discharged by redemption, satisfaction, payment, or conveyance of the leasehold estate to Lender.

(e) Notwithstanding any other provision of this Lease, should this Lease terminate because of any default by Tenant, Landlord agrees to enter into a new lease for the Premises with Lender under a Leasehold Encumbrance, as Tenant, provided that the new lease contains the same terms, covenants, conditions, and provisions as are contained in this Lease (except those that have already been fulfilled or are no longer applicable).

(f) For as long as any Leasehold Encumbrance is in existence, there shall be no merger of the leasehold estate created by this Lease and the fee estate of Landlord in the Premises merely because both estates have been acquired or become vested in the same person or entity, unless Lender otherwise consents in writing.

ARTICLE 6: MAINTENANCE, REPAIR AND RESTORATION

Section 6.01. Maintenance by Tenant. Except as otherwise provided herein, at all times during the Term Tenant shall, at Tenant's own cost and expense, keep and maintain the Premises, all Improvements, and all appurtenances (including landscaped and parking areas) now or hereafter on the Premises in good order and repair, and in a safe and clean condition.

Section 6.02. Tenant's Duty to Restore Premises. Except as otherwise provided herein, if at any time during the Term, any Improvements now or hereafter on the Premises are destroyed in whole or in part by fire, theft, the elements, or any other insured cause not the fault of Landlord, this Lease shall continue in full force and effect and Tenant, at Tenant's own cost and expense, shall repair and restore the damaged Improvements. Any restoration by Tenant shall comply with original plans for the Improvements, except as may be modified by Tenant to comply with the terms of any sublease of the Improvements, or changes in applicable Laws. The work of repair and restoration shall be commenced by Tenant within one hundred twenty (120) days after the damage or destruction occurs and shall be completed with due diligence after the work is commenced.

Section 6.03. Application of Insurance Proceeds. Any and all fire or other insurance proceeds that become payable at any time during the Term because of damage to or destruction of any Improvements on the Premises shall be applied by Tenant toward the cost of repairing and restoring the damaged or destroyed Improvements in the manner required by Section 6.02, above, or, if this Lease is terminated under Section 6.04, below, applied by Tenant toward payment of any Tenant Mortgage or Leasehold Encumbrance(s).

Section 6.04. Option to Terminate Lease. Notwithstanding any other provision of this Lease, Tenant shall have the right, in its sole discretion, to terminate this Lease if twenty-five percent or more of the fair market value of the Improvements immediately before the damage or destruction are damaged or destroyed under either of the following circumstances:

(a) By an uninsured casualty or cause at any time during the Term; or

(b) During the last ten (10) years of the Term whether or not by a casualty or cause for which Tenant is insured.

ARTICLE 7: INSURANCE

Section 7.01. Liability Insurance. Tenant shall, at Tenant's sole cost and expense, procure and maintain during the Term a broad form comprehensive coverage policy of public liability insurance insuring Tenant and Landlord against loss or liability caused by or connected with Tenant's occupation and use of the Premises under this Lease, in amounts not less than \$1 million for injury to or death of one

person or damage to or destruction of any property, and \$2 million aggregate, with a deductible not to exceed \$10,000. Such insurance shall be issued by an insurance company licensed by the State of California with a Best's Insurance rating of not less than A 5, or equivalent. Tenant may increase such coverages from time to time in its sole discretion.

Section 7.02. Fire and Casualty Insurance. Tenant shall, at Tenant's sole cost and expense, at all times during the Term, keep all Improvements on the Premises insured for not less than ninety percent (90%) of their full replacement value by insurance companies authorized to do business in the State of California against loss or destruction by fire and the perils commonly covered under the standard extended coverage endorsement to fire insurance policies in the county where the Premises are located (but not including flood or earthquake).

Section 7.03. Notice of Cancellation of Insurance. Each insurance policy required under this Article shall contain a waiver of subrogation and a provision that it cannot be cancelled for any reason unless at least twenty (20) days prior written notice of the cancellation is given to each covered party and additional named insured in the manner required by this Lease for the service of notices on Landlord by Tenant.

ARTICLE 8: TAXES AND UTILITIES

Section 8.01. Tenant to Pay Taxes. During the Term, Tenant shall pay before delinquency any and all real and personal property taxes, general and special assessments, and other charges (including any increase caused by a change in the tax rate or by a change in assessed valuation) levied or assessed by any governmental agency on or against the Premises, the Improvements, and personal property located on or in the Premises or Improvements (collectively "Taxes"). Taxes for any partial Lease years shall be prorated. If the Premises are taxed with or as part of other property owned by Landlord, Tenant's share of such Taxes shall be in the same proportion as the ground area of the Premises bears to the ground area of the total taxed property. Tenant shall have the right to lawfully contest the amount or validity of any Taxes; provided, however, that Tenant shall pay all costs of any such contest instituted by Tenant, and Tenant shall indemnify and hold Landlord harmless from any such costs. Landlord shall, on written request of Tenant, join in any such contest if Tenant determines that joinder is necessary or convenient for the proper prosecution of the proceedings.

Section 8.02. Utilities. Except as otherwise provided herein, Tenant shall pay all charges for gas, water, electricity, telephone service, and other public utilities to the Premises during the Term.

ARTICLE 9: CONDEMNATION

Section 9.01. Total Condemnation. If at any time during the Term, fee title to all of the Premises, or to all of the Improvements, or the entire leasehold estate of Tenant is taken under the power of eminent domain by any public or quasi-public agency or entity, this Lease shall terminate on the earlier of: (1) the date legal title becomes vested in the agency or entity exercising the power of eminent domain, or (2) the date actual physical possession is taken by the agency or entity exercising the power of eminent domain. Thereafter, both Landlord and Tenant shall be released from all obligations under his Lease, except those specified in Section 9.03, below.

Section 9.02. Partial Condemnation. If at any time during the Term, a portion of the Premises is taken under the power of eminent domain by any public or quasi-public agency or entity, all compensation and damages payable to Tenant for that taking shall be made available to and used, to the extent reasonably needed, by Tenant to repair any portion of the remaining portion of the Premises and Improvements affected by the taking, including replacing any portion of the Improvements on the portion

of the Premises not taken, provided that replacement is then permitted by existing law. Plans and specifications for the replacement Improvements shall be compatible, in terms of architecture and quality of construction, with the Improvements not taken. Notwithstanding anything to the contrary in this Section, if (i) the portion of any Improvements taken by eminent domain results in a net loss of ten percent (10%) or more of the useable area of the Improvements (after considering any replacement space that lawfully can be constructed on the remaining portion of the Premises using the compensation and damages payable for that taking), or (ii) the compensation and damages payable for that taking are insufficient to replace the improvements taken, Tenant may, in its sole discretion, terminate this Lease by serving written notice of termination on Landlord on or before the date the condemning authority takes physical possession of the portion of the Premises taken by eminent domain. On termination of this Lease under this Section, all subleases on any portion of the Premises created by Tenant under this Lease shall also terminate; provided, however, that Landlord may, at Landlord's option, allow any subtenant to attorn to Landlord and continue its occupancy on the Premises as a tenant of Landlord. On termination of this Lease under this Section, both Landlord and Tenant shall be released from all obligations to each other under this Lease except those specified in Section 9.03, below.

Section 9.03. Condemnation Award. Any compensation or damages awarded or payable because of the taking of all or any portion of the Premises by eminent domain shall be allocated between Landlord and Tenant as follows:

(a) All compensation or damages awarded or payable for the taking by eminent domain of any land that is part of the Premises shall be paid to and be the sole property of Landlord.

(b) All compensation or damages awarded or payable because of any Improvements constructed or located on the portion of the Premises taken by eminent domain when only a portion of the Premises is taken by eminent domain and Tenant is not entitled to or does not terminate this Lease shall be applied in the manner specified in Section 9.02 toward the replacement of those Improvements with equivalent new Improvements on the remaining portions of the Premises.

(c) All compensation or damages awarded or payable because of any Improvements constructed or located on the portion of the Premises taken by eminent domain when this Lease is terminated because of the taking by eminent domain, whether all or only a portion of the Premises is taken by eminent domain, shall be paid to and be the sole property of Tenant.

Section 9.04. Voluntary Conveyance in Lieu of Eminent Domain. A voluntary conveyance by Landlord of title to all or a portion of the Premises to a public or quasi-public agency or entity in lieu of and under threat by that agency or entity to take it by eminent domain proceedings shall be considered a taking of title to all or any portion of the Premises under the power of eminent domain subject to the provisions of this Article.

ARTICLE 10: ASSIGNMENT AND SUBLEASING

Section 10.01. Landlord's Consent. Tenant may assign this Lease, or sublet any portion of the Premises or Improvements, subject to the prior written consent of Landlord. Landlord shall not unreasonably withhold or delay its consent to any proposed assignment or sublease, and shall grant its consent if the proposed assignee or sublessee certifies its intent to use the Premises consistent with one or more of the permitted uses set forth in Article 3, above. Any assignment or sublease shall expressly be made subject to all of the terms, covenants, and conditions of this Lease. Consent by Landlord to one assignment or sublease shall not be deemed to be consent to any subsequent assignment or sublease.

Section 10.02. License to Use Facilities. Notwithstanding any other provisions in this Article, Tenant may, without the prior consent of Landlord, grant a non-exclusive and revocable license for use of any of the Improvements to any users whose use is consistent with one or more of the permitted uses set forth in Article 3, above, provided that such users do not conflict with Landlord's right to use the Improvements under Section 3.04, above.

Section 10.03. Transfers to Affiliates. Notwithstanding any other provisions in this Article, Tenant may, without the prior consent of Landlord, transfer and assign all or any portion of Tenant's interest under the Lease and the leasehold estate created under the Lease to a corporation or other business entity or association now or hereafter organized which is affiliated with Boys & Girls Club of America, or any successor entity to Boys & Girls Club of America.

Section 10.04. Nondisturbance and Attornment. If this Lease is terminated for any reason before the natural expiration of the Term, the termination shall not terminate nor affect the validity of any then-existing sublease of all or any portion of the Premises made by Tenant as sublessor, provided the sublease meets the requirements set forth in this Article. In that case, all of Tenant's interest as sublessor under any and all existing valid and enforceable subleases of all or any portion of the Premises shall be deemed automatically assigned, transferred, and conveyed to Landlord. Landlord shall thereafter be bound on the subleases to the same extent Tenant (as sublessor) was bound on the subleases, and shall have all the rights that Tenant (as sublessor) had under each sublease.

ARTICLE 11: DEFAULT ANID REMEDIES

Section 11.01. Tenant Defaults. The following events shall constitute Defaults by Tenant under this Lease:

(a) Tenant's unexcused failure to pay Rent or other sum due under this Lease and the continuation of this failure for ten (10) or more days after delivery of written notice of the default from Landlord;

(b) Tenant's unexcused failure to perform any of the terms, covenants, agreements, or conditions in this Lease, other than a default by Tenant in the payment when due of any rent or other sum payable under this Lease, and the continuation of such failure beyond thirty (30) days after delivery of written notice of the default by Landlord or, if the failure to perform reasonably requires more than thirty (30) days to remedy, beyond the time reasonably necessary for cure; and

(c) The commencement of proceedings of any kind by or against Tenant under the Federal Bankruptcy Act or under any other insolvency, bankruptcy, or reorganization act, unless such proceedings are discharged within ninety (90) days.

Section 11.02. Landlord's Remedies Upon Default by Tenant. Upon occurrence of any Default by Tenant, Landlord may, in addition to any other rights and remedies given here or by law:

(a) So long as the Default remains uncured, Landlord shall have the right to give notice of termination to Tenant as provided in Section 11.01, above, and on the date specified in this notice, this Lease shall terminate. If this Lease is terminated, Landlord shall have all of the rights and remedies of a landlord provided by Civil Code § 1951.2, in addition to any other rights and remedies Landlord may have. The damages which Landlord may recover shall include, without limitation, (i) the worth at the time of award of 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 the award exceeds the amount of the rental loss that Landlord proves could have been reasonably avoided; (iii) the worth at the time of award computed by discounting the amount at the

discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%) of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Landlord proves could be reasonably avoided; (iv) all reasonable legal expenses and other related costs incurred by Landlord following Tenant's default; (v) all reasonable costs incurred by Landlord in restoring the Premises to good order and condition to relet the Premises; and (vi) all reasonable costs, including without limitation, any brokerage commissions incurred by Landlord in reletting the Premises.

(b) This Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all rights and remedies under this Lease, including the right to recover the Rent as it becomes due under this Lease. Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession.

Section 11.03. Landlord's Default. Landlord shall not be deemed to be in Default under this Lease except upon Landlord's unexcused failure to perform any of the terms, covenants, agreements, or conditions in this Lease, and the continuation of such failure beyond thirty (30) days after delivery of written notice of the default by Tenant or, if the Failure to perform reasonably requires more than thirty (30) days to remedy, beyond the time reasonably necessary for cure.

ARTICLE 12: GENERAL PROVISIONS

Section 12.01. Estoppel Certificates. Each Party shall, within fifteen (15) days after written notice from the other Party, execute, acknowledge, and deliver a statement ("Estoppel Certificate") certifying: (a) that this Lease is unmodified and in full force or, if there have been modifications, that this Lease is in full force, as modified, together with the date and nature of each modification, (b) that no Defaults exist under the Lease except as specified in the Estoppel Certificate, and (c) other matters as may be reasonably requested. Any Estoppel Certificate may be relied on by prospective purchasers, mortgagees, or beneficiaries under any deed of trust on the Premises or Improvements.

Section 12.02. Notices. All notices required or permitted by this Lease 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 by a nationally recognized courier guaranteeing next-day delivery, with postage prepaid. The addresses noted below shall be that Party's address for delivery or mailing of notices. Either Party may, by written notice to the other, specify a different address for notice.

Notice to Landlord:

Superintendent, Alameda Unified School District
2200 Central Avenue
Alameda, CA 94501

Notice to Tenant:

Executive Director, Alameda Boys & Girls Club
2900 Main Street
Alameda, CA 94501

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 overnight courier guaranteeing next-day delivery shall be deemed given 24 hours after delivery of the same to the courier. If notice is received on a Saturday, Sunday, or legal holiday, it shall be deemed received on the next business day.

Section 12.03. Memorandum of Lease. Neither Landlord nor Tenant shall record this Lease without the written consent of the other. However Landlord and Tenant shall, as provided in Section 4.01,

above, execute and record a memorandum or “short form” of this Lease incorporating this Lease by reference and setting forth the Parties, a description of the Premises, and the Term, and include any other provisions required by any Lender(s).

Section 12.04. No Partnership or Joint Venture. Nothing in this Lease shall be construed to create a partnership, joint venture, or similar association between Landlord and Tenant other than that of a landlord and tenant, nor shall this Lease be construed to authorize either to act as agent for the other except as otherwise expressly provided herein.

Section 12.05. Force Majeur. Except as otherwise expressly provided in this Lease, if the performance of any act required by this Lease to be performed by either Landlord or Tenant is prevented or delayed by reason of any act of God, strike, lockout, labor trouble, inability to secure materials, restrictive governmental laws or regulations, or any other cause (except financial inability) not the fault of the Party required to perform the act, 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.

Section 12.06. Governing Law. This Lease, and all matters relating to this Lease, shall be governed by and construed under the laws of the State of California.

Section 12.07. Attorneys’ Fees. If any legal action is commenced by Landlord or Tenant against the other to interpret or enforce this Lease, or otherwise arising out of or relating to this Lease or the Premises, the prevailing Party in that legal action shall be entitled to that Party’s reasonable attorneys’ fees and costs incurred in that legal action, in addition to any other relief that may be granted.

Section 12.08. Sole and Only Agreement. This instrument constitutes the sole and only agreement between Landlord and Tenant respecting the Premises, the leasing of the Premises to Tenant, the construction of the Improvements described in this Lease on the Premises, and the lease terms set forth in this Lease, and correctly sets forth the obligations of Landlord and Tenant to each other as of its date. Any agreements or representations respecting the Premises, their leasing to Tenant by Landlord, or any other matter discussed in this Lease not expressly set forth in this instrument are null and void.

Section 12.09. Amendments. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification.

Section 12.10. 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 12.11. Partial Invalidity. If any provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.

Section 12.12. Binding on Heirs and Successors. This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the Parties hereto.

Section 12.13. Authority. Each individual executing this Lease on behalf of any business or non-profit organization or other entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf.

Section 12.14. Offer. Preparation of this Lease by either Party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

Section 12.15. Quiet Possession. Subject to performance of all of the covenants, conditions, and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

Section 12.16. Time of Essence. Time is expressly declared to be of the essence of this Lease.

LANDLORD:
Alameda Unified School District

By: _____
Alan Nishino, Superintendent

TENANT:
Alameda Boys and Girls Club, Inc.

By: _____
Edward Kofman, President