

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT

LEASE AGREEMENT

Ladera School

360 La Cuesta Drive

Portola Valley, California

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EXHIBIT A-1 LEGAL DESCRIPTION OF 360 LA CUESTA DRIVE, PORTOLA VALLEY, CA, COUNTY OF SAN MATEO, CALIFORNIA

EXHIBIT A-2 MAP OF PROPERTY

EXHIBIT B OPTION TO LEASE AGREEMENT

EXHIBIT C USE PERMIT ISSUED BY THE COUNTY OF SAN MATEO

EXHIBIT D MEMORANDUM OF LEASE FORM

EXHIBIT E PERMITTED EXCEPTIONS

LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as "Lease") is made on this 19th day of JUNE, 2012 ("Effective Date"), by and between **Las Lomas Elementary School District**, a subdivision of the State of California, (hereinafter referred to as "Landlord"); and the **Woodland School**, a California corporation, (hereinafter referred to as "Tenant").

RECITALS:

1. Landlord owns the real property located at 360 La Cuesta Drive, Portola Valley, CA, County of San Mateo, California, which is described on **Exhibit A-1** (the "**Ladera School Site**").

2. Tenant desires to lease from Landlord the portion of the Ladera School Site which is defined herein as the Property and depicted as the area within the dashed line on the map on **Exhibit A-2**.

3. Tenant currently leases the Property from Landlord pursuant to that certain Lease dated October 15, 1997 by and between Tenant and Landlord, as amended and extended from time to time (collectively, the "**Prior Lease**")

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

1. DESCRIPTION

A. Property. Landlord does hereby lease to Tenant and Tenant does hereby lease from Landlord the Property. The Property is defined to include: (i) all of the existing buildings ("**Buildings**") and adjacent outdoor areas, (ii) the parking lot (the "**Parking Lot**"), and (iii) the driveways, as depicted within the dashed line on the map on **Exhibit A-2**. The Property does **not** include areas outside the dashed line on the map on **Exhibit A-2**, specifically the "Blacktop" and the "Playing Fields" (the "**Play Areas**"). "Play Areas" do not include the "play scapes" which are currently installed in 3 locations on the Property and which were installed by Tenant during the term of the Prior Lease.

B. License to Use Play Areas. Landlord hereby grants to Tenant and its employees, agents, contractors and invitees (collectively, "**Tenant's Agents**") an irrevocable and exclusive license to use, maintain and repair the Play Areas during School Hours. "**School Hours**" shall mean from the hours of 8:30am through 3:00pm Monday through Friday excepting public school holidays.

2. TERM

A. Initial Term. The term ("**Term**") of this Lease shall be for twenty-five (25) years, commencing on August 1, 2013 (the "**Commencement Date**") and expiring on July 31,

2038(the "Expiration Date"), or such earlier date on which this Lease terminates pursuant to its terms, unless extended pursuant to subsection B below. The date upon which this Lease actually terminates, whether by expiration or earlier termination pursuant to the terms of this Lease, is sometimes referred to in this Lease as the "Termination Date".

B. Term Extension. Landlord, in its sole discretion, shall have the option to extend this lease in increments of time up to a total of twenty five (25) additional years ("Extended Term") beyond the current Term. All references to "Expiration Date" shall be deemed to refer to the last day of the Extended Term, and all references to "Term" shall be deemed to include the Extended Term(s). Landlord agrees to deliver a written notice to extend or terminate the Lease no later than 3 years prior to the expiration of the current Term or Extended Term, as applicable. Commencing upon Landlord delivering to Tenant a written notice stating that the Landlord desires to grant an extension of the Lease, Landlord and Tenant shall enter into good faith negotiations to agree upon the terms and conditions for an Extended Term for a period of time not to exceed six (6) months. **In no case shall the Annual Rent (as hereinafter defined) for the Extended Term be less than the Annual Rent paid in the last year of the Initial Term or last year of the Extended Term, as applicable.**

3. RENT

A. Rent. Commencing upon the Commencement Date, and thereafter during the Term subject to the Rent Adjustment set forth below, Tenant shall pay to Landlord the annual rent in the amount of Seven Hundred Ten Thousand Dollars (\$710,000) ("Annual Rent") in twelve (12) monthly installments of Fifty Nine Thousand One Hundred Sixty-seven Dollars (\$59,167) on or before the first day of each month, except as otherwise set forth herein, such payments shall be made by Tenant, in advance, without deduction, setoff, prior notice or demand ("Monthly Rent"). If the Commencement Date occurs on a day other than the first day of a calendar month, or the Termination Date occurs on a day other than the last day of a calendar month, then the Monthly Rent for such fractional month will be prorated on the basis of the actual number of days in such month.

B. Rent Adjustment. The Annual Rent shall remain fixed at \$710,000 for the first two years of the Lease. Thereafter, the Annual Rent will increase annually, effective on August 1 for each succeeding year of the Lease (each, an "Adjustment Date"), beginning on August 1, 2015, by an amount equal to the annual change in the Consumer Price Index, however the minimum annual increase shall be three percent (3%) and the maximum annual increase shall be six percent (6%). The indexes for computing the increase shall be the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, San Francisco-Oakland-San Jose All Urban Consumers (CPI-U) as published for April of the current and previous year. The increase shall be calculated by multiplying the Annual Rent by a fraction, the numerator of which is the April index for the current year and the denominator of which is the index for April of the previous year. **In no event shall the Annual Rent payable as of any such Adjustment Date be less than that applicable to the 12-month period immediately preceding such Adjustment Date.** If the CPI index is no longer published, a successor or substitute index, published by a governmental agency and reflecting changes in consumer prices in the San Francisco Bay Area will be designated by Landlord.

C. Late Payment. Tenant acknowledges that late payment by Tenant to Landlord of the Monthly Rent and other sums due (including, but not limited to, Sublet Rent and Additional Rent, as such terms are hereinafter defined) hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Landlord by 4:00 p.m. within ten (10) calendar days after such amount shall be due, Tenant shall pay to Landlord, as Additional Rent, a late charge equal to two percent (2.0%) of such overdue amount. The parties hereby agree that such late charges represent a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of its other rights and remedies granted hereunder.

D. Additional Rent. Except as otherwise set forth herein, taxes, late charges, costs and expenses which Tenant is required to pay hereunder, together with all interest and penalties that may accrue thereon in the event of Tenant's failure to pay such amounts, and all reasonable damages, costs, and attorneys' fees and expenses which Landlord may incur by reason of any default of Tenant or failure on Tenant's part to comply with the terms of this Lease, shall be deemed to be additional rent ("**Additional Rent**") and, in the event of nonpayment by Tenant, Landlord shall have all of the rights and remedies with respect thereto as Landlord has for the nonpayment of the monthly rent.

4. SECURITY DEPOSIT

A. Security Deposit. Upon execution of this Lease, Tenant shall have deposited with Landlord the sum of **One Hundred Fifty Thousand Dollars (\$150,000)**. Tenant delivered to Landlord, on March 27, 2012, a check in the amount of **One Hundred Thousand Dollars (\$100,000)**. Tenant shall deliver to Landlord an additional **Fifty Thousand Dollars (\$50,000)** in the form of a cashier's check within two (2) business days following the execution of this Lease by both parties. Of this **One Hundred Fifty Thousand Dollars (\$150,000)**, Landlord shall retain **Sixty Thousand Dollars (\$60,000)** (approximately equal to one month's rent) as a security deposit for the Lease (the "**Security Deposit**") and Landlord shall return **Ninety Thousand Dollars (\$90,000)** to Tenant within 30 days after the Lease is fully executed.

B. Tenant agrees to pay to Landlord on or before August 1, 2020, the amount necessary to increase the security deposit held by Landlord to an amount equal one month's rent based on the Annual Rent for the year August 1, 2020 – July 31, 2021 as calculated in accordance with Section 3 of this Lease.

C. Tenant agrees to pay to Landlord on or before August 1, 2030, the amount necessary to increase the security deposit held by Landlord to an amount equal one month's rent based on the Annual Rent for the year August 1, 2030 – July 31, 2031 as calculated in accordance with Section 3 of this Lease.

D. Use of Security Deposit. Said security deposits shall secure the timely, full and faithful performance by Tenant of each term, covenant and condition of this Lease. If, at any time, Tenant shall fail to make any payment or fail to keep or perform any term, covenant or condition on its part to be made or performed or kept under this Lease, Landlord may, but shall not be obligated to and without waiving or releasing Tenant from any obligation under this Lease, use, apply or retain the whole or any part of the Security Deposit: (a) to the extent of any sum due to Landlord; (b) to make any required payment on Tenant's behalf; or, (c) to compensate Landlord for any loss, damage, attorneys' fees or expense sustained by Landlord due to Tenant's default. In such event, Tenant shall, within ten(10) days of written demand by Landlord, remit to Landlord sufficient funds to restore the Security Deposit to its amount prior to such deduction. No interest shall accrue on the Security Deposit. Landlord shall not be deemed a trustee of the Security Deposit, and may commingle the Security Deposit with its other funds. Should Tenant comply with all the terms, covenants, and conditions of this Lease and at the end of the term of this Lease leave the Property in the condition required by this Lease, then said Security Deposit, less any sums owing to Landlord pursuant to this Lease, shall be returned to Tenant within thirty (30) days after the Termination Date and vacancy of the Property by Tenant.

5. DELIVERY

A. Tenant is in possession of the Property at the time of execution of this Lease in accordance with the terms of the Prior Lease. Upon execution of this Lease by Landlord and Tenant, Tenant shall continue to have possession of the Property until the Termination Date.

B. Landlord shall not be required to make or construct any alterations including structural changes, additions or improvements to the Property. Except as otherwise set forth herein, by entry and taking possession of the Property on the Commencement Date pursuant to this Lease, Tenant accepts the Property in its "as-is" condition and repair existing as of the Commencement Date. Except as otherwise set forth herein, Tenant acknowledges that neither Landlord nor Landlord's agents have made any representation or warranty as to the suitability of the Property to the conduct of Tenant's business. Any agreements, warranties or representations not expressly contained herein shall in no way bind either Landlord or Tenant, and Landlord and Tenant expressly waive all claims for damages by reason of any statement, representation, warranty, promise or agreement, if any, not contained in this Lease.

6. USE OF PROPERTY, PLAY AREAS & USE PERMIT

A. Use of Property. The Property shall be used by Tenant as a preschool through eighth grade school which may include day care, after school, community and athletic activities which are in compliance with Conditional Use Permit PLN 2000-00352 ("CUP") issued by the County of San Mateo ("County"), as may be amended from time to time, a copy which is attached hereto in **Exhibit C** and incorporated herein. Tenant shall not use the Property for any use other than that specified in this subsection without the prior written consent of Landlord. Tenant shall require all subtenants, licensees, and invitees, to use the Property only in conformance with this use, and subject to all requirements of all federal, state, county and municipal governments, agencies, courts, commissions, boards, or any other body exercising functions similar to those of any of the foregoing, foreseen or unforeseen, ordinary as well as extraordinary, which may be applicable to the Property ("**Applicable Laws**"). Tenant shall not

commit or permit to be committed, any waste upon the Property, or allow any sale by auction upon the Property, or allow the Property to be used for any unlawful purpose, or place any loads upon the floors, walls or ceilings which endanger the structure, or place any harmful liquids in the drainage system of the building. No waste materials or refuse shall be dumped upon or permitted to remain upon any part of the Property except in containers designed and designated for that purpose. Any uses which involve the serving and/or sale of alcoholic beverages and the conducting of games of chance are prohibited on the Property. Tenant shall comply with Landlord's written policy prohibiting the use of tobacco products on the Property at all times, which shall be made available to Tenant upon Tenant's request. Tenant shall not use or permit the use of the Property or any part thereof for any purposes which are unsuitable for a public educational facility. Tenant agrees to respond within one business day to any concerns expressed by neighbors or Landlord relating to the operation of the Property.

B. Conditional Use Permit. Landlord specifically does not warrant, represent or guarantee any particular zoning or particular use of the Property. Tenant acknowledges and accepts the terms and conditions of the CUP. Tenant and any subtenants, shall abide by the terms and conditions of the CUP and, if required by the County or Applicable Laws, obtain any additional renewals, modifications or amendments to the CUP and all other applicable permits from the County for Tenant's or subtenants' use of the Property throughout the Term of this Lease.

If the County issues written notice to Landlord and/or Tenant that the County will consider amending or revoking the CUP ("**CUP Change Notice**") due to no fault, breach, negligence or willful misconduct of or by Tenant or any subtenant, and such amendment or revocation would cause Tenant to no longer be able to operate its school on the Property in substantially the same manner as Tenant operated the school as of the Commencement Date ("**CUP Change**"), then Landlord or Tenant, as applicable, shall forward such notice to the other Party within 10 business days of receipt. Landlord shall cooperate with and reasonably assist Tenant, and Tenant must use its best efforts, in appealing the CUP Change to obtain a conditional use permit that allows Tenant to operate its school on the Property in substantially the same manner as Tenant operated the school as of the Commencement Date. If after receipt of a CUP Change Notice, provided that Tenant has used its best efforts in appealing the CUP Change, Tenant is unable to obtain a conditional use permit that would permit Tenant to operate its school in substantially the same manner as Tenant operated its school as of the Commencement Date, then Tenant may terminate this Lease, effective as of the date the CUP Change becomes final and cannot be further appealed by Tenant or Landlord to any administrative or judicial body.

C. Use of Play Areas. The Play Areas shall be used cooperatively by Landlord, Tenant, the general public and other user groups ("**User Groups**") during the Term, provided that Tenant may use the Play Areas exclusively during School Hours pursuant to Section 1A. Tenant agrees to allow users of the Play Areas ingress and egress through the Property to the Play Areas during non-School Hours. Tenant will reasonably cooperate with User Groups to allow access to the Play Areas through the Property during School Hours provided such use does not interfere with Tenant's use of the Play Areas during School Hours and User Groups adhere to Tenant's published school rules while on the Property. Landlord shall maintain the Play Areas in accordance with Section 10B.

D. Parking and Traffic. Tenant shall have the exclusive use of the Parking Lot during School Hours. Tenant agrees to permit use of the Parking Lot by users of the Play Areas during non-School Hours. Tenant shall not abandon any inoperative vehicles or equipment on any portion of the Property. Tenant agrees to keep the Parking Lot free and clear of debris. Traffic circulation, car trips and parking by Tenant and Tenant's Agents shall adhere to the terms of the CUP.

7. TAXES AND ASSESSMENTS

Tenant is hereby notified that private use of the public property may result in the assessment of a possessory-interest or similar tax, and Tenant shall be solely responsible for the payment of any such tax pursuant to this Lease. Unless Tenant is exempt pursuant to Applicable Laws, Tenant shall pay before delinquency any and all taxes, assessments, levies, possessory interest taxes, and other charges and governmental fees imposed on the Property including any non-use fees paid by the Landlord ("**Taxes and Assessments**") in excess of \$5,000 per year, general and special, ordinary and extraordinary, unforeseen, as well as foreseen, of any kind or nature whatsoever, including, but not limited to assessments for public improvements or benefits, which prior to or during the Term of this Lease are laid, assessed, levied, or imposed upon or become due and payable and a lien upon or represent an escape assessment from (i) the Property and/or any Tenant Improvements situated thereon or any part thereof or any personal property, equipment or other facility used in the operation thereof; or (ii) the rent or income received from subtenants or licensees; or (iii) any use or occupancy of the Property and of any rights, obligations, easements and franchises as may now or hereafter be appurtenant, or appertain to the use thereof. Notwithstanding the foregoing, in the case of any special assessment levied upon the Property or any part thereof during the Term of this Lease, Tenant shall, unless the Property is exempt pursuant to Applicable Laws, be obligated to pay in full at the inception (or provide Landlord sufficient funds which, together with the accrual of investment yield thereon, shall be sufficient to pay to maturity all installments under) the amount of any such special assessment. Notwithstanding the foregoing, Tenant may contest the amount of Taxes and Assessments or seek a reduction in such amount. Landlord shall reasonably cooperate with any proceedings if necessary and allow Tenant to receive any refund in Taxes and Assessments by reason of such contest. If Landlord incurs attorneys' fees in connection with such cooperation, Tenant shall reimburse Landlord for those fees. Nothing in this Section shall limit Landlord's right to recover, as Additional Rent, Taxes and Assessments payable after the Termination Date. The provisions of this Section 7 shall survive the expiration or earlier termination of this Lease; provided, however, that nothing herein shall obligate Tenant to pay Taxes and Assessments which are both (i) imposed upon the Property subsequent to the termination of this Lease and (ii) applicable to a period or periods subsequent to the termination of this Lease.

B. Landlord shall promptly disclose to Tenant any and all applicable or pending taxes and assessments on the Property as of the date of this Lease, and shall, within thirty (30) days following receipt by Landlord of a notice with respect to any new levy, tax or assessment contemplated by Subsection 7A above, notify Tenant in writing of the same. In the event that any levy, tax or assessment for which Tenant may become liable under Subsection 7A above other than possessory interest taxes or taxes assessed on Tenant's tangible or personal property, trade fixtures, and any Tenant Improvements made by Tenant, which shall at any time exceed the sum of \$200,000 in anyone calendar year or \$2,000,000 in total over the term of this Lease, Tenant

shall have the right to terminate this Lease by giving Landlord eighteen (18) month's written notice of such termination; provided, that Landlord may, within thirty (30) days after receipt of such notice of termination from Tenant, elect to pay such levy, tax or assessment in excess of \$200,000 in anyone calendar year or \$2,000,000 in total over the Term of this Lease, in which event this Lease shall remain in full force and effect.

C. Tenant represents that it is a not-for-profit corporation and, at this time, is not by law assessed possessory interest or property taxes. In the event that the law is changed such that Tenant is assessed for possessory interest or property taxes which shall at any time exceed the sum of \$200,000 in anyone calendar year or \$2,000,000 in total over the term of this Lease and Tenant remains a not-for-profit corporation, then Tenant shall have the right to terminate this Lease by giving Landlord eighteen (18) month's written notice of such termination; provided, that Landlord may, within thirty (30) days after receipt of such notice of termination from Tenant, elect to pay such levy, tax or assessment in excess of \$200,000 in anyone calendar year or \$2,000,000 in total over the Term of this Lease, in which event this Lease shall remain in full force and effect.

D. In the event that Tenant or any sub-tenant operates as or becomes a for-profit corporation, Tenant and/or subtenants shall be liable for all taxes and assessments assessed on the Property throughout the term of the Lease and Tenant or subtenants shall not have the right to terminate this Lease in accordance with this Section. Tenant or subtenant shall be obligated to pay all taxes and assessments in accordance with Section 7A above.

8. INDEMNIFICATION AND INSURANCE

A. Tenant's Indemnification. From and after the Commencement Date, Tenant shall indemnify, reimburse, hold harmless, and defend Landlord, its officers, directors, members, employees, agents, invitees and contractors ("**Landlord Parties**") from and against any and all claims, causes of action, judgments, obligations or liabilities, and all reasonable expenses incurred in investigating or resisting the same (including reasonable attorneys' fees) ("**Claims**"), on account of, or arising out of, the operation, condition, use or occupancy of the Property and all areas appurtenant thereto by Tenant or its officers, directors, members, employees, agents, invitees and contractors (except for Landlord's gross negligence or willful misconduct). Tenant further agrees to indemnify, defend, and hold Landlord harmless against any loss, expense, damage, attorneys' fees or liability arising out of failure of Tenant to comply with any Applicable Law. This Lease is made on the express condition that Landlord shall not be liable for, or suffer loss by reason of, injury to person or property, from whatever cause (except for Landlord's gross negligence or willful misconduct), in any way connected with the condition, use or occupancy of the Property or Play Areas by Tenant or its officers, directors, members, employees, agents, invitees and contractors, specifically including, without limitation, any liability for injury to the person or property of the Tenant, Tenant's Agents, officers, employees, licensees and invitees.

B. Comprehensive General Liability Insurance. Tenant shall, at Tenant's expense, obtain and keep in force during the Term of this Lease a policy of comprehensive general liability insurance on an occurrence basis insuring Landlord and Tenant against claims and liabilities arising out of the operation, condition, use, or occupancy of the Property, including the Play Areas and the Parking Lot. Such insurance shall be in an amount of not less than **five**

million dollars (\$5,000,000) per occurrence for bodily injury or death and property damage and a **ten million dollar (\$10,000,000)** general aggregate limit. The policy shall include a products/completed operations aggregate limit in an amount not less than of **two million dollars (\$2,000,000)** and a personal and advertising injury limit in an amount of not less than **one million dollars (\$1,000,000)**. The insurance shall be with a carrier approved by Landlord, which approval shall not be unreasonably withheld. Prior to possession, Tenant shall deliver to Landlord a certificate of insurance evidencing the existence of the policy required hereunder and stating that such policy shall:

- (1) not be canceled or altered without thirty (30) days prior written notice to Landlord;
- (2) insure performance of the indemnity set forth in Subsection 8A above;
- (3) state the coverage is primary and any coverage by Landlord is in excess thereto;
- (4) contain a cross liability endorsement;
- (5) include a separate endorsement naming Landlord as an additional insured; and
- (6) waive all rights of subrogation against the Landlord.

At least thirty (30) days prior to the expiration of such certificate, and every such subsequent certificate, Tenant shall deliver to Landlord a new certificate of insurance consistent with all of the terms and conditions required in connection with the original certificate of insurance as described in this Section 8C.

C. Fire and Casualty Insurance.

(1) Landlord's Fire Insurance.

During the Term of this Lease, Landlord shall maintain at its cost a policy of standard fire and casualty insurance for the full replacement cost of the Buildings and improvements located on the Property. In the event of loss or damage to the Buildings or the Property, each of the parties hereto, and all persons claiming under each of the parties, shall look first to any insurance in its favor before making any claim against the other party, and to the extent possible without adding additional costs, each party shall obtain for each policy of such insurance provisions permitting waiver of any claim against the other party for loss or damage within the scope of the insurance and each party, to such extent permitted, for itself and its insurers, waives all such insurance claims against the other party. Any insurance carried by Landlord against such risks shall be primary insurance with respect to any insurance carried by Tenant. Landlord shall not insure against the loss of Tenant's Personalty. Landlord may, at its option, insure Tenant Improvements. .

D. Earthquake Insurance. At lease thirty (30) days prior to the Commencement Date and continuing throughout the Term of this Lease, earthquake insurance shall be maintained on the Property according to the following terms and conditions:

(1) Description of Insurance: The earthquake insurance to be carried shall be for the full replacement cost of the Property, and shall include loss of rental income coverage to Landlord in the minimum amount of two (2) years' Annual Rent for the Property payable hereunder. The initial policy limit shall be \$7,500,000, which includes replacement costs, code upgrades and \$1,420,000 in loss of rental income coverage; it being the intent of the parties that policy limits shall be raised from time to time during the Term of this Lease to account for (i) increases in Annual Rent for the Property, and (ii) increases in the estimated full replacement cost of the Property. The Landlord shall be an additional Named Insured on the policy and the policy shall name the Landlord as loss payee. Other terms and conditions of the coverage shall be as reasonably approved by Landlord and Tenant according to insurance industry custom and practice.

(2) Tenant to Secure Coverage: Tenant shall be responsible for obtaining and paying premiums for earthquake insurance both initially and on a renewal basis throughout the Term of this Lease. Coverage shall be obtained from insurance carriers which hold a current policy holder's alphabetic and financial size category rating of not less than AVII, according to the current Best's Key Rating Guide, unless otherwise mutually agreed to between the parties. In the event that Tenant is unable to obtain such coverage because it has become commercially unavailable, the parties agree that Tenant shall use all reasonable efforts to obtain such coverage as and when it again becomes commercially available.

(3) Reimbursement by Landlord: Within thirty (30) days following receipt of an invoice from Tenant evidencing the procuring of and payment made for the earthquake insurance, Landlord shall reimburse Tenant the sum of **Fifteen Thousand Dollars (\$15,000) per year towards the cost of such insurance; provided, that such sum shall be increased during the Term of this Lease in tandem with and in the same percentage as increases in Annual Rent to be paid by Tenant hereunder.**

(4) Deductible: The deductible applicable for insurance carried pursuant to this subsection shall be as reasonably approved by Landlord and Tenant from time to time, it being the intent of the parties to obtain the lowest possible deductible amount if such coverage is available at a cost considered commercially reasonable by the parties. The deductible for the initial policy to be obtained hereunder is seven and one-half percent (7.5%) of the total insurable values at risk at time of loss on a per building and per occurrence basis. Landlord and Tenant acknowledge that Landlord's responsibility for said deductible is subject to the limitations set forth in Section 12B.2(a).F.

E. Workers Compensation Insurance. During the Term of this Lease, Tenant shall comply with all provisions of law applicable to Tenant with respect to obtaining and maintaining workers compensation insurance. The policy shall be endorsed to waive all rights of subrogation against Landlord. Tenant shall provide Landlord with certificate of insurance.

F. Subtenant Insurance. During the Term of this Lease, Tenant shall require any subtenant of all or any portion of the Property to maintain in effect during the term of such sublease, insurance coverage equivalent to that required to be maintained by Tenant, however, Tenant and Landlord may, upon mutual agreement, reduce such insurance requirements depending upon subtenant's use.

G. Tenant's Property Insurance. Tenant acknowledges that any insurance to be maintained by Landlord on the Property pursuant to this Section 8 will not insure any of Tenant's property. Accordingly, Tenant shall at its own expense, maintain in full force and effect an insurance policy on all of its fixtures, equipment, improvements and personal property in, about, or on the Property. Said policy shall be for "All Risk" coverage insurance to the extent of at least ninety percent (90%) of the insurable value of Tenant's property.

H. Insurance Limits. It is the intent of the parties that policy limits set herein shall be raised from time to time during the Term of this Lease to account for (i) increases in rent for the Property, (ii) increases in the estimated full replacement cost of the Property, and (iii) increases in the general marketplace insurance limits for tenancies including, but not limited to, liability insurance coverage as defined herein or subtenancies consistent with the provisions of this lease.

I. Insurance Requirements. Unless otherwise agreed by the parties, all policies of insurance required under this Lease shall be issued by insurance companies admitted to do business in California with a general policy holder's rating of not less than "A" and a financial rating of not less than Class "VII", as rated in the most current available "Best's Key Rating guide".

J. Mutual Release. Each party hereby releases the other party, and its partners, officers, agents, employees, and servants, from any and all claims, demands, loss, expense or injury to the Premises or to the furnishings, fixtures, equipment, inventory or other personal property of either party in, about, or upon the Premises, which is caused by perils, events or happenings which are covered by the insurance required by this Lease or which are the subject of insurance carried by either party and in force at the time of such loss. Each party shall procure an appropriate clause in, or an endorsement to, all policies required by this Lease or any other insurance policy maintained by Tenant or Landlord, pursuant to which the insurance company or companies waive subrogation or consent to a waiver of a right of recovery against the other party.

9. UTILITIES

Landlord shall transfer to Tenant and Tenant shall accept and be solely responsible for directly paying (to each applicable utility) in Tenant's name, all water, gas, light, heat, power, electricity, telephone, security service, trash pick-up, sewage fees and all other services supplied to or consumed on the Property and all taxes and surcharges thereon.

10. MAINTENANCE, REPAIRS, PROPERTY LEASED "AS IS"

A. The Property shall be leased on an "as is" and "with all faults" basis, with no express or implied warranties whatsoever. The Tenant shall be solely responsible for any and all planning, design, permits, approvals, construction, utilities, taxes, costs and other

things of any nature required or convenient to permit the use of the Property contemplated by the Tenant, including, in connection therewith, compliance with the California Environmental Quality Act. Tenant, at its cost, shall maintain the Property in a good condition consistent with the condition of the Property existing at the time of delivery. Tenant acknowledges and accepts that the Property in "as is" condition. Tenant shall be responsible for performing all maintenance and repairs including those pertaining to all the structural elements of the buildings. Throughout the Term of this Lease Landlord shall have no maintenance or repair responsibilities for the Property. "Property" does not include field & black top → "Play Areas"

B. If Landlord is required to perform any maintenance even though Landlord has no maintenance or repair obligations, Tenant shall reimburse Landlord, as Additional Rent, within fifteen (15) days after receipt of billing, for the cost of such maintenance and repairs.

C. Except as expressly provided in Subsections A & B above, Tenant shall, at its cost, maintain and repair all parts of the Property including but not limited to structural walls, footings, floor slabs, foundations, roof, windows, skylights, doors and all door hardware, the walls and partitions, all surfaces including ceilings and the roof, the electrical, plumbing, lighting, heating and ventilating systems in a condition similar to that which exists at the Commencement Date. The term "maintain and repair" shall be defined as all maintenance and repairs required for Tenant to operate its school and any repair or improvement required by a governmental authority for Tenant to operate its school.

D. Landlord shall have no maintenance or repair obligations with respect to the Property, other than Landlord shall, at its cost, maintain the Play Areas in a condition at least the same as that existing as of the Commencement Date. Tenant hereby expressly waives the provisions of Subsection 1 of Section 1932 and Sections 1941 and 1942 of the Civil Code of California and all rights to make repairs at the expense of Landlord as provided in Section 1942 of said Civil Code. Landlord shall, at its cost, maintain and repair all parts of the Play Areas.

11. ALTERATIONS AND IMPROVEMENTS

A. Exempt Alterations. Provided such changes do not (1) exceed a total project cost of \$50,000 and (2) affect the structure or exterior appearance of the Property and all such work is done in compliance with Applicable Laws, Tenant from time to time at its expense and without Landlord's consent may maintain or repair the Buildings or Tenant Improvements, or install in or remove from the Buildings or Tenant Improvements fixtures, furniture, furnishings, equipment, supplies and other articles of movable personal property ("Personalty") as Tenant may consider beneficial to the operation of its business..

B. Tenant Improvements. Tenant may, at its sole cost and expense, construct or cause to be constructed on the Property or remove or cause to be removed from the Property those improvements including buildings, roadways, sidewalks, fences, playgrounds, parking areas, utilities, signs, monuments and landscaping Tenant deems beneficial to the operation of its business (collectively, "Tenant Improvements") subject to Applicable Laws and provided that Tenant has received Landlord's approval, in writing, all such Tenant Improvements.

C. Landlord Approval.

(1) For Tenant Improvements, Tenant shall submit to Landlord for its written approval such architectural plans and drawings for the proposed Tenant Improvements along with a schedule of completion ("**Tenant's Plans**"), which approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall evidence its approval by signing or initialing two (2) sets of Tenant's Plans. As a condition of approval, Landlord may require in writing at the time of approval (but not thereafter) that Tenant agree to remove certain Tenant Improvements and restore the Property to its original condition existing as of the Commencement Date, reasonable wear and tear excepted, upon the Termination Date, and/or provide Landlord with adequate security for such removal. If Landlord disapproves any aspect of the proposed Tenant's Plans (whether an initial submission or a revision), the disapproval and the reasons for the disapproval, including a statement of changes Landlord requires to grant approval, shall be delivered to Tenant. If Landlord fails to approve or disapprove Tenant's Plans (or any portion thereof) within forty-five (45) days after receipt, Landlord shall be deemed to have approved the Tenant's Plans (or any portion thereof), as submitted or resubmitted, as applicable; provided that, for Tenant's Plans delivered to Landlord after May 15 of any year, Landlord shall have sixty (60) days after receipt to provide its approval or disapproval of Tenant's Plans.

(2) After receiving Landlord's approval of the Tenant's Plans, Tenant shall obtain any and all required approvals for the Tenant Plan's from the County, the DSA, other governmental agencies, or their successors prior to the commencement of any work and deliver copies of such approvals to Landlord within 10 business days after Tenant's receipt of such approvals. Any changes required to be made to the Tenant's Plans as a condition of granting any required approval from the County, the Department of the State Architect ("**DSA**") or any other governmental agency shall not be deemed approved by Landlord and Tenant's Plans must be submitted for approval pursuant to C(1) of this Section.

(3) Not less than thirty (30) calendar days prior to commencing any Tenant Improvements on the Property, Tenant shall:

(a) Provide Landlord with information regarding the contractor's financial condition and evidence to Landlord's reasonable satisfaction that adequate funds to complete the Tenant Improvements are committed and available or that completion has been otherwise adequately assured. Such assurances may include, in Landlord's discretion, a completion bond or guarantee. No construction shall commence until Landlord has given Tenant written acceptance of such assurances.

(b) Provide Landlord written notice of the date the Tenant Improvements will commence so that Landlord may post such notices of non-responsibility with respect thereto as Landlord may deem appropriate.

(c) Provide Landlord with sufficient evidence that it has obtained all required approvals and permits for the Tenant Improvements and that Tenant or Tenant's contractor(s) has in effect, with premiums paid,

commercially reasonable casualty and liability insurance (including builder's risk) coverage and workers compensation.

(4) Upon commencement of construction of any Tenant Improvements, Tenant shall cause the work to be diligently pursued to completion in accordance with the schedule for completion approved by Landlord.

(5) Within ninety (90) days after completion of construction of Tenant Improvements on the Property, Tenant shall deliver to Landlord two (2) full and complete sets of as-built plans for the work so completed.

D. Construction of Tenant Improvements

(1) All work on Tenant Improvements shall be performed in a sound and workmanlike manner, in compliance with the Applicable Laws, in conformance with the Tenant's Plans, or any modifications thereto which have been approved in writing by Landlord if required pursuant to subsection C and, if required, approved by the County and the DSA. If a Tenant Improvement requires the use of DSA approved Inspector services, Tenant shall either pay directly or reimburse Landlord for the costs related to said services.

(2) Landlord or Landlord's agent shall have a right during the period that Tenant Improvements are being constructed on the Property to enter the to inspect the work provided that such entries and inspections do not unreasonably interfere with the progress of the construction or Tenant's business. Tenant shall require its contractors who construct Tenant Improvements on the Property to reasonably cooperate with Landlord or its agent in such inspections. In connection with any entry by Landlord or Landlord's agent pursuant to this subsection, Landlord covenants and agrees to defend (by counsel reasonably acceptable to Tenant), indemnify, and hold harmless Tenant and its officers, directors, and employees, from and against any and all damage, loss, liability or expense, including, without limitation, reasonable attorneys' fees and costs, which arises as a result of damage to property or injury to persons caused by the negligence or willful misconduct of Landlord or its agent.

(3) Landlord shall cooperate with Tenant by executing and recording all such applications, including building, zoning and use permit applications, necessary for the operation of Tenant's business on the Property as may be reasonably required to complete Tenant Improvements, however, no costs shall accrue to or be borne by Landlord.

(4) Upon completion, all Tenant Improvements shall become part of the Property and shall, upon the Termination Date, become Landlord's property unless otherwise required in writing by Landlord as a condition of approval at the time of Landlord's approval pursuant to subsection C above.

E. Landlord will reasonably cooperate with Tenant in governmental agency approvals, consents and permits for Tenant Improvements approved by the Landlord, and will execute all papers and documents proper or reasonably necessary in connection with governmental agency approvals, consents and permits provided Tenant reimburses Landlord for any documented cost in connection therewith.

12. CASUALTY DAMAGE

A. In the event that a material portion of the Property is destroyed by an uninsured peril or significantly damaged by an uninsured peril, Landlord or Tenant may, upon written notice to the other, given within sixty (60) days after the occurrence of such damage or destruction, elect to terminate this Lease; provided, however, that either party may, within sixty (60) days after receipt of such notice, elect to make the required repairs and/or restoration at such party's sole cost and expense, in which event this Lease shall remain in full force and effect, and the party having made such election to restore or repair shall thereafter diligently proceed with such repairs and/or restoration. In the event this Lease is terminated pursuant to the terms of this Subsection, the surrender of the Property shall be in accordance with Section 29.

B. In the event the Property is damaged by any insured peril or destroyed by any insured peril, the following provisions shall apply:

(1) Insured Peril Other Than Earthquake: Unless prohibited by state or local regulatory authorities, in the event the Property is damaged or destroyed from any insured peril other than earthquake, Landlord may, in its sole discretion, promptly rebuild or restore, at Landlord's expense, the Property to its condition prior to the damage or destruction, in which event this Lease shall remain in full force and effect in accordance with Subsection C. If Landlord elects not to rebuild or restore the Property, Landlord may grant permission to Tenant to rebuild or restore the Property, subject to Landlord's oversight and approval as set forth in Section 11. During the restoration period:

(a) Tenant shall have the right to occupy that portion of the Property not affected by the insured peril;

(b) Tenant may, with Landlord's reasonable approval as to placement locations, procure and install temporary portable classrooms on the Property, at Tenant's sole cost, in order to minimize disruption to Tenant's educational programs, subject to Tenant obtaining approval from the County for such portable classrooms. Landlord shall cooperate with and reasonably assist Tenant in obtaining such approval, if necessary, with Tenant paying all out of pocket expenses, including attorneys' fees, of Landlord associated with such cooperation and assistance. Tenant agrees to remove such portable classrooms within sixty (60) days after completion of the restoration work, unless otherwise agreed to between the parties and the County.

(c) Rent payable by Tenant to Landlord hereunder shall be abated in accordance with Subsection E.

(2) Insured Peril – Earthquake: Unless prohibited by state or local regulatory authorities, in the event the Property is damaged or destroyed from an earthquake, Landlord may, in its sole discretion, promptly rebuild or restore the Property to its condition prior to the damage or destruction, in which event this Lease shall remain in full force and effect in accordance with Subsection E, subject to the following provisions:

(a) Landlord's obligation to rebuild or restore shall be limited to the amount of earthquake insurance proceeds and applicable deductible amount designated for

reconstruction excepting that portion of the insurance proceeds applicable to Landlord for rent recovery resulting from the rental income loss provisions applicable under the earthquake insurance policy. If Landlord elects to rebuild or restore the Property, Tenant shall pay to Landlord all insurance proceeds received in connection with the insurance obtained pursuant to 8-D. Landlord shall be responsible for the payment of any deductible under the applicable earthquake insurance policy, up to an amount not to exceed the sum of \$200,000. Tenant shall be responsible for the payment of deductible amounts over \$200,000 under the applicable earthquake insurance policy.

(b) Tenant shall have the right to make claims for extraordinary expenses or tuition losses, if any, which are available under the earthquake insurance policy; provided, that Tenant shall not recover under this provision unless Landlord has fully recovered its rent losses and replacement costs of the Property (other than deductible amounts).

(c) During the restoration period:

i. Tenant shall have the right to occupy that portion of the Property not affected by the insured peril;

ii. Tenant may, with Landlord's reasonable approval as to placement locations, procure and install temporary portable classrooms on the Property, at Tenant's sole cost, in order to minimize disruption to Tenant's educational programs, subject to Tenant obtaining all necessary approvals, including but not limited to approvals from the County of San Mateo, for such portable classrooms. Landlord shall cooperate with and reasonably assist Tenant in obtaining such approvals, if necessary, with Tenant paying all out of pocket expenses, including attorneys' fees, of Landlord associated with such cooperation and assistance. Tenant agrees to remove such portable classrooms within sixty (60) days after completion of the restoration work, unless otherwise agreed.

iii. Rent payable by Tenant to Landlord hereunder shall be abated in the same manner as the pro rata equitable reduction set forth in 13 (Condemnation) B. Landlord shall be entitled to recover rent losses incurred as a result from the rental income loss provisions applicable under the earthquake insurance policy.

C. In the event that, pursuant to the foregoing provisions, Landlord is to rebuild or restore the Property, Landlord shall, within sixty (60) days after the occurrence of such damage or destruction, provide Tenant with written notice of the time required for such repair or restoration. The period of time for Landlord to complete the repair or restoration shall be extended for delays caused by the fault or neglect of Tenant or because of acts of God, labor disputes, strikes, fires, freight embargoes, rainy or stormy weather, inability to obtain materials, suppliers or fuels, acts of contractors or subcontractors, or delays of contractors or subcontractors due to such causes or other contingencies beyond the control of Landlord. Landlord's obligation

to repair or restore the Property shall not include restoration of Tenant's trade fixtures, equipment, merchandise, or any improvements, alterations, or additions made by Tenant to the Property.

D. If Landlord does not exercise its right to rebuild or restore the Property and Tenant does not rebuild or restore the Property pursuant to this Section, Tenant may terminate the Lease and surrender the Property in accordance with Section 29.

E. Unless this Lease is terminated pursuant to this Section, this Lease shall remain in full force and effect; provided, however, that during any period of repairs or restoration, rent and all other amounts to be paid by Tenant shall be abated in the same manner as the pro rata equitable reduction set forth in 13 (Condemnation) B.

F. Landlord shall not be obligated to provide alternative space or pay for the renting of any alternative space for Tenant in the event the Property becomes uninhabitable.

13. CONDEMNATION

A. In the event greater than 30% of the useable space in the Buildings shall be taken under any condemnation or eminent domain proceedings, or all reasonable access to the Buildings shall be prevented for a period of time exceeding 90 days by such proceedings, at any time after the Commencement Date and continuing during the Term or are purchased in lieu thereof (collectively a "Taking"), Tenant may, in Tenant's sole discretion, terminate this Lease. Tenant may terminate this Lease by giving Landlord sixty (60) days written notice to such effect, and this Lease shall terminate and be of no further force and effect upon said date. The notice that may be given by Tenant herein to cancel and terminate this Lease shall be given no later than thirty (30) days after the vesting of title in the applicable governmental body, or if immediate possession has been granted to such governmental body, no later than thirty (30) days after actual possession has been taken by such governmental body.

B. Unless Tenant makes the election to terminate the Lease as provided in 13A above, this Lease shall remain in full force and effect as to such remaining portion, except that from and after the date upon which Tenant shall be required to surrender possession of the portion of the Property lost to a Taking, Tenant shall be entitled to a pro rata equitable reduction in the Annual Rent and Additional Rent to be paid hereunder based upon the number of square feet of useable space in the Buildings taken to the number of square feet of land within the useable space in the Buildings prior to the Taking.

C. All compensation or damages awarded or paid for any Taking hereunder shall belong to and be the sole property of Landlord whether such compensation or damages are awarded or paid as compensation for diminution in value of the leasehold, the fee or otherwise. Tenant may make a separate claim against the condemning authority (but not against Landlord) for Tenant's moving and relocation costs, the interruption of or damage to Tenant's business, and Tenant's improvements pertaining to the Property or damage to Tenant's Personalty.

D. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant shall assist and cooperate with each other in such condemnation or eminent domain proceedings.

Neither Landlord nor Tenant will be responsible for the litigation costs or the attorneys' fees of the other in connection with any such proceeding.

E. Notwithstanding anything to the contrary in this Section, if a Taking occurs with respect to the Property for a period of time not in excess of 90 consecutive days, this Lease shall remain in full force and effect, and Tenant shall continue to pay the Monthly Rent. In the event of such a temporary Taking, Tenant shall be entitled to receive that portion of any compensation for the use or occupancy of the Property during the Term up to the total Rent owed by the Tenant for the period of the temporary Taking.

F. Except as provided above, the Lease will not terminate as a result of a Taking and the parties.

G. Tenant and Landlord intend that the provisions of this Section govern fully in the event of a taking and accordingly the Tenant and Landlord hereby waive any right to terminate this Lease in whole or in part under Sections 1265.010 through 1265.160 of the California Code of Civil Procedure or under any similar law now or hereafter in effect.

14. DEFAULT

A. Events of Default. A breach of this Lease shall exist if any of the following events (hereinafter referred to as "Event of Default") shall occur:

(1) Default in the payment when due of any installment of Monthly Rent or other payment required to be made by Tenant hereunder, and such default shall not have been cured within ten (10) days after written notice from Landlord;

(2) Tenant's failure to perform any other term, covenant or condition contained in this Lease and such failure shall have continued for thirty (30) days after written notice of such failure is given to Tenant unless such default is of such a nature that it cannot be cured within such thirty (30) day period, Tenant shall have a reasonable time beyond such thirty day period, not to exceed ninety (90) days unless otherwise agreed in writing between the Parties, to cure such default;

(3) The sequestration of, attachment of, or levy on, any substantial part of the property of Tenant or on any property essential to the conduct of Tenant's business, shall have occurred and Tenant shall have failed to obtain a return or release of such property within thirty (30) days thereafter, or prior to sale pursuant to such sequestration, attachment or levy, whichever is earlier;

(4) Tenant or any guarantor of Tenant's obligations hereunder shall generally not pay its debts as they become due or Tenant admits in writing its inability to pay its debts, or Tenant or any such guarantor shall take any corporate action to authorize any of the actions set forth in this paragraph;

(5) A court of competent jurisdiction enters an order, judgment or decree appointing a receiver of Tenant or of the whole or any substantial part of the Property and such

order, judgment or decree shall not be vacated, set aside or stayed within thirty (30) days after the date of entry of such order, judgment, or decree, or a stay thereof shall be thereafter set aside.

(6) A court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Tenant under any bankruptcy, insolvency, reorganization, dissolution or liquidation law or statute of the federal or state government and such order, judgment or decree (i) shall not be vacated, set aside or stayed within thirty (30) business days after the date of entry of such order, judgment, or decree, or a stay thereof shall be thereafter set aside.

B. Landlord's Remedies. Upon any Event of Default, Landlord shall have the following remedies, in addition to all other rights and remedies provided by law, to which Landlord may resort cumulatively, or in the alternative:

(1) Termination. The right to terminate this Lease at Landlord's option by giving Tenant written notice of termination in which event Tenant shall immediately surrender possession of the Property in accordance with Section 29 and Landlord may re-enter and take possession of the Property and all the remaining Tenant Improvements or property and eject Tenant or any of Tenant's subtenants, assignees or other person or persons claiming any right under or through Tenant or eject some and not others or eject none. This Lease may also be terminated by a judgment specifically providing for termination. Any termination under this subsection shall not release Tenant from the payment of any sum then due Landlord or from any claim for damages or rent previously accrued or then accruing against Tenant. In no event shall any one or more of the following actions by Landlord constitute a termination of this Lease:

- a) maintenance and preservation of the Property;
- b) efforts to relet the Property;
- c) appointment of a receiver in order to protect Landlord's interest hereunder;
- d) consent to any subletting of the Property or assignment of this Lease by Tenant, whether pursuant to provisions hereof concerning subletting and assignment or otherwise; or,
- e) any other action by Landlord or Landlord's agents intended to mitigate the adverse effects from any breach of this Lease by Tenant.

(2) Recovery of Rent. In the Event of a Default in the payment of money Landlord shall be entitled to keep this Lease in full force and effect (whether or not Tenant shall have abandoned the Property) for the full length of the Lease and to enforce all of its rights and remedies under this Lease, including the right to recover rent and other sums as they become due, plus interest at Bank of America's reference rate plus three (3) percent per annum from the due date of each installment of rent or other sum until paid.

(3) Damages. In the event this Lease is terminated as a result of an Event of Default, Landlord shall be entitled to damages in the following sums:

- a) the worth at the time of award of the unpaid rent which has been earned at the time of termination; plus,
- b) 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 Tenant proves could have been reasonably avoided; plus,
- c) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and,
- d) any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform Tenant's obligation under this Lease, or which in the ordinary course of things would be likely to result there from including, without limitation, the following: (i) expenses for cleaning, repairing or restoring the Property; (ii) real estate broker's fees, reasonable advertising costs and other expenses of reletting the Property; (iii) costs of carrying the Property and insurance premiums thereon, utilities and security precautions; (iv) expenses in retaking possession of the Property; (v) reasonable attorneys' fees and court costs; and, (vi) any unamortized real estate brokerage commission paid in connection with this Lease;
- e) the "worth at the time of award" of the amounts referred to in subsections (a) and (b) above, is computed by allowing interest at Bank of America's reference rate plus three (3) percent per annum. The "worth at the time of award" of the amounts referred to in subsection (c) above is computed by discounting such amount at the discount rate of the Federal Reserve Board of San Francisco at the time of award plus one percent (1%). The term "rent" as used in this Section shall include all sums required to be paid by Tenant to Landlord pursuant to the terms of this Lease.

15. DISPUTE RESOLUTION

The parties hereto expressly agree that, with regard to any unresolved dispute arising hereunder or having to do with the performance of either party hereto, including any and all alleged events of default (whether or not defined herein), such dispute shall be resolved as follows:

(a) Written notice of the dispute shall be given by the party claiming to be harmed by such dispute to the party alleged to be at fault.

(b) Both parties, either personally or through representatives, shall then attempt to agree upon a professional mediator to be retained to conduct a mediation conference. If the parties cannot agree on the retention of a specific mediator within 30 days of the receipt of written notice of the dispute, then the Parties shall request the Superior Court of the County of San Mateo to appoint a mediator with experience in real estate.

(c) In the event that a settlement is not effected through the mediation process within 90 days after the appointment of, or agreement to, a mediator then either party can initiate a judicial action in the Superior Court of San Mateo County:

(d) The dispute resolution process, or processes, established herein, shall, unless the Parties agree otherwise, shall take place in San Mateo County, California.

(e) This Section shall not prohibit the Parties from filing a judicial action to enable the recording of a notice of pending action for order of attachment, receivership, injunction, or other provisional remedy.

16. MECHANICS LIEN

Tenant shall: (i) pay for all labor and services performed for, materials used by or furnished to Tenant of any contractor employed by Tenant with respect to the Property; and, (ii) indemnify, defend and hold Landlord and the Property harmless and free from the perfection of any liens, claims, demands, encumbrances or judgments created or suffered by reason of any labor or services performed for, materials, used by or furnished to Tenant or any contractor employed by Tenant with respect to the Property; and, (iii) give notice to Landlord in writing fifteen (15) days prior to employing any laborer or contractor to perform services related to, or receiving materials for the use upon the Property; and, (iv) permit Landlord to post a notice of nonresponsibility in accordance with the statutory requirements of California Civil Code Section 3094 or any amendment thereof. In the event Tenant is required to post an improvement bond with a public agency in connection with the above, Tenant agrees to include Landlord as an additional obligee. In the event that any mechanic's or materialman's lien is recorded against the Property, Tenant shall, within ten (10) business days after written demand by Landlord, cause such lien to be released or post a sufficient bond to cause the release of such lien in accordance with Applicable Laws.

17. INSPECTION OF PROPERTY

Tenant agrees to provide Landlord with a set of keys and access codes to be used in the event of an emergency. Landlord and its agents can enter the Property at any reasonable time for the purpose of inspecting the Property or posting a notice of nonresponsibility for alterations, additions, or repairs provided that Landlord shall not have the right to access confidential student and employee records. In addition to the right granted to Landlord under Section 11 to inspect Tenant Improvements under construction on the Property, Landlord and its authorized agents and representatives shall have the right throughout the Term of this Lease, and any extensions thereof, to enter the Property at all reasonable times for the purpose of inspecting the same or of

exhibiting the same to prospective tenants, purchasers or mortgagees, and at any time within three (3) years prior to the expiration of the Term of this Lease, for the purpose of showing the same to prospective tenants, purchasers, bidders or mortgagees and to place upon the Property, ordinary "For Lease" or "For Sale" signs, provided said signs shall not suggest the Tenant's business is for sale.

18. HOLDING OVER

Should Tenant hold over in possession after the expiration of the original Term or any extended term of this Lease, such holding over shall not be deemed to extend the Term or renew the Lease, but the tenancy thereafter shall continue upon the covenants and conditions herein set forth at 150% (one hundred fifty percent) of the monthly rental (Holding Over Rent) of the last expiring term unless a different rental amount is mutually agreed to by the Tenant and Landlord.

19. NOTICES

Any notices which either of the parties hereto is required or may desire to send or deliver to give to the other party, shall be mailed, certified mail, return receipt requested, postage prepaid, or delivered, with all charges prepaid, to such other party at the address listed below, or to such address as either party may designate to the other from time to time in writing.

Landlord: Superintendent
Las Lomas School District
1011 Altschul Avenue
Menlo Park, CA 94025

Tenant: Head of School
Woodland School
360 La Cuesta Drive
Portola Valley, CA 94028

The date of service of any such notice mailed as aforesaid, shall be deemed to be five (5) days after the date of such mailing, and the date of service of any such notice hand delivered, as aforesaid, shall be deemed to be one (1) day after delivery thereof to the delivery service office. Landlord may provide notice via electronic mail to the Head of School of Tenant for the purposes of the notice required by Section 11 and Section 17.

20. ATTORNEYS' FEES

In the event either party shall bring any action or legal proceeding for damages for any alleged breach of any provision of this Lease, to recover rent or possession of the Property, to terminate this Lease, or to enforce, protect or establish any term or covenant of this Lease or

right or remedy of either party, each party shall be responsible for its own attorneys' fees and court costs, including attorneys' fees and costs for appeal.

21. ASSIGNMENT

The Tenant may not assign this Lease without Landlord's written consent. Notwithstanding the foregoing, Tenant without the consent of Landlord, may sublet the Property or assign this Lease (1) to a parent corporation, subsidiary corporation, or affiliate of Tenant as herein defined; (2) to any partnership, limited liability company, or joint venture, the majority or controlling interest of which is owned by Tenant or any parent, subsidiary, or affiliate corporation of Tenant, provided, however, upon request by Landlord, with respect to any such assignment, such corporation or other entity shall assume and agree in a writing delivered to Landlord to perform the covenants of Tenant contained in this Lease (collectively "Permitted Transfers"). The terms "parent," "subsidiary," or "affiliate corporation" refer to any parent, subsidiary, or affiliate corporation of the Tenant, provided such parent, subsidiary, or affiliate corporation controls or is controlled by Tenant or by persons or entities controlling or controlled by Tenant. The term "control" refers to ownership of at least a majority of the voting stock or voting rights of the corporation or entity controlled.

22. LANDLORD TRANSFERS

Tenant agrees that the Landlord may assign any interest in this Lease, as required or desired at any time. If Landlord's interest in the Property is sold or conveyed, other than pursuant to a mortgage or transfer for security purposes only, Landlord will be relieved of all obligations and liabilities accruing on the part of Landlord after the date the sale is consummated if the following conditions are satisfied at the date the sale is consummated: (1) all obligations of Landlord under the Lease must be expressly assumed in writing by Landlord's successor in interest; and (2) any funds in the hands of Landlord at the time of transfer in which Tenant has an interest must be delivered to the successor of Landlord. Tenant agrees to attorn to the purchaser or assignee, if all of Landlord's obligations under this Lease arising after the effective date of the transfer are assumed in writing by the transferee. Notwithstanding the above, no change in ownership of the Property or assignment of this Lease by Landlord or of the rental provided for herein shall be binding upon Tenant for any purpose whatever until, Tenant has been furnished with written notice thereof by Landlord.

23. SUCCESSORS

This Lease contains all of the covenants, agreements, representations and provisions thereof and shall inure to the benefit of and be binding upon the respective heirs, legal representatives, executors, administrators, successors and assigns of the parties hereto, except as otherwise set forth in this Lease.

24. SURRENDER OF LEASE NOT MERGER

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subleases or subtenants, or operate as an assignment to Landlord of any or all such subleases or subtenants.

25. WAIVER

The waiver of Landlord or Tenant of any breach of any term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained.

26. GENERAL

A. The captions and section headings used in this Lease are for the purposes of convenience only. They shall not be construed to limit or extend the meaning of any part of this Lease.

B. Time is of the essence for the performance of each term, covenant and condition of this Lease.

C. In case any one or more of the provisions contained herein, except for the payment of rent, shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein. This Lease shall be construed and enforced in accordance with the laws of the State of California.

D. If Tenant is more than one person or entity, each such person or entity shall be jointly and severally liable for the obligations of Tenant hereunder.

27. SIGNS

Subject to Tenant receiving all required government permits and approvals and complying with all Applicable Laws, Tenant shall at Tenant's cost have the right and entitlement to place Tenant's signs on the exterior walls of the Buildings as well as other interior and exterior signage as Tenant may desire on the Property, and otherwise to advertise its services, provided Tenant obtains the approval and consent of Landlord, such approval and consent not to be unreasonably withheld. In connection with the placement of such signs, Landlord agrees to cooperate with Tenant in obtaining any governmental permits which may be necessary. Throughout the Term of this Lease Tenant shall, at its sole cost and expense, maintain the signage and all appurtenances in good condition and repair. At the termination of this Lease, Tenant shall remove any sign which it has placed on the Buildings, Tenant Improvements or Property, and shall repair any damage caused by the installation or removal of such sign.

28. INTEREST ON PAST DUE OBLIGATIONS

Except as otherwise provided herein, any amount due to Landlord not paid when due shall bear interest at the Bank of America reference rate plus three percent (3%) per annum commencing thirty (30) days after the due date, but not to exceed the maximum rate permitted by law. Payment of such interest shall be in addition to any late charges owing pursuant to Section 3C and shall not excuse or cure any default by Tenant under this Lease.

29. SURRENDER OF THE PROPERTY

On the Termination Date, Tenant shall surrender to Landlord the Property and any then existing Tenant Improvements not otherwise required by Landlord to be removed in accordance with Section 11C, in good order, condition and repair, reasonable wear and tear, casualty and condemnation excepted, free and clear of all liens, claims and encumbrances not in existence as of the Commencement Date. Said condition shall be similar to that existing as of the Commencement Date excepting normal ordinary wear and tear and damage by casualty or condemnation. This Lease shall operate as a conveyance and assignment thereof. Tenant shall remove from the Property all of Tenant's Personalty and any Tenant Improvements made by Tenant which Tenant and Landlord previously agreed, pursuant to Section 11C, would be removed by Tenant. All property not so removed shall be deemed abandoned by Tenant. If the Property is not so surrendered at the termination of this Lease, Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in so surrendering the Property including without limitation, any claims made by any succeeding Tenant or losses to Landlord due to lost opportunities to Lease to succeeding Tenants.

30. LANDLORD'S COVENANTS

The Landlord covenants, warrants and represents that it has full right and power to execute and perform this Lease and to grant the estate demised herein and covenants that Tenant on paying rent as herein provided and performing the covenants hereof shall peaceably and quietly have, hold and enjoy the demised Property and all right, easements, appurtenances and privileges belonging or in any way appertaining thereto, during the Term of this Lease and any extension or renewal thereof. Landlord further covenants, warrants and represents that (i) Landlord has a fee simple estate in the Property, subject to the interest held by the State of California; (ii) each individual executing this Lease is duly authorized to execute and deliver this Lease on behalf of Landlord and bind Landlord to the terms of this Lease; (iii) this Lease is binding on Landlord in accordance with its terms; and (iv) Landlord has no actual knowledge of (a) enacted, pending or proposed condemnation proceedings or other governmental action with respect to the Property or (b) pending or threatened litigation concerning the Property. Landlord further covenants, warrants and represents that no additional liens, conditions, covenants, restrictions, rights of way, regulations or other title exceptions other than those that appear and are specified in **Exhibit E** hereto ("**Permitted Exceptions**") shall be recorded against the Property by Landlord prior to the Commencement Date absent the consent of Tenant not to be unreasonably withheld.

31. HAZARDOUS SUBSTANCES

Landlord and Tenant agree as follows with respect to the existence or use of Hazardous Materials on the Property including any Tenant Improvements made by Tenant.

A. Definition. As used herein, the term "**Hazardous Materials**" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government and includes, without limitation, petroleum products, asbestos, PCB's, and any material or substance which is

(i) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 1 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ii) defined as a "hazardous waste" pursuant to Section (14) of the federal Resource Conservation and Recovery Act, 42 U.S.C. 6901 et. seq. (42 U.S.C. 6903), or (iii) defined as a "hazardous substance" pursuant to Section 10 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et. seq. (42 U.S.C. 9601). As used herein, the term "**Hazardous Materials Laws**" shall mean any statute, law, ordinance, or regulation of any governmental body or agency (including the U.S. Environmental Protection Agency, the California Regional Water Quality Control Board, and the California Department of Health Services) which regulates the use, storage, release or disposal of any Hazardous Material. Landlord has no actual knowledge of Hazardous Materials located in, on or under the Property, except as referenced in Section 31.

B. Hazardous Materials: Compliance with Laws. Tenant acknowledges that with respect to environmental matters, Tenant is accepting the Property on an "as is" basis, and with respect to such matters Tenant agrees that Tenant has concluded that the Property is satisfactory for Tenant's use. Tenant has been afforded the opportunity under previous lease agreements and under the Option to Lease Agreement to access the Property for the purpose of conducting tests, engineering studies, to satisfy itself of the condition of the Property with respect to Hazardous Materials. Tenant shall not cause or permit any Hazardous Material to be generated, brought onto, used, stored, or disposed of in or about the Property and any Tenant Improvements by Tenant or Tenant's Agents, employees, contractors, subtenants, or invitees, except for common household or office substances such as adhesives, lubricants, and cleaning fluids and other common science classroom substances in order to conduct their business on the Property and any Tenant Improvements, provided such chemicals are properly disposed of in accordance Hazardous Materials Laws. It shall be the duty of Tenant to insure that the Property and any Tenant Improvements are at all times in strict compliance with all Hazardous Materials Laws and that all activities conducted in or about the Property and Tenant Improvements comply in every respect with all applicable Hazardous Materials Laws including, but not limited to, all notification, record keeping, and maintenance requirements of such Laws. During the Term of the Lease, any handling, transportation, storage, treatment, disposal or use of Hazardous Materials in or about the Property and any Tenant Improvements by any person or entity, other than Landlord or any party under Landlord's control, shall be the responsibility of Tenant during the Term and shall strictly comply with all applicable Hazardous Materials Laws and the provisions of this Lease.

C. Remediation. If the presence of Hazardous Materials on the Property and any Tenant Improvements results in contamination or deterioration of water or soil resulting in a level of contamination greater than the levels established as acceptable by any governmental agency having jurisdiction over such contamination, then Tenant shall, at its sole cost and expense, promptly take any and all action necessary to investigate and remediate such contamination if required by Applicable Laws or as a condition to the issuance or continuing effectiveness of any governmental approval which relates to the use of the Property and any Tenant Improvements or any part thereof. Notwithstanding the foregoing Tenant shall not be responsible for remediating any Hazardous Materials that were carried onto the Property or otherwise disposed of on or under the Property by any party other than Tenant, Tenant's Agents or a party under Tenant's control. In the event any Hazardous Materials are placed in, on or under the Property by Landlord or any party under Landlord's control, Landlord will be solely

responsible for remediating said Hazardous Materials in accordance with Hazardous Materials Laws.

D. Cooperation. Tenant's obligation to investigate or remediate any Hazardous Materials on or under the Property shall be conditioned on Landlord reasonably cooperating with Tenant to allow such to occur, including without limitation, Landlord's executing any documents, applications, or instruments that need to be signed by the owner of the Property to allow Tenant to so remediate, and allowing Tenant to file suit, including, if necessary, in Landlord's name, to recover such remediation and/or clean up costs from the party or parties responsible for any such contamination. Landlord hereby assigns to Tenant any and all causes of actions, claims, and/or rights to recover damages which may arise as a result of the existence of any Hazardous Materials on or under the Property for which Tenant is required to remediate hereunder, except to the extent that the same was caused by Tenant, Tenant's Agents or any party under Tenant's control.

E. Indemnification. Tenant shall indemnify, defend upon demand with counsel reasonably acceptable to Landlord, and hold harmless Landlord from and against any liabilities, losses, claims, damages, lost profits, consequential damages, interest, penalties, fines, monetary sanctions, reasonable attorneys' fees, experts fees, court costs, remediation costs, investigation costs, and other expenses which result from or arise in any manner whatsoever out of Tenant's use, storage, treatment, remediation, transportation, release, or disposal of Hazardous Materials carried onto the Property by Tenant, Tenant's Agents or parties under Tenant's control.

F. Notice. Landlord and Tenant shall each give written notice to the other as soon as reasonably practicable of (i) any communication received from any governmental authority concerning Hazardous Materials which relates to the Property and any Tenant Improvements, and (ii) any contamination of the Property and any Tenant Improvements by Hazardous Materials which constitutes a violation of any Hazardous Materials Law. Tenant and subtenants may use of common household chemicals such as adhesives, lubricants, and cleaning fluids and other common science classroom chemicals in order to conduct their business on the Property and any Tenant Improvements, provided such chemicals are properly disposed of in accordance Hazardous Materials Laws. Tenant and subtenants may also use other Hazardous Materials as are necessary for the operation of their respective business of which Landlord receives prior notice and to which Landlord consents in writing may be brought onto the Property and any Tenant Improvements. As a condition to its consent, Landlord may require from Tenant or any subtenant additional security and/or indemnification against potential claims or losses resulting from the presence or use of such Hazardous Materials at or on the Property and any Tenant Improvements. At any time during the Term, Tenant shall, within thirty (30) days after written request therefore received from Landlord, disclose in writing all Hazardous Materials that are being used by Tenant or subtenants on the Property and any Tenant Improvements, the nature of such use, and the manner of storage and disposal.

G. Monitoring Wells. In the event that a governmental agency or Landlord has reason to believe that Hazardous Materials may be present on the Property and any Tenant Improvements, Landlord may require that, at Tenant's expense, testing wells be installed on the Property and any Tenant Improvements, at locations determined by Landlord and Tenant, and may cause the ground water to be tested to detect the presence of Hazardous Materials by the use

of such tests as are then customarily used for such purposes. Tenant shall comply promptly with any such request.

H. Survival. The obligations of Tenant under this Section shall survive the expiration or earlier termination of this Lease. The rights and obligations of Landlord and Tenant with respect to issues relating to Hazardous Materials are exclusively established by this Section. In the event of any inconsistency between any part of this Lease and this Section, the terms of this Section shall control.

32. CODE COMPLIANCE

During the Term of this Lease, Tenant, at its sole cost and expense, shall promptly comply with all Applicable Laws. In the event the County, or any other public agency with jurisdiction over the health and safety of the Property, requires testing of the Property, the Tenant shall reasonably cooperate to permit such testing to take place.

33. ASBESTOS AND LEAD PAINT

Landlord represents that the Ladera School facility contains both asbestos and lead paint substances. Tenant acknowledges receipt of the asbestos report dated May 14, 2010 and June 22, 2011 for the Ladera School site. Landlord shall not be responsible for future mitigation, if any, as required by Applicable Laws regarding requirements relating to asbestos and/or lead paint in the Buildings.

34. SUBLEASING

A. Provided Tenant is not then in default under this Lease, Tenant shall have the right, at any time during the Term, with the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed, to sublet all or any portion of the Property, provided that: (a) each such sublease shall be subject to each and all of the covenants, conditions, restrictions and provisions of this Lease, including the early termination clauses (b) Landlord shall have no obligation to accept the attornment of any subtenant except upon termination of this Lease, (c) without Landlord's approval, Tenant shall not accept more than one month's rent from any subtenant, (d) no sublease shall extend beyond the Term of this Lease without Landlord's express consent thereto which may be withheld in Landlord's sole and absolute discretion, (e) a full, true, and complete copy of every sublease and of all amendments or modifications thereto shall be delivered to Landlord not later than ten (10) days after the execution thereof by the parties thereto, and (f) Landlord shall be entitled to participate in Sublet Revenues as provided herein below, as appropriate.

B. Regardless of Landlord's consent, no subletting shall release Tenant of Tenant's obligation or alter the primary liability of Tenant to pay the Rent and to perform all other obligations to be performed by Tenant under the Lease. The acceptance of any rent by Landlord from any person or entity other than Tenant shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one sublease shall not be deemed consent to any subsequent assignment or sublease. In the event of default by any subtenant of Tenant or any subtenant of

any successor of Tenant, in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said subtenant.

C. Landlord's Participation of Sublet Revenues. Tenant shall pay to Landlord an amount ("**Sublet Rent**") equal to fifty percent of all Sublet Revenue, as hereinafter defined, in excess of the Sublet Revenue Base, as hereinafter defined, for each sublet space on the Property. Sublet Rent shall be computed and paid as follows:

(1) As used herein, the term "**Sublet Revenue**" means the gross amount of any rent and/or other consideration paid or payable to Tenant for or in connection with the subletting or other use or occupancy of the Property or any part thereof or interest therein. The term "Sublet Revenues" shall be constructed in its broadest sense to include the gross amount of all things of value given, directly or indirectly, by any person or entity for or in connection with the right of using or occupying the Property or any part thereof or interest therein, and if any charge shall not be assessed or collected at a rate which is less than the then fair market value therefore, the property amount shall nonetheless be included in Sublet Revenue. Sublet Revenue shall not include, however, the gross amount of (i) Taxes and Assessments payable by Tenant pursuant to this Lease which is collected from or paid on Tenant's behalf by another, (ii) insurance proceeds (other than insurance paid for or in connection with lost rents) paid as a result of damage to or destruction of the Tenant Improvements on the Property or as a result of personal injury, (iii) condemnation awards except to the extent that such are paid for or in connection with lost rents, (iv) maintenance expenses, exclusive of mark-ups, which are paid by Tenant to unrelated third party vendors and collected from subtenants, or (v) fees collected for the temporary or occasional use of the Property by organizations providing after school, community, athletic or other school-related activities and services.

(2) The "**Sublet Revenue Base**" shall be calculated by dividing the Annual Rent by 12 months and then dividing that quotient by 28,300 square feet and multiplying that quotient by the total square feet of the sublet space. Fifty percent (50%) of all Sublet Revenue in excess of the Sublet Revenue Base for each sublet space on the Property shall be paid to Landlord as Sublet Rent. Increases in Sublet Revenue received by Tenant shall cause a recalculation of the amount due Landlord, it being the intent of Landlord and Tenant that Landlord shall share in all Sublet Revenue increases over the initial Sublet Revenue payable with respect to each individual sublet space.

(3) As used therein the term "**Lease Year**" means year beginning August 1 and ending July 31.

(4) Sublet Rent due with respect to each sublet space within the Property shall be paid by Tenant to Landlord monthly in arrears beginning on the first (1st) day of the second full calendar month of the Sublet Term. Sublet Rent will be due to Landlord on the first day of the second full calendar month after sublet revenue increases are calculated and levied upon subtenants by Tenant and shall be paid in lawful money of the United States of America, without demand, notice, deduction, offset or abatement, at the address of Landlord stated in Section 17 of this Lease.

(5) Tenant shall keep full, complete and proper books and records with respect to Sublet Revenue, which books and records shall be retained by Tenant for at least seven (7) years after the close of the applicable Lease Year.

(6) For each Lease Year in which subtenants occupy the Property hereinafter referred to as "sublet lease year", Tenant shall furnish a written statement, executed by Tenant's financial officer or accountant, directed to Landlord and certifying that the calculation and payment of the Sublet Rent for such lease year have been made in accordance with the terms of this Lease and that, to the best of his or her knowledge, which shall be based on a detailed review of Tenant's records, all Sublet Revenues have been properly reported and considered. Such statement shall also contain a summary for each subtenant of the Sublet Revenue by month as shown in Tenant's books and records. The statement shall be submitted to Landlord not later than ninety (90) days after the end of each sublet lease year.

(7) Landlord shall have the right, not more than once each Lease Year, to conduct an audit of the books and records of Tenant, provided that such audit shall exclude access to confidential student and employee records. If any such audit discloses that the Sublet Revenues reported to Landlord for any Lease Year are less than the actual Sublet Revenue for such Lease Year, Tenant shall pay to Landlord, on demand, (i) the additional Sublet Rent due, (ii) all of the Landlord's actual costs (including, without limitation, the prorated salary of Landlord's inspector, fringe benefits and an overhead allocation) incurred by Landlord in inspecting such book and records; and (iii) interest on the additional Sublet Rent at the Bank of America reference rate plus three percent (3%) per annum from the due date of each installment of Sublet Rent until paid.

35. NO SUBORDINATION; ATTORNMENT

A. No provision of this Lease shall be construed as an agreement by Landlord to subordinate its fee interest in the Property to any leasehold mortgage or other lien or right. No leasehold mortgage shall impair Landlord from enforcing its rights and remedies herein or by law. Tenant agrees that Landlord's fee interest in the Land shall at all times be and remain unsubordinated to any leasehold mortgage which may be imposed upon Tenant's leasehold interest hereunder or upon Tenant Improvements, and that nothing contained in this Lease shall be construed as an agreement by Landlord to subject its fee interest in the Land or its buildings to any such lien.

B. Landlord agrees at any time and from time to time upon not less than fifteen (15) business days' prior notice by Tenant to execute, acknowledge and deliver to Tenant or such other person designated by Tenant, as the case may be, a statement or estoppel certificate in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications or supplemental or contemporaneous agreements that the same is in full force and effect, as modified and stating the modifications and supplemental and contemporaneous agreements) and the dates to which the Rent payable by Tenant hereunder has been paid, and stating (a) whether or not to the best knowledge of the signer of such certificate Tenant is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which the signer may have knowledge and (b) any other

reasonable requests of Tenant. Tenant shall pay all of Landlord's out of pocket costs, including attorney's fees, in connection with the preparation of such statement or estoppel certificate.

C. In the event that Tenant mortgages its leasehold estate and Tenant or the mortgagee or the holders of indebtedness secured by the leasehold mortgage notifies Landlord of the execution of such mortgage or deed of trust and names the place for service of notice upon such mortgagee or holder of indebtedness, Landlord agrees for the benefit of such mortgagees or holders of indebtedness from time to time:

(1) That such mortgagee or holder of indebtedness shall have the privilege of performing any of Tenant's covenants under this Lease, of curing any default of Tenant or of exercising any election, option or privilege conferred upon Tenant by the terms of this Lease.

(2) That no liability for the payment of rental or the performance of any of Tenant's covenants and agreements shall attach to or be imposed upon any mortgagee, trustee under any trust deed or holder of any indebtedness secured by any mortgage or trust deed upon the leasehold estate, unless such mortgagee, trustee or holder of indebtedness forecloses its interest and becomes the Tenant under this Lease.

D. Landlord agrees to review and discuss with Tenant and any prospective leasehold mortgagee, any amendment to this Lease, or any supplemental agreement or written acknowledgment, reasonably requested by any proposed leasehold mortgagee, for the purposes of (i) including mortgagee protection provisions to comply with prevailing standards, (ii) otherwise providing such prospective leasehold mortgagee with additional reasonable means of protecting and preserving the existence of this Lease and the lien of the leasehold mortgage as an encumbrance on the Tenant's leasehold estate, so long as Landlord continues to be paid Rent owing under this Lease, and (iii) acknowledging that such prospective leasehold mortgagee is recognized by Landlord as a leasehold mortgagee under this Lease and entitled to all of the rights and privileges afforded to leasehold mortgagees under this Lease; provided, however, that no such amendment, agreement or acknowledgment shall contain provisions that would adversely change the Term or Rent under the Lease or materially adversely change the obligations of Landlord or Tenant under this Lease. Tenant agrees to reimburse Landlord for reasonable attorney and consultant fees incurred by Landlord in connection with Tenant obtaining a leasehold mortgage.

36. GOVERNING LAW; VENUE

Any dispute arising out of or related to this Lease shall be governed by the laws of the State of California. Any court actions arising out of this Lease shall be venued in the Superior Court of the County.

37. ENTIRE AGREEMENT

This Lease constitutes the entire understanding between the parties hereto and no addition to, or modification of, any term or provision of this Lease shall be effective until set forth in writing signed by both Landlord and Tenant.

38. MEMORANDUM OF LEASE

For the purpose of giving notice of Tenant's rights to others dealing with any of the real property referred to in this Lease, Landlord will execute, acknowledge, deliver to Tenant in the form attached hereto as **Exhibit D** (or other form reasonably satisfactory to Tenant and Landlord) a "short form" or "memorandum" of this Lease, which shall set forth the provisions of this Lease restricting the use of said real property as well as any other provisions of this Lease requested by Tenant. Landlord shall pay for any transfer taxes resulting from said recordation and Tenant shall pay for all recording fees associated therewith.

39. UNAVOIDABLE DELAY.

If either party shall be prevented or delayed from punctually performing any obligations or satisfying any condition under this Lease by any strike, lockout, labor dispute, unavailability of services (including without limitation from any applicable public utility provider), labor or materials, acts of God, unusually inclement weather, unusual governmental restriction, regulation or control, enemy or hostile governmental action, civil commotion, insurrection, sabotage, fire or other casualty, or any condition caused by the other party (except as otherwise permitted hereunder) ("**Unavoidable Delay**"), then the time to perform such obligation or to satisfy such condition shall be extended on a day-for-day basis for the period of the delay caused by such event; provided, however, that the party claiming the benefit of this Section 40 shall, as a condition thereto, give notice to the other party in writing within ten (10) days of the incident specifying with particularity the nature thereof, the reason therefor, the date and time such incident occurred and a reasonable estimate of the period that such incident will delay the fulfillment of obligations contained herein. Failure to give such notice within the specified time shall render such delay invalid in extending the time for performing the obligations hereunder, but only to the extent that the other party suffers actual prejudice as a result thereof. This Section 40 and the term Unavoidable Delay as used herein shall not apply to the inability to pay any sum of money due hereunder or the failure to perform any other obligation due to the lack of money or inability to raise capital or borrow for any purpose.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease, through their respective officers or representatives, duly authorized, as of the day and year shown below.

LAS LOMITAS SCHOOL DISTRICT,

a subdivision of the State of California

By: Eric Hartwig

Name: Eric Hartwig

Title: Superintendent

Date: June 19, 2012

WOODLAND SCHOOL,

a California 501 (c) 3 corporation

By: [Signature]

Name: John P. Ora

Title: Head of School

Date: 6/20/12

Approved as to Form: [Signature]
Legal Counsel to Landlord

EXHIBIT A-1

**LEGAL DESCRIPTION OF 360 LA CUESTA DRIVE, PORTOLA VALLEY, CA,
COUNTY OF SAN MATEO, CALIFORNIA**

EXHIBIT A

The land referred to is situated in the unincorporated area of the County of San Mateo, State of California, and is described as follows:

Beginning at the most Easterly corner of Lot 169 as said lot is depicted upon that certain map entitled "Tract No. 631 Ladera, Unit No. 2", a copy of which map was filed in the Office of the Recorder of San Mateo County on September 8, 1950 in Book 32 of Maps at Pages 14 and 15; thence running from said point of beginning along the Northeasterly line of said Tract No. 631, North 70° 09' 11" West 233.78 feet and North 57° 48' 50" West 334.12 feet to the most Northerly corner of Lot 164; thence leaving said line and running North 23° 36' 50" West 280.02 feet to the Southeasterly line of the lands of Leland Stanford Junior University; thence running along the last mentioned line North 65° 41' 30" East 663.45 feet to a point distant 166.55 feet Southwesterly along said line from the most Westerly corner of Tract No. 604 Ladera Unit No. 1; thence leaving said line and running South 28° 07' 10" East 508.28 feet along a line parallel with and distant 166 feet Southwesterly from the Southwesterly line of said Tract No. 604; thence on the arc of a curve to the right tangent to the preceding course having a radius of 222 feet, a central angle of 67° 07' 10" through an arc distance of 380.63 feet; thence South 39° 00' West 135.18 feet; thence on the arc of a curve to the left tangent to the preceding course having a radius of 228 feet, a central angle of 4° 10' through an arc length of 16.58 feet; thence North 78° 53' 80" West 112.17 feet to the point of beginning. Containing 9.8 acres, more or less.

APN: 077-180-020

JPN: 77-18-180-02

EXHIBIT A-2
MAP OF PROPERTY

PROPERTY TO BE LEASED AT LADERA SCHOOL SITE
(indicated within the dotted line shown below)

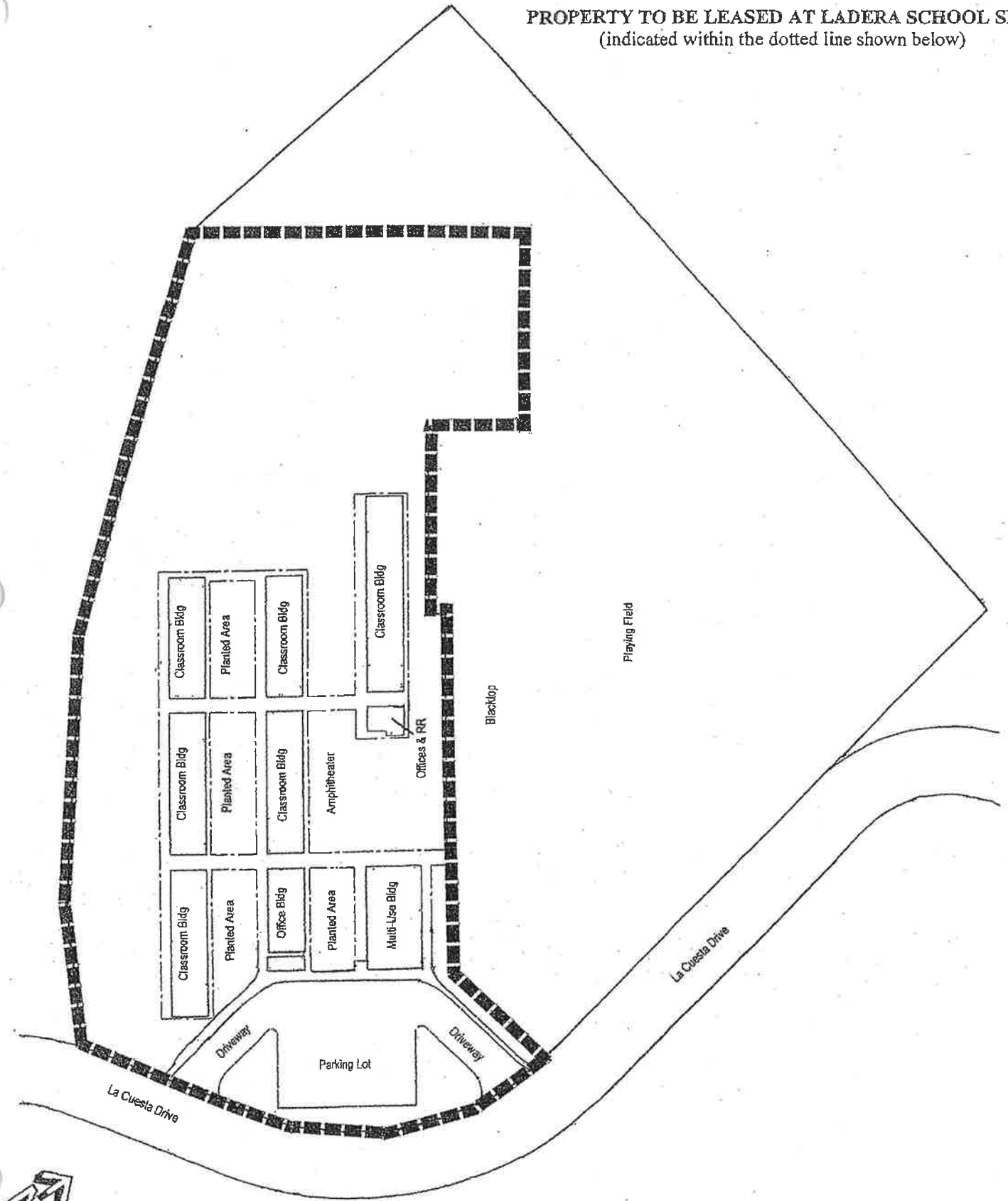


EXHIBIT B

OPTION TO LEASE AGREEMENT

OPTION TO LEASE AGREEMENT
LADERA SCHOOL SITE

This Option to Lease Agreement is made on MARCH 27, 2012, between **Las Lomas Elementary School District** ("Optionor"), a political subdivision of the State of California, and

WOODLAND SCHOOL ("Optionee"), a California CORPORATION.

1. **Grant of Option:** Optionor grants to Optionee an option to lease a portion of the real property which is described as the Ladera School site located at 360 La Cuesta Drive, Portola Valley, CA 94028 including those permanent improvements shown as the "Property to be Leased at Ladera School Site" as shown in Exhibit "A" (the "Property") and incorporated herein by reference, on the terms and conditions set forth in this Option to Lease Agreement, the Optionee's Bid Form incorporated herein in Exhibit "B", and Las Lomas Elementary School District's Resolution No. 11-12-14 in Exhibit "C." For clarification, the word "Property" used within this Option to Lease Agreement does not include the playing fields and blacktop hardscape. The word "Property" shall mean only that portion of the Property which is being leased to Optionee as shown within the dotted line on Exhibit "A."

2. **Option Consideration:** Optionee has paid to Optionor the sum of One Hundred Thousand Dollars (\$100,000) with a written bid or One Hundred Fifty Thousand Dollars (\$150,000) with an oral bid as consideration for the option ("Option Consideration"). This Option Consideration shall be nonrefundable and shall be retained by Optionor. Optionor shall be entitled to all interest on the Option Consideration. In the event the option is exercised, the Option Consideration shall be applied to the security deposit stipulated by the lease agreement.

3. **Option Period:** The "Option Period" shall commence on the date of this Option Agreement and expire at 5:00 p.m. sixty calendar days from the date of this Option Agreement unless Optionee and Optionor mutually agree to extend said date. The lease agreement is to be finalized during the Option Period.

4. **Manner of Exercising the Option:** Provided Optionee is not in default under any term or provision of this Option to Lease Agreement, the option may be exercised by Optionee's delivering to Optionor, on or before the expiration of the Option Period, two completed copies of the lease agreement executed by Optionee along with an additional nonrefundable deposit of Fifty Thousand Dollars (\$50,000). Optionor shall be entitled to all interest on the additional deposit money. The original deposit as specified in Paragraph 2 and this additional deposit of Fifty Thousand Dollars (\$50,000) shall equal a minimum of One Hundred Fifty Thousand Dollars (\$150,000) and shall be applied to the security deposit as stipulated in the lease agreement. If a lease agreement is not agreed upon and executed by Optionee prior to the expiration date of the Option Period and if the parties have not mutually agreed in writing to extend the Option Period, this Option to Lease Agreement will terminate and the option consideration shall be retained by Optionor. In the event this Option to Lease Agreement is terminated, Optionee acknowledges and agrees that Optionor may elect to record a Quitclaim Deed in accordance with Paragraph 9.

5. Representations and Warranties:

A. Property to be Leased: There are no representations or warranties, express or implied, between the parties. Optionee agrees that the Property is to be leased in its existing condition, "as is" with all faults and defects.

B. Encumbrances: Optionor agrees that during the Option Period and through the commencement of the Lease, Optionor will not further encumber the Property in any way nor grant any property or contract right relating to the Property without the prior written consent of Optionee. Optionee acknowledges that the Property is subject to a lease with the Woodland School that will expire on July 31, 2013.

6. Right of Entry on Property: During the Option Period, Optionee and its designated agents and independent contractors shall have the right to enter on the Property to the extent necessary for the purpose of conducting tests, engineering studies, etc. Optionee agrees to notify Optionor 48 hours in advance of the date which Optionee desires to enter the Property and may only gain entry onto the Property upon receipt of consent from Optionor. Optionee agrees to repair any damages it or its agents or independent contractors shall cause to the Property, keep the Property free and clear of any liens, and indemnify and hold Optionor and its agents harmless from any and all costs, expenses, losses, damage to persons or property, attorney's fees and liabilities (including, but not limited to, claims of mechanics' liens) incurred or sustained by Optionor as a result of any acts of Optionee, its agents, or independent contractors pursuant to the right granted by this Paragraph. Prior to entering the Property, Optionee and Optionor shall agree on the form of insurance required hereunder and Optionee agrees to submit evidence of a minimum of two million dollars (\$2,000,000) general liability insurance coverage to Optionor wherein Optionor is included as an additional insured. Optionee shall not allow any third party or entity not covered by said insurance to enter upon the Property unless said third party or entity is either made an additional insured on Optionee's insurance or said third party or entity provides Optionee and Optionor with evidence of comparable insurance.

7. Optionee's Use and Compliance with Conditional Use Permit: Optionor agrees to execute all documents that are required for Optionee to operate its school under the existing conditional use permit PLN 2000-00352 (CUP). Optionee agrees to execute any and all documents necessary for the approval of improvement plans as required from any municipal or other agency having jurisdiction. Optionee shall pay all expenses associated with the approval process. Optionee agrees to hold Optionor harmless from any costs and expenses arising in connection with gaining approval of the Optionee's applications. Optionee's use shall be consistent with the existing CUP and the mission of the Las Lomitas Elementary School District. Optionee acknowledges that the current CUP stipulates a maximum enrollment of 325 students.

8. Time of Essence; Failure to Exercise Option: Time is of the essence of this Option to Lease Agreement. If the option is not exercised in the manner provided in Paragraph 4 before the expiration of the Option Period, Optionee shall have no interest whatsoever in the Property, the option may not be revived by any subsequent payment or further action by Optionee and Optionee agrees to deliver to Optionor, at no cost to Optionor, all building inspections, engineering and marketing studies, and the like respecting the Property and Property to be Leased which are in Optionee's possession or under Optionee's control.

9. Recording Quitclaim Deed on Termination of Option: If this option is terminated, Optionee agrees, if requested by Optionor, to execute, acknowledge, and deliver a quitclaim deed to Optionor within seven (7) days after request and to execute, acknowledge, and deliver any other documents required by any title company to remove any cloud on title caused by this option or Optionee.

10. Notices: All notices, demands, requests, and exercises under this option by either party shall be hand-delivered or sent by United States mail, registered or certified, postage prepaid, addressed to the other party as follows:

Optionor: Las Lomitas Elementary School District
1011 Altschul Avenue
Menlo Park, CA 94025
Attn: Eric Hartwig, Superintendent

Optionee: WOODLAND SCHOOL
360 LA CUESTA DRIVE
PORTOLA VALLEY, CA 94028
ATTN: JOHN ORA

All notices, demands, requests, and exercises served in the above manner shall be considered sufficiently given or served for all purposes under this option at the time the notice, demand, or request is hand-delivered or postmarked to the addresses shown above.

11. Assignment of Option: Optionee may assign this Option if Optionee obtains the prior written consent of the District. Such consent shall be at the District's sole and absolute discretion.

12. Attorney's Fees: If it becomes necessary for either party to take any action to enforce this option, or any of its terms, the prevailing party shall be entitled to reasonable attorney's fees and all costs.

13. Entire Agreement: This Option to Lease Agreement and all exhibits referenced herein contain the entire agreement between the parties respecting the matters set forth, and supersedes all prior agreements between the parties respecting such matters.

EXECUTED on the day and year written at the beginning of this Option to Lease Agreement.

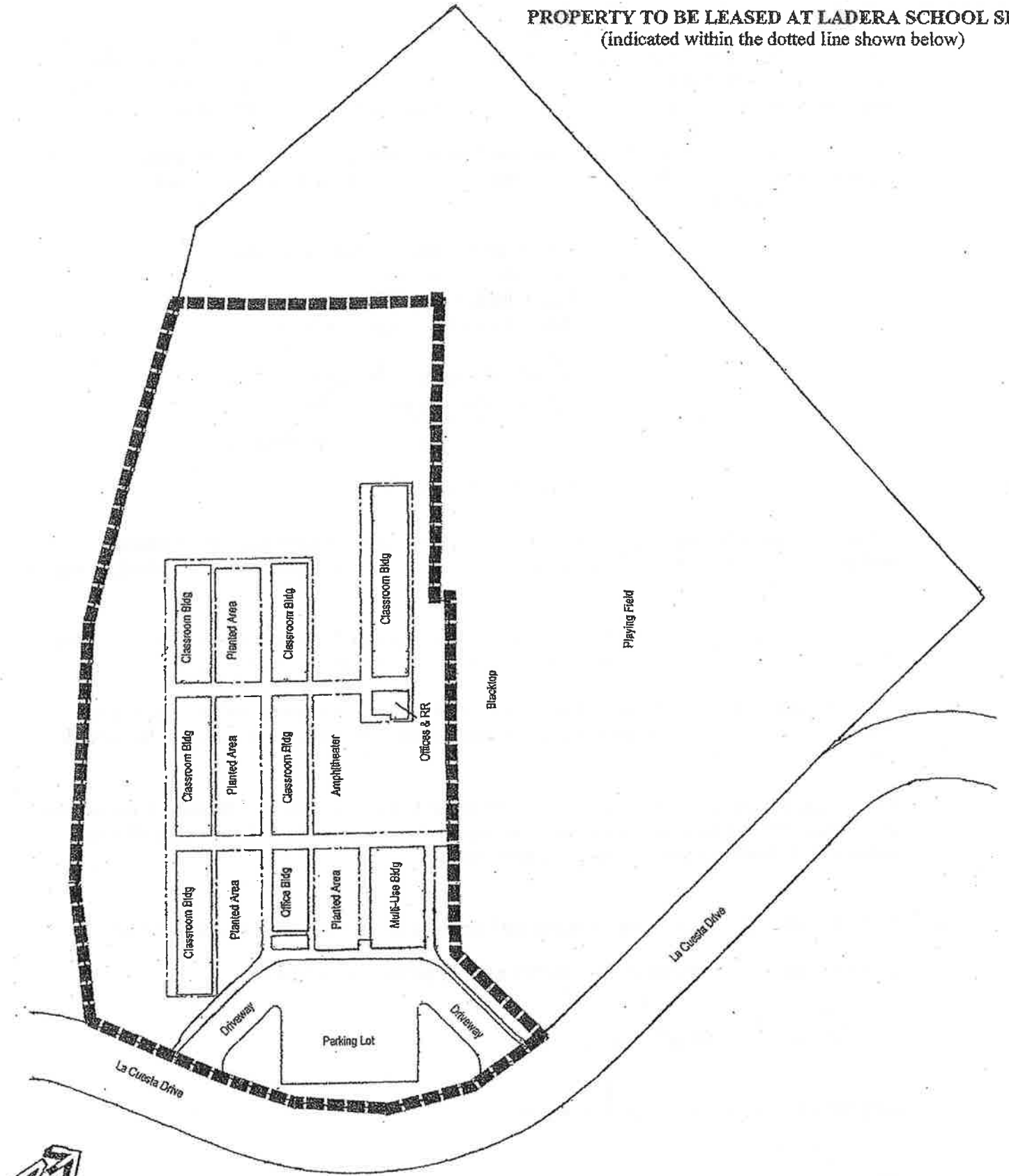
OPTIONOR: LAS LOMITAS ELEMENTARY SCHOOL DISTRICT

By: Eric Hartwig

OPTIONEE: WOODLAND SCHOOL

By: [Signature]

PROPERTY TO BE LEASED AT LADERA SCHOOL ST.
(indicated within the dotted line shown below)



CONFIRMATION OF HIGH ORAL BID
LADERA SCHOOL

TO: Governing Board
Las Lomas Elementary School District
1011 Altschul Avenue
Menlo Park, CA 94025

The undersigned bidder hereby proposes and offers to lease the Ladera School, located at 360 La Cuesta Drive, Portola Valley, California, as described in *Resolution No. 11-12-14* under the following terms and conditions.

1. Bid: I, the undersigned, hereby place a rent bid of \$ 710,000 / year, net to the District, for the Ladera School buildings totaling approximately 28,300 square feet as shown in Exhibit A of the Option to Lease Agreement and marked "Property to be Leased." Rent will be paid in monthly installments on the first day of each month.
2. Rent: For the first year two years of the lease, the rent shall be the high bid accepted by the Governing Board. Rent after the second year shall increase annually by a minimum of three percent (3%) and a maximum of (6%) based upon the annual change in the Consumer Price Index from April of the previous year as compared to April of the current year. These yearly adjustments shall be effective on August 1 for each succeeding year of the lease through the 25th year.
3. Term: The term of the Lease shall be for 25 years beginning on or about August 1, 2013.
4. "AS-IS" Condition and Costs: The Property shall be leased on an "as is" and "with all faults" basis, with no express or implied representations or warranties whatsoever. The tenant shall be solely responsible for any and all planning, design, permits, approvals, construction, utilities, taxes, costs and other things of any nature required or convenient to permit the use of the Property contemplated by the tenant, including, in connection therewith, compliance with the California Environmental Quality Act. Bidders are hereby notified that private use of the public property may result in the assessment of a possessory-interest or similar tax, and the tenant shall be solely responsible for the payment of any such tax.
5. Subordination: The Lease shall not be subordinated.
6. Subleasing: The tenant shall be permitted to sublease the Property upon the prior written approval of the District. All subleases must comply with the terms of the master lease. The subleasing terms and the District's participation in sublet revenues shall be defined in the final lease agreement.
7. Conditional Use Permit (CUP): The tenant shall comply with all the terms and conditions of Use Permit PLN 2000 - 00352 including the stipulation that the enrollment shall not exceed 325 students. The tenant's use shall be in compliance with all applicable laws and not be in conflict with the mission of the Las Lomas Elementary School District. The tenant shall use the property as a pre-K to 8th grade school.

Confirmation of High Oral Bid (continued)
LADERA SCHOOL

OPTION PAYMENT:

Enclosed is a cashier's check for \$ 100,000.00 made payable to Las Lomas Elementary School District.

Cashier Check # 6585400115 from WELLS FARGO Bank.

This check is submitted as an option payment. The undersigned bidder understands if he is the high bidder approved by the Governing Board, this option payment is nonrefundable. Said option payment will be applied against the security deposit if the successful bidder executes a lease agreement.

THIS BID IS MADE BY:

Name (Principal): JOHN ORA

Company Name: WOODLAND SCHOOL

Address: 360 LA CUESTA DRIVE

City, State, Zip Code POKOLA VALLEY, CA 94028

Telephone number: 650-854-9065 FAX: 650-854-6006

If requested from the Governing Board, Bidder shall provide a statement of experience, banking references and a written confirmation affirming that Bidder intends to use the property as a pre-K to 8th grade school and shall abide by the terms and conditions of Conditional Use Permit PLN 2000-00352 including the stipulation that the school's enrollment shall not exceed 325 students.

The undersigned represent that they have the authority to sign this bid and hereby submit said bid subject to all the terms and conditions of the *Resolution No. 11-12-14: Resolution of Intention to Lease Certain School District Properties and Notice Inviting Bids.*

Signature: JPOC

Signature: [Signature]

Title: Head of School

Title: BOARD OF TRUSTEES, CHAIRMAN

Las Lomas Elementary School District

**RESOLUTION NO. 11-12-14
RESOLUTION OF INTENTION TO LEASE CERTAIN SCHOOL
DISTRICT PROPERTY AND NOTICE INVITING BIDS**

Ladera School Site

Pursuant to Sections 17455 and 17465 et seq. of the Education Code of the State of California.

WHEREAS, the Las Lomas Elementary School District of San Mateo County, State of California, (the "District"), is the owner of that real property known as the Ladera School site located at 360 La Cuesta Drive, Portola Valley, CA 94028; and

WHEREAS, the Governing Board convened an Advisory Committee pursuant to Education Code Section 17387 which recommended to the Governing Board that the Ladera School site, consisting of classrooms and related improvements but not the playing fields as shown in "Exhibit "A" attached hereto (the "Property"), be long-term leased as surplus school property; and

WHEREAS, the Governing Board has determined that the Property is surplus to the educational needs of the District and will not at the time of delivery of possession be needed for District classroom buildings or for any other District purposes; and

WHEREAS, the Governing Board desires to continue to control the use of the playing fields so that they may be made available to the District and the community; and

WHEREAS, the Property does not include playgrounds or playing fields as contemplated by the "Naylor Act" (Education Code Sections 17485 et seq.); and

WHEREAS, the Governing Board has determined that it is in the best interest of the District that said Property be leased to the highest responsible bidder, pursuant to Sections 17455 and 17465 et seq. of the Education Code of the State of California;

NOW, THEREFORE IT IS HEREBY RESOLVED that the Governing Board of the Las Lomas Elementary School District does hereby declare its intention to offer for lease the Property.

BE IT FURTHER RESOLVED that the Governing Board hereby authorizes the Superintendent to notice those public districts, public authorities, public agencies and other political subdivisions or public corporations in this state, as required by the Government and Education Codes of the State of California, and

BE IT FURTHER RESOLVED that the Property shall be leased subject to the terms and conditions set forth herein.

1. It is the intention of the Governing Board to lease the Property, which consists of classrooms, library, administrative areas, and adjacent outdoor areas to the highest responsible bidder(s) in accordance with Sections 17455 and 17465 et seq. of the Education Code.

2. The Naylor Act does not apply to the Property because it does not include playgrounds or playing fields.
3. The Governing Board requires that the highest responsible bidder utilize the site for a kindergarten through eighth grade school which may include day care and preschool activities which are compatible with the goals and objectives of the District. The Governing Board specifically precludes the site from being used as a high school educational facility.
4. The initial term of the lease shall be for 25 years with the District having the option, in its sole discretion, to extend the lease up to an additional 25 years beyond the initial term on mutually agreed upon terms and conditions.
5. The lease shall commence on or about August 1, 2013, and shall terminate on July 31, 2038 unless the District, in its sole discretion, elects to modify the commencement date or extend the term.
6. The minimum acceptable bid shall be Six Hundred Fifty Thousand Dollars (\$650,000) per year absolute net to the District. Bids for less than the minimum shall be disqualified.
7. The rent shall remain fixed at the high bid amount for the first two years of the lease term. Thereafter, the annual rent will be increased annually, effective on August 1 for each succeeding lease year beyond the second year through the twenty-fifth (25th) year by an amount equal to the annual change in the Consumer Price Index, however the minimum annual increase shall be three percent (3%) and the maximum annual increase shall be six percent (6%). The indexes for computing the increase shall be the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, San Francisco-Oakland-San Jose All Urban Consumers (CPI-U) as published for April of the current and previous year. The increase shall be calculated by multiplying the rent by a fraction, the numerator of which is the April index for the current year and the denominator of which is the index for April of the previous year. The first increase utilizing this calculation shall be effective August 1, 2015. Subsequent annual increases shall be effective on August 1 for each succeeding year of the lease through the twenty-fifth (25th) year. In no case shall the rent for the current year be less than the rent paid in the previous year.
8. For any additional extension of the lease term if granted by the District, in its sole discretion, the rent and escalations shall be negotiated and mutually agreed upon between the District and the lessee during a six (6) month period commencing upon District delivering to lessee in writing a notice stating that the District will grant an extension of the lease term for a specific number of years not to exceed 25. District agrees to deliver a written notice to extend or terminate the lease no later than 3 years prior to the expiration of the initial term. If the notice is to extend the lease, the negotiations of the terms of such extension must be completed no later than thirty (30) months prior to the termination of the initial lease term. In no case shall the rent for the extended lease term be less than the rent paid in the last year of the initial lease term. If the Tenant and District are unable to reach agreement on the terms for the extension, the lease shall terminate on July 31, 2038.

9. All written bids for the lease of the Property must be accompanied by a cashier's check in the amount of One Hundred Thousand Dollars (\$100,000) made payable to: "Las Lomitas Elementary School District." Said bids will be received up to but not later than 10:30 a.m. on Tuesday, March 27, 2012 at the La Entrada School Multi-Use Room (MUR), 2200 Sharon Road, Menlo Park, CA 94025. Those bidders who do not submit a written bid but who desire to participate in the oral bidding must submit a cashier's check in the amount of One Hundred Fifty Thousand Dollars (\$150,000) payable to "Las Lomitas Elementary School District" prior to 10:30 a.m. on Tuesday, March 27, 2012. Bidders who submit a written bid are eligible to participate in the oral bidding without making any additional deposit.
10. Oral bids will be solicited by the District's representative immediately following the declaration of the written bids at approximately 10:50 a.m. on Tuesday, March 27, 2012. The opening oral bid must exceed the highest written bid by at least five percent (5%). No oral bid shall be finally accepted until the oral bid is reduced to writing and signed by the bidder.
11. Unsuccessful bidders' cashier checks shall be returned immediately after the oral bidding session.
12. Immediately after the conclusion of the oral bidding on March 27, 2012, the high bidder must execute the "Option to Lease Agreement" which shall document the high bid, grant the high bidder an option to lease the Property, provide for the manner in which the option is to be exercised and define the term of the option to be 60 days (hereafter referred to as the "Option to Lease Period") commencing upon the Governing Board's approval of the highest responsible bidder and expiring 60 days subsequent to the Governing Board's approval date.
13. Each written and oral bid for lease of the Property shall remain valid and bind the bidder for 60 days following the March 27, 2012 meeting, or until a bidder with a higher bid enters into an agreement with the District for the lease of the Property, whichever occurs first. After expiration of such period, however, the District still may offer to lease the Property to the other bidders who submitted a bid at the March 27, 2012 meeting, in the event any bidder with a higher bid fails to enter into a lease agreement. Within three business days of a written request from the District, a bidder must confirm in writing that it intends to honor its bid as considered at the March 27, 2012 meeting. Oral bidders must provide the District with identifying and contact information at the March 27, 2012 meeting in order for such bids to be considered in the event of default of bidders with higher bids. If a bidder fails to confirm its bid within three business days of a written request from the District, or if an oral bidder fails to provide adequate identifying and contact information, the District may reject that bidder's bid and offer to lease the Property to another responsive bidder.
14. The cashier's check submitted with the successful high bid shall be retained by the District as a nonrefundable option payment which will be credited against the security deposit due per the lease agreement.
15. The Governing Board, at the March 27, 2012 meeting or at any adjourned session of the same meeting held within 10 days, shall accept the bid for lease of the Property that offers the District the highest price and that otherwise conforms to all terms and conditions set by the District. The Governing Board reserves the right to reject any and all bids, to waive any irregularities in the bidding process, and to withdraw any and all of

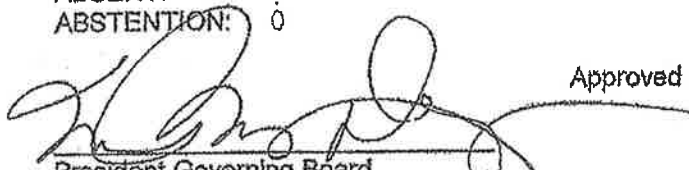
the Property from lease. The Governing Board further reserves the right to reject any bid that proposes any use deemed inconsistent with or inappropriate for the Property or other properties in the vicinity of the Property.

16. During the Option to Lease Period, the bidder must enter into a lease agreement with the District, which shall specify the bid price and otherwise include terms and conditions consistent with the requirements of this Resolution and applicable law. The Superintendent, or his designee, may negotiate and include in an applicable lease agreement such other terms and conditions as he determines, in consultation with the District's advisors, reasonable and in the District's best interests.
17. If the successful bidder fails to exercise its option rights on or before the expiration of the Option to Lease Period, the Option to Lease Agreement shall be null and void unless the District and lessee agree in writing to extend the Option to Lease Period prior to its expiration. The Option to Lease Agreement shall specify that the successful bidder can exercise the option by delivering to the District, on or before the expiration of the Option to Lease Period, two completed and executed (by successful bidder) copies of the lease agreement which is to be finalized during the Option to Lease Period along with an additional nonrefundable deposit of \$50,000 which will be credited towards the security deposit or rent as stipulated in the lease agreement. If a lease agreement is not agreed upon and executed by the successful bidder prior to the expiration of the Option to Lease Period, the Option to Lease Agreement will terminate. Any studies undertaken by the successful bidder during the Option to Lease Period will be at the successful bidder's expense.
18. The lease of the Property shall be on an "as is" and "with all faults" basis, with no express or implied warranties whatsoever. The lessee of the Property shall be solely responsible for any and all planning, design, permits, approvals, construction, utilities, taxes, costs and other things of any nature required or convenient to permit the use of the Property contemplated by the lessee, including, in connection therewith, compliance with the California Environmental Quality Act. Bidders are hereby notified that private use of the public property may result in the assessment of a possessory-interest or similar tax, and the lessee shall be solely responsible for the payment of any such tax.
19. No real estate commission shall be paid by the District to outside real estate brokers. If a bidder desires to use the services of a real estate broker, the bidder shall be responsible for all fees and commissions due to said broker. The District has entered into a Special Services Contract with Enshallah Inc., a California licensed real estate brokerage firm and property consultant, dated September 12, 2011, to provide consulting services in connection with the lease of the Property. Fees paid to Enshallah Inc. shall be in accordance with the terms specified in the Special Services Contract.
20. In the event that any legal action or litigation is undertaken by the District to enforce the provisions of the bid offer or any subsequent written agreement, the successful bidder shall pay reasonable attorneys' fees incurred by the District.

21. The Clerk of the Board is hereby directed to cause to be posted copies of this Resolution, at three public places in the District, not less than fifteen (15) days prior to the date set for receiving of bids, and cause to be published notice of same no less than once a week for three consecutive weeks before said date in a newspaper of general circulation in the County of San Mateo, State of California.
22. This Resolution shall take effect immediately upon approval by a two-thirds majority of the Governing Board.

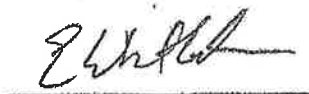
PASSED AND ADOPTED by the Governing Board of the Las Lomitas Elementary School District of San Mateo County, State of California, this December 14, 2011, by the following vote:

AYES: 5
NOES: 0
ABSENT: 0
ABSTENTION: 0



President Governing Board
Las Lomitas Elementary School District

Approved as to form:



County Counsel

Attest:



Secretary, Governing Board

PROPERTY TO BE LEASED AT LADERA SCHOOL SITE
(indicated within the dotted line shown below)

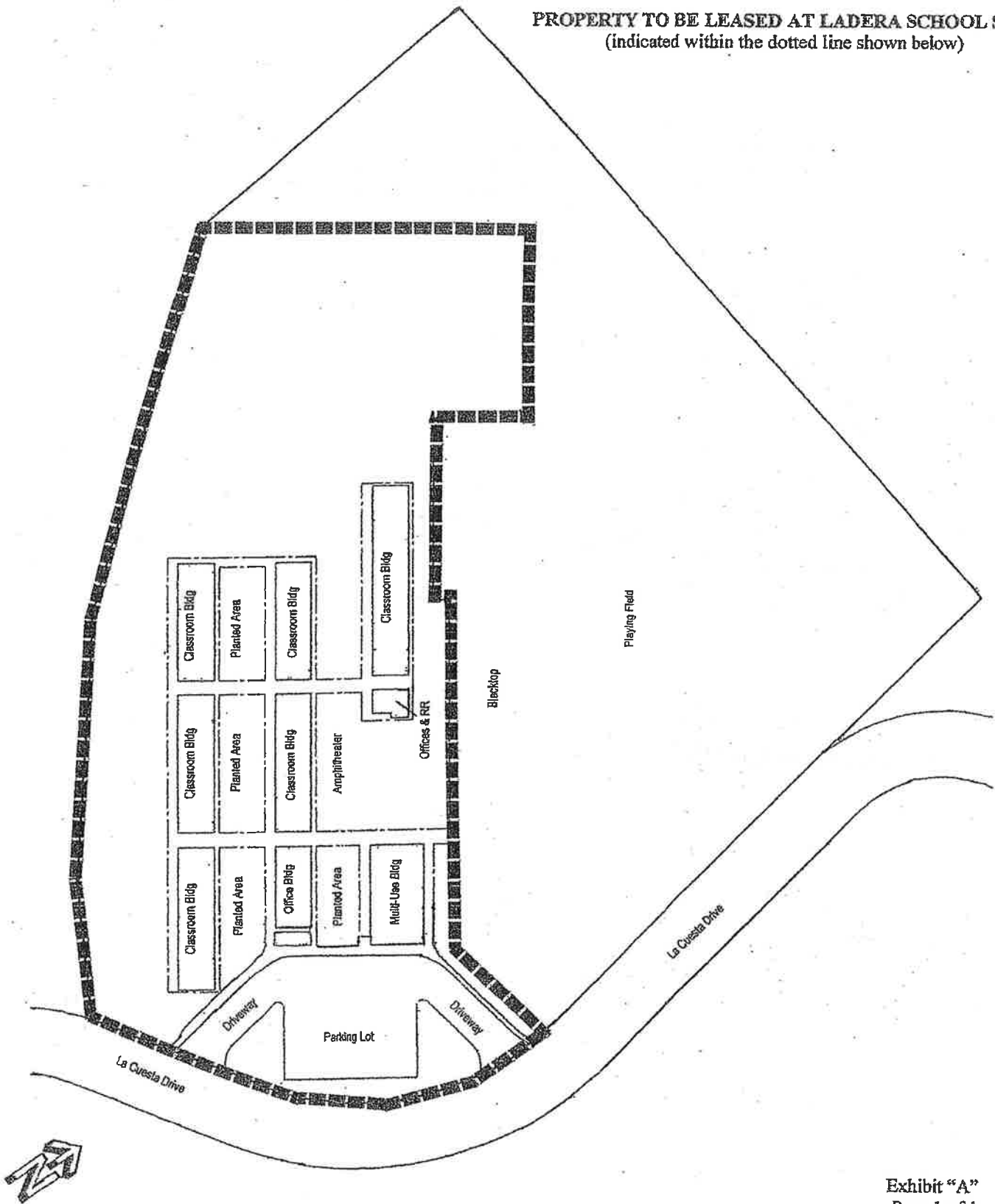
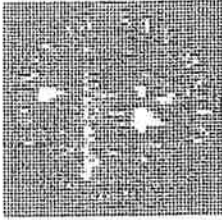


EXHIBIT C

USE PERMIT ISSUED BY THE COUNTY OF SAN MATEO



County of San Mateo

Planning & Building Department

455 County Center, 2nd Floor
Redwood City, California 94063
650/363-4161 Fax: 650/363-4849

Mail Drop PLN122
plngbldg@co.sanmateo.ca.us
www.co.sanmateo.ca.us/planning

REVISED

**Please reply to: Tiare Peña
650/363-1850**

January 19, 2012

Las Lomitas School District
1011 Altschul Avenue
Menlo Park, CA 94025

Subject: PLN 2000-00352
Location: 360 La Cuesta Drive, Unincorporated Ladera
APN: 077-180-020

On January 19, 2011, the Zoning Hearing Officer considered your request for a Use Permit Renewal for the continued operation of a private elementary school, pursuant to Section 6500 of the County Zoning Regulations, located at 360 La Cuesta Drive in the unincorporated Ladera area of San Mateo County.

The Zoning Hearing Officer made the findings and approved this project subject to the conditions of approval as attached.

Any interested party aggrieved by the determination of the Zoning Hearing Officer may appeal this decision to the Planning Commission within ten (10) working days from such date of determination. The appeal period for this project will end on **February 2, 2012 at 5:00 p.m.**

If you have any questions concerning this item, please contact the Project Planner above.

Very truly yours,

Matthew Seubert
Zoning Hearing Officer
Zhd0119w_4_dr

cc: Assessor's Office
Menlo Park Planning Department
Woodland School
Ladera Community Association

Building Inspection Section
Public Works Department
Lennie Roberts

County of San Mateo
Planning and Building Department

FINDINGS AND CONDITIONS OF APPROVAL

Permit or Project File Number: PLN 2000-00352

Hearing Date: January 19, 2012

Prepared By: Tiare Peña, Project Planner

Adopted By: Zoning Hearing Officer

FINDINGS

Regarding the Environmental Review, Found:

1. That the project is exempt from CEQA, Class 1, Section 15301, regarding continued operation of existing facilities with modified conditions of approval. At this time, the applicant is not proposing any physical changes or additions to the development.

Regarding the Use Permit, Found:

2. That the establishment, maintenance and/or conducting of the use will not, under the circumstances of the particular case, be detrimental to the public welfare or injurious to property or improvements in said neighborhood. Planning staff has confirmed that the project, as proposed and conditioned, is in substantial compliance with use permit conditions of approval and is in full compliance with applicable County regulations.

CONDITIONS OF APPROVAL¹

Current Planning Section

1. This use permit shall allow private elementary school operations for a maximum of 325 students, preschool through eighth grade. Hours of operation shall be 8:30 a.m. to 3:00 p.m. weekdays, and 7:30 a.m. to 5:30 p.m. for extended care students.
2. This permit shall be for seven years until **October 6, 2018**, with two administrative reviews **in October 2013 and October 2016**. **If within this timeframe any operator**

¹ Proposed changes to the original use permit conditions, as proposed by the Woodland School and the LCA, are underlined. Changes proposed by Planning staff are in "bold" and are intended to add clarity.

enters into a lease with the property owner which deviates from the conditions of approval for this permit in any way, the operator shall submit to the Planning Department an operations plan for determination by the Community Development Director whether such plan triggers the requirement for the County's Major Development Pre-Application Review Process. Should the applicant desire to continue the use, as conditioned, the applicant shall submit an application to the Planning and Building Department for renewal six (6) months prior to expiration of this permit.

3. The two required administrative reviews by Planning staff shall include a referral to the Ladera Community Association requesting their comments about the operation of the school. The purpose of this referral is to ensure that the traffic and parking issues are being adequately managed by the school to minimize impacts on the surrounding neighborhood.
4. The applicant shall meet the requirements of the Woodside Fire Protection District, the County Environmental Health Division, and the County Building Inspection Section.
- 5.a. Parking shall only occur off-street (in the school's parking lot) and on the school side of La Cuesta Drive, except for 20 events. **Of these events, four (4) are minor events (in which parking is allowed on the school side of neighboring side streets) and eight (8) are major events (in which parking is allowed on the school side of neighboring side streets and on the other side of La Cuesta Drive).**

Parking Permitted				
Event Type	Lighter-Parking Events	Minor Events	Major Events	
Permitted Parking Locations	School lot and school side of La Cuesta Drive	School side of side streets* (Plus school lot and school side of La Cuesta Drive)	Other side of La Cuesta Drive (Plus school lot, school side of La Cuesta Drive and school side of side streets)	
Total Events	8	4	8	20
*Potentially affected side streets include, but are not limited to La Cuesta Drive and East and West Floresta Way. Parking is only allowed on one side due to the narrow width of streets.				

There will be up to eight (8) additional events (lighter-parking events) during the school year such as the Sports Awards Dinner and science fair in which there will be increased traffic; however, parking for these events will be restricted to locations off-street (in the school's parking lot) and on the school side of La Cuesta Drive. The school will work with community members to continue to monitor parking for these lighter-parking events and develop ways to assure adherence with this provision if parking is out of compliance.

Notification Requirements:

- **Notification at the Start of the School Year:** At the start of every school year, the school shall submit a detailed calendar to the Planning Department, the Ladera Community Association for publication in the *The Ladera Crier*, and property owners within 300 feet of the school boundaries, that highlights all events during the year where heavier traffic and overflow parking may occur.
- **Event Notification:** Notification of all events will be by way of *The Ladera Crier*, the Ladera-Issues List-Serve, and direct notification of neighbors within 300 feet of the school. The school will send a notice via mail drop to neighbors immediately affected by the 12 events in which parking will occur on neighboring side streets and/or both sides of La Cuesta, at least one week prior to the event. The school will also post a message on the Ladera List-Serve reminding neighbors of the 12 events, at least 1-2 days prior to the event.

The school shall make attempts to reduce the impacts to the neighborhood to the greatest extent practicable and at a minimum use four traffic monitors to help with parking and traffic flow through the neighborhood on those 12 events. The school will reduce attendance at morning assemblies such that all parking can be in compliance with use permit restrictions. The school shall encourage the use of the drop-off and pick-up line, except for parents of preschool children who must be walked to class.

- 5.b. The school shall distribute the traffic plan to all school parents, teachers, staff, the Ladera Community Association and the County of San Mateo Planning Department at the beginning of each school year and each summer session. **This plan: (1) designates a parking lot loading zone where students may be dropped off or picked up; (2) identifies off-street parking and on-street parking, on the school side of La Cuesta Drive; (3) shows one-way traffic circulation entering and exiting the parking lot; (4) establishes a right turn only on La Cuesta Drive when exiting the parking lot; (5) discourages the making of U-turns at the intersection of La Mesa and Floresta; and (6) includes a diagram that illustrates these five elements.**

- 5.c. The applicant shall prepare a trip reduction program with the goal of reducing the number of car trips into Woodland School. The program shall include: (1) a description of how carpool information is distributed to parents; (2) what efforts occur to assist in carpool formation; and (3) a biannual census enumerating the number of students participating in carpools in relation to the total number of students. While the school will continue to pursue the goal of reducing the number of Woodland School staff cars entering the **school**, staff cars will not be counted as part of the allowable number of cars.
- 5.d. The school shall designate two adults wearing identifiable attire to direct traffic circulation and parking during peak morning and afternoon periods, and at least four adults during **major and minor** events. On routine (non-event) days, the two adults will monitor the automobile backup line on La Cuesta Drive, such that it does not block the red zone below the school entrance. One of the traffic monitors shall be stationed near the exit from the school and as close to La Cuesta Drive as possible. One monitor shall be stationed near the entrance of the school to better monitor the backup onto La Cuesta Drive. All designated traffic and parking monitors shall wear attire that allows parents and members of the community to recognize them as such.
- 5.e. The school's designated community liaison will serve as contact person for all public inquiries or complaints regarding compliance with the traffic and parking requirements of the use permit. The community liaison's contact information shall be regularly submitted to the Planning Department and the Ladera Community Association, regularly posted on the Ladera-Issues List-Serve, and published in *The Ladera Crier*.
- 5.f. The applicant shall prepare an information packet that includes the traffic plan, trip reduction program, name of community liaison and dates of upcoming evening school events. The information packet shall be distributed annually to the Ladera Community Association, all property owners within 300 feet of the school and Planning staff.
6. Students of the Woodland School shall be monitored by a qualified person while on the school grounds.
7. Any expansion, demolition or new construction on the site shall require the applicant to apply for an amended or new use permit. The applicant is encouraged to present such plans to the Ladera Community Association.

Exhibit A to Memorandum of Lease

MEMORANDUM OF LEASE

RECORDATION REQUESTED BY:
AFTER RECORDATION RETURN TO:

Woodland School
360 La Cuesta Drive
Portola Valley, CA 94028
Attn: Head of School

No transfer tax due: term plus options equals less than 35 years

MEMORANDUM OF LEASE

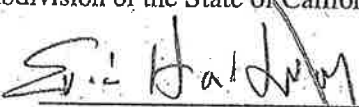

This Memorandum of Lease ("Memorandum") is made as of this 25th day of June, 2012, between **Las Lomas Elementary School District**, a subdivision of the State of California, ("Landlord"); and the **Woodland School**, a California 501 (c) 3 corporation, ("Tenant").

For valuable consideration paid by Tenant to Landlord and the mutual covenants contained in that certain Lease between the parties hereto dated on or about June 19, 2012 (the "Lease"), Landlord has leased and does hereby lease to Tenant, and Tenant has hired and does hereby hire from Landlord, upon the terms and conditions set forth in the Lease, a portion of the real property described on **EXHIBIT A** to the Lease and attached hereto (the "Property").

The term of the Lease is twenty-five (25) years commencing on August 1, 2013.

The purpose of this Memorandum is to give record notice of the Lease and of the terms thereof and the rights created thereby. It is not intended to amend or modify any of the rights and obligations set forth in the Lease. To the extent that any provisions of this Memorandum and the Lease conflict, the provisions of the Lease control.

This Memorandum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

<p>LAS LOMITAS SCHOOL DISTRICT, a subdivision of the State of California</p> <p>By: </p> <p>Name: Eric Hartwig Title: Superintendent</p>	<p>WOODLAND SCHOOL, a California 501 (c) 3 corporation</p> <p>By: </p> <p>Name: John Ora Title: Head of School</p>
--	---

STATE OF California)

COUNTY OF San Mateo) ss.

On June 25, 2012 before me, Helen Sutherland, Notary Public, personally appeared Eric Hartwig, who proved to me on the basis of satisfactory evidence-to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Helen Sutherland
Notary Public

(Seal)

STATE OF CALIFORNIA)
COUNTY OF San Mateo) ss.



On June 25, 2012 before me, Helen Sutherland, Notary Public, personally appeared John Org, who proved to me on the basis of satisfactory evidence-to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Helen Sutherland
Notary Public

(Seal)



EXHIBIT A

The land referred to is situated in the unincorporated area of the County of San Mateo, State of California, and is described as follows:

Beginning at the most Easterly corner of Lot 169 as said lot is depicted upon that certain map entitled "Tract No. 631 Ladera, Unit No. 2", a copy of which map was filed in the Office of the Recorder of San Mateo County on September 8, 1950 in Book 32 of Maps at Pages 14 and 15; thence running from said point of beginning along the Northeasterly line of said Tract No. 631, North $70^{\circ} 09' 11''$ West 233.78 feet and North $57^{\circ} 48' 50''$ West 334.12 feet to the most Northerly corner of Lot 164; thence leaving said line and running North $23^{\circ} 36' 50''$ West 280.02 feet to the Southeasterly line of the lands of Leland Stanford Junior University; thence running along the last mentioned line North $65^{\circ} 41' 30''$ East 663.45 feet to a point distant 166.55 feet Southwesterly along said line from the most Westerly corner of Tract No. 604 Ladera Unit No. 1; thence leaving said line and running South $28^{\circ} 07' 10''$ East 508.28 feet along a line parallel with and distant 166 feet Southwesterly from the Southwesterly line of said Tract No. 604; thence on the arc of a curve to the right tangent to the preceding course having a radius of 222 feet, a central angle of $67^{\circ} 07' 10''$ through an arc distance of 380.63 feet; thence South $39^{\circ} 00'$ West 135.18 feet; thence on the arc of a curve to the left tangent to the preceding course having a radius of 228 feet, a central angle of $4^{\circ} 10'$ through an arc length of 16.58 feet; thence North $78^{\circ} 53' 80''$ West 112.17 feet to the point of beginning. Containing 9.8 acres, more or less.

APN: 077-180-020

JPN: 77-18-180-02

PROPERTY TO BE LEASED AT LADERA SCHOOL SITE
(indicated within the dotted line shown below)

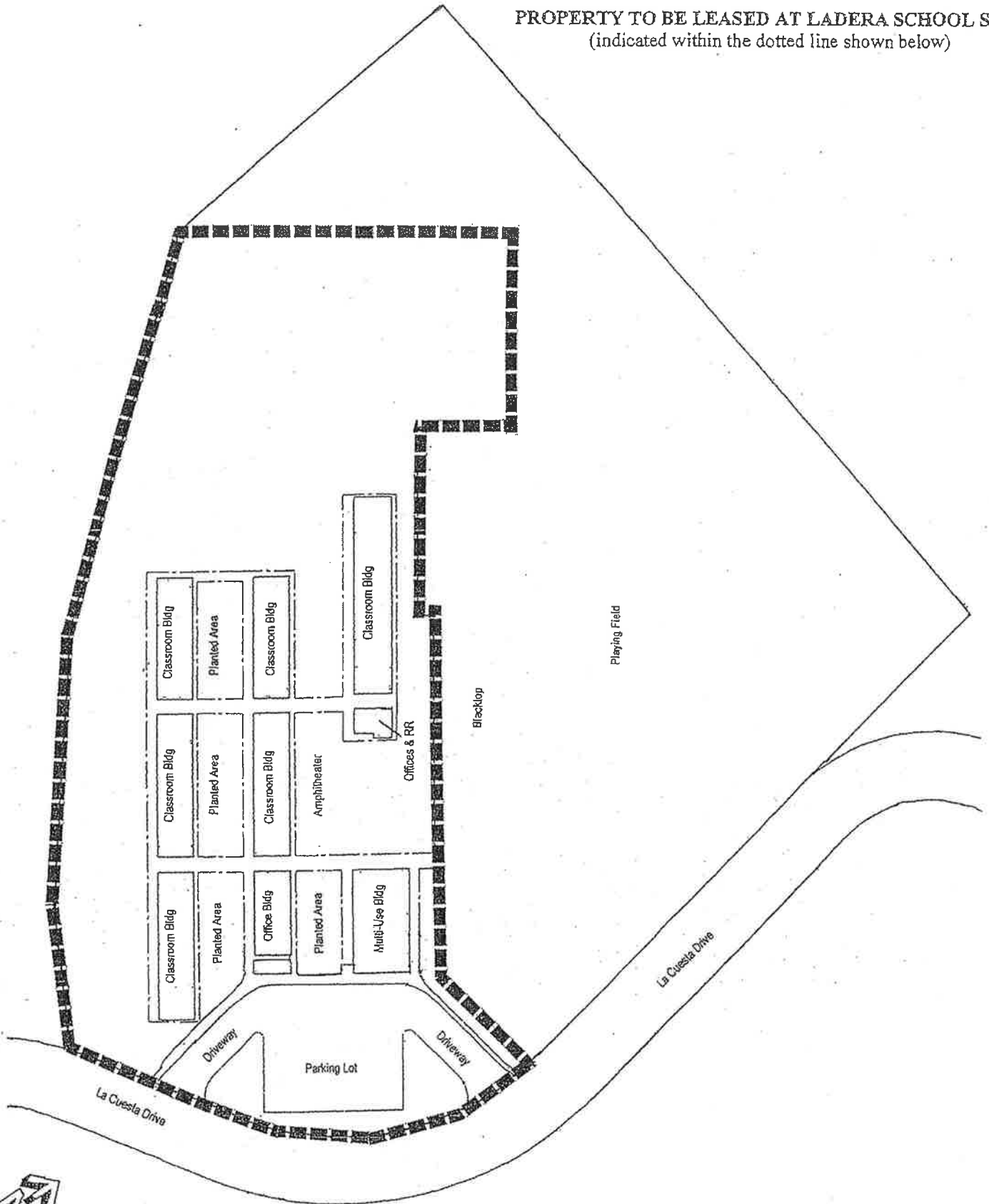


EXHIBIT E

PERMITTED EXCEPTIONS



OLD REPUBLIC
TITLE COMPANY

155 Bovet Road, Suite 150
San Mateo, CA 94402
(650) 574-1166 Fax: (650) 574-1065

PRELIMINARY REPORT

Our Order Number 0377009763-KG

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
1001 ALTSCHUL AVE.
MENLO PARK, CA 94025

When Replying Please Contact:

Kim Gilmore
KGilmore@ortc.com
(650) 574-1166

Property Address:

360 La Cuesta Drive, Portola Valley, CA 94028
[Unincorporated area of San Mateo County]

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE COMPANY hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit A attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the Homeowner's Policy of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.
It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of August 24, 2011, at 7:30 AM

OLD REPUBLIC TITLE COMPANY
For Exceptions Shown or Referred to, See Attached

Page 1 of 5 Pages

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0377009763-KG

The form of policy of title insurance contemplated by this report is:

CLTA Standard Coverage Policy - 1990. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

Fee

Title to said estate or interest at the date hereof is vested in:

Las Lomas Elementary School District of the County of San Mateo, State of California

The land referred to in this Report is situated in the unincorporated area of the County of San Mateo, State of California, and is described as follows:

Beginning at the most Easterly corner of Lot 169 as said lot is depicted upon that certain map entitled "Tract No. 631 Ladera, Unit No. 2", a copy of which map was filed in the Office of the Recorder of San Mateo County on September 8, 1950 in Book 32 of Maps at Pages 14 and 15; thence running from said point of beginning along the Northeasterly line of said Tract No. 631, North 70° 09' 11" West 233.78 feet and North 57° 48' 50" West 334.12 feet to the most Northerly corner of Lot 164; thence leaving said line and running North 23° 36' 50" West 280.02 feet to the Southeasterly line of the lands of Leland Stanford Junior University; thence running along the last mentioned line North 65° 41' 30" East 663.45 feet to a point distant 166.55 feet Southwesterly along said line from the most Westerly corner of Tract No. 604 Ladera Unit No. 1; thence leaving said line and running South 28° 07' 10" East 508.28 feet along a line parallel with and distant 166 feet Southwesterly from the Southwesterly line of said Tract No. 604; thence on the arc of a curve to the right tangent to the preceding course having a radius of 222 feet, a central angle of 67° 07' 10" through an arc distance of 380.63 feet; thence South 39° 00' West 135.18 feet; thence on the arc of a curve to the left tangent to the preceding course having a radius of 228 feet, a central angle of 4° 10' through an arc length of 16.58 feet; thence North 78° 53' 80" West 112.17 feet to the point of beginning. Containing 9.8 acres, more or less.

APN: 077-180-020

JPN: 77-18-180-02

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2011 - 2012, as follows:

Assessor's Parcel No	:	077-180-020	
Code No.	:	61-014	
1st Installment	:	\$2,448.84	Delinquent
Penalty	:	\$244.88	
2nd Installment	:	\$2,448.84	Delinquent
Penalty	:	\$244.88	
Cost	:	\$40.00	

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0377009763-KG

2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.
3. Covenants, Conditions and Restrictions which do not contain express provision for forfeiture or reversion of title in the event of violation, but omitting any covenants or restriction if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Recorded : November 1, 1948 in Book 1650 of Official Records, Page 1

Modification thereof, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

Recorded : May 16, 1950 in Book 1858 of Official Records, Page 628

Terms and provisions as contained in an instrument,

Entitled : Deed
Executed By : Peninsula Housing Association, Inc.
Recorded : May 16, 1950 in Book 1858 of Official Records, Page 663

Which, among other things, provides: The grantor covenants and warrants that the real property hereby conveyed is not subject to those certain covenants and conditions contained in Declaration, dated October 28, 1948 and recorded November 1, 1948 in Book 1650 of Official Records, Page 1.

4. Liens and charges for upkeep and maintenance as provided in the above mentioned Covenants, Conditions and Restrictions, if any, where no notice thereof appears on record.
5. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Deed of Dedication
Granted To : County of San Mateo
For : Storm sewer
Recorded : June 6, 1954 in Book 2520 of Official Records, Page 700
Affects : Said property

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0377009763-KG

6. One foot strip situated between said property and La Mesa Court, as shown on San Mateo County Assessor's Map 77-18.
7. Existing Lease in favor of Woodland School, as disclosed by information supplied to this Company.
8. Facts which would be disclosed by a comprehensive survey of the premises herein described.
9. Rights and claims of parties in possession.
10. Any facts, rights, interests or claims which are not shown by the public records, but which could be ascertained by making inquiry of the adjacent land owners and those in possession thereof.
11. The requirement that satisfactory evidence be furnished to this Company of compliance with applicable statutes, ordinances and charters governing the ownership and disposition of the herein described land.

----- **Informational Notes** -----

- A. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) 1.1.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0377009763-KG

- B. The above numbered report (including any supplements or amendments thereto) is hereby modified and/or supplemented to reflect the following additional items relating to the issuance of an American Land Title Association loan form policy:

NONE

NOTE: Our investigation has been completed and there is located on said land a commercial building known as 360 La Cuesta Drive, Portola Valley, CA 94028.

The ALTA loan policy, when issued, will contain the CLTA 100 Endorsement and 116 series Endorsement.

Unless shown elsewhere in the body of this report, there appear of record no transfers or agreements to transfer the land described herein within the last three years prior to the date hereof, except as follows:

NONE

- C. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument	:	
Entitled	:	Corporation Grant Deed Individual
By//From	:	Portola Development Company
To	:	Las Lomitas Elementary School District of the County of San Mateo, State of California
Recorded	:	March 6, 1952 in Book 2211 of Official Records, Page 342

SJ/eb

**CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY - 1990
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.-

(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments Which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims Which are not shown by the public records but which could be ascertained by an inspection of the land which may be asserted by persons in possession thereof,
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

Old Republic Title Company

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Old Republic Title Company

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you such as on applications or other forms.
- Information about your transactions we secure from our files, or from [our affiliates or] others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Disclosure to Consumer of Available Discounts

Section 2355.3 in Title 10 of the California Code of Regulation necessitates that Old Republic Title Company provide a disclosure of each discount available under the rates that it, or its underwriter Old Republic National Title Insurance Company, have filed with the California Department of Insurance that are applicable to transactions involving property improved with a one to four family residential dwelling.

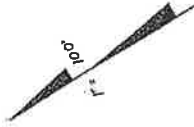
You may be entitled to a discount under Old Republic Title Company's escrow charges if you are an employee or retired employee of Old Republic Title Company including its subsidiary or affiliated companies or you are a member in the California Public Employees Retirement System "CalPERS" or the California State Teachers Retirement System "CalSTRS" and you are selling or purchasing your principal residence.

If you are an employee or retired employee of Old Republic National Title Insurance Company, or its subsidiary or affiliated companies, you may be entitled to a discounted title policy premium.

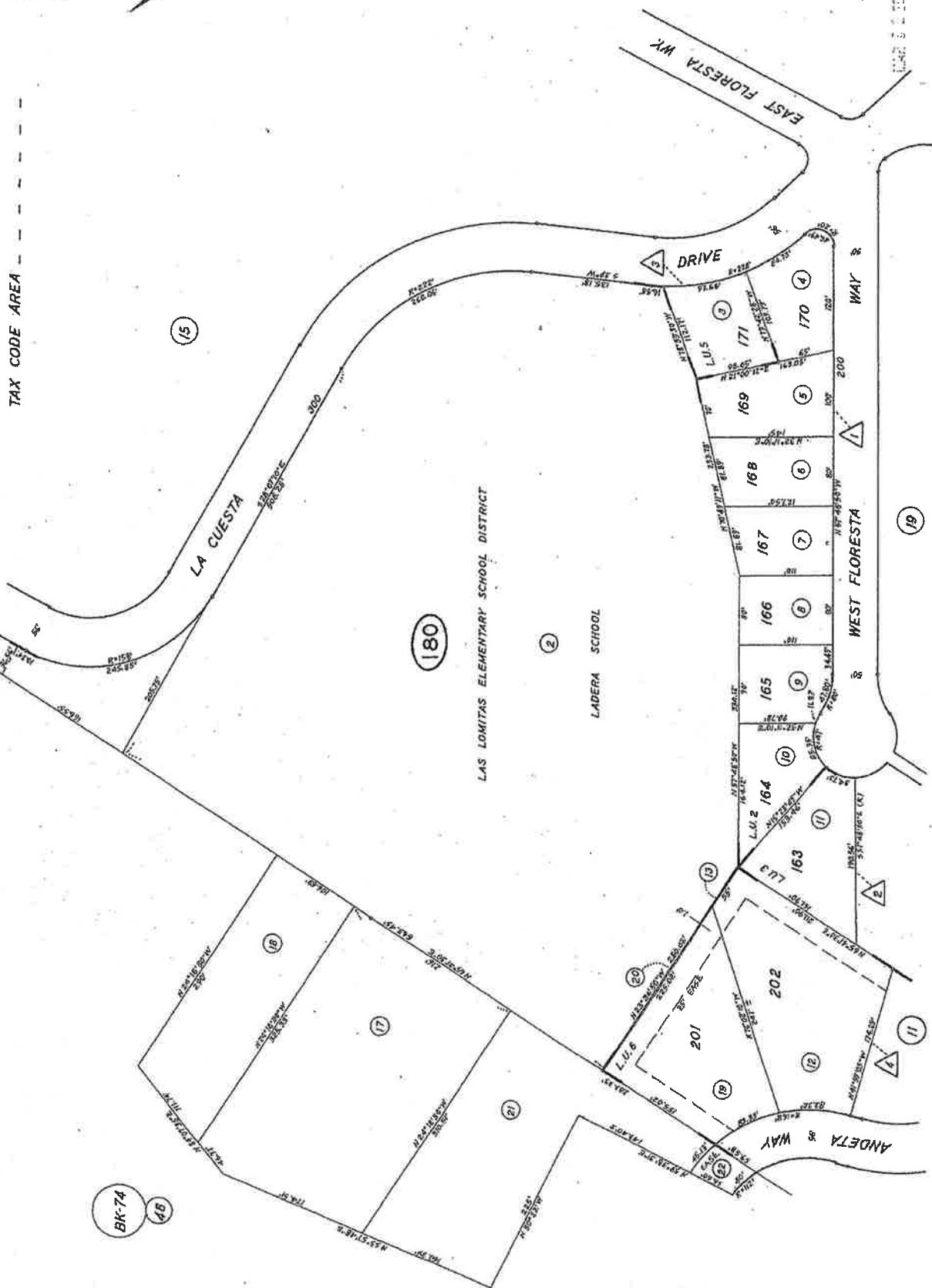
Please ask your escrow or title officer for the terms and conditions that apply to these discounts.

A complete copy of the Schedule of Escrow Fees and Service Fees for Old Republic Title Company and the Schedule of Fees and Charges for Old Republic National Title Insurance Company are available for your inspection at any Old Republic Title Company office.

77-18



- 1 LADERA UNIT NO. 2 RSM 32/15
- 2 " " NO. 3 RSM 32/39
- 3 " " NO. 5 RSM 36/35
- 4 " " NO. 6 RSM 37/8-10



TAX CODE AREA

BK-74
48

