



**REQUEST FOR PROPOSALS (RFP)
FOR THE SALE OR LEASE OF
SURPLUS SCHOOL DISTRICT PROPERTY**

27211 TYRRELL AVENUE
HAYWARD, CA 94544

Presented for
Hayward Unified School District
June 2023

RFP Release Date June 30, 2023
Proposal Submittal Deadline (<i>via email</i>) July 28, 2023 4:00 PM

Contact: DCG Strategies
7600 Dublin Boulevard, Suite 275
Dublin, CA 94568
listings@dcgstrategies.com

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- Exhibit A: Cost Estimates from Facilities Master Plan Update
- Exhibit B: Covenant House Lease
- Exhibit C: Assessor’s Parcel Map

CALENDAR OF EVENTS

The tentative schedule, subject to change without notice, is as follows.

Request for Proposals (RFP) Advertised	June 30, 2023
Property Tour <i>(optional)</i>	July 12, 2023 9:00 AM – 10:30 AM
Pre-Bidder’s Conference <i>(optional)</i>	July 14, 2023 10:00 AM
Questions Due	July 17, 2023 2:00 PM
Final Addendum/Responses Released	July 19, 2023
Proposals Due	July 28, 2023 4:00 PM
Evaluation Committee Review	August - September 2023
Interviews at District’s Discretion	TBD
Target Board Approval	September 2023

The RFP is available through the District’s website: <https://www.husd.us/departments/business-services/7-11>.

Interested proposers must submit an electronic Proposal via email to listings@dcgstrategies.com. This RFP will only be receiving electronic proposals. No other form will be accepted.

Proposals must be received electronically on or before 4:00 p.m. on the date noted above in the Calendar of Events. Proposers are responsible for checking the District’s website for modifications to the RFP via posted Addenda. The District is not responsible for any misunderstanding of the RFP or nonresponsive submission due to failure to check the website for updates or Addendums, and/or other information regarding the RFP. Failing to periodically check the District’s website for updates is at a proposer’s sole risk.

EXECUTIVE SUMMARY

BACKGROUND AND CONTEXT

The Hayward Unified School District (the “District”) owns approximately 9.89 acres of real property located at 27211 Tyrrell Avenue, Hayward, CA 94544; APN 453-55-16-3 (the “Property”). The District is currently seeking proposals from qualified proposers to purchase or lease the entire Property in its **AS IS** condition.

On June 22, 2022, the District’s Board of Education adopted Resolution 2223-09 to declare the Property as “exempt surplus Land.” The District has completed all requirements under the California Surplus Land Act; the Property is designated as exempt surplus land.

Furthermore, on September 28, 2022, the District’s Board of Education adopted Resolution 2223-15 authorizing approval for the District to seek a State Board of Education waiver so that a Request for Proposals (“RFP”) could be issued and declaring its intention to sell or lease the Property in accordance with the terms of the resolution. The District applied for and received a waiver from the State Board of Education allowing the District flexibility in the bidding and sale of the Property. As a result, the District is able to use a request for proposal process, and is not bound to select the successful proposal solely on the basis of price.

In compliance with statutory requirements and the Board-adopted resolution, the District has offered the Property for sale and/or lease to a number of designated agencies. The period in which agencies and other entities with statutorily preferential rights may make a priority offer for the Property has closed and the District now intends to extend its offer of the Property for sale or lease to the public at large.

The 7-11 Surplus Property Advisory Committee, a community advisory board tasked with reviewing the site and compiling community centric recommendations to the Board of Trustees, compiled a report of their findings and priorities. The full report can be found online at <https://www.husd.us/departments/business-services/7-11>. Proposers are encouraged to consult the report as a point of reference. The Board of Trustees are the ultimate decision makers and respect and appreciate the community’s recommendations.

The District will review all Proposals separately. The District reserves the right to reject any and all Proposals and to withdraw the Property from sale or lease.

SUBMISSION DEADLINE

The proposer must submit one electronic copy of their complete Proposal Package (PDF format is acceptable) via email to DCG Strategies at listings@dcgstrategies.com. All proposals must be received at or before **4:00 p.m. on Friday, July 28, 2023**, via email. Proposal receipt time is determined by the official clock of DCG Strategies. Any proposals submitted after the deadline may not be considered.

The point of contact for all matters regarding the property is DCG Strategies. All correspondence regarding the RFP process **must be in writing by email** to DCG Strategies. The team can be reached via email at listings@dcgstrategies.com.

OBJECTIVES

The District’s objectives are as follows:

- Prioritize HUSD students’ access to our best facilities
- Maximize revenues to invest in modern facilities
- Develop strategies to bring in ongoing revenue and support district goals
- Collaborate and align goals with other local municipalities
- Support land use for a positive social impact.

PROPERTY DETAILS

Location:
27211 Tyrrell Avenue
Hayward, CA 94544

Assessor's Parcel Number:
453-55-16-3

Zoning:
RS Single Family Residential -
Minimum Lot Size 5,000 SF

Property Size:
430,808 SF (9.89 acres)

General Plan:
PQP: Public / Quasi-Public



The Property is the previous home to Shepherd Elementary School which closed in 2007. The buildings were originally constructed in 1961 and contain various school facilities totaling approximately 35,458 square feet. As of 2021, estimated cost of repair was estimated at \$8,800,000. Additional property information, including the Facilities Master Plan Update, can be found online at <https://www.husd.us/departments/business-services/7-11>. A copy of the cost estimated from the Facilities Master Plan Update is included in Exhibit A.

Covenant House of California currently has a 10-year ground lease for one acre of the Property to provide temporary housing for homeless youth. A copy of the lease is included as Exhibit B.

Zoning - RS: Single Family Residential

The Property is currently zoned “RS” for Single Family Residential and is surrounded by residential, primarily RM Medium Density Residential and RS Single Family Residential, specifically parcels with a minimum lot size of 2,500 and 5,000 square feet per home respectively.

Land Use Designation - PQP: Public and Quasi-Public

Per the Hayward 2040 General Plan, the Property is classified as P/QP for Public/Quasi-Public. This classification is generally for parcels owned by public agencies and applies to major governmental, educational, cultural, and health care facilities located throughout the City.

Environmental Constraints

No information on the environmental condition of the Property has been provided as of the date of this Request For Proposals. Environmental impacts, with regard to physical site constraints and/or costs to clean/mitigate potential contamination, could have significant implications for the development, value and/or use of the Property and thus should be a primary area of investigation for any prospective proposer.

PROPERTY TOUR

The Property will be made available for access on **Wednesday, July 12, 2023 between 9:00 a.m. and 10:30 a.m.** This will be the only access provided for the Property and there will be no exceptions on additional access and/or rescheduling. While attendance is optional, all proposers will be held to the same standard of having toured the Property regardless of actual attendance.

PRE-BIDDER'S CONFERENCE

A pre-bidder's conference will be held virtually on **Friday, July 14, 2023 at 10:00 a.m.** Attendance is optional. All proposers will be held to the same standard of having attended the pre-bidder's conference regardless of actual attendance.

<https://us06web.zoom.us/j/85879737625>

Meeting ID: 858 7973 7625

Dial In: (669) 900-6833

TRANSACTION STRUCTURE

Respondents should verify the potential viability of the proposed project with the governing jurisdiction prior to making a proposal for the Property. A sample Letter of Intent for purchase may include, but certainly is not limited to, the terms and conditions below.

Purchase Letter of Intent

The following terms and conditions are proposed for this purchase:

1. **Purchase Price:** \$_____, payable in full in cash at Closing, less deposits, as described below.
2. **Close of Escrow:** Shall occur on the earlier of (1) City Approval, or (2) _____ (number of months from the Effective Date of the Agreement).
3. **Initial Deposit:** Buyer will make an initial deposit of \$_____ at the time a definitive Purchase and Sale Agreement is agreed and executed, which will be immediately released to the District, and is non-refundable under any and all circumstances, but applicable to the Purchase Price.
4. **Additional Deposits:** Buyer will make a series of additional deposits which will be released to the District as nonrefundable, but applicable to the Purchase Price, unless the District is unable to deliver good title to the Property. Each deposit shall be subject to the Buyer's unilateral decision to proceed with the transaction. That is, if the Buyer decides to withdraw from the transaction before making any one of the deposits, then that deposit, and any future deposits, will not be made, although those deposits already released to the District shall remain nonrefundable. The proposed deposit structure is as follows:

(describe amount and timing of deposits).
5. **Inspections:** Buyer shall be provided with the opportunity to conduct whatever physical inspections Buyer deems necessary and desirable subject to reasonable notice and noninterference with current users of the site. Buyer shall have the right to review any and all documentation, title reports, surveys, toxic and soil studies, and all other correspondence and documents relating to the Property, and the District shall promptly deliver to Buyer copies of all such documents in its possession, custody, or control, subject to entry into a Purchase and Sale Agreement. District staff and agents will cooperate fully with Buyer in providing such information as Buyer may reasonably require, regarding the history, use, and condition of the Property.
6. **Government Approvals:** Buyer shall be seeking various government approvals as may be required for development of the Property in the manner Buyer intends, including a tentative subdivision map and other City permits. The District will cooperate with and assist Buyer as reasonably necessary in submitting applications for such approvals, including signing appropriate documents that may be required by government officials.
7. **Other Provisions:**
 - 7.1 Buyer will request (in a binding Purchase and Sale Agreement) standard representations and warranties as are customary for transactions of this type, including with respect to authority, brokers, completeness of due diligence materials, absence of litigation, absence of hazardous materials or

hazardous site conditions, absence of violations of law, and vacancy of all structures on the premises at Close of Escrow.

7.2 Following completion of all conditions set forth in a binding Purchase and Sale Agreement, the District shall convey the Property to Buyer at Close of Escrow in substantially the same condition as at the present time, except as regards the condition of the improvements thereon (which Buyer shall be responsible for removing), and shall have cured any violation of applicable laws, regulations and codes, and shall have removed all monetary liens or other encumbrances to title that would prevent or impair good title from being passed to Buyer.

7.3 Buyer understands that the District has retained DCG Strategies as its real estate agent in connection with this transaction, and that the District will be solely responsible for any compensation due to DCG Strategies based on its arrangements with the firm. Any compensation due to other real estate agents or brokers engaged or retained by Buyer in connection with this transaction will be the sole responsibility of the Buyer.

- 8. Definitive Purchase and Sale Agreement:** As expeditiously as possible, Buyer intends to negotiate with the District and agree to a definitive and binding Purchase and Sale Agreement, but until that has been done, either party may withdraw from this transaction without further obligation of any kind to the other.
- 9. Approval Required by District Authorities:** Buyer understands and acknowledges that the District's execution of the Purchase and Sale Agreement must be conditioned on approval of its Board of Trustees.

A sample Letter of Intent for lease may include, but certainly is not limited to, the terms and conditions below.

Lease Letter of Intent

The following terms and conditions are proposed for this lease:

- 1. Type of Lease:** Please describe type of lease.
- 2. Term:** The term of this Lease shall be for the period of _____ months. The Term shall commence on the Commencement date as identified below.
- 3. Option to Extend:** Lessee has _____ option(s) to extend the term of this Lease for an additional _____ year(s).
- 4. Use:** The Premises shall be used for the purposes of _____.
- 5. Rent:** For the period commencing on the Rent Commencement Date, Lessee shall pay to Lessor, as base monthly rent \$_____, with _____% annual increases (include complete rent schedule as an exhibit).
- 6. Security Deposit:** Upon signing the Lease, Lessee shall pay to Lessor a Security Deposit in the amount of \$_____.
- 7. Lease Commencement:** Lease shall be effective immediately upon execution by duly authorized representatives of both parties.

- 8. Rent Commencement:** Rent shall commence upon _____.
- 9. Inspections:** Lessee shall be provided with the opportunity to conduct whatever physical inspections Lessee deems necessary and desirable subject to reasonable notice and noninterference with current users of the site. Lessee shall have the right to review any and all documentation, title reports, surveys, toxic and soil studies, and all other correspondence and documents relating to the Property, and the District shall promptly deliver to Lessee copies of all such documents in its possession, custody, or control, subject to entry into a Lease Agreement. District staff and agents will cooperate fully with Lessee in providing such information as Lessee may reasonably require, regarding the history, use, and condition of the Property.
- 10. Government Approvals:** Lessee shall be seeking various government approvals as may be required for development of the Property in the manner Lessee intends, including a tentative subdivision map and other City permits. The District will cooperate with and assist Lessee as reasonably necessary in submitting applications for such approvals, including signing appropriate documents that may be required by government officials.
- 11. Other Provisions:**
- 11.1** Lessee will request (in a binding Lease Agreement) standard representations and warranties as are customary for transactions of this type, including with respect to authority, brokers, completeness of due diligence materials, absence of litigation, absence of hazardous materials or hazardous site conditions, absence of violations of law, and vacancy of all structures on the premises.
- 11.2** Lessee understands that the District has retained DCG Strategies as its real estate agent in connection with this transaction, and that the District will be solely responsible for any compensation due to DCG Strategies based on its arrangements with the firm. Any compensation due to other real estate agents or brokers engaged or retained by Lessee in connection with this transaction will be the sole responsibility of the Lessee.
- 12. Definitive Lease Agreement:** As expeditiously as possible, Lessee intends to negotiate with the District and agree to a definitive and binding Lease Agreement, but until that has been done, either party may withdraw from this transaction without further obligation of any kind to the other.
- 13. Approval Required by District Authorities:** Lessee understands and acknowledges that the District's execution of the Lease Agreement must be conditioned on approval of its Board of Trustees.

DISCLAIMER

While the information contained herein has been provided in good faith and in an effort to provide prospective respondents with relevant property data, it is not binding on the District nor DCG Strategies and should not be considered a substitute for thorough due diligence investigation.

The District and DCG Strategies have not made any investigation, and make no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the property’s development potential, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCBs or asbestos (or any other hazardous materials or substances), the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant.

The information contained herein has been obtained from sources we believe to be reliable; however, the District and DCG Strategies have not verified, and will not verify, any of the information contained herein, nor has the District and DCG Strategies conducted any conclusive investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided.

All potential buyers or lessees must take appropriate measures to verify all information set forth herein. The Property is being offered for potential purchase or lease in **AS IS** condition.

CALIFORNIA PUBLIC RECORDS ACT

All proposals submitted in response to this RFP become the property of The District. The District shall hold each proposal confidential during its consideration and final acceptance of such proposals. However, after acceptance, all proposals are subject to the provisions of the California Public Records Act.

PROPOSAL REQUIREMENTS & REVIEW PROCESS

PROPOSER'S RESPONSIBILITIES

The District has engaged DCG Strategies, Inc. as their representative in releasing this Request For Proposals which seeks offers from prospective buyers or lessees to acquire or lease the subject property.

The selected proposer will be responsible for the payment of all costs and expenses in connection with the project including, but not limited to: costs associated with securing necessary entitlements and environmental documentation; demolition, ground clearing, site preparation, and construction of new buildings; maintenance; underground utilities; insurance and taxes; permits and inspection fees; costs and mitigation fees associated with the development including school fees; and architectural, environmental, engineering, and other related work, if any.

Proposer will be responsible for all brokerage commissions and fees to be paid to any real estate representative on the proposer's behalf, if any. The District will not pay any broker's fees or finder's fees, other than to their representative, DCG Strategies. The selected proposer will be required to:

- Select the necessary multi-disciplinary team;
- Coordinate the General Plan and Zone change process;
- Obtain all necessary entitlements and permits;
- Coordinate, manage, and facilitate the review of the project by the local jurisdiction; and
- Manage the work effort of the entire entitlement team, the architect, land planner, civil and other engineers, etc.

All proposals will have five (5) required sections in the order as set forth below. Please label each section and number all pages.

SECTION 1 - LETTER OF INTENT

SECTION 2 - DEVELOPMENT PROGRAM

SECTION 3 - PROJECT TIMETABLE AND CRITICAL ENTITLEMENT ISSUES

SECTION 4 - KEY TEAM MEMBERS AND PAST EXPERIENCE

SECTION 5 - STATEMENT OF FINANCIAL QUALIFICATIONS

SECTION 1 – LETTER OF INTENT

This section shall include the proposal contact and responsible party information, purchase/lease price, deposits, close of escrow and summary of the critical elements of expected project timeline. Any other critical information can be included in this section.

SECTION 2 – DEVELOPMENT PROGRAM

This section shall include a narrative description of the architectural and land planning theme for the project. Identify the planned improvements including the number of buildings by use, the estimated square footage devoted to each building and use, the approximate building footprints, the proposed unit mix with average unit sizes, amenities, parking, and public uses, if any. Include a preliminary site plan. While a detailed completed site plan, prototype housing and elevations are not required at this time (although strongly encouraged), a preliminary site plan is necessary to properly evaluate each proposal.

SECTION 3 – PROJECT TIMETABLE AND ENTITLEMENT ISSUES

This section shall include a general development timetable showing the various planning and entitlement steps, duration, estimated starting period, deposit amounts and release dates, and any phasing contemplated. As to acquiring the entitlements necessary for execution of the proposed development plan, please provide a narrative description of the issues the proposer has identified as critical. Also, please be sure that the timetable of approximate dates for obtaining these entitlements is realistic – in requesting both the narrative and timetable, the goal is to assess the proposer’s understanding of the entitlement process rather than solicit an unrealistically aggressive schedule for this process (although an ability to expedite the process is seen as favorable).

SECTION 4 – KEY TEAM MEMBERS AND PAST EXPERIENCE

Provide resumes for each key member of the team. It is anticipated that key members could include the development entity, the architect and/or land planner, entitlements counsel, equity partner, and other key members, if applicable. Other team members such as civil engineer, traffic planner, or landscape architect, may be identified if the proposer believes that to do so would enhance the proposal, but there is no requirement to do so.

SECTION 5 – STATEMENT OF FINANCIAL QUALIFICATIONS

Provide the following information:

- Is the proposer a subsidiary of, or affiliated with, any other corporation(s), partnerships or firms? If so, please specify.
- Has the proposer or its officers, principal members, shareholders or investors, or any of its parent, subsidiary or affiliated entities or other interested parties been adjudged bankrupt, either voluntarily or involuntarily, within the past ten years? If so, please explain.
- Is there pending litigation against the proposer or its officers, principal members, shareholders or investors, or any parent, subsidiary or affiliated entities or other interested parties other than minor personal injury suits involving claims under \$250,000? If so, please explain.

Item(s) submitted should be sufficient to permit the District to determine the proposer’s financial capacity for purchasing or leasing the Property. The proposer may wish to mark the financial statements, as “CONFIDENTIAL” or “PROPRIETARY.” As such, it will be treated as confidential by the District and its agent to the full extent permitted by law.

SUBMISSION FORMAT AND SCHEDULE

The proposer must submit one electronic copy of their complete Proposal Package digitally (PDF format) via email to DCG Strategies at listings@dcgstrategies.com. Proposals should be organized according to the previous section, and should include at least the requested information.

All proposals must be received at or before **4:00 p.m. on Friday, July 28, 2023**, via email. Proposal receipt time is determined by the official clock of DCG Strategies. Any proposals submitted after the deadline will not be considered.

The owner's contact for all matters regarding the property is DCG Strategies. All correspondence regarding the RFP process must be in **writing by email** to DCG Strategies. The team can be reached via email at listings@dcgstrategies.com.

The District shall review the proposals, request written clarification from proposers if necessary, and may, at its sole discretion, select one or more proposers as finalists. The review process may include requests for clarifications and one or more presentations by the proposers. At the conclusion of the review process, the Board plans to select one proposer with whom to enter into an agreement.

The District reserves the right to terminate this process at any point prior to the selection of a proposer, and solicitation of proposals in no way obligates the District to proceed with any agreement. The District reserves the right to reject submittals that fail to contain all required information or fail to follow all of the instructions contained in this RFP, and to waive any irregularities.

EVALUATION CRITERIA

The District's evaluation criteria include, but are not limited to:

- Project alignment with District goals
- Proposer experience and reputation
- Purchase/lease price
- Impact on District's ability to enhance long-term fiscal sustainability
- Entitlement risk
- Project quality
- Design and construction capability and sensitivity to surrounding neighborhood
- Experience with the City of Hayward
- Experience with other relevant projects.

EVALUATION PROCESS

The initial review will compare all proposals for compliance with the submission requirements. Any proposals with significant omissions may be rejected. The District reserves the right to request that proposers bring their submissions into compliance within a very short time period after notification.

IMPORTANT NOTE: The District reserves the right, if it deems it in the best public interest, to reject any and all proposals, and to withdraw the Property from potential sale or lease.

A detailed, point-by-point comparison will be made of all complete proposals for District confidential review. Requests for clarification may be sent to a certain proposer. Based on the evaluation criteria, the proposals will be rated and, at the District's sole discretion, the District will choose finalists who will be asked to an interview.

PROPOSAL REQUIREMENTS & REVIEW PROCESS

At the pre-determined District Board of Education Meeting, the proposals which have been received will be examined and declared by the Board. One or more of the finalists may also be requested to present their proposals at this meeting.

The final selection of the successful proposer will be made at a scheduled Board Meeting, subject to approval by the Board.

RIGHT TO REJECT

At any phase, the District reserves the right to terminate, suspend, or modify the proposal process, reject any or all submittals, and waive any minor irregularities in the proposal process.

EXHIBIT A:

**COST ESTIMATES FROM
FACILITIES MASTER PLAN
UPDATE**

HAYWARD UNIFIED SCHOOL DISTRICT

Total Project Cost Estimate

Facilities Master Plan Update
 Student Information & Assessment Center (SIAC)
 FMP Site Meeting Date: 5/12/21

Total No. of Classrooms: 20
 No. of Permanent Classrooms: 20
 No. of Existing Portables: 32
 No. of Portables to be replaced: -
 Total Bldg Sq. Ft.: 35,458
 Sq. Ft. of Permanent Bldgs: 35,458
 Sq. Ft. of New Portables/Prefab Classrooms: -
 Site Acreage: 7.00
 Usable Site Sq. Ft.: 269,462

Year of original construction: 1961
 Age of School: 60
 TRi Rating 2019: 1.6
 DCA Rating Update 2021: 1.6
 2021 Enrollment:

#	Cost Category	Qty Sq Ft	Repair Cost	Upgrade Cost	Total Cost	Cost per Sq Ft
1	Buliding Modernization Cost (includes all permanent bulidings)	35,458	\$6,418,753	\$10,546,715	\$16,965,468	\$478
2	Site Modernization Cost	269,462	\$1,453,603	\$5,576,665	\$7,030,268	\$26
3	Portable Replacement Cost	-	\$881,280	\$0	\$881,280	n/a
4	Total Project Cost Estimate	35,458	\$8,753,635	\$16,123,380	\$24,877,015	\$702

Preliminary Implementation Timeline:

- * Design 12 months
- * DSA Approval 5 months
- * Bid Process 2 months
- * Construction 16 months
- * Move-in 1 month

Notes:

- 1 This cost estimate is based on a full modernization scope
- 2 Above figures are Total Project Costs
- 3 See backup sheets for further detail of recommended scope of work and markups
- 4 Cost escalation is not included, above figures are in 2021 dollars (recommend 5% per year)
- 5 Total No. of Classrooms includes existing permanent classrooms plus new portable/prefab classrooms
- 6 Total Building Sq. Ft. includes permanent and portable buildings
- 7 Usable Site Sq. Ft. above is site acreage minus footprint of all buildings
- 8 "Repair" entails repairing existing construction, systems, finishes to functional condition (Ex: repair leaking plubming)
- 9 "Upgrade" entails upgrading of existing construction, systems, finishes above original condition (Ex: extend plumbing to new restrooms)
 Upgrade scope assumes all Repair scope will be completed concurrently
- 10 Projects in-progress, funded by Measure H are not included in above figures
- 11 Cost and timeline assume all scope will be done in one phase

HAYWARD UNIFIED SCHOOL DISTRICT

Total Project Cost Estimate

Facilities Master Plan Update
 Student Information & Assessment Center (SIAC)
 FMP Site Meeting Date: 5/12/21

Year of original construction: 1961
 No. of Permanent Classrooms: 20
 Sq. Ft. of Permanent Bldgs: 35,458
 Site Acreage: 7.00
 Usable Site Sq. Ft.: 269,462

Recommended Scope of Work Building Modernization	Qty	Unit	Repair Unit Cost	Upgrade Unit Cost	Repair Subtotal	Upgrade Subtotal	Full Scope Total
Hazmat abatement	35,458	sf	\$6.00		\$212,748	\$0	\$212,748
Interior demo	35,458	sf	\$2.00	\$4.00	\$70,916	\$141,832	\$212,748
Foundation/slab repairs	35,458	sf			\$0	\$0	\$0
Misc. iron for int modernization	35,458	sf		\$5.00	\$0	\$177,290	\$177,290
Misc. iron for roof work	35,458	sf		\$2.50	\$0	\$88,645	\$88,645
Interior carpentry modifications/repairs	35,458	sf	\$5.00	\$5.00	\$177,290	\$177,290	\$354,580
Exterior carpentry repairs	35,458	sf	\$5.00		\$177,290	\$0	\$177,290
Cabinetry repairs/replacement	35,458	sf	\$8.00	\$8.00	\$283,664	\$283,664	\$567,328
Thermal insulation	35,458	sf		\$6.00	\$0	\$212,748	\$212,748
New roofing, sheet metal, incl demo	42,550	sf	\$25		\$1,063,740	\$0	\$1,063,740
Acoustic treatment	35,458	sf		\$2.50	\$0	\$88,645	\$88,645
New doors, hardware	35,458	sf	\$5.00		\$177,290	\$0	\$177,290
New windows, glazing	35,458	sf	\$4.00	\$4.00	\$141,832	\$141,832	\$283,664
Exterior finish repair/patching	35,458	sf	\$4.00		\$141,832	\$0	\$141,832
New drywall/patching	35,458	sf	\$4.00	\$4.00	\$141,832	\$141,832	\$283,664
New ceramic tile	3,546	sf	\$10	\$20	\$35,458	\$70,916	\$106,374
New flooring	35,458	sf	\$2.50	\$4.00	\$88,645	\$141,832	\$230,477
New ceilings	35,458	sf	\$2.50	\$4.00	\$88,645	\$141,832	\$230,477
New interior paint	35,458	sf		\$4.00	\$0	\$141,832	\$141,832
New exterior paint	35,458	sf		\$5.00	\$0	\$177,290	\$177,290
White boards	40	ea		\$3,500	\$0	\$140,000	\$140,000
Tackable surface	3,200	sf		\$35	\$0	\$112,000	\$112,000
Restroom partitions, specialties	20	ea		\$1,500	\$0	\$30,000	\$30,000
Misc. building specialties, signage	60	ea	\$250	\$250	\$15,000	\$15,000	\$30,000
Food service equipment - cooking kitchen		sf		\$500	\$0	\$0	\$0
Athletic equipment - MPR/Gym		ls	\$100,000	\$150,000	\$0	\$0	\$0
Science, STEM, art specialties		ls	\$100,000	\$150,000	\$0	\$0	\$0
Stage curtain, lighting, A/V - MPR/Gym		ls		\$100,000	\$0	\$0	\$0
Blinds, shades	35,458	sf	\$3.50		\$124,103	\$0	\$124,103
Walk-off mats	20	ea		\$1,500	\$0	\$30,000	\$30,000
Elevator upgrades		ea	\$50,000		\$0	\$0	\$0
Fire sprinkler modifications		sf		\$10	\$0	\$0	\$0
Plumbing repairs/upgrades	35,458	sf	\$4.00	\$8.00	\$141,832	\$283,664	\$425,496
Drinking fountains/bottle fillers	2	ea		\$10,000	\$0	\$20,000	\$20,000
Additional restrooms		sf		\$500	\$0	\$0	\$0
HVAC repairs/upgrades	35,458	sf	\$10	\$35	\$354,580	\$1,241,030	\$1,595,610
Electrical repairs/upgrades	35,458	sf	\$10	\$25	\$354,580	\$886,450	\$1,241,030
Fire alarm repairs/upgrades	35,458	sf	\$2.00	\$8.00	\$70,916	\$283,664	\$354,580
Phone, data upgrades	35,458	sf		\$4.00	\$0	\$141,832	\$141,832
Clock/bell/speaker/PA	35,458	sf		\$4.00	\$0	\$141,832	\$141,832
Technology infrastructure	1	ls	\$100,000	\$100,000	\$100,000	\$100,000	\$200,000
Classroom technology, WiFi, audio-visual	35,458	sf		\$15	\$0	\$531,870	\$531,870
Furniture	35,458	sf		\$12	\$0	\$425,496	\$425,496
STEAM Classrooms Modernization					\$0	\$0	\$0
					\$0	\$0	\$0
Direct Cost Subtotal:					\$3,962,193	\$6,510,318	\$10,472,511
General Contractor Markups:	15.0%				\$594,329	\$976,548	\$1,570,877
Design Contingency:	5.0%				\$198,110	\$325,516	\$523,626
Construction Contingency:	5.0%				\$198,110	\$325,516	\$523,626
Soft Costs:	27.0%				\$1,069,792	\$1,757,786	\$2,827,578
Program Contingency:	10.0%				\$396,219	\$651,032	\$1,047,251
Escalation:							
Total Project Cost Estimate for Building Modernization:					\$6,418,753	\$10,546,715	\$16,965,468

HAYWARD UNIFIED SCHOOL DISTRICT

Total Project Cost Estimate

Facilities Master Plan Update
 Student Information & Assessment Center (SIAC)
 FMP Site Meeting Date: 5/12/21

No. of Permanent Classrooms: 20
 No. of Existing Portables: 32
 No. of Portables to be replaced: -
 Sq. Ft. of Permanent Bldgs: 35,458
 Sq. Ft. of New Portables/Prefab Classrooms: -
 Site Acreage: 7.00
 Usable Site Sq. Ft.: 269,462

Recommended Scope of Work Site Modernization	Qty	Unit	Repair Unit Cost	Upgrade Unit Cost	Repair Subtotal	Upgrade Subtotal	Full Scope Total
Remove, replace storm drain	1,000	lf	\$125		\$125,000	\$0	\$125,000
Remove, replace sanitary sewer	1,000	lf	\$125	\$50	\$125,000	\$50,000	\$175,000
Remove, replace domestic water lines	1,000	lf	\$100		\$100,000	\$0	\$100,000
New fire water service line		lf		\$125	\$0	\$0	\$0
New fire hydrant and fire dept connections		ea		\$15,000	\$0	\$0	\$0
Remove, replace electrical conduits/conductors	1,000	lf	\$100	\$50	\$100,000	\$50,000	\$150,000
Electrical service upgrade	1	ls		\$100,000	\$0	\$100,000	\$100,000
Remove, replace low voltage conduits/conductors	1,000	lf		\$75	\$0	\$75,000	\$75,000
Perimeter fencing repairs, upgrades	269,462	sf	\$0.25	\$0.50	\$67,366	\$134,731	\$202,097
Entry access control	1	ls		\$50,000	\$0	\$50,000	\$50,000
Video surveillance	35,458	sf		\$6.50	\$0	\$230,477	\$230,477
Accessibility, path of travel repairs, upgrades	269,462	sf	\$0.25	\$0.25	\$67,366	\$67,366	\$134,731
Drinking fountains/bottle fillers	2	ea		\$10,000	\$0	\$20,000	\$20,000
Playground improvements - preschool	3	ea	\$25,000	\$125,000	\$75,000	\$375,000	\$450,000
Permanent shade structures - 20'x40'	2	ea		\$60,000	\$0	\$120,000	\$120,000
Exterior lighting improvements	35,458	sf	\$1.00	\$1.00	\$35,458	\$35,458	\$70,916
Paving repairs, upgrades	53,892	sf		\$3.50	\$0	\$188,623	\$188,623
Additional parking		ls		\$150,000	\$0	\$0	\$0
Reconfigure pick-up/drop-off		ls		\$250,000	\$0	\$0	\$0
New fire lane		ls		\$250,000	\$0	\$0	\$0
Landscaping, irrigation	67,366	sf	\$3.00	\$2.00	\$202,097	\$134,731	\$336,828
Outdoor seating/learning areas	2	ea		\$50,000	\$0	\$100,000	\$100,000
Inclusive playground per Sim report dated 4/01/21	1	ea		\$1,711,000	\$0	\$1,711,000	\$1,711,000
					\$0	\$0	\$0
					\$0	\$0	\$0
Direct Cost Subtotal:					\$897,286	\$3,442,386	\$4,339,671
General Contractor Markups:	15.0%				\$134,593	\$516,358	\$650,951
Design Contingency:	5.0%				\$44,864	\$172,119	\$216,984
Construction Contingency:	5.0%				\$44,864	\$172,119	\$216,984
Soft Costs:	27.0%				\$242,267	\$929,444	\$1,171,711
Program Contingency:	10.0%				\$89,729	\$344,239	\$433,967
Escalation:							
Total Project Cost Estimate for Site Modernization:					\$1,453,603	\$5,576,665	\$7,030,268

EXHIBIT B:

COVENANT HOUSE LEASE

LEASE AGREEMENT

This Ground Lease Agreement (hereinafter referred to as "Lease") is made on this 18th day of November 2020, by and between the **Hayward Unified School District**, a public school district in the County of Alameda, State of California (hereinafter called "Landlord"), and Covenant House (hereinafter called "Tenant"). Landlord and Tenant are sometimes hereinafter referred to collectively as the "Parties" or each individually as a "Party."

RECITALS

1. Landlord owns that real property located at 27211 Tyrrell Avenue in the City of Hayward, Alameda County, California, APN 453-55-16-3, which is further described on Exhibit "A" attached hereto ("**Property**").
2. Tenant desires to ground lease from Landlord approximately 1 acre of land within the general area as shown in "Exhibit B." The Tenant shall use the approximately 1 acre of vacant land to construct Tenant Improvement as described in Exhibit C for temporary housing. Landlord desires to lease the Premises to the Tenant upon the terms and conditions set forth herein.
3. The Landlord and Tenant recognize the value of partnering to provide services to the youth of a sensitive population. The Landlord and Tenant also recognize that partnering may improve the vacant land through proper maintenance and planned investments.
4. Tenant agrees that Landlord's fee interest shall at all times be and remain unsubordinated to any leasehold mortgage which may be imposed upon Tenant's leasehold interest hereunder or upon the improvements, and that nothing contained in this Lease shall be construed as an agreement by Landlord to subject its fee interest to any such lien.

IT IS AGREED between the Parties as follows:

1. DESCRIPTION.

Landlord does hereby rent and lease to the Tenant approximately 1 acre of vacant land to be mutually agreed to within the general boundaries as shown in Exhibit "B" attached hereto and hereinafter referred to as "Premises," containing multiple portable buildings ("**Portables**"). The Portables are owned by Landlord.

2. TERM.

A. The term of this Lease shall be ten (10) years from the Rent Commencement ("**Term**"), unless sooner terminated under any provision hereof.

B. Rent shall commence upon the earlier of Tenant's completion of constructing site improvement and receipt of any applicable occupancy permit for the Premises or seven (7) months from mutual execution of a Lease Agreement ("**Rent Commencement**").

3. RENT.

A. The initial annual rent shall be One Hundred Thousand Dollars Dollars and No Cents (\$100,000.00), divided into twelve equal monthly installments of Eight Thousand Three Hundred Thirty – Three Dollars and Thirty – Three Cents (\$8,333.33) (“Rent”). Tenant shall pay promptly to Landlord the monthly installment of Rent on the first day of each month in advance during the term of the Lease, without deduction, setoff, prior notice or demand.

B. The Rent throughout the Term shall be paid to the Landlord in accordance with the below schedule:

Year	\$/sf	Monthly Rent	Annual Rent
1	\$0.19	\$8,333.33	\$100,000.00
2	\$0.19	\$8,333.33	\$100,000.00
3	\$0.19	\$8,333.33	\$100,000.00
4	\$0.19	\$8,333.33	\$100,000.00
5	\$0.20	\$8,750.00	\$105,000.00
6	\$0.20	\$8,750.00	\$105,000.00
7	\$0.20	\$8,750.00	\$105,000.00
8	\$0.20	\$8,750.00	\$105,000.00
9	\$0.21	\$9,166.67	\$110,000.00
10	\$0.21	\$9,166.67	\$110,000.00

C. Tenant acknowledges that late payment by Tenant to Landlord of the monthly rent and other sums due 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) days after such amount shall be due, Tenant shall pay to Landlord, as additional rent, a late charge equal to three percent (3%) of such overdue amount or the maximum amount allowed by law, whichever is less. 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. 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 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.

E. The Portables are owned by the Landlord and the usage of any remaining Portables on the Premises are therefore included in the rent calculation. Any replacement of the existing Portables or installation of new Portables shall be subject to Landlord approval and the terms and conditions set forth in section 11, below.

5. SECURITY DEPOSIT.

Tenant is to provide Landlord a deposit of Twenty Thousand Dollars (\$20,000.00), hereinafter referred to as the “**Security Deposit.**” Said Security Deposit 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, or expense sustained by Landlord due to Tenant’s default. In such event, Tenant shall, within five (5) days of written demand by Landlord, remit to Landlord sufficient funds to restore the Security Deposit to its original sum. 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 Premises in the condition required by this Lease, then said Security Deposit, less any sums owing to Landlord, shall be returned to Tenant within thirty (30) days after the termination of this Lease and vacancy of the Premises by Tenant.

6. DELIVERY.

Tenant shall accept the Premises in its “AS IS” condition. Landlord shall not be required to make or construct any alterations including structural changes, additions or improvements to the Premises and Landlord is not providing Tenant with any type of tenant improvement allowance whatsoever. Tenant has inspected the current condition of the Premises as of the Effective Date and is satisfied therewith. By taking possession of the Premises pursuant to this Lease, Tenant accepts the Premises from Landlord in good and sanitary order and condition. Landlord shall have no such repair obligations in the event that a defect results from or is caused by the negligence or willful misconduct of Tenant or any of Tenant’s agents, officers, employees, contractors, subcontractors, assignees, subtenants, licensees, guests, or invitees, (collectively, “**Tenant Parties**”). Tenant further agrees and acknowledges that no representations respecting the condition of the Premises have been made to Tenant by Landlord, except as otherwise specifically set forth in this Lease. All provisions of this Lease with regard to Tenant’s use and responsibility to the Premises and Landlord, including provisions relating to indemnification and insurance, shall be in effect at the time of Tenant’s possession and the start of Tenant’s Improvements to the Premises, as the term Improvements is defined in Section 11 below.

7. USE OF PREMISES.

A. The Premises may be used by Tenant to construct and operate a 30 bed temporary housing facility for youth (ages 18 to 24) facing homelessness who are actively looking to move towards permanent independence.

Tenant shall not use the Premises for any use other than that specified in this section without the prior written consent of the Landlord. Tenant shall require all subtenants, licensees, and invitees to use the Premises only in conformance with this use and with applicable governmental laws, regulations, rules and ordinances. Tenant shall 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, regulation, rule or ordinance. Tenant shall not commit or suffer to be committed, any waste upon the Premises, or allow any sale by auction upon the Premises, or allow the Premises to be used for any unlawful purpose, or place any harmful liquids in the drainage system. No waste materials or refuse shall be dumped upon or permitted to remain upon any part of the Premises except in trash containers designated for that purpose. Any use which involves the serving and/or sale of alcoholic beverages and the conducting of games of chance are prohibited on the Premises. Tenant shall comply with Landlord's district wide policy prohibiting the use of tobacco products on the Premises at all times, and Tenant shall not permit anything to be done in or about the Premises, which will increase the existing rate of insurance upon the Premises, or cause the cancellation of any insurance policy covering said premises unless Tenant obtains prior written approval from Landlord and pays any increased premium. Tenant shall not use or permit the use on the Premises or any part thereof for any purposes which are inimical to public morals and welfare or morally objectionable as unsuitable for a public educational facility. Tenant agrees to immediately respond to concerns expressed by neighbors or Landlord relating to the operation of the Premises.

B. Security. The Tenant shall be responsible for securing the Property, including all of the equipment and furnishings contained therein, in manner that prevents or deters the theft or destruction of District property as a result of Tenant's Use. Such reasonable measures may include but are not limited to locking doors, rekeying door hardware, maintaining internal key control procedures, locking windows, setting alarms, keeping valuable materials out of public view or restricting access to the Property, and responding to necessary after hour emergencies resulting from Tenant's Use. The responsibility to maintain the security of the Property under this subparagraph shall not be interpreted as the District's authorization of the alteration of Property. If the Tenant desires to make alterations or improvements to the Property as a result of its obligation to maintain security of the Property or its contents, then Tenant must follow the procedures stated in Section 11 (REPAIR AND RENOVATION) prior to making any such alterations or improvements, including but not limited to the changing door locks, the placement of surveillance cameras and the installation of alarms or deterrent devices on the Property.

7. TAXES AND ASSESSMENTS.

Tenant shall pay before delinquency any and all taxes, assessments, levies, possessory interest taxes, and other charges and governmental fees, 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 Premises and/or any 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 Premises 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 Premises, or any part thereof, during the Term of this Lease, Tenant shall 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) the amount of any such special assessment. Nothing in this Section shall limit Landlord's right to recover, as Additional Rent, Taxes and Assessments payable after termination of this Lease pursuant to Section 26 of this Lease. 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 Premises subsequent to the termination of this Lease and (ii) applicable to a period or periods subsequent to the termination of this Lease.

8. INDEMNIFICATION AND INSURANCE.

A. Tenant Indemnification. Tenant agrees to indemnify, reimburse, hold harmless, and defend Landlord, its officers, employees and agents 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), in connection with, arising out of, or related to the operation, condition, use or occupancy of the Premises and all areas appurtenant thereto. This Lease is made on the express representation and covenant by Tenant that Landlord shall not be liable for, or suffer loss by reason of, injury to person or property, from whatever cause in any way connected with the condition, use or occupancy of the Premises specifically including, without limitation, any liability for injury including death to the person or property of the Tenant, its agents, officers, employees, licensees and invitees.

B. Landlord Indemnification. Landlord shall hold harmless and defend and indemnify Tenant from any claims, damages or expenses, including attorneys' fees, arising out of or relating to or in any way connected to Landlord's gross negligence or willful misconduct on the Premises.

C. Commercial General Liability Insurance and Auto Insurance. Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a policy of commercial general liability insurance and a comprehensive auto liability policy insuring Landlord and Tenant against claims and liabilities arising out of the operation, condition, use, or occupancy of the Premises and all areas appurtenant thereto, including playgrounds, playfields, asphalt surfaces and parking areas. Tenant's comprehensive auto liability policy shall insure all hired and non-owned vehicle(s) and, in the event Tenant purchases vehicle(s), Tenant will provide owned auto insurance at the time of purchasing the vehicles. Tenant's commercial general insurance shall be at least as broad as the Insurance Service Office (ISO) CG 00-01 form and in an amount of not less than Five Million Dollars (\$5,000,000) for bodily injury or death and property damage as a result of any one occurrence and a Five Million Dollar (\$5,000,000) general aggregate policy limit. In addition, Tenant shall obtain a products/completed operations aggregate policy in the amount of Two Million Dollars (\$2,000,000) and a personal injury policy in the amount of One Million Dollars (\$1,000,000). The insurance carrier, deductibles and/or self-insured retentions shall be approved

by Landlord, which approval shall not be unreasonably withheld. Prior to December 1, 2020, Tenant shall deliver to Landlord a certificate of insurance evidencing the existence of the policies required hereunder and copies of endorsements stating that such policies shall:

- i) not be canceled or altered without thirty (30) days prior written notice to Landlord;
- ii) insure performance of the indemnity set forth in Section 8.A above;
- iii) state the coverage is primary and any coverage by Landlord is in excess thereto;
- iv) contain a cross liability endorsement; and,
- v) include a separate endorsement naming Landlord as an additional insured.

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 8.C.

D. Fire Insurance. During the term of this Lease, Landlord shall maintain at its cost a policy of standard fire and casualty insurance limited to the value of the existing buildings and improvements located on the Property. In the event of loss or damage to the buildings, the Premises or any contents, 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. Tenant shall maintain fire insurance coverage for any new structures built at Tenant's expense.

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. Tenant shall provide Landlord prior to December 1, 2020, a certificate of insurance evidencing the existence of the policy required hereunder.

F. Subtenant Insurance. During the term of this Lease, Tenant shall require any Subtenant of all or any portion of the Premises 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 the insurance to be maintained by Landlord on the Premises pursuant to Section 8.D above will not insure any of Tenant's property or improvements made by Tenant. Accordingly, Tenant shall at its own expense, maintain in full force and effect an insurance policy on all of its fixtures, equipment, improvements made by Tenant and personal property in, about, or on the Premises. 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. Tenant shall deliver to Landlord prior to December 1, 2020, a certificate of insurance evidencing the existence of the policy required hereunder.

H. Insurance Limits, Rating of Insurers and Certificates. 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 Annual Rent for the Premises, (ii) increases in the estimated full replacement cost of the Premises, and (iii) increases in the general marketplace insurance limits for tenancies as defined herein or subtenancies consistent with the provisions of this Lease. Insurance is to be placed with insurers with a current A.M. Best Insurance rating of no less than A-minus:VII and subject to the approval of Landlord per Section 8.C. Tenant shall furnish Landlord with the original certificates and amendatory endorsements evidencing the required coverages.

I. Mutual Release. Each Party hereby releases the other Party, and its partners, officers, agents and employees 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 Tenant 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 Tenant 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.

Tenant shall pay for all gas, light, heat, power, electricity, telephone, security/burglar alarm monitoring services, trash pick-up, sewage fees and all other services supplied to or consumed on the Premises and all taxes and surcharges thereon.

10. MAINTENANCE AND REPAIR.

A. Tenant is responsible for the "Major Maintenance" of Tenant's future onsite improvement items including but not necessarily limited to the integrity of the building structures, foundations, ceilings, roofing, underground piping, and fire hydrant, and fire system. Tenant is responsible for "Routine Maintenance" of Tenant's future onsite improvement items including but not necessarily limited to the integrity of the building structure, foundations, ceilings, roofing, underground piping, boiler, and fire hydrant, and fire system. Unless otherwise set forth herein, Tenant shall, at Tenant's sole cost and expense at all times, keep the Premises and every part thereof in good order, condition and repair, structural and non-structural (whether or not such portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements or the age of such portion of the Premises), including, without limiting the generality of the foregoing, all equipment or facilities serving the Premises, such as plumbing, heating, air conditioning, ventilating, electrical, lighting facilities, boilers, fired or unfired pressure vessels, fire sprinkler and/or standpipe and hose or other automatic fire extinguishing system, including fire alarm and/or smoke detection systems and equipment, floors, windows, doors, plate glass, skylights, landscaping, located in, on, about, or adjacent to the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Tenant's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises, the elements surrounding same, or

neighboring properties, that was caused or materially contributed to by Tenant, or pertaining to or involving any Hazardous Substances and/or storage tank brought onto the Premises by or for Tenant or under its control. Tenant, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices. Tenant's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair.

If Tenant fails to make repairs required hereunder within a reasonable time after receipt of written notice from Landlord, Landlord may, but need not, make such repairs and replacements, and Tenant shall pay Landlord the reasonable cost thereof as additional rent, within fifteen (15) days after receipt of an invoice from Landlord.

Within a reasonable period prior to the expected date of the commencement of such repair or maintenance work by Tenant, Tenant shall notify Landlord so that Landlord may post notices of nonresponsibility in or upon the Premises as provided by law.

B. Tenant shall, at Tenant's sole cost and expense, procure and maintain contracts, with copies to Landlord, in customary form and substance for, and with contractors specializing and experienced in, the inspection, maintenance and service of the following equipment and improvements, if any, located on the Premises: (i) heating, air conditioning and ventilation equipment, (ii) boiler, fired or unfired pressure vessels, (iii) fire sprinkler and/or standpipe and hose or other automatic fire extinguishing systems, including fire alarm and/or smoke detection, (iv) landscaping and irrigation systems, (v) roof covering and drain maintenance and (vi) asphalt and parking lot maintenance. Furthermore, any contractor hired by Tenant to perform maintenance or repair work shall be subject to District's approval.

C. Except for the warranties and agreements of Landlord as set forth herein, it is intended by the parties hereto that Landlord shall have no obligation, in any manner whatsoever, to repair and maintain the Premises, the improvements located thereon, or the equipment therein, whether structural or non structural, all of which obligations are intended to be that of the Tenant under this Agreement. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the parties as to the maintenance and repair of the Premises. Landlord and Tenant expressly waive the benefit of any statute now or hereafter in effect to the extent that it is inconsistent with the terms of this Lease with respect to, or which affords Tenant the right to make repairs at the expense of Landlord or to terminate this Lease by reason of any needed repairs.

Landlord shall have no maintenance or repair obligations with respect to the Premises except as expressly provided in this section. 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.

11. ALTERATIONS, ADDITIONS AND IMPROVEMENTS.

A. Tenant may, at its sole cost and expense, construct or cause to be constructed on the Premises those Improvements including permanent or temporary buildings, portables, roadways, sidewalks, fences, playgrounds, parking areas, utilities, signs, monuments and landscaping which Tenant deems necessary to the operation of its business ("Improvements")

subject to local site, zoning, and design review and other required approvals and provided that Landlord has approved all such Improvements in writing, in advance. Landlord's approval may be withheld or delayed in Landlord's sole and absolute discretion. Any permitted ("Improvements" shall be subject to the requirements of this Section 11, and shall be conditioned upon: (i) Tenant's acquiring all applicable permits required by all applicable City, State, or governmental authorities, (ii) the furnishing of copies of such permits together with a copy of the plans and specifications for the Improvements to Landlord prior to commencement of the work thereon, and (iii) the compliance by Tenant with all conditions of said permits in a prompt and expeditious manner.

B. Not less than fifteen (15) days prior to the construction, major repair, renovation or demolition of any Improvements on the Premises, Tenant shall provide Landlord with information regarding the contractor's financial condition and evidence to Landlord's reasonable satisfaction that adequate funds to complete the Improvements are committed and available or that completion has been otherwise adequately assured. Such assurances may include, in Landlord's discretion, a completion guarantee. No construction shall commence until Landlord has given Tenant written acceptance of such assurances.

C. Tenant shall give Landlord fifteen (15) days prior written notice before commencing any work on the Premises so that Landlord may post such notices of non-responsibility with respect thereto as Landlord may deem appropriate. Tenant shall not commence work on the Premises until Landlord has posted notice of non-responsibility or has provided Tenant with written response waiving posting of notice of non-responsibility.

D. Not less than fifteen (15) days prior to the construction, major repair, renovation or demolition of any improvements on the Premises, Tenant shall provide Landlord with sufficient evidence that it has obtained all required approvals and permits for the work and that Tenant or Tenant's contractor(s) has in effect, with premiums paid, adequate casualty and liability insurance (including builder's risk) coverage and workers' compensation.

E. Upon commencement of construction of any Improvements, Tenant shall cause the work to be diligently pursued to completion in accordance with the schedule for completion approved by Landlord, subject to unavoidable delays caused by weather, supply shortages, strikes or acts of God.

F. All work on improvements shall be performed in a sound and workmanlike manner, in compliance with the applicable laws and building codes, in conformance with the plans and specifications approved by Landlord and the Division of the State Architect ("DSA"), if applicable, or any modifications thereto which have been approved in writing by Landlord. If an improvement project requires the use of DSA approved Inspector services, Tenant shall reimburse Landlord for the costs related to said services.

G. Landlord or Landlord's agent shall have a continuing right at all times during the period that Improvements are being constructed on the Premises to enter the Premises and to inspect the work provided that such entries and inspections do not unreasonably interfere with the progress of the construction. Tenant shall require its contractors who construct improvements on

the Premises to cooperate reasonably with Landlord or its agent in such inspections. In connection with any entry by Landlord or Landlord's agent pursuant to this Subsection 11.G, 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.

H. Within ninety (90) days after completion of construction of any work of improvement on the Premises, Tenant shall deliver to Landlord two (2) full and complete sets of as-built plans for the work so completed, and one (1) digital copy of such as-built plans.

I. Landlord shall cooperate with Tenant by executing and recording such applications for zoning or use permits necessary for the operation of Tenant's business on the Premises as may be reasonably required to complete Tenant's Improvements, however, no cost shall accrue to or be borne by Landlord and Tenant shall indemnify and hold Landlord harmless from and against any cost, expense, claim, or liability arising out of or related to Tenant's application for, issuance of, or operation under such zoning or use permit.

J. All Improvements shall be constructed in accordance with all laws applicable to public school construction, including but not limited to the Americans with Disabilities Act and the Field Act.

12. CASUALTY DAMAGE.

A. In the event that any portion of the Premises are destroyed or damaged by an uninsured peril, Landlord and 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 thirty (30) 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.

B. In the event the Premises are damaged or destroyed from any insured peril to the extent of seventy percent (70%) or more of the then replacement cost of the Premises, Landlord or Tenant may, upon written notice, given to the other within thirty (30) days after the occurrence of such damage or destruction, elect to terminate this Lease. If neither Party gives such notice in writing within such period, Landlord shall be deemed to have elected to rebuild or restore the Premises, in which event Landlord shall, at its expense, promptly rebuild or restore the Premises to their condition prior to the damage or destruction. In the event the Premises are damaged or destroyed from any insured peril to the extent of less than seventy percent (70%) of the then replacement cost of the Premises, Tenant shall at Tenant's expense, promptly rebuild or restore the Premises to their condition prior to the damage or destruction. Notwithstanding the foregoing, Tenant may upon written notice, given to Landlord prior to Landlord's commencement of rebuilding or restoration activities and no later than thirty (30) days after the occurrence of such damage or destruction, elect to terminate this Lease if the Premises are damaged or destroyed to the extent of fifty percent (50%) or more of the then replacement cost of the Premises.

C. In the event that, pursuant to the foregoing provisions, Landlord is to rebuild or restore the Premises, 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. If such period is longer than one hundred eighty (180) days from the issuance of a building permit, Tenant may, within thirty (30) days of receipt of Landlord's notice, elect to terminate the Lease by giving written notice to Landlord of such election, whereupon the Lease shall immediately terminate. 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 Premises shall not include restoration of Tenant's trade fixtures, equipment, merchandise, or any improvements, alterations, or additions made by Tenant to the Premises.

D. Unless this Lease is terminated pursuant to the foregoing provisions, 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 proportion to the area of the Premises rendered not reasonably suitable for the conduct of Tenant's business thereon.

13. 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 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;
3. The sequestration of, attachment of, or execution 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. The Tenant or any guarantor of Tenant's obligations hereunder shall generally not pay its debts as they become due or shall admit in writing its inability to pay its debts;
5. The Tenant or any guarantor of Tenant's obligations hereunder shall commence any case, proceeding, or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law

relating to bankruptcy, insolvency, reorganization or relief of debtors, or seek appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its property;

6. The Tenant or any such guarantor shall take any corporate action to authorize any of the actions set forth in Subsections 4 or 5 above;

7. Any case, proceeding or other action against the Tenant or any guarantor of the Tenant's obligations hereunder shall be commenced seeking to have an order for relief entered against it as debtor, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, and such case, proceeding or other action (i) results in the entry of an order for relief against it which is not fully stayed within seven (7) business days after the entry thereof or (ii) remains undismissed for a period of forty-five calendar (45) days.

B. 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. Recovery of Rent. Landlord shall be entitled to keep this Lease in full force and effect (whether or not Tenant shall have abandoned the Premises) 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 the rate of Bank of America's or its successor's reference rate plus three percent (3%) per annum from the due date of each installment of rent or other sum until paid.

2. Termination. Landlord or Tenant may terminate this Lease by giving 12 month advance written notice of termination should the Tenant remain in Default of the Lease for four (4) or more consecutive months during the Term. On the giving of the notice, all of Tenant's rights in the Premises shall terminate. Upon the giving of the notice of termination, Tenant shall surrender and vacate the Premises in the condition required by Section 26, and Landlord may re-enter and take possession of the Premises and all the remaining 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 Tenant may also be terminated by a judgment specifically providing for termination. Any termination under this Section 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 Premises;
- (b) efforts to relet the Premises;

- (c) appointment of a receiver in order to protect Landlord's interest hereunder;
- (d) consent to any subletting of the Premises 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.

3. Damages. In the event this Lease is terminated pursuant to Subsection 13.B.2 above, or otherwise, 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 Premises; (ii) real estate broker's fees, reasonable advertising costs and other expenses of reletting the Premises; (iii) costs of carrying the Premises and insurance premiums thereon, utilities and security precautions; (iv) expenses in retaking possession of the Premises; and, (v) 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) of this Section, is computed by allowing interest at the rate of Bank of America's or its successor reference rate plus three percent (3%) per annum. The "worth at the time of award" of the amounts referred to in Subsection (c) of this Section 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 term of this Lease.

14. MECHANICS LIEN.

Tenant shall: (i) pay for all labor and services performed for, materials used by or furnished to Tenant or any contractor employed by Tenant with respect to the Premises; 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 Premises; 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 Premises; and, (iv) permit Landlord to post a notice of nonresponsibility in accordance with the statutory requirements of California Civil Code Sections 8442 and 8444, 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.

If Tenant does not cause such lien, claim, demand, encumbrance or judgment to be released by payment or by posting of a surety bond satisfactory to Landlord in the amount of not less than one hundred twenty-five percent (125%) of the contested sum within fifteen (15) days after receipt by Tenant of notice of such lien, claim, demand, encumbrance or judgment, Landlord shall have, in addition to all other remedies provided in this Lease and by law, the right but no obligation, to cause such lien, claim, demand, encumbrance or judgment to be released by any reasonable means, including payment of the claim giving rise to such such lien, claim, demand, encumbrance or judgment after written notice to Tenant pursuant to this Lease. All sums and all reasonable out of pocket expenses incurred by Landlord in connection with such lien, claim, demand, encumbrance or judgment (including, without limitation, attorneys' fees and expenses), shall be payable to Landlord by Tenant within fifteen (15) days of receipt of an invoice for such with interest pursuant to Section 25 of this Lease.

15. INSPECTION OF PREMISES.

Tenant agrees to provide Landlord with a set of keys to the Premises for emergency repairs. Except in cases of an emergency and upon reasonable advance notice to Tenant, Tenant shall permit Landlord and its agents to enter the Premises during reasonable times for the purpose of inspecting the same, or posting a notice of nonresponsibility for alterations, additions, or repairs. In addition to the right granted to Landlord under Section 11 to inspect Improvements under construction on the Premises, Landlord and its authorized agents and representatives shall have the right throughout the term of this Lease to enter the Premises at all reasonable times during usual business hours and upon reasonable notice, for the purpose of inspecting the same or of exhibiting the same to prospective purchasers or mortgagees, and at any time within one year prior to the expiration of the Original Term or any extension options granted hereunder, for the purpose of showing the same to prospective bidders. Any such entries shall be without the abatement of rent or other charges due and payable by Tenant hereunder and shall include the right to take such reasonable steps as required to accomplish the stated purposes. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by the inspections permitted by this section. Any entry into the Premises in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises.

16. 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.

17. 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: Hayward Unified School District
Attn: Matt Wayne
24411 Amador Street
Hayward, CA 94544

Tenant: Covenant House California
Attn: Bill Bedrossian and Steve Baker
1325 N. Western Avenue
Los Angeles, CA 90027

Covenant House California
Attn: _____
27211 Tyrrell Avenue
Hayward, CA 94544

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.

18. 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 Premises, to terminate this Lease, or to enforce, protect, or establish any term or covenant of this Lease or right or remedy of either Party, the prevailing Party shall be entitled to recover as a part of such action or proceeding, reasonable attorneys' fees and court costs, including attorneys' fees and costs for appeal, as may be fixed by the court or jury. The term "prevailing Party" shall mean the Party who received substantially the relief requested, whether by settlement, dismissal, summary judgment, judgment, or otherwise.

19. ASSIGNMENT.

The Tenant may not assign this Lease without Landlord's consent and written approval. Any assignment of this Lease must be in writing and signed by Landlord and Tenant. Provided Tenant is not in default under this Lease, this Lease may be assigned, in its entirety, by Tenant to any person or entity who meets the reasonable requirements of Landlord, provided that no sale, assignment or transfer shall be effective until there shall have been delivered to Landlord an agreement, or a duplicate original of such assignment containing an agreement, in recordable form, executed by the assignor and the proposed assignee whereby such assignee agrees, expressly for the benefit of Landlord, to assume, keep and perform, and be bound by each and all of the covenants, conditions, restrictions and provisions herein contained on the part of Tenant, and any such assignment or transfer shall be subject to each and all of such covenants, conditions,

restrictions and provisions hereof. In the event of an assignment properly approved by Landlord to a person or entity who, on the basis of generally accepted accounting principles consistently applied, has a net worth and credit worthiness equal to or greater than that of Tenant at the time of the assignment, Tenant shall be released from all covenants, conditions, restrictions and provisions of this Lease for the period of time after such assignment. In the event of a properly approved assignment to a person or entity with a net worth and credit worthiness less than that of Tenant, Tenant shall continue to be responsible for the performance of all covenants, restrictions, and provisions of this Lease. Any assignment in violation of this Section shall be void and of no effect. Tenant agrees that the Landlord may assign any interest in this Lease, as required or desired at any time, provided that such assignment will not disturb the Tenant's possession and quiet enjoyment of the Premises, so long as the Tenant is not in default under this Lease or under the provisions of any notification received by the Tenant from the Assignee of this Lease.

20. 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 provided in Section 19.

21. 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.

22. WAIVER.

The waiver by 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.

23. 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 or other terms sufficiently material that the Parties would not have entered into the Lease without the inclusion thereof, 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 and venue shall lie only in Alameda County.

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.

24. SIGNS.

Tenant shall at Tenant's cost have the right and entitlement to place Tenant's signs on the Premises, and otherwise to advertise its services, provided Tenant obtains the approval and consent of Landlord, such approval and consent not to be unreasonably withheld, and is in compliance with the local ordinances pertaining thereto. 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 signs which it has placed on the land or buildings in which the Premises are located, and shall repair any damage caused by the installation or removal of such sign.

25. INTEREST ON PAST DUE OBLIGATIONS.

Any amount due to Landlord not paid when due shall bear interest at the rate of Bank of America's or its successor's 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 3 and shall not excuse or cure any default by Tenant under this Lease.

26. SURRENDER OF THE PREMISES.

On the last day of the term hereof, or on sooner termination of this Lease, Tenant shall surrender to Landlord the Premises and any then existing improvements in good order, condition and repair, reasonable wear and tear excepted, free and clear of all liens, claims and encumbrances. This Lease shall operate as a conveyance and assignment thereof. Tenant shall remove from the Premises all of Tenant's personal property, trade fixtures, and any improvements made by Tenant which Tenant and Landlord agreed would be removed by Tenant. All property not so removed shall be deemed abandoned by Tenant. If the Premises are 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 Premises including, without limitation, any claims made by any succeeding Tenant or losses to Landlord due to lost opportunities to lease to succeeding tenants.

27. LANDLORD'S COVENANTS.

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 Premises 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.

28. HAZARDOUS MATERIALS.

Landlord and Tenant agree as follows with respect to the existence or use of Hazardous Materials on the Premises including any 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. The term "Hazardous Materials" includes, without limitation, petroleum products, asbestos, PCB's, and any material or substance which is (i) defined as hazardous or extremely hazardous pursuant to Title 22 of the California Code of Regulations, Division 4.5, Chapter 11, Article 4, Section 66261.30 et seq (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 Law" 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, the California Department of Toxic Substance Control and the California Department of Health Services) which regulates the use, storage, release or disposal of any Hazardous Material.

B. 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 Premises and any improvements by Tenant or its agents, employees, contractors, subtenants, or invitees, except for limited quantities of standard office, classroom and janitorial supplies (which shall be used and stored in strict compliance with Hazardous Materials Laws). Tenant shall comply with all Hazardous Materials Laws.

C. Responsibility of Tenant. From and after the commencement date, Tenant shall be solely responsible for all environmental matters affecting the Premises and any improvements. Without limiting the preceding sentence:

1. Any handling, transportation, storage, treatment, disposal or use of Hazardous Materials in or about the Premises and any improvements by any person or entity shall be the responsibility of Tenant and shall strictly comply with all applicable Hazardous Materials Laws and the provisions of this Lease.
2. It shall be the duty of Tenant to insure that the Premises and any improvements are at all times in strict compliance with all Hazardous Materials Laws and that all activities conducted in or about the Premises and 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.
3. Tenant shall have and discharge all of the duties and obligations of the owner of the Premises and improvements under applicable Hazardous Materials Laws, including, but not limited to, response and remediation; and
4. Tenant shall be responsible for all liability to third parties who may be harmed or claim harm resulting from an environmental condition on or about the Premises and any improvements.

D. Indemnification. Tenant shall indemnify, defend upon demand with counsel reasonably acceptable to Landlord, and hold harmless Landlord and its trustees, agents and

employees from and against any liabilities, losses, claims, damages, lost profits, consequential damages, interest, penalties, fines, monetary sanctions, attorneys' fees, experts' fees, court costs, remediation costs, investigation costs, and other expenses which result from or arise in any manner whatsoever out of the use, storage, treatment, transportation, release, disposal, or presence from any cause or source whatsoever of Hazardous Materials on or about the Premises and any improvements.

E. Tenant Action. If the presence of Hazardous Materials on the Premises and any improvements (from any source whatsoever) results in contamination or deterioration of water or soil resulting on the Property at a level of contamination greater than the levels established as acceptable by any governmental agency having jurisdiction over such contamination, and if the Tenant is responsible therefore under applicable law 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 law or as a condition to the issuance or continuing effectiveness of any governmental approval which relates to the use of the Property and any improvements or any part thereof. Tenant shall further be solely responsible for, and shall defend, indemnify and hold Landlord and its agents harmless from and against, all claims, costs and liabilities, including attorneys' fees and costs, arising out of or in connection with any investigation and remediation required hereunder to return the Property and any improvements to full compliance with all Hazardous Materials Laws.

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 improvements, and (ii) any contamination of the Property and any improvements by Hazardous Materials which constitutes a violation of any Hazardous Materials Law. Tenant and subtenants may use small quantities of household chemicals such as adhesives, lubricants, and cleaning fluids in order to conduct their business on the Premises and any improvements and such other Hazardous Materials as are necessary for the operation of their respective business of which Landlord receives notice prior to such Hazardous Materials being brought onto the Premises and any improvements and to which Landlord consents in writing. 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 Premises and any 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 Premises and any improvements, the nature of such use, and the manner of storage and disposal.

G. Monitoring Wells. In the event that Landlord has reason to believe that Hazardous Materials may be present on the Premises and any improvements, Landlord may require that, at Tenant's expense, testing wells be installed on the Property and any 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.

In the event that Tenant causes any Hazardous Materials to be released, spilled or otherwise exposed through its use and occupancy of the Premises, such as, but not limited to remodeling or other construction, Tenant shall be solely responsible for all costs associated with the proper handling, mitigation, remediation and disposal of such Hazardous Materials and all related cleanup.

29. CODE COMPLIANCE.

A. During the term of this Lease, Tenant, at its sole cost and expense, shall promptly comply with all requirements of all federal, state 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 Premises. Notwithstanding any provisions to the contrary contained in this Lease, in the event the federal, state, or municipal government including the City of Hayward or any agency or department thereof requires that the Premises be brought up to building code, regulation or other standard, this cost shall be the Tenant's sole responsibility for the cost of such work and other related issues. In the event the City of Hayward, or any other public agency with jurisdiction over the health and safety of the Premises, requires testing of the Premises, the Tenant shall cooperate with the Landlord to permit such testing to take place. Any entry onto the Premises by Landlord and/or the public agency representatives for the purposes of conducting such tests shall not be deemed to be an actual or constructive eviction of Tenant from any portion of the Premises and Tenant shall not be entitled to any rent abatement or rent deferral as a result of such entry. Notwithstanding the foregoing, if any work is required to the Premises to comply with any applicable laws as a result of Tenant's Approved Use of the Premises or any work or Improvements made to the Premises by or on behalf of the Tenant, then Tenant shall be required to perform such work at its sole cost and expense.

B. Tenant shall, at its own expense, have the Premises inspected by the Hayward Fire Department for compliance with fire safety codes every twelve (12) months, and shall conduct testing of any onsite fire sprinkler systems at least once every five (5) years.

30. RIGHT OF FIRST REFUSAL.

Throughout the Original Term and any Extension Options, Tenant shall have the right of first refusal to purchase the Premises should the Landlord decide to sell the Property ("**Right of First Refusal**"). Landlord shall provide Tenant with written notice of Landlord's desire or intent to sell the Property. Tenant shall have sixty (60) days with which to respond to Landlord's written notice of intent to sell. Should the Tenant desire to purchase the Premises, the Parties agree to a ninety (90) day exclusive right to negotiate for the purchase and sale of the Premises. Landlord and Tenant each confirm that it has made no commitments for representation or had any dealings with any other real estate brokers other than DCG Strategies Inc. Landlord shall compensate DCG Strategies, Inc a commission fee in accordance with a separate written agreement. The purchase price will be the then market value of the Premises as vacant land. The Tenant's improvements to the Premises shall not be included in the market valuation of the Premises under the Right of First Refusal.

31. EXTENSION OPTION

Tenant shall have a two (2) year extension option of the Lease. Tenant shall notify Landlord of their intent to exercise its extension option no later than one hundred eighty (180) days prior to the end of the Original Term. Rental Rate during the extension option shall be at the then prevailing market rate as mutually agreed upon.

32. ASBESTOS.

Landlord represents that the facilities on the Premises comply with State of California requirements regarding asbestos mitigation and the Landlord agrees to be responsible for future mitigation, if any, as required by the State of California regarding requirements relating to asbestos in the buildings, except in the event Tenant causes a release of asbestos in which instance, Section 28.I of this Lease shall prevail.

33. SUBLEASING.

Tenant may not sublet the Premises, or any portion thereof, without prior written consent of Landlord, which consent may be withheld or conditioned in the Landlord's sole and absolute discretion.

34. NO SUBORDINATION.

Nothing in this Section or in any other provision of this Lease shall be construed as an agreement by Landlord to subordinate its fee interest in the Premises 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 provided Tenant shall not encumber or lien its leasehold interest in the Premises without the prior written consent of Landlord, which consent shall be at the sole discretion of Landlord.

35. SIGNATURES IN COUNTERPART.

This Lease may be signed in counterparts, such that signatures appear on separate signature pages. A copy or original of this document with all signature pages appended together shall be deemed a fully executed duplicate original of the Lease.

36. WARRANTY OF AUTHORITY.

The persons who have signed this Lease warrant that they are legally authorized to do so on behalf of the respective Parties, and by their signatures to bind the respective Parties to this Lease

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.

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

Landlord:

Hayward Unified School District

By: 

Name: Allan Garde

Title: Assistant Superintendent, Business

Date: 11/18/2020

Tenant:

Covenant House

By: 

Name: William DeRosier

Title: CEO

Date: 4/1/21

Board Approval Date: 11/18/2020

Attachments: Exhibit A, Exhibit B, and Exhibit C

Exhibit A

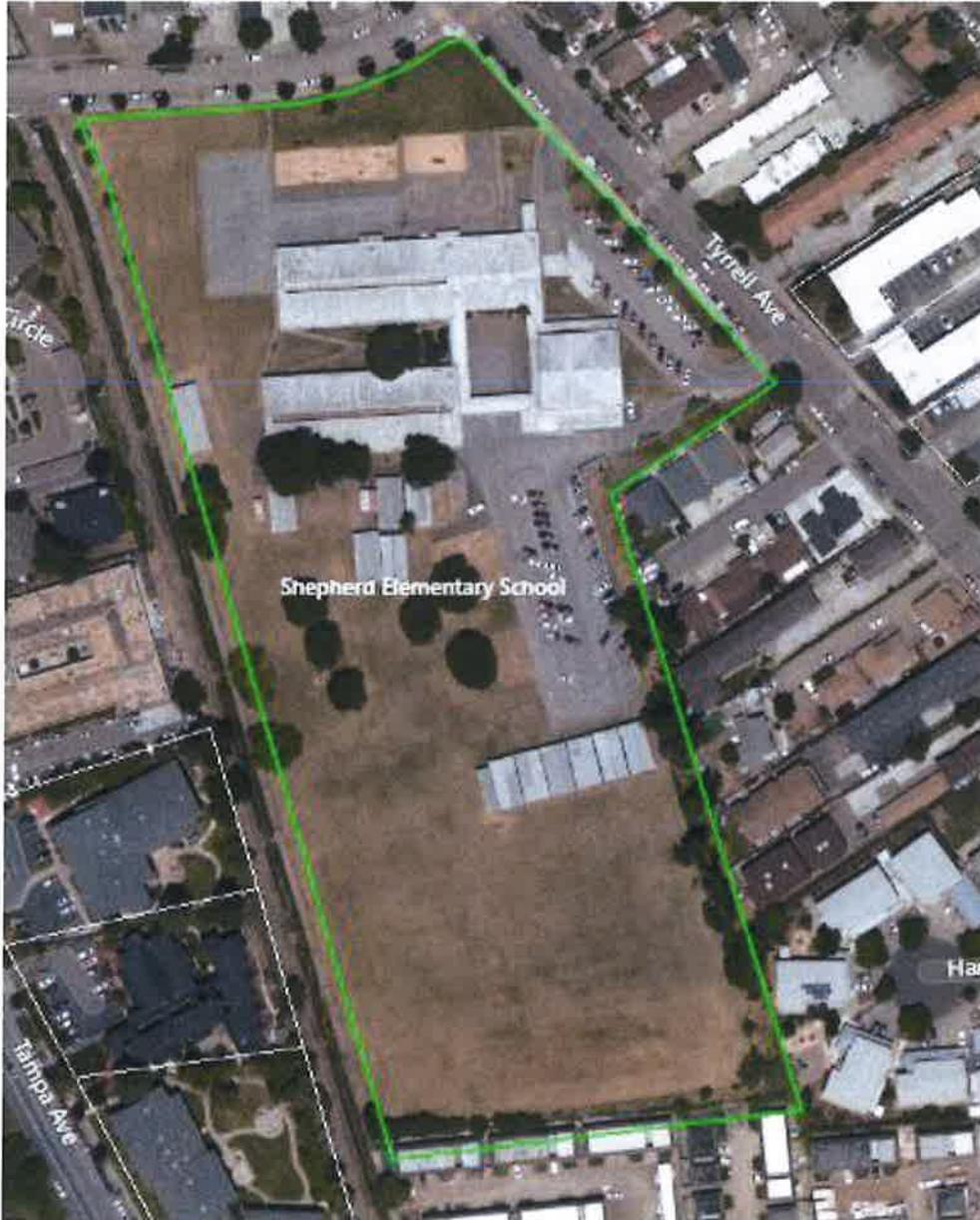


Exhibit B

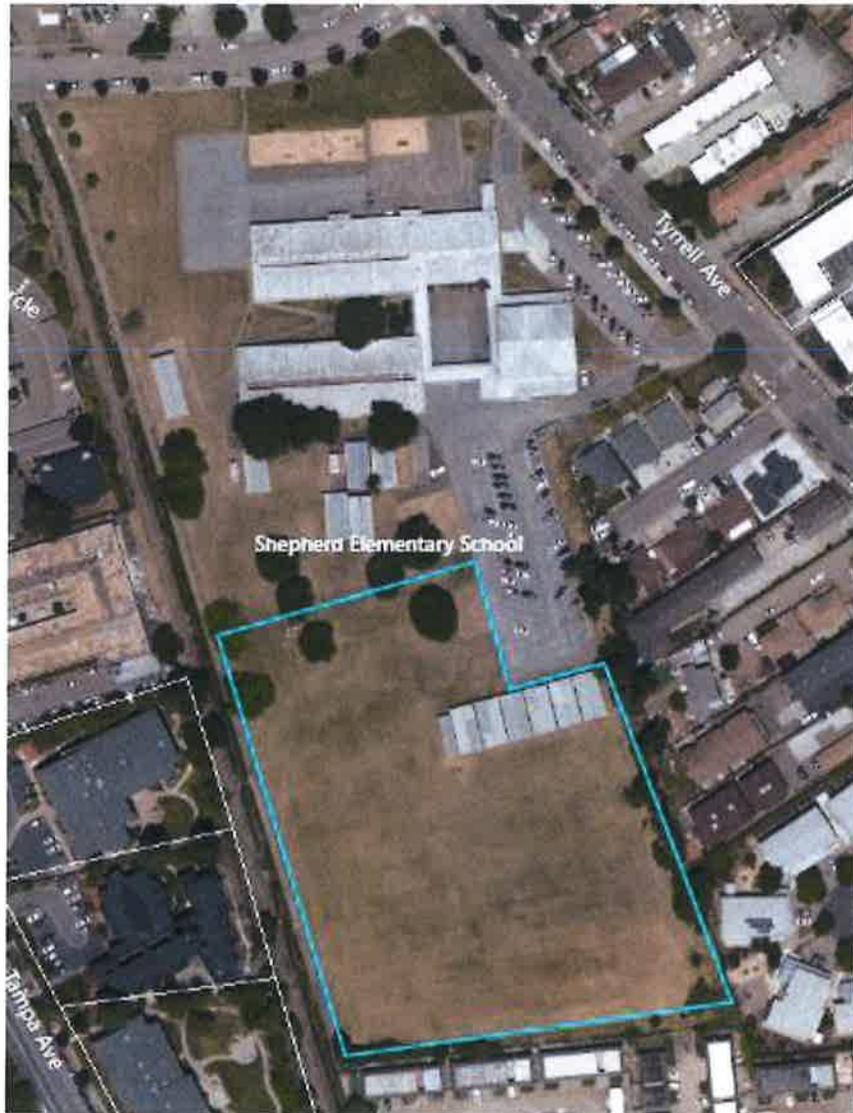


Exhibit C (Tenant Improvements)

Tenant at Tenant's sole cost shall be responsible for the following Tenant Improvements Plan which shall require the approval of the Landlord, which approval is not to be unreasonably withheld.

1. Running utilities to the proposed area (including water, sewage, electricity, etc.)
2. Leveling, preparing site space for installation.
3. 16 resident modular units will be situated in four quadrants, with each having a landscaped courtyard between the units, for socialization space.
4. Staff offices, for 24-hour site supervision, as well as for support services
5. Kitchen facilities onsite
6. One multi-purpose space for assembly purposes including dining, celebrations, and similar group gatherings
7. Landscaping will be designed around the site to maximize the aesthetic appeal of the site, as well as to minimize the site's visibility to both the surrounding community and to the site's other buildings.
8. Security measures, via landscaping, fencing,
9. Security systems to monitor activities within the site as well as surrounding the site.
10. Any necessary parking area upgrades to ensure secure parking for Covenant house staff and agency vehicles.
11. Any and all other mandated improvements to the Property and Premises as required by local governing authorities for Tenant's Use.
12. Tenant shall cover the necessary cost associated with any lot line adjustment for the ground lease agreement or the purchase of the Premises.

**FIRST ADDENDUM TO GROUND LEASE AGREEMENT
BETWEEN HAYWARD UNIFIED SCHOOL DISTRICT
AND COVENANT HOUSE**

This First Addendum ("First Addendum") to the Lease Agreement ("Agreement") between Hayward Unified School District ("Landlord" or "District") and Covenant House ("Tenant" or "Covenant House"), is made and entered into by the parties this 15 day of April, 2021 ("Effective Date"). The District and Tenant may be referred to in this First Addendum singularly as a "Party" or collectively as the "Parties."

RECITALS

A. Landlord owns that real property located at 27211 Tyrrell Avenue, Hayward, California, APN 453-55-16-3, which is further described on Exhibit "A" attached to the Agreement (the "Property").

B. Landlord has agreed to lease to Tenant an approximately 1-acre portion of the Property within the general area shown on Exhibit "B" to the Agreement (the "Premises"), for the construction of Tenant Improvements as shown on Exhibit "C" to the Agreement and described in the Agreement.

C. The Parties recognize that the District, in order to maximize revenues and ensure the continued quality and viability of its educational program, may wish to consider future disposition of all or a portion of the Property, in which event the District desires to have flexibility under the Agreement.

D. In light of the District goals and uncertainties noted above, the Parties desire to amend the Agreement as set forth herein.

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING RECITALS AND THE MUTUAL COVENANTS CONTAINED HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES AGREE TO MODIFY THE AGREEMENT AS FOLLOWS:

AGREEMENT

1. Recitals. The Recitals set forth above are true and correct and deemed to be a part of this First Addendum between the Parties.

2. District Right of Relocation.

A. Relocation Option. In the event that the District desires to sell or otherwise dispose of all or a portion of the Property at any time during the Term of the Agreement, District may, upon providing Tenant with six (6) months' ("Relocation Period") written notice ("Relocation Notice"), require Tenant to vacate the Premises and relocate its operations and the

Tenant Improvements to another portion of the Property selected by District (the “New Premises”). The New Premises shall, in the District’s reasonable and good faith judgment, allow for continued use by Tenant for the purposes set forth in the Agreement, including the construction of housing units.

B. Restoration of Premises. No later than the last day of the Relocation Period, Tenant shall have removed from the Premises all Tenant Improvements, fixtures, and personal property installed, placed, or stored on the Premises. District shall be responsible to reimburse Tenant for the actual and reasonable costs of relocating the Tenant Improvements to the New Premises, including any costs associated with demolishing, constructing, and/or reconstructing the Tenant Improvements. Following relocation, District shall be responsible for restoring the Premises to its satisfaction.

C. Other Provisions of Lease Agreement. If District exercises its Relocation Option, all other provisions of the Lease Agreement applicable to the “Premises” shall, upon Tenant’s relocation to the New Premises, apply to the New Premises, including without limitation those provisions applicable to rent, insurance, indemnification, maintenance, repair, alterations, the installation of improvements, and permissible uses of the Premises by the Tenant. Construction and installation of Tenant Improvements on the New Premises shall be subject to Section 11 of the Agreement.

3. Right of First Refusal. Section 30 of the Agreement is hereby deleted in its entirety, and replaced with the following:

30. RIGHT OF FIRST REFUSAL. If Landlord shall desire to sell or otherwise dispose of all or a portion of the Property at any time during the Term of this Agreement, then Landlord shall provide Tenant with written notice of same. Tenant shall have the right, within sixty (60) days after receipt of said notice, to notify Landlord in writing that Tenant wishes to acquire a portion of the Property that is equivalent in size to the Premises and suitable for Tenant’s continued use for the purposes set forth in the Agreement. Should Tenant provide timely notice to Landlord under this section, then the Parties shall thereafter negotiate in good faith for a period of not less than ninety (90) days regarding Tenant’s acquisition of a portion of the Property satisfying the requirements of this section. In the event that: (i) Tenant elects not to purchase the Property or a portion thereof, (ii) Tenant fails to give notice of its intention within the 60-day period, or (iii) the Parties are unable to agree to the terms of a mutually acceptable purchase and sale agreement during the 90-day good faith negotiation period, then Landlord shall be free to convey, assign, or otherwise transfer such interest to any third party in accordance with applicable law. Landlord and Tenant each confirm that it has made no commitments for representation or had any dealings with any other real estate brokers other than DCG Strategies Inc. Landlord shall compensate DCG Strategies, Inc. a commission fee in accordance with a separate written agreement.

4. Authority. The undersigned, by their signatures, represent and warrant that they are authorized agents of their respective entities and are validly authorized to execute this First Addendum on behalf of the entity that they purport to bind.

5. Other Terms Unchanged. All other terms and conditions of the Agreement are unchanged and unaffected by this First Addendum and shall remain in full force and effect.

6. Entire Agreement. The Agreement is modified by this First Addendum to the Agreement, and together, (a) the Agreement, and (b) this First Addendum to the Agreement, constitute the entire understanding and agreement between the Parties, and no addition to, or modification of, any term or provision of these two Agreements shall be effective unless it is set forth in writing, signed by the Parties, and is duly approved by the Parties. All references to the Agreement within the Agreement shall now be deemed to be references to the Agreement and the First Addendum. In the event of any conflict between this First Addendum and the Agreement, this First Addendum shall control.

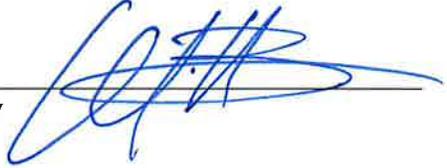
7. Counterparts. This First Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. A facsimile or electronically-transmitted signature shall be sufficient to bind each Party, subject to the term set forth herein.

IN WITNESS HEREOF, the Parties hereto have caused this First Addendum to be executed as of the Effective Date first set forth above.

HAYWARD UNIFIED SCHOOL DISTRICT

COVENANT HOUSE

By 

By 

Allan Garde, Assistant Superintendent, Business
Name

WILLIAM GEOROSIAN, CEO
Name

April 1, 2021
Date

4/1/21
Date

EXHIBIT C:

ASSESSOR'S PARCEL MAP

ASSESSOR'S MAP 453

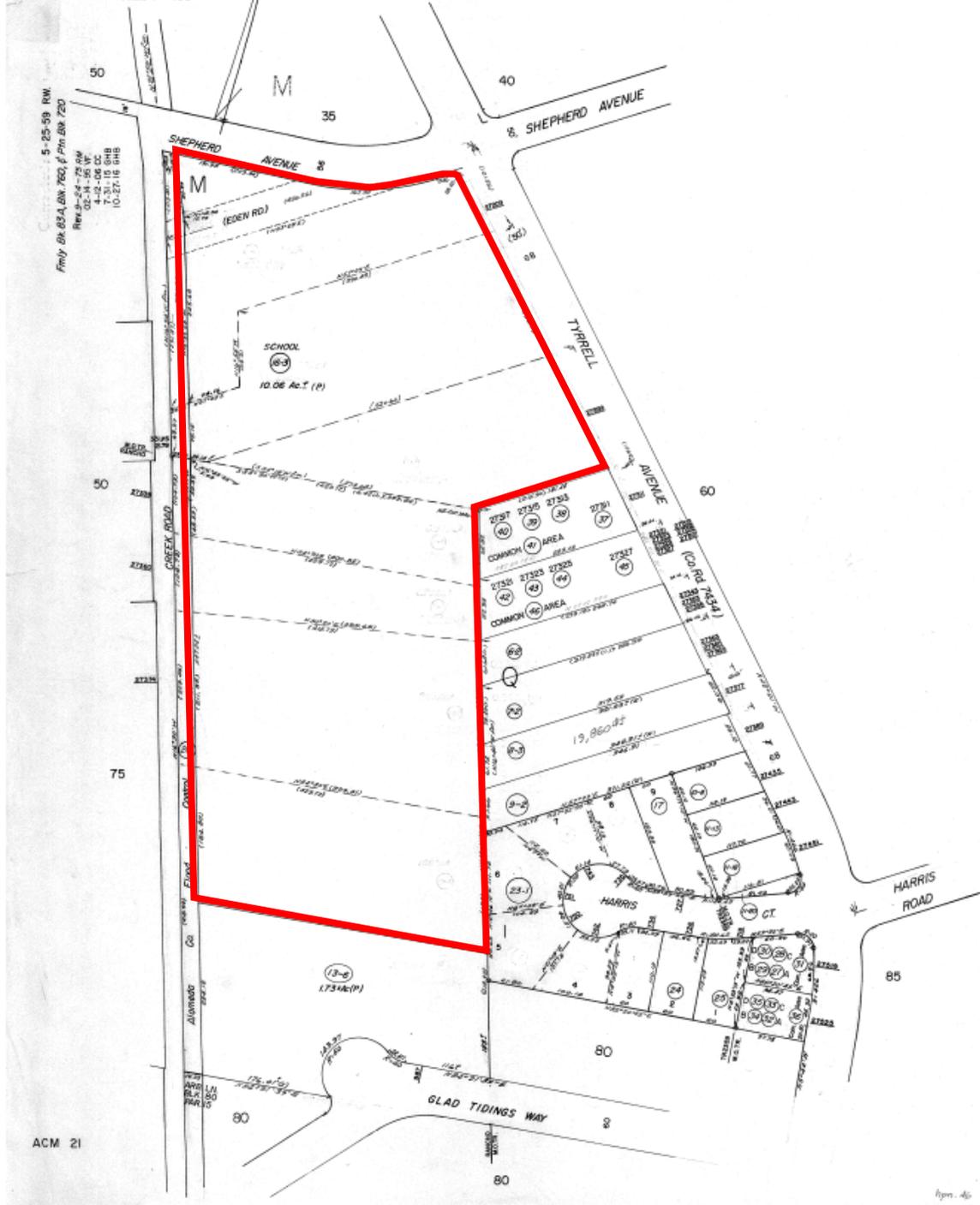
Code Area Nos. 25-030

55

Rancho Arroyo de la Alameda (Jose de Jesus Vallejo)
Map of Annex to Meek Orchard Tract (Bk. 16, Pg. 59)
TRACT 2359 (Bk. 45 Pg. 45)

Scale 1" = 100'

5-25-59 RW.
Final Bk. 854, Blk. 760, P. 171, Blk. 720
Here: 2-4-72 RW
4-2-06 CC
7-31-19 64B
10-27-16 64B



ACM 21

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