FACILITIES LEASE

Santa Barbara High School
Entry Marquee Project

by and between

Frank Schipper Construction Co.

as Sublessor

and

Santa Barbara Unified School District
as Sublessee

Dated as of [month and day to be entered upon final endorsements] , 2020

Location: **700 E Anapamu Street, Santa Barbara, CA 93103**

This Facilities Lease, made as of "[to be entered at endorsement], 2020 ("Effective Date"), is entered into by and between FRANK SCHIPPER CONSTRUCTION, CO., a corporation duly organized and existing under California law, as sublessor ("Contractor"), and SANTA BARBARA UNIFIED SCHOOL DISTRICT, a public school district duly organized and validly existing under the laws of the State of California, as sublessee (the "District"). The District and Contractor shall be referred to herein individually as Party and collectively as Parties.

RECITALS

WHEREAS, the District desires to replace the existing marquee on the Santa Barbara High School campus with an electronic message board, as more particularly described in attached **Exhibit "A"** and incorporated herein by this reference (the "Project");

WHEREAS, the District has retained Krueger, Bensen, Ziemer, Inc. ("KBZ") to prepare the plans and specifications for the Project;

WHEREAS, the District has leased to the Contractor the real property area for the construction of the Project (the "Site"), as more particularly described on attachment Exhibit "A" to the Site Lease entered into by and between the District and the Contractor concurrently herewith;

WHEREAS, the District is authorized under Section 17406 of the Education Code to lease the Site to Contractor and to have Contractor construct the Project on the Site and to lease to the District the Site and the Project, provided the contract documents are awarded based on a competitive solicitation process, wherein the selected contractor is determined to provide the best value to the District;

WHEREAS, the Governing Board of the District (the "Board") has determined that the Contractor's proposal, submitted in connection with the District's competitive solicitation process, provides the best value to the district, taking into consideration Contractor's demonstrated competence and professional qualifications necessary for the satisfactory performance of the services contemplated hereunder;

WHEREAS, the Board has further determined that it is in the best interests of the District to construct the Project by leasing the Site to Contractor pursuant to the terms of a Site Lease and by entering into this Facilities Lease under which the District will sublease the Site and lease the Project from Contractor and make Lease Payments as specified herein;

WHEREAS, Contractor further agrees to provide preconstruction services for the Project as further described in Exhibit "B" hereto;

WHEREAS, the Contractor is authorized to lease the Site as lessee and to construct the Project on the Site, and has duly authorized the execution and delivery of this Lease;

WHEREAS, the Parties have performed all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Facilities Lease, and the Parties are now duly authorized to execute and enter into this Facilities Lease.

THEREFORE, in consideration of the mutual promises contained herein and for other valuable consideration, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Facilities Lease, have the meanings herein specified.

"Authorized District Representative" means the Superintendent of the District, the Director of Facilities of the District, or any other person authorized by the Governing Board of the District to act on behalf of the District under or with respect to this Facilities Lease.

"Construction Provisions" means the terms and conditions for construction of the Project as set forth in the Construction Provisions attached hereto as Exhibit "C", and all referenced and incorporated attachments thereto, including, but not limited to the General Conditions and Supplemental General Conditions.

"Contractor Representative" means the President of Contractor, or any person authorized to act on behalf of the Contractor under or with respect to this Facilities Lease as evidenced by a resolution conferring such authorization adopted by the Board of Directors of the Contractor or as so designated by the President of the Contractor.

"Event of Default" means one or more events of default as defined in Section 9.1 of this Facilities Lease.

"Lease Payment" means any payment required to be made by the District pursuant to Section 4.5 of this Facilities Lease and as set forth in Exhibit "C" hereto.

"Permitted Encumbrances" means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the District may, pursuant to provisions of Section 5.1, permit to remain unpaid; (ii) the Site Lease; (iii) this Facilities Lease; (iv) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of this Facilities Lease and which will not materially impair the use of the Site; and (v) easements, rights of way, mineral rights, drilling rights and other rights,

reservations, covenants, conditions or restrictions established following the date of recordation of this Facilities Lease and to which the Contractor and the District consent in writing which will not impair or impede the operation of the Site.

"Preconstruction Provisions" means the terms and conditions for the preconstruction services to be rendered by the Contractor as set forth on as Exhibit "B" attached hereto.

"Site Lease" or "Lease" means the Site Lease of even date herewith, by and between the District and the Contractor together with any duly authorized and executed amendment thereto under which the District leases the Site to the District.

"Term of this Facilities Lease" or "Term" means the time during which this Facilities Lease is in effect, as provided for in Section 4.2 of this Facilities Lease.

Section 1.2. Exhibits. The following Exhibits are attached to and by reference incorporated and made a part of this Facilities Lease:

Exhibit A - DESCRIPTION OF PROJECT
Exhibit B - PRECONSTRUCTION PROVISIONS
Exhibit C - CONSTRUCTION PROVISIONS (inclusive of Attachments 1 -2 thereto).

ARTICLE 2
REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the District. The District represents, covenants and warrants to the Contractor as follows:

(a) The District is a public school district, duly organized and existing under the laws of the State of California.

(b) The District has the full power and authority to enter into, to execute and to deliver this Facilities Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution of this Facilities Lease.

(c) Neither the execution and delivery of this Facilities Lease nor the Site Lease, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the District, or upon the Site, except Permitted Encumbrances.

Section 2.2. Representations, Covenants and Warranties of the Contractor. The Contractor represents, covenants and warrants to the District as follows:

(a) The Contractor is a corporation duly organized and existing under the laws of the State of California, has power to enter into this Facilities Lease and the Site Lease; is possessed of full power to own and hold real and personal property, and to lease and sell the same; and has duly authorized the execution and delivery of all of the aforesaid agreements.

(b) The Contractor will not pledge the Lease Payments or other amounts derived from the Site and from its other rights under this Facilities Lease, and will not mortgage or encumber the Site, except as provided under the terms of this Facilities Lease.

(c) Neither the execution and delivery of this Facilities Lease or the Site Lease, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Contractor is now a party or by which the Contractor is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Contractor, or upon the Site, except Permitted Encumbrances.

(d) Except as provided herein, the Contractor will not assign this Facilities Lease, its right to receive Lease Payments and prepayments from the District, or its duties and obligations hereunder to any other person or entity so as to impair or violate the representations, covenants and warranties contained in this Section.

(e) The Contractor has the full power and authority to enter into, to execute and to deliver this Facilities Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution of this Facilities Lease.

ARTICLE 3
CONSTRUCTION OF PROJECT

Section 3.1. Preconstruction Services. Contractor agrees to provide preconstruction services for the Project in accordance with the Preconstruction Provisions which are attached hereto as **Exhibit "B."**

Section 3.2 Construction Services. Contractor agrees to cause the Project to be constructed and installed in accordance with the Construction Provisions which are attached hereto as **Exhibit "C"** and the Construction Documents incorporated therein by reference. The Contractor agrees that it will cause the construction and installation of the Project to be diligently performed. The District and the Contractor may approve changes in the plans and specifications for the Project only as provided in the Construction Provisions. Contractor will cooperate at all times with the District in bringing about the timely completion of the Project. Contractor may not commence construction of the Project until such time as the Plans and Specifications for the Project have been approved by the DSA and approved by the Board.

ARTICLE 4
AGREEMENT TO LEASE; TERMINATION OF LEASE; LEASE PAYMENTS; TITLE TO THE SITE

Section 4.1. Lease of Property; No Merger. The Contractor hereby leases the Project and the Site to the District, and the District hereby leases said Project and Site from the Contractor upon the terms and conditions set forth in this Facilities Lease. The leasing by the Contractor to the District of the Site shall not affect or result in a merger of the District's leasehold estate pursuant to this Facilities Lease and its fee estate as lessor under the Site Lease, and the Contractor shall continue to have and hold a leasehold estate in said Site pursuant to the Site Lease throughout the term thereof and the term of this Facilities Lease. As to the Site, this Facilities Lease shall be deemed and constitute a sublease.

Section 4.2. Term of Facilities Lease. The Term of this Facilities Lease shall commence as of the Effective Date (so long as the Site Lease is executed) and shall terminate on the completion of the Project and payment of the last Lease Payment. Upon completion of the Project and payment of the last Lease Payment, Contractor shall execute and deliver a quitclaim deed for recordation with the County Recorder, thereby granting, remising, releasing, and forever quitclaiming any and all interest in the Project or the Site to the District.

Section 4.3. Termination of Term. The Term of this Facilities Lease shall terminate upon the earliest of any of the following events: (a) an Event of Default and the Contractor's election to terminate this Facilities Lease pursuant to Section 9.2; or (b) the arrival of last day of the Term of this Facilities Lease and payment of all Lease Payments, or occupancy of a substantially complete Project by District, whichever comes first. The Term of this Facilities Lease shall also terminate upon the termination of Preconstruction Services or Construction Services by the District or the Contractor in accordance with the provisions of Exhibit "B" and Exhibit "C" respectively.

Section 4.4. Possession. The District may take possession of the Project as it, or any portion thereof, is completed, including during the period in which Lease Payments are made.

Section 4.5. Lease Payments.

(a) Obligation to Pay. Subject to the provisions of Article 3, Article 6 and Article 10 hereof, the District agrees to pay to the Contractor, its successors and assigns, as rental for the use and occupancy of the Project and the Site, Lease Payments in conformance with and subject to the terms and conditions for payments for the Project as set forth in the Construction Provisions. The sum of all Lease Payments will be subject to and not exceed the Guaranteed Maximum Price set forth in the Construction Provisions. In no event shall the cumulative total of the progress payments, along with the balance of the contingency fund (if any), and any anticipated retention ever exceed the Guaranteed

Maximum Price unless modified in accordance with the provisions of the Contract Documents.

(b) Lease Payments to Constitute Current Expense of the District. The District and the Contractor understand and intend that the obligation of the District to pay Lease Payments constitutes a current expense of the District and shall not in any way be construed to be a debt of the District in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the District, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the District. Lease Payments due hereunder shall be payable only from current funds which are budgeted and appropriated, or otherwise legally available, for the purpose of paying Lease Payments or other payments due hereunder as consideration for use of the Site during the fiscal year of the District for which such funds were budgeted and appropriated or otherwise made legally available for such purpose. This Facilities Lease shall not create an immediate indebtedness for any aggregate payments which may become due hereunder. The District has not pledged the full faith and credit of the District, the State of California or any agency or department thereof to the payment of the Lease Payments or any other payments due hereunder.

(c) Appropriation. The District will appropriate the Guaranteed Maximum Price, once determined, from the District's then current fiscal year funds and/or State funds to be received during the District's then current fiscal year, and will segregate such funds in a separate account to be utilized solely for Lease Payments.

Section 4.6. Quiet Enjoyment. Excepting any interference resulting from the Contractor's performance pursuant to the Construction Provisions, during the term of this Facilities Lease, the Contractor shall provide the District with quiet use and enjoyment of the Site, and the District shall during such Term peaceably and quietly have and hold and enjoy the Site, without suit, trouble or hindrance from the Contractor, except as expressly set forth in this Facilities Lease. The Contractor will, at the request of the District, join in any legal action in which the District asserts its right to such possession and enjoyment to the extent the Contractor may lawfully do so. Notwithstanding the foregoing, the Contractor shall have the right to inspect the Site as provided in Section 7.1.

Section 4.7. Title. During the Term of this Facilities Lease, the District shall hold title to the Site and obtain title to the Project from the Contractor, and any and all additions which comprise futures, repairs, replacements or modifications thereof, as construction progresses and lease payments are made to Contractor. During the term of this Facilities Lease, the Contractor shall have a leasehold interest in the Site pursuant to the Site Lease. If the District prepays the Lease Payments in full pursuant to Article 10 or makes an advance deposit pursuant to Section 10.1, or pays all Lease Payments, all remaining right, title and interest of the Contractor, if any, in and to the Project and the Site, shall be fully transferred to and vested in the District. Title shall be transferred to and vested in the District hereunder without the necessity for any further instrument of transfer.

Section 4.8. Abatement of Rent in the Event of Substantial Interference. The amount of Lease Payments shall be abated during any period in which by reason of delay in the completing of the Project beyond the final completion date specified in the Construction Provisions, there is substantial interference with the use and occupancy of the Project and the Site by the District. The amount of such abatement shall be agreed upon by the District and the Contractor such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portion of the Project and the Site, if any, with respect to which there is no such substantial interference. Such abatement shall continue for the period commencing with such substantial interference and ending with the termination of such interference.

Section 4.9. Fair Rental Value. The Lease Payments and any prepayment thereof constitute the total rental for the Project. District and Contractor have agreed and determined that the total Lease Payments and any pre-payment thereof do not exceed the fair rental value of the Project. In making such determination, consideration has been given to the obligations of the Parties under the Facilities Lease and Site Lease, the uses and purposes which may be served by the Project, and the benefits which will accrue to the District and the general public.

ARTICLE 5
MAINTENANCE; TAXES; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Except as provided for in the Construction Provisions, the repair and maintenance of the Project and the Site shall be the responsibility of the District. If applicable, the District shall also pay or cause to be paid all taxes and assessments of any type or nature charged to the Contractor or District affecting the Project and the Site.

ARTICLE 6
EMINENT DOMAIN

Section 6.1. Eminent Domain. If all of the Project and the Site shall be taken permanently under the power of eminent domain, the term of this Facilities Lease shall cease as of the day possession shall be so taken. If less than all of the Project and the Site shall be taken permanently, or if all of the Project and the Site or any part thereof shall be taken temporarily, under the power of eminent domain: (1) this Facilities Lease shall continue in full force and effect and shall not be terminated by virtue of such taking and the Parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments as a result of the application of the net proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder. The net proceeds of any eminent domain or condemnation shall be payable to the District.

ARTICLE 7

ACCESS

Section 7.1. Access. The Contractor shall have the right at all reasonable times to enter upon the Site to construct the Project pursuant to the Construction Provisions. The District shall have the right at all reasonable times to enter upon the Site for whatever purpose District chooses.

ARTICLE 8
ASSIGNMENT, SUBLEASING; AMENDMENT

Section 8.1. Assignment and Subleasing by District. This Facilities Lease may not be assigned by the District. Any sublease shall be subject to all of the following conditions:

(a) This Facilities Lease and the obligation of the District to make Lease Payments hereunder shall remain obligations of the District;

(b) The District shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Contractor a true and complete copy of such sublease; and

(c) No such sublease by the District shall cause the Project or the Site to be used for a purpose other than a governmental or proprietary function authorized under the laws of the State of California.

Section 8.2. Amendment of This Facilities Lease. Without the written consent of the Contractor, the District will not alter, modify or cancel, or agree or consent to alter, modify or cancel this Facilities Lease.

ARTICLE 9
EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events Of Default Defined. The following shall be "Events of Default" under this Facilities Lease and the terms "Event of Default" and "default" shall mean, whenever they are used in this Facilities Lease, any one or more of the following events:

(a) Failure by the District to timely pay any Lease Payment or other payment required to be paid.

(b) Failure by the District to observe and perform any covenant, condition or agreement in this Facilities Lease on its part to be observed or performed, other than as referred to in clause (a) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Contractor; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Contractor shall not unreasonably withhold

their consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 shall have happened and be continuing, the Contractor may exercise any and all remedies available pursuant to law or granted pursuant to this Facilities Lease; provided, however, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. The Contractor may also exercise any and all rights of entry and re-entry upon the Project and the Site, and also, at its option, with or without such entry, may terminate this Facilities Lease; provided, that no such termination shall be effected either by operation of law or acts of the Parties hereto, except in the manner herein expressly provided. In the event of such default and notwithstanding any re-entry by the Contractor, the District shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Facilities Lease and the performance of all conditions herein contained and, in any event such rent and/or damages shall be payable to the Contractor at the time and in the manner as follows:

(a) In the event the Contractor does not elect to terminate this Facilities Lease in the manner provided for in subparagraph (b) hereof, the District agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Contractor for any deficiency arising out of the re-letting of the Project and the Site, or, in the event the Contractor is unable to re-let the Project and the Site, then for the full amount of all Lease Payments to the end of the Term of this Facilities Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as provided for the payment of Lease Payments hereunder, notwithstanding such entry or reentry by the Contractor or any suit in unlawful detainer, or otherwise, brought by the Contractor for the purpose of effecting such re-entry or obtaining possession of the Project and the Site or the exercise of any other remedy by the Contractor. The District hereby waives any and all claims for damages caused or which may be caused by the Contractor in reentering and taking possession of the Project and the Site as herein provided and all claims for damages that may result from the destruction of or injury to the Project and the Site and all claims for damages to or loss of any property belonging to the District that may be in or upon the Project and the Site. The District agrees that the terms of this Facilities Lease constitute full and sufficient notice of the right of the Contractor to re rent the Project and the Site in the event of such re-entry without effecting a surrender of this Facilities Lease, and further agrees that no acts of the Contractor in effecting such re-renting or re-leasing shall constitute a surrender or termination of this Facilities Lease irrespective of the term for which such re-leasing or re-renting is made or the terms and conditions of such re-leasing or re-renting, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Facilities Lease shall vest in the Contractor to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b).

(b) In an event of default by the District hereunder, the Contractor at its option may terminate this Facilities Lease and re-rent or re-lease all or any portion of the Project

and the Site. In the event of the termination of this Facilities Lease by the Contractor at its option and in the manner hereinafter provided on account of default by the District (and notwithstanding any re-entry upon the Project and the Site by the Contractor in any manner whatsoever or the re-renting or re-leasing of the Project and the Site), the District nevertheless agrees to pay to the Contractor all costs, losses or damages howsoever arising or occurring, payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments. The net proceeds relating to the re-renting of the Site and the Project shall be used in the manner set forth in Section 9.6. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Contractor shall of itself operate to terminate this Facilities Lease, and no termination of this Facilities Lease on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Contractor gives written notice to the District of the election on the part of the Contractor to terminate this Facilities Lease. The District agrees that no surrender of the Site for the remainder of the Term hereof or any termination of this Facilities Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Contractor by such written notice.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Contractor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Facilities Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Contractor to exercise any remedy reserved to it in this Article 9 it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Section 9.4. No Waiver. In the event any agreement contained in this Facilities Lease should be breached by either Party and thereafter waived by the other Party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.5. Application of Proceeds. All net proceeds received from the re-rent, re-lease or other disposition of the Project and the Site under this Article 9, and all other amounts derived by the Contractor as a result of an Event of Default hereunder, shall be applied to the Lease Payments in order of payment date and, in the case of the Net Proceeds received from the re-renting or re-leasing of the Project and the Site pursuant to Section 9.2(b), to be applied to the prepayment of the Lease Payments in accordance with Section 10.2.

ARTICLE X
PREPAYMENT

Section 10.1. Security Deposit. Notwithstanding any other provision of this Facilities Lease, the District may, so long as the District is not in default hereunder, on any date secure the payment of Lease Payments by a deposit with the Contractor of cash in an amount which is sufficient to pay all unpaid Lease Payments, including the principal and interest components thereof. In the event of a deposit pursuant to this Section, all obligations of the District under this Facilities Lease, and all security provided by this Facilities Lease for said obligations, shall cease and terminate, excepting only the obligation of the District to make, or cause to be made, Lease Payments from the deposit made by the District pursuant to this Section, and any title interest held by Contractor, if any, to the Project and/or the Site shall revert to the District on the date of said deposit automatically and without further action by the District or the Contractor.

Section 10.2. Optional Prepayment. The District may prepay the Lease Payments, in whole or in part, at any time. The District shall give the Contractor written notice of its intention to exercise its option and the date and amount of such prepayment not less than fifteen (15) days in advance of the date of exercise.

ARTICLE XI
MISCELLANEOUS

Section 11.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received forty-eight (48) hours after deposit in the United States mail in registered or certified form with postage fully prepaid:

If to the Contractor: Frank Schipper Construction
610 East Cota
Santa Barbara, CA 93103
Attn: Paul Wieckowski; paul@schipperconstruction.com
(Fax: 805-963-1270)

If to District: Santa Barbara Unified School District
720 Santa Barbara St.
Santa Barbara, CA 93101
Attn: Hilda Maldonado, Superintendent
(Fax: 805-962-3146)

With Copy to: Santa Barbara Unified School District
720 Santa Barbara St.
Santa Barbara, CA 93101
Attn: Steve Vizzolini,
Director of Facilities & Modernization
(Fax: 805-963-5685)

The Contractor and the District, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2. Binding Effect. This Facilities Lease shall inure to the benefit of and shall be binding upon the Contractor and the District and their respective successors and assigns.

Section 11.3. Severability. In the event any provision of this Facilities Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4. Triple Net Lease. This Facilities Lease shall be deemed and construed to be a "net-net-net lease" and the District hereby agrees that the Lease Payments shall be an absolute net return to the Contractor, free and clear of any expenses, charges or setoffs.

Section 11.5. Further Assurances. The Contractor and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Site hereby leased or intended so to be or for carrying out the expressed intention of this Facilities Lease.

Section 11.6. Execution in Counterparts. This Facilities Lease may be executed in several counterparts, each of which shall be original and all of which shall constitute but one and the same instrument.

Section 11.7. Applicable Law and Venue. This Facilities Lease shall be governed by and construed in accordance with the laws of the State of California. Any dispute arising out of this Facilities Lease will be venued in the Santa Barbara County Superior Court.

Section 11.8. Contractor and District Representatives. Whenever under the provisions of this Facilities Lease the approval of the Contractor or the District is required, or the Contractor or the District is required to take some action at the request of the other, such approval or such request shall be given for the Contractor by the Contractor Representative and for the District by the Authorized District Representative, and any Party hereto shall be authorized to rely upon any such approval or request.

Section 11.9. Captions. The captions or headings in this Facilities Lease are for convenience only and do not define, limit or describe the scope or intent of any provisions or section of this Facilities Lease, nor the construction or interpretation of any part thereof.

Section 11.10. Prior Agreements. This Facilities Lease and the corresponding Site Lease collectively contain all of the agreements of the Parties hereto with respect to any matter covered or mentioned in this Facilities Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Facilities Lease may be amended or added to except by an agreement in writing signed by the Parties hereto or their respective successors-in-interest.

Section 11.11. Attorneys' Fees. In the event any legal action or other proceeding is brought for the enforcement of this Agreement, or arising out of an alleged dispute, breach, default, or misrepresentation or for any other reason in connection with any of the provisions of this Agreement or the Project, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs and expenses, including expert witness fees and costs, incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

Section 11.12. Joint Preparation. This Agreement is to be deemed to have been prepared jointly by the Parties hereto; any uncertainty or ambiguity existing herein shall not be interpreted against either Party but according to the application of rules of contracts generally.

IN WITNESS WHEREOF, the Parties hereto have caused this Facilities Lease to be executed by their respective duly authorized officers, as of the Effective Date.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

By: _____
Meg Jetté
Assistant Superintendent of Business Services

FRANK SCHIPPER CONSTRUCTION, CO.

By: _____

Title: PRESIDENT

EXHIBIT "A"

DESCRIPTION OF PROJECT

This Project will involve replacement of the existing marquee with a free-standing electronic message board with a concrete footing and concrete base. Electrical work is involved in this project, which will require trenching and asphalt paving patchwork. The architect for the Project is KBZ Architects.

EXHIBIT "B"
PRECONSTRUCTION PROVISIONS

EXHIBIT "C"
CONSTRUCTION PROVISIONS