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 this Facilities Lease in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Facilities Lease;

WHEREAS, the District and the Entity further acknowledge and agree that they have entered into the Site Lease and this Facilities Lease pursuant to Education Code section 17406 as the best available and most expeditious means for the District to satisfy its substantial need to construct the Project.

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants hereinafter contained, the parties hereto do hereby agree as follows:

ARTICLE 1. DEFINITIONS AND EXHIBITS.

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. Additional definitions are included in Exhibit D, the General Construction Terms and Conditions.

1.1.1 "District" means the Sacramento City Unified School District, a school district duly organized and existing under the laws of the State of California.

1.1.2 "District Representative" means the Superintendent of the District, or any other person authorized by the Board of Education of the District to act on behalf of the District under or with respect to this Facilities Lease. The person or persons so designated to act as District Representative(s) shall be authorized in writing with notice served to the Entity's Authorized Representative. The District shall provide such notice designating the District Representative within five (5) business days of providing the Notice to Proceed.

1.1.3 "DSA" means the State of California, Department of General Services, Division of the State Architect.

1.1.4 "Entity" means **General Contractor Company Name**, a corporation duly organized and existing under the laws of the State of California duly licensed to do business in the State of California.

1.1.5 "Entity Representative" means the written, authorized representatives of the Entity, or any person authorized to act on behalf of the Entity under or with respect to this Facilities Lease as evidenced by a resolution conferring that representative with such authorization adopted by the Board of Directors of the Entity or as so designated by the President of the Entity. The Entity's initial representative is **[Name, Title]**.

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

1.1.7 "Event of Default by the Entity" means one or more events as defined in Section 9.3 of this Facilities Lease.

1.1.8 "Facilities Lease" means this Facilities Lease together with any duly authorized and executed amendment hereto.

1.1.9 "General Construction Terms and Conditions" shall mean the terms and conditions set forth in Exhibit D attached hereto.

1.1.10 "Lease Payment" means any payment required to be made by the District pursuant to Section 4.4 of this Facilities Lease and as set forth in Exhibit C attached to this Facilities Lease.

1.1.11 "Lease Payment Schedule" shall mean the payment schedule attached hereto as Exhibit C, to be developed by Entity during Preconstruction Services.

1.1.12 "Permitted Encumbrances" means, as of any particular time: (i) liens for general and valorem taxes and assessments, if any, not then delinquent, or which the District may, pursuant to provisions of Section 5.3 hereof, 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 (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 Entity and the District consent in writing which will not impair or impede the operation of the Site.

1.1.13 "Plans and Specifications" means the construction plans and specifications prepared for the Project by **HMC Architects** as approved by the DSA, Application No. 02-122142 and as further referenced in the General Construction Terms and Conditions, Exhibit D attached hereto.

1.1.14 "Preconstruction Services" means those(s)-5 ((s)-5 (t)-6 BT/P /TMC12J0 Tc r)3 (uc)4 ((s)-5 (t

hereunder, then the District shall issue to Entity a Notice to Proceed. Entity may not perform

to questions and approvals. The process for responses to questions and approvals is set forth in Exhibit D.

3.2.4 Liquidated Damages. The Project is a critical component of ongoing educational services being provided by the District, which can be impacted if the Project is not timely completed. Therefore, if the Project is not completed within the time period set forth at Section 3.2.3 above, as such completion date may be revised from time to time by mutual agreement or may be extended in accordance with the terms and conditions set forth in Exhibit D, it is understood that the District will suffer damage, and that it is impractical and unfeasible to determine the amount of actual damages. Therefore, it is agreed that if the Project is not substantially completed within the time period specified in Section 3.2.3 as such completion date may be extended in accordance with the terms and conditions set forth in Exhibit D, the Entity shall pay to the District, as the sole and exclusive remedy for delay, (a) $[redacted] per day for each day thereafter to and including the date of Substantial Completion, and (b) $[redacted] per day for each day thereafter to and including the date of Final Completion (collectively, the "Liquidated Damages"). The Entity and its sureties shall be liable for and shall pay the District the Liquidated Damages as fixed and agreed rental value for the Project for the period of time set forth above. The Liquidated Damages are fixed and agreed upon by and between the Entity and the District because of the impracticality and extreme difficulty of fixing and ascertaining the actual damages the District would in such event sustain, and said amount is agreed to be the amount of damages which the District would sustain and which the Entity and its sureties shall pay to the District. The Liquidated Damages are not a penalty and shall be in lieu of actual damages caused by the delay. The Liquidated Damages shall be payable to the District upon demand and may be withheld from any payments due to the Entity. The Liquidated Damages shall not be in lieu of any other damages or remedies available to the District for any default by the Entity other than delay in the completion of the Project.

prequalified prior to submitting bids for the Project. Mechanical, electrical and plumbing contractors subject to these requirements are those with any of the following license classifications: C-4, C-7, C-10, C-16, C-20, C-34, C-36, C-38, C-42, C-43 and C-46. In compliance with Public Contract Code section 20111.6, Entity shall work with the District and the District's consultants in prequalifying such subcontractors, using the District's standard on-

the terms and conditions set forth in this Facilities Lease. The leasing by the District to the Entity of the Site shall not affect or result in a merger of the District's interest pursuant to this Facilities Lease or its fee estate as lessor under the Site Lease, and the District shall continue to

4.4 Lease Payments.

4.4.1 Obligation to Pay. Subject to adoption of the Lease Payment Schedule upon determination of the TBR, issuance of a Notice to Proceed, and the provisions of Article 6 hereof, the District agrees to pay to the Entity, its successors and assigns, as rental for the use and occupancy of the Project, the Lease Payments commencing with the month in which the District issues the Notice to Proceed, in the amounts specified in the Lease Payment Schedule attached hereto as Exhibit C, plus any such approved allowances or contingencies and incorporated herein by reference. In partial consideration for the Facilities Lease and the reduced rent specified in the Site Lease, Entity agrees to abate lease payments from the Commencement Date through Phase I of the Project, unless otherwise specified in the Lease Payment Schedule approved by the District's Board. Lease Payments shall be payable on the **last day of each calendar month, unless that date is a weekend or holiday, in which case the Lease Payment is due on the first business date thereafter**.

4.4.2 4.4.2 eP.1EMMC TBR1shall be the total (i)9 (u)2 (m p)2 (a)5.9 (id)2.1 (b)-18 (y)22 (this Facilities Lease. he T BR for the Project shall not be exceeded exce the provisions of this Article 4 and/or Exhibit D. The TBR for the lease o **added by Amendment] Dollars ($_TBD_.00**) subject to the provisions

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