

Lease Agreement
By and Between the Newhall School District and
the William S. Hart Union High School District

This Lease Agreement (“Lease”) is made by and between the Newhall School District, a public school district organized and existing pursuant to California law (“Lessee”) and the William S. Hart Union High School District, a public school district organized and existing pursuant to California law (“Lessor”). Hereinafter, Lessee and Lessor may be referred to individually as “Party” and collectively as “Parties.”

Recitals

A. Lessor is fee owner of real property, including buildings and grounds (“Property”), identified as Los Angeles County Assessor Parcel Nos. 2836-015-902 and 2836-015-903 and generally located at 21429 Centre Pointe Parkway within the City of Santa Clarita (“City”), State of California (“State”). The legal description of the Property is set forth in Exhibit “A,” which is attached hereto and incorporated by this reference.

B. Lessee desires to use a portion of the Property, which is depicted in Exhibit “B,” attached hereto and incorporated herein (hereinafter, “Leased Premises”), for office and administrative, school bus operation, and storage purposes. Lessee and Lessor agree that Lessee’s use of the Leased Premises shall be non-exclusive, to the extent Lessor and Lessee shall mutually utilize the Property for school bus transportation purposes.

C. The Parties desire to enter into this Lease in order to establish a basis for Lessee’s use of the Lease Premises for the purposes stated above. Lessor is authorized to enter into this Lease pursuant to Education Code Section 17527 *et seq* and Education Code Section 39800. Each Party hereby determines that this Lease does not pertain to the use of vacant classroom space, and finds that the proposed joint use of the Property will not: (i) interfere with any educational programs or activities conducted on the Property, (ii) unduly disrupt residents in the neighborhood surrounding the Property, or (iii) jeopardize the safety of any children. The Parties, therefore, have determined that entering into this Lease is in the best interests of their respective school districts.

D. This agreement is separate and apart from the agreements of each Party for vendored bus maintenance, operation and coordination services.

Wherefore, the Parties agree as follows:

Section 1. Leased Premises. Subject to the terms and conditions of this Lease, Lessor hereby leases the Leased Premises to Lessee. During the Lease Term (defined in Section 3), Lessor shall at all times retain legal title to the Leased Premises, subject to this Lease.

Section 2. Effective Date of Lease. For all purposes of this Lease, the effective date of this Lease shall be July 1, 2018 (“Effective Date”).

Section 3. Term of Lease. The initial term of this Lease (“Lease Term”) shall be twenty-four (24) months, commencing on the Effective Date. The Lease shall automatically renew thereafter for one period of thirty-six (36) months, unless either of the Parties indicate, in writing, an intention not to renew said Lease no less than 180 calendar days prior to the expiration of the current term (“Lease Renewal”). The Lease Renewal shall be on the same terms as this Lease, unless alternative conditions are mutually agreed upon by the Parties in writing.

Section 4. Use of Leased Premises. To the extent provided in this Lease, Lessee may use the Leased Premises to facilitate provision of transportation services for its school district (“Transportation Services”).

(a) Nothing in this Lease shall be deemed or construed as permitting Lessee to construct or install any building, structure, or improvement on the Leased Premises, including any storage buildings, garages, repair facilities, recharging facilities or refueling facilities.

(b) Lessee shall not store, park, or in any manner use more than the agreed to number of busses or other vehicles used for transportation of students, of any size or type, on the Leased Premises. This limitation shall not be deemed to apply to personal vehicles used by Lessee’s staff and employees for personal transportation to and from the Leased Premises in furtherance of their employment by Lessee. In no event shall vehicles attributable to Lessee’s operations, including those used for student transportation and those used for personal transportation of Lessee’s staff, employees, agents, and invitees, be parked on any portion of the Property other than the Leased Premises.

(c) In taking any action pursuant to this Lease, or related to the Leased Premises, Lessee shall comply with all applicable environmental requirements, rules and orders, including any applicable storm-water discharge requirements.

(d) Lessor makes no warranty or representation, either express or implied, as to the fitness or suitability of the Leased Premises or the Property for the uses contemplated in this Lease or for any other particular use. In no event shall Lessor be liable for any direct, indirect, incidental, special, or consequential damages, costs or expenses suffered by Lessee that are connected with, related to, or arise from the fitness or suitability of the Leased Premises or the Property for any particular use.

Section 5. Annual Rent. The annual rent to be paid by Lessee to Lessor for the Leased Premises pursuant to this Lease shall be at the amounts set forth in Exhibit “C,” (“Annual Rent”) attached hereto and incorporated herein.

Section 6. Termination for Convenience. At any time during the Lease Term or Lease Renewal term, Lessor or Lessee may, in their reasonable discretion, determine that it is not possible, practical, or feasible to continue this Lease in connection with provision of the Transportation Services. In such event, the Party seeking to terminate said Lease shall provide the other party with written notice of the termination of the Lease (“Notice of Termination”). Subject to all other provisions of this Lease, including, but not limited to, Section 8, any such termination shall be effective three hundred and sixty (360) calendar days after receipt by the non-terminating Party of the Notice of Termination, unless the Parties mutually agree upon an earlier date in writing.

Section 7. Termination upon Default. In addition to any other basis for termination that may be specified herein, this Lease may be terminated by either Party upon a default of any covenant, condition, or term hereof by the other Party, which default is not cured within thirty (30) calendar days of receipt of written notice of default (“Notice of Default”). Any such termination of this Lease shall be effective sixty (60) calendar days after delivery by the terminating Party to the other Party of the Notice of Default.

Section 8. Termination of Lease Due to Change to Transportation Contractors. The Lease is structured with the intent that both Parties operate with a common transportation contractor. In the event either Lessor or Lessee elect to utilize a different transportation contractor from that utilized by the other, this Lease will terminate fifteen (15) calendar days following the earlier of the last day of the school year or the end of the current fiscal year.

Section 9. Utilities. The Parties acknowledge that utility services as necessary for Lessee's operations on the Leased Premises currently exist and that the costs for such utilities are included within those costs to be paid by Lessee as set forth in Exhibit C. The Parties acknowledge and agree that the costs of such utilities are included as a component of the rental amounts, and that Lessee shall not be required to pay other or additional charges or fees for such utilities.

Section 10. Transportation Director. The Parties intend that during the Lease Term or Lease Renewal term, the Parties shall continue to share in the services of a common Director of Transportation, who shall be employed by Lessor. Lessee shall contribute, in addition to payments otherwise due under this Lease, funds to pay for their share of the salary and benefits paid to Lessor's staff in administration of Lessee's transportation program.

Section 11. Maintenance, Damages, and Repairs. Lessee shall maintain the Leased Premises in a good, safe, and workmanlike condition, and shall maintain the appearance of the Leased Premises at a level reasonably acceptable to Lessor, free of debris, rubbish, exterior stockpiles of materials, supplies, equipment, and similar objects, as well as the appearance of disrepair. Lessee shall be solely responsible for repairing any damages to the Leased Premises or to the Property resulting from Lessee's actions pursuant to this Lease, or the cost to Lessor of repairing same if Lessee has not completed such repairs within a reasonable time, or by any applicable completion date reasonably established by Lessor. The Annual Rent payable pursuant to this Lease includes any amount attributable to the normal wear and tear to the parking areas and driveways caused by Lessee's activities on the Property and Leased Premises.

Section 12. Environmental. Lessee and its agents, employees, contractors, subcontractors, or other representatives shall not bring upon the Leased Premises or the Property, or authorize any other person or entity to bring upon the Leased Premises or the Property, any hazardous materials, hazardous substances, hazardous wastes, pollutants, asbestos, polychlorinated biphenyls (PCBs), petroleum or other fuels (including crude oil or any fraction or derivative thereof). Notwithstanding the foregoing, Lessee may bring such fuels, lubricants and lead-acid batteries onto the Leased Premises, and onto the Property, only in connection with access to the Leased Premises, as may be contained within any motor vehicles properly on the Leased Premises pursuant to this Lease. In addition, Lessee may also bring onto such areas of the Leased Premises and the Property, any cleaning solvents and other chemicals usual and necessary for proper utilization and maintenance of the Leased Premises and improvements thereon. In bringing or using any materials or substances on the Leased Premises, Lessee shall comply with all federal, State, and local government laws, regulations, and rules.

Section 13. Lessor Operations, Educational and Recreational Programs. Lessee shall conduct all of its activities on the Leased Premises in a manner that does not materially interfere with Lessor's operations on the Property. Any determination as to whether any interference is "material" shall be made by Lessor in its reasonable discretion; however, none of the uses of the Leased Premises by Lessee expressly contemplated in this Lease shall be deemed to constitute material interference. In the event such material interference occurs and, upon

written request, Lessee fails to immediately cease such interference, or if Lessee ceases and subsequently re-commences such interference, Lessor may deliver a Notice of Default to Lessee, in which case this Lease may thereafter terminate in accordance with Section 7. In lieu of terminating the Lease, Lessor may specifically enforce Lessee's obligation to cease such material interference in an appropriate court.

Section 14. *Interference with Transportation Services.* Other than as may be specified in this Lease, Lessor shall not permit the use of any portion of the Property in a manner that unreasonably interferes with Lessee's provision of the Transportation Services. Lessor shall, upon written request from Lessee, promptly terminate any such unreasonable interference.

Section 15. *Destruction of Leased Premises.* If either the Leased Premises or the Property is destroyed or damaged as a result of a catastrophic event to the extent that, in Lessee's reasonable discretion, Lessee can no longer use the Leased Premises for the intended purposes, Lessee may elect to either: (i) terminate this Lease pursuant to Section 6; or (ii) upon written consent of Lessor, use a portion of the Property specified by Lessor for provision of Transportation Services on a temporary basis until such time as the Leased Premises are sufficiently repaired or reconstructed by Lessor, or as otherwise agreed in writing by the Parties so that Lessee can resume the provision of Transportation Services from the Leased Premises. Any such repair or reconstruction shall be completed in an expeditious manner.

Section 16. *Condemnation.* If a condemning authority takes all of the Property, or a portion that, in Lessee's reasonable discretion, is sufficient to render the Leased Premises unsuitable for its intended use, then Lessee may terminate this Lease pursuant to Section 6. Notwithstanding any other provision of this Lease, such termination shall be effective as of the date possession of the Property is delivered to the condemning authority. For purposes of this Lease, upon threat of condemnation by any entity with the power of eminent domain, sale of all or part of the Leased Premises to such entity shall be deemed to be a taking by the condemning authority. Lessor shall not be responsible in any way for substantiating, supporting, or in any manner promoting any claim by, or securing or recovering any award or proceeds for, Lessee in any condemnation action or with respect to any sale in lieu of condemnation. In the event this Lease is to be terminated as a result of any condemnation action or sale in lieu thereof, to the extent permitted by law, Lessee shall be permitted to remove and retain any electrical, mechanical, computer, or similar equipment associated or used in connection with the provision of Transportation Services. If this Lease is not to be terminated as a result of any condemnation action or sale in lieu thereof, this Lease shall continue in full force and effect, un-modified except as agreed in writing by the Parties.

Section 17. *Lessee Insurance.* Lessee shall obtain, and maintain during the Lease Term and the Lease Renewal term, the policies of insurance required pursuant to this Section 17 ("Insurance Policies"). Prior to or concurrent with execution of this Lease by Lessee, Lessee shall provide to Lessor copies of the Insurance Policies along with certificates of insurance evidencing that the required Insurance Policies are in effect. The certificate of insurance for each of the Insurance Policies shall specify that the insurer shall provide written notice to Lessor not

less than thirty (30) calendar days prior to any cancellation, termination, expiration without renewal, or reduction in coverage limits of such policy.

(a) *Liability Insurance.* General liability insurance, written on an occurrence basis, covering claims for bodily injury, including death, property damage, and consequential damages that may arise out of or result from Lessee's actions on the Leased Premises and/or Property pursuant to this Lease or from actions taken in connection with the construction, operation and maintenance of improvements to the Leased Premises, or in connection with the provision of the Transportation Services, whether such actions are taken by Lessee or any person directly or indirectly employed by any of them ("Liability Policy"). The Liability Policy shall be primary with respect to any other insurance or self-insurance policies or programs covering Lessor, its Governing Board members, officers, employees, agents and consultants. The Liability Policy shall name Lessor as an additional insured. The Liability Policy shall provide coverage in an amount not less than five million dollars (\$5,000,000.00) per occurrence and aggregate.

(b) *Vehicle Insurance.* Liability insurance covering all vehicles used by Lessee on the Leased Premises or the Property, or used in connection with the construction, maintenance and operation of Lessee's Facilities ("Vehicle Policy"). The Vehicle Policy shall provide coverage in an amount not less than one million dollars (\$1,000,000.00) per occurrence and ten million dollars (\$10,000,000) aggregate. The Vehicle Policy shall name Lessor as an additional insured.

(c) *Property Insurance.* Standard form property insurance ("All Risk" coverage) providing coverage in an amount not less than the full replacement cost of all improvements to the Leased Premises.

(d) *Workers' Compensation Insurance.* Workers' Compensation Insurance as required pursuant to Labor Code Section 3700 *et seq.* to secure compensation for Lessee's employees. The Workers' Compensation Insurance policy shall contain a cross-liability endorsement and a waiver of the insurer's rights of subrogation.

Section 18. Lessor Insurance. Lessor shall maintain commercial general and professional liability insurance or a program of self insurance providing general and professional liability insurance to cover Lessor activities with limits of liability not less than one million dollars (\$1,000,000) per occurrence and professional liability insurance for its employees with limits of liability not less than one million dollars (\$1,000,000) per occurrence. Lessor shall provide Lessee with a certificate of insurance evidencing professional liability and original endorsement naming Lessee, its governing board, employees, and volunteers as additional insured with regard to the general liability insurance prior to the commencement of the program.

Lessor agrees to carry workers' compensation insurance to protect its respective employees at a limit determined by the Labor Code of the State of California and Employers Liability insurance in the amount of one million dollars (\$1,000,000) or its current limit of each,

whichever is greater. Proof of such coverage will be furnished prior to the commencement of the Agreement. Lessor agrees to waive its rights of subrogation against Lessee.

Section 19. Indemnification. With respect to any act, omission, or incident occurring during the Lease Term and/or Lease Renewal term, the requirements of this Section shall survive the expiration or termination of this Lease.

(a) Lessee Indemnification of Lessor. Lessee shall indemnify and hold harmless Lessor, its Governing Board members, officers, agents, employees, and volunteers from and against any and all losses, claims, or expenses arising out of any liability or claim of liability for personal injury, bodily injury to persons, and damage to property sustained or claimed to have been sustained, which arise out of the actions or omissions of Lessee, except for liability resulting from the negligence or willful misconduct of Lessor, its Governing Board members, officers, agents, or employees. Lessee assumes workers' compensation liability for injury or death of its Governing Board members, officers, agents, employees, and volunteers, and assumes no workers' compensation responsibility for the Governing Board members, officers, agents, employees, and volunteers of Lessor.

(b) Lessor Indemnification of Lessee. Lessor shall indemnify and hold harmless Lessee, its Governing Board members, officers, agents, employees, and volunteers from and against any and all losses, claims, or expenses arising out of any liability or claim of liability for personal injury, bodily injury to persons, and damage to property sustained or claimed to have been sustained, which arise out of the actions or omissions of Lessor, except for liability resulting from the negligence or willful misconduct of Lessee, its Governing Board members, officers, agents, or employees. Lessor assumes workers' compensation liability for injury or death of its Governing Board members, officers, agents, employees, and volunteers, and assumes no workers' compensation responsibility for the Governing Board members, officers, agents, employees, and volunteers of Lessee.

Section 20. Encumbrances. Except for the recording of this Lease, if so recorded, Lessee shall not under any circumstances encumber the fee estate of Lessor in the Leased Premises or the Property, including by means of any mortgage, deed of trust, or other instrument or device. Except as may be provided in this Lease, Lessee shall not, by operation of law or otherwise, sell, assign, lease, sublease, or otherwise transfer, dispose of or convey its leasehold interest in the Leased Premises.

Section 21. Entire Agreement. This Lease constitutes the entire agreement and understanding between the Parties, and supersedes all prior communications, offers, negotiations and understandings, if any, written or oral, concerning the subject matter of this Lease. Each Party represents and acknowledges that it has conducted an independent investigation of the facts and situations relevant to this Lease, and that neither the other Party nor its agents or attorneys have made any promise, representation, or warranty whatsoever, express or implied, not contained herein to induce the execution of this Lease. Each Party further represents and warrants that it has not executed this Lease in reliance upon any promise, representation or warranty not contained herein.

Section 22. Severability. If by operation of law, order of a court of competent jurisdiction, or other reason, it is determined that any Section, Subsection, clause or other provision of this Lease is illegal, null, void, invalid, unenforceable, or in violation of public policy, the remaining Sections, Subsections, clauses and other provisions of this Lease shall not be affected thereby and shall continue in full force and effect.

Section 23. Waiver. Each Party may specifically and expressly waive the other Party's performance of, or compliance with, or breach of, any condition or obligation set forth in this Lease. Such waiver shall not constitute a waiver of any prior or subsequent failure to perform, or comply with, or breach of, the same or any other condition or obligation of the Lease. All such waivers must be in writing, and no waiver shall be implied from the silence or failure to act of either Party.

Section 24. Force Majeure. The time within which a Party shall be required pursuant to this Lease to perform any act, other than the payment of money, shall be extended by a period of time equal to the number of days during which performance of such act is unavoidably delayed by circumstances beyond that Party's control, such as strikes, lockouts, governmental restrictions, order of any governmental or regulatory body, war, civil disturbance, or fire, earthquake or other unavoidable casualty.

Section 25. Modification of Lease. This Lease may be modified or amended only by a writing approved and executed by both Parties.

Section 26. Assignment. Lessee may assign this Lease only upon express written consent of Lessor, which Lessor shall not unreasonably withhold. Any purported or attempted assignment of this Lease without the prior written consent of Lessor shall result in termination of this Lease without further action of either Party. Lessee shall have sixty (60) calendar days after any such purported or attempted assignment to comply with the requirements of Section 7. Any assignment of this Lease approved by Lessor shall be in writing and duly authorized by Lessee, and Lessee shall immediately thereafter provide a copy of such assignment to Lessor. This Lease shall be binding on and inure to the benefit of the authorized successors and assignees of the respective Parties.

Section 27. Third Party Beneficiaries. The Parties intend that this Lease is made solely for the benefit of the Parties and their authorized successors and assigns, and that no other person shall be entitled, directly or indirectly, to base any claim on, or to have any rights arising from or related to, this Lease.

Section 28. Governing Law and Venue. This Lease and all rights and obligations arising therefrom shall be construed in accordance with the laws of the State of California. Any action, arbitration, mediation, hearing, or other proceeding related to this Lease shall be conducted only in the County of Los Angeles ("County").

Section 29. Lease is Public Record. Lessee acknowledges that this Lease is a public record within the meaning of the California Public Records Act, Government Code Section 6250 *et seq.*, which Lessor must disclose upon request pursuant to such Government Code sections.

Section 30. Notices. Any notice or communication required or given pursuant to this Lease shall be in writing and duly addressed as specified in this Section. Such notice or communication may be given by personal delivery, facsimile transmission, pre-paid certified or registered mail with return receipt requested, or reliable private delivery service, such as UPS, Federal Express, or California Overnight. Any such notice or communication shall be deemed given upon receipt. If notice or other communication is given by facsimile transmission, it must also be sent via first-class U.S. Mail within 24 hours thereafter. Either Party to this Lease may change its address or facsimile number by giving notice as specified in this Section. Notices and other communications shall be duly addressed as follows:

To Lessor:
William S. Hart Union High School District
Attention: Chief Financial Officer
21380 Centre Pointe Parkway
Santa Clarita, CA 91350

To Lessee:
Newhall School District
Attention: Assistant Superintendent,
Business Services
25375 Orchard Village Road
Suite 200
Valencia, CA 91355

Section 31. Interpretation Guides. In interpreting this Lease, it shall be deemed to have been prepared by the Parties jointly, and no ambiguity shall be resolved against either Party on the premise that the Party or its attorneys were responsible for drafting this Lease or any provision hereof. The captions or headings in this Lease are for convenience only and shall not be deemed or construed to define, limit, or describe the scope or intent of any Sections, Subsections or other provisions of this Lease.

Section 32. Incorporation of Recitals and Exhibits. All Recitals stated herein, and all Exhibits attached hereto or referenced herein, are hereby incorporated as an effective and operative part of this Lease.

Section 33. Due Authority of Signatories. Each person signing this Lease represents and warrants that he or she has been duly authorized, by appropriate action of the Party that he or she represents, to act on behalf of that Party and to bind that Party to the terms and conditions of this Lease.

In Witness Whereof, the Parties have executed this Lease by their authorized representatives as indicated below:

***William S. Hart Union
High School District***

Newhall School District

By: _____
President of the Governing Board of the
William S. Hart Union High School
District

By: _____
President of the Governing Board of the
Newhall School District

Attest:

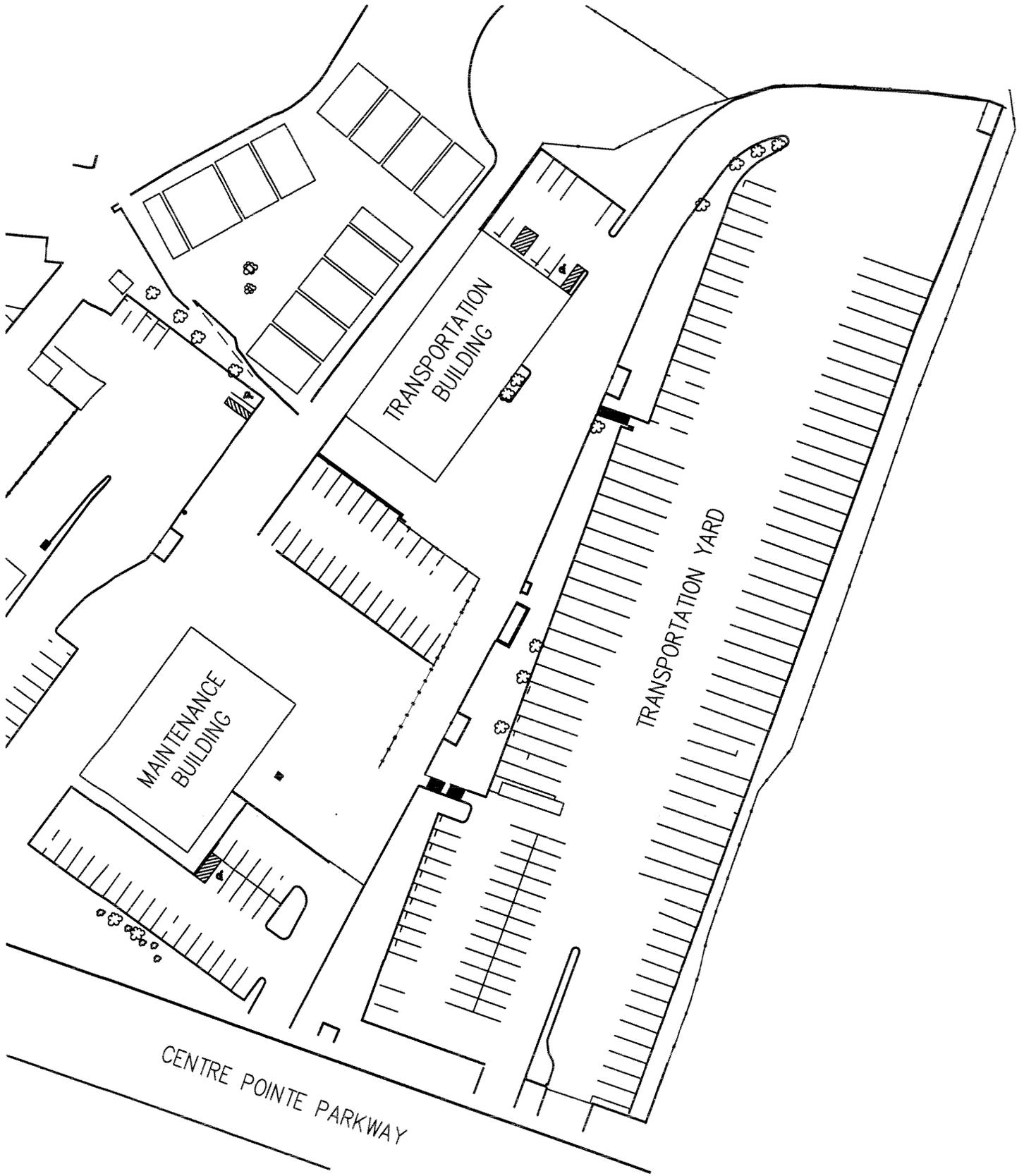
Attest:

By: _____
Clerk of the Governing Board of the
William S. Hart Union High School
District

By: _____
Clerk of the Governing Board of the
Newhall School District

Exhibit A

The property described in the lease is located at 21429 Centre Pointe Parkway, Santa Clarita, California 91350 and includes the Transportation Building on the Northern portion of lot # 5, tract 38936 and lot # 6, tract 38936.



CENTRE POINTE PARKWAY

TRANSPORTATION FACILITY
WM. S. HART UNION HIGH SCHOOL DISTRICT



NORTH

WM. S. HART UNION HIGH SCHOOL DISTRICT EXHIBIT C
 COST OF TRANSPORTATION OPERATION
 OPERATIONAL EXPENSE ESTIMATES

DESCRIPTION	ANNUAL COST	NEWHALL SHARE (route based) 30%	NEWHALL PROJECTION (route based) 36%
USE OF FACILITY:		45000	45000
OPERATIONAL COSTS:			
Maintenance costs:compressor, hoses, reels, pumps, EPA, Gasboy system, meters, steam cleaning system, etc)	50,424	15,127	18,153
Cyber Trip program & maintenance	2,700	810	972
Insurance	1,046	314	377
Utilities	24,767	7,430	8,916
Oat Mountain Antenna Station	3,600	1,080	1,296
Communication Equipment, Installation, Maintenance	3,150	945	1,134
Clerical support staff/billing (incl statutory benefits)	197,760	59,328	71,194
Mechanics (incl statutory benefits)	67,444	20,233	24,280
Printing	3,499	1,050	1,260
Cell phone usage	572	172	206
Underground Storage tank fees	0	0	0
Environmental requirements/fees	13,877	4,163	4,996
Health Benefits	55,493	16,648	19,977
***Director. (ihcl statutory benefits)	131,369	39,411	47,293
Subtotal Operational Costs	555,700	108,641	134,047
Yearly Base Rental Fee		153,641	179,047