

**CONSIDERATIONS FOR CHILD CARE PROVIDERS
PARTNERING WITH HOUSING DEVELOPERS
in California**



A California Statewide Collaborative

Project Background

Building Child Care (BCC), funded by the California Department of Education, is a collaboration of organizations designed to help child care providers navigate the process of financing and developing child care facilities throughout the state. Four organizations, the National Economic Development and Law Center, the California Child Care Resource and Referral Network, the Child Development Policy Institute Education Fund, and the Child Care Facilities Fund of the Low Income Housing Fund, have combined their experience, resources, and expertise to build a clearinghouse of information and assistance specifically designed for people interested in building or purchasing new child care facilities or renovating and expanding existing ones.

All too often, people interested in starting a child care business or current providers who need help expanding their services have been forced to find their way through a confusing maze of codes, regulations, financing requirements, building requirements, and construction challenges. In California, there is currently no one central place to turn for one-to-one technical assistance, support, training, referrals, publications, information, and materials specific to child care financing and facilities development issues. This Collaborative takes the first step in establishing such a place.

Specifically, we provide technical assistance and information to the child care community, gathering key information on the challenges and successes of child care facilities development projects. We have a web site (www.buildingchildcare.org) containing information on available community resources, publications, and financial resources that offer help with facilities development projects., and we have a toll-free line (888-411-3535) that people can call to ask specific questions and to learn about the financial and informational resources available to them.

We also provide financial development trainings for local child care advocates such as Resource and Referral agency and Regional Resource Center staff, who often provide the first level of contact to existing and potential providers looking for help in purchasing, expanding, building or renovating a center or home-based facility. As part of this effort to collaborate with existing advocates we are currently working to pull together the resources and expertise of child care facilities development technical assistance entities across the state in order to create stronger networks of assistance for the child care providers who need it.

The BCC Collaborative recognizes that although this work is an important piece of the larger facilities development work needed in California, it is only a first step. We know first hand that the lack of available funding to purchase, expand or improve child care facilities remains a major obstacle to creating sufficient child care capacity. Technical assistance alone will not address this critical need.

As the statewide contractor for the California Department of Education, the BCC Project has begun to address the need for expanded financing options by working to identify the barriers to current financing and then recommending concrete actions that will improve access to public funding for facilities development projects. In addition, partners within BCC are collaborating with other key leaders in California, such as the foundation community, lending institutions, the private sector and appropriate government agencies to begin building a long-term, sustainable strategy of leveraging public and private financing for child care facilities across the state.

Acknowledgements

This document, *Considerations for Child Care Providers Partnering with Housing Developers in California* ©June, 2002, was written in collaboration by the Building Child Care Partners:

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Introduction

Congratulations! You are embarking on an exciting collaboration to make child care services part of the infrastructure of a new housing development. In addition to providing meaningful and convenient services for the development's residents this partnership will help you address one of the most confounding problems in the child care sector— establishing access to high quality, low cost facilities.

Through this collaboration you will have the opportunity to proactively design space to meet your program needs. Yet these needs will have to be balanced with the plans for the overall development, which is why it is important to plan ahead for embarking on this kind of a partnership. Based on what has been learned through such partnerships in the past, we have compiled this document to help provide you with some specific questions to consider when planning a child care facility in a residential development, particularly one subsidized with low income housing tax credits.

We have broken these questions down into four distinct categories – *Designing and Siting the Space; Identifying the Population to be Served; Coming to a Common, Detailed Agreement; and Defining Roles and Responsibilities*. Additionally, in the appendix we have provided several sample documents including an example Memorandum of Understanding, an example lease and an example timeline to help give you a better sense of how to conduct a child care facilities development project in a housing development.

Designing and Siting the Space

- **Interior Space**

Is the interior square footage allocation adequate to serve your target enrollment?

Remember that licensing requires that at minimum you provide **35 square feet of usable space per child**. In addition, if you plan to serve infants it is important to consider that infants require a separate dedicated sleeping area. Also, bathrooms, office space, staff lounge and prep areas, hallways, reception, meeting and family support rooms don't count toward licensable space, so be sure to factor these in separately from the 35 square foot requirement. Depending on the type of program you run and the space constraints of the property, you should consider allocating **60 to 75 square feet of gross, or total interior square footage per child**.

Is the square footage allocation sufficient to accommodate the group sizes and staff to child ratios you prefer?

For example, if you typically run a preschool at a 1:8 ratio and group size of 16, and the developer offers square footage adequate for 30 children, consider requesting additional space to serve 32 (two classrooms of 16 with a 1:8 ratio).

- **Exterior Space**

Is the exterior square footage allocation (playground) adequate to serve your target enrollment?

Remember that licensing requires that you provide a minimum of **75 square feet of outdoor play space per child** and that the space typically needs to have dedicated hours for the exclusive use of the child care program.¹ In facilities where space is at a premium, providers often plan to schedule outdoor time for children in shifts. Carefully consider your desired program ratios and request space that is appropriate for the group size and supervision level required. For example, outdoor play space for 16 children at a time, or 1,200 square feet, might be appropriate for a 32-child preschool running on 1:8 ratios.

Will the play space be shared by the child care program and the housing residents?

If so, identify age appropriate features for the outdoor space and share them with the developer early on in the design process. If the age ranges for each facility are vastly different (such as an infant program sharing outdoor space with a residence anticipated to have lots of school age children), you should collaborate closely with the developer to ensure that the outdoor area is designed to be a creative and flexible space that can change to accommodate the age range of its users.

¹ The past practice of Community Care Licensing to grant waivers to allow the use of off-site playgrounds to meet this requirement in urban areas has largely been halted. If dedicated play space is constrained, consult your local licensing advocate to review your specific circumstances.

- **Drop Off & Pick Up and Transportation**

How will children and staff, particularly those coming from the surrounding community, access the child care site?

If it is likely that some families will drive to the child care facility, you will need to create an adequate drop off zone as well as parking with capacity great enough to accommodate parents, staff, and anyone who attends meetings or volunteers at your facility. If it is likely that some families will take public transit, you will need to identify ways for them to access the center as easily as possible. For example, consider whether or not the entrance can be situated in a convenient way to the nearest bus stop.

- **Exiting & Security**

What type of exit plan will you be able to provide based on the center's location?

As you review conceptual plans, keep in mind exiting and security requirements for child care centers. Be sure to provide clear and safe exits, at least two, that go directly to the street.

How will you ensure the security of the facility?

Identify the best main entrance to the facility based on how well you will be able to monitor traffic in and out of the center. Also, be sure to create sufficient separation from residents and the child care center to promote security.

- **Architectural Consultation**

Will the developer provide architectural services as part of your agreement?

If not, consider engaging an architect familiar with child care on a limited basis early in the process because many of the features that are decided for the shell building in the early stages will impact your overall ability to develop the space to meet both licensing standards and your liking later on. For example, the building footprint and orientation of the site will determine many key features such as how families and staff will enter the site, exposure to natural light, ceiling height, and orientation and access to outdoor play space.

Identifying the Population to be Served

- **Residents of the Development**

What is the anticipated profile of the housing development's residents?

Find out specific details about the developer's expectations regarding household sizes and the likely ages and numbers of children who will live in the development.

Evidence from other child care facilities included in housing developments indicates that parents continue to make a range of child care choices even when child care is provided on site. Be conservative when you estimate the number of children from the residence who you expect to have enrolled in your program. When projecting enrollment numbers assume that no more than 25% of children in any anticipated age group will use the child care facility on site. This will allow for a range of child care choices among parents and will account for the fact that children will age out of the program over time.

- **Income Eligibility**

What is the anticipated income level of resident families? How does this compare with any subsidy eligibility requirements for your program and/or likely tuition levels?

Be advised that income eligibility for subsidized housing is often different and higher than income eligibility requirements for child care subsidies. For example, in San Francisco families at 50% of area median income are eligible for subsidized housing, but are over the income limits for both Head Start and State of California child care subsidies. Gain projected income information from the developer and compare these with your enrollment assumptions for both subsidy eligibility and the ability to pay tuition.

- **Priorities for Enrollment**

What, if any, priorities for enrollment will you or the developer request?

Review these priorities for any potential conflicts. For example, could agreeing to serve residents of the housing development first conflict with the high risk and lowest income first requirements of State contracts? If so, explicitly identify your priorities for enrollment to the developer up front. If there are concerns about how residents will be able to access your services, develop creative enrollment and marketing strategies so that residents are well-informed about your child care services and are assisted with enrollment.

Coming to a Common, Detailed Agreement

- **The Building**

What will the developer provide in terms of the building?

Clearly identify what the developer is expected to provide. For example, find out if you will receive a fully built out space including all building systems, fire safety, and security or if you will receive a raw shell space that you will need to build out to meet licensing standards.

If the developer is providing a shell space, what features will be included in it?

For example, will utilities be included? Are windows and doors included? Being as clear as possible early on will highlight design, coordination and funding considerations.

Is there a cost allocation or limit to what the developer can or will devote to building the building?

If so, make sure to agree upon and define those limits ahead of time and identify who will be responsible for cost overruns.

- **The Playground**

Who is responsible for funding and developing the construction of the playground?

If the playground is to be shared by residents and the child care center, it will be very important to coordinate the design process based on the different interests involved. It will also be key to identify who will have access to the playground at what hours of the day. Additionally, make sure to distribute responsibilities such as upkeep, maintenance, and landscaping among the different stakeholders.

- **Design Costs**

Who is responsible for paying engineering and design costs?

Clearly identify these responsibilities with the developer before moving forward in the design process.

- **Equipment**

Who is responsible for equipping the facility?

Find out to what extent the developer will be involved in providing funding and resources for equipping the facility once it has been built. Plan out how you will provide the necessary resources accordingly.

- **Operating Funding**

Will the developer provide any operating dollars or a break-even guarantee for the facility, and if so for what period of time?

Outline what role if any the developer expects to play in supporting the operational costs of the child care center and incorporate this into your operational budget plan.

- **Common Space in the Development**

Will you have access to common facilities, such as meeting rooms or recreation areas in the housing development?

Identify which common areas you'll be likely to use and decide on plans for accessing these areas based on the design of the child care facility.

- **Rent & Utility Charges**

What rent will be charged and who will be responsible for utilities?

Find out specific details about rent and utilities charges as early on in the partnership as possible and plan accordingly. If you choose to draft a Memorandum of Understanding² to document the agreements made during this partnership it is good to include rent and utilities decisions in that document. Also, find out whether or not there will be common area maintenance charges allocated to the child care center and if so identify what services these maintenance charges will cover.

- **Timeline**

What amount of time are you expecting to devote to the development process of this project and how does that correlate with the developer's expectations?

Establish a timeline³ with the developer for each stage of the development process and review this timeline regularly to ensure that your plans are on track.

² See Appedix A for an example.

³ See Appendix C for an example.

Defining Roles and Responsibilities

- **Point People for the Project**

Who will be the primary people responsible for overseeing the development process of the child care component of the housing development?

Clearly define point people both within your agency and on the developer's side for carrying forward the details of this important collaboration. Set a regular schedule of meetings so communication occurs on an on-going basis.

- **Bringing in the Experts**

Which parts of the project will require the help of hired consultants or field experts?

Identify which stages of the development process will require the assistance of outside consultants or experts such as architects and contractors, or an experienced project manager who can facilitate the design and construction processes. Decide with the developer whose responsibility it is to hire, pay, and monitor the work of these outside consultants.

- **Documenting Your Agreements**

How will you and the developer document your agreements and responsibilities to ensure that you both understand what is required and expected of your partnership?

Throughout the project it is wise to document in writing all the agreements reached by you and the developer. For example, in the early stages, consider having a letter of intent (LOI), which outlines the major parameters of your agreement. As plans get more refined, consider entering into a Memorandum Of Understanding (MOU)⁴ which more specifically spells out the details of the space, what the developer will deliver, what you are responsible for, and the outlines of long term rental agreements such as a target rent amount. Then, before construction of the facility begins, finalize the agreement in the form of a lease,⁵ which clearly defines long-term roles and responsibilities.

⁴ See Appendix A for an example.

⁵ See Appendix B for an example.

Appendices

Appendix A Example Memorandum of Understanding

Appendix B Example Lease

Appendix C Example Timeline

Appendix A

Example Memorandum of Understanding

MEMORANDUM OF UNDERSTANDING By and Between

Lessee
A California Non-Profit
and
LESSOR,
A California Limited LESSOR

This Memorandum of Understanding (“MOU”) is entered into this ____ day of _____, 200__ by and between Lessee a California non-profit public benefit corporation and LESSOR, jointly referred to as the “Parties”.

Recitals

- a) The LESSOR is the owner and developer of certain real property located at _____, San Francisco (the “Property”).
- b) The general partner of the LESSOR will be _____, a California non-profit public benefit corporation the project sponsor.
- c) The LESSOR, in cooperation with _____ is developing ____ units of affordable housing for low-income families (the “Rental Housing”) as well as ground floor commercial space (the "Commercial Space") of approximately ____ square feet, and the ground floor shell of a child care center for up to ____ children (the “Child Care Shell” as more fully described below) on the Property. The Rental Housing, Commercial Space and the Child Care Shell are collectively referred to as the “Base Building”.
- d) PROJECT SPONSOR is a non-profit housing development and service organization - _____. In order to enable low-income people to access child care services, the LESSOR desires to have LESSEE operate a child care center in the Base Building.
- e) LESSEE is an experienced operator of child care centers in _____. LESSEE desires to operate the Child Care Center in the Base Building.
- f) Based upon the foregoing, the Parties intend to work together to develop the Child Care Center, upon the terms and conditions set forth below.

NOW, THEREFORE, the Parties hereto agree to negotiate definitive agreements on the following basis:

1) Definitions

a) Child Care Shell -- The Child Care Shell is defined as approximately _____ square feet of interior space in the Base Building currently under construction and to include the following:

1. Exterior walls with openings/louvers/grilles for connection to future mechanical ductwork, thermal insulation and dry wall (taped and wall compound smooth).
2. Exterior windows and doors
3. Fire sprinkler system
4. Any fire rating and occupancy separation as required for Certificate of Occupancy for the Base Building
5. Radiant floor heating system
6. Plumbing rough-in and supply/drain and vent lines (without fixtures)
7. Electrical sub-panel
8. Main Fire Alarm Panel shall be adequately sized and compatible for the Child Care's fire alarm panel and system requirements.
9. Exterior weatherproofing and exterior finish to be compatible with future Courtyard and Dedicated Infant Outdoor Area.
10. Point of connection within the Child Care space for the following items:
 - a. Fire alarm system connection to Main Fire Alarm Panel.
 - b. Telephone/Data to Main Telephone Board.

The Child Care Shell floor plan and specifications as approved by both Parties is provided as Exhibit A.

- b) Courtyard-- The Child Care Shell leads directly to an outdoor Courtyard of approximately _____ square feet which will be common space utilized by residents of the housing development and the child care center.
- c) Dedicated Infant Outdoor Area—The Child Care Shell will lead directly to _____ square foot outdoor area for the exclusive use of LESSEE. LESSEE will be responsible for permitting and construction of this area. The LESSOR will be consulted by LESSEE as plans progress. Development of the Dedicated Infant Outdoor Area is subject to review and approval of an Encroachment Permit by the County of _____.

Child Care Center -- The Child Care Center shall be comprised of the Child Care Shell and Dedicated Infant Outdoor Area.

Child Care Improvements -- Child Care Improvements shall include all improvements to the interior of the Child Care Shell and improvements to the Dedicated Outdoor Infant Area.

2) General Roles of the Parties

- a) Communication between the Parties shall occur frequently and on a regular basis, and each party will endeavor to keep the other informed on a timely basis of all significant developments affecting the Base Building and the Child Care Center. The Parties agree to share all pertinent information affecting the Property on a timely basis, including copies of significant correspondence and other documents. During the course of construction of the Base Building and the Child Care Shell and Child Care Improvements, the parties agree to meet at least on a bi-weekly basis. LESSEE agrees to engage an architect to attend weekly construction meetings on an as need basis.
- b) The LESSOR will be the developer of the Base Building. In this capacity, the LESSOR will be responsible for the day-to-day management of the development of the Base Building. The LESSOR will manage and supervise the development and construction of the Base Building, and prepare and update development budgets and schedules for the Base Building. In addition, the LESSOR will endeavor to provide information to LESSEE that will affect future Child Care Improvements to the Child Care Shell. It is recognized that the Base Building is under construction and that certain design changes cannot be accommodated without impacting the cost or schedule of construction. Cost impacts to the construction of the Base Building resulting from design changes requested by LESSEE shall be paid by LESSEE, including design fees. LESSOR will make LESSEE aware of approaching deadlines for design input as early as practicable. LESSOR and LESSEE agree to identify potential conflicts and make decisions in order to avoid such cost impacts, and will instruct their respective design consultants to do the same. Notification of any deadlines or cost impacts will be given to the Parties in writing.
- c) LESSEE will be responsible for the Child Care Improvements and shall operate the Child Care Center. LESSEE shall select and hire an architect for the Child Care Improvements. In addition, LESSEE will provide information to the LESSOR that may affect development of the Base Building in accordance with deadlines.
- d) LESSEE will contract directly with a licensed general contractor and any other licensed contractors or subcontractors necessary for the construction of the Child Care Improvements. LESSEE will pay all contractors for the Child Care Improvements in a timely fashion and not allow liens to be placed on the property. LESSEE and all contractors and subcontractors for the Child Care Improvements shall submit to LESSOR Certificates of Insurance naming the LESSOR as an additional insured.

- e) The LESSOR and LESSEE will work together to design the Courtyard within the budget established for this area in the construction contract for the Base Building. Design costs will be the responsibility of the LESSOR.
- f) LESSEE shall be responsible for all costs associated with development of the Child Care Center Improvements.
- g) The LESSOR will be responsible for all costs associated with the development and construction of the Child Care Shell and Courtyard except that to the extent that any design changes requested by LESSEE to the Child Care Shell result in increased costs, these costs will be paid for by LESSEE only upon written notice and prior approval by LESSEE
- h) The Parties agree to the Child Care Center development timeline provided as Exhibit B.

3) Intent to Lease and Improvements of the Property

- a) It is understood that LESSEE will lease the Property from the LESSOR. The Parties will negotiate a triple net (NNN) lease for the child care shell including terms for a minimum lease period of **15 years with a ten year Option** and for rent in the amount of \$1 per month. The lease term shall commence when the Child Care Center is ready for occupancy as evidenced by issuance of a Certificate of Occupancy for the Base Building.
- b) LESSEE will be responsible for the Child Care Improvements and will be responsible for all utility costs and janitorial service for the Child Care Center, **including gas, electricity, and trash removal.**
- c) LESSEE will be responsible **for janitorial service for the Courtyard during hours in which LESSEE has exclusive use.** LESSOR will be responsible for **janitorial service for the Courtyard during all other times and for maintenance of the Courtyard at all times.**
- d) Because of child safety issues, LESSEE will have exclusive use of the Courtyard between the hours of 7:00 a.m. and 5:00 p.m. weekdays, and the LESSOR will have use of the Courtyard at all other times; provided that disabled residents of the Base Building may be required to travel through the Courtyard in order to access to other areas of the Development as required by _____ Department of _____; and provided further that the LESSOR shall be responsible for janitorial and maintenance services with respect to such use.
- e) The LESSOR and LESSEE agree to cooperate to adequately protect the Premises.

List of Exhibits⁶

- A. Plans and Specifications for Child Care Shell; and**
- B. Child Care Center Development Timeline**

⁶ Exhibits from this MOU are not included in this document.

Appendix B

MODEL CHILD CARE LEASE

This lease is made as of this _____ day _____, _____, by and between _____ (“Lessor”) and _____ (“Lessee”). In consideration for the rents and covenants hereinafter set forth, Lessor hereby leases to Lessee and Lessee hereby rent from Lessor the following-described Premises, upon the following terms and conditions:

1. FUNDAMENTAL LEASE PROVISIONS

PREMISES: That certain child care facility, located at _____, _____, consisting of approximately _____ square feet of floor area (“Indoor Childcare Space”), approximately _____ square feet of outdoor space adjacent thereto (The “Courtyard”) Both of the above spaces shall comprise “The Premises,” which is a portion of the building owned by Lessor (the “Building”), which is located on certain real property in the City and County of _____, known as _____, and more particularly described in the attached Exhibit A (the “Real Property”).

TERMS: The term shall commence when the Premises are ready for occupancy as evidenced by the issuance of a License for the operation of the Child Development Program therein or [date], whichever is earlier, and expires fifteen years thereafter.

RENT: _____ per year, _____ each month.

SECURITY DEPOSIT: _____

PERMITTED USES: Lessee shall use said Premises exclusively for the operation of a licensed child care center and for no other purpose.

ADDRESS
FOR
NOTICES TO
LESSOR:

TO LESSEE: _____

2. PREMISES AND BUILDING

2.1 Lease of Premises

Lessor leases to Lessee and Lessee leases from Lessor the Premises indicated in Article 1 on the terms and conditions set forth in this Lease.

2.2 Reservation of Right to Use

During Lessee's Hours of Operation, Lessee shall have exclusive use of the Courtyard. Hours of Operation shall initially be defined as 7:00 a.m. until 5:00 p.m. on weekdays, excluding holidays recognized by Lessee. Lessor shall have exclusive use of the Courtyard any weekday evenings after 5:00 p.m. and throughout weekends. Lessor shall have access to the Courtyard between 7:00 a.m. and 8:00 a.m. on Mondays or following weekday holidays in order to clean and maintain the Courtyard.

3. RENT

3.1 Payment Lessee shall pay rent to Lessor at Lessor's site manager's office located on the Premises during the term, without deduction or offset, in one annual payment in the amount indicated in Article 1 Rent. Rent shall be due on the fifth day of each year and shall be deemed to be late if not paid by the tenth day of that year.

3.2 Other Charges Lessor reserves the right to charge Lessee for services rendered in connection with this lease, including _____

3.3 Security Deposit On execution of the lease, Lessee shall deposit with Lessor as a security deposit. Lessor shall not be required to hold Security Deposit in a separate bank account or to pay interest to Lessee on the Security Deposit. If Lessee is in default, Lessor can use the security deposit, or any portion of it, to cure the default or to compensate Lessor for all damage sustained by Lessor resulting from Lessee's default. Lessee shall immediately on demand pay to Lessor a sum equal to the portion of the security deposit expended or applied by Lessor as provided in this paragraph so as to maintain the security deposit in the sum initially deposited with Lessor. If Lessee is not in default at the expiration or termination of this lease, Lessor shall return the security deposit separate and apart from Lessor's general funds or may commingle the security deposit with Lessor's general and other funds. Lessor shall not be required to pay Lessee interest on the security deposit.

3.4 Rent Subsidy Agreement Lessee acknowledges that Lessor has set the Rent at a level significantly below the rent that could be charged for a comparable facility. Lessee further acknowledges that Lessor's motivation for setting the Rent at this below market level is based on the following representations made to Lessor by Lessee. Lessee covenants and represents the following:

1. Lessee is a nonprofit corporation with 501(c)3 tax-exempt status, corporate number _____ and Federal Tax number _____.

2. Lessee has never had a license revoked or had any other disciplinary action taken against it by the state Department of Social Services or other governmental agency.
3. Lessee will notify Lessor immediately in the event that any such revocation or disciplinary action is taken and provide Lessor with copies of all correspondence with the concerned government agency regarding the revocation or disciplinary action.
4. Lessee will operate a full-day program serving ___ children ages ___.
5. Families leasing residential units at the Building shall be given priority in marketing for openings at the childcare center.
7. Lessee will ensure that 51% of the available spaces serve Low Income Households. Low Income Households shall initially be defined as households earning less than 75% of the State Median Income, and may be amended from time to time to be consistent with requirements of Lessee's funders. Lessee will set its Subsidized fee schedule in accordance with the terms of the agreements with the City of _____.

4. COMMENCEMENT DATE AND TERM

4.1 Commencement date and expiration

The term of this Lease shall commence on _____, or on the date that the Premises are available for occupancy as evidenced by the insurance of a License for the operation of the child Development Program therein whichever is later, and shall expire 15 years thereafter, unless earlier terminated pursuant to the terms of this Lease. In the event the Lease commences on a date different from _____, the parties shall execute a memorandum of commencement date to memorialize the commencement and expiration dates of this Lease.

4.2 Termination

Lessee and Lessor shall have the right to terminate this Lease upon one month's prior written notice to the other party. Upon termination, neither party shall have any further obligations under this Lease, except for the provisions of Article 13 Below.

5. TAXES

5.1 Personal Property Taxes

Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property owned by Lessee. To the extent possible, Lessee shall cause such trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If Lessee's personal property is assessed as part of the property owned by Lessor, Lessee shall pay to Lessor the taxes attributable to Lessee's personal property within thirty (30) days after receipt of a written statement in reasonable detail setting forth the amount of such taxes.

5.2 Real Property Taxes

Lessee shall complete and file an application for a welfare exemption under Revenue and Taxation Code Section 214 (the "Welfare Exemption") annually and shall submit a copy of the completed application to Lessor not later than February 1 of each year. Should Lessor fail to qualify for the Welfare Exemption, Lessee shall pay as additional rent all property taxes levied as a result of such failure.

Lessee shall pay as additional rent two percent (2.8%) of all real property taxes and general and special assessments ("real property taxes") levied against the building, other improvements, and Real Property of which the Premises are a part. Lessee's proportionate share is based on the ratio of the total number of square feet in the Premises to the total number of leasable square feet in the building and other improvement located on the Real Property (2775 / 98,195). Lessor and lessee shall cooperate with each other in applying for any real property tax exemption for which the Real Property, or any of the improvements located thereon, may be eligible.

6. COMMON AREAS

Aside from the Courtyard, there are no common areas. ____ parking spaces are provided for the Lessee's use.

7. SERVICES AND UTILITIES

Lessee shall pay for, prior to delinquency, all electric and gas charges that are separately metered for the Premises. Lessor shall pay for and provide water and garbage service to the Premises. Lessee shall pay for its own telephone service, janitorial service and any other public services or utilities that are used by Lessee on or about the Premises and not otherwise provided for herein.

8. MAINTENANCE AND REPAIRS

8.1 During the term of this Lease, Lessee shall, at Lessee's expense, maintain the premises in a neat and orderly condition, including, without limitation, the following: Interior surfaces of walls and ceilings; floors; wall and floor coverings; all windows located on the street level of the Premises; window coverings; doors; locks or closing devices; window casements and frames; storefronts; signs; plumbing and electrical systems within the Premises; entrances; and all switches.

8.2 Lessee shall do all acts required to comply with all applicable laws, ordinances, and rules of any public authority relating to Lessee's use or occupancy of the Premises.

8.3 During the term of this Lease, Lessor shall, at Lessor's expense, maintain the Courtyard and the common areas in a neat, orderly and working condition. Janitorial duties are the responsibility of the Lessee during times that Lessee has exclusive use, and the responsibility of the Lessor during times that Lessor has exclusive use. Maintenance and repairs of the fixed improvements in the Courtyard as shown in Exhibit ____ shall be performed by the Lessor. Maintenance and repairs of any additional furnishings placed in the Courtyard shall be performed by the Lessee.

9. PERMITTED USES

9.1 Use Authorized

Lessee shall use and occupy the Premises only for the purposes indicated in Article 1, PERMITTED USES, and any change in such use shall require the prior written approval of the Lessor, which may be granted in its sole discretion; PERMITTED USES shall also include meeting with individual and groups of parents in the Premises on weekday evenings if such meetings are scheduled so as not to conflict with any use of the Premises by Lessor. Lessee must provide Lessor with at least two (2) business days notice of any such meetings. If Lessee wants to reserve the Courtyard for its exclusive use for evening meetings (after 5:00 pm), Lessee must give Lessor 5 business days notice. Exclusive use of the Courtyard by Lessee after 5:00 p.m. shall occur no more than six times per year.

9.2 Licenses and Permits

Lessee shall obtain and maintain all licenses and permits required by those public agencies having jurisdiction over the operation of the Premises for childcare. Lessee shall deliver to Lessor copies of all such licenses and permits prior to the time that any children use or occupy the Premises.

9.3 Uses Prohibited

(a) Lessee agrees not to do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate or affect any fire or other insurance upon the Facilities or any of its contents or cause any cancellation of any insurance policy covering said Facilities or any part thereof or any of its contents. Lessee agrees not to sell or permit to be kept, used, or sold in or about said Premises any articles, which may be prohibited by a standard-form policy of fire insurance. Lessee agrees not to sell or permit to be kept, used, or sold in or about said Premises, hazardous substances or hazardous waste as defined by state or federal law. For purposes of the section, hazardous substances shall not include incidental cleaning supplies and small amounts of chemicals commonly employed in routine office uses provided that they are used in strict compliance with all applicable laws and regulations.

(b) Lessee agrees not to do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure them, or use or allow the Premises to be used for any unlawful or objectionable purpose. Lessee and Lessor further agree not to cause, maintain, or permit any nuisance in or about the Premises. Lessee agrees not to commit or suffer to be committed any waste in or about the Premises.

(c) Lessee agrees not to knowingly use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance, or governmental rule or regulation or requirement of duly constituted public authorities now in force or which may hereafter be enacted or promulgated. Lessee agrees promptly to comply with all laws, statutes, ordinances, and governmental rules, regulations, or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire underwriters or other similar body now or hereafter

constituted relating to or affecting the condition, use, or occupancy of the Premises, excluding structural changes not relating to or affecting the condition, use, or occupancy of the Premises; provided, however that Lessee shall have the right to contest in good faith any efforts to enforce any such laws, statutes, ordinances, and governmental rules and regulations and, pending resolution of such contest, Lessee shall not be deemed in default under this Section 9.2(c), in Lessor's reasonable discretion.

10. CONDITION OF PREMISES AND ALTERATIONS

10.1 Condition on Commencement

By accepting occupancy, Lessee shall be deemed to have agreed that the Premises are in a clean and sanitary condition and good state of repair, and in a condition suitable for the use authorized under this Lease unless such state of repair or condition is such that latent defects not readily observable render the Premises unsuitable for the permitted use. In the event of any latent defects that render the premises unsuitable for the permitted use, Lessee's sole remedy shall be to terminate this Lease.

10.2 Condition at End of Term

Upon termination of this Lease or upon the earlier expiration of the term, Lessee shall surrender the Premises in the same condition as received on the commencement of the term excepting ordinary and reasonable wear and tear and alterations consented to by Lessor in accordance with Article 10.3. Both during the term and at the end thereof, lessee at its expense shall repair all damage caused to the Premises by the removal or replacement of any personal property, trade fixtures, furniture, or equipment of Lessee.

10.3 Alterations

Lessee shall not make, or suffer to be made, any additions, alterations, or improvements of the Premises or any part thereof at a cost in excess of five hundred dollars (\$500) without first obtaining the written consent of Lessor. Lessor's failure to respond within ten (10) business days to any such request for consent shall be deemed as approval. Any additions to or alterations or improvements of said Premises, including but not limited to carpeting, cabinetry, permanent partitions, and fixtures of any kind, shall become at once a part of the realty and belong to Lessor, except for unattached, moveable trade fixtures placed in the Premises by Lessee. Carpentry and cabinetry shall be deemed an improvement of the Premises and not movable trade fixtures, regardless of how or where affixed, and shall become and remain property of the Lessor from the time of installation. If written consent of Lessor to any proposed alterations, additions, or improvements by Lessee shall have been obtained, Lessee agrees to advise Lessor in writing five (5) days in advance of the date upon which such alterations, additions or improvements will commence, in order to permit Lessor to post notice of non-responsibility. Lessee shall keep the Premises free from any and all liens arising out of any work performed or materials furnished or incurred by or for Lessee. All work to be performed by or for Lessee pursuant to the provisions hereof shall be performed diligently and in a first-class, workman like manner by a licensed contractor after obtaining an appropriate building permit from authorized governmental agencies. Unless otherwise provided by written agreement, upon termination of this Lease,

whether by expiration of the term or otherwise, Lessor may require Lessee, at Lessee's expense, to remove from the Premises any or all improvements, additions, or fixtures placed on the Premises by Lessee or at the request of Lessee after commencement of this Lease, all at the expense of Lessee.

10.4 Signage

Lessee shall not, without Lessor's prior written consent, place or permit to be placed in or upon the Premises where visible from outside the Premises, or any part of the Building, any signs, advertisement, notices, radio or television antennae, displays, or interior window displays. Lessor will approve a sign on or near the entrance to the Premises identifying Lessee, in a color, size, and style approved by Lessor

11. INSURANCE

11.1 Lessee's Requirements

Lessee shall carry and keep in force during the Term and any extension thereof and at all times while in occupancy of the Premises the following types of insurance:

(a) **General Liability.** Commercial General Liability Insurance policy with limits no less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage combined, coverage shall also include personal injury liability (libel, slander, false arrest, wrongful eviction), for damages or injury to persons occurring in, on, or about the Premises or arising out of the maintenance, use, or occupancy of the Premises. The policy shall contain a severability of interest clause. Such insurance shall name Lessor, its agents, and employees as additional insureds (the "Indemnities"). Such insurance shall include, either as part of the Commercial General Liability policy or as a separate policy, coverage for sexual abuse, molestation, and other personal injuries resulting from the Lessee's operations as a childcare provider.

(b) **Worker's Compensation and Employers' Liability.** Worker's Compensation and Employers' Liability insurance covering Lessee's employees for California Worker's Compensation benefits, including employers' liability with limits for each accident in the amount specified in the Basic Lease Information [except as same may be adjusted in accordance with Section 10.3(c)].

(c) **Property Insurance.** Fire and perils covered under a Standard Special Causes of Loss Coverage Form covering, in a form reasonably satisfactory to Lessor, improvements and betterments which Lessee has made to the Premises, Lessee's Property, and all furniture, fittings, installations, partitions and trade fixtures for one hundred percent (100%) of the full replacement cost thereof (regardless of Lessee's use value in such property) as shall from time to time be determined by the Lessee. Provided this Lease is not terminated as of a result of the casualty triggering the loss, the proceeds from such insurance shall be used to repair or reconstruct all improvements and betterments to the Premises previously made by Lessee.

(d) **Business Interruption.** Business interruption and extra expense insurance in such amounts as will reimburse Lessee for direct or indirect loss of earnings and costs

incurred attributable to the perils commonly covered by the Standard Special Causes of Loss Coverage Form described above. Business interruption insurance shall be issued by the same insurer that issues, and shall include the same grounds for coverage as, the Standard Special Causes of Loss Form described herein.

11.2 Insurance Requirements

(a) All insurance that Lessee is required to maintain under the terms of this Lease shall:

(i) be issued by insurance companies approved to transact insurance business in the State of California with a financial rating of at least an A:VII as rated in the most recent edition of Best's Insurance Reports; and

(ii) contain an endorsement requiring at least thirty (30) days written notice from the insurance company to Lessor before any cancellation or material change in coverage, scope, or amount of the insurance policy,

(b) Requirements of Lessee's Liability Insurance. All liability insurance, which Lessee is required to maintain under the terms of this Lease shall:

(i) be written as primary policies, not contributing with and not in excess of coverage which any Indemnitee may carry;

(ii) contain an endorsement listing all of the Indemnitees as additional insureds;

(iii) not contain an endorsement which Provides in any manner that an Indemnitee will be excluded from coverage in the event that the Indemnitee is alleged or found to be negligent in connection with any claim made under the policy or otherwise; and

(iv) not include a cross liability exclusion that would preclude coverage for claims brought by Lessor or other additional insureds under Lessee's policy.

11.3 Waiver of Claim and Waiver of Subrogation

(a) Waiver of Claims. To the extent that each party has a right to receive or has received insurance proceeds therefore, Lessor and Lessee each hereby waive any claim or right of recovery against the other party for any loss or damage to their respective property or any loss to their respective businesses or incomes, any loss or damage to the contents of the Premises, or any operation in the Premises, or the restoration of the Premises, whether or not such loss or damage is caused by the fault or negligence of the other party.

(b) Waiver of Subrogation. Lessor and Lessee shall use their best efforts, respectively, to cause each property insurance policy obtained by either of them to provide that the insurance company waives all right of recovery by way of subrogation against Lessor and Lessee in connection with any damage or loss covered by such policy.

11.4 Certificates of Insurance and Policy Endorsements

Lessee shall provide Lessor with Policy Endorsements and Certificate(s) of Insurance evidencing that each of the policies and the specified provisions required by this Article 11 are in full force and effect. If Lessee intends to fulfill its obligation to obtain insurance in accordance with the foregoing sections through a blanket policy, which covers Lessee in the Premises as well as in other business locations, Lessee shall fulfill its obligation hereunder by providing Lessor with a copy of the endorsement to the blanket policy. If Lessee fails to provide the aforesaid Policy Endorsements and Certificate(s) of Insurance prior to the date when Lessee takes possession of the Premises and thereafter before the expiration or cancellation of these insurance policies, Lessor shall have the right, but not the obligation, to procure such insurance in the amounts and according to the terms stated in Section 11. Lessee shall pay all costs and expenses incurred by Lessor in obtaining such insurance within ten (10) days after receiving a bill from Lessor.

12. ASSIGNMENT AND SUBLETTING

12.1 Lessor's Consent Required

Lessee agrees not to assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and shall not sublet the Premises or any part thereof, without the prior written consent of Lessor, and any attempt to do so without such consent being first had and obtained shall be wholly void.

12.2 No Release of Lessee

Consent by Lessor to any assignment or subletting by Lessee shall not relieve Lessee of any obligation to be performed by Lessee under this Lease, whether occurring before or after such consent, assignment or subletting. The consent by Lessor to any assignment or subletting shall not relieve Lessee from the obligation to obtain Lessor's express written consent to any other assignment or subletting except as herein provided. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision of this Lease or to be a consent to any assignment, subletting or other transfer. Consent to one assignment, subletting or other transfer shall not be deemed to constitute consent to any subsequent assignment, subletting or other transfer.

13. INDEMNIFICATION

13.1 Indemnification by Lessee

Lessee shall indemnify and hold harmless Lessor from and against any and all liabilities, claims, demands, losses, costs, and expenses, including reasonable attorneys' fees, arising out of injuries to any person occurring on the Premises, except for injuries that arise from the use of the Facilities by Lessor or the gross negligence or willful misconduct of the Lessor.

13.2 Indemnification by Lessor

Lessor shall indemnify and hold harmless Lessee from and against any and all liabilities, claims, demands, losses, costs, and expenses, including reasonable attorneys' fees, arising out of injuries to any person occurring in the Facilities other than the Premises, except for injuries that arise from the gross negligence or willful misconduct of the Lessee.

13.3 Liability for Liens

Lessee shall hold harmless, indemnify and defend Lessor and its agents and employees against any liens and encumbrances arising out of work performed or materials furnished by or at the direction of Lessee, and all costs and expenses incurred by Lessor related thereto.

Lessor shall hold harmless, indemnify and defend Lessee and its agents and employees against any liens and encumbrances arising out of work performed or materials furnished by or at the direction of Lessor, and all costs and expenses incurred by lessee related thereto.

14. QUIET ENJOYMENT

Lessee, by paying rent and performing all terms and conditions of this Lease, shall peaceably and quietly have, hold and enjoy the Premises with all appurtenances thereto for the term of this Lease and any extensions thereof.

15. DEFAULT BY LESSEE

Lessee's failure to observe and perform any provision of this Lease to be observed or performed by Lessee where such failure continues for thirty (30) days after written notice thereof by Lessor to Lessee shall constitute a material default and breach of this Lease by Lessee, except that if the nature of the default if Lessee shall within such period commence such cure and thereafter diligently prosecute the same to completion. Notwithstanding the foregoing, in the event any default under this Lease Jeopardizes the health or safety of any of the occupants of the Premises, Lessee shall immediately commence to cure such default and diligently thereafter proceed to cure.

16. REMEDIES

If Lessee defaults, in addition to any other remedies available to Lessor herein or at law or in equity, Lessor shall have the option to:

16.1 Maintain this Lease in full effect and recover the rent and other monetary charges as they become due, without terminating Lessee's rights to possession irrespective of whether Lessee shall have abandoned the Premises. If Lessor elects not to terminate this Lease, Lessor may attempt to relate the Premises at such rent and upon such conditions and for such a term and to do all acts necessary to relate the Premises, including removal of all persons and property from the Premises, without being deemed to have elected to terminate this lease; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Lessee. If any such relenting occurs, this Lease shall terminate automatically at the time the new Lessee takes possession of the Premises.

16.2 Terminate this Lease by any lawful means, in which case this Lease shall terminate and Lessee shall surrender possession of the Premises to Lessor.

17. DAMAGE AND DESTRUCTION

17.1 If the Premises or facilities are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, Lessor shall promptly restore the Premises and the facilities to substantially the same condition as they ere in immediately before the destruction, except as otherwise provided in this Section, and such destruction shall not terminate this Lease.

17.2 Within thirty (30) days after the occurrence of any destruction, Lessor shall notify Lessee of the estimated time required for the restoration of the Premises and the portion of the Facilities necessary for Lessee's occupancy. Lessor's estimate shall be made in good faith and based upon reasonable estimates and contractors' bids. If the proceeds of insurance are inadequate to cover the cost of restoration of the Building, Lessor may terminate this Lease effective as of the date of destruction by giving written notice to Lessee. If the estimated time for restoration is in excess of sixty (60) working days after the date of detracton, either Lessor or Lessee may terminate this Lease effective as of the date of destruction, by giving written notice to the other party. If neither party terminates this Lease and if restoration is permitted under the existing laws, Lessor shall attempt in good faith to restore the Premises and the Building within a reasonable time not to exceed one hundred eighty (180) days after the date of destruction and this Lease shall continue in full force and effect. If Lessor does not complete the restoration of the Premises and Building within one hundred eighty (180) days after the date of destruction, then Lessee may terminate this Lease as of the date of destruction by written notice given to Lessor at any time thereafter.

17.3 Notwithstanding anything to the contrary contained in this Section, Lessor shall not be obligated to repair, reconstruct or restore the Premises or Building when the damage or destruction occurs during the last twelve (12) months of the term of this Lease.

17.4 In the event of damage described in this Section 17 other than damage caused by the Lessee, and Lessor repairs or restores the Premises pursuant to the provisions of this Section 17 the rent payable hereunder for the period during which such damage repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

18. CONDEMNATION

If all or any part of the Premises shall be taken or appropriated for public or quasi-public use by right of eminent domain with or without litigation or transferred by agreement in connection with such public or quasi-public use, either party hereto shall have the right at its option to terminate this Lease as of the date possession is taken by the condemning authority, provided, however, that before Lessee may terminate this Lease by reason of taking or appropriation as provided herein above, such taking or appropriation shall be of such an extent and nature as to substantially handicap, impede

or impair Lessee's use of the Premises. If any part of the Facilities other than the Premises shall be so taken or appropriated, Lessor shall have the right at its option to terminate this Lease. No award for any partial or entire taking shall be apportioned, and Lessee hereby assigns to Lessor any award which may be made in such taking or condemnation, together with any and all rights of Lessee now or hereafter arising in or to the same or any part thereof; provided, however, that nothing contained herein shall be deemed to give Lessor any interest in or to require Lessee to assign to Lessor any award which may be made in such taking or condemnation, together with any and all rights of Lessee now or hereafter arising in or to the same or any part thereof; provided, however that nothing contained herein shall be deemed to give Lessor any interest in or to require Lessee to assign to Lessor any award made to Lessee for the taking of personal property and fixtures belonging to Lessee and/or for the interruption of or damage to Lessee's business and/or Lessee's unamortized cost of leasehold improvements. No temporary taking under of the Premises and/or of Lessee's rights therein or under this Lease shall terminate this Lease; any award made to Lessee by reason of any such temporary taking shall belong entirely to Lessee and Lessor shall not be entitled to share therein.

19. MISCELLANEOUS

19.1 Attorney's Fees and Costs

If either party commences an action or proceeding to determine or enforce its rights under this Lease, the prevailing party shall be entitled to recover from the losing party all expenses reasonable incurred, including court costs, reasonable attorneys fees and costs of suit as determined by the court.

19.2 Waiver

Lessor's waiver of any term, covenant, or condition shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach of the same or any other term, covenant or condition. The acceptance of rent by Lessor shall not be deemed to be a waiver of any prior breach by Lessee of any term, covenant or condition of this lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such prior breach at the time Lessor accepts such rent. Lessor's failure to exercise any right, option or privilege hereunder shall not be deemed a waiver of such right, option or privilege nor shall it relieve Lessee from Lessee's obligation to perform each and every covenant and condition on Lessee's part to be performed nor from damages or other remedy for failure to perform the obligations of this Lease.

19.3 Rules and Regulations

Lessee and Lessee's agents, servants, employees, visitors and licensees shall observe and comply fully and faithfully with all reasonable and non-discriminatory rules and regulations implemented by Lessor for the care, protection,, cleanliness and operation of the Facilities.

19.4 Successors and Assigns

The provisions hereof shall be binding upon, inure to the benefit of the heirs,

successors, executors, administrators and assigns of all parties hereto.

19.5 Notice

All notices or demands of any kind required or desired to be given to Lessor or Lessee hereunder shall be in writing and shall be delivered by depositing the notice or demand in the United States mail, certified, postage prepaid, return receipt requested or by express delivery service with a delivery receipt, addressed to Lessor or Lessee at the addresses specified herein, or such other address as shall be designated by either party in compliance with the provisions of this Article. Delivery shall be deemed to occur on the date shown on the delivery receipt as the date of delivery or the date delivery was refused.

19.6 Covenants and Conditions

Each provision of this Lease performable by Lessee or Lessor shall be deemed both a covenant and condition. Article headings are for convenience only and are not to be used to interpret this Lease.

19.7 Time

Time is of the essence of this Lease and of each and every provision hereof.

19.8 Entry by Lessor

Lessor reserves and shall at any and all reasonable times after 24 hours advance notice (or without notice in the event of an emergency situation that jeopardizes the health or safety of any of the occupants of the Premises) have the right to enter the Premises during normal business hours to inspect the same, to supply any service to be provided by Lessor and Lessee hereunder, to submit said Premises to prospective purchasers or tenants, to post notices of non-responsibility and to alter, improve or repair the Premises or portion of the Facilities, and may for that purpose erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, providing that the business of Lessee shall not be interfered with unreasonably.

Except as limited elsewhere in this Lease, wherever in this Lease Lessor or Lessee is required to give its consent or approval to any action on the part of the other, such consent or approval shall not be unreasonably withheld and shall be given or withheld in a timely manner.

19.10 Entire Agreement

This instrument along with any exhibits and attachments hereto constitutes the entire agreement between Lessor and Lessee relative to the Premises, and this Agreement and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Lessor and Lessee. Lessor and Lessee agree hereby that all prior or contemporaneous oral agreements between and among themselves and their agents or representatives relative to the leasing of the Premises are merged in or revoked by this Agreement.

19.11 Severability

If any term or provision of this Lease shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

19.12 Article References

Each reference in this Lease to any of the Fundamental Lease Provisions contained in Article 1 shall be construed to incorporate all of the terms provided under each such Fundamental Lease Provision. In the event of any conflict between any Fundamental Lease Provision and the balance of the Lease, the latter shall control.

19.13 Nondiscrimination

The Lessee herein covenants by and for the Lessee and Lessee's heirs, personal representatives and assigns and all persons claiming under the Lessee or through the Lessee that this Lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment to the Premises herein leased nor shall the lessee or any person claiming under or through the Lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subleases, subtenants, or vendees in the Premises herein leased.

IN WITNESS WHEREOF, the parties have entered into this Lease as of the date first written above.

LESSOR:

By: _____

Its: _____

LESSEE:

By: _____

Its: _____

Appendix C

SAMPLE OF PROJECT DEVELOPMENT TIMELINE FOR CHILD CARE CENTER*

***NOTE: THIS CENTER IS SITED IN A MIXED USE PROJECT IN WHICH THE HOUSING DEVELOPER DELIVERED THE SHELL AND THE CHILD CARE PROVIDER MADE TENANT IMPROVEMENTS. THE CENTER DEVELOPMENT USED PUBLIC FUNDING AND WAS THEREFORE SUBJECT TO OFFICE OF COMMUNITY DEVELOPMENT PROCUREMENT PROCEDURES AND OFFICE OF DISABILITY DESIGN APPROVAL. THE PROCESS FROM SELECTION OF A CHILD CARE PROVIDER TO THE CENTER'S OPENING WAS APPROXIMATELY 14 MONTHS.**

<u>ACTIVITY</u>	<u>TARGET DATE</u>
Issue Solicitation Of Interest for child care provider	<u>July 1, 2001</u>
Select CC Provider	<u>August 1</u>
Developer drafts MOU	<u>August 15</u>
Hire architect for predevelopment/schematics	<u>August 15</u>
Housing and child care architects coordinate shell and play yard issues	<u>August 15 – Sept 15</u>
Developer and CC provider finalize MOU	<u>August 31</u>
Sign Architectural Contract	<u>Sept 1</u>
Submit schematics & prelim. cost estimate to lender	<u>Sept 22</u>

for phase one approval

Design Development

October 1-November 15

Office of Disability Review

November 15

Complete Construction Documents

December 15

Office of Disability Approval

Jan 1, 2002

Lender Phase II Approvals

Jan 8

Apply for Permits

Jan 8

Bid Process

Jan 15- Feb 22

Review Contractor Qualifications/ HRC Approvals
Sign Construction Contract

Feb 22 – March 31

CC Provider Signs Lease with Developer

April 1

CC Provider Submits Licensing Application

April 1

Loan Closing

April 8

Renovation start

April 15

Renovation complete

August 1

Punchlist complete

Aug 15

Dept. of Building Inspection Signoff / C of O issued

Sept 1

Child Care License Issued

Sept 15

First Children Served

Oct 1, 2002

Full Enrollment

Jan 15, 2003