

COOPERATIVE ENDEAVOR LEASE AGREEMENT

**BETWEEN THE
CITY OF SHREVEPORT**

AND

SHREVEPORT MILLENNIUM HOUSING I, LLC

This Cooperative Endeavor Lease Agreement ("Lease Agreement") is made and entered into on this ____ day of _____, 2019 (the "Commencement Date"), by and between the **City of Shreveport** ("City"), a duly incorporated Louisiana municipal corporation in the State of Louisiana, represented herein by Adrian Perkins, Mayor, authorized to act herein, as lessor, and **Shreveport Millennium Housing I, LLC**, ("Lessee"), a duly organized Louisiana limited liability company with its principal place of business at 2500 Line Avenue in Shreveport, Louisiana, represented herein by its managing member, as lessee.

WITNESSETH

WHEREAS, City is the owner of certain land located in Shreveport, Caddo Parish, Louisiana, more specifically described on Exhibit "A" attached hereto and made a part hereof, hereinafter collectively referred to as the "Leased Premises"; and

WHEREAS, Lessee is an entity which is managed or controlled by Shreveport Leased Housing Corporation, a Louisiana nonprofit corporation formed for public purposes as a subsidiary of the Housing Authority of the City of Shreveport, Louisiana, pursuant to La. R.S. 40:431(C)(10); and

WHEREAS, the City has determined that Lessee's purposes are purposes which benefit the public by providing housing, civic, educational, cultural, and social activities to the public; and

WHEREAS, Lessee has requested and City desires to lease the said property to Lessee for such purposes; and

WHEREAS, City declares and confirms that this agreement is for a public purpose and constitutes a cooperative endeavor between City and Lessee for a public purpose as required by Article VII § 14(C) of the Constitution of the State of Louisiana and as otherwise authorized by the constitution of the State of Louisiana, including but not limited to, the aforesaid provision.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants of the parties hereto and for other good and valuable consideration, City and Lessee agree as follows:

1. GRANT OF USE

In consideration of the covenants and agreements made by the respective parties hereto, City devises and leases to Lessee and Lessee accepts the terms and conditions contained herein.

The Leased Premises shall be used by Lessee for the development of sixty-eight (68) units of housing, all of which shall be subject to the terms and conditions of this Lease Agreement.

The parties acknowledge, understand and agree that City shall provide only those services or perform those obligations specifically provided for in this Lease Agreement. All other services or obligations not specifically provided for herein shall be the responsibility of or be performed by Lessee.

Notwithstanding any statement in the Lease to the contrary, City approves the use and operation of the low-income housing apartment community to be located upon the Leased Premises as a “qualified low-income housing project” (“Project”) within the meaning of Section 42(g)(1) of the Internal Revenue Code (the “Code”) and is aware that, in connection with such use, tax credits will be allocated to Lessee pursuant to Section 42 of the Code (the “Tax Credits”). City understands and acknowledges that Lessee must comply with certain requirements and tests necessary to initially qualify, and to continue to qualify, for the Tax Credits, including the requirements in any extended low income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) that must be recorded against the Leased Premises (the “Extended Use Agreement”).

2. TERM

A. Term. Except as otherwise provided in Section (2)(B) of this Lease Agreement, the term of this Lease Agreement shall commence on the Commencement Date and shall last for twenty-five (25) years following the Commencement Date, which term shall automatically renew without any action required by either City or Lessee for two (2) successive twenty-five (25) year terms followed by one (1) twenty-four (24) year term (collectively, the “Term”), unless written notice of termination shall be given by a Lessee to City, which written notice must include the written approval of both the investor member of Lessee (the “Investor Member”) and the senior most Mortgagee (as hereinafter defined) in order to be effective, unless sooner canceled or terminated as provided herein.

B. Quiet Enjoyment. City covenants that, so long as a default by Lessee beyond any applicable cure period has not occurred and is continuing, Lessee shall peacefully and quietly hold and enjoy the Leased Premises and all rights, servitudes, easements, covenants and privileges belonging or in any way appertaining thereto without unreasonable hindrance or interruption by City or any persons claiming by, through or under City. The foregoing provisions notwithstanding and pursuant to Section 2.03(a) of the Charter of the City of Shreveport, as amended, City and Lessee stipulate that this Lease Agreement shall be revocable by City at any time a public use of the Leased Premises shall be found to exist by the Shreveport City Council. City recognizes that Lessee will make substantial alterations, additions or improvements to the Leased Premises over the Term of this Lease Agreement Lessee and City's election to terminate this Lease Agreement pursuant to Section 2.03(a) of the Charter of the City of Shreveport prior to the end of the Term shall obligate City to compensate Lessee, at fair market value, for the cost of all alterations, additions and improvements constructed or made by or on behalf of Lessee. City hereby agrees that the right to revoke this Lease Agreement upon declaration of public use shall only be exercised by City giving Lessee notice of such revocation at least three hundred sixty-five (365) days in advance of the effective date of such revocation. City's right to revoke the Lease pursuant to Section 2.03(a) of the Charter of the City of Shreveport shall be expressly subject and subordinate to Section 14(a) of this Lease Agreement to be executed by and between the City and Lessee.

C. Warranty of Title: City is the owner in fee simple of the Leased Premises, City has good, marketable and insurable title thereto, City has the right to make this Lease for the term and on the conditions herein set forth, and the Leased Premises are free and clear of all mortgages and monetary liens and encumbrances of every kind and nature except current taxes not yet due and payable and except for those title exceptions shown on Exhibit "C" hereto.

D. Warranty Against Encumbrances: After the date of this Lease, City will in no way sell, mortgage, convey, encumber or burden the Leased Premises without the prior written consent of Lessee and each Mortgagee, which consent may be granted or withheld in their respective sole discretion. Furthermore, Lessee shall in no event subordinate its interests in this Lease and its interests in any sublease and subrents to any mortgage that may be placed on the fee simple interest in the Leased Premises.

E. Mechanic's Liens. No act or omission has occurred with respect to the Leased Premises and no materials or services have been furnished or delivered on or to the Leased Premises which would create or otherwise encumber the Leased Premises with any mechanics, materialmen, laborer, or other similar type of lien after the date hereof.

F. Litigation. To the best of the City's knowledge, there is no pending claim, litigation or other proceeding whether in a court of law or other venue that currently affects or potentially could affect the Leased Premises except as disclosed to the Lessee.

G. Hazardous Materials. To the best of the City's knowledge, there currently does not exist on the Leased Premises any hazardous materials or conditions which violate any environmental protection, federal, state or local laws, ordinances, rules or regulations, including, but not limited to, the following: Federal Clean Air Act, 42 U.S.C. 1857, et seq.; Federal Clean Water Act, 33 U.S.C. 1151, et seq.; Resource Conservation and Recovery Act, 42 U.S.C. 6903, 6921, et seq.; Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "SUPERFUND"), 42 U.S.C. 901, et seq.; and the National Environmental Protection Agency (40 C.F.R., Chapters 373, 380 and 403).

H. City covenants that: (i) City has the power and authority to execute and deliver this Lease Agreement; (ii) its execution does not violate any material agreement to which City is a party or by which City is bound; (iii) there is no pending taking with respect to the Leased Premises; (iv) it has not received any notice of any unpaid special assessments; and (v) no representations in this Lease contains any untrue statement or omits a material fact.

3. RENT AND UTILITIES

Lessee shall pay rent during the Term of this Lease Agreement in the amount of Twelve Hundred and No/100 Dollars (\$1,200.00) annually, due and payable on or before the last day of each calendar year plus other valuable consideration.

Lessee shall pay the cost of all utilities or other services consumed in its operations hereunder and shall, maintain the Leased Premises in its current condition, reasonable wear and tear excepted, repair and replace all electrical, mechanical, ventilation and other systems required hereunder and shall provide, at its expense, all electric lamps or tubes, air conditioning or heating filters, and any other expendable or consumable supplies or items necessary for its purposes hereunder. Lessee acknowledges and agrees that City shall have no liability for blackouts, brownouts, or any other cessation, interruption, or failure of the utilities.

In the event Lessee shall cease operations for a period of ninety (90) days or more (though excluding any period for repairs described in Section 26 of this Lease Agreement), City may declare that the remaining rental payments of the outstanding Term are immediately due and owing.

4. CONDITION AND USE OF THE LEASED PREMISES

Lessee shall keep the Leased Premises clean and free of debris and trash.

All garbage, trash and refuse resulting from Lessee's use of the Leased Premises for the purpose(s) stated herein shall be placed in appropriate containers at a holding area approved by City and

shall be promptly removed by a solid waste contractor at Lessee's expense in accordance with applicable provisions of law.

Lessee shall do nothing, and shall permit nothing to be done, that may interfere with the drainage or sewerage systems, fire hydrants, heating and air conditioning systems, electrical systems, domestic hot or cold water line or fixtures, gas, fire suppression systems, fire alarm systems, or plumbing in the Leased Premises. Lessee shall be responsible, at Lessee's expense, for any/all repairs, replacement or maintenance of any system, line, fixture, or hydrant damaged or in need of maintenance as a result of Lessee's use of the Leased Premises for the purposes stated herein or use by Lessee's agents, sub-Lessee or others deriving a right of use of the Leased Premises from Lessee pursuant the terms of this Lease Agreement.

Lessee shall use its best effort to prevent grease, oils and other substances (collectively deposits") from entering waste lines, drains, and sewers and shall be responsible for removal of all such deposits from lines, drains and sewers at its expense.

Lessee shall take appropriate action to exterminate and prevent the presence of rodents and other vermin in the Leased Premises at its expense.

Notwithstanding the need for investigation of circumstances, Lessee shall immediately remove and properly dispose of any deceased animals from the Leased Premises.

Lessee shall, at Lessee's expense, preserve and maintain all landscaping currently existing on the Leased Premises during the Term of this Lease Agreement and may, at Lessee's expense, install fencing and other decorative or security measures necessary for its operations hereunder. All fencing and other decorative or security measures shall be installed by Lessee in accordance with the provisions of Section 6 of this Lease Agreement. Lessee may replace any and all landscaping currently existing on the Leased Premises however any replacement landscaping shall be installed, preserved and maintained in accordance with applicable provisions of the City of Shreveport Code of Ordinances, including but not limited to, the landscape requirements of the City of Shreveport Zoning Ordinance and other applicable provisions of law.

Lessee will use the Leased Premises exclusively to operate a low-income housing apartment community on the Leased Premises which will foster low-income housing which will benefit persons of low and moderate income. Further, and in consideration of City's willingness to enter into this Lease, Lessee recognizes that the Leased Premises are subject to that certain FY2017 Choice Neighborhoods Implementation Grant Agreement by and among City, the Housing Authority of the City of Shreveport,

Louisiana, and the United States Department of Housing and Urban Development dated September 19, 2018, and that certain Choice Neighborhoods Declaration of Restrictive Covenants dated on or about the date hereof (collectively, the “CNI Agreements”). Lessee shall cause forty-one (41) of the units to be constructed on the Leased Premises to comply with the terms and conditions of the CNI Agreements.

5. ALTERATIONS TO LEASED PREMISES

Except as otherwise provided herein, Lessee shall be permitted to make alterations, additions, or improvements to the Leased Premises during Term of this Lease Agreement subject to the following conditions:

A. All alterations, additions or improvements made by Lessee to the Leased Premises shall be made at Lessee’s expense and shall, if and to the extent same cannot be removed from the Leased Premises without substantial damage to themselves or the Leased Premises, immediately become the property of City upon the expiration or termination of this Lease Agreement without any obligation for payment by City to Lessee. For purposes of this paragraph, “substantial damage” shall mean alteration of the structure, walls, or its component parts such that the property decreases in value.

B. Plans and specifications for any material alterations, additions or improvements to the Leased Premises in an amount in excess of \$500,000 shall be submitted to City for approval at least ten (10) working days prior to commencement of work by Lessee. Such alterations, additions or improvements shall be *ipso facto* approved by the City unless the City provides notice to Lessee within the aforesaid ten (10) day period that such alterations, additions or improvements are not approved. City shall not be unreasonable with respect to the approval or disapproval of any alterations, additions or improvements. All alterations, additions or improvements approved by City shall be performed in accordance with the laws of the State of Louisiana, applicable provisions of the City of Shreveport Comprehensive Building Code and other applicable laws, statutes and regulations. Notwithstanding anything to the contrary set forth herein, Lessee shall not be required to obtain City's approval of any alterations, additions or improvements within the Leased Premises which do not change the structure thereof. City and Lessee understand and agree that Lessee and others using the Leased Premises for the purposes set forth herein will at various times construct exhibits, displays and fixtures, install machinery and equipment and otherwise use the Lease Leased Premises without changing its structure, and the City's approval is not required for such activities.

C. Lessee shall have ninety (90) days from the date of expiration, termination or revocation of this Lease Agreement to remove any alterations, additions or improvements made by Lessee to the Leased

Premises that can be removed from the Leased Premises without substantial damage to themselves or the Leased Premises. Lessee shall be responsible, at its expense, for repair of any damage to the Leased Premises caused by the removal of any alteration, addition or improvement to the Leased Premises. Any alterations, additions, or improvements not so removed by Lessee shall remain and become property of the City.

6. MAINTENANCE AND REPAIR

A. Beginning on the Commencement Date of this Lease Agreement and except as otherwise provided herein, City and Lessee shall be responsible for maintenance and improvements to the Leased Premises as follows:

- (I) Lessee shall be responsible at its sole expense to maintain, repair and replace any damage to the foundation, walls, roof or ceiling of the Leased Premises. City acknowledges, understands and agrees that Lessee shall be under no obligation for same beyond utilizing the proceeds of insurance coverage upon the structure of the Leased Premises, if any. Lessee shall notify City in writing of any substantial repair or replacement due to damage to the foundation, walls, roof or ceiling of the Leased Premises in accordance with the provisions of Section 15 of this Lease Agreement.
- (II) Lessee shall otherwise be responsible at its sole expense to maintain, repair and replace any damage to the Leased Premises including any equipment located thereof or therein, including lighting, fire suppression system, air conditioning and heating equipment, such that all buildings and equipment shall be operational and in a safe, clean, structurally sound and watertight condition, such work to include without limitation, structural repair and replacement, or reconstruction, as necessary, of mechanical, electrical, plumbing, heating, air conditioning, landscape, parking areas and paving.

B. Lessee shall take good care of the Leased Premises and keep them free from waste, nuisance or damage, including damage from termites or other pests throughout the Term of this Lease Agreement. At the expiration or termination of this Lease Agreement for any cause, Lessee shall deliver the Leased Premises to City clean and free of trash and debris and in good repair and condition, with all equipment situated in the Leased Premises on the Commencement Date of this Lease Agreement, or replacements thereof, in good working order, reasonable wear and tear excepted.

7. INVENTORY

Within ten (10) days of the execution of this Lease Agreement and except as otherwise provided herein, City and Lessee shall execute an Inventory of all furniture, fixtures and/or equipment provided for Lessee's use by City pursuant to this Lease Agreement, unless there is none, in which case this Section 7 shall be inapplicable. The Inventory shall be provided to Lessee in "as is" condition and Lessee shall return same to City upon the expiration or termination of this Lease Agreement, normal wear and tear excepted. Lessee shall be responsible for replacing or repairing any item of Inventory damaged by Lessee, Lessee's employees, subleases, contractors, or sub-contractors during the Term of this Lease Agreement. The determination of whether any item of Inventory should be repaired or replaced shall be made by City based upon whether the cost to repair the item exceeds the cost to replace the item.

8. INDEMNITY AND HOLD HARMLESS

Lessee shall indemnify, defend and hold City harmless against any and all claims, demands, suits, judgments or sums of money to any party accruing against City for loss of life or injury or damage to persons or property growing out of or resulting from, or by reason of any act and/or omission of Lessee, its agents, officers, servants, employees, contractors, Lessee or subleases, or resulting or arising from or in connection with Lessee's use of the Leased Premises pursuant to this Lease Agreement. Lessee shall also hold City harmless against any and all claims and/or liens for labor, services or materials furnished to Lessee in connection with Lessee's use of the Leased Premises pursuant to this Lease Agreement.

9. INSURANCE

Lessee shall, at its own expense, provide and maintain certain insurance in full force and effect at all times during the term of this Lease Agreement and any extensions thereto. Such insurance, at a minimum, shall include the following coverages and limits of liability:

A. Commercial General Liability Insurance in an amount not less than a combined single limit of \$1,000,000.00 per occurrence. This policy should be endorsed to name City as an additional insured. It is City's intent that the policy coverages should not be limited by an annual aggregate limitation. If this policy is to be limited by an aggregate annual limitation, the aggregate limitation shall not be less than \$2,000,000; otherwise Lessee shall provide a \$1,000,000.00 per project aggregate applicable for the provisions of this Lease Agreement.

B. All coverage provided for herein shall be effective under insurance policies issued by solvent insurance carriers qualified to do business in the State of Louisiana and having an A.M. Best Company rating of B+VII or better. City reserves the right to inspect any and all insurance policies required pursuant to this Lease Agreement, prior to commencement of the lease term and anytime thereafter.

C. Proof that such insurance coverage exists shall be furnished to the City by means of a Certificate of Insurance form provided by City simultaneously with the execution of this Lease Agreement by Lessee. The said Certificate of Insurance shall name the City of Shreveport as an additional insured as indicated herein and shall include a provision that in case of cancellation or any material change in the coverage required herein, City shall be notified thirty (30) days prior to any such change or cancellation. Said provision shall include cancellation for non-payment of premium. Lessee shall be liable for its subcontractor's insurance coverage of the types and in the amounts stated above, and shall furnish City with copies of such Certificates of Insurance.

D. Lessee and all of its insurers shall, in regard to the above stated insurance, waive all right of recovery or subrogation against City, its officers, agents or employees and its insurance company(s).

E. Lessee shall be responsible for compliance with all safety rules and regulations of the Federal Occupational Safety and Health Act of 1970, as amended, and those of all applicable state acts, laws or regulations during the period of Lessee's occupancy of the Leased Premises. Lessee shall indemnify City for fines, penalties and corrective measures that result from the acts of commission or omission of Lessee, its subcontractors, if any, agents, employees and assigns and their failure to comply with such safety rules and regulations.

F. City shall give Lessee prompt notice in writing of the institution of any suit or proceedings and permit Lessee to defend same, and will give all needed information, assistance, and authority to enable Lessee to do so. Lessee shall similarly give City immediate notice of any suit or action filed or prompt notice of any claim arising pursuant to the terms of this Lease Agreement and shall furnish immediately to City copies of all pertinent papers received by Lessee related to Lessee's operations, use and occupancy of the Leased Premises.

G. City may maintain a fire and extended coverage insurance policy covering the Leased Premises for the replacement value thereof.

H. The City may, from time-to-time, modify the insurance requirements to properly protect the Leased Premises, provided, however, that at all times Lessee must comply with the insurance requirements of the senior most Mortgagee.

I. Notwithstanding anything to the contrary in this Lease Agreement, use of any insurance proceeds shall be as determined by the senior most Mortgagee.

10. ASSIGNMENT/SUBLEASE

A. The provisions of this Lease Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Except as otherwise set forth in this Lease Agreement (including, but not limited to, Section 39), Lessee shall not assign this Lease Agreement or transfer any interest in same without the prior written consent of the Mayor of the City, provided, however, that Lessee may, without such written consent, from time to time, one or more times, sublease or grant rights to third parties to use all or parts of the Leased Premises for the purposes for which the Leased Premises are hereby let, specifically as detailed in Section 1 of this Lease Agreement. The Mayor of the City may withhold consent to an assignment or sublease for any or no reason, if such withholding of consent is deemed in the best interest of the City. No assignment or sublease approved by City or shall in any way release Lessee from its obligations hereunder.

B. A transfer subject to the foregoing prohibition shall be deemed to include any attempt by Lessee to make or permit any voluntary or involuntary, total or partial, sale, lease, assignment, conveyance, mortgage, pledge, encumbrance, or other transfer of any or all of the Leased Premises, the improvements thereon, or transfer, convey or assign (i) any interest of a managing member, general partner, or controlling affiliate or stockholder (any such interest being referred to as a "Controlling Interest") in the Lessee or (ii) a Controlling Interest in any entity which has a Controlling Interest in the Lessee. Any person to whom any Transfer is attempted without the consent of City (if applicable) shall have no claim, right or remedy whatsoever hereunder against City, and City shall have no duty to recognize any person claiming under or through the same. Notwithstanding the foregoing, Lessee shall have the right to transfer membership interests within Lessee without City's consent.

C. Notwithstanding the foregoing, if (i) the members of the Lessee remove a managing member of the Lessee in accordance with the terms of Lessee's Amended and Restated Operating Agreement or (ii) a Mortgagee removes or causes to be removed a managing member of Lessee in accordance with the terms of the Mortgagee's loan documents, such removal shall not constitute a default

under this Lease or require the consent of the City. Except in the event of removal of the existing affiliated managing member in accordance with the terms of Lessee's Amended and Restated Operating Agreement, the members shall have the right to substitute an unaffiliated managing member only with the prior consent of City, which consent shall not be unreasonably withheld or delayed; provided however that, as a condition of City consent, it may require a replacement managing member to execute such documents as City reasonably deems appropriate to evidence the Lessee's continuing obligations to be bound by the Lease and each and every provisions thereof.

D. Notwithstanding the foregoing, City's consent shall not be required prior to (i) the Mortgage of the Leased Premises (or the leasehold equivalent thereof) to any Mortgagee not requiring consent, (ii) a transfer of the Leased Premises to a Mortgagee by foreclosure or transfer in lieu of foreclosure (or the leasehold equivalent thereof), or any subsequent transfer by such Mortgagee or third-party purchaser; or (iii) grants of easements for the establishment, operation, and maintenance of utility services.

E. Notwithstanding anything to contrary contained herein, for so long as the CNI Agreements are in effect and to the extent the CNI Agreements do not terminate in a foreclosure or transfer in lieu of foreclosure (or the leasehold equivalent thereof), all transfers described in this Section 10, shall be subject to the CNI Agreements and the CNI Program Requirements. For purposes of this Agreement, CNI Program Requirements shall be defined as Consolidated and Further Continuing Appropriations Act, 2017 (Pub. L. 115-31, approved May 5, 2017) and Consolidated Appropriations Act, 2018 (Pub. L. 115-141, approved March 23, 2018), Section 24 of the U.S. Housing Act of 1937, 42 USC 1437v, all other Federal statutory, executive order and regulatory requirements applicable to the Choice Neighborhoods Initiative, as those requirements exist or as they may be amended from time to time, and the CNI Grant Agreement, notices, and directives from HUD regarding the implementation of the Choice Neighborhoods Initiative.

11. ACKNOWLEDGMENT OF CONDITION OF LEASED PREMISES

Upon commencement of this Lease Agreement, Lessee agrees to accept the Leased Premises in "As Is" condition and acknowledges that the property which is the subject of this Lease Agreement may be defective. Lessee does explicitly assume this Lease Agreement and use of the Leased Premises with full liability at all times and to all persons for any and all defects of or on the Leased Premises, known or unknown, whatsoever in accordance with the provisions of LSA-R.S. 9:3221 or other applicable provisions of law.

Lessee agrees to keep the Leased Premises in a safe condition and to indemnify, defend and hold City harmless from any and all liability and from any injury or damage(s) arising from or connected with the condition of the Leased Premises and/or Lessee's use of same, provided that such obligation shall not include the obligation to indemnify, defend or hold City harmless for any obligation of City to maintain, repair and replace any damage to the foundation, walls, roof or ceiling of the Leased Premises that is not caused by the fault of Lessee or Lessee's employees, subleases, patrons, visitors or any other persons on or about the Leased Premises with the consent thereof as set forth in paragraph A of Section 6 of this Lease Agreement. City shall not be liable or responsible for any damage to Lessee's property or the property of others located on the Leased Premises, nor for the loss of or damage to any property of Lessee or of others, by theft or otherwise.

All property of Lessee kept in or stored on the Leased Premises shall be so kept or stored at Lessee's risk, and Lessee shall hold City harmless from any claims arising from or connected with or damage to or loss of any such property. City shall not be held accountable, responsible or liable to Lessee, Lessee's employees, subleases, patrons, visitors or any other persons on or about the Leased Premises for any damage to person or property caused by, connected with, or arising from the conditions of the Leased Premises or the act or negligence of Lessee, Lessee's employees, patrons, or other, nor by other Lessee, nor by fire, explosion, falling plaster, or other materials, steam, gas, electricity, water, rain, sleet, snow, hail, or from leaks from any part of the Leased Premises, or from the roof, street, or subsurface or from any other place, or by dampness or by occupants of contiguous or adjacent property, or the public, or from any damage caused by operations in connection with any construction or demolition, or by any other cause or catastrophe whatsoever.

12. TAXES

A. City. City shall be responsible for the payment of all *ad valorem* taxes or special assessments which may be lawfully levied or assessed against the Leased Premises by virtue of City's ownership of same during the Term of this Lease Agreement.

B. Lessee. Lessee shall be responsible for the payment of all *ad valorem* taxes or special assessments which may be lawfully levied or assessed against the Leased Premises (or Lessee-owned personal (movable) property) which may be due and payable by reason of Lessee's interest in or use of the Leased Premises, or transactions by Lessee with respect to its interest in this Lease Agreement or the use of the Leased Premises during the Term of this Lease Agreement. Lessee may, if in good faith it believes any such tax, assessment, lien or charge which it is obligated by the terms of this Lease to pay is invalid, excessive, or unenforceable, in whole or in part, protest against and contest the validity, amount and enforceability thereof. In such case Lessee may, before the date of delinquency of any such tax, assessment, lien or charge, take appropriate action to protest and object thereto, and if such protest and

objection be overruled or denied, Lessee may contest or review such denial or ruling by legal proceedings or in such other manner as Lessee deems suitable, which proceeding if instituted shall be conducted solely at Lessee's own expense and free of expense to City. If any such taxes, assessments or charges shall, as a result of such proceedings or otherwise, be reduced, cancelled, set aside or to any extent discharged, Lessee shall pay the amount that shall be finally assessed or imposed against the Leased Premises, or be adjudicated to be due and payable on any such disputed or contested items. In respect to any such tax, assessment or charge which shall be the subject of a contest under and pursuant to this Section, the non-payment thereof shall not be regarded as a breach of any covenant of this Lease so long as Lessee shall comply with the terms of this Section. Lessee, in all events, however, shall pay any such charges if payment be required in order to prevent the divesting of City's and/or Lessee's title or other interest in the Leased Premises. In the event Lessee fails to pay taxes, assessments, rates, charges for revenue, imposts and levies as provided hereinabove, City, subject to thirty (30) days' notice and opportunity to cure given to any Mortgagee (as hereafter defined), shall have the option to pay such taxes, and any sums so expended shall become due as additional rental with interest on said sum at the rate of six percent (6%) per annum until paid.

13. RIGHT OF ENTRY

City, its agents, officers or assigns, shall have the right to enter the Leased Premises at any time throughout the Term of this Lease Agreement for the following purpose(s):

- A) inspecting the general condition and state of repair of the Leased Premises;
- B) performing such maintenance as may be required of City pursuant to this Lease Agreement;
- C) taking any emergency action which City deems necessary to protect the Leased Premises;
and
- D) for any other lawful and reasonable purpose.

Notwithstanding an event that threatens immediate damage to person or property, City shall provide Lessee with not less than seventy-two (72) hours' notice of its intention to exercise the rights granted herein, provided that such rights are to be subject to the rights of any subtenant and any Mortgagee.

14. TERMINATION

In accordance with the provisions below, this Lease Agreement may be terminated by City or Lessee (provided that, to the extent any Mortgage is then in effect, Lessee may not terminate this Lease Agreement without the prior written consent of such Mortgagee) as follows:

A. Notwithstanding any other provision of this Lease Agreement, City may not revoke or terminate this Lease and re-enter and re-possess the Leased Premises, and the buildings and improvements situated thereon, (i) during the fifteen (15)-year compliance period under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), for the buildings located on the Leased Premises without the prior written consent of the Investor Member which may be withheld in such Investor Member's sole discretion; (ii) to the extent any Mortgage is then in effect, without the consent of such Mortgagee; (iii) to the extent the CNI Agreements are then in effect, subject to HUD approval, in accordance with the CNI Agreements; or (iv) for a period of twenty-eight (28) years from the Commencement Date. Sections 2(B) and 14(B) of this Lease Agreement are subject and subordinate to Section 14(A) of this Lease Agreement.

B. Termination for Cause:

(I) City may terminate this Lease Agreement in whole or in part should Lessee fail to utilize the Leased Premises for one or more of the purpose(s) stated in Section 1 of this Lease Agreement for a period of ninety (90) days, provided that (i) City may not terminate this Lease Agreement if such failure is due to construction or rehabilitation after casualty and (ii) City may not terminate this Lease Agreement without Mortgagee consent whenever any Mortgage encumbers this Lease Agreement. City shall provide Lessee with at least forty-five (45) days advance written notice of its intention to terminate this Lease Agreement for such cause, and City shall incur no liability to Lessee for such termination. Lessee's failure to include a clause for termination for this reason in any subcontract, purchase order, agreement or any other document or writing related to this Lease Agreement shall not subject City to liability to any sublease or other person for lost profits or otherwise resulting from or in conjunction with termination for this cause and Lessee expressly waives any damages, delay damages, or indirect costs which may arise from termination of this Lease Agreement in whole or in part for this cause.

(II) Subject to the rights of any Mortgagee, either party may terminate this Lease Agreement in whole or in part for: 1) default on the part of the other party relating to this Lease Agreement (subject to any cure rights provided herein) in which case, the non-defaulting party shall be entitled to all benefits, remedies, or rights afforded by law; or 2) upon or after the happening of any one of the following events:

- i) The filing by any party of a voluntary petition in bankruptcy;
- ii) The institution of proceedings in bankruptcy against any party and the adjudication of either party to this Lease Agreement as a bankrupt pursuant to such proceedings;
- iii) The taking by a court of competent jurisdiction of either party's assets pursuant to proceedings brought under the provisions of any Federal Reorganization Act. Any involuntary proceedings based on insolvency statutes shall not be the basis for termination unless the party against whom the proceedings are instituted shall fail to secure the dismissal of the proceedings within one hundred twenty (120) days after the filing of such involuntary proceedings; and
- iv) Subject to Section 26 of this Lease Agreement and the terms and conditions set forth in the Senior Mortgage (as defined herein) and other loan documents secured thereby, damage or destruction of the Leased Premises by fire, tornado or other casualty to such an extent that they are rendered untenable or substantially unfit for the purpose for which they were leased unless same may be repaired by City or Lessee using the proceeds of insurance providing coverage for loss to the structure of the Leased Premises if any, in accordance with Section 26 of this Lease Agreement, or, Lessee's exercise of its option to not maintain, repair or replace damage to the foundation, walls, roof or ceiling of the Leased Premises in accordance with the provisions of Section 6(A)(I) of this Lease Agreement.

C. Eminent Domain. Notwithstanding anything contained herein to the contrary, this Section 14 shall be subject to the terms and conditions of the mortgage held by the senior most Mortgagee (the "Senior Mortgage"), for so long as such Senior Mortgage shall be in effect.

If the whole of the Leased Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain or by private purchase in lieu thereof, then this Lease shall automatically terminate as of the date that possession has been taken.

In the event of a partial taking or condemnation which takes less than all or substantially all of the Leased Premises and the Lease is not terminated as set forth above, then the Rent shall thereafter be decreased in proportion to the amount of the Leased Premises taken, and Lessee, at its option, shall have the right to rebuild the improvements thereon.

City and Lessee each covenant and agree to seek separate awards in any

condemnation proceedings and to use their respective best efforts to see that such separate awards are made at all stages of all proceedings and any proceeds of Lessee shall be disbursed at the discretion of the most senior Mortgagee. If the order or decree in any condemnation or similar proceeding shall fail to separately state the amount to be awarded to City and Lessee by way of compensation, damages, rent, the costs of demolition, removal or restoration, or otherwise, then the award should be divided as follows:

First, to the payment of all demolition and construction costs associated with restoration if the improvements are to be restored by Lessee and/or all costs of removal of rubble and debris if Lessee is to remove the same; and then

The remaining proceeds shall be applied as follows: (1) City shall receive the fair market value of the Leased Premises (considered as unimproved land but unencumbered by this Lease Agreement) less the value of Lessee's remaining leasehold interest therein; and (2) Lessee shall be entitled to all remaining proceeds, subject to the terms and conditions of the Senior Mortgage.

The most senior Mortgagee shall have the right to participate in any condemnation proceedings and settlement discussions and shall have the right to supervise and control the disbursement of any condemnation awards.

15. NOTICES

Any notice or communication hereunder shall be in writing, unless otherwise specified herein, any may be given by hand delivery or by registered or certified mail, return receipt requested. If given by registered or certified mail, the same shall be deemed to have been given and received when a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail; and if given otherwise than by registered or certified mail, such notice shall be deemed to have been given when delivered to and received by the other party to whom it is addressed. All notices or communications shall be given to the parties hereto at their respective addresses as follows:

If to City:	The City of Shreveport 505 Travis Street, Suite 200 Shreveport, Louisiana 71102 Attention: Mayor Telephone: (318) 673-5050
With Copy To:	Office of the City Attorney Attn.: Mekisha Creal 505 Travis Street, Suite 420

Shreveport, Louisiana 71101

If to Lessee: Shreveport Millennium Housing I, LLC
c/o Shreveport Leased Housing Corporation
2500 Line Avenue
Shreveport, Louisiana 71104
Attention: Bobby Collins
Telephone: (318) 698-3600
Fax: (318) 841-1074

With a copy to: Coats Rose, P.C.
365 Canal Street
New Orleans, LA 70130
Attention: Kelly Longwell
Telephone: (504) 299-3075

And a copy to: Ballard Spahr LLP
300 E. Lombard Street, 18th Floor
Baltimore, MD 21202
Attention: Amy M. McClain
Telephone: (410) 528-5592

And a copy to: AHP Housing Fund 207, LLC
10250 Constellation Boulevard, Suite 1270
Los Angeles, California 90067
Attention: Michael L. Fowler

And a copy to: Kutak Rock
1801 California St., Suite 300
Denver, CO 80202
Attention: Ellen K. O'Brien
Telephone: (303) 292-7810

And a copy to: ITEX Millennium I, LLC
3735 Honeywood Court
Port Arthur, TX 77642
Attention: Christopher A. Akbari
Telephone: (409) 719-5780

And a copy to: Germer PLLC
550 Fannin, Ste. 400
Beaumont, TX 77701
Attention: (409) 654-6700

or to such other addresses as any party may designate in writing from time to time by notice given in accordance with this Section 15.

16. PROHIBITED ACTIVITY

(i) The Leased Premises shall not be used by Lessee or any sublease at any time for any partisan political purpose or to further the election or defeat of any candidate for political office.

(ii) The Leased Premises shall not be used by Lessee or any sublease at any time for any purpose or activity in violation of LSA-R.S. 14:106.

(iii) Lessee shall not permit the use of the Leased Premises for any purpose other than as stated in Section 1 of this Lease Agreement.

17. SURRENDER OF LEASED PREMISES

Upon the revocation, expiration, or termination of this Lease Agreement for any cause, Lessee shall immediately surrender possession of the Leased Premises to City by actual delivery of all keys to City's authorized representative. Should Lessee fail to deliver such possession, Lessee consents to pay liquidated damages in the amount of One Hundred and No/100 (\$100.00) Dollars per day for each day of Lessee's failure to surrender possession of the Leased Premises.

18. HOLD OVER

Should Lessee continue to occupy the Leased Premises after the last day of the Term, a tenancy from month-to-month only shall be created but not for any longer period, unless otherwise specifically provided by written agreement of City and Lessee. For purposes of this section rental payments shall increase to \$2,000.00 per month on such month-to-month status.

19. LIENS

Lessee shall keep the Leased Premises free from all levies, liens, attachments encumbrances or claims except as permitted in Exhibit "C" hereto..

Lessee shall, at Lessee's option, within twenty (20) days after receiving notice of any lien for material or work performed or claimed to have been performed on the Leased Premises on Lessee's behalf, except for work contracted by City, either discharge the lien or obtain its release by posting an appropriate bond. If Lessee shall post a bond, it shall contest the validity of the lien, and agrees to hold City harmless for losses from such lien.

20. TITLE TO IMMOVABLE AND PERSONAL (MOVABLE) PROPERTY

Lessee may from time to time construct, repair, remodel, remove or replace improvements on the Leased Premises in accordance with applicable laws. Title to any existing improvements, as well as to any building(s) erected on the Leased Premises at any time by Lessee, until the expiration or sooner termination of this Lease Agreement, or any extensions hereof, shall remain in Lessee. At all times during the Term, Lessee alone shall be entitled to all of the tax attributes of ownership of the buildings and other improvements on the Leased Premises, including, without limitation, the right to claim depreciation and the right to claim the low-income housing tax credit described in Section 42 of the Code, as well as all other benefits for income tax purposes.

Without prejudice to the rights of City to enforce its lessor's privilege, all personal (movable) property located in, or at the Leased Premises or otherwise constituting part of the Leased Premises shall at all times during the Term of this Lease Agreement be owned by, and shall belong to, Lessee or Lessee's sublease. All benefits and burdens of ownership of the foregoing shall be and remain in Lessee or such sublease during the Term of this Lease Agreement. For so long as this Lease is in effect, City hereby subordinates any landlord's lien for rent against any and all such personal property, trade fixtures, furniture, furnishings and equipment of Lessee on the Leased Premises available to City under applicable law in favor of any Mortgagee (as defined in Section 39). City will execute such instruments as may be required at any time and from time to time to subordinate the rights and interests of City in Lessee's personal property on the Leased Premises to the lien of any Mortgage (as defined in Section 39) now or hereafter at any time placed on the Leased Premises by Lessee but shall never be required to subordinate City's fee interest in the Leased Premises or any portion thereof to the lien of any Mortgagee.

21. EVENT OF DEFAULT

The following shall constitute an "Event of Default" under this Lease Agreement:

- A) Default by either party of any term or condition contained in this Lease Agreement, subject to any notice and cure periods provided herein;
- B) Lessee's failure to pay all costs related to any work performed on the Leased Premises or costs related to the maintenance or repair of any equipment or item located thereon within thirty (30) days such expense is incurred. Notwithstanding the foregoing, Lessee shall not be in default under this Lease Agreement following the occurrence of an Event of Default unless

and until City has provided Lessee with a thirty (30) day opportunity for corrective action pursuant to a written notice. The notice shall specify the nature of the Event of Default and the actions required to be taken to cure the Event of Default, provided however, that, if, in City's reasonable judgment said Event of Default is not capable of being cured within said thirty (30) day period, then Lessee shall have such additional time as Lessee deems necessary to cure such Event of Default, provided, however, that such extension of time shall not be deemed a waiver of any rights and/or remedy of the City with respect to this Lease Agreement. Notwithstanding the foregoing, if an Event of Default cannot be cured by reasonable corrective action by Lessee within the aforesaid periods, but Lessee has commenced reasonable corrective action to cure the Event of Default, then such periods shall be extended in Lessee's favor during the time that Lessee exercises reasonable diligence in pursuing such corrective action.

Upon the occurrence of an Event of Default which is not cured in accordance with the provisions of this Section, the non-defaulting party shall be entitled to take such action as it deems necessary or advisable to protect and enforce its rights and remedies hereunder without impairing or otherwise affecting any of its rights and remedies under this Lease Agreement, in which case, the non-defaulting party shall be entitled to reimbursement for all costs and expenses, including without limitation, court costs and reasonable attorney fees incurred by it with respect to such default and termination.

Notice of termination of this Lease Agreement on account of an Event of Default by either party shall be by written notice to the defaulting party in accordance with the provisions of Section 15 of this Lease Agreement.

22. FORFEITURE OF RIGHTS UPON DEFAULT

Upon termination of this Lease Agreement due to the default of the Lessee, all rights, powers, privileges and authority granted to the Lessee under this Lease Agreement shall immediately cease, and the Lessee waives any and all claims it may have against the other party and its elected or appointed officers and employees who are acting within the scope of their duty that may arise as a result of such termination.

23. MEDIATION

Any dispute between City and Lessee relating to the interpretation and enforcement of their rights, obligations and remedies under this Lease Agreement, prior to litigation, a good faith attempt shall be made

to resolve the dispute by mediation in accordance with the following provisions. With respect to any dispute between City and Lessee that may be resolved by litigation as provided hereinafter, City and Lessee shall attempt in good faith first to mediate such dispute and use their best efforts to reach agreement on the matters in dispute. Within five (5) days of the request of any party, the requesting party shall attempt to employ the services of a third person mutually acceptable to City and Lessee to conduct such mediation within five (5) days of his appointment. If City and Lessee are unable to agree on such third person or, if on completion of such mediation, the parties are unable to agree and settle the dispute, either party may then institute litigation as provided herein.

24. COOPERATION BY CITY

Upon Lessee's request, City shall, without cost to Lessee, promptly join in and execute any instruments as Lessee may from time to time request to enable Lessee from time to time to use the Leased Premises in accordance with this Lease Agreement, provided Lessee's request is in reasonable and customary form and does not cause the Leased Premises to be encumbered as security for any obligation and does not otherwise expose the Leased Premises to any material risk of forfeiture during the Term of this Lease Agreement. Lessee agrees that the joinder by City in any application or instrument filed by Lessee under the preceding sentence: (I) shall not limit or otherwise affect the review of such application by the City of Shreveport or any department thereof charged with responsibility for such review; and (ii) shall not imply or guarantee that such application will be approved by the City of Shreveport, or its agencies or departments, acting in their public or police power capacity.

Without limiting the foregoing, within ten (10) days after request by either party, the notified party shall execute and deliver to the requesting party a sworn statement in recordable form certifying to the requesting party or any Mortgagee any facts that are true with respect to the Leased Premises or this Lease Agreement, including (if true) that this Lease Agreement is in full force and effect, that there have been no unapproved changes to this Lease Agreement, that Lessee is lawfully in possession of the Leased Premises and is not in default, that there are no defenses or offsets under this Lease Agreement claimed by the notified party, and the date through which rent has been paid.

25. ASSIGNMENT OF WARRANTIES

City hereby assigns to Lessee all of its right, title and interest in and to all warranties regarding the construction or repair of the Leased Premises, or any equipment or furnishing therein, and otherwise assigns to Lessee any benefits it may have in and to said warranties and agrees to take reasonably action to

sign such documents or documentation as may be necessary upon written request of Lessee to effectuate the terms of this provision.

26. DAMAGE OR DESTRUCTION OF LEASED PREMISES

A. This Section 26 is subject and subordinate to Sections 39 and 41 of this Lease Agreement, and, notwithstanding anything contained in this Section 26 to the contrary, the negotiation, distribution and application of casualty and hazard insurance proceeds shall be governed according to the terms and conditions set forth in the Senior Mortgage and other loan documents secured thereby, for so long as the Senior Mortgage shall be in effect. To the extent required by the Senior Mortgage, any casualty and hazard insurance proceeds in respect of the Leased Premises shall be paid to the Mortgagee thereunder. In no event shall City receive any such insurance proceeds until the Leased Premises are restored or the Senior Mortgage is paid in full. Lessee's obligation to restore the Leased Premises following any damage or destruction shall be limited to the extent that casualty and hazard insurance proceeds are made available to Lessee. If the building or other improvements on the Leased Premises should be damaged or destroyed by fire, tornado or other casualty through no fault of Lessee, Lessee shall immediately give written notice thereof to City.

B. Partial Damage or Destruction of Leased Premises. If the buildings or other improvements on the Leased Premises should be damaged by fire, tornado or other casualty through no fault of Lessee and such damage affects the Leased Premises but not to such an extent that the rebuilding or repair cannot reasonably be completed within sixty (60) days from the date of written notification by Lessee to City of the happening of the damage, City shall, but shall be under no obligation beyond utilizing the proceeds of insurance coverage upon the structure of the Leased Premises to, at its sole cost, proceed forthwith and use reasonable diligence to rebuild or repair such buildings and other improvements on the Leased Premises to substantially the condition they were in prior to such damage. To pay for such work, City shall be entitled to use proceeds from any fire and extended coverage insurance policy of Lessee covering the Leased Premises, provided that City shall not be entitled to use any proceeds that are not payable for the replacement of or repair of any damages to the structure of the Leased Premises, such as proceeds payable for loss of personal (movable) property or business interruption. To the extent required by the Senior Mortgage, any casualty and hazard insurance proceeds in respect of the Leased Premises shall be paid to the Mortgagee thereunder. In no event shall City receive any such insurance proceeds until the Leased Premises are restored pursuant to the Senior Mortgage or the Senior Mortgage is paid in full. Lessee's obligation to restore the Leased Premises following any damage or destruction shall be limited to the extent that casualty and hazard insurance proceeds are made available to Lessee. Other than City's

obligation to rebuild or repair such buildings and improvements utilizing proceeds of insurance maintained by City and any proceeds of any insurance maintained by Lessee, if any, City shall have the option, at its sole cost and expense, to rebuild or repair such buildings and other improvements on the Leased Premises to substantially the condition they were in prior to such damage.

C. Substantial or Total Damage or Destruction of Leased Premises. If the building or other improvements on the Leased Premises should be substantially or totally destroyed by fire, tornado or other casualty through no fault of Lessee, or so damaged that the rebuilding or repairs cannot reasonably be completed within one hundred twenty (120) days from the date of written notification by Lessee to City of the happening of the damage. City shall include a reasonable estimate of the time it will take to restore the Leased Premises to at least the same condition existing immediately before such damage or destruction. If such period exceeds one hundred twenty (120) days from the date of destruction or damage, Lessee may, at its option, terminate this Lease Agreement by giving notice thereof to City within ten (10) days of its receipt of the estimate of time required to rebuild and/or repair the Leased Premises, and this Lease Agreement shall be deemed to have terminated as of the date of such notification or upon such date as mutually agreed upon by City and Lessee. Lessee shall have no obligation hereunder other than to pay rent accrued to the date of destruction. If Lessee either does not give notice to City that it has exercised its option to terminate this Lease Agreement or gives notice to City that it elects for this Lease Agreement to be maintained notwithstanding that such rebuilding and/or repair shall take more than one hundred twenty (120) days, then City shall proceed forthwith and use reasonable diligence to rebuild or repair such buildings and other improvements on the Leased Premises to substantially the condition they were in prior to such damage. City may use the proceeds of any insurance covering the Leased Premise to make such restoration, or if this Lease Agreement terminates, City shall be entitled to the entire proceeds of any and all policies of fire and extended coverage insurance on the Leased Premises, including any policy of Lessee to the extent that the proceeds from the policy of City are insufficient, which may be paid in connection with the happening of the damage, provided that City shall not be entitled under any circumstance to use any proceeds that are not payable for the replacement of or repair of any damages to the structure of the Leased Premises, such as proceeds payable for loss of personal (movable) property or business interruption. To the extent required by the Senior Mortgage, any casualty and hazard insurance proceeds in respect of the Leased Premises shall be paid to the Mortgagee thereunder. In no event shall City receive any such insurance proceeds until such proceeds are first applied pursuant to the Senior Mortgage or the Senior Mortgage is paid in full.

D. Notwithstanding the foregoing paragraphs B and C of this Section 26, City shall have no obligation to rebuild or repair buildings or other improvements on the Leased Premises if the amount of the

loss of such buildings or other improvements exceeds fifty (50%) percent of the total cost of replacement of all buildings and improvements on the Leased Premises as of the date of loss of such buildings or other improvements.

E. In the event the Leased Premises are damaged or destroyed by fire or other casualty through no fault of Lessee and Lessee thereby is deprived of the use of a portion of the Leased Premises during rebuilding or repair, an equitable adjustment in the rent shall be made. If the damage or destruction is so extensive that the Leased Premises are rendered unusable and Lessee is required to vacate the Leased Premises during rebuilding and repair, the whole of the rent shall be abated during the period of time which reasonably would be required to restore the Leased Premises to substantially the condition they were in prior to the happening of the damage provided such damage is not caused by the negligence or fault of Lessee or its employees, agents, sublessees, customers or visitors.

27. SIGNS

Lessee shall be permitted the use of any electronic signs currently existing on the Leased Premises. Lessee may, at its expense, erect and install signs on the Leased Premises. All signs shall be placed, erected and installed by Lessee in accordance with applicable provisions of the City of Shreveport Code of Ordinances and other applicable provisions of law.

28. COMPLIANCE WITH LAW; FAIR SHARE COMPLIANCE

Lessee shall comply with all applicable provisions of law, including but not limited to the requirements contained in Section 2-401 of the City of Shreveport Code of Ordinances, the Fair Share Program For Equal Business Opportunity, in the purchase of equipment, materials, supplies, inventories and services reasonably required by Lessee in its operations in the Leased Premises during the Term of this Lease Agreement.

29. NON-EXCLUSIVE REMEDY

The remedies provided the parties herein upon termination shall not be considered to be exclusive but instead shall be cumulative and shall not affect any other right or remedy available to either party.

30. NON-WAIVER OF DEFAULT

The failure to take advantage of any default or breach of any term or condition of this Lease Agreement by either party shall not be implied nor construed to be a waiver thereof. Waiver of a particular

breach or default shall not be considered continuing as to a subsequent breach or default of the same nature.

31. NON-WAIVER OF REMEDIES

No failure of either party to exercise any power or right given hereunder or to insist upon strict compliance by the other party with its obligations hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of the other party's right to demand at any time exact compliance with the terms hereof.

32. DELAY

It is expressly understood that failure or delay on the part of any party hereto in the performance, in whole or in part, of the terms of this Lease Agreement, if such failure is attributable to acts of God, fire, flood, inevitable accidents, riots, insurrection, public commotion, embargo, emergency or governmental orders, regulations, priority, or other limitations or restrictions, or other unforeseen causes of interference with personnel, sales, source of supplies, production, transportation and delivery, and for any cause beyond the control of either party hereto shall not constitute a breach hereof nor a default hereunder.

33. APPLICABLE LAW/VENUE

The parties agree that this Lease Agreement shall be governed by the laws of the State of Louisiana, without reference to conflict of law provisions that may refer the resolution of such dispute to laws of another state for decision, and that the venue of any litigation arising under this Lease Agreement following mediation shall be in the First Judicial Caddo District Court, Caddo Parish, Louisiana or in the federal court having jurisdiction herein.

34. NONDISCRIMINATION

Lessee, for itself, its successors in interest and assigns, as a part of the consideration hereof, does covenant and agree that (1) no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination on the grounds of race, creed, color, sex, age, disability, ancestry, national origin, sexual orientation, gender identity, or political or religious affiliations in the use of the Leased Premises for Lessee's purposes with regard to this Lease Agreement; (2) in the furnishing of services thereon, no person shall be excluded from participation herein, denied the benefits of, or otherwise be subject to discrimination on the grounds of race, creed, color, sex, age, disability, ancestry, national origin, sexual

orientation, gender identity or political or religious affiliation; and (3) no person shall be denied employment, promotion, or any other benefits of employment on the grounds of race, creed, color, sex, age, disability, ancestry, sexual orientation, gender identity, or political or religious affiliation, or national origin. To this end, Lessee covenants and agrees to comply with all applicable state, federal and local rules, executive orders and laws. Failure to comply with any of the terms of this provision shall be cause for termination of this Lease Agreement. To the extent that the indemnity provision may be interpreted to apply to matters agreed to in this provision, City shall not defend, indemnify or otherwise be accountable to Lessee or any third party for any actions taken by Lessee contrary to the provisions of this Section.

35. RECORDATION

An extract or memorandum of this Lease Agreement may be recorded in the office of the Clerk of Court for the Parish of Caddo, which shall include the names and signatures of City and Lessee, the date of execution of this Lease Agreement, a description of the immovable property described in Exhibit "A" attached hereto, the term of this Lease Agreement and the renewal term. A form of such extract or memorandum is attached hereto as Exhibit "B".

36. COUNTERPARTS

This Lease Agreement may be simultaneously executed in one or more counterparts, each of which shall be an original and all of which shall constitute but one in the same instrument.

37. SEVERABILITY

In the event any provision or item of this Lease Agreement is held invalid or unenforceable by any court, such invalidity shall not affect other provisions or items of this Lease Agreement which can be given effect without the invalid provisions or items, and to this end, the provisions of this Lease Agreement are hereby declared severable.

38. CAPTIONS AND HEADINGS

The captions and headings throughout this Lease Agreement are for convenience and reference only and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of this Lease Agreement or the scope or intent thereof, nor in any way affect the same.

39. MORTGAGE OF LEASEHOLD

Lessee shall have the right at any time and from time to time, to grant one or more mortgages, deeds of trust, assignments or other security instruments with respect to its interest in the Lease to lenders and, in connection therewith, collaterally assign this Lease and all of Lessee's rights hereunder to such lenders (with any mortgage so granted by the Lessee with the consent of the City referred to herein as a "Mortgage", and with the holder of any debt secured by a Mortgage and its successors and assigns referred to as a "Mortgagee"). A Mortgagee may be (A) any savings bank, a savings and loan association, a commercial bank or trust company (whether acting individually or in a fiduciary capacity) or an affiliate of any of the foregoing, (B) an insurance company organized and existing under the laws of the United States or any state thereof, (C) a real estate investment trust, a trustee or issuer of collateralized mortgage obligations, a loan conduit or other similar investment entity which is an institutional trustee, (D) a religious, educational or eleemosynary institution, a federal, state or municipal employee's welfare, benefit, pension or retirement fund, any governmental agency or entity insured by a governmental agency, a credit union, investment bank or company, trust or endowment fund, (E) any brokerage organization, investment banking organization or investment fund regularly engaged in the business of providing debt or mezzanine financing, (F) any institutional trustee, servicer or fiduciary for the holders of bonds, notes, commercial paper or other evidence of indebtedness as part of a securitization of rates single or multi-class securities secured by, or evidencing ownership interests in, such debt, (G) any governmental entity or agency, quasi-governmental entity or agency or any government sponsored entity (e.g., Freddie Mac), or (I) any combination of the foregoing entities. If any Mortgage shall be foreclosed or the leasehold estate sold under any power contained therein or a deed or other transfer in lieu of foreclosure shall have occurred, the Mortgagee or transferee or other purchaser at such sale shall immediately succeed to all rights of Lessee hereunder and shall have the right to further lien, encumber, assign or mortgage all or part of Lessee's leasehold interest hereunder without the prior written approval of City. The Mortgagee may at its option at any time before the rights of Lessee shall have been forfeited to City, or within the time permitted for curing or commencing to cure defaults as herein provided, pay any of the rents due, pay any other governmental charges, or insurance premiums, make any deposits, or do any other act or thing required of Lessee by the terms of this Lease to prevent the forfeiture hereof. A Mortgagee shall not become personally liable for any of Lessee's obligations under this Lease unless and until such Mortgagee becomes the owner of the leasehold estate by foreclosure, assignment in lieu of foreclosure or otherwise, and thereafter such Mortgagee shall remain liable for such obligations only so long as it remains the owner of the leasehold estate. Lessee shall identify the name and notice address of each Mortgagee, and City hereby agrees for the benefit of Lessee and such Mortgagee from time to time that:

(a) City will give to any Mortgagee simultaneously with service on Lessee a duplicate of any and all notices or demands given by City to Lessee. No exercise of City's remedies for any default of Lessee shall be valid unless written notice of such default has been provided to all Mortgagees;

(b) Any Mortgagee shall have the privilege but not the obligation of performing any of Lessee's covenants or of curing any defaults by Lessee or of exercising any election, option or privilege conferred upon Lessee by the terms of this Lease;

(c) City shall not terminate this Lease or Lessee's right of possession for any default of Lessee if, within the period of time within which Lessee might cure such default, but in no event less than ninety (90) days after Mortgagee receives written notice of such default (and receives possession of the Leased Premises if possession is required to effect such cure), such default is cured or caused to be cured by Mortgagee, provided, however, that if Mortgagee needs a longer period in which to effect a cure, provided the cure is commenced within such ninety (90) day period, the Mortgagee is hereby granted such longer period as is reasonably necessary as determined by the Mortgagee to effectuate a cure, provided, further, however, that the Mortgagee shall have no obligation to effectuate the cure of any default that is incapable of being cured or that is personal to the Lessee; and

(d) No liability for the payment of Rent, additional rent, or the performance of any of Lessee's covenants and obligations of this Lease shall attach to or be imposed upon any Mortgagee while not in possession of the Leased Premises. Further, any liability of the Mortgagee and its assigns shall be limited to the value of their respective interests in the leasehold interest under this Lease Agreement.

(e) City shall not exercise City's right to terminate this Lease or exercise any other remedies hereunder during the time that any Mortgagee shall be allowed to exercise its rights under its mortgage, provided that (a) the Mortgagee proceeds within one hundred eighty (180) days to exercise its rights and remedies under its Mortgage and thereafter prosecutes the same with diligence to completion (subject to such stays and other delays as may be imposed in bankruptcy or other proceedings), provided, however, that if Mortgagee needs a longer period in which to effect a cure, provided cure is commenced within such one hundred eighty (180) day period, the Mortgagee is hereby granted such longer period as is reasonably necessary to effectuate a cure, and (b) the Mortgagee shall within thirty (30) days (i) pay when due to City and other persons all payments required to be paid by Lessee hereunder which have accrued and, as they accrue, all payments required to be paid by Lessee hereunder which shall become due and payable during such period of time, and (ii) perform when required all other obligations of Lessee

hereunder during such period of time which are reasonably susceptible of being performed by the Mortgagee, it being acknowledged that some obligations cannot be performed by the Mortgagee until possession or legal title is acquired and other obligations cannot ever be performed or cured by the Mortgagee. City shall waive any default not reasonably capable of being cured by a Mortgagee or personal to the Lessee, provided that such Mortgagee has diligently exercised its rights and remedies and cured any curable defaults pursuant to this Section. The obligations of the Mortgagee under this Section 39(e) shall not deprive the Mortgagee of its various rights to notice and cure as provided above.

(f) Should City exercise City's right to terminate this Lease as provided in Section 14 after giving a Mortgagee the protections provided above, City shall give notice thereof to the Mortgagee and offer to the Mortgagee the right to lease the Leased Premises from the date of such termination of this Lease for the remainder of the scheduled Term of this Lease, at the Rent and otherwise upon the same terms, covenants, and conditions, as are herein set forth, with the same relative priority as this Lease and having the benefit of vesting in the Mortgagee or its designee or nominee thereof all the rights, title, interest, powers and privileges of Lessee hereunder. The Mortgagee must give notice to City of Mortgagee's election to accept the new lease within sixty (60) days after receipt of the notice from City offering the new lease. If the Mortgagee accepts the new lease, the Mortgagee shall be obligated, within thirty (30) days after delivery to City of notice of such election (subject to automatic extension for the period of any stays or other delays as may be imposed in bankruptcy or other proceedings), to: (i) cure the Event of Default on which such termination was based or, in respect of any Event of Default not capable of cure within such thirty (30) days or which cannot be cured without entry into possession, to proceed to effect cure with due diligence following delivery of such possession; (ii) pay to City all Rent due under this Lease up to and including the date of commencement of the term of such new lease; and (iii) pay to City all expenses and reasonable attorney's fees incurred by City in connection with any such Event of Default and termination and with the preparation, execution and delivery of such new lease. City shall waive any default not reasonably capable of being cured by a Mortgagee or personal to the Lessee, provided that such Mortgagee has diligently exercised its rights and remedies and cured any curable defaults pursuant to this Section. Upon such performance by the Mortgagee (or the designee or nominee thereof) within such time, City shall thereupon execute and deliver such new lease to the Mortgagee or the designee or nominee thereof, having the same relative priority as this Lease and having the benefit of all right, title, interest, powers and privileges of Lessee hereunder until the expiration of the scheduled Term of this Lease, unless the new lease shall thereafter be sooner terminated. Notwithstanding anything contained herein, City shall have the right to manage the Leased Premises during any interval in which transfer of interest from Lessee or Mortgagee or its designee or nominee, pursuant to the terms of this Lease, is being made.

(g) The Mortgagee, or its designee or nominee acquiring the leasehold estate under this Lease or a new lease shall be obligated under this Lease or the new lease only so long as it shall be vested (other than as security for a debt) with title to all, or any estate or interest in, the leasehold estate under this Lease or the new lease.

(h) A Mortgagee may be a syndicate of lenders represented by an administrative agent.

(i) City hereby covenants and agrees that during the Term of this Lease, City shall not have the right or power to mortgage or otherwise create any security or other liens or encumbrances upon or affecting the fee interest in the Leased Premises, or buildings, improvements, fixtures, equipment or other property thereon, or any part thereof, without the prior written consent of all Mortgagees, and City will execute a waiver of lien on the personal property of Lessee, and City shall not have the right or power to mortgage or to modify, extend, renew, replace, refinance or otherwise change or affect any mortgage or deed of trust, at any time or from time to time, created by Lessee pursuant to this Lease, and City covenants and agrees that all such rights and powers are hereby exclusively and irrevocably vested in and granted to Lessee, subject to the terms and conditions of this Lease Agreement. Upon Lessee's failure to make mortgage payments to any Mortgagee, City shall have the option to make such mortgage payments, and any sum so expended shall become due as additional rent hereunder. Lessee shall not subordinate its leasehold interests or its interests in subleases or subrents to a subsequent mortgage granted by City in the fee estate.

40. AMENDMENT TO LEASE; NON-DISTURBANCE AND ATTORNMENT

In the event any Mortgagee should request any changes in this Lease, then, in such event, City will agree to promptly, after submission, execute, acknowledge and deliver any agreements modifying this Lease requested by said Mortgagee, provided such modifications do not decrease Lessee's obligations or decrease City's rights under this Lease and are reasonably consistent with the intentions of the parties as are set out herein. This Lease Agreement may not be modified, restated, terminated, surrendered or cancelled without the prior written consent of all Mortgagees. City further agrees to enter into a non-disturbance and attornment agreement with any Mortgagee in form and substance reasonably acceptable to such Mortgagee.

41. ADDITIONAL MORTGAGEE PROVISIONS

(a) *Insurance Proceeds.* Any insurance proceeds in respect of the Leased Premises shall be paid to the Mortgagee to be applied in the manner specified in the Mortgage.

Any rent insurance proceeds shall be applied first to the payment of any unpaid obligations owing under this Lease and thereafter to the payment of any unpaid obligations owing under the Mortgage (in the order of priority of such mortgages) and any remaining balance to Lessee.

(b) *Condemnation Proceeds.* Except as may otherwise be provided herein, Lessee's interest in any award or payment in condemnation of eminent domain in respect of the Leased Premises shall be paid to the Mortgagee to be applied in the manner specified in the Mortgage.

(c) *Mortgagee's Right to Approve Settlements.* No fire or casualty loss claims shall be settled and no agreements will be made in respect of any award or payment in condemnation or eminent domain without in each case the prior written consent of the Mortgagee.

(d) *Non-liability of Mortgagee.* Unless and until the Mortgagee succeeds to the interest of Lessee under this Lease, no liability for the payment of rent and/or the performance of any of Lessee's covenants and agreements under this Lease shall attach to or be imposed upon the Mortgagee, all such liability being hereby expressly waived by City. If the Mortgagee or its nominee or designee shall succeed to the interest of Lessee under this Lease, the Mortgagee shall not be liable for any of the obligations and liabilities of Lessee arising prior to the time of such succession.

(e) *Return of Erroneous Payments.* No payment made to City by the Mortgagee shall constitute agreement that such payment was, in fact, due under the terms of this Lease and the Mortgagee having made any payment to City pursuant to City's wrongful, improper or mistaken notice or demand shall be entitled to the return of any such payment or portion thereof provided it shall have made demand therefor not later than one (1) year after the date of its payment.

(f) *Confirmation of Mortgagee Rights.* At Lessee's request, City shall execute and deliver to Lessee within ten (10) business days after receipt of Lessee's request therefor, an agreement with any Mortgagee confirming the rights granted under this Section 41.

(g) *Merger.* There shall be no merger of the leasehold estate created by this Lease Agreement with the fee estate in the Leased Premises that would result in the termination of this Lease Agreement or the extinguishment of any Mortgage by reason of the fact that the same person may acquire or hold such leasehold estate and fee estate

42. CNI PROGRAM PROVISIONS

(a) This Lease Agreement shall in all respects be subordinate to the CNI Declaration of Restrictive Covenants executed and recorded pursuant to the CNI Program Requirements. Subordination continues in effect with respect to any future amendment, extension, renewal, or any other modification of the CNI Declaration of Restrictive Covenants or this Lease Agreement.

(b) Violation of the CNI Declaration of Restrictive Covenants constitutes a default of this Lease Agreement.

(c) The City agrees and hereby does subordinate any right, remedy, title, estate, and interest arising under this Lease Agreement and subjects the City's fee interest in the Project to the CNI Declaration of Restrictive Covenants. If this Lease Agreement is terminated or expires and title becomes re-vested in the City, its successors or assigns, such title shall be under and subject to the terms and conditions of the CNI Declaration of Restrictive Covenants with the same force and effect as if the CNI Declaration of Restrictive Covenants had been executed, delivered, and recorded prior to the execution, delivery and recordation of this Lease Agreement and the City, or its successor or assign, will be bound by the terms of the CNI Declaration of Restrictive Covenants, unless such CNI Declaration of Restrictive Covenants was previously terminated or released.

43. ENTIRE AGREEMENT

Except for any exhibit or attachment as may be affixed hereto, and made a part hereof and properly identified herewith, this Lease Agreement constitutes the entire agreement between the parties relative to the lease of the Leased Premises and shall not be otherwise affected by any other purported undertaking, whether oral or written.

{THIS SECTION LEFT BLANK INTENTIONALLY}

THUS DONE AND SIGNED on the ____ day of _____, 2019 in Shreveport, Caddo Parish, before me, the undersigned notary public, in the presence of the undersigned competent witnesses.

WITNESSES:

CITY OF SHREVEPORT

By: _____

Adrian Perkins, MAYOR

THUS DONE AND SIGNED on the ____ day of _____, 2019 in Shreveport, Caddo Parish, before me, the undersigned notary public, in the presence of the undersigned competent witnesses.

WITNESSES:

SHREVEPORT MILLENNIUM HOUSING I, LLC

By: HACS Millennium I, LLC, its managing member

By: Shreveport Leased Housing Corporation, its
manager and sole member

By: _____

Bobby Collins, Chief Executive Officer

Exhibit "A"

Legal Description

Exhibit "B"

[Form of Memorandum of Lease]

MEMORANDUM OF COOPERATIVE ENDEAVOR LEASE AGREEMENT

THIS MEMORANDUM OF COOPERATIVE ENDEAVOR LEASE AGREEMENT (this "Memorandum") is made and entered into effective the ___ day of _____, 2019 (the "Effective Date"), by and between **THE CITY OF SHREVEPORT, LOUISIANA**, a public body corporate and politic of the state of Louisiana (the "Landlord"), whose address for purposes hereof is 505 Travis Street, Suite 200, Shreveport, Louisiana 71101, and **SHREVEPORT MILLENNIUM HOUSING I, LLC**, a Louisiana liability company (the "Tenant"), whose address for purposes hereof is 2500 Line Avenue, Shreveport, Louisiana 71104.

Recitals

A. Landlord has leased certain real property located in Shreveport, Caddo Parish, Louisiana, as further described on Exhibit "A" attached hereto and made a part hereof (the "Premises"), to Tenant pursuant to a Cooperative Endeavor Lease Agreement dated effective _____, 2019, which is incorporated herein by reference as if appearing in full (the "Lease").

B. The parties wish to provide record notice of certain of the terms and conditions of the Lease.

Agreement

NOW, THEREFORE, Landlord and Tenant do hereby state the following:

1. Lease of the Premises. Landlord has leased the Premises to Tenant, and Tenant has leased the Premises from Landlord, upon the terms and conditions stipulated in the Lease.

2. Term. The initial term of the Lease shall be for a period of twenty-five (25) years commencing on the Effective Date, which term shall automatically renew without any action required by either Landlord or Tenant for two (2) successive twenty-five (25) year terms followed by one (1) twenty-four (24) year term, unless written notice of termination shall be given by Tenant to Landlord, which written notice must include the written approval of both the Tenant's investor member and the senior most mortgagee in order to be effective.

3. Rent. Tenant shall pay Landlord rent in the amount of One Thousand Two Hundred Dollars and No Cents (\$1,200.00), due and payable annually on the last day of each calendar year.

4. Premises Use. Tenant has agreed with Landlord to use the Premises exclusively to operate a low-income housing apartment community on the Premises which will foster low-

income housing which will benefit persons of low and moderate income for a period of forty (40) years from the date on which the Premises are placed in service.

5. Conflict. In the event of a conflict between the terms and provisions of this Memorandum and the Lease, the Lease shall govern and control. Copies of the Lease are held by both Landlord and Tenant at the respective addresses first set forth above.

[Remainder of Page Blank; Signature Pages Follow]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum as of the date and year first above written.

LANDLORD:

THE CITY OF SHREVEPORT, LOUISIANA, a public body corporate and politic of the state of Louisiana

By: _____
_____, its _____

STATE OF LOUISIANA)
 :
PARISH OF CADDO)

I, the undersigned, a notary public in and for said parish and state, hereby certify that _____, whose name as _____ of the City of Shreveport, Louisiana, a public body politic and corporate of the state of Louisiana, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said municipality.

Given under my hand and official seal this _____ day of _____, 2019.

[NOTARIAL SEAL]

Notary Public
Name _____
Notary ID/Bar Roll Number _____
My commission expires _____

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum as of the date and year first above written.

TENANT:

**SHREVEPORT MILLENNIUM HOUSING I, LLC,
a Louisiana limited liability company**

By: HACS Millennium I, LLC, a Louisiana limited liability company

Its: Managing Member

By: Shreveport Leased Housing Corporation,
a Louisiana non-profit corporation

Its: Manager and sole Member

By: _____

Name: Bobby Collins

Title: Chief Executive Officer

STATE OF LOUISIANA)

:

PARISH OF CADDO)

I, the undersigned, a notary public in and for said county and state, hereby certify that Bobby Collins, whose name as Chief Executive Officer of Shreveport Leased Housing Corporation, a Louisiana non-profit corporation, the manager and sole member of HACS Millennium I, LLC, a Louisiana limited liability company, the managing member of Shreveport Millennium Housing I, LLC, a Louisiana limited liability company, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company on behalf of the company.

Given under my hand and official seal this _____ day of _____, 2019.

Notary Public

Name _____

Notary ID/Bar Roll Number _____

My commission expires _____

[NOTARIAL SEAL]

EXHIBIT "A"

TO THE MEMORANDUM OF COOPERATIVE ENDEAVOR LEASE AGREEMENT

(Description of Premises)

Exhibit "C"

Permitted Encumbrances

All of the exceptions from coverage set forth on Schedule B of that certain Owner's Policy No. _____ issued to Lessee by Baldwin Title Company of Louisiana, L.L.C., as agent for First American Title Insurance Company of Louisiana, dated on or about the date hereof