New School Site Notification Request

Charterholder Info

Charter Holder

Name:
American Leadership Academy, Inc.

CTDS:
07-87-25-000

Mailing Address:
2350 E Germann Rd Ste 26
Chandler, AZ 85286

› View detailed info

Representative

Name:
Glenn Way

Phone Number:
480-600-1028

Fax Number:
480-988-3212

Downloads

Download all files

Form Fields

Name of school
American Leadership Academy Anthem South Campus

Grade levels to be served

K
1st
2nd
3rd
4th
5th
6th

First day of Operation
08/13/2013

Physical Address
4380 N. Hunt Highway
Florence, AZ 85312

Physical Phone Number
480-344-9800

Physical Fax Number
(No response)

Mailing Address
4380 N. Hunt Highway
Florence, AZ 85312

Mailing Phone Number
480-344-9800

Mailing Fax Number
(480) 729-6003

Attachments

Board Minutes — Download File

Occupancy Documentation

Download File —

Lease agreement or proof of purchase for facility — Download File

Copy of Fingerprint Clearance Card for school site administrator — Download File

Copy of liability insurance coverage — Download File

Narrative — Download File

Additional Information*
No documents were uploaded.

Signature

Charter Representative Signature
Glenn Way 08/08/2013

AMERICAN LEADERSHIP ACADEMY

Board Meeting Minutes

Meeting Date: Thursday, November 1, 2012
Meeting Time: 4:00pm
Meeting Location: ALA Corporate Office
2350 E Germann Ave, STE 25
Chandler, AZ 85286

1. Welcome, Pledge of Allegiance, Roll Call

In Attendance:

Glenn Way - President, Board of Directors
Paul Sinclair - Member
Richard Moss - Member
Deryk Dees - Member
Arch Archunde - Executive Director, American Leadership Academy
Jeremy Christensen - Curriculum Director, American Leadership Academy

2. Review of Minutes

3. Public Comment

The floor was opened for public comment. No member of the public was present.

4. Administrator Evaluation Instrument

An Administrator Evaluation document was presented to the Board of Directors by Jeremy Christensen. The Board reviewed the document briefly before requesting that voting on the final document be postponed to provide time for additional review.

5. Teacher Evaluation Instrument

A Teacher Evaluation document was presented to the Board of Directors by Jeremy Christensen. A discussion ensued on what metrics would be measured and how they would be weighted on the final evaluation document. Proficiency based metrics versus growth based metrics were discussed at length before the Board requested that a vote be postponed to provide additional time to review the evaluation instrument.

6. Parent Conduct Amendment to Handbook

The Board was apprised of a few changes that will be made to the Student Handbook pertaining to Parent Conduct while on campus.

7. Tardy Truancy Amendment to Handbook

The Board was apprised of some potential modifications that could be made to the school's truancy/tardy policies. After a discussion on the matter, Paul Sinclair moved solicit additional proposals for board consideration in December. The motion was unanimously approved.

8. School Expansion Plan

Mr. Glenn Way proposed that for the 2013-14 school year, a 20 classroom building be added to the Queen Creek 7-12 campus to accommodate 400 additional students. Mr. Sinclair seconded the motion and it passed unanimously.

Mr. Glenn Way proposed that for the 2013-14 school year, the enrollment cap for the Queen Creek 7-12 campus be expanded to accommodate 400 additional students. Mr. Sinclair seconded the motion and it passed unanimously.

Mr. Glenn Way proposed that for the 2013-14 school year, a new campus be built in Florence, AZ area to accommodate 500 additional students. Mr. Sinclair seconded the motion and it passed unanimously.

Mr. Glenn Way proposed that for the 2013-14 school year, American Leadership Academy expand the enrollment cap to 4500 to accommodate the growth. Mr. Sinclair seconded the motion and it passed unanimously.

8. Closed Session

9. Adjourn

AMERICAN LEADERSHIP
ACADEMY

Aug 2, 2013

ASBCS

Request for New Site Notification Narrative - ALA Anthem

American Leadership Academy is seeking to add a new campus in Florence, AZ. The proposed campus would hold approximately 500 new students grades K-6.

Our desire to expand into this new location stems from requests from our stakeholders. We have a number of families attending our San Tan Valley location that live in the Florence area and have petitioned us to move out into the area. We have attended community events in the area to gauge interest and have found sufficient evidence of demand to warrant an expansion into this new market.

Based on our conversations with Florence residents, many are unhappy with the Florence School District but have few other options. A search for charter schools in the area turned up no existing charter schools in Florence itself. There are charter schools in surrounding areas such as Coolidge and Casa Grande, but these remain inconvenient for Florence residents that are not commuting those directions already.

It is our desire to extend our unique leadership-focused education into the Florence area. As a Stephen R. Covey *Leader in Me* organization, we incorporate the 7 Habits of Highly Effective People into all that we do. As students learn and incorporate these principles into their lives, they begin to take accountability for themselves and learn to interact better with others. It is our desire to help as many students as possible to develop the skills necessary to become effective leaders and citizens.

Thank you for your support,

Glenn Way
Charter Holder
American Leadership Academy

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 05/07/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER 1-214-363-4433
Holmes Murphy and Associates - Dallas
12712 Park Central Dr., Suite 100
Dallas, TX 75251
Aaron Zetterower

CONTACT NAME: Aaron Schwen
PHONE (A/C, No, Ext): 214-706-5462 FAX (A/C, No): 214-706-5492
E-MAIL ADDRESS: ASchwen@holmesmurphy.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Philadelphia Indemnity Company	
INSURER B : Philadelphia Insurance Company	
INSURER C : Employers Compensation Ins. Co.	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
American Leadership Academy
2350 E. Germann Rd., Suite 24
Chandler, AZ 85286

COVERAGES **CERTIFICATE NUMBER:** 33496300 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY			PHPK914198	08/27/12	08/27/13	EACH OCCURRENCE	$ 1,000,000
	X COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 500,000
	CLAIMS-MADE X OCCUR						MED EXP (Any one person)	$ 15,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 3,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	$ 3,000,000
	POLICY PRO-JECT LOC							$
A	AUTOMOBILE LIABILITY			PHPK914198	08/27/12	08/27/13	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
	X ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	HIRED AUTOS / NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB X OCCUR			PHUB394955	08/27/12	08/27/13	EACH OCCURRENCE	$ 5,000,000
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$ 5,000,000
	DED X RETENTION $ 10,000							$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	N / A		EIG1401504-01	11/01/12	11/01/13	X WC STATU-TORY LIMITS / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. EACH ACCIDENT	$ 100,000
							E.L. DISEASE - EA EMPLOYEE	$ 100,000
							E.L. DISEASE - POLICY LIMIT	$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

American Leadership Academy
2350 E Germann Rd. Ste 25
Chandler, AZ 85286
USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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LEASE AGREEMENT

This is a legal and binding contract. Before signing, read the entire document, including the general printed provisions and attachments. If you have any questions before signing, consult your attorney and/or accountant. This agreement is contingent on Landlord's ability to secure financing

THIS LEASE AGREEMENT (hereinafter the "Lease") is made and entered into the 5th day of December, 2012 by and between **ALA Anthem Investments, LLC**, an Utah limited liability company, and/or Assigns, (hereinafter "Landlord") and **American Leadership Academy, Inc**, an Arizona corporation, and/or Assigns (hereinafter "Tenant").

RECITALS

WHEREAS, Landlord is willing to purchase a certain tract of real property situated on Hunt Highway south of Franklin Road in Florence, Arizona.

WHEREAS, Landlord and Tenant desire to have engineered, designed and constructed, a building together with related parking facilities, structures and other improvements necessary to enable the property to be used as a charter school facility, and

WHEREAS, Tenant has been chartered by the State of Arizona to educate students as outlined in the charter ("Charter") and Tenant desires to lease the property, including the building, related parking facilities, structures and other improvements from Landlord as a charter school facility, pursuant to the terms and conditions set forth in this Lease.

NOW THEREFORE, In consideration of the mutual promises, covenants and conditions, including the rents, covenants and agreements hereinafter set forth, Landlord and Tenant mutually agree as follows:

ARTICLE 1: PREMISES

Landlord hereby agrees to lease and demise to Tenant and Tenant hereby agrees to lease from Landlord certain real property as set forth in Section 2.2 below (hereinafter the "Property"), together with all buildings and other improvements now or hereafter located thereon and affixed thereto (hereinafter collectively "Improvements"), and any and all privileges, easements, and appurtenances belonging thereto or granted herein. The Property and the Improvements are hereinafter collectively referred to as the "Premises".

ARTICLE 2: ACQUISITION OF LAND AND CONSTRUCTION OF IMPROVEMENTS

2.1 **Essential Terms.** Landlord and Tenant recognize that this Lease lacks the description of specific property to be leased and the finalization of the Construction Documents. Both Landlord and Tenant hereby waive their respective rights to raise the defense of lack of specific or essential terms as a defense to the validity of this Lease.

2.2 **Acquisition of Land.** Landlord has an option on the parcel of land described above which both parties agree is suitable for the use of Tenant. The school will be a campus of one single-story building. Preliminary floor plans (exhibit A) can be modified as allowed within the Construction Documents, or within this Lease. All modifications will be specified as an addendum to one of these documents. Landlord will work with Tenant to determine the Tenant's specific needs, including number, size and layout of classrooms, student restrooms, technology needs, etc.

2.3 **Construction.** Subject to events of Force Majeure, Landlord shall construct at Landlord's expense, all building(s), structures and other improvements specified in the Construction Documents (approved plans). Completion of the building(s), structures and other improvements set forth in the Construction Documents shall constitute Landlord's sole construction obligations to Tenant under this Lease. Tenant shall have the right to request changes in the plans and construction work, so long as the changes do not materially impact the cost or schedule for construction.

2.4 **Access by Tenant Prior to Commencement Date**. Provided that Tenant obtains and delivers to Landlord the certificates of policies of insurance as set forth in Article 10 below, Landlord, at its reasonable discretion, may permit Tenant, its employees, agents, representatives, contractors and suppliers to enter the Premises before the Commencement Date (and such entry shall not constitute Tenant's taking possession of the Premises under Article 3 below), to prepare the Premises for Tenant's occupancy. Tenant and each other person or firm who or which enters the Premises before the Commencement Date shall conduct itself so as to not interfere with Landlord or Landlord's agents, representatives, contractors and suppliers at the Premises. Landlord may withdraw any permission granted under this Section upon twenty four (24) hours notice to Tenant if Landlord, in its reasonable discretion, determines that any such interference has been or may be caused. Any prior entry shall be under all the terms of this Lease (other than the obligation to pay Monthly Base Rent) and at Tenant's sole risk. Landlord shall not be liable in any way for personal injury, death or property damages (including damage to any personal property which Tenant may bring into, or any work which Tenant may perform in the Premises) which may occur in or about the Premises by Tenant or such other person or entity as a result of any prior entry. Tenant agrees to indemnify Landlord from any personal injury, death or property damages to Tenant, its employees, agents, representatives, contractors and suppliers, resulting from Tenant's entry on the Premises under this Section.

2.5 **Purchase Option**. Tenant shall have an option to purchase the Premises ("Option"), so long as Tenant is not in default beyond any applicable cure period of any provision within this Lease at the time of exercise of the Option. The Landlord has utilized a USCIS program called EB-5 to partially finance the Premises. This program enables foreign nationals to secure their U.S. Green Card, subject to the investment creating jobs for U.S. citizens. However, the foreign investors permanent Green Card will not be issued if: the

facility is sold prior to the USCIS receipt of the proof of job count and the foreign investor has not received their USCIS I-829 approval. As such, the closing on the purchase of the Premises is delayed until Landlord has written receipt that all of the EB-5 investors for this school have received their I-829 notification.

Tenant may exercise the Option at any time during the Option Window by providing Landlord with written notice of Tenant's intent to exercise the Option. The date that such notice is received by Landlord is referred to as the "Option-Exercise Date." In the event Tenant does not exercise the Option during the Option Window, the Option shall terminate and no longer be of any force or effect, without any action of Landlord.

The Option purchase price shall be determined by dividing the annual gross lease payment by a cap rate of 8%.

Following the exercise of the Option, an escrow with an escrow company mutually acceptable to the parties (the "Escrow Agent") shall be established within ten (10) days of the Option-Exercise Date and the date escrow is open shall be the "Opening Date." Following the Opening Date, the parties agree thereupon to execute escrow instructions providing that:

(a) the full purchase price for the Option shall be paid on or before the closing in cash or the equivalent, wire, or by cashier's check;

(b) Landlord shall deliver the Property to Tenant subject only to matters (1) in effect with respect to the Property on the Commencement Date of this Lease; (2) approved by Tenant in writing during the Term of the Lease; and (3) created by Tenant during the Term of the Lease (collectively, the "Permitted Exceptions"). Without limiting the foregoing, title to the Property shall be delivered to Tenant at the close of escrow free and clear of all monetary liens and encumbrances (other than the lien for current real property taxes not yet due and payable) and that such monetary liens and encumbrances shall be released for the Property by Landlord at Landlord's sole expense on or before the close of escrow;

(c) the Property shall be conveyed by a special warranty deed conveying the Property, subject to any and all matters of record;

(d) upon the closing, Landlord will furnish to Tenant an owner's title insurance policy in the amount of the purchase price, issued by Escrow Agent, such title policy to insure title to the Property to be vested in Tenant, subject to the standard printed exceptions, and the Permitted Exceptions. Such owner's title insurance policy shall be a standard coverage policy unless Tenant elects extended coverage. Tenant shall be responsible for satisfying, at its cost, Escrow Agent's requirements for such policy, other than those within Landlord's control and shall pay the difference between the premium for an extended coverage policy and any special endorsements and the premium for a standard coverage policy if Tenant elects extended coverage. Landlord shall pay the premium for a standard coverage policy;

(e) except as otherwise stated in subsection (d) above, the escrow and recording fees and all closing costs will be paid equally between Landlord and Tenant;

(f) Monthly Base Rent and all other rent will be prorated between Landlord and Tenant as of the close of escrow;

(g) the terms and conditions of the escrow instructions shall be complied with by the parties and the closing shall occur on or before the 10th business day following the Option-Exercise Date; and

(h) the parties agree to execute, acknowledge and deliver such instruments or instructions as may be necessary to consummate said sale.

2.6 **Capital Reserve Account**. Intentionally left blank.

2.7 **Express Condition Precedent**. Notwithstanding anything herein to the contrary, Landlord's obligations outlined herein are expressly conditioned upon Landlord obtaining the funds in an amount sufficient to complete the obligations of Landlord outlined in Sections 2.2 and 2.3 ("Financing Contingency"). In the event that it reasonably appears that Landlord will not be able to satisfy the Financing Condition on or before February 15, 2013, Tenant shall give written notice of Tenant's intent to terminate the Lease on or January 15, 2013. In the event that Tenant gives written notice to Landlord of Tenant's intent to terminate under this section 2.7, Landlord shall have thirty (30) days to satisfy the Financing Contingency from the date Tenant gives its written notice of intent to cancel. In the event that Landlord fails to satisfy the Financing Contingency within the thirty (30) days referenced above, either party may terminate this Lease and be relieved of further obligations hereunder. For purposes of this Section, in the event that the Education Fund of America has $3.5 million in Investor funds in escrow, dedicated for Landlord, Landlord shall be deemed to have satisfied the Financing Condition, provided the first investor funding is cleared so that construction can commence no later than April 1, 2013.

ARTICLE 3: TERM COMMENCEMENT

3.1 **Term of Lease**. This Lease shall be for a term of 20 years commencing on the "Commencement Date" (defined in 3.2 herein) and ending at 12:00 p.m. on the last day of the 240th full month following the Commencement Date, unless sooner terminated pursuant to the terms, covenants and conditions of this Lease or pursuant to law. As long as Tenant is not in default beyond any applicable cure period at the time of exercise, Tenant shall have the option of renewing this lease for four additional terms of five years each. In order to exercise these options, Tenant shall notify Landlord, in writing, six months prior to the exercise of each option term. Rent shall continue as described in Article 4 below. Each successive exercise of option shall follow the same notification requirements.

3.2 **Commencement Date**. The term "Commencement Date" as used in this Lease shall be July 1, 2013. Tenant shall have beneficial use. Rent commence November 1, 2013. Landlord will build in interest reserve as off-site expense to carry construction interest until rents commence.

3.3 **Condition of Premises**. When Landlord delivers possession of the Premises to Tenant, the Premises shall be structurally sound and in broom clean condition and all plumbing, utility, electrical and HVAC systems shall be in good working condition. Tenant shall be entitled to conduct an inspection of the Premises upon delivery of possession in order to verify compliance with this Section. By entering into possession of the Premises, Tenant shall be deemed to have accepted the Property and the Improvements in the condition that they are in as of the time such possession occurs.

3.4 **Delivery of Possession**. Tenant acknowledges that Landlord has not completed construction of the Premises. In the event that Landlord is unable to deliver possession of the Premises to Tenant because construction of the Premises has not yet been completed, Landlord shall not be liable to Tenant for damages. Notwithstanding anything to the contrary, in the event that Landlord cannot deliver possession of the Premises to Tenant on or before June 1, 2011, Landlord shall cause to be loaned to Tenant an amount equal to Tenant's actual number of students multiplied by $500. In the event that Landlord loans Tenant money under this section, the Tenant shall repay the amount borrowed within 60 calendar days of taking occupancy of the Premises. Provided that Tenant repay the amount due hereunder within 60 calendar days of taking occupancy, Tenant shall not be charged interest for the amount borrowed. In the event that Tenant fails to repay the amounts due hereunder, when due, Tenant shall pay interest at the rate of 12% per annum.

3.5 **Floor Plans & Bldg Specifications** Tenant and Landlord agree that Exhibit "A" details the layout of the building to be located on the site, and the specifications of construction within the Premises ("Construction Documents"). As of the date of execution of this Lease, the parties acknowledge that the Construction Documents may not be complete. Accordingly, the parties hereto intend to be bound by the terms of this Lease without the finalization of the Construction Documents and waive any and every claim that this Lease is unenforceable based on a lack of such terms. Exhibit "A" may be amended or added to, by change order, after execution of this Lease as agreed to by both parties, in writing. The amount of $275,000 for FF&E will be built into the construction budget and carried as an off-site expense.

3.6 **Lease Year**. The term "Lease Year" as used in this Lease shall mean a period of twelve (12) consecutive calendar months during the term of this Lease. The first Lease Year shall begin on the Commencement Date if the Commencement Date occurs on the first day of a calendar month; if not, the first Lease Year shall begin on the first day of the calendar month next following the Commencement Date. Each succeeding Lease Year shall begin at the expiration of the immediately preceding Lease Year.

ARTICLE 4: RENT

4.1 **Rent defined**. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the security deposit) are deemed to be Rent.

4.2 **Payment of Monthly Base Rent**. As Monthly Base Rent for the Premises, Tenant shall pay to Landlord, in advance on or before the first day of each calendar month during the term of this Lease, an amount equal to the "Monthly Base Rent" as defined in Section 4.2.

4.3 **Monthly Base Rent**. The "Monthly Base Rent" payable during each Lease Year shall be determined by formula: $0.80 per square foot of the building located on site plus an amount computed as .833% of costs that include land acquisition, and on-site and off-site improvements, including applicable city or municipal taxes or fees, developer fees, and design fees, illustrated in and in accordance with the Exhibit "B" attached to this lease. The Monthly Base Rent shall be fixed as the initial lease payment through the first three Lease Years. The Monthly Base Rent for the fourth Lease Year shall increase 7.69% (the equivalent of 2.5% per year). The Monthly Base Rent shall increase by 2.5% every Lease Year thereafter.

Since the actual costs of land acquisition, on-site and off-site improvements, and municipal taxes or fees may increase or decrease from the illustration, the eventual actual base rental payment illustrated in Exhibit "B", as attached, is an estimate only. Once the construction has been completed, the final figures for these costs shall be inserted into a new Exhibit "B", and this revised Exhibit "B" shall contain the actual lease payments and will take the place of the attached Exhibit "B".

4.4 **Payment of Rent**. Except as otherwise expressly provided in this Lease, all Rent shall be due in monthly installments, payable in advance, on the first (1st) day of each calendar month during the term of the Lease. Rent shall be paid to Landlord at its address set forth in Section 24.11 below, or to such other person or at such other address as Landlord may from time to time designate in writing to Tenant. Rent shall be paid without notice, demand, abatement, deduction or offset in legal tender of the United States of America. If the term of this Lease commences or ends on a date other than the first or the last day of the calendar month, the rent for the partial month shall be prorated on the basis of the number of days during such month for which the term of this Lease was in effect.

4.5 **Rental taxes**. In addition to Rent, Tenant shall pay to Landlord each month, as additional rent, any rental, gross receipts, transaction privilege, sales, or similar taxes levied on the Rent then due or otherwise assessed in connection the rental activity.

ARTICLE 5: LATE CHARGES AND INTEREST

If Tenant fails to pay any Monthly Base Rent when such Monthly Base Rent is due and payable in accordance with Article 4 of this Lease or if Tenant fails to pay any additional amounts or charges of any character which are payable under this Lease, Landlord, at Landlord's election, may assess and collect a late fee charge equal to ten percent (10%) of each payment of rent including any other amount due hereunder, not received within five (5) days from the date such rent payment is due.

Furthermore, and in addition to any late charges payable pursuant to the provisions of this Article, to the extent that any payment of Monthly Base Rent or any other amount payable to Landlord by Tenant pursuant to any provision of this Lease is more than thirty (30) days past due, Tenant shall pay Landlord interest at the rate of eighteen percent (18%) per annum on all such past due amounts.

ARTICLE 6: SECURITY DEPOSIT

No later than the Commencement Date, notwithstanding any other obligation of Tenant contained herein, and in addition to the payment of all other sums outlined hereunder, Tenant shall deposit into an account in the joint name of Landlord and Tenant, with a financial institution, the sum of Fifty Thousand Dollars ($50,000) as follows: Four Thousand One Hundred Sixty-Six 67/100 Dollars ($4,166.67) each and every month, for the First Lease Year (hereinafter the "Security Deposit"). The Security Deposit shall be used for the purpose of (1) securing Landlord against a default of Tenant hereunder and/or (2) to provide Tenant with adequate capital to purchase the Premises in accordance with Section 2.5. Tenant hereby agrees to deposit the sums, as described, and not to withdraw, encumber, transfer, pledge or otherwise deplete the Security Deposit, for the Term of this Lease, exeept Tenant may draw upon and otherwise utilize the funds in the Security Deposit for the purchase of the Premises, with Landlord's written authorization.

ARTICLE 7: QUIET ENJOYMENT

Landlord hereby covenants to Tenant that, subject to Tenant's compliance with the terms and provisions of this Lease, Tenant shall peaceably and quietly hold and enjoy the full possession and use of the Premises during the term of this Lease.

ARTICLE 8: TAXES, ASSESSMENTS AND OTHER CHARGES

8.1 **Taxes and Assessments**. Tenant shall pay to Landlord, as additional rent, all real estate taxes, assessments (general and special), and other charges which may be levied, assessed or charged against the Premises, accruing or becoming due and payable during the term of this Lease and any extension thereof at least ten (10) days before such taxes, assessments, or other charges become delinquent. Landlord, at its option, may estimate and collect from Tenant the amounts due hereunder on a monthly basis, in advance. Landlord covenants that it will use the payments from Tenant, pursuant to this Section, to timely pay the taxes. If Tenant has paid to Landlord the taxes as described in this section, and if Landlord fails to pay the taxes, then Tenant may pay the taxes on Landlord's behalf and offset the amount of such taxes against future rent. In the event shall Tenant be required to pay in excess of the obligations of Landlord to pay taxes and assesments as described in this Section 8.1.

8.2 **Right to Contest Taxes.** Tenant, at its sole cost, shall have the right to contest, in accordance with the provisions of the laws relating to such contests, any real estate taxes, assessments, or other charges against the Premises and the failure of Tenant to pay such taxes, assessments, or charges shall not constitute a default by Tenant so long as Tenant complies with the provisions of this Section. Prior to initiating any contest or proceeding, Tenant shall give Landlord written notice of such contest, or proceeding and shall either deposit with Landlord, or furnish good and sufficient undertaking and sureties designating Landlord as the beneficiary thereof, in such amount as Landlord deems to be sufficient, considering the amount of such taxes, charges, assessments, any potential penalties and interest thereon, and any potential expenses that might be incurred by Landlord with respect thereto. Landlord shall not be required to join in any proceeding or contest brought by Tenant unless the provisions of any law require that the proceeding or contest be brought by or in the name of Landlord or any owner of the Premises. In that case, Landlord shall join in the proceeding or contest or permit such proceeding or contest to be brought in its name as long as Landlord is not required to bear any cost. Tenant, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered, together with all costs, charges, interest and penalties incidental to the decision or judgment.

ARTICLE 9: UTILITIES

Tenant shall be solely responsible for, and pay when due, all charges for gas, heat, light, power, telephone, and other utilities or services used by or supplied to Tenant or to the Premises, together with any taxes thereon, during the term of this Lease. In the event any utility service to the Premises is interrupted for any reason whatsoever, Landlord shall not be liable therefore to Tenant, such interruption shall not be interference with Tenant's use and occupancy of the Premises, and rent required to be paid hereunder shall not be withheld as a result of any such interruption.

ARTICLE 10: INSURANCE

10.1 **Tenant's Insurance Coverage**. Tenant shall, at all times during the term of this Lease, and at Tenant's own cost and expense, procure and continue in force the following insurance coverage:

(a) Comprehensive liability insurance with limits of not less than $ 3,000,000 per person and $ 5,000,000 per occurrence insuring against any and all liability of the insured with respect to the Premises or arising out of the maintenance, use or occupancy thereof, and property damage liability insurance with a limit of not less than $ 3,000,000 per accident or occurrence. Every five (5) years from the Commencement Date, Landlord may reasonably evaluate these limits and may cause the Tenant to adjust the insurance limits outlined herein.

(b) Insurance covering any buildings and all improvements on the Premises, including Tenant's leasehold improvements and personal property in or upon the Premises in an amount not less than one hundred percent (100%) of full replacement cost, providing protection against any peril generally included within the classification "Fire and Extended Coverage", together with insurance against sprinkler damage, vandalism and malicious mischief and a standard inflation guard endorsement. Tenant hereby assigns Landlord any and all proceeds payable with respect to such policies except to the extent such proceeds are payable with respect to any property that would remain the property of Tenant upon the termination of this Lease.

(c) Loss of rental, under a rental value insurance policy covering risk of loss due to the occurrence of any of the hazards described in the preceding subparagraphs of this Section, in an amount sufficient to prevent Landlord from becoming a coinsurer, but in any event, in an amount not less than one hundred percent (100%) of the then full rental income fixed by this lease including all rental that Tenant agrees to pay hereunder.

(d) Against such other hazards and in such amounts as the holder of any mortgage or deed of trust to which this lease is subordinate requires from time to time.

10.2 **Insurance Policies**. The minimum limits of insurance policies as set forth in Section 10.1 shall in no event limit the liability of Tenant hereunder. The insurance policies shall name Landlord as an additional insured and shall be with companies having a rating of not less than an "A" company rating and a Financial Rating of Class VI in "Best's Insurance Reports." Tenant shall furnish from the insurance companies or cause the insurance companies to furnish to Landlord certificate of coverage. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after thirty (30) days prior written notice to Landlord by the insurer. All such policies shall be written as primary policies, not contributing with and not in excess of any coverage which Landlord may carry. Tenant shall at least twenty (20) days prior to the expiration of such policies furnish Landlord with renewals or binders. If Tenant does not procure and maintain such insurance, Landlord may, but is not obligated to, procure such insurance on Tenant's behalf and all sums paid by Landlord shall bear interest at the rate of eighteen percent (18%) and shall be immediately due and payable. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by Tenant provided such blanket policies expressly afford coverage to the Premises and to Landlord as required by this Lease.

10.3 **Waiver of Subrogation**. To the extent permitted under the insurance policies obtained by Landlord, if any, and Tenant, Landlord and Tenant each hereby waive any and all right of recovery against the other or against the officers, employees, agents and representatives of the other, on account of loss or damage occasioned to such waiving party or its property or the property of others under its control to the extent that such loss or damage is insured against under any fire and extended coverage insurance policy which either may have in force at the time of such loss or damage.

10.4 **Landlord Named As Additional Insured**. Tenant shall require Landlord to be an additional named insured on any and every policy described hereunder. In addition, Tenant shall require Landlord to be named as a loss payee and a certificate holder, with 30 days notice given of any modification of any and every policy described hereunder.

ARTICLE 11: USE OF PREMISES

11.1 **Use**. The Premises shall be used and occupied by Tenant solely for the operation of a charter school facility and management offices, and for no other purpose without the prior written consent of Landlord, which consent may be withheld by Landlord at Landlord's sole discretion. Tenant is hereby authorized to operate a pre-school on the Premises, provided that the pre-school comply with each and every term of this Lease.

11.2 **Suitability.** Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises or the Improvements or with respect to the suitability of either for the conduct of Tenant's business, nor has Landlord agreed to undertake any modification, alteration or improvement to the Premises except as specifically provided in this Lease. The continued possession of the Premises by Tenant shall conclusively establish that the Premises and the Improvements are at the date of possession in satisfactory condition. Landlord shall not be responsible for any latent defects or deficiencies in the construction of the Premises or the Improvements or any improvements or fixtures therein.

11.3 **Prohibited Uses.**

(a) Tenant shall not do or permit anything to be done in or about the Premises, nor bring or keep anything therein which will cause a cancellation of any insurance policy covering the Premises, nor shall Tenant sell or permit to be kept, used or sold in or about the Premises any articles which may be prohibited by a standard form policy of fire insurance unless Tenant provides additional insurance coverage extending protection to cover all risks associated with these articles.

(b) Tenant shall not 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, promulgated or created. Tenant shall, at Tenant's sole cost and expense, promptly 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 use or occupancy of the Premises, including structural changes that relate to or affect the use of the Premises.

(c) Tenant shall comply with all requirements, if any, of any recorded restrictive covenants or bylaws of any association affecting the Premises.

ARTICLE 12: MAINTENANCE AND REPAIRS

12.1 **Tenant Maintenance and Repairs**. During the Term of the Lease, Tenant, at Tenant's expense, shall keep the Premises in good order and condition and shall maintain and shall make any and all repairs and replacements to the interior and exterior of the Premises. Tenant shall, at all times, and at Tenant's expense, keep the Premises in a neat, clean, and sanitary condition and shall comply with all valid federal, state, county and city laws and ordinances and all rules and regulations of any duly constituted authority, present or future, affecting or respecting the use or occupancy of the Premises by Tenant. Tenant, at Tenant's expense, shall also repair any structural damage, damage to the roof areas, and all mechanical equipment including, but not limited to, heating, ventilating, air conditioning, electrical, paving, parking lots, grounds and plumbing that may be required to keep the premises in good working order. Nothing in this section shall be construed to excuse Tenant from any obligations under this Lease, including without limitation, the payment of any rent. Landlord agrees to transfer all manufacturer or builders warranties to Tenant.

12.2 **Reserves and Replacement**. After 36 months, Tenant shall maintain and deposit monthly to a separate joint bank account, that requires the signature of both Landlord and Tenant for any withdrawal or transfer, an amount equal to 1% of its monthly base rental in a reserve and replacement account, as additional rent, to be spent solely for the upkeep of the property. This requirement shall adjust to 2% of its monthly base rent after the 48th month of this lease. The expenditure of these funds shall be mutually agreed to between Tenant and Landlord. In the event that both parties cannot come to a reasonable understanding of how these funds are to be spent, the final determination shall rest with the Landlord.

ARTICLE 13: HAZARDOUS SUBSTANCES

13.1 **Environmental Compliance.** Tenant (a) shall at all times comply with, or cause to be complied with, any "Environmental Law" (hereinafter defined) governing the Premises or the use thereof by Tenant or any of Tenant's employees, agents, contractors, invitees, licensees, customers, or clients, (b) shall not use, store, generate, treat, transport, or dispose of, or permit any of Tenant's employees, agents, contractors, invitees, licensees, customers, or clients to use, store, generate, treat, transport, or dispose of, any "Hazardous Substance" (hereinafter defined) on the Premises without first obtaining Landlord's written approval, (c) shall promptly and completely respond to, and clean up, in accordance with applicable laws and regulations, any Release (as hereinafter defined) occurring on the Premises as a direct result of actions of Tenant or Tenant's employees or authorized agents; and (d) shall pay all costs incurred as a result of any failure by Tenant to comply with any Environmental Law, which failure results in a Release or other change in the environmental state, condition, and quality of the Premises necessitating action under applicable Environmental Laws, including without limitation the costs of any Environmental Cleanup Work (hereinafter defined) and the preparation of any closure or other required plans (all of the foregoing obligations of Tenant under this Section are hereinafter collectively "Tenant's Environmental Obligations"). Landlord hereby releases and indemnifies Tenant from and against any and all claims, damages, or liabilities (including, without limitation, attorneys' fees and reasonable investigative and discovery costs) resulting from the environmental condition or quality of the Premises prior to the Commencement Date or from actions of Landlord or its agents or employees. The provisions of this Article shall survive the expiration or other termination of this Lease.

Tenant:
Landlord:

13.2 **Definitions.** As used in this Lease (a) "Hazardous Substance" shall mean (1) any "hazardous waste", "hazardous substance", and any other hazardous, radioactive, reactive, flammable, infectious, solid wastes, toxic or dangerous substances or materials, or related materials, as defined in, regulated by, or which form the basis of liability now or hereafter under any Environmental Law; (2) asbestos, (3) polychlorinated biphenyls (PCBs); (4) petroleum products or materials; (5) underground storage tanks, whether empty or filled or partially filled with any substance; (6) flammable explosives, (7) any substance the presence of which on the Premises is or becomes prohibited by Environmental Law; (8) urea formaldehyde foam insulation; and (9) any substance which under Environmental Law requires special handling or notification in its use, collection, storage, treatment or disposal; (b) "Environmental Cleanup Work" shall mean an obligation to perform work, cleanup, removal, repair, remediation, construction, alteration, demolition, renovation or installation in or in connection with the Premises in order to comply with any Environmental Law; (c) "Environmental Law" shall mean any federal, state or local law, regulation, ordinance or order, whether currently existing or hereafter enacted, concerning the environmental state, condition or quality of the Premises or use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials, and including, but not limited to, the following: (1) the Solid Waste Disposal Act as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.), as amended, and all regulations promulgated thereunder; (2) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601, et seq.), as amended, and all regulations promulgated thereunder; (3) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.), as amended, and all regulations promulgated thereunder; (4) the Toxic Substances Control Act (15 U.S.C. Section 2601, et seq.), as amended, and all regulations promulgated thereunder; (5) the Clean Air Act (42 U.S.C. Section 7401, et seq.), as amended, and all regulations promulgated thereunder; (6) the Federal Water Pollution Control Act (33 U.S.C. Section 1251, et seq.), as amended, and all regulations promulgated thereunder; and (7) the Occupational Safety and Health Act (29 U.S.C. Section 651, et seq.), as amended, and all regulations promulgated thereunder; and (d) "Release" means any actual or threatened spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, presence, dumping, migration on or from the Premises or adjacent property, or disposing of Hazardous Substances into the environment.

ARTICLE 14: FIXTURES AND ALTERATIONS

14.1 **Alterations.** Tenant shall not make any physical alteration in the Premises or any of the fixtures located therein or install or cause to be installed any trade fixtures, exterior signs, floor coverings, interior or exterior lighting, plumbing fixtures, shades or awnings or make any changes to the improvements without first obtaining the written consent of Landlord. Such alterations, decorations, additions and improvements shall not be removed from the Premises during the term of this Lease without the prior written consent of Landlord. Upon expiration of this Lease all such alterations, decorations, additions and improvements shall at once become the Property of Landlord.

14.2 **Conditions and Limitations**. Landlord may impose as a condition to granting any consent required by Section 14.1, such requirements, restrictions and limitations as Landlord may deem necessary in Landlord's sole discretion, including without limitation, the manner in which the work is done, the contractors by whom it is performed, and the time during which the work is accomplished, subject to the requirements of any applicable procurement laws.

14.3 **Tenant's Duty to Keep Premises Free From Liens**. Tenant shall keep the Premises free from all liens, security interests, pledges, claims, charges or encumbrances, whether constitutional, statutory, contractual or otherwise, including but not limited to any liens arising out of work performed, materials furnished to initially prepare the Premises for occupancy and to make any alterations approved by Landlord, and shall indemnify and hold harmless and defend Landlord from any liens, granted, placed or suffered against the Premises or any portion thereof, including any liens or encumbrances arising out of work performed or materials and equipment furnished by or at the direction of Tenant. In the event Tenant shall not, within twenty (20) days following the imposition of any such lien or encumbrance, cause such lien or encumbrance to be released on record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien or encumbrance. All such sums paid by Landlord and all expenses incurred by it in connection therewith including attorney's fees and costs shall be payable to Landlord by Tenant immediately on demand, together with interest at the rate of eighteen percent (18%) per annum from the date of expenditure by Landlord.

ARTICLE 15: DAMAGE OR DESTRUCTION

Subject to the provisions of Sections 12.1 and 15, if during the term of this Lease any of the Improvements are damaged or destroyed by fire or other casualty, Landlord shall repair or restore the Improvements using funds provided by Tenant's insurance coverage or, at Landlord's option, Tenant shall repair or restore the Improvements. The work of repair or restoration, which shall be completed with due diligence, shall be commenced within a reasonable time after the damage or loss occurs. To the extent that such damage or destruction interferes with Tenant's ability to use the Premises, as determined by Landlord, Landlord may make a claim and collect the proceeds from the Insurance policy issued pursuant to Section 10.1(c) until the repair or restoration of the Improvements has been completed. Notwithstanding anything to the contrary in this Article, in the event that any of the Improvements are damaged or destroyed by fire or other casualty, Landlord shall be obligated to rebuild the school unless:

(a) Insurance proceeds payable with respect to such damage or destruction are not sufficient to pay for the repair and/or restoration of the Improvements and Tenant is unwilling to pay the difference; or

(b) The destruction occurs during the last five years of the original term of the Lease.

ARTICLE 16: CONDEMNATION

If all or any part greater than 20% of the Improvements is 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, Landlord and Tenant shall each have the right within thirty (30) days of receipt of notice of taking, to terminate this Lease as of the date possession is taken by the condemning authority; provided, however, that before Tenant may terminate this Lease by reason of taking or appropriation, such taking or appropriation shall be of sucb an extent and nature as to substantially handicap, impede or impair Tenant's use of the Premises. No award for any partial or entire taking shall be apportioned, and Tenant hereby assigns to Landlord any award which may be made in such taking or condemnation, together with any and all rights of Tenant now or hereafter arising in or to the award or any portion thereof; provided, however, that nothing contained herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any award made to Tenant for the taking of personal property and fixtures belonging to Tenant, for the interruption of or damage to Tenant's business and for Tenant's unamortized cost of leasehold improvements. In the event of a partial taking which does not result in a termination of this Lease, rent shall be abated in the proportion which the part of the Premises so made unusable bears to the rented area of the Premises immediately prior to the taking. No temporary taking of the Premises or Tenant's right therein or under this Lease shall terminate this Lease or give Tenant any right to any abatement of rent thereunder and any award made to Tenant by reason of any such temporary taking shall belong entirely to Tenant, and Landlord shall not be entitled to any portion thereof.

ARTICLE 17: ASSIGNMENT AND SUBLETTING

17.1 **Landlord's Consent Required**. Tenant shall have the right to assign or sublease the Premises subject to Landlord's prior written consent. Any attempt to assign, sublet, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, either voluntarily or involuntarily by operation of law or otherwise without the prior written consent of Landlord shall be void and shall constitute a breach of this Lease.

17.2 **No Release of Tenant**. No assignment or sublease shall act to release Tenant from the obligations hereunder. No consent by Landlord to any assignment or subletting by Tenant shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether occurring before or after such consent, assignment or subletting. The consent by Landlord to any assignment or subletting shall not relieve Tenant from the obligation to obtain Landlord's express written consent to any other assignment or subletting. The acceptance of rent by Landlord from any other person or legal entity shall not be deemed to be a waiver by Landlord 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.

17.3 **Increased Expenses**. Tenant shall pay Landlord the amounts of any increase in costs or expenses incident to the occupancy of the Premises by such assignee or subtenant, including but not limited to, reasonable attorney's fees incurred in connection with giving such consent.

17.4 **Landlord's Right to Assign.** Landlord shall have the right to assign its interest under this Lease without the consent of Tenant. In the event Landlord assigns such interests Landlord shall, from and after the Commencement Date (irrespective of when the assignment occurs), be relieved of any and all liability and obligation to Tenant hereunder, and all such liability and obligation shall, as of the time of such assignment or on the Commencement Date, whichever is later, automatically pass to Landlord's assignee, whether or not specifically assumed by it. This Lease shall not be affected by any assignment, sale or transfer and Tenant shall attorn to the purchaser or other transferee.

ARTICLE 18:
SUBORDINATION, ATTORNMENT, ESTOPPEL CERTIFICATES, FINANCIAL REPORTS & AUDITS

18.1 **Subordination.** This Lease at Landlord's option shall be subject and subordinate to the lien of any mortgages or deeds of trust in any amount or amounts whatsoever now or hereafter placed on or against the Premises, the Improvements, or on or against Landlord's interest or estate therein, without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination. Notwithstanding anything to the contrary in this Article or Article 17, this Lease shall remain in full force and effect for the full term hereof, including any extensions, so long as Tenant is not in default hereunder. Landlord agrees to provide to Tenant a non-disturbance agreement from its lender in a form reasonably acceptable to Tenant, and from any subsequent lenders.

18.2 **Subordination Agreements**. Tenant shall execute and deliver upon demand without charge therefore, such further instruments evidencing such subordination of this Lease to the lien of any such mortgages or deeds of trust as may be required by Landlord.

18.3 **Attornment.** In the event of any foreclosure or the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises or the Building, Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.

18.4 **Estoppel Certificates**. Tenant shall, from time to time and within ten (10) days from receipt of prior written notice

from Landlord, execute, acknowledge and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect and the date to which the rent and other charges are paid in advance, if any, (b) certifying that the Lease and any modifications of this Lease constitute the entire agreement between Landlord and Tenant with respect to the Premises and, except as set forth in this Lease and any modification of this Lease, Tenant does not claim any right, title, or interest in or to the Premises or any part thereof, (c) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults, if any are claimed, and (d) certifying such other matters with respect to the Lease and/or the Premises as Landlord may reasonably request.

18.5 **Failure to Deliver Certificate**. If Tenant fails to deliver such statement within the time period referred to in Section 18.4 above, it shall be deemed conclusive upon Tenant that the (a) this Lease is unmodified and in full force and effect, (b) this Lease constitutes the entire agreement between Landlord and Tenant with respect to the Premises and, except as set forth in this Lease, Tenant does not claim any right, title, or interest in or to the Premises, or any part thereof, (c) there are no uncured defaults in Landlord's performance of Landlord's obligations under this Lease, and (d) not more than one month's Monthly Base Rent has been paid in advance.

18.6 **Financial Condition**. From time to time, Landlord may request from Tenant, Tenant's most recent financial statement as to Tenant's Financial Condition, including those prepared by an outside accountant. Such request may include copies of the last two year's federal tax filings, profit and loss statements of the current and previous fiscal year, balance sheets as of the end of those years, copies of any financial reports submitted to the chartering agency, number of students enrolled, number of students on waiting lists, and any and all expenditures. These materials shall be tendered to the Landlord no later than 30 business days after written request.

18.7 **Transfer of Landlord's Interest.** In the event of a sale or conveyance by Landlord of Landlord's interest in the Premises other than a transfer for security purposes only, Landlord shall be relieved from and after the date specified in any such notice of transfer of all obligations and liabilities to Tenant which accrue after such sale or conveyance on the part of Landlord, provided that any funds in the possession of Landlord at the time of transfer in which Tenant has an interest shall be delivered to the successor Landlord. This Lease shall not be affected by any such sale or transfer and Tenant shall attorn to the purchaser or other transferee provided that all of Landlord's obligations accruing hereunder from and after such sale or transfer are assumed in writing by such purchaser or transferee.

18.8 **Audits.** From time to time, Landlord may perform an audit of Tenant's adherence to the Charter. In the event the audit uncovers acts or omissions inconsistent with the charter, Landlord may require Tenant to correct the inconsistencies. Should correction be required, Landlord shall notify Tenant of the need for correction and discuss possible remedies. Landlord and Tenant shall agree upon the remedy and the time required to remedy the inconsistency. In the event an agreement between Landlord and Tenant is not reached, the remedy and time frame proposed by the Landlord shall be binding on the Tenant. Furthermore, to ensure compliance with the Charter, Tenant shall provide Landlord a copy of any and all reports provided to the chartering entity or chartering body within ten (10) days of the submission of said reports.

ARTICLE 19: DEFAULT AND REMEDIES

19.1 **Default.** The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

(a) Any failure by Tenant to pay the Monthly Base Rent, or any other monetary sums required to be paid under this Lease, where such failure continues for five (5) days after written notice thereof by Landlord to Tenant;

(b) Any material false statement made by Tenant to Landlord or its agents whether verbal or in any document delivered to Landlord in connection with the negotiation of this Lease.

(c) The abandonment or entering written negotiations to abandon the Premises or vacation of the Premises by Tenant, or the failure of Tenant to occupy premises upon the completion of the construction of the Premises, or the admission by Tenant that Tenant does not intend to occupy the Premises upon completion of the construction of the Premises;

(d) A failure by Tenant to observe and perform any other term, covenant or condition of this Lease to be observed or performed, by Tenant, where such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of the default is such that the default cannot reasonably be cured within the thirty (30) day period, Tenant shall not be deemed to be in default if Tenant shall within the thirty (30) day period commence action to cure the default and thereafter diligently prosecute the same to completion;

(e) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution, or other judicial seizure of

substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

(f) The admission by Tenant in writing that it cannot meet its obligations as they become due.

(g) A ten percent (10%) decline in student enrollment from the previous year's enrollment.

(h) The finding of the State of Arizona, or one of its agencies, of noncompliance with the Charter.

(i) The failure to comply with Article 13.

19.2 **Nonexclusive Remedies**. In the event of any such material default or breach by Tenant, Landlord shall have, in addition to any other remedies provided in this Lease, the following nonexclusive remedies:

(a) At Landlord's option and without waiving any default by Tenant, Landlord shall have the right to continue this Lease in full force and effect and to collect all Monthly Base Rent, and any other amounts to be paid by Tenant under this Lease as and when due. During any period that Tenant is in default, Landlord shall have the right, pursuant to legal proceedings or pursuant to any notice provided for by law, to enter and take possession of the Premises, without terminating this Lease, for the purpose of reletting the Premises or any part thereof and making any alterations and repairs that may be necessary or desirable in connection with such reletting. Landlord will use commercially reasonable efforts to relet the premises in the event of a default by Tenant. Any such reletting or relettings may be for such term or terms (including periods that exceed the balance of the term of this Lease), and upon such other terms, covenants and conditions as Landlord may in Landlord's reasonable discretion deem advisable. Upon each and any such reletting, the rent or rents received by Landlord from such reletting shall be applied as follows: (1) to the payment of any indebtedness (other than rent) due hereunder from Tenant to Landlord; (2) to the payment of costs and expenses of such reletting, including brokerage fees, reasonable attorney's fees, court costs, and costs of any alterations or repairs; (3) to the payment of any Monthly Base Rent and any other amounts due and unpaid hereunder; and (4) the residue, if any, shall be held by Landlord and applied in payment of future Monthly Base Rent and any other amounts as they become due and payable hereunder. If the rent or rents received during any month and applied as provided above shall be insufficient to cover all such amounts including the Monthly Base Rent and any other amounts to be paid by Tenant pursuant to this Lease for such month, Tenant shall pay to Landlord any deficiency; such deficiencies shall be calculated and paid monthly. No entry or taking possession of the Premises by Landlord shall be construed as an election by Landlord to terminate this Lease, unless Landlord gives written notice of such election to Tenant or unless such termination shall be decreed by a court of competent jurisdiction. Notwithstanding any reletting by Landlord without termination, Landlord may at any time thereafter terminate this Lease for such previous default by giving written notice thereof to Tenant.

(b) Terminate Tenant's right to possession by notice to Tenant, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all actual damages incurred by Landlord by reason of Tenant's default, including without limitation the following: (1) all unpaid rent which has been earned at the time of such termination plus (2) the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that is proved could have been reasonably avoided; plus (3) any other amount necessary to compensate Landlord for all the detriment actually caused by Tenant's failure to perform Tenant's obligations under this Lease, or in addition to or in lieu of the foregoing such damages as may be permitted from time to time under applicable State law. Upon any such re-entry Landlord shall have the right, at Tenant's cost, to make any reasonable repairs, alterations or modifications to the Premises, which Landlord in Landlord's reasonable discretion deems reasonable and necessary.

(c) Provided allowed by state law, Landlord may, at its option and without waiving any default by Tenant, have the right to continue this Lease in full force and effect and to collect all Monthly Base Rent, and any other amounts to be paid by Tenant under this Lease as and when due. Tenant agrees that within thirty (30) days receipt of written notice by Landlord of Tenant's default under this Section, Tenant shall take all necessary action(s) to appoint, elect or otherwise cause Landlord to become an interim manager of the Charter School located on the Premises. The term of Landlord's management hereunder shall be at Landlords discretion. As interim manager, Landlord shall have full, exclusive and complete discretion in the management and control of the operation of the Charter School, including but not limited to the following:

(i) **Compliance with Charter**. Landlord shall take such action as may be necessary to comply with Tenant's Charter and all laws, statutes, ordinances, rules of all appropriate governmental authority.

(ii) **Employment of Personnel**. Landlord shall have the right to select, employ, supervise, direct and discharge, all employees, teachers and administrative personnel necessary for the operation of the Charter School as set forth by applicable state law.

(iii) **Funds**. Landlord shall collect and deposit all income, including all funds received by the Charter School, provided allowed by applicable state law, into a bank account maintained for the benefit of the Tenant (the "Management Account"), and Landlord shall pay all monthly expenses related to the operation of the Charter School. Landlord shall not commingle any of the above monies received with any funds or other property of Landlord. In no event shall Landlord be responsible or liable for not making any payments due to insufficient funds in the Management Account, unless the insufficient funds are a result of the neglect of the Landlord or

any other person or persons employed by the Landlord in fulfilling Landlord's obligations hereunder. After such payment of all monthly expenses related to the operation of the Charter School and management fee, Landlord shall remit the balance of any monthly revenues, if any, to Tenant or Tenant's designated account concurrently with the statement referred to in Section 19.2(c)(vii), below.

(iv) **Contracts**. Landlord shall enter into contracts or otherwise arrange for the providing of services to the Charter School as Landlord deems advisable to assure that the Charter School operates properly. Landlord shall pay from the Management Account on or before the due date all bills for services provided under this Subparagraph.

(v) **Employment of experts.** Landlord shall retain and employ attorneys-at-law, tax consultants, certified public accountants, health consultants, and such other experts and professionals whose services Landlord may reasonably require to effectively perform its duties and exercise its powers set forth in this Section. Landlord shall pay from the Management Account all expenses incurred as a result of retaining and employing the experts contemplated under this Subparagraph.

(vi) **Books and Records.** Landlord shall maintain complete and proper books and records with correct entries of all receipts and expenditures incident to the management and operation of the Charter School under this Section, maintenance records, complaints, accident reports and other customary records, which books and records shall be available for inspection and copying by Tenant or its agent during reasonable business hours.

(vii) **Monthly Statement of Account**. On or before the end of the following month, Landlord shall render to Tenant a detailed statement of receipts and disbursements for the preceding calendar month. The statements shall be taken from the books and records required to be maintained by Landlord pursuant to Subparagraph 19.2(c)(vi) and shall include at least the following: (a) the total income received from Landlord for the preceding month; (b) all expenses paid; and (c) the date, payee, amount and purpose of all expense payments.

(viii) **Yearly Statement of Account.** Within 45 days after the end of each calendar year (or other fiscal year of the Tenant if the Tenant should elect a different fiscal year), Landlord shall furnish to Tenant a detailed statement of cash receipts and disbursements covering such calendar year.

(ix) **Liability.** In discharging its managerial responsibilities undertaken in this Section, Landlord shall not be liable to Tenant for any good-faith act or omission to act or for any act or omission that does not constitute gross negligence or willful misconduct.

ARTICLE 20: ENTRY BY LANDLORD

Landlord shall, during the term of this Lease, have the right to enter the Premises at reasonable times and upon reasonable notice to Tenant, to inspect or to show to prospective tenants or purchasers, or to make necessary repairs. For purposes of this section, twenty-four (24) hours is deemed to be reasonable notice. In the event of an emergency, however, Landlord shall not be required to give Tenant such notice, provided that Landlord furnishes Tenant with the reason for the emergency entry within three days after such entry.

ARTICLE 21: INDEMNITY

Tenant shall indemnify and hold Landlord harmless from any and all claims of liability for any injury or damage to any person or property whatsoever occurring in, on or about the Premises or any part thereof during the term of this Lease. Tenant shall further indemnify and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or negligence of Tenant, or any of Tenant's agents, contractors, employees, licensees or invitees and from and against all costs, reasonable attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. Tenant shall not, however, be liable for damage or injury occasioned by the negligence or intentional acts of Landlord and Landlord's designated agents or employees. Tenant's obligations under this Article shall survive the expiration or other termination of this Lease.

ARTICLE 22: SURRENDER

22.1 **Surrender.** Upon the expiration or other termination of this Lease, Tenant shall quit and surrender to Landlord the Premises, together with the Improvements and all other property affixed to the Premises, excluding Tenant's fixtures, in good order and condition, ordinary wear and tear excepted. Tenant shall, prior to the expiration or other termination of this Lease remove all personal property belonging to Tenant and if Tenant fails to do so, Landlord may cause all of said personal property to be removed at the cost and expense of Tenant. Tenant's obligation to observe and perform this covenant shall survive the expiration or other termination of this Lease. In the alternative, Landlord may, at Landlord's option, treat any and all items not removed by Tenant on or before the date of expiration or of the termination of this Lease as having been relinquished by Tenant and such items shall become the property of Landlord with the same force and effect as if Tenant had never owned or otherwise had any interest in such items.

22.2 **Hazardous Substances**. No spill, deposit, emission, leakage or other release of Hazardous Substance in the soils, ground waters or waters shall be deemed to result in either (a) wear and tear that would be normal for the term of the Lease; or (b) a

casualty to the Premises. Tenant shall be responsible to promptly and completely cleanup any Release occurring on the Premises during the term of the Lease which directly results form the actions of Tenant or its employees or authorized agents. Tenant shall surrender the Premises free of any contamination or other damage caused by such a Release during the term of the Lease. Tenant's obligation to cleanup the Premises pursuant to the provisions of this Article shall survive the expiration or other termination of this Lease.

ARTICLE 23: REPRESENTATIONS & RELIANCE

Intentionally deleted.

ARTICLE 24: MISCELLANEOUS

24.1 **Signs.** Subject to Article 14, Tenant shall have the right to install at Tenant's expense a monument sign advertising the Charter School. The sign shall be in a location reasonably acceptable to Landlord and Tenant and shall comply with the rules and regulations of the city in which the leased space is located. Notwithstanding the foregoing, Landlord shall give to Tenant an allowance up to and including $2,500 to be used for the purpose of paying for or reimbursing Tenant for expenses related to a monument sign.

24.2 **Parking Spaces.** Tenant shall be entitled to the use of all parking spaces appurtenant to the Premises for the benefit of Tenant, its employees, agents, and invitees for the Term of the Lease.

24.3 **Entire Agreement.** This instrument along with any exhibits and attachments hereto constitutes the entire agreement between Landlord and Tenant relative to the Premises and this Lease and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant. All prior or contemporaneous oral agreements between and among Landlord and Tenant and their agents or representatives relative to the leasing of the Premises are merged in or revoked by this Lease.

24.4 **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.

24.5 **Enforcement.** If Tenant or Landlord shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of rent or possession of the Premises, the losing party shall pay the successful party a reasonable sum for attorney's fees whether or not such action is prosecuted to judgment.

24.6 **Time and Remedies**. Time is of the essence of this Lease and every provision hereof. All rights and remedies of the parties shall be cumulative and nonexclusive of any other remedy at law or in equity.

24.7 **Binding Effect, Successors and Choice of Law**. All time provisions of this Lease are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate Section of this Lease. Subject to any provisions restricting assignment or subletting by Tenant as set forth in Article 17, all of the terms hereof shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. This Lease shall be governed by the laws of the State of Arizona.

24.8 **Waiver.** No term, covenant or condition of this Lease shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver of the breach of any term, covenant or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant or condition. Acceptance by Landlord of any performance by Tenant after the time the same shall have become due shall not constitute a waiver by Landlord of the breach or default of any term, covenant or condition unless otherwise expressly agreed to by Landlord in writing.

24.9 **Holding Over**. If Tenant remains in possession of all or any part of the Premises after the expiration of the term of this Lease, with or without the express or implied consent of Landlord, such tenancy shall be from month to month only, and not a renewal hereof or an extension for any further term, and in such case, rent and other sums due hereunder shall be payable at one hundred fifty percent (150%) of the Monthly Base Rent in effect immediately prior to such holdover period.

24.10 **Recording**. No copy of this Lease will be recorded on behalf of either party, but in lieu thereof, Landlord and Tenant agree that each will, upon the request of the other, execute, in recordable form, a "short form" of the Lease, which "short form" shall contain a description of the Premises, the term of the Lease, and the parties to the Lease. The "short form" of the Lease shall not modify the terms of the Lease or be used in interpreting the Lease and in the event of any inconsistency between this Lease and the "short form" of the Lease, the terms and conditions of this Lease shall control.

24.11 **Notice.** Any notice required to be given under this Lease shall be given in writing and shall be delivered in person or by registered or certified mail, postage prepaid, and addressed to the addresses for Landlord and Tenant set forth below (or other addresses as may be given in writing from time to time). Such notice shall be deemed delivered when personally delivered or upon deposit of the notice in the United States mail in the manner provided above.

To Tenant: American Leadership Academy, Inc.
2350 E. Germann Rd., Suite 25
Chandler, AZ 85286

To Landlord: ALA Anthem Investments, LLC
775 West 1200 North, Suite 100
Springville, UT 84663

Copy to: Mark T. Morley
PO Box 456
Price, Utah 84501

24.12 **No Partnership**. Landlord does not, as a result of entering into this Lease, in any way or for any purpose become a partner of Tenant in the conduct of Tenant's business, or otherwise, or joint venturer or a member of a joint enterprise with Tenant.

24.13 **Landlord's Lien.** Tenant hereby acknowledges that all fixtures, furnishings and/or equipment located on the Premises are and shall remain the property of Landlord and shall not at any time be removed from the Premises by Tenant.

24.14 **Reliance.** Landlord has agreed to construct the premises in reliance upon Tenant's entering into this Lease and performance hereunder. Tenant is aware of Landlord's reliance and expectations in this regard, and Tenant specifically acknowledges this consideration as and for Landlord's actions required hereunder.

24.15 **Multiple Counterparts.** This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but when taken together shall constitute one and the same agreement.

24.16 **Guaranty.** Any guaranty delivered in connection with this Lease is an integral part of this Lease and constitutes consideration given to Landlord to enter into this Lease.

24.17 **Exhibits:** This lease agreement has two exhibits attached and made a part thereof.

Exhibit A: Floor Plans of the Building and Specifications for Construction

Exhibit B: Formulation for Base Rental Calculations and Schedule of Rents & Escalations

24.18 **Further Assurances.** Each party to this Lease Agreement shall execute, in a timely manner, all further required documents necessary to carry out the intent of this Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

LANDLORD: ALA Anthem Investments, LLC

BY: _____

NAME: Mike Morley

TITLE: Manager ACD LLC Manager

TENANT: American Leadership Academy, Inc.

BY: _____

NAME: Glenn L. Wing

TITLE: President

PERSONAL LIABILITY

The undersigned, jointly and severally, hereby unconditionally guaranty and warrant the full and complete payment of any and all amounts due under this Lease Agreement in accordance with the terms and conditions thereof and any and all renewals, continuations, modifications, extensions, compromises, supplements and amendments thereof, without deduction by reason of set-off, defense, or counterclaim. The liability of each of the undersigned is direct and unconditional and may be enforced without requiring Landlord to first resort to any other right, remedy or security whether or not such constitutes an election of remedies, against the Tenant. Nothing shall discharge or satisfy the liability of the undersigned except the full performance and payment of any and all amounts due hereunder within 10 days from the date Landlord demands payment of the undersigned. The undersigned warrant that they have read the Lease Agreement and agree to be bound by its terms and hereby ratify and confirm the same.

_____
By:

_____
By:

_____
By:

EXHIBIT A
FLOOR PLANS &
SPECIFICATIONS FOR CONSTRUCTION

The accompanying set of architectural plans with construction specifications shall constitute this Exhibit A.

EXHIBIT B
BASE RENTAL SCHEDULE

Landlord's financial contribution to the tenancy under the Lease, made available to Tenant to pay for certain of the school's start-up capital needs and expenses, includes: four (4) months of rent abatement, presently valued at $192,387 (see Sec. 3.2); plus computer, music, language, and P.E. equipment and supplies; administrative, marketing, and furniture, fixtures, and physical equipment ("FF&E") and curriculum support (books, learning programs, etc) valued at $524,365 (see Sec. 4.3); for a total anticipated Landlord financial contribution to Tenant of $716,752. Detail of Landlord's financial contribution is shown on this Exhibit B page under "Start-Up Costs." While the final amount of these expenses of Tenant actually paid by Landlord may vary somewhat from these anticipated amounts, these categories of expenses are firm commitments to Tenant made by Landlord in the Lease (see the specific Lease sections specified above).

Land	6.5 acres		$430,320
Hunt Highway			$24,106
		Total Land	**$454,426**
Reports and Studies			
Build Out			
Environmental Report			$2,600
Soils Report			$12,500
Traffic Study			$6,500
Legal			$15,000
		Total Report and Studies	**$36,600**
Design			
Build Out			
Architect/ Structural Engineer			$219,764
Mechanical/Electrical Design		inc	
Civil Engineer		inc	
Landscape Design		inc	
		Total Design	**$219,764**
Municipalities and Utilities			
Build Out			
Water			
Sewer			
Power			$62,000
Qwest			$10,000
Gas			$0
Permits & Fees			$18,523
Other (impact fee's)			$82,121
		Total Municipalities and Utilities	**$172,644**
Site Improvements / Off-site Improvements / Other			
Build Out			
On Site Improvements			$745,000
Off Site Improvements			$38,000
		Total Site Improvements	**$783,000**

Vertical Construction	**Qty**	**Units**	**Unit Cost**	**Total Cost**
Build Out				
School Building	31,356	sf @	$110.00	$3,449,160
			Total Vertical Construction	**$3,449,160**

Surveys / Testing / Administration			
Other			
Project Management			$50,000
Inspections/Material Testing			$40,000
Project Contingency			$170,731
Const. Period Interest			$179,485
School Start-up (plus F, F & E)			$524,365
Lease Abatement (4 months)			$192,387
EB-5 Issuance costs			$63,000
Financing Costs			$180,000
		Total Survey / Administration	**$1,399,969**
		Total Project Cost	**$6,515,563**

ALA Anthem	
Property Address:	Hunt Rd. - Florence, AZ
Landlord:	American Leadership Academy, Inc.
Tenant:	
Lease Start Date:	September 1, 2013
Termination Date	September 1, 2042
Gross Leasable Area:	31,356 square feet

Rent Term	Annual Rent	Monthly Rent
Year 1	$ 607,657	$ 50,638
Year 2	$ 607,657	$ 50,638
Year 3	$ 607,657	$ 50,638
Year 4	$ 654,386	$ 54,532
Year 5	$ 670,745	$ 55,895

START-UP COSTS

Class	Number of Classes	Curriculum - books, etc	F,F&E and Computers	Students	Students per Class
1/2 Day KG	2	$ 13,102	$ 7,678	40	20
Full Day KG	2	$ 13,102	$ 15,356	40	20
1st	3	$ 22,506	$ 23,584	84	28
2nd	3	$ 23,983	$ 23,584	84	28
3rd	3	$ 26,017	$ 23,052	84	28
4th	2	$ 13,992	$ 15,368	56	28
5th	2	$ 14,254	$ 7,857	56	28
6th	2	$ 16,987	$ 7,675	56	28
Total	**19**	**$ 143,942**	**$ 124,152**	**500**	**26**

Item	Cost
Computer Lab	$ 36,149
Music Dept	$ 11,424
Language Lab	$ 10,621
Phy Ed	$ 11,516
Admin dept	$ 40,713
Maintenance	$ 40,674
Adv & Mktng	$ 32,894
Assessment	$ 5,877
Curriculum	$ 143,942
F,F & E	$ 124,152
Sub Total	$ 457,961
Sales Tax	$ 43,506
Delivery	$ 22,898
Total	**$ 524,365**

Tenant: _____
Landlord: _____