COLLABORATION AGREEMENT

between

RIVERSIDE ELEMENTARY SCHOOL DISTRICT #2

and

ESTRELLA EDUCATIONAL FOUNDATION

September 18, 2014

COLLABORATION AGREEMENT

THIS COLLABORATION AGREEMENT, ("Agreement") is entered into as of the 18th day of September, 2014 (the "Effective Date"), by and between Riverside Elementary School District #2 ("Riverside") of Maricopa County, Arizona, a political subdivision of the State of Arizona, and Estrella Educational Foundation, ("Charter Operator"), an Arizona non-profit corporation (each of the foregoing being a "Party" and collectively being the "Parties" hereto).

I. RECITALS

A. Riverside is an educational institution of pre-K-8 education established pursuant to the laws of the State of Arizona. Riverside is engaged in providing comprehensive academic programs to the students it serves.

B. The improvement of education in the State of Arizona is of benefit to Riverside in its contribution to the achievement of Riverside's educational and community missions.

C. Charter Operator is an Arizona non-profit corporation formed to operate or consult with innovative pre-K-12 schools, including district schools and charter schools.

D. Riverside and Charter Operator have a mutual interest in promoting the rigorous college preparation of students, leading to access and success in post-secondary education and careers. Moreover, Riverside and Charter Operator have a mutual interest in creating assets for local public schools and districts to showcase effective academic programs, adult and peer mentoring and tutoring of students, research on school programs and reform efforts, teacher preparation and development, and scale-out of innovations to other settings.

E. Riverside agrees to allow Charter Operator to use the Facility for the operation of the School and Charter Operator agrees to pay Riverside the Annual Fee in exchange for the use of the Facility for the purpose of operating the School, upon the terms and conditions set forth in this Agreement.

F. Charter Operator shall obtain a charter sponsored by the Arizona State Board for Charter Schools authorizing Charter Operator to operate a public charter school.

G. Riverside finds that collaborating with Charter Operator to provide services to students promotes the educational function of Riverside and finds that Charter Operator's mission is also to promote the educational function of Riverside.

H. Riverside and Charter Operator acknowledge that they both have an interest in developing a mutual culture, including the implementation of various innovations in professional development and educational research.

In consideration for their respective covenants, undertakings, and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

II. DEFINITIONS

A. "Agreement" means this Collaboration Agreement between the parties.

B. "Annual Fee" means the annual fee to be paid by Charter Operator to Riverside pursuant to Paragraph IX of this Agreement and as further defined in that paragraph.

C. "ASBCS" means the Arizona State Board for Charter Schools designated as a charter sponsoring agency for public charter schools in A.R.S. §15-183 in 1994.

D. "Best Efforts" means, as a Party hereto, an undertaking by such Party to perform or satisfy an obligation or duty or otherwise act in a manner reasonably calculated to obtain the intended result by action or expenditure not disproportionate or unduly burdensome under the circumstances. Best Efforts does not mean that a Party will be required to institute litigation or arbitration as part of its best efforts.

E. "Charter" means the Charter issued by the ASBCS and held by Charter Operator granting authority for it to operate charter schools including the School located at the Facility.

F. "Charter Corporate Board" means the Charter Operator's Corporate Board of Directors.

G. "Charter Operator" means the Estrella Educational Foundation, a non-profit corporation.

H. "Facility" means the property currently identified as Parcel No. 104-58-002N. Phoenix, Arizona 85043, including all grounds and parking.

I. "Riverside" or "District" means the Riverside Elementary School District #2, a political subdivision of the State of Arizona.

J. "Riverside Governing Board" means the Governing Board of Riverside.

K. "Party" means a party to this Collaboration Agreement, i.e. Riverside and/or Charter Operator.

L. "Proprietary Information" means all proprietary or confidential information that relates to or is used in connection with the business and affairs of a Party, that is provided by a Party to the other Party, including written material, information and programs in a computer and information in any other medium, including but not

limited to information disclosed orally. A Party shall be obligated to identify its Proprietary Information. Proprietary Information shall exclude any information that, other than as a result of the wrongful act or omission of the recipient Party, including any breach of an obligation of confidentiality, the recipient Party can prove through reasonable documentary evidence: (a) was already lawfully known (without restriction on disclosure) to the person to whom it is disclosed (b) has become a matter of public record or public knowledge, (c) has been published in any medium for public distribution, or (d) is required to be disclosed, but only to the extent required, by court order or pursuant to any applicable law, provided that the recipient Party first notifies the disclosing Party so that the disclosing Party may have reasonable opportunity to obtain protection against disclosure.

M. "School" means the charter school to be established and operated at the Facility pursuant to the Charter issued by the ASBCS and held by Charter Operator.

N. "Superintendent" means Riverside's superintendent.

III. PURPOSE

A. The purpose of this Agreement is to define the terms and conditions of the collaboration between Riverside and Charter Operator, which is established for the following purposes: 1) to improve and expand the public education to be offered to the community of students who are residents of Riverside; 2) to provide a Facility and/or a portion thereof, in return for financial compensation, for the establishment of a charter school to provide education to students who enroll; 3) to establish an efficient use of the Facility in the pursuit of the educational purpose of both Parties; and 4) to partner together to conduct research, student recruitment, marketing and demonstrate the effectiveness of the approach to be taken by Charter Operator in educating the residents of Riverside.

IV. TERM AND TERMINATION

A. This Agreement shall be effective September 18, 2014 with the lease term to commence on July 1, 2016 (the "Commencement Date"), and expire on June 30, 2026 (the "Term"). Upon completion of the Term, the Term shall extend for an additional equivalent period beyond the expiration date.

B. Every payment obligation of Charter Operator or the District under this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and available for the continuance of this Agreement, this Agreement may be terminated by either Party at the end for the period for which the funds are available. No liability shall accrue to either Party in the event this provision is exercised, and neither Party shall be obligated or liable for any further payments or for any damages as a result of the termination under this paragraph.

C. This Agreement may be terminated for default of Charter Operator by Riverside as described in Paragraph XIX.

D. This Agreement may be terminated by either Party for the failure of the other Party to maintain the insurance required under Paragraph XVII.

E. All Parties hereto acknowledge that this Agreement is subject to cancellation pursuant to the provisions of A.R.S. §38-511.

V. DELIVERY OF FACILITY

The Commencement Date reflects a one 3-month period of time before the start of the 2016-2017 school year. Therefore, in the event Riverside may not have delivered possession of the Premises to Charter Operator within ten (10) days after the Commencement Date, and if such failure to deliver possession was (a) caused solely by the fault or neglect of Riverside, and (b) not caused by any fault or neglect of Charter Operator then, as its sole and exclusive remedy for Riverside's failure to deliver possession of the Premises in a timely manner, Charter Operator shall have the right to terminate this Agreement. Upon termination of this Agreement pursuant to the provisions of this Paragraph, the Parties shall have no further obligations or liabilities to the other and Riverside shall promptly return any fees previously deposited or paid by Charter Operator.

VI. NAME USE

A. Charter Operator agrees that it will name the School as follows: "Maricopa Institute of Technology."

VII. AUTHORITY

A. Charter Authority

1. Operator is duly organized, validly existing and in good standing as an Arizona non-profit corporation. Charter Operator has all requisite corporate power and authority under applicable law and its organizational documents to enter into, execute, and perform this Agreement in accordance with its terms.

2. The School shall be operated as a charter school by Charter Operator. Charter Operator has sole responsibility for the School's financial, legal, academic, and facility operations.

3. Charter Operator shall hold a charter approved by the ASBCS.

4. All local, state and federal aid for students enrolled at the School will be assigned to Charter Operator based upon the student count and the average daily membership received, as well as from any other legal funding.

5. Charter Operator has authority to enter into this Agreement pursuant to A.R.S. §15-183(H).

6. The execution and delivery by Charter Operator of this Agreement and the performance by Charter Operator of its obligations hereunder will not violate any laws, regulations or the organizational documents governing Charter Operator's functions and operations, or a judgment, award, decree, contract, agreement or other instrument to which Charter Operator is a Party, or conflict with or result in a breach of or constitute (with due notice or lapse of time or both) a default under any of the same.

7. No approval, authorization, consent, order, or action or filing with any court or governmental body is required for the due and lawful execution and delivery by Charter Operator of this Agreement, or (except for customary licenses, permits, authorizations, or other approvals the need for which may arise in the ordinary course of performance hereof) for Charter Operator's due performance of its obligations hereunder.

B. Riverside Authority

1. Riverside is duly organized, validly existing and in good standing as a political subdivision of the State of Arizona. Riverside has all requisite power and authority under applicable law to enter into, execute, and perform this Agreement in accordance with its terms.

2. Riverside has authority to enter into the Agreement pursuant to A. R.S. §15-341(4), A. R.S. §15-364(B) and A.R.S. §15-342(9).

3. The execution and delivery by Riverside of this Agreement and the performance by Riverside of its obligations hereunder will not violate any laws, regulations or governing documents under which Riverside functions or operates, or any judgment, award, decree, contract, agreement or other instrument to which Riverside is a Party, or conflict with or result in a breach of or constitute (with due notice or lapse of time or both) a default under any of the same.

4. No approval, authorization, consent, order or action of filing with any court or governmental body is required for the due and lawful execution and delivery by Riverside of this Agreement, or (except for customary licenses, permits, authorizations, or other approvals the need for which may arise in the ordinary course of performance hereof) for Riverside's due performance of its obligations hereunder.

VIII. GOVERNANCE

Charter Operator is responsible for the governance of the School. It is the desire of Charter Operator to partner with Riverside in the governance as defined in this section. Charter Operator will use Best Efforts to coordinate the operation of the School with Riverside and to inform Riverside of its operations and efforts.

A. Charter Corporate Board of Directors

The Charter Operator Corporate Board is responsible for overall operation of the schools operated by Charter. Its membership is comprised of three (3) members. Its responsibilities include the overall supervision of the charter schools run by Charter Operator, including the School.

For so long as Charter Operator operates the School at the Facility, Charter Operator agrees to pay Riverside the following fee (the "Annual Fee"):

A. Charter Operator will annually pay Riverside ten percent (10%) of revenues received as base support level pursuant to A.R.S. §15-943 and any additional state assistance pursuant to A.R.S. §15-185 unless otherwise agreed upon by both parties.

B. The Annual Fee shall be paid in semi-annual installments by January 30th and by June 30th of each fiscal year. The Annual Fee shall be reconciled as soon as possible after the 40th day and 100th day student count. The Parties agree to annually reconcile the amount owed under the Annual Fee based upon monies actually received by Charter Operator.

C. Charter Operator agrees to actively pursue individuals and foundation, state, federal and other sources of grants and donations or otherwise agreed upon by both Parties to share in the development and implementation of the programs funded. Any such funding received shall be distributed to Charter Operator. Riverside is not entitled to any funds received from state or federal grants or donations unless otherwise agreed upon by both Parties.

D. Charter Operator agrees to provide STEM courses, workshops, instructional support, and tutoring to students of Riverside as in-kind and/or at no cost.

E. Charter Operator agrees to provide professional development in STEM to Riverside as in-kind and/or at no cost.

IX. ACCOUNTABILITY

As long as this Agreement is in effect, Charter Operator shall provide Riverside, not less often than annually, the following information:

A. Charter Operator's most recent IRS Form 990, Return of Organization Exempt from Taxation, which shall also be publicly available.

B. After the end of each fiscal year, Charter Operator may prepare and submit to Riverside an annual report describing Charter Operator's activities during that fiscal year at the School, setting forth accomplishments and measuring performance with goals and priorities.

C. Charter Operator's current financial policies, procedures and controls.

X. CONTRACTED SERVICES

A. Services to Be Provided by Riverside

1. Riverside agrees to provide the following services or amenities to the Charter Operator on an "in-kind" and/or at cost unless otherwise agreed upon by both Parties:
    a. General maintenance of indoor and outdoor facilities
    b. Leadership mentorship and assistance on as needed basis and/or upon request by the Charter School
    c. Phone access, including direct lines and fax numbers
    d. Electric, water, sewer and natural gas service
    e. Intercom access
    f. Technical assistance in the development of the State charter and AOI applications and formation of the Charter School
    g. Web page development & maintenance
    h. Student recruitment and marketing
    i. Security system
    j. Pest control
    k. Technology support, computer hardware, equipment, software, servers, server space, server backup, printers, Xerox copiers, and any other equipment tools that may be needed to fulfill the STEM requirements
    l. Professional development

2. Riverside shall provide cafeteria services as follows: Riverside shall provide the opportunity for Charter Operator students to purchase their own breakfast and lunch. All profits, if any, would be deemed to be the property of Riverside. Riverside will provide free and reduced lunch meals to qualifying Charter Operator students in compliance with applicable federal laws and regulations. Charter Operator shall be responsible for notifying Riverside staff of the number of students qualifying for free and reduced lunch program, however, Riverside shall be responsible for the reports concerning such free and reduced lunch program.

3. Riverside shall provide transportation services as follows: Riverside shall provide the Charter Operator student transportation in compliance with applicable Riverside policies, federal laws and regulations. All profits, if any, would be deemed to be the property of Riverside. Charter Operator shall be responsible for notifying Riverside staff of the number of students qualifying for transportation, however, Riverside shall be responsible for the reports concerning such transportation.

4. Riverside shall provide use of its current wireless internet services. Riverside will create a Virtual Local Area Network (VLAN) specifically for use by Charter Operator students. Riverside will assign specific services and computers to the VLAN. Riverside will assign a separate wireless network identifier or Service Set Identifier (SSID) and password to allow wireless access on the VLAN campus wide. Riverside will provide a filtering system. All Charter Operator users (staff and students) will be required to sign a use agreement prior to use of the network and equipment. Charter Operator agrees to enforce the use agreement according to its terms. Charter Operator expressly agrees that it will apply for e-rate funding in conjunction (or separately, as may be required) so as to be able to continue to access internet or other services.

B. Optional Services to Be Provided by Riverside

1. Charter Operator will identify services it will outsource regarding the operation of the School. If services are provided by vendors/contractors other than Riverside, Charter Operator assures that the standards for such services will meet or exceed those standards and specifications required by Riverside.

2. Riverside and Charter Operator may contract for other services on an as needed basis.

XI. OPERATIONS

A. Students

1. Charter Operator agrees to use Best Efforts to recruit and serve the students who are residents of Riverside.

2. Riverside and Charter Operator may provide student information when reasonably requested by the other, subject to the restrictions of the Family Education Rights and Privacy Act (FERPA). A data agreement and FERPA permission form may be used to facilitate the exchange of student level data.

3. Discipline of students and employees shall be the sole responsibility of Charter Operator. Charter Operator shall consider any information provided by Riverside that is relevant to any potential discipline.

B. Employees

1. All employees, including, but not limited to, teachers, aides, local administrators, support staff or any other person hired by Charter Operator to provide services pursuant to this Agreement, shall be considered the employee of Charter Operator for purposes of salary, benefits, and workers' compensation and liability.

2. Teachers leaving Riverside to be employed by Charter Operator at the School may return to Riverside within three years in accordance with A.R.S. §15-187.

3. Riverside and Charter Operator shall share employee information when reasonably requested by the other Party and as permitted by law.

C. Grade Levels Served.

1. Charter Operator shall serve grades 9-12 exclusively.

D. Adherence to Applicable Regulations

1. Charter Operator agrees to comply with all applicable State and Federal law and regulations governing the School operations.

2. Charter Operator shall be required to adhere to the restrictions regarding Facility use as established in this Agreement and with all current and reasonable Riverside Governing Board Policies concerning use of the Facility.

XII. FURNITURE, FIXTURES AND EQUIPMENT

A. Riverside will inventory all furniture, fixtures, and equipment housed in the School. This shall not include textbooks and instructional aids/materials.

B. Charter Operator shall be permitted to use furniture, fixtures, technology and equipment owned by Riverside.

C. The Parties agree that each Party is the sole owner of the equipment that it provides to operate the program. Upon termination of this Agreement, all equipment which belongs to Charter Operator shall remain the property of Charter Operator and Charter Operator shall remove the equipment from Riverside's premises. All property of Riverside shall remain Riverside's property and shall

remain on site.

XIII. INNOVATION AND BEST PRACTICES

Charter Operator and Riverside agree to use Best Efforts to share information regarding the innovation or best practice developed and/or implemented in the School.

XIV. COORDINATION IN FUNDRAISING AND MARKETING

To the extent permitted by law, Riverside and Charter Operator agree to use Best Efforts to share in the implementation of certain marketing tools for the School and certain marketing of programs that have an impact on the School. Each Party shall be responsible for the cost of its own marketing efforts, unless the Parties otherwise agree.

XV. INDEMNIFICATION

A. To the extent permitted by law, each Party (as "indemnitor") agrees to indemnify, defend, and hold harmless the other Party (as "indemnitee") from and against any and all claims, losses, liability, costs , or expenses (including reasonable attorney's fees) (herein collectively referred to as "Claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the indemnitee are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officials, agents, employees, or volunteers. This provision shall survive termination or expiration of this Agreement.

B. To the extent permitted by law, and in addition to any other obligations of Charter Operator hereunder, including the obligations of Charter Operator to provide insurance as set forth in Paragraph XVII of this Agreement, Charter Operator shall indemnify and hold Riverside, its board members, officers, agents and employees, and their respective heirs, successors, personal representatives and assigns of such board members, officers, agents and employees (collectively "Riverside Indemnitees") harmless from and against any and all claims, debts, demands, liabilities, causes of action, costs or expenses arising from Charter Operator's use of the Facility, or from any activity, work or things done, permitted or suffered by Charter Operator in or about the Facility, and shall further indemnify and hold the Riverside Indemnitees harmless for, from and against any and all claims, debts, demands, liabilities, causes of action, costs or expenses arising from any breach or default in the performance of any obligation on Charter Operator's part to be performed under the terms of this Agreement, or arising from any act or omission of Charter Operator, or any of Charter Operator's agents, contractors, employees or licensees, and for, from, and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceedings brought thereon. In case any action or proceeding is brought against Riverside (or any other Riverside Indemnitee) by reason of any

such claim, Charter Operator, upon notice from Riverside (or any other Riverside Indemnitee), shall defend the same at Charter Operator's expense by counsel satisfactory to Riverside unless otherwise agreed upon by both parties.

C. To the extent permitted by law, and in addition to any other obligations of Riverside hereunder, including the obligations of Riverside to provide insurance as set forth in Paragraph XVII of this Agreement, Riverside shall indemnify and hold Charter Operator, its board members, officers, agents and employees, and the respective heirs, successors, personal representatives and assigns of such board members, officers, agents and employees (collectively "Charter Indemnitees") harmless from and against any and all claims, debts, demands, liabilities, causes of action, costs or expenses arising from Riverside's use of the Facility, or from any activity, work, or things done, permitted or suffered by Riverside in or about the Facility, and shall further indemnify and hold the Charter Indemnitees harmless for, from and against any and all claims, debts, demands and liabilities, causes of action, costs or expense arising from any breach or default in the performance of any obligation on Riverside's part to be performed under the terms of this Agreement, or arising from any act or omission of Riverside, or any of Riverside's agents, contractors, employees, or licensees, and for, from, and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceedings brought thereon. In case any action or proceeding is brought against Charter Operator (or any other Charter Indemnitee) by reason of any such claim, Riverside, upon notice from Charter Operator (or any other Charter Indemnitee), shall defend the same at Riverside's expense by counsel satisfactory to Charter Operator or unless otherwise agreed upon by both parties.

XVI. INSURANCE

Each Party shall maintain during the term of this Agreement insurance policies by companies licensed in Arizona with a current A.M. Best rating of A:VII or better. At the signing of this Agreement, each Party shall furnish the other with certificates of insurance evidencing the required coverages, conditions, and limits required by this Agreement. The insurance policies, except Worker's Compensation, shall be endorsed to name the other Party, its agents, officers, employees, and volunteers as additional insureds. In the event any insurance policies required by this Agreement are written on a "claims made" basis, coverage shall extend for two years past expiration of this Agreement and must be evidenced by annual certificates of insurance. Each Party's insurance must be primary, and any insurance or self-insurance maintained by the other Party shall not contribute to it. Insurance coverage required under this Agreement includes:

1. **Commercial General Liability** insurance with a limit of not less than $1,000,000 per occurrence for bodily injury, property damage, personal injury, products and completed operations, and blanket contractual coverage, including but not limited to, the liability assumed under the indemnification provisions of this Agreement.

2. **Fire, Extended Coverage, and Vandalism and Malicious Mischief** perils as to

each Party's personal property and fixtures in an amount of not less than ninety percent (90%) of the full replacement cost of such property.

3. **Automobile Liability** insurance with a combined single limit for bodily injury and property damage of not less than $1,000,000 each occurrence with respect to a Party's owned, hired, and non-owned vehicles.

4. **Workers' Compensation** insurance with limits statutorily required by any Federal or state law.

5. **Employer's Liability** insurance of not less than $100,000 for each accident, $100,000 disease for each employee, and $500,000 disease policy limit.

Upon request, each Party shall provide to the other written documentation evidencing such insurance coverage. Failure on the part of either Party to meet these requirements shall constitute a material breach of contract. The Parties each hereby waive any and all rights of recovery against the other, or against the board members, officers, employees, agents and representatives of the other, for loss of or damage to such waiving Party or its property or the property of the other under its control to the extent that such loss or damage is insured against or under any insurance policy in force at the time of such loss or damage. Each Party shall, upon obtaining the policies of insurance required hereunder, give notice to its insurance carrier or carriers that the foregoing waiver is contained in this Agreement.

XVII. PROPRIETARY INFORMATION

During the term of this Agreement, Riverside may become privy to Proprietary Information of Charter Operator related to Charter Operator's plans and/or strategy for establishing other schools under its Charter and its discussions with other public school districts with respect to such plans. Riverside agrees that all such Proprietary Information and all copies and modifications thereof are the property of Charter Operator; that Proprietary Information constitutes valuable assets and trade secrets of Charter Operator; and that during and after the Term, Riverside shall not disclose such Proprietary Information except as required by applicable state or federal law or by order of court (in which case Riverside shall provide prompt prior notice to Charter Operator) or as necessary to perform its obligations or exercise its rights under this Agreement. Upon the termination of this Agreement, Riverside will promptly return such Proprietary Information of Charter Operator, except as required by law.

XVIII. EVENT OF DEFAULT

A. The existence or occurrence of any one or more of the following events during the Term shall constitute an event of default (each an "Event of Default") under this Agreement:

   1. The failure by either Party to observe or perform any of the covenants, conditions or provisions of this Agreement to be observed or performed by that Party where such failure continues for a period of ten (10) days after written notice thereof from the complying Party to the non-complying

Party; provided, however, that if the nature of a default is such that is capable of being cured but more than ten (10) days are reasonably required for its cure, then the non-complying Party shall not be deemed to be in default if that Party commences such cure within the ten (10) day period and thereafter diligently prosecutes such cure to completion within thirty (30) days.

XIX. FACILITY USE TERMS

A. Designated Facility Use. During the Term of this Agreement, Riverside shall provide Charter Operator with access of the Facility on a full-time, year-round basis. Charter Operator shall also be permitted to use full-time, year-round access and use of shared common areas as scheduling permits, including but not limited to a gymnasium, hallways, multipurpose rooms, sports fields, computer labs, district offices, and bathrooms.

B. Ingress and Egress. Charter Operator, and any and all of Charter Operator's staff, students, and guests shall have ingress and egress right to access the Facility in order to be able to use the Facility.

C. Capital Modifications. Riverside will pay for capital modifications, renovations, new construction, and technology improvements as agreed to between the parties in writing. Such capital modifications will be performed by Riverside. Riverside and Charter Operator will work together and share the responsibility of ensuring that all modifications are made such that any requisite permits are issued for the operation of the School. The Parties agree that express written permission must be obtained prior to performing the facility modifications or improvement.

D. Signage. Riverside will purchase and erect a marquee and other signage as discussed herein. Charter Operator is not responsible for the removal for any improvements. Riverside shall permit Charter Operator to install additional signage as needed by the Charter Operator.

E. Condition of Facility. Charter Operator acknowledges and agrees, that except as otherwise expressly provided in this Agreement and notwithstanding the indemnity provisions in Paragraph XVI, Charter Operator is obtaining the right to use the Facility without limiting the generality of the foregoing, except as expressly set forth in this Agreement, neither Riverside nor any agents, representatives, or employees of Riverside have made (nor is Charter Operator relying on) any representations or warranties, direct or indirect, oral or written, statutory, express or implied, to Charter Operator or any agents, representatives, or employees of Charter Operator with respect to: (1) the physical condition of the Facility or the condition or safety of the Facility or any component thereof, including, but not limited to plumbing, sewer, heating, ventilating and electrical system, roofing, air conditioning, foundations (2) the quality of construction, condition or structural soundness of any improvements; (3) compliance of the Facility with applicable statutes,

laws, codes, ordinances, regulations or requirements, zoning, subdivision, planning, building, fire, safety, disabled persons, health or environmental matters; and (4) the availability of utilities, phone and data usage, of the types and in the amounts required by Charter Operator. Charter Operator acknowledges that, prior to the execution of this Agreement, Charter Operator has inspected the Facility to the extent desired by Charter Operator and has satisfied itself with respect to the matters set forth above.

F. Taxes. Riverside is an exempt entity for the purposes of real property taxes. To the extent the use of the Facility by Charter Operator causes any taxes, whether for real property, personal property, transactional or otherwise, to be incurred, Riverside shall be solely responsible for payment of such taxes before delinquent.

G. Operation Costs. Riverside is responsible for the operation costs of the Facility including maintenance and repair due to normal wear and tear during the term of the Agreement, except as may otherwise be provided in this Agreement. Riverside shall cover all repairs that are included in bonding projects.

H. Use of Facility. Charter Operator shall use the Facility solely for use as a charter school. Charter Operator further agrees that it will not use or permit any other person or persons to use the Facility for any purpose in violation of the laws, ordinances, regulations or requirements now in effect or from time-to-time enacted by any governing body. Charter Operator agrees not to use the Facility in any manner that will increase the rate of any fire or other insurance coverage on the Facility. Charter Operator shall, at Charter Operator's sole cost and expense, comply with all present and future laws, ordinances, orders, declarations of covenants and restrictions, rules, regulations and requirements of all federal, state, county and municipal governments, courts, departments, commissions, boards and officers, and any national or local board of fire underwriters or any other body exercising functions similar to those of any of the foregoing, foreseen, and unforeseen, ordinary as well as extraordinary, which may be applicable to the use or occupancy of the Facility.

I. Vehicular and Bus Parking. Riverside shall provide sufficient vehicular parking spaces located at the Facility to accommodate staff. Additionally, Riverside shall provide sufficient parking space for the parking at the Maintenance and Transportation Facility located on 51st Avenue.

J. Riverside Maintenance. Riverside shall keep the foundations, exterior walls, HVAC system(s), roof, parking and structural elements of the Facility in good condition and repair. Riverside shall maintain, repair, replace and service the Facility or any portion or component thereof.

K. Charter Maintenance. Charter Operator shall make, keep and maintain the Facility in a clean, neat and sanitary condition. The foregoing obligations of Riverside to maintain, repair and replace shall apply to (but not be limited to)

all interior walls of the Facility and all glass. Riverside, shall make any repairs, replacements or installations to or on the Facility as may be required by any laws, rules and regulations (now or hereafter existing) of any governmental agencies or authorities for the use of the Facility by the Charter Operator.

L. Entry Rights. Riverside or its agents and employees shall have the right to enter the Facility at any time agreed upon by Charter Operator, after prior written notice has been given to Charter Operator (or without notice in the event of an emergency) for the purpose of inspecting the Facility and determining if Charter is in compliance with the terms of this Agreement. If Riverside determines that Charter Operator is not in compliance with the terms of this Agreement, then Charter Operator has the right to correct the condition that has created such non-compliance.

M. Consent for Alternations. Except as otherwise specifically required under subparagraph (D) above or otherwise under this Agreement, Charter Operator may make, install or construct any alterations, improvements, additions, or utility installations ("utility installations" shall include ducting, power panels, fluorescent fixtures, space heaters, conduits and wiring) in, on or about the Facility.

N. Surrender and Removal. Charter Operator agrees that, upon the expiration of this Agreement or upon any earlier cessation of use of the Facility, it shall surrender the Facility to Riverside in the condition required pursuant to subparagraph (E) above, broom clean, ordinary wear and tear, and damage from casualty and condemnation excepted. All alterations, additions and improvements, whether structural or removable which Charter Operator is not required to remove shall become Riverside's property and shall be surrendered to Riverside. In no event shall Charter Operator remove any of the following materials or equipment (which shall be deemed Riverside's property), without Riverside's prior written consent: power panels, lighting or lighting fixtures, wall coverings, drapes, blinds or other window coverings, carpets or other floor coverings, heaters, air conditioners or any other heating or air conditioning equipment or security gates or other similar building or operating equipment.

O. Liens. Charter Operator shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Charter Operator at or for use on or in connection with the Facility, which claims are or may be secured by any mechanics' or materialmen's lien against the Facility or any portion thereof, or any interest therein. Nothing herein contained shall empower the Charter Operator to do any act that can, shall or may encumber Riverside's interest in the Facility or any portion thereof, or interest therein. In the event any such lien does attach, Charter Operator shall within ten (10) days of notice of the filing of such lien, either discharge or bond over such lien to the satisfaction of Riverside, and in such a manner as to stay the enforcement or foreclosure of such lien. If Charter Operator fails to so discharge or bond over

such lien, then, in addition to any other right or remedy Riverside may, but shall not be obligated to, discharge the same. Any amount paid by Riverside for such purpose, including reasonable attorneys'' fees shall be paid by Charter Operator to Riverside unless otherwise agreed upon by both parties.

P. Casualty. If the Facility is damaged or destroyed by fire or other casualty to such extent that it cannot be repaired or restored within one hundred twenty (120) days (as reasonably determined by Charter Operator), Charter Operator shall have the option to terminate the use of the Facility under this Agreement. If Charter Operator elects to terminate the use then Charter Operator shall provide written notice to that effect to Riverside within ninety (90) days from the date of such damage or destruction. If the use is not terminated pursuant to the foregoing, Riverside shall, as soon as reasonably possible following the casualty, repair and restore the damaged or destroyed portion of the Facility to a condition which is substantially similar to the condition prior to the damage or destruction. During the period of repair and restoration, the Annual Fee shall be abated proportionately to the extent that the Facility is made unusable by the damage or destruction.

Q. Condemnation. If all or any portion of the Facility is taken under the power of eminent domain or sold under the threat of that power (all of which are called "Condemnation"), both Parties have the right to terminate this Agreement as to the part taken or sold on the date the condemning authority takes title or possession, whichever first occurs. If there is a Condemnation of more than ten percent (10%) of the square foot area of the Facility, either Party may terminate the use of the Facility as of the date the condemning authority takes title or possession, by delivering written notice to the other Party within ten (10) days after receipt of written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority takes title or possession). If the use of the Facility is not terminated, Riverside shall repair any damage to the Facility caused by the Condemnation. Notwithstanding the foregoing, if the severance damages paid to Riverside are not sufficient to pay for such repair, Riverside shall make such repairs at Riverside's expense.

R. Failure to Vacate Facility. Charter Operator shall vacate the Facility upon expiration of this Agreement or any earlier termination of the use rights for the Facility.

XX. HAZARDOUS MATERIALS

A. Compliance with Environmental Laws. Charter Operator shall keep and maintain the Facility in compliance with, and shall not cause or permit the Facility to be in violation of, any Environmental Laws. All of Charter Operator's activities as the Facility shall be in accordance with all Environmental Laws. Additionally, Charter Operator shall obtain any and all necessary permits for Charter's activities at the Facility and provide Riverside with evidence of such permits. Charter Operator's obligations and liabilities under this Paragraph shall continue so long as Riverside bears any liability or responsibility under the Environmental Laws for any action that

occurs on the Facility during the term of this Agreement.

B. Environmental Notices. Charter Operator shall immediately notify Riverside of, and upon Riverside's request shall provide Riverside with copies of, the following:

1. Any correspondence, communication or notice, oral or written, to or from any government entity regarding the application of Environmental Laws to the Facility or Charter Operator's operations on the Facility including, without limitation, notices of violation, notices to comply and citations;

2. Any reports filed pursuant to any Environmental Law or self-reporting requirements

3. Any permits and permit applications; and

4. Any change in Charter Operator's operations on the Facility that will change or has the potential to change Charter Operator's or Riverside's obligations or liabilities under Environmental Laws. Charter Operator shall also notify Riverside of the release of any Hazardous Materials in, on, under, about or above the Facility.

XXI. GENERAL TERMS AND CONDITIONS

A. Mutual Benefits: The Parties agree that in making the promises contained in this Agreement that certain benefits and advantages will accrue to both Parties as a result of the performance of this Agreement, and that therefore this Agreement is being entered into in reliance upon the mutual benefits afforded each of the Parties.

B. Institution of Legal Actions/Attorney's Fees: Any legal actions instituted pursuant to this Agreement must be filed in the County of Maricopa, State of Arizona. In any legal action, the prevailing party in such action will be entitled to reimbursement by the other Party for all costs and expenses of such action, including reasonable attorneys' fees as may be fixed by the court.

C. Landlord-Tenant Laws. For purposes of this Agreement, the Arizona Landlord Tenant Act (A.R.S. Title 33) shall govern the relationship between Charter Operator and Riverside as if Charter Operator were the "tenant" and Riverside were the "landlord."

D. Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of both Parties are cumulative and the exercise by either Party of one or more of such rights or remedies will not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default.

E. Notices, Demands, and Communications. All notices, demands, or other writings in this Agreement provided to be given, made, or sent by any Party hereto to other parties will be deemed to have been fully given, made, or sent when made in writing and personally delivered (which shall include delivering by recognized courier

service, such as Fed Ex, United Parcel Service, and the like) or deposited in the United States mail postpaid, registered or certified, and addressed as follow:

If to Riverside:	Governing Board President Riverside School District #2 1414 South 51st Avenue Phoenix, AZ 85043
Copy to:	Business Manager Riverside School District #2 1414 South 51st Avenue Phoenix, AZ 85043
If to Charter Operator:	President of the Corporate Board of Directors Estrella Educational Foundation 9860 S. Estrella Pkwy, Suite B-110 PMB 303 Goodyear, AZ 85338

The address to which any notice, demand, or other writing may be given, made or sent to any Party may be changed by written notice as above provide.

F. Conflict of Interests: No member, official, or employee of Charter Operator or Riverside may have any direct or indirect interest in the development of the Agreement, nor participate in any decision relating to the development and/or approval of the Agreement which is prohibited by law. All Parties hereto acknowledge that this Agreement is subject to cancellation pursuant to the provisions of A.R.S. §38-511.

G. Warranty Against Payment or Consideration for Agreement. Charter Operator warrants that it has not been paid or given, and will not pay or give, any third person any money or other consideration for obtaining the approval of this Agreement, other than normal costs of conducting business and costs of professional services such as architects, consultants, engineers, and attorneys.

H. Non-liability of Officials, Partners, and Employees. No member, official or employee of Riverside will be personally liable to Charter Operator, or any successor in interest, in the event of any default or breach by Riverside or for any amount which may become due to the Charter Operator or successor, or on any obligation under the terms of this Agreement.

I. E-verify, Records and Audits. To the extent applicable under A.R.S. §41-4401, the Parties warrant their compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-Verify requirements under A.R.S. §23-214(A). A Party's breach of the above-mentioned warranty shall be deemed a material breach of the Agreement and may result in the termination of the Agreement by either Party under the terms of this Agreement.

J. Sudan/Iran. The Parties herby warrant, and represent to each other, that they do not

have and during the term hereof will not have a "scrutinized business operation" in either Sudan or Iran as defined under A.R.S. § 35-391 et. seq.

K. No Waiver: Except as otherwise expressly provided in this Agreement, any failure or delay by any Party in asserting any of its rights or remedies as to any default, will not operate as a waiver to any default, or of any such rights or remedies, or deprive any such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies, including but not limited to rights and remedies existing at common law.

L. Severability. If any provision of this Agreement shall be found invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law, provided that the fundamental purposes of this Agreement are not defeated by such severability.

M. Captions. The captions contained in this Agreement are merely a reference and are not to be used to construe or limit the text.

N. Entire Agreement, Waivers, and Amendments. This Agreement shall be executed triplicate, each of which is deemed to be an original. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Charter Operator or Riverside, and all amendments hereto must be in writing and signed by the appropriate authorities of the Parties hereto.

O. No Agency Created. Nothing contained in this Agreement creates any legal partnership, joint venture, or agency relationship between Charter Operator and Riverside. No term or provision of this Agreement is intended to be for the benefit of any person, firm, organization, or corporation not a party hereto, and no other person, firm, organization, or corporation may have any right to cause of action hereunder.

P. Additional Documents. The Parties each agree to execute and deliver all documents and take all actions reasonably necessary to implement and enforce this Agreement.

Q. Governing Statutes: References are made in this Agreement to specific sections of the Arizona Revised Statutes. Any such references mean the statute in effect on the date of the execution of this Agreement and any subsequent renumbering or reordering of those provisions.

R. Equal Employment Opportunity. In connection with its performance hereunder, Charter Operator shall not discriminate against any worker, employee, or applicant, or any member of the public, because of race, color, religion, gender, national origin, age, or disability nor otherwise commit an unfair employment practice.

S. No Assignment. Charter Operator shall not voluntarily or by operation of law, assign

or transfer Charter Operator's interest in this Agreement without Riverside's prior written consent which shall be in Riverside's sole discretion. Any attempted assignment or transfer without Riverside's consent shall, at Riverside's election, be void. The consent of Riverside to any one assignment or transfer shall not be deemed to be a consent to any subsequent assignment or transfer. Charter Operator shall pay Riverside's reasonable attorneys' fees incurred in connection with Charter Operator's request for Riverside's consent to an assignment or transfer, whether or not such consent is given. Notwithstanding the foregoing provisions of this section, Riverside agrees and acknowledges that Charter Operator may, from time to time, contract with a management company or management companies to manage all or portions of its operations and that such management company or companies may be under common control or have common ownership or governance with Charter Operator.

T. Time is of the Essence. Time is of the essence of this Agreement and all of the covenants and obligations hereof.

IN WITNESS WHEREOF, the Parties have executed this Agreement through their respective representatives duly authorized to execute this document and bind their respective entities to the terms and obligations herein contained on the day and year first written above.

"Riverside"

RIVERSIDE SCHOOL DISTRICT #2, a political subdivision of the State of Arizona

By: _____
Mr. Jose Moreno
Its: Business Manager

By: _____
Dr. Joyce Luckie
Its: Board President

"Charter Operator"

ESTRELLA EDUCATIONAL FOUNDATION, a non-profit corporation

By: _____
Mr. Anthony Calderon
Its: President