



Enrollment Cap Amendment Report

Amendment Request for Vista College Preparatory, Inc.

APRIL 10, 2017

AGENDA ITEM: Enrollment Cap Amendment Request—Vista College Preparatory, Inc.

Request and Eligibility

Vista College Preparatory, Inc. (“Charter Holder”) submitted an expansion amendment request on February 28, 2017 to increase the enrollment cap from 349 to 687, beginning in FY 2018.

The Charter Holder operates two schools: Vista College Preparatory and Vista College Prep-Maryvale (opening in FY 2018). Vista College Preparatory has not been designated for school improvement in FY 2017. As a result, the Charter Holder is eligible to submit an expansion request.

Background

History

The Charter Holder was granted a charter in 2013, which is currently approved for grades K-5, and operates two schools: Vista College Preparatory and Vista College Prep-Maryvale.

School Name	Month/Year Open	Location	Grade Levels Served	Current Status	FY 2017 100 th Day ADM
Vista College Preparatory	August 2013	Phoenix	K-5	Open	206.921
Vista College Prep-Maryvale	August 2017	Phoenix	K-2	Not Yet Open	N/A

Governance

The Charter Holder is governed by a corporate board that consists of 9 individuals. The corporate principals listed on ASBCS Online and the website of the Arizona Corporation Commission are listed in the table below.

Member Name	Position
Julia Meyerson	President/CEO
Cassandra Hilpman-Breecher	Director
Charles Mitchell	Chairman
Katherine Cecala	Director
Dawn Kennedy	Director
Christopher Dang	Director
Kelly McManus	Director
Irene Carroll	Director
Grant Crone	Director

The corporate principals also act as the governing body and are responsible for the policy decisions of the school.

Associated Schools

The Charter Holder has no associated schools.

Compliance

As stated in Board policy, prior to an expansion request being considered by the Board, staff conducts a compliance check. The Charter Holder does not have any compliance issues.

The Charter Holder has not been before the Board within the last 12 months.

Academic Performance

The Board’s academic framework uses two measures to calculate overall academic ratings, letter grades and state designations for school improvement. Due to a moratorium on letter grades until FY 2018, based on FY 2017 data, the Board has not calculated overall ratings for FY 2015 and 2016. As it relates to school improvement, Vista College Preparatory has not been designated for school improvement in FY 2017.

Operational Performance

The Charter Holder currently meets the Board's Operational Performance Standard set forth in the Performance Framework adopted by the Board.

Financial Performance

The Charter Holder meets the Board's Financial Performance Expectations set forth in the Performance Framework adopted by the Board.

Staff Recommendation

At its August 8, 2016 meeting, the Board approved staff recommendation criteria for all expansion requests. A Charter Holder must meet all criteria for the request to receive a staff recommendation for expansion.

The Enrollment Cap Amendment Request submitted by the Charter Holder **meets 5 of the 6 criteria** required to receive a staff recommendation under the guidelines set forth in the request instructions. Details regarding items that met are provided in Appendix A. Staff Recommendation Criteria Chart. The table below provides an analysis of the information reviewed by staff regarding the one criterion the Charter Holder did not meet.

Staff Recommendation Criteria	Analysis
ADM is within 85% of current enrollment cap	<p>The Charter Holder currently serves 206 students, according to ADE school finance. The current enrollment cap is 349. The Charter Holder is within 59% of its current enrollment cap.</p> <p>The Charter Holder has a new school, Vista College Prep-Maryvale, opening in FY 2018. The enrollment projections indicate that the Charter Holder will exceed its current enrollment cap when Vista College Prep- Maryvale opens.</p>

Request Summary and Analysis

Summaries of the documentation and narrative provided by the Charter Holder are provided below. Amendment request materials submitted by the Charter Holder are provided in Appendix B.

Rationale

The narrative provided states that the Charter Holder seeks to increase its Enrollment Cap from 324 to 924 students. The Charter Holder was approved a new school site, Vista College Prep-Maryvale, at the February 8, 2016 Board Meeting. The Charter Holder is planning for a larger campus at the new school site due to the density of the student population in Maryvale.

Board Minutes

The submitted minutes indicate that on February 27, 2017, the Charter Holder's Governing Board unanimously approved amending the charter with Arizona State Board for Charter Schools to increase the Enrollment Cap.

Staffing Plan

The Staffing Plan provided by the Charter Holder indicates a "Network Support Team" is in place and is critical to providing the consistency that the Charter Holder aims to achieve across both campuses. This team is currently comprised of all founding staff members and is planned to grow based on an analysis of best practices associated with schools at similar stages of growth. The staffing plan provided by the Charter Holder indicates that the instructional, non-instructional, and administrative staff are nearly identical across both campuses, with the only differences being adjustments due to student size or building specifications. The new school site is planned to open with grades K-2 and will need 4 instructional staff, 1 office assistant, and a K-2 intervention teacher.

Enrollment

The Enrollment narrative provided indicates the Charter Holder believes having a targeted plan that is year round is critical. The annual cycle is focused on five rounds designed to Identify, Engage and Enroll new families. The five rounds consist of Incubating Interest, Engage and Energize, Summer Success, Critical Crossroads, and Maintaining momentum. The plan includes weekly check-ins with the Executive Director, touchpoints with each family, and

ongoing canvassing and participation in all community events. The Charter Holder stated that the primary method of advertising and promotion is through canvassing, participation at community events, and some nominal paid social media.

Table 1: Current and Target Student Enrollment by Year

School Name: Vista College Preparatory				
	Number of Students			
Grade Level	Current—FY 2017	Anticipated FY 2018	Anticipated FY 2019	Anticipated FY 2020
Kindergarten	63	63	63	63
1 st	63	63	63	63
2 nd	42	63	63	63
3 rd	42	42	63	63
4 th	42	42	42	63
5 th		42	42	42
6 th			42*	
Total Enrollment	252	315	378	357

School Name: Vista College Prep - Maryvale				
	Number of Students			
Grade Level	Current—FY 2017	Anticipated FY 2018	Anticipated FY 2019	Anticipated FY 2020
Kindergarten		22	22	88
1 st		22	44	88
2 nd		44	44	66
3 rd			44	44
4 th				44
Total Enrollment		88	154	330

Concrete Resources

The Charter Holder indicates that they have a self-created curriculum that will be shared across both campuses and is aligned with state standards. The Charter Holder states the strength in sharing curriculum across two campuses allow their team to have more purposeful planning meetings and allow a better management of data/data comparison. Additional computers, books to support read aloud, reading comprehension, and guided reading lessons will be purchased for the new school site. A change in the assessment system next year will occur at both campuses as NWEA MAP will be utilized to address a focus on growth.

Additional School Choices

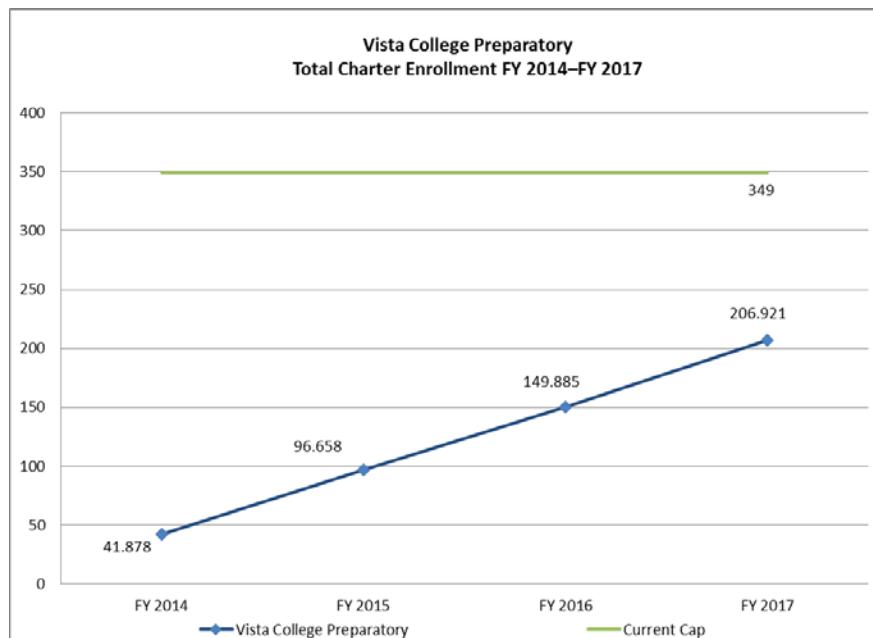
Vista College Preparatory did not receive a letter grade in FY 2014 due to only serving grades Kindergarten and 1st in the School's first year of operation. The School is located in Phoenix near 7th Ave and W, Grant St. The following information identifies additional schools within a five-mile radius of the School and the academic performance of those schools.

There are 78 schools that received an A–F letter grade in 2014 serving grades K-5 within a five-mile radius of the School. The table on the following page provides a breakdown of those schools. The schools are identified by their A–F letter grades assigned by the ADE in 2014. The table identifies if those schools scored above average on the AzMERIT, had higher scores than those of the School, and the number of schools that are charter schools.

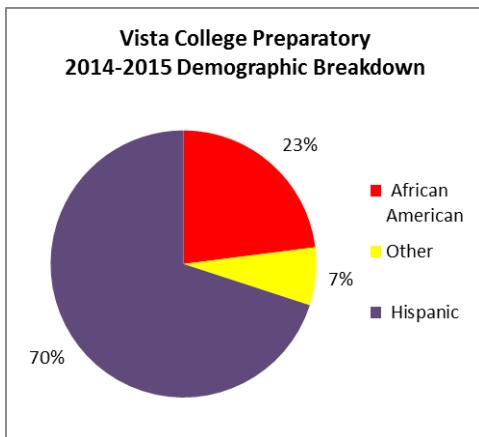
Vista College Preparatory			2016 AzMERIT ELA 66%	2016 AzMERIT Math 59%		
2014 Letter Grade	Within 5 miles	Above State Average ELA (35%)	Above State Average Math (35%)	Schools with Higher ELA	Schools with Higher Math	Charter Schools
A	10	7	9	2	2	4
B	16	0	2	0	0	5
C	33	2	1	0	0	8
D	15	0	0	0	0	3
F	4	0	0	0	0	1

Enrollment and Demographic Data

The enrollment cap for the Charter Holder is 349. The table below shows Average Daily Membership ("ADM") for the Charter Holder based on 100th day ADM for fiscal years 2014–2017.



The tables below identify the percentage of students in each demographic group and subgroup identifier.



2015-2016 Subgroup Data	
Category	Vista College Preparatory
Free and Reduced Lunch	92%
English Language Learners	*
Special Education	*

If the percentage of students is 0% or 100%, the percentage for that group is redacted.

Board Options

Option 1: The Board may approve the Enrollment Cap Amendment Request. The following language is provided for consideration:

I move, based on the information contained in the Board materials and presented today, to approve the request to increase the Enrollment Cap for the charter contract of Vista College Preparatory, Inc. from 349 to 687 beginning in FY 2018.

Option 2: The Board may deny the Enrollment Cap Amendment Request. The following language is provided for consideration:

I move, based on the information contained in the Board materials and presented today, to deny the request to increase the Enrollment Cap for the charter contract of Vista College Preparatory, Inc., for the reasons that: (Board member must specify reasons the Board found during its consideration.)

APPENDIX A

STAFF RECOMMENDATION

CRITERIA CHART

Staff Recommendation Criteria Chart

Enrollment Cap Amendment Request

Staff Recommendation Criteria	Satisfies Criteria	Justification/Summary										
In operation for three years	<input checked="" type="checkbox"/>	The Charter Holder has been in operation for 4 years.										
Rating of "Meets Operational Standard" in the most recent Fiscal Year	<input checked="" type="checkbox"/>	The Charter Holder received an Overall Rating of "Meets" on the Operational Performance Dashboard in FY 2016.										
Rating of "Meets Financial Performance Standard" in the most recent Fiscal Year	<input checked="" type="checkbox"/>	The Charter Holder received an Overall Rating of "Meets" on the Financial Performance Dashboard in FY 2016.										
Past enrollment trends indicate need for increase within three years	<input checked="" type="checkbox"/>	<p>The Charter Holder's enrollment trend shows an increase in attendance every year the Charter Holder has been in operation according to the Arizona Department of Education's ADMS45-1 Report. The new school location, Vista College Prep-Maryvale, opens in FY18.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Fiscal Year</th><th style="text-align: center;">ADM (Average Dailey Membership)</th></tr> </thead> <tbody> <tr> <td style="text-align: center;">FY14</td><td style="text-align: center;">41.878</td></tr> <tr> <td style="text-align: center;">FY15</td><td style="text-align: center;">96.658</td></tr> <tr> <td style="text-align: center;">FY16</td><td style="text-align: center;">149.885</td></tr> <tr> <td style="text-align: center;">FY17</td><td style="text-align: center;">206.921</td></tr> </tbody> </table>	Fiscal Year	ADM (Average Dailey Membership)	FY14	41.878	FY15	96.658	FY16	149.885	FY17	206.921
Fiscal Year	ADM (Average Dailey Membership)											
FY14	41.878											
FY15	96.658											
FY16	149.885											
FY17	206.921											
ADM is within 85% of current enrollment cap	<input type="checkbox"/>	<p>The Charter Holder currently serves 206 students, according to ADE school finance. The current enrollment cap is 349. The Charter Holder is within 59% of its current enrollment cap.</p> <p>The projected enrollment provided by the Charter Holder in the Enrollment Matrix indicates an enrollment increase that will meet the enrollment cap capacity in FY 2020.</p>										
Each school operated by the Charter Holder performs at or above the average performance of a majority of schools within a five-mile radius of the school's location; <u>or</u> the proposed school offers a unique program of instruction within a five-mile radius of the target area.	<input checked="" type="checkbox"/>	<p>The Charter Holder had a passing score of 66% in ELA and 59% in Math on the FY 2016 AzMERIT.</p> <p>2 of the 78 schools serving K-5 within a five-mile radius had a greater percentage of students receiving passing scores in ELA on the FY 2016 AZMERIT.</p> <p>2 of the 78 schools serving K-5 within five-mile radius had a greater percentage of students receiving passing scores in Math on the FY 2016 AZMERIT.</p>										

APPENDIX B

AMENDMENT REQUEST MATERIALS

Enrollment Cap Notification Request

Charterholder Info

Charter Holder Representative

Name:

Vista College Preparatory, Inc.

CTDS:

07-82-24-000

Name:

Julia Meyerson

Phone Number:

602-374-7159

Mailing Address:

812 S. 6th Ave.

Phoenix, AZ 85003

[View detailed info](#)

Downloads

 [Download all files](#)

Enrollment Cap

From:

349

To:

687

Attachments

Board Minutes –  [Download File](#)

Increase to Enrollment Cap Attachments

The following 2 attachments are only required if the enrollment cap is increasing.

Documentation that current facilities can accommodate requested capacity –  [Download File](#)

Narrative describing the staffing changes and recruiting efforts that will be made to reach capacity –  [Download File](#)

Additional Information

 [Download File](#) – Attached please find the Phase II building for our Maryvale campus that will accommodate 20 additional classrooms (at 22 students per class).

 [Download File](#) – We have two buildings at our Hadley campus. This Cert. of Occupancy shows the capacity for building #1.

 [Download File](#) – We have two buildings at our Hadley campus. This Cert. of Occupancy shows the capacity for building #2.

 [Download File](#) – Attached is the Occupancy Compliance and Assurance document that we submitted with our New School Site addition. We know that we will need a Cert. of Occupancy at our Maryvale campus prior to the first day of school.

 [Download File](#) – Attached is our board-approved lease for the Maryvale campus.

 [Download File](#) – Attached is the Enrollment Matrix.

 [Download File](#) – Attached is the updated staffing chart.

Signature

Charter Representative Signature
Julia Meyerson 03/23/2017

Vista College Prep Governing Board

Meeting Minutes

Date: February 21, 2017

Location: Vista College Prep, 812 S. 6th Avenue, Phoenix, AZ 85003

Board Members Present: Charles Mitchell, Katherine Cecala (telephonically), Dawn Kennedy (telephonically), Chris Dang, Irene Carroll (telephonically)

Board Members Absent: Kelly McManus, Cassie Breecher, Grant Crone

Staff Present: Julia Meyerson

Guests Present: Jade Rivera, BES Fellow; Breanne Bushu, Christina Spicer

Meeting was called to order at 5:38 p.m. by Charles Mitchell.

Agenda Item – Minutes and Agenda

Mr. Mitchell reviewed the minutes from the previous meeting held on January 17, 2017. Mr. Dang moved to approve minutes from the previous meeting; Ms. Kennedy seconded. Motion carried.

The board reviewed the agenda for the present meeting. Mr. Dang moved to approve today's agenda; Ms. Kennedy seconded. Motion carried.

Mr. Mitchell announced the next board meeting would be held on March 21, 2017.

Agenda Item – Call to the Public

Mr. Mitchell made a call to the public. Ms. Meyerson introduced Jade Rivera, a BES fellow spending a month with Vista College Prep and Breanne Bushu. No public comments were made.

Agenda Item: Executive Director Report

Ms. Meyerson reviewed the current status of enrollment and the personnel search for open positions at both campuses.

Ms. Meyerson reviewed academic achievement year to date and assessment reconfiguration.

Ms. Meyerson provided updates on the Maryvale campus including lease, financing status, and related documentation. The board discussed the lease terms and the considerations to date on the Maryvale campus.

Upon the conclusion of discussion, Mr. Dang moved to approve and allow Ms. Meyerson to sign the lease with Prayer Assembly of God subject to no substantial revisions. Ms. Carroll seconded. Motion carried.

Agenda Item: Academic Committee

No additional report.

Agenda Item: Finance Committee

Ms. Meyerson shared the Finance Committee report and the status of fundraising.

Ms. Meyerson discussed the qualifications of Brett Backlund, CPA and recommended that the board approve him to serve as Vista's auditor for the upcoming year. Mr. Dang moved to approve Brett Backlund, CPA as the auditor for the upcoming year. Ms. Cecala seconded. Motion carried.

Agenda Item: Development Committee

Ms. Kennedy and Ms. Meyerson provided an update on fundraising efforts including the Tax Credit Campaign and notable donations to date.

Agenda: Other Business

Ms. Meyerson discussed the enrollment cap increase and required documentation with the Arizona Charter School Board. Mr. Dang moved to approve Vista College Prep's enrollment cap increase to 924 students. Ms. Cecala seconded. Motion carried.

Ms. Meyerson discussed the "rent a CFO" and facilities consultant needs and search.

There being no further business to be transacted, and upon motion duly made, seconded, and approved, the meeting was adjourned at 6:21 p.m.

Dated and posted this 21th day of February, 2017.

Respectfully submitted,

Christopher Dang on behalf of Kelly McManus, Secretary

Vista College Prep – Narrative

1. Describe the rationale for this request.

Vista College Preparatory (“Vista College Prep”) was approved in February of last year to open a K-5 elementary school in the Maryvale neighborhood of Phoenix with the firm belief that all students, regardless of race, language or economic status can succeed if they have access to a high quality education. While the New School Site request included the enrollment cap information, we did not realize that a separate enrollment cap notification was needed. We have been approved for a new K-5 campus and as a result, need to increase our enrollment cap to **924 students**, which will allow both our current campus and new campus in Maryvale to reach capacity as two K-5 schools.

This is the breakdown of enrollment for each campus at capacity as a K-5 school:

- VCP Hadley: 396
- VCP Maryvale: 528 (*Note: We are planning for a larger campus size at this site due to the density in student population in Maryvale. Maryvale is three times as densely populated as our current location.*)

As we indicated during our new school site notification, we will still plan to start with only 88 students (a K-2 opening).

This past year our students took the AZ Merit and outperformed the state average by 24% in math and 56% in reading. Looking at schools where over 60% of students qualify for free and reduced price lunch, VCP scholars scored in the top 5%. Looking at schools where over 90% of students qualified for free and reduced price lunch, VCP scholars had the highest literacy score in the state.

We believe that we have a model that works and we look forward to bringing this model to Maryvale.

2. Staffing Plan

When considering the changes to our staffing plan as compared with the original charter application we submitted and any documents included in our new school site notification, there is only one key adjustment:

- We now have a “Network Support Team.” In the original charter application submitted in 2012, we did not include our plans to replicate our model. However, we believe that having this support team as we grow is critical to providing the consistency that we aim to achieve across both campuses. This team is currently comprised of all founding staff members and will continue to grow based on an analysis of best practices associated with schools at similar stages of growth.

The instructional, non-instructional and administrative staff are nearly identical across both campuses, with the only differences being adjustments due to student size or building specifications. The breakdown in how we have thought about our Hadley campus (smaller school) vs. our Maryvale campus (larger school) is as follows:

- Assistant Principal starts in Year 3 at Maryvale vs. Year 5 at Hadley (by year three, the grade span is now K-4 with 16 classrooms at the Maryvale building)
- Dean of Students starts in Year 3 at Maryvale vs. Year 5 at Hadley (approximately the same number of students in each of these years)
- K-2 Interventionist starts in Year 1 of Maryvale - *This is a full-time teacher pulling intervention groups and ultimately, the goal is to free up time for the “lead teacher” to take on the coaching of one other staff member*

As noted above, the only personnel change is the addition of a K-2 interventionist at our Maryvale campus, as we are opening the campus with K-2. As we have reflected on what has made our campus so successful, we realized it is the intensive interventions that we are providing to our students. We believe that bringing on second graders who have not had us for K and 1 will need the additional support of a highly qualified staff member. We are confident that we can achieve the same results as we have at our current campus. When looking at the results of our AZ Merit assessment this past year, only 60% of students started with us in first grade, meaning that 40% came to us in second and in third grade. Among the students that started with us in third grade – 100% scored proficient on the ELA portion of the AZ Merit.

Our staffing, enrollment and target population needs are addressed as follows:

- *Recruitment:* We have contracted with an outside recruiter, OneTeacher, to provide the first round of our interview process (it is a three step process). Last year we had 1000 applications for seven positions. We feel exceptionally well positioned to achieve this for the upcoming year as well.
- *Hiring:* Our hiring process is in-depth and detailed explicitly in our initial application. However, we have included a description below.
- *Training:* Similarly, we have explicitly detailed our professional development strategies in our initial application and our new school site notification. As a result of our strong training, we have retained 100% of our staff in our first three years of operation. I have included a description of our training below.

As stated in our original application, here is a detailed description of our hiring process:

Vista College Prep has created a detailed hiring process that will allow the Executive Director and Principals to hire key school leadership and Highly Qualified teachers with a baccalaureate degree from an accredited college/university, screen for mission and school culture alignment, and meet the qualifications of the specific role. The qualities sought in our candidates are based on our core values (plus humility).

In the interview we keep in mind the following “golden rules”:

- Candidate talks 80 -90% of time
- Push to know more, get more examples and specifics
- Break through ability to talk about education and into what this looks like in real time
- Get to real beliefs about what’s necessary on the ground level – every day, in every class

It is just as critical to remember in the hiring process that there is no guaranteed correlation between teacher efficacy and:

- Educational licensure, graduate work, or years of experience
- Ability to articulate “eduspeak”
- Similarity of personal background to students
- Political ideology or spiritual belief
- Depth of concern for the challenges that children in poverty/of color face

Instead, we must remember that mission fit is about what it will take to make the end game of student achievement possible and the true internalization of “no excuses.”

There are multiple key steps in the Vista College Prep hiring process. Below are samples of what we would include in each step, as well as what the process looks like for different candidates.

Vista College Prep Screening Process

1. Resume Screen
2. Phone Screen
3. Response to Scenarios
4. Demo Lesson and First In-Person Interview
5. Case Studies
6. School Walk Thru: Questions and Observations
7. Second Demo Lesson (incorporate feedback)
8. Second In-Person Interview
9. Reference Check

Resume Screening

A resume is a chance for a candidate to communicate who they are in a limited amount of space. What they choose to share (content) and how they share it (professional quality, proper grammar, spelling, etc.) provides us with important information on whether or not to move forward. The goal of step one is to screen in or screen out resumes within 1 – 3 minutes of review.

Sample Question and Evaluation Tool

QUESTION: What do you think are the key factors to ensuring success working with a predominantly low income, urban population of students?

(Strong/Aligned Response)

- High expectations with high levels of accountability at all levels (students, teachers, leaders, etc.)
- Structure/disciplined learning environments
- Relentlessness
- Extra support / time for students
- High quality teachers who take responsibility for their student's performance
- No-excuses

(Weak/Misaligned Response)

- Anything suggesting that they are making excuses for students' lack of success.
- Overall focus on tangential issues vs. high expectations
- Home lives are tough, so need to counsel them
- Must have families involved, or there's nothing the school can do

Phone Screens

The goal of the phone screens is to determine if the candidate is truly a mission fit: (a) at their core, does this candidate believe that all children can learn and that school and teachers can make that happen, no matter what and (b) has a powerful, whatever it takes work ethic.

Demonstration Lesson and First Interview

There are two options for demonstration lessons to take place with a teacher candidate. If they are currently teaching in the Phoenix area, the first is to visit them at their school and observe them in their natural setting. This provides for an opportunity to not only evaluate their instruction, but to get a sense of the school culture and expectations that they've been working in prior to possibly joining Vista College Prep. The second option is for the teacher candidate to come to Vista College Prep and teach a demonstration lesson.

In the second instance, the teacher candidate should be provided with the following information prior to coming to model their lesson.

- An explicit standard (learning outcome) to be covered during the lesson.
- A brief amount of information about what the students have been learning up until this point and what they'll be learning following this point (provide context).
- A time constraint, i.e. you'll have 20 minutes to deliver your lesson (strict enforcement).
- Information regarding what resources will be available to them for delivering their lesson, i.e. LCD projector, overhead, whiteboard with dry erase markers, poster paper, etc.

Although it can be extremely valuable to see how someone responds when they are unsure of the situation they are entering, the goal of the demo lesson is to determine how well the teacher candidate can deliver a lesson and the means in which they communicate/work with students and adults.

During the demo lesson, if deemed appropriate and available (and starting in our second year), teachers either within the grade level team of the proposed candidate or in the same department as the proposed candidate should be welcomed to participate in the evaluation. This is a chance to extend leadership opportunities to teachers who have demonstrated mastery of what it means to be a “Vista College Prep Teacher.”

Case Studies

The purpose of the case studies component of the interview is primarily to create an experience in which the teacher candidate has to articulate their thinking in an “on-the-spot” manner. Answering the question, “how does this person think through a problem,” is the driving force behind each case study. More specifically, the four options provided below allow for the interviewer(s) to further explore an area of concern that they may have with a candidate - they may need more information to be sure of their dispositions or core beliefs. Below is a brief overview of the topics covered in each case study.

- 1. The “sole provider mentality”** – Understanding when “Whatever it Takes” needs to be spread out amongst a team and you need to use supports/processes
- 2. Working within consistent systems** – Personality vs. Systems
- 3. 100%** - do you really believe it? (Loving students enough to hold them accountable)
- 4. Data analysis** – using evidence to create concrete/detailed plans

School Walk (Questions and Observations)

The purpose of the school walk is to give the candidate the opportunity to see what your school is about. At this point, the candidate is a strong potential. This is the chance to continue to vet the candidate and also to provide a comparison between multiple prospects. The school should highlight the following key areas:

- Culture (student engagement, behavior, systems)
- Curriculum (rigor, completion and quality of work)
- Campus (overall environment)

The school walk should be an engaging experience for the candidate. There should be 2-3 different people giving the school walk, each highlighting a different physical area of the school, but touching on each of the three major areas.

Final Interview and References

This is the final opportunity to meet with the candidate. This is the time to ask any lingering questions of the candidate and also to debrief the entire interview process. It is important to gauge the candidate’s opinion of the process in order to determine whether they have the commitment, stamina, and sense of urgency required of the position. This is also a time to answer more specific questions that the candidate should have and to speak candidly about the role. If

a person makes it to this level, they are more than likely one of a select few people remaining in the process, so it is critical to flush out the nuanced differences between remaining candidates, determine their interest and dedication to the role and mission, and find the best fit.

All candidates should have at least three references checked. Each reference check should cover the following topics:

- What can you tell me about this person?
- How many days were they absent last year?
- If this person was not going to succeed in this job, what would be the reason?

Putting it all Together

A combination of all steps should give the Vista College Prep leadership team a clear sense of whether or not they would like to offer a position to the candidate. If a candidate has successfully navigated the resume screen, written response to questions, phone screen, demo lesson, case studies, and in-person interview (and additional steps for leadership positions), they should be seriously considered for a position. With the goal of ensuring that along the way the candidate has shown their true colors, the hiring process, should provide a clear sense on the areas that are most critical to success as a Vista College Prep staff member:

- Intelligence; has demonstrated capacity to learn and achieve
- Takes initiative; is action oriented. Exudes a sense of energy / urgency
- Strong communicator: verbal and written
- Mission alignment
- Reflectiveness / Ability to take and implement feedback
- Classroom skill: Behavior management (when applicable to the position)
- Classroom skill: Instruction and love of teaching (when applicable to the position)
- Team trumps Individual mentality

After the final interview, the Executive Director and Principal (and other administration staff members) will review all steps and make a final decision.

Vista College Prep will not discriminate against any potential or current employee on the basis of ethnicity, national origin, gender, sexual orientation, religion, race, disability, or any other protected classification, in accordance with applicable law.

Vista College Prep's highly detailed recruitment plan is organized and structured to ensure that any future school leader can take a look at the document, hopefully continue to work to improve it, but all the while, having a clear understanding of the type of candidates that we are looking for.

Here is a detailed description of our training and support of teachers:

Vista College Prep can recruit and hire effectively, but if we do not grow, support and coach our teachers, we will not be able to fulfill our mission. A recent *EdWeek* article discussed a report that “found that the highest-achieving CMOs place a heavy focus on the coaching of educators, along with setting high expectations for student behavior.” At Vista College Prep, we do both.

Summer Professional Development: To ensure our key instructional leaders are prepared and ready to deliver rigorous standards-based instruction on a daily basis, we have three weeks of staff development during the summer. Key topics covered during summer professional development include:

- Curriculum planning & Development
- Instructional Practices
- Assessments
- School Culture Building and Norming
- School Routines and Structures

Throughout the summer staff will participate in role-plays, evaluate scenarios, create and adapt curriculum, learn systems that include everything from how students enter the building to how they sharpen pencils. Additionally, teachers and staff will have the opportunity to travel to at least one of the schools studied by the school leader during her Fellowship year with Building Excellent Schools. This will serve as a model for the entire staff and orient our own discussions around excellence.

Professional Development during the School Year: Teachers participate in weekly professional development. For 2.5 hours per week, teachers and the leadership team plan and discuss curriculum, analyze student data to modify or adjust lesson planning and continuously seek ways to improve the quality of instruction we deliver to students. We provide dedicated professional development days during the year, allowing us to contract external professional development as needed, and offer teachers opportunities to visit high-performing schools to observe best practices. Five of these days are devoted to data evaluation following our six-week assessments where teachers and instructional leaders evaluate students’ small group levels, determine lesson modifications and evaluate whether any skills or concepts need to be retaught. Data-driven instruction allows teachers to recognize what information is not being accessed by some or all students and helps them to understand why. As a staff, we analyze the results of data on a weekly basis and analyze the results of internal assessments through extended professional development blocks. The goal of each data analysis session is to make program improvements to ensure all students are achieving mastery on all objectives. The actions plans required from this information may include re-teaching, spiraling material more extensively, individual tutoring, small group sessions, or increased homework on a specific objective. Teachers will be expected to use the information gathered to modify their planning. Teachers will work with the instructional coaches on those modifications, as needed. We will monitor student mastery of standards as well as reading levels and fluency.

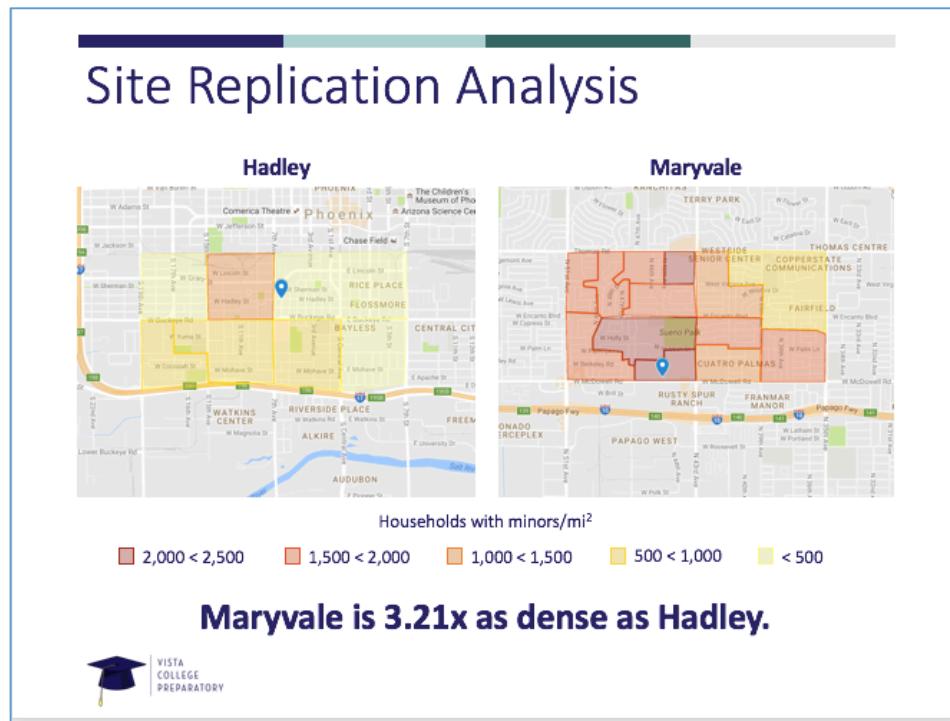
Summer training and data days will take place across both campuses. However, weekly professional development will most often take place separately at each campus, as the sessions

are targeted to being responsive to what we are seeing in the classrooms. So, each principal has the opportunity to provide the support they see fit.

3. Justification for the Enrollment Targets

We have done an extensive analysis of the Maryvale community as we think about both justifying our expansion as well as feeling very confident about our enrollment projections.

First, we have done an analysis of population density. As you can see by the graphic below, Maryvale is over three times as densely populated as our current campus.



We did not want to limit our analysis just to general population, but do a deep dive into the possibility of eligible school-aged children in the vicinity. As you can see by the graphic below, the Maryvale community is nearly two times as dense when we think about our targeted demographic of K-5 students.

Site Replication Analysis

Hadley				Maryvale							
School	K-5 Enrollment	School Type	Distance (miles)	AZ Merit		School	K-5 Enrollment	School Type	Distance (miles)	AZ Merit	
				ELA	Math					ELA	Math
Dunbar	203	District	.2	39%	60%	Mitchell	600	District	.7	16%	17%
Lowell	425	District	.5	15%	36%	Zito	699	District	.8	11%	16%
Bethune	350	District	.9	17%	9%	Alta Butler	775	District	1.3	15%	12%
Herrera	474	District	1.6	34%	38%	Moya	538	District	1.7	2%	8%
Capitol	459	District	1.6	8%	24%	PT Coe	753	District	1.7	6%	5%
Total:	1,911		<2	22.6%	33.4%	Total:	3,365		<2	10%	11.6%

Maryvale is 1.76x as dense as Hadley.



We have taken the recruitment process very seriously as think about our first ever site replication. This year our Director of Operations had the opportunity to participate in an Enrollment Convening with some of the leading charter schools across the country. She had five key take-aways from this experience:

- *Network Team + School Site Team = Student Recruitment:* There is a clear identification of roles and responsibilities between the Network and the School Site team.
- *Dynamic Accountability Systems & Clearly Defined Roles:* Every person the team understands what their role is in the process and how they contribute to ensuring a family is able to learn all about VCP. There are clear accountability metrics for each individual.
- *Strategically Tracking Data (Canvassing, Touchpoints, Building a Database):* We have now built systems and structures to track and analyze our efforts so that we can re-tweak and adjust as necessary.
- *Mobilizing Parents Around Recruitment:* Our parents are our biggest allies. It is critical that we mobilize our families to help serve as ambassadors of our school.
- *Designated Recruitment Team Member:* A big one for us! We have officially hired an individual who is focused solely supporting our student recruitment efforts.

Following the convening, we realized we were doing many of these things (all very clearly outlined in our charter application), but the primary gap was in a designated recruitment team member. So, this December, we brought on a Community Engagement Associate who will be primarily supporting our expansion in to Maryvale. We have already met our enrollment goals for the month of January.

In order to meet our enrollment targets each year, we believe that having a targeted plan that is

year-round is critical. Therefore, our annual cycle is focused on five rounds designed to Identify, Engage and Enroll new families: Incubating Interest, Engage and Energize, Summer Success, Critical Crossroads, and Maintaining momentum. This is a highly detailed plan that includes weekly check-ins with the Executive Director, thoughtful touchpoints with each family, and ongoing canvassing and participation in all community events. We believe that our primary method of advertising and promotion is through canvassing (as detailed above), participation at community events, and some nominal paid social media.

At our Hadley campus, we are just bringing in a new class of kindergarteners and have historically averaged over 90% of student re-enrolling each year. Currently, as of February we have 89% of families who have submitted a re-enrollment packet. As indicated, it is only February, so we intend for this number to increase. Here is a breakdown of anticipated retention (we are being very conservative as we plan for student recruitment) and new student enrollment at our current campus (VCP – Hadley):

Anticipated as of 1/13/17		
Hadley		
Grade	Estimated Retention*	Estimated Need**
K	0	70
1	56	14
2	54	16
3	39	7
4	43	3
5	38	8
Total	230	118

*Assumes 93% retention
** Includes waitlist of 10% of grade population

Here is a breakdown of anticipated new student enrollment at our new campus (VCP – Maryvale):

Maryvale		
Grade	Estimated Retention*	Estimated Need**
K	0	25
1	0	25
2	0	49
3		
4		
5		
Total	0	99

*This is our first year
** Includes waitlist of 10% of grade population

For both campuses, we believe that focusing on building a robust waitlist is critical due to the high mobility in our student population. One additional data point – of the Vista College Prep students who have withdrawn over the last three years, 81% is due to mobility issues. And, over 25% of the students who withdraw, re-enroll.

4. Concrete Resources Needed for Implementation

Here is a summary of the curriculum and instructional strategies that we use at Vista College Prep. Following this summary, I have included key changes that we are making as we plan for our second campus as well as outlining the primary reasons I believe that we will be successful.

Specific Curriculum and Instructional Resources: The curriculum and instructional design of Vista College Prep is rooted in both successful practice and research.

Our curriculum is aligned with ADE 2010 Standards (CCSA), other rigorous state standards, and supplemented with the knowledge of our faculty to design internal standards to move our students toward high academic achievement and college preparation every year.

To provide the caliber of instruction that will prepare our students with the academic foundation necessary for success in middle school, achievement in high school and graduation from college, Vista College Prep's leadership team reviews and vets curricular materials for each subject and grade level to determine which will be most developmentally appropriate, academically rigorous, and engaging for our students. In reviewing textbook series and other curricular materials, we are considering the following factors: Alignment with ADE 2010 Standards (CCSA); Basis in scientific research of methods successful with our students, particularly English Language Learners (ELLs); Degree of use in high-performing urban schools; Organization and extensiveness of teacher and student materials; Level of vocabulary; and, Reinforcement of grade level-appropriate literacy skills.

Our firm understanding of the ADE 2010 Standards (CCSA) that need to be mastered by students in grades K-5 led us to the selection of the following curricular materials as outlined below. Each year we evaluate the success of our curricular models and materials and make any adjustments to meet the learning needs of our students.

We have created all of the K-2 curriculum and that is what will be shared across both campuses. Below I have noted what we have created in-house versus what we will purchase for our second campus. We will purchase 10 computers per classrooms with our AZCSP Maryvale grant as well as all books to support our read aloud, reading comprehension and guided reading lessons.

Core Academic Curriculum Materials K-5

Kindergarten

- Scripted Curriculum: Reading Mastery, Investigations, Zaner Bloser Handwriting, Math Routines
- Created in-house: Read Aloud, Reading Comprehension, Guided Reading, Writing, Cognitively Guided Instruction, Science and Social Studies
- Computer Programming: Lexia

First Grade

- Scripted Curriculum: Reading Mastery, Investigations, Zaner Bloser Handwriting, Math Routines
- Created in-house: Read Aloud, Reading Comprehension, Guided Reading, Writing, Cognitively Guided Instruction, Science and Social Studies
- Computer Programming: Lexia

Second Grade

- Scripted Curriculum: Reading Mastery, Investigations, Math Routines
- Created in-house: Read Aloud, Reading Comprehension, Guided Reading, Writing, Cognitively Guided Instruction, Science and Social Studies
- Computer Programming: Lexia

Third Grade

- Scripted Curriculum: Reading Mastery, Investigations, Math Routines
- Created in-house: Read Aloud, Reading Comprehension – Informational and Narrative, Guided Reading, Writing, Cognitively Guided Instruction, Science and Social Studies

Fourth Grade

- Scripted Curriculum: Investigations, Math Routines
- Created in-house: Read Aloud, Reading Comprehension – Informational and Narrative, Guided Reading, Writing, Cognitively Guided Instruction, Science and Social Studies

Fifth Grade

- Scripted Curriculum: Investigations, Math Routines
- Created in-house: Read Aloud, Reading Comprehension – Informational and Narrative, Guided Reading, Writing, Cognitively Guided Instruction, Science and Social Studies

Literacy in Grades K-2

In the primary grades, the goals of literacy instruction are to build fluency in decoding and speaking (through crafting habits of discussion), develop students' reading comprehension strategies, accelerate vocabulary development, and lay the foundation for articulate expression in writing. K-2 students receive approximately 215 minutes of daily literacy instruction (40,000 minutes of literacy instruction annually), which is especially valuable for ELLs who "respond well to a plan of instruction in which each aspect of the language builds on another, with plenty of opportunities for practice." With only 21-22 students in each classroom, we have increased opportunities for differentiated instruction, especially during the critical literacy blocks. When students are not receiving individual instruction, students are grouped by ability for all literacy blocks.

- **Direct Instruction:** Phonemic awareness and phonics instruction incorporate visual, auditory and tactile cues. Using Reading Mastery, a curriculum producing demonstrable results for student from low-income families, teachers engage students in making verbal connections with visual representations of phonemes, and use call and response to teach students pronunciation and reinforce fluency with letter sound patterns. Differentiating

instruction for a variety of learners, teachers give students tactile experiences, engaging multiple modalities.

- **Guided Reading:** All students are placed into flexible ability groups for Guided Reading sessions during a daily literacy block based on the baseline data generated from testing during the student orientation. All groups are accountable for the same concepts and skills and are required to take the same internal and external assessments regardless of their grouping. We believe that flexible ability grouping is the most effective way to differentiate instruction for students at different academic levels – specifically, because it allows the teacher to modify pacing of instruction and thus address students' academic needs. Small-group reading instruction presents the same content, but the degree of depth and in some cases the reading level varies according to the ability levels of the group. Teachers monitor students individually, conduct one-on-one assessments, and plan post-reading activities. The flexible grouping allows teachers to move students between groups as often as needed, so that students are getting instruction at the level they need. This movement typically occurs following the administration of six-week assessments, but can occur at any time if a significant change in reading level is noticed by the teacher. When students are not meeting one-on-one with a teacher, they engage in independent reading at their level or participate in a center.
- **Read Aloud:** During the 30-minute Read Aloud in K-2, “[t]he teacher reads aloud to students; but both the teacher and the students think about, talk about, and respond to the text.” Focusing on sight words, high frequency words and new vocabulary, teachers model habits of effective readers thinking aloud, engaging students by asking thoughtful, multi-leveled questions. Achieving such standards as “with prompting and support, ask and answer questions about key details in a text” and “describe characters, settings, and major events in a story, using key details,” the read aloud teaches the skills and knowledge outlined in the ADE 2010 Standards (CCSA), and then is further supported through practice during the reading comprehension block. In addition, Vista College Prep will purchase a library of books from “Text Talk,” which is a proven program that focuses on comprehension and vocabulary.
- **Reading Comprehension:** This is a forty-minute block where students are practicing skills that were taught and modeled during the read aloud. Often the same text is used and this is also the period of time when a skill learned during the read aloud and later practiced in reading comprehension is assessed. The class is split by ability into two groups of ten-eleven. Further, this block provides additional time to differentiate instruction, as the teacher occasionally splits the group of nine students to have one group respond in writing to a story, while the other group gets to practice the skill with the teacher.

Literacy in Grades 3-5: The literacy instruction for grades 3-5 is comprised of two primary blocks: informational text comprehension and narrative comprehension. The second block focuses on writing through conventions practice and grammar (as discussed below). Independent reading occurs for 45 minutes. Vista College Prep students are held accountable for their independent

reading and are responsible for completing a nightly journal (assessing completion as well as comprehension) as well as presenting a final project on each completed book. Students have individualized reading plans based on frequent assessments to determine appropriate texts for independent and small group reading. There continues to be shared reading, focusing on non-fiction comprehension and fictional analysis. Additionally, some instructional time will include the reading and writing of non-fiction with a focus on science and social studies content.

Writing in Grades K-5: In grades K-2, students receive a 45-minute daily writing program. Beginning with a ten-minute lesson on handwriting mechanics, students transition into a full Writing Workshop where the teacher is beginning the year teaching students how to use pictures and words to communicate ideas, with the expectation of full sentences and paragraphs in later parts of K through grade 2. Students improve writing by focusing on ideas, organization, voice, word choice, sentence fluency, writing conventions and presentation. Teachers model techniques of effective authors, and supply frequent, specific feedback to improve student writing. Students write in various genres and learn the writing process of prewriting, drafting, revising, editing and publishing. Vista College Prep will also ensure all students are responding to literature, as stressed in the ADE 2010 Standards (CCSA).

In grades 3-5, each Writing and Grammar class begins with a vocabulary exercise. The class incorporates a Writer's Workshop structure for students' composition of fiction and nonfiction works in multiple genres. Teachers model techniques of effective authors, and supply frequent, specific feedback to improve student writing.

Math in Grades K-5: Using research-based curricula such as Investigations and Cognitively Guided Instruction, we provide two forty minute blocks of math instruction in K-2 and two 50 minute blocks of math instruction in 3-5. All instruction is aligned with the ADE 2010 Standards (CCSA). "Written specifically to address the Common Core State Standards, Investigations is based on critical foundational research and proven classroom results." With the recognition that students need basic fact knowledge and "automaticity" with procedural computation and understanding of conceptual ideas and the ability to solve complex mathematical problems, our math program hits both buckets. As a result, students will have a strong foundation in the basic skills, procedural computation, and conceptual understanding. We have been very fortunate to receive strong math professional development from Dr. Stephanie Smith and Debra Fuentes. We received a \$43,000 math grant last year to bring their team in every other week for math content PD and live coaching. We continue to work with them this year as well. They have supported some of the highest performing schools in the country including Success Academy in New York City.

Science in Grades K-5: We will implement a rigorous, standards-based science curriculum that maximizes student learning and engagement with the world in which they live. We have created this curriculum internally and will be able to use this at our next campus as well. At a developmentally appropriate pace, students develop and master scientific knowledge and skills through the study of multiple scientific fields as emphasized in the ADE 2010 Standards (CCSA), apply the scientific method, conduct experiments of their own design, and present their findings professionally. We will supplement as needed this research-proven model to ensure that our

students are receiving a rigorous foundational science curriculum and are fully prepared to enter a more advanced course of study of the sciences at the middle school level.

Social Studies in Grades K-5: One reason for urban students scoring lower on reading tests is that they lack the background knowledge to deeply comprehend complex reading passages. When one reads a text, one must know how to decode the words and analyze text. To understand the text, one must also know the basic vocabulary and contextual information the author assumes the reader understands. Students must receive a rich and rigorous education in social studies. We believe this can be accomplished even with our alternating units of Social Studies and Science during K-3 due to the intensity of our literacy program that underpins learning in the other key subjects. When schedules change in grade three with a full year of social studies every day, students' reading skills will be so strong that their ability to grasp content will also be strengthened and the impact of social studies instruction will be maximized. We create our own curriculum for social studies that reinforces the ADE 2010 Standards (CCSA), so that our students are prepared for a rigorous middle school curriculum, continuing on the college preparatory trajectory.

Methods of Instruction: All of the practices listed below are carefully taught to all founding teachers and future staff and based in the instructional best practices of high performing schools across the country. Starting on day one, every teacher is versed in the practices and ready to execute. Additional support from the Executive Director and Principals is provided to teachers throughout the school year during weekly (and twice-weekly for new teachers) observations. Each best practice is carefully aligned to our curriculum, our daily schedule, and our model of teaching.

Instructional Design and Implementation

- **Strong Emphasis on and Differentiated Instruction in Literacy:** Our small class size allows for high differentiation throughout all literacy blocks ensuring we are reaching all learners through multiple modalities. With a focus on individualization, research indicates that early reading instruction is most effective within small homogeneous groups. Our model allows for two groups of ten-eleven during the direct instruction component of the phonics block—this allows for increased opportunities for differentiation as well as a constant focus on flexible grouping of students.
- **Standards-based Curriculum and Instruction:** Vista College Prep's curriculum is based on and fully aligned with the ADE 2010 Standards (CCSA). All teachers analyze state content standards and internal school standards that correspond to their specific grade and content areas. They then frame their lessons to ensure that they align with the scope and sequence of study and develop lesson content based on daily standards-driven objectives in the manner best suited to achieving strong student outcomes. The frequent use of standards-driven assessment data assists teachers and administrators in ensuring that content mastery is occurring at the appropriate pace and in accordance with state standards.

- **Systematic Checks for Understanding:** Assessing student learning on a regular basis is critical for ensuring student mastery. Effective checks for understanding are deliberate and purposeful. Methods to ensure effective checks include: Direct questioning and paraphrasing, Written responses, Think-Pair-Share, White boards, Small group quick discussions, Use of signs or cues, and choral response.
- **Instructional Consistency:** Instructional consistency supports academic achievement and assists leadership in supporting teachers. It provides a common platform for instructional discussions and ensures that every staff member communicates to students from a common set of instructional expectations. Through three weeks of professional development over the summer, staff and leadership have multiple conversations and role-play instructional delivery to ensure consistency.
- **Rap, Rhythm and Rhyme:** Chanting and rhyming create excitement about learning and help children remember key concepts. According to Michael Fienberg, “[T]he spectacular gains that KIPP students make in their first year is in part the result of [this] dynamic teaching method.”
- **Kinesthetic Learning:** Physical activity maintains student engagement and makes learning fun. Students learn a new concept using hand signals, finger snapping and other gestures and teachers reward individual/group academic performance while instruction is actively occurring.
- **Small Group/One-on-One Tutoring:** Targeted interventions throughout the day provide opportunities to deliver focused instruction in precise areas of concern for struggling students.
- **Taxonomy of Teaching:** We use a variety of academic, behavioral and advanced instructional techniques that reinforce student expectations and build high levels of student engagement. We will select 2–3 techniques as part of PD focus each year.
- **Gradual Release “I do/we do/you do:”** When appropriate, the lesson begins with the teacher demonstrating the concept/skill – “I do,” and then providing opportunities to learn and practice the concept together – “we do.” Students practice the concept independently –“you do” – for individual mastery. This gradual release is particularly important as students move from grade two toward grade five.

Once hired, the preparation that a teacher must do before the first day of summer professional development is focused supporting the development of high quality instructional delivery on day one and ensuring proper implementation. This includes:

- Possible visits to high performing schools including residencies at Vista College Prep's current campus
- Leadership residencies for administrative staff at high performing schools

- Monthly book club reading focused on: (1) *Teach Like a Champion* – Doug Lemov, (2) *Practice Perfect* – Doug Lemov, and (3) *Good to Great* – Jim Collins
- Video review and responses (Ms. Meyerson has collected hours of footage). This will be uploaded onto a private Torsch account so that teachers can review the videos and respond to a set of questions about how teachers are delivering instruction.

The majority of our professional development over the summer is spent practicing and role-playing the delivery of instruction to monitor how teachers are implementing our methodology. To borrow a saying from Doug Lemov, we will model our summer professional development off of a sports team or any other “performance” industry. There has not been a sports team or dance troupe that has set foot on the field or danced on stage without endless practice. Our teachers deserve that same level of coaching as they are performers and we will practice to ensure their delivery is perfect.

To specifically address the adjustment of our instructional methodology, teachers are evaluated on a rubric this is aligned to our methodology (i.e. Teacher uses the technique of “100%” more than 80% of the time.). This type of evaluation helps Vista College Prep staff keep track of how teachers are progressing and ensures we are able to identify trends across classrooms and across the school. We track the number of times a teacher uses a particular instructional strategy during a lesson, and we write comments about the tone of voice used during the delivery of an instructional method. We are then able to identify if there needs to be an adjustment in the teaching of an instructional methodology (e.g. only one out of seven teachers is not making gains with a particular method), or an adjustment of the instructional methodology (e.g. all teachers are not seeing student gains with the use of a particular technique). We then review our notes with the teacher during our weekly debrief, have the teacher practice the particular technique, and insert a calendar reminder to stop by that teacher’s classroom the next day to specifically check on the use of the technique.

Finally, through strong partnerships with Building Excellent Schools and Uncommon, we have arranged for School Culture and Instructional walkthroughs to constantly push us to thinking about what we can do better. We have already done several and have two scheduled for next semester. This process will carry over to our new campus as well.

A key component of our model is that the same curriculum will be used across both campuses and all teachers will receive the same professional development. This is modeled off of the highly successful practices of Uncommon and will be critical as we look at data analysis so that we are comparing accurate representations of our model. Having outside visitors come in and support us in this evaluation is one more example of us ensuring that our formalized systems as detailed above will be systematically and sustainably delivered across both campuses.

Planning for our Second Campus: In preparing for our second campus and when thinking about curriculum, assessment and instruction, we are not proposing anything different from our current campus. The primary concrete resources that will be different, will be in staffing as indicated above.

The primary change that will occur across both campuses next year is that we are no longer using TerraNova in K-2, and now using Illuminate for all testing and will start using NWEA MAP in the Fall to address a focus on growth. We are confident based on the analysis of best practices across other high performing schools that this combination of assessments, combined with our own internal interims and additional assessments that we have used since year one, will allow for even greater student achievement.

In addition to the one change in new resources for curriculum, assessment and instruction identified above, it is the pieces outlined below that I believe will truly allow for our success across two campuses.

Vista College Prep's growth is dependent on providing an exceptional academic model. As we think about continued growth and expansion, we would never propose another campus unless we had strong academic success at our current campus. As detailed below, we believe our model has demonstrated proven success and that we have the internal capacity and drive for long-term academic success through replication.

Academic Success at Vista College Prep's Current Campus: By the time Vista College Prep opened in August 2013, we had spent two years studying the highest performing charter schools across the country through Building Excellent Schools. Throughout the fellowship, we visited, studied and learned from schools where over 90% of students qualify for free and reduced-price lunch and over 90% of students achieve at the highest academic levels. Now, nearly three years later, Vista College Prep is a high-performing kindergarten through fifth grade tuition-free, public charter school educating a high minority and low-income student population—97% of our students qualify for free or reduced price lunch, 94% of our students are minority students, and 43% of our students are considered English Language Learners. Vista College Prep opened in August 2013 with kindergarten and first grade. We opened that year with just 60 kindergarten and first grade students - 97% of whom qualify for FRPL. That first year our first graders came in on the same academic level as our kindergarten students—unable to read, did not know their letters, and had trouble holding a pencil. This past April, that same group of students took our state assessment. They outperformed the state average by 24% in math, and by 56% in reading. When looking at schools where over 90% of students qualify for FRPL, we had the highest literacy score in the state.

As we think about supporting long-term academic success, we believe that our highly collaborative model, shared curriculum, leadership training and constant self-reflection will be the key to ensuring we meet the very high goals we have set for ourselves.

Highly Collaborative: At Vista College Prep's current campus, we have carved out a significant time for professional development across each grade and across the school. Our teachers are teaching the same lessons each day which allows for targeted feedback and strong collaboration between the teachers and instructional coaches. This same level of collaboration will exist at our new campus and will increase as we now have two campuses working with the curriculum and working to constantly improve the curriculum. We firmly believe that as we grow, we will continue to get better. Our model is very lean, which has meant that we have had a small team,

doing a significant amount of work. We are excited to bring in new staff to support the strong creation of curriculum materials and constantly improve.

Shared Curriculum, Assessments, and Instructional Practices: A critical component to our future success will be in shared curriculum. As we propose to open a K-5 campus, we will only be opening with grades that we have proven success in. Additionally, our K-2 curriculum is incredibly strong as reflected in our data. As you can see our kindergarteners and first graders this year are significantly more advanced than even the year before. This year, nearly 100% of our kindergarten students came in significantly below grade level. As of October last year, we had nearly 70% of students at or above grade level in kindergarten. The strength in sharing curriculum across two campuses will allow our team to have more purposeful planning meetings and allow a better management of data/data comparison. Since we know our curriculum works, we are excited to use this as a tool for strong, sustainable growth. This is also a best practice that we have seen at high performing networks like Uncommon Charter Schools. The Principal for our Maryvale campus is a founding teacher at our current, Hadley campus. This year she is serving as the Assistant Principal coaching in grades K-2 and receiving leadership training. Our goal is to replicate the success of our current campus. The practices, the instruction, the curriculum and assessments will be the exact same at both campuses.

Leadership Training: As we think about the growth of our organization, we have been highly strategic with our leadership training. As a result of a \$200,000 grant from the Louis J. Calder Foundation over the course of the last two years, we have been able to prepare for the opening of a second campus with the hiring of both principals to lead our two campuses. This year both principals are undergoing an intensive training program. Some of the training we have developed ourselves and some we are seeking from outside organizations. The new-to-our organization individual (who we hired this past year) has now gone through a summer program with Building Excellent Schools. Both individuals will also participate in a week-long residency next semester with principals at Uncommon Charter Schools. We are strategic about our growth, and leadership is the most important piece—both leaders will now have been through a full year of training as we prepare to open our second campus.

Constant Self-Reflection: The most important piece of our organization is rooted in a constant desire to improve. Whether that is operationally or academically, we are always seeking new ways to push and challenge our organization to get better. Specific to academics, we are constantly seeking out best practices from the highest performing schools in the country. As we have discussed, we recently received a grant from the Arizona Community Foundation that is designed to support the strategic growth of Vista College Prep. Part of this grant has allowed us to once again bring out the founders of the Uncommon Charter Schools (North Star, specifically) elementary model. To be able to brainstorm and push ourselves even further is rooted in our entire organization. We give our leaders and teachers time to reflect on what is going well and what needs improvement. This drive will be present at both campuses.

Quality and Long-Term Operational Success

Vista College Prep has a strong foundation in operational success. This starts with our high functioning, and very strong Governing Board. Vista College Prep's founding board began its work in October 2011 and has remained engaged in the school's development and now operation through regular and thoughtful conversation. The full founding group established standing monthly meetings in Phoenix starting in February 2012, reviewing progress on the charter application and developing the community support for the school. We are pleased to share that our current Governing Board, which still meets monthly, is comprised of all of our Founding Board members, plus two additional individuals, listed below. Collectively, the Governing Board brings the following skills and expertise: Finance, Development/Fundraising, Community Organizing, Marketing, Real Estate and Facilities, Law, Human Resources, Business/Strategic Planning, Networks, Governance/Board Experience, Education, and Policy.

Key Leadership: Our Governing Board members represent a diverse group of civic leaders with vast expertise and an array of leadership experience that will be essential to the strong governance of Vista College Prep.

Specific to our new campus, and on a monthly basis, Vista College Prep's Executive Director presents the Board with our planning year dashboard for our second campus in Maryvale. This looks different than the academic and finance dashboards we use on a monthly basis during the school year. Our planning year dashboard (included in the monthly Executive Director report) details a variety of metrics including the following:

- Student Recruitment
- Established Partnerships
- Volunteer Engagement
- Fund Development
- Board Recruitment
- Staffing

Once the school year begins for our second campus, the Governing Board will review Vista College Prep's academic dashboard. The dashboard includes metrics such as:

- Key Student Demographics
- Key Staff Demographics
- Student enrollment (as well as identified areas of absences/tardies, etc.)
- Academic Performance

We also review the Finance Dashboard on a monthly basis (discussed more in the Financial Sustainability section below).

The dashboards are designed to help the Governing Board monitor key indicators of Vista College Prep's success. This document is already created and provides a formalized and sustainable system for providing oversight over Vista College Prep's resources. Each Board member has a clear sense of how Vista College Prep's management team is progressing toward goals. We review each benchmark and goal on a monthly basis and adjust course as necessary.

Additionally, from a strong operations perspective and place of leadership, we are able to handle challenges and address them swiftly. One example is with student recruitment during our first year of operation. Upon authorization in January of 2013, we began nearly seven months of strong student recruitment. We ended the summer with over 107 applications. This included multiple touch points, such as community fairs, home visits and school open houses. On day one of school, we had 33 students show up. At that point, we messaged to staff that they had an incredible opportunity to use all of the instructional strategies that they had been taught over the summer and shorten their learning curve, as they would be teaching very small class sizes. We were determined not to let the low enrollment impact staff morale and most importantly, instruction. As we continued contacting families who had committed to enrolling, we found that a primary driver for our low enrollment was a lack of reliable access to transportation. Being a low dollar state, we had never considered or budgeted for a bus. However, as we continued talking to families we realized that transportation was a barrier to enrollment. If we truly wanted to serve the students we set out to serve, we needed to provide access to transportation. Additionally, as we further reflected, the choice to attend our school could not be realized unless parents and families had access. And in our case, that meant transportation. So, after extensive research we purchased a used school bus and contracted with a local company to provide drivers. Now about 50% of our students ride the bus. On top of purchasing a bus, we increased our local canvassing to every night and on the weekends during the month of August. We ended that first month of school with 55 students. Throughout the year we gained new students through referrals and word of mouth, and ended our first year with 64 students. As we have planned for future years, a significant amount of our newly enrolled students are now siblings or referrals from current students—nearly 70%. We view our parents as ambassadors of our school, and have worked to build strong parent involvement, which has resulted in an increase in enrollment.

We have done this by:

- Partnering with local groups to offer workshops on increasing parent advocacy, beginning college savings, and learning English
- Strong participation in all community events (including fundraising to support our playground build through KaBOOM!)
- Nearly 100% attendance at all parent-teacher conferences
- Ensuring that all critical information is translated in both English and Spanish, all parent-teacher conferences have a translator in each classroom, and all front office staff are bilingual

Additionally, we continue to attend all community events, purchase targeted flyer drops, build key partnerships, and canvass neighborhoods around our bus stops. The challenge with ensuring solid student enrollment was a learning experience that continues to strongly inform our work. We are a highly reflective organization and are constantly assessing how we can improve and get better, a key component to long-term operational success.

Quality and Long Term Financial Viability

As indicated on our Dashboard, we meet the Board's Financial Performance metrics. We are a conservative organization and budget accordingly. Additionally, we have extensive financial experience on our Board, providing strong oversight, as well as community members who are supportive of the school in this area. A critical step that we have also taken this year is working with a financial advisor as we take on new construction at our current campus. This also serves as one additional check for our organization as we weigh possible lending opportunities and evaluate any risk. Also, our financial statement audits have always been submitted on time, with an unqualified audit opinion and with no control deficiencies.

Aside from the monthly financial reporting that occurs at our Board meetings where we are discussing our financials, our Executive Director is fully immersed in the work of preparing and creating a sustainable school model as we grow. This is the primary work of our Arizona Community Foundation grant as we worked with individuals like Jay Kaprosy and Mac Woods to think strategically about long-term sustainability.

As we think specifically about the financial viability of our proposed growth until we reach capacity, we will follow the same structure as our current campus, which is our commitment to slow growth—critical for strong academics as well as operations. We believe this approach to slow growth, which is modeled off of the highest performing schools nationwide is critical to our mission. Due to Arizona's low funding, and specifically, due to Arizona's half funding for kindergarten, we understand that part of our work is focused on closing the financial gap as well.

As such, we are an organization with a strong commitment to outside fundraising. We know that we need some seed funding to begin a campus. We believe that will adjust as we continue to grow and as economies of scale set in. Vista College Prep has received strong support from local/national foundations and corporations in the form of grants, donations and in-kinds. Below are some of the Foundations and Organizations we have received support from:

- Walton Family Foundation
- US Department of Education (AZCSP)
- AZ Department of Education Mathematics and Science Partnership Mini Grant
- Louis Calder Foundation
- Kemper and Ethel Marley Foundation
- Arizona Community Foundation
- Arizona Diamondbacks Foundation
- Rodel Foundation of Arizona
- KaBoom! and Shutterfly Foundation

Vista College Prep is an organization with exceptional attention to detail and a commitment to conservative budgeting. We not only have the experience on our Board to sustain our growth in reviewing our financials and supporting our growth until we reach capacity, but also have an Executive Director who is capable of monitoring our school budget and providing strategic direction on growth that aligns with our mission and in no way compromises our strong financial position.

Vista College Preparatory Maryvale

PI. 1 FLOOR PLAN - PRESENTATION

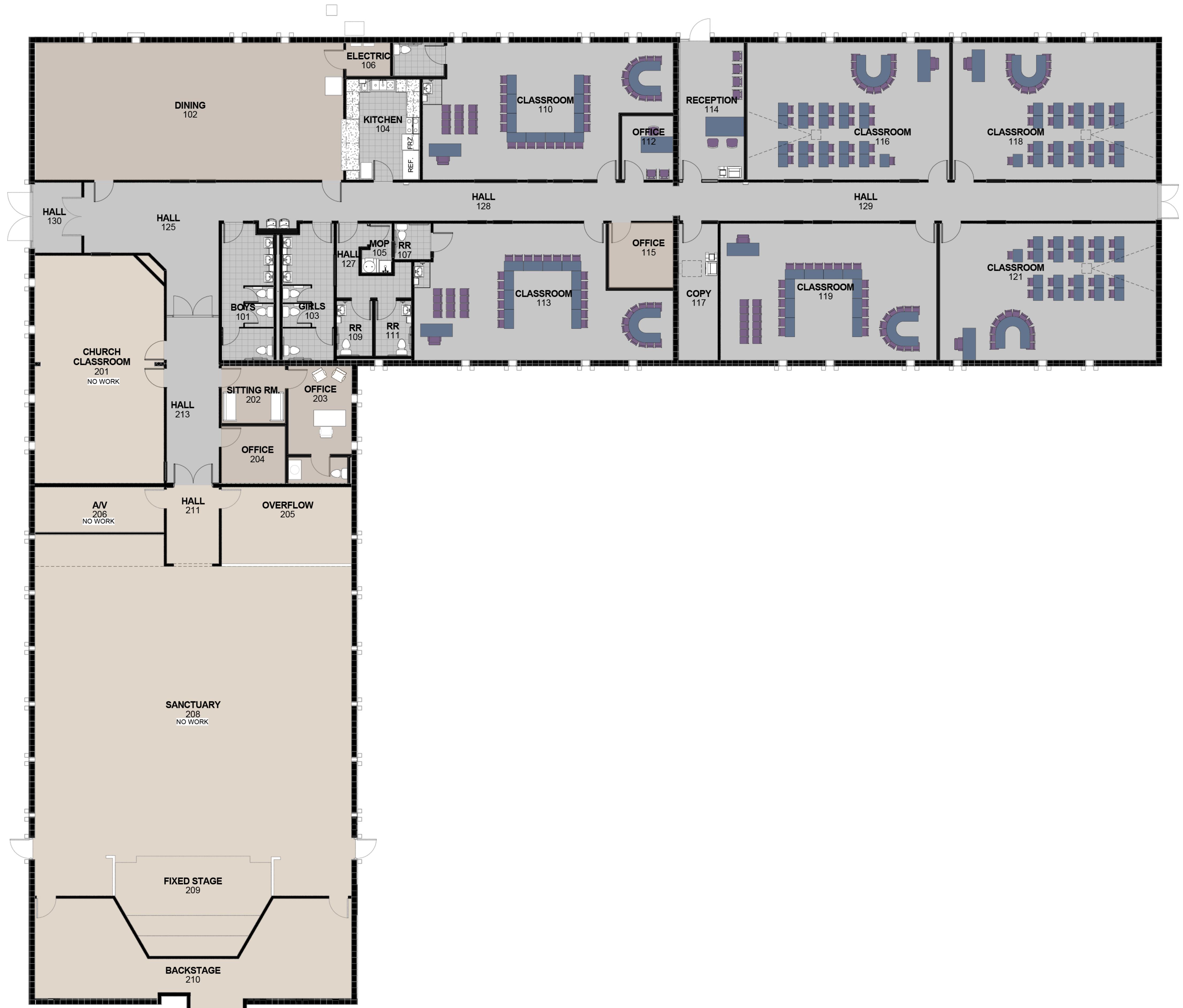
STEVEN BRENDE ARCHITECT, LLC
4324 MCDONALD DRIVE
PARADISE VALLEY, ARIZONA 85253
P.M. GARTH AUGER 602-48-8549
GARTH@BRENDESTUDIO.COM
PROJECT 1605

4520 W. McDOWELL ROAD

ISSUED 12/09/2016



EXPIRES 12/31/2017



① FLOOR PLAN - PRESENTATION
1/8" = 1'-0"



City of Phoenix

CERTIFICATE OF OCCUPANCY

MAIL TO:

STEVENS LEINWEBER CONST
9590 E IRONWOOD SQUARE DR STE 101
SCOTTSDALE, AZ 85258

Issuance of this Certificate of Occupancy indicates the following described building, or portion of a building, has been inspected and been found to be in substantial compliance with applicable city codes and ordinances for the hereby authorized use and occupancy. No change in use, occupancy, or of use is allowed without obtaining a new Certificate of Occupancy. This building shall be maintained in a safe and sanitary condition. All devices, safeguards and exit facilities shall be maintained in good working order. This Certificate of Occupancy shall be void if any requirement, condition or stipulation of Certificate of Occupancy or of the authorizing permits is violated. This Certificate of Occupancy is to be kept on the subject property, and is required to be posted for public information if so ordered by the building official.

SUBJECT ADDRESS: 812 S 6TH AVE

OWNER: MARIE-MAROS SIBLINGS LLC
C/O RODNEY MATHESON
2500 S POWER RD STE 217
MESA, AZ 85209

CERTIFICATE #: 1502997

BUILDING PERMIT: BLD 15004602

ISSUED: 30-JUL-2015

PERMIT DESC: VISTA COLLEGE PREPARATORY ADDITI

PROJECT: 99-37712 - TERTULIA

FLOOR AREA: 1,000

AUTHORIZED USE AND OCCUPANCY: I:E

phrp0101 rev 1.1 ki

EFFECTIVE BUILDING CODES: 2012 IRC, 2012 IECC, 2012 IBC, 2011 NEC, 2012 IMC, 2012 IPC, 2012 IFC, 2012 IFGC
TYPE OF BUSINESS: VISTA COLLEGE PREPARATORY **LOG#:**LPRM 1500058 **PROJECT#:** 99-37712 **SPRINKLERS:** (N) **FIRE ALARM:** (Y) **EMERGENCY LIGHTING:** (Y) **ELEVATORS:**(N) **SPECIAL EGRESS CONTROL:**(N) **SPECIFIC BUILDING INFO:**(N) **DEFERRED SUBMITTAL:**(Y) **PLYWOOD WEB JOISTS (FIELD REVIEW)** **SPECIAL INSPECTIONS (1705):** STRUCTURAL(Y) EXPANSION/ EPOXY ANCHORS, AND SOILS, ELECTRICAL(N), MECHANICAL(N) UTILIZE EXISTING AC UNITS, PLUMBING(N) OBSERVATION (1704): STRUCTURAL (N) ELECTRICAL(N) MECHANICAL(N)PLUMBING(N) WATER SUPPLY: UTILIZE EXISTING WATER METER AND WATER SUPPLY SECONDARY BACKFLOW: (N), ZONING: C-3
TEAM LEADER:JREE, PLAN REVIEWERS - IBC/STRUC:DSA, ELEC:RRUN,MECH/PLUM: JBRE, LSC: BMOS SITE: AHE4, CIVIL: JTA PROFESSIONAL REGISTRANTS - ARCHITECTURAL: STEVEN BRENDEN, #38477, STRUCTURAL: DOMINIC PETROCELLI, PE#39565, MECHANICAL/ PLUMBING: GREG LARSON, PE#28582, ELECTRICAL: GREG LARSON, PE#28582, GEOTECHNICAL: JEFFRY D. VANN, P.E. #15206

JOB CONTACT NAME: GARTH AUGER **PH:** 602-748-8549

DESCRIPTION OF WORK: 1000 SF. TYPE VB ADDITION TO AN EXISTING 10619 SF EDUCATION BUILDING, 300 S.F COSMETIC UPGRADE @ EXISTING BATHROOMS,5200 SF MEDIUM RENOVATIONS. WALLS, CEILING, FLOORING, LIMITED MECHANICAL AND ELECTRICAL. THE BUILDING ADDITION CONSTRUCTION CONSISTS OF THE FOLLOWING: COMBUSTIBLE WOOD ROOF WITH PLYWOOD SHEATHING OVER PLYWOOD WEB JOISTS SUPPORTED BY WOOD BEAMS, WOOD POSTS, EXTERIOR WOOD STUD WALLS AND SPREAD CONCRETE FOUNDATIONS. (DESIGN OCCUPANT LOAD FOR THE BUILDING = 492)
A CONSTRUCTION PERMIT IS REQUIRED TO BE OBTAINED PER PHOENIX FIRE CODE FOR THE INSTALLATION/MODIFICATION OF FIRE ALARM SYSTEM.



City of Phoenix

CERTIFICATE OF OCCUPANCY

MAIL TO:

STEVENS LEINWEBER CONSTRUCTION INC
9590 E IRONWOOD SQUARE DR SUITE 101
SCOTTSDALE, AZ 85282

Issuance of this Certificate of Occupancy indicates the following described building, or portion of a building, has been inspected and been found to be in substantial compliance with applicable city codes and ordinances for the hereby authorized use and occupancy. No change in use, occupancy, or of use is allowed without obtaining a new Certificate of Occupancy. This building shall be maintained in a safe and sanitary condition. All devices, safeguards and exit facilities shall be maintained in good working order. This Certificate of Occupancy shall be void if any requirement, condition or stipulation of Certificate of Occupancy or of the authorizing permits is violated. This Certificate of Occupancy is to be kept on the subject property, and is required to be posted for public information if so ordered by the building official.

SUBJECT ADDRESS: 902 S 6TH AVE
OWNER: VISTA COLLEGE PREPARATORY INC
812 S 6TH AVE
PHOENIX, AZ 85003-2528

CERTIFICATE #: 1603642 **BUILDING PERMIT:** BLD 16002518
ISSUED: 25-JUL-2016 **PERMIT DESC:** VISTA 345 SCHOOL
PROJECT: 02-637 - MONTGOMERY ADDITION AMENDED

FLOOR AREA: 12,567

AUTHORIZED USE AND OCCUPANCY: I:E

phrp0101 rev 1.1 ki

EFFECTIVE BUILDING CODES: 2012 IRC, 2012 IECC, 2012 IBC, 2011 NEC, 2012 IMC, 2012 IPC, 2012 IFC, 2012 IFGC
TYPE OF BUSINESS: LOG#: LPRN 1505111 PROJECT#: 02-637

SPRINKLERS: (Y) FIRE ALARM: (Y) EMERGENCY LIGHTING: (N) ELEVATORS:(Y)
SPECIAL EGRESS CONTROL:(N) SPECIFIC BUILDING INFO:(N) DEFERRED SUBMITTAL:(Y)field review-steel joists SPECIAL
INSPECTIONS (1705): STRUCTURAL(y)soils,steel,concrete,masonry,anchors ELECTRICAL(N), MECHANICAL(N), PLUMBING(N)
OBSERVATION (1704): STRUCTURAL (N) ELECTRICAL(N) MECHANICAL(N)PLUMBING(N)

WATER SUPPLY: (1) new 1-1/2 domestic water meter, (1) new 3/4 inch landscape water meter SECONDARY BACKFLOW:
(N)

ZONING: REVIEWER: JLIN

DESCRIPTION OF WORK: NEW CHARTER SCHOOL 2-STORY GRADES 3, 4, &5 ELEM. SCHOOL and misc site walls.
First floor occ load= 216 @nd floor Occ load=259

NOTE: All Fire plan review and permits shall be obtained from State Fire Marshal's Office, Fire Marshal may be contacted at 602-364-1003.

Arizona State Board for Charter Schools

Occupancy Compliance Assurance and Understanding

The Arizona State Board for Charter Schools (“ASBCS”), at a meeting held on June 8, 2009, approved a revised policy that requires new and existing charter holders to submit a copy of a valid certificate of occupancy and current fire marshal inspection report for each location where educational services will be provided prior to the initiation of state equalization payments.

The ASBCS will request that the Arizona Department of Education (“ADE”) withhold state equalization assistance payments for 1) new charter schools that have signed a charter contract, 2) new school sites under existing charter contracts, and 3) school sites under existing charter contract moving from one location to another until the school has submitted valid copies of the required certificate of occupancy and current fire marshal inspection report for the new educational facility.

Once the ASBCS office has verified that the appropriate documents for each location have been received, the ASBCS office will notify the school and the ADE School Finance Unit's Charter School Payment Manager that the school is eligible for payment. The ADE School Finance Unit will mark the school eligible for payment and a payment will generate in the next payment cycle if all other requirements of ADE School Finance have been met. Schools eligible for payment by the 20th of any month will generate a payment for the next month's payment cycle. Schools marked eligible after the 20th of any month will not generate a payment in next month's payment cycle. No off-system payments will be made.

By signing below, I understand the Board's policy and that I am required to submit an educational use Certificate of Occupancy and a current fire marshal inspection report to the ASBCS office for each of our school facilities. These documents must be verified by the ASBCS office prior to occupancy of the building and prior to receipt of equalization payments for students enrolled at this site.

I acknowledge that if these documents are not submitted prior to occupancy, the school's opening date may be postponed and/or the Board may take action as allowed by statute and the charter contract.

Vista College Preparatory, Inc. Vista College Prep
Charter Holder Charter School

Julia Myers
Charter Representative

Date _____

12|15|15

GROUND AND IMPROVEMENTS LEASE AGREEMENT

THIS GROUND AND IMPROVEMENTS LEASE AGREEMENT (this “Lease”) is made and entered into as of the ____ day of February, 2017 (the “Effective Date”), by and between Prayer Assembly Church of God in Christ (“Lessor”) and Vista College Preparatory, Inc., an Arizona nonprofit corporation (“Lessee”).

WITNESSETH:

For and in consideration of the mutual agreements, covenants and promises set forth in this Lease and for other good and valuable consideration, the receipt, sufficiency and validity of which is hereby acknowledged, Lessor and Lessee agree as follows:

1. Leased Premises: Lessor leases to Lessee and Lessee accepts and leases from Lessor, upon the terms, conditions and limitations set forth in this Lease, (i) that certain real property located in the City of Phoenix, County of Maricopa, State of Arizona, legally described on **Exhibit “A”** attached to this Lease (the “Land”); (ii) all existing and future improvements thereon, including the use of the existing building located on the Land with an address of 4520 W. McDowell Road, Phoenix, Arizona 85035 (the “Church Building”) during School Hours (defined below), which is currently the location of the “Prayer Assembly Church of God in Christ,” and a to-be-constructed school building, which is to be owned, constructed and maintained by Lessee in accordance with this Lease (the “School Building”); and (iii) the nonexclusive (except as provided herein) use of all areas of pedestrian and vehicular access, ingress and egress upon, over, the Parking Lot Area (both as defined in **Paragraph 10** below) (collectively, the Church Building and School Building are the “Improvements,” and the Land and Improvements are the “Premises”).

2. Duration of Lease:

(a) **Initial Term:** Although this Lease shall be effective as of the Effective Date, the initial term of this Lease (the “Initial Term”) shall commence on the later of (i) the date on which Lessee has received the building permits necessary to construct the Initial Improvements to the Church Building (as defined in Paragraph 11 below), or (ii) the Effective Date (as applicable, the “Commencement Date”) and shall expire on June 30, 2032, unless this Lease shall be extended or sooner terminate as expressly provided herein. Lessee shall complete construction of the Initial Improvements in accordance with **Paragraph 11** on or before the date that is two hundred ten (210) days following the Effective Date, subject to weather delays, material shortages and other events outside the control of Lessee. During any period that Lessee is permitted or required to enter the Premises prior to the Commencement Date, Lessee shall comply with all terms and provisions of this Lease except payment of rent hereunder. At the termination of this Lease, all items of rent, taxes, insurance, utilities and other matters shall be adjusted and prorated as of the date of termination, and Lessee shall pay to Lessor, or Lessor shall pay to Lessee, as the case may be, such sums as shall be required to accomplish the proration.

(b) **Extended Term:** Provided that there has been no uncured default (any required notice having been given and any applicable cure period having expired), then Lessee

shall have and is hereby granted the option to extend the Initial Term for one (1) additional period of up to fifteen (15) years (the “**Extended Term**”), to commence upon the expiration of the Initial Term. The Extended Term shall be on the same terms, covenants and provisions as set forth in this Lease, except that Base Rent (as defined below) shall be adjusted in accordance with the provisions of Paragraph 4 below. If Lessee wishes to exercise the option to extend the Initial Term, it shall do so by delivering written notice of extension, which notice shall specify the length of the Extended Term, to Lessor at least nine (9) months prior to the expiration of the Initial Term. When used in this Lease, the term “**Lease Term**” means not only the Initial Term, but also the Extended Term then in effect.

3. **Initial Deposit:** In lieu of a deposit, Lessee shall pay the costs of the preparation of an ALTA Survey of the Land, and such other investigations of the Land, all of which shall be certified to both Lessor and Lessee, and Lessee shall cause copies of all material to be delivered to Lessor (the cost of such items shall be the “**Diligence Payment**”). One-half of the actual documented amount incurred by Lessee as the Diligence Payment shall be credited against Base Rent due to Lessor, upon the Commencement Date. The remainder shall constitute a bona fide fee and is intended as reasonable compensation to Lessor and shall be deemed fully earned and nonrefundable on the Effective Date. The provisions of this **Paragraph 3** shall survive the termination of this Agreement.

4. **Base Rent:** Lessee shall, commencing on the Commencement Date and on the first day of each month during the Lease Term pay to Lessor as base rent (the “**Base Rent**”) payable as follows:

<u>Year of Lease Term</u>	<u>Base Rent</u>
Commencement Date – June 30, 2019	\$0/month
July 1, 2019 – June 30, 2022	\$1,000/month
July 1, 2022 – June 30, 2027	\$1,500/month
July 1, 2027 – end of Initial Term	\$2,000/month

During the Renewal Term, if applicable, Base Rent payable hereunder shall increase (but in no event decrease) on July 1, 2032, and thereafter on each fifth anniversary thereafter, by \$500 per month, until the expiration of the Renewal Term (such that if the full Renewal Term is exercised, the final and maximum Base Rent shall be \$3000).

5. **Payment of Rent:** Lessee shall (by direct deposit to Lessor’s account in accordance with instructions provided by Lessor) pay the monthly installments of Base Rent and all other sums due under this Lease to Lessor, without notice or demand, and without deduction, abatement or setoff, on or before the first day of each month during the Lease Term. All sums due under this Lease shall be payable in current legal tender of the United States of America. The extension of time for the payment of any installment of Base Rent or any other sums due under this Lease, or the acceptance by Lessor of any late payment, will not constitute the waiver of the right of Lessor to insist on having all other payments due under this Lease made in the manner and at the

time specified in this Lease. Base Rent payable with respect to a period consisting of less than a full calendar month shall be prorated.

6. **Late Charges:** If Base Rent is not received in full by Lessor on or before the 15th day of each calendar month in which Base Rent is due, or if any other amount due to Lessor is not received prior to five (5) days after written notice, then Lessee shall pay to Lessor a late payment charge in the amount of Fifty and No/100 Dollars (\$50.00) for each day that such payment is past due commencing on the due date and continuing until such payment and the late payment charge are paid in full. The parties acknowledge that the damages Lessor will suffer in the event of late payments would be extremely difficult to calculate and the parties agree that the foregoing late payment charge is a reasonable estimate of Lessor's probable damages, and as such, constitutes a reasonable charge for the expenses Lessor will suffer if Lessee fails to pay any such sum when due, and is not a penalty. No payments need be accepted after such fifteen (15) or five (5) day grace period, as applicable, unless accompanied by the late payment charge. This provision shall not be construed to allow or permit Lessee to make payments after the due date, or to waive any of Lessor's rights in connection with delinquent payments by Lessee.

7. **Additional Rent:** In addition to Base Rent, all other amounts to be paid by Lessee to Lessor pursuant to this Lease, if any, shall be deemed to be "**Additional Rent**", whether or not designated as such and shall be due and payable without notice, demand, deduction or offset to Lessor at the address set forth in **Paragraph 29** or to such person and at such place as Lessor may from time to time designate by written notice to Lessee. Lessor shall have the same remedies for the failure to pay Additional Rent as for the nonpayment of Base Rent.

8. **Taxes:**

(a) **Occupancy, Sales and Rent Taxes:** In addition to and together with its payments of Base Rent and Additional Rent, Lessee shall pay to Lessor any governmental taxes now or in the future imposed on Base Rent, Additional Rent and other charges collected or paid pursuant to the terms of this Lease including, without limitation, state, county or local rental, occupancy, sales, transaction privilege and excise taxes.

(b) **Personal Property Taxes:** Lessee shall pay to the appropriate taxing authority, not later than ten (10) days prior to delinquency, all personal property taxes assessed against any personal property of Lessee located on or used in connection with the Premises.

(c) **Real Property Taxes:** Lessee shall pay all real property taxes and assessments (including, but not limited to water, irrigation project, sewer, street, paving and other improvement lien assessments) against the Premises (taking into account Lessee's tax exempt status). Lessor shall arrange for the tax bill to be sent directly to Lessee. If the tax bill for the Premises is sent to Lessor by the taxing authority, Lessor shall deliver a copy of the tax bill to Lessee within five (5) days following Lessor's receipt thereof. Lessee shall pay all such real property taxes and assessments to the appropriate taxing authorities at least ten (10) days prior to delinquency. Lessee shall, prior to the last day that real property taxes and assessments may be paid without the imposition of interest and/or a penalty, provide to Lessor written evidence of timely payment of real property taxes and assessments by Lessee. Lessor shall cooperate with

reasonable requests by Lessee to assist Lessee with the completion of filings relating to Lessee's tax exempt status.

9. Use of Leased Premises:

(a) **Use of Premises by Lessee.** After construction of the Improvements, Lessee may occupy and use the Improvements throughout the Lease Term only for the operation of an elementary school (which for this Lease is deemed to mean any grades from kindergarten through grade eight), including without limitation, classrooms, offices, multipurpose rooms, play facility, gardens and related facilities and functions (the "**Permitted Use**") and, with respect to the Church Building only, during the weekday hours of the school (being approximately 6:00 a.m. to 6:00 p.m., Monday through Friday) during the regular school year ("**School Hours**"), and for special events with advance notice to and approval by Lessor, which approval is not to be unreasonably withheld, conditioned or delayed. Further, Lessee shall not use or occupy the Premises, nor permit anything to be done in or on the Premises which will constitute a public or private nuisance, or which will violate the rights of adjoining landowners and Lessee shall not use or occupy or permit the Premises to be used or occupied in any manner which will violate any laws. During School Hours, Lessee shall use commercially reasonable efforts to keep the Premises free of debris, rodents, vermin, and anything of a dangerous, noxious or offensive nature or that would create a fire hazard (through undue load on electrical circuits or otherwise) or undue odors, vibration, noise or heat; provided, however, that Lessee may use amplification for school announcements in a manner typical to similar uses, and provided further that typical playground use and noise from school activities and children's play shall also not violate this provision. Lessee shall fully comply with all covenants, conditions and restrictions, if any, imposed upon the Land as of the Effective Date or otherwise as agreed to by Lessor and Lessee. In this regard, Lessee shall comply with the terms and conditions of any covenants, conditions and restrictions and/or reciprocal easement agreements recorded against the Premises as if Lessee were the owner of the Premises and shall at all times cause its employees, customers, permitted subtenants, licensees and concessionaires to comply with the applicable provisions of such covenants, conditions and restrictions and/or reciprocal easement agreement. Lessee shall timely pay or perform, as the case may be, all obligations attributable to the Premises or the owner of the Premises under the covenants, conditions and restrictions and/or reciprocal easement agreements recorded against the Premises as a result of Lessee's use of the Premises, in accordance with this **Paragraph 9**. Throughout the Lease Term, Lessee, at its sole cost and expense, shall promptly remove any violation resulting from Lessee's use, and shall promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of all federal, state, and municipal governments, courts, departments, commissions, boards, any national or local Insurance Rating Bureau, or any other body exercising functions similar to those of any of the foregoing, radical, foreseen or unforeseen, ordinary as well as extraordinary, which may be related to the use of the Premises by Lessee, or any part of the Premises, by Lessee, whether or not the correction or removal so necessitated shall have been foreseen or unforeseen or whether the same shall involve radical, extraordinary, or capital construction or other disposition; provided that, Lessee, upon providing security to Lessor that is reasonably sufficient to protect Lessor from loss, shall have the right to contest any laws, ordinances, orders, rules, regulations and requirements or their applicability to the Premises or Lessee, and provided further that Lessee shall not be required to cure any such circumstance or liability arising from the use or prior ownership of

the Premises by Lessor. Lessee shall not do or suffer any waste, damage, disfigurement or injury to the Premises or any part of the Premises.

(b) **Use Right Reserved for Lessor.** Notwithstanding anything to the contrary herein, Lessor may continue to operate the Church Building during the Term for (i) its administrative business office in the location designated in plans and specifications approved for the Initial Improvements, (ii) occasional use during School Hours (in locations other than children's classrooms) for funerals or other services consistent with the operation of a church facility of a similar congregation size and nature, provided that the same are conducted in a manner so as to not unreasonably disrupt the operation of school activities during School Hours and provided further that Lessor provides no less than three (3) business days' notice to Lessee of the intent of Lessor to utilize the Church Building during School Hours; and (iii) Sunday services, "Sunday School" (i.e., religious education on Sunday mornings) and other weekend events such as weddings, funerals and other gatherings, consistent with the operation of a church facility of a similar congregation size and nature (collectively the "**Reserved Lessor Use**"). If Lessor's use of the Church Building for the Reserved Lessor Use requires access to any classrooms or other portions of the Church Building intended for use primarily consistent with the Permitted Use, such access and use shall only be undertaken by Lessor in accordance with the rule and regulations set forth on **Exhibit "F"** attached hereto. Lessor's use of the Church Building for the Reserved Lessor Use shall include the right to access and utilize adjacent portions of the Unimproved Area and Parking Lot Area, as reasonably necessary, and without disruption of Lessee's use if during School Hours. Neither Lessee or Lessor shall change its use in a material manner which will in any way make void or voidable any insurance then in force with respect to the Premises. Lessee shall have no liability of any kind or nature as a result of Lessor's use of the Premises as provided herein, and Lessor shall indemnify, defend and hold Lessee harmless from and against any claim, losses, liability, cause of action, circumstance or cost arising from, or associate with, the Reserved Lessor Use, except to the extent such claim, loss, liability, cause of action, circumstance or cost arises from Lessee's breach of this Lease or Lessee's gross negligence or willful misconduct. Lessor shall not be permitted to utilize the School Building, once constructed, without the prior written consent of Lessee, in its sole discretion, except as set forth in Paragraph 13 below.

10. Unimproved and Parking Areas:

(a) **Definition of Unimproved Area:** The term "**Unimproved Area**," as used in this Lease, shall mean the areas of the Land that are generally depicted on **Exhibit "A-1"** attached hereto and incorporated herein by this reference, which do not contain the Improvements. Once the School Building is completed, the entire building envelope containing the School Building shall be excluded from the definition of Unimproved Area, whether or not such envelope varies from the area contemplated on the date of this Lease.

(b) **Use of Unimproved Area:** The use and occupancy by Lessee of the Premises shall include Lessee's (and its agents', employees' and invitees') right to the use of the Unimproved Area in a manner and during hours consistent with school use, including, without limitation, to improve the same with removable playground equipment (which may remain on the premises outside of School Hours). Lessee shall be permitted to arrange for and hold events

directly related to Lessee's Permitted Use, subject to the following regulations and such other reasonable regulations as Lessor deems reasonably necessary. If Lessee desires to operate the Premises or any portion thereof during additional hours beyond the standard School Hours, or desires to have a large event, that is likely to affect use of the Parking Lot Area or increase traffic to the Premises, Lessee shall first obtain Lessor's written approval at least twenty (20) days in advance of the event, and Lessee shall pay all actual out-of-pocket additional costs and expenses resulting from such use. Lessee shall implement any rules or regulations governing use of the Unimproved Area by Lessee or its invitees or guests, which rules shall be reasonably acceptable to Lessor.

(c) **Control of and Changes to Unimproved Area:** Lessee shall have unimpeded access and use of the Unimproved Area at all times; provided, however, such rights shall not include the right to make changes to the Unimproved Area, except with Lessor's consent, and except with respect to the playground improvements mentioned above. Lessee's rights shall include, but not be limited to, the right to (a) restrain the use of the Unimproved Area by unauthorized persons; and (b) temporarily close any portion of the Unimproved Area for maintenance, repairs, improvements or alterations; provided, however, that Lessee shall not be permitted to restrict or block access to the Unimproved Area in a manner that interferes with Lessor's Use of the Church Building. Lessor's use of the playground equipment, and the use of such equipment by any employee, guest, invitee, or other individual, during the Reserved Lessor Use shall be solely at Lessor's risk, and Lessee shall have no liability associated with the same.

(d) **Maintenance Costs:** Lessor shall be responsible under this Lease for the typical day-to-day repair and maintenance of the Land, including the Unimproved Area (but excluding the Parking Lot Area and excluding any capital improvements or unusual maintenance not caused by the regular use of the Premises by Lessee). Such day-to-day maintenance shall include regular removal of debris and weeds and trimming and watering of all landscaped areas; however, Lessor shall not be obligated to maintain playground improvements installed by Lessee (which shall be the sole responsibility of Lessee during the school year). The cost of such day-to-day repair and maintenance of the Parking Lot Area during the school year, however, shall, even though Lessor shall primarily be responsible for such maintenance, be shared between Lessee and Lessor, with Lessee paying 75% of such expenses and Lessor paying 25% of the cost of such maintenance. Lessor shall invoice Lessee for Lessee's share of the cost of such regular maintenance undertake by Lessee (together with paid invoices or reasonable evidence of Lessor's actual out-of-pocket expenses incurred in connection with such repair and maintenance) on a monthly basis, for each month while school is in session, and Lessee shall pay its share within 10 business days following receipt of such invoice. Notwithstanding the contrary, Lessor shall be solely responsible for such day-to-day repair and maintenance during periods of time outside the regular school year, except during such periods of time where Lessee has provided notice to Lessor of its intent to conduct Summer School (as defined below). Notwithstanding anything to the contrary herein, if Lessor shall fail to undertake any required maintenance to the Unimproved Area, and such failure, in Lessee's judgment, prevents or otherwise unreasonably burdens or threatens the safe and functional operation of a school, or the safety of students, then Lessee may immediately undertake such maintenance and Lessor shall reimburse Lessee for its share of the amount incurred for such maintenance upon 10 business days' notice (or, if unpaid, Lessee may deduct the amount due from Rent).

(e) **Parking:**

a. Lessor agrees that Lessee shall have the use of the parking lot areas that are depicted on **Exhibit “A-1”** are collectively referred to as the “**Parking Lot Area**”. Such use shall be exclusive during School Hours, with the exception of access to the Parking Lot Area in connection with Reserved Lessor Use, which access shall be in locations designated on **Exhibit “A-1”**.

b. Lessee shall have the use of the U-shaped driveway in the Parking Lot Area every weekday between the hours of 6:00am – 6:00 pm for vehicular access for dropoff and pickup of students to the Premises. Lessee shall be solely responsible for monitoring the car line and ensuring that traffic is reasonably controlled and does not restrict any vehicular access to, from or within adjacent roadways.

c. Lessor shall repair and maintain the Parking Lot Area, at its sole cost and expense, and shall repave the Parking Lot Area no less than once every ten (10) years. Lessee shall have no obligation to improve or repave the Parking Lot Area, except if Lessee’s use of the Parking Lot Area results in the need for resurfacing or repaving repairs once every ten (10) years, in which case the cost of resurfacing and repaving the Parking Lot Area shall be shared equally between Lessee and Lessor (provided, however, Lessor reserves the right to request an equitable adjustment of such share if Lessee regularly conducts Summer School during the summer months, resulting in year-round use of the Parking Lot Area by Lessee).

d. Lessee’s storage of vehicles or parking for more than twenty-four (24) hours shall not be allowed in the Parking Lot Area without Lessor’s prior written consent. Busses or vans may park in reasonable locations at any time between 6:00 a.m. and 6:00 p.m. for loading and unloading students to and from school and in connection with school trips. Lessee acknowledges and agrees that Lessor shall not be liable for damage, loss or theft of property or injury to persons in, upon or about the Parking Lot Area from any cause whatsoever. Lessor shall have the right to establish, and to enforce against all users of the Parking Lot Area, such reasonable requirements and restrictions as Lessor deems necessary and advisable for the proper operation and maintenance of the Parking Lot Area, provided the same do not restrict Lessee’s parking rights provided for herein.

(f) **Dumpster:** As of the Effective Date, the refuse container (“**Dumpster**”) located in the Premises is emptied one time per week by a third-party service. Lessee may utilize the Dumpster, so long as: (i) Lessee shall cause its employees to place all refuse in the Dumpster contained and bagged so as to avoid unsightly or unsanitary conditions on the Land; (ii) Lessee shall comply with all present and future ordinances, regulations, and rules related the use of the Dumpster, refuse and recycling; (iii) unless paid directly by Lessee, Lessee shall reimburse Lessor for the actual costs charged to Lessor in connection with emptying the Dumpster in excess of one (1) time per week, within ten (10) days following receipt of written request therefor; provided, however, that the increased need for emptying occurs during the school year (unless related to Summer School) and is not related to the Reserved Lessor Use.

11. Alterations and Improvements:

(a) **General Improvements.** Except as otherwise permitted by the terms of this **Paragraph 11**, prior to Lessee commencing construction of any Improvements (or alterations to Improvements) to the Premises, Lessee shall first seek the written approval of Lessor (and Lessor's architect) to its proposed Improvements, which approval shall not be unreasonably withheld, conditioned or delayed; provided that, if (i) Lessee has delivered to Lessor a written request for Lessor's approval of any Improvements (or alterations to Improvements) which require approval of Lessor pursuant to this Paragraph 11 and Lessor has failed to respond to such request within ten (10) business days after Lessee's delivery of such request, and (ii) Lessee has delivered to Lessor a second copy of such request, then, if Lessor has failed to respond to such second request within ten (10) business days after Lessee's delivery of such request, such request shall be deemed approved.

(b) **Initial Improvements.** Lessor has approved certain contemplated improvements to the Church Building described in **Exhibit "C"** (the "**Initial Improvements**"), which shall be designed in a manner consistent with the requirements of **Exhibit "C-1"** (the "**Construction Requirements**"). The Initial Improvements shall include the improvements to areas that shall serve as classroom and office space, multipurpose areas and related facilities in the Church Building, and the improvements to the back yard area where Lessee may install playground equipment, gardens and other programming spaces. The general contractor shall be selected by Lessee. Prior to commencing construction, Lessee shall submit to Lessor for Lessor's approval, an internal building site plan and a color and material board for its proposed Improvements showing in detail the dimensions (the "**Preliminary Submittal**") and, thereafter, comprehensive plans and specifications for the Initial Improvements. Lessor shall have ten (10) calendar days to approve the Preliminary Submittal, which approval shall not be unreasonably withheld, conditioned or delayed. Failure of Lessor to either approve or provide comments on the Preliminary Submittal within such 10-day period, time being of the essence, shall be deemed to be Lessor's approval. Thereafter, Lessor shall have twenty (20) days to review and approve the comprehensive plans and specifications. It shall be unreasonable for Lessor to withhold its approval if the comprehensive plans and specifications substantially conform to the Preliminary Submittal approved by Lessor and the Construction Requirements. Failure of Lessor to either approve, or to provide comments on, the final plans and specifications within twenty (20) days after receipt shall be deemed to be Lessor's approval of the same. Lessee acknowledges that Lessor does not assume any responsibility whatsoever for the design of any structure or for any violation of applicable laws, ordinances or regulations. Lessee acknowledges that Lessor's review and approval of the Preliminary Submittal and any plans and specifications for the Initial Improvements is for Lessor's own benefit and does not constitute any representation or warranty whatsoever to Lessee. Lessee shall use good faith efforts to incorporate all reasonable comments of Lessor into the final plans and specifications for the Initial Improvements. Lessee shall not make any Material Changes (defined below) to the plans and specifications for the Initial Improvements initially approved or deemed approved by Lessor, without Lessor with at least five (5) days to reasonably object to such change (the failure to timely object being deemed approval of any such Material Change). Prior to Lessee commencing construction of the Initial Improvements (or alterations to Church Building), Lessee shall deliver to Lessor a copy of the

building permit, certificates of insurance evidencing that Lessee has procured and is carrying the insurance Lessee is required to carry under this Lease, deliver proof of Lessee's contractor's insurance as set forth on the Construction Requirements. Lessee shall commence construction of Lessee's Initial Improvements not later than twenty-one (21) business days after the Commencement Date. "**Material Change**" shall mean any change to any structural element of the Initial Improvements and/or any change that increases or decreases the cost of the Initial Improvements by more than \$30,000, when viewed individually, or \$75,000, when viewed in the aggregate with other prior or simultaneous changes. The construction and installation of the Initial Improvements shall be at Lessee's sole cost and expense. Lessor and Lessee agree that in consideration for the Lessee's installation of the Initial Improvements, Lessee is receiving a period of free rent running from the Commencement Date through June 30, 2019.

(c) **School Building.** On or prior to November 20, 2019, unless Lessee has elected to terminate this Lease, Lessee shall submit preliminary plans to Lessor for the construction of the School Building. Such preliminary submission shall include a site plan, detailed schematics and elevation drawings, and color and material board. Lessor shall have ten (10) days to review and approve the same, or to provide detailed comments to Lessee regarding the same, whereupon Lessee shall use good faith efforts to incorporate the reasonable comments of Lessor into the design of the School Building. Once approved, such preliminary design shall be the "**Building Schematics**". Lessee shall submit to Lessor for approval, comprehensive plans and specifications for the proposed School Building. It shall be unreasonable for Lessor to withhold its approval if the comprehensive plans and specifications substantially conform to the Building Schematics approved by Lessor and the Construction Requirements. Lessee acknowledges that Lessor does not assume any responsibility whatsoever for the design of any structure or for any violation of applicable laws, ordinances or regulations. Lessee acknowledges that Lessor's review and approval of any plans and specifications for the School Building is for Lessor's own benefit and does not constitute any representation or warranty whatsoever to Lessee. Lessee shall not make any material changes or modifications to the plans and specifications for the School Building after having received the approval of Lessor, without first obtaining the approval of Lessor to such change. Lessee shall not proceed with construction until Lessor has delivered final written approval of the comprehensive plans and specifications for the School Building. Prior to Lessee commencing construction of the School Building (or alterations thereto), Lessee shall deliver to Lessor a copy of the building permit, certificates of insurance evidencing that Lessee has procured and is carrying the insurance Lessee is required to carry under this Lease, deliver proof of Lessee's contractor's insurance as set forth in the Construction Requirements.

(d) **General Provisions.** Notwithstanding anything to the contrary herein, construction may occur during the summer months, and during hours other than School Hours, in order to complete Improvements in a manner to avoid delays in access to the school during the typical school year; however, access to the Premises for purposes of such construction shall otherwise be undertaken in accordance with this Lease. All Improvements constructed at the Premises shall be constructed in a good, workmanlike and lien free manner by contractors licensed and bonded in the State of Arizona, in conformance with the final plans and specifications approved by Lessor (if applicable), and in compliance with the codes and ordinances of governmental authorities having jurisdiction and, as applicable, the Construction

Requirements. Lessee shall have the right, at Lessee's sole cost and expense, to make (i) any interior alterations, additions or improvements to the School Building without Lessor's consent, and (ii) interior alterations to the Church Building that exceed \$10,000 in value and/or exterior alterations, additions or improvements to any of the Improvements, only with Lessor's consent, which consent shall not be unreasonably withheld, conditioned or delayed so long as such alterations, additions or improvements do not deviate materially alter the Improvements, and (iii) any other alterations to the Premises, subject to Lessor's approval, which may be granted or withheld in Lessor's sole discretion. Security of the Premises at all times during School Hours and during Lessee's construction activities is Lessee's responsibility. During construction of Improvements, there shall be no construction on Sunday. During construction of any Improvements, Lessor reserves the right to temporarily halt any construction activities during funerals, weddings or other holiday events that would unreasonably interrupt such events due to noise or dust, provided that, any such suspension shall result in a day for day extension of the time period in which Lessee is obligated to complete construction of the Improvements pursuant to Section 2(a).

(e) **Completion.** Prior to occupying any newly constructed or renovated Improvements, Lessee shall deliver a copy of the certificate of occupancy for the applicable Improvements. Within thirty (30) days after completion of Initial Improvements, and within thirty (30) days after completion of any other alterations to the Improvements, Lessee shall deliver to Lessor, at no cost or expense to Lessor, final, unconditional lien waivers from all contractors, subcontractors and material providers working on the Improvements and, with respect to the newly constructed School Building, a copy of one (1) set of "**as built**" plans for the Improvements on electronic media, together with a signed and sealed letter of certification from Lessee's architect and/or contractor certifying that the electronic media furnished represents the true "**as built**" plans for the Improvements. All Improvements and any alterations to the Improvements shall be constructed at Lessee's sole cost and expense.

12. Maintenance and Repairs:

(a) **Day-to-day Maintenance.** (i) Church Building: Lessee, during the school year, shall conduct ordinary and typical day-to-day maintenance of the Church Building, exclusive of repair and replacement to the building systems and exterior foundation or roof of the Church Building, to ensure that the Improvements are in good order and repair and to a standard consistent with the condition of the Church Building after completion of the Initial Improvements, regular wear and tear excepted. Lessee's obligations shall include necessary and ordinary day-to-day maintenance on all portions of the Premises, interior and exterior, glass, doors, signs, interior walls, plumbing, heating, cooling, refrigeration, electrical systems, plumbing systems and all other improvements. However, the foregoing shall not include capital improvements to the Church Building, or repairs to the HVAC system, foundation, roof, plumbing or building systems that is outside of daily maintenance. For example (and without exclusion), Lessee shall be responsible for cleaning windows and floors, changing filters and unclogging drains, but Lessor shall be responsible for repairs and replacement of air conditioning units, broken pipes and roof repairs. The cost of such day-to-day repair and maintenance, however, shall be shared between Lessee and Lessor during the school year, with Lessee paying 75% of such expenses and Lessor paying 25% of such amounts. Lessee shall invoice Lessor for Lessor's share of the cost of such

maintenance (together with paid invoices or reasonable evidence of Lessee's actual out-of-pocket expenses incurred in connection with such repair and maintenance) on a monthly basis, on the last day of each month during the school year, and Lessor shall pay its share within 10 business days following receipt of such invoice. Should Lessor fail to timely pay such amount to Lessee, Lessee may deduct all amounts due from Lessor from Base Rent otherwise payable hereunder. Notwithstanding anything to the contrary herein: (A) nothing shall excuse Lessor from the obligation to leave areas neat and tidy after accessing the same in connection with the Reserved Lessor Use, and (B) Lessor, at its sole cost and expense, shall be responsible for all maintenance of the Church Building during periods of time outside of the typical school year when school is not in session, except as otherwise agreed in connection with Summer School.

(ii) School Building: Once constructed, Lessee shall be responsible for all maintenance to the School Building, including ordinary maintenance, and all required capital improvements, as necessary for the School Building to comply with all laws and ordinances, and in a manner consistent with uses similar to the Permitted Use. The foregoing shall be applicable regardless of time of year. However, if Lessor requests regular access to the School Building for any purpose, the parties shall agree to an equitable adjustment of costs associated therewith.

(iii) Lessor shall be solely responsible for (1) repair or replacement of the roof of the Church Building or any element of the roofing system; (2) all capital improvements necessary or required to maintain the Church Building to a standard consistent with the condition existing following the Initial Improvements and further consistent with a well-maintained building (and requirements of law); and (3) repairs and replacement to the life/safety, heating, cooling, refrigeration, and electrical elements or systems within the Church Building, unless such repairs are necessitated due to the action or inaction of Lessee (including Lessee's failure to undertake required preventative maintenance in order to keep all warranties current and in full force and effect). With respect to the Church Building, Lessor shall make such repairs and alterations necessary to comply with the requirements of any governmental or quasi-governmental authority having jurisdiction. Notwithstanding anything to the contrary herein, if Lessor shall fail to undertake such maintenance efforts, then Lessee shall be entitled to, but not obligated, to immediately conduct any maintenance that Lessee deems necessary in order to continue operation of the school in a safe and efficient manner, and in such event, Lessor shall reimburse Lessee for such expenses within 10 business days of demand (and, if unpaid, Lessee may deduct the same from Rent).

(b) **Inspections.** Lessee shall be responsible for scheduling all required inspections of the building systems within the School Building, and shall assist Lessor with scheduling of inspections of the Church Building and shall make the Church Building available during School Hours for such inspection at times reasonably acceptable to Lessor. During the school year, Lessee shall obtain and keep in effect a regularly scheduled preventative maintenance service contract for all heating, air conditioning, ventilation and water heating equipment with a qualified contractor reasonably approved by Lessor and shall provide copies of such contract to Lessor when entered into and thereafter whenever renewed or replaced or as requested by Lessor from time to time.

(c) **As-is.** Lessee acknowledges that prior to the Commencement Date, Lessee shall have the opportunity to inspect and evaluate the Premises. As such, no representations, inducements, understanding or anything of any nature whatsoever, made, stated or represented by Lessor or anyone acting for or on Lessor's behalf, either orally or in writing, have induced Lessee to enter into this Lease, and Lessee acknowledges, represents and warrants that Lessee has entered into this Lease under and by virtue of Lessee's own independent investigation. Lessee accepts the Premises in an "as is" and "where is" condition without warranty of any kind, express or implied including, without limitation, any warranty as to title or physical condition, and if the Premises are not in all respects entirely suitable for the use or uses to which the Premises or any part of the Premises will be put, then it is the sole responsibility and obligation of Lessee to take such action as may be necessary to place the Premises in a condition entirely suitable for such use or uses, except as expressly set forth herein.

13. **Access:** Lessor and its authorized representatives shall have, at all reasonable times, upon not less than forty-eight (48) hours advance written notice (except in the event of an emergency, in which event only such notice as may be reasonable under the circumstances shall be required), the right to enter the Premises to inspect the Premises and to exhibit the Premises to prospective purchasers or lenders. In addition, during periods of construction, Lessee grants to Lessor and its authorized representatives the right (but not the obligation) during normal business hours, upon not less than twenty four (24) hours oral or written notice to Lessee (except in case of an emergency, in which event only such notice as may be reasonable under the circumstances shall be required) to enter upon the Premises for the purposes of inspecting Lessee's construction activities, provided that such inspection shall not unreasonably interfere with Lessee's construction activities and Lessor shall comply with applicable safety protocols. Inspection by Lessor of the Land or any Improvements being constructed on the Land is for the sole purpose of protecting the rights of Lessor and is not to be construed as an acknowledgement, acceptance or representation by Lessor that there has been compliance with any plans and specifications, any terms or provisions of this Lease or that the Improvements will be free of defective materials or workmanship.

14. **Indemnification and Insurance:**

(a) **Indemnification and Waiver:**

(i) **Indemnity.** To the fullest extent permitted by law, except as set forth in **Paragraph 14(a)(iv)**, from and after the Effective Date, Lessee shall, at Lessee's sole cost and expense, Indemnify Lessor Parties against all Claims arising from (i) any Personal Injury, Bodily Injury or Property Damage whatsoever occurring in or at the Premises as a result of the use by Lessee caused by Lessee's staff, visitors or guests; (ii) any Bodily Injury to an employee of a Lessee arising out of and in the course of employment of the employee and occurring anywhere in the Premises; (iii) the use or occupancy, or manner of use or occupancy, or conduct or management of the Premises by Lessee; (iv) subject to the waiver of subrogation provisions of this Lease, any act, error, omission or negligence of any of Lessee; (v) the conduct of Lessee's Permitted Use; (vi) any alterations, activities, work or things done, omitted, permitted or allowed by Lessee in, at or about the Premises, including the violation of or failure to comply with, or the alleged violation of or alleged failure to comply with any applicable laws, statutes, ordinances,

standards, rules, regulations, orders, or judgments in existence on the Effective Date or enacted, promulgated or issued after the Effective Date, including Hazardous Materials Laws (defined below); (vii) any breach, violation or nonperformance of any term, condition, covenant or other obligation of Lessee under this Lease, or any misrepresentation made by Lessee or any guarantor of Lessee's obligations in connection with this Lease; or (viii) any liens or encumbrances arising out of any work performed or materials furnished by or for any Lessee Parties. Lessor shall Indemnify Lessee Parties against all Claims arising out of or resulting from, in whole or in part, the negligence or willful misconduct of a Lessor Party, or the violation by Lessor of any term, condition or covenant of this Lease, and for Lessor's or the Lessor Parties' use of the Improvements, Unimproved Area, playground equipment, Parking Area or other portion of the Premises prior to or during the term of this Lease and for the Reserved Lessor Use.

(ii) **Waivers.** To the fullest extent permitted by law, except as set forth in **Paragraph 14(a)(iv)**, from and after the Effective Date, Lessee, on behalf of all Lessee Parties, Waives all Claims against Lessor Parties arising from (i) any latent defect in construction of the Improvements; or (ii) any Bodily Injury to an employee of a Lessee Party arising out of and in the course of employment of the employee and occurring anywhere in the Premises.

(iii) **Definitions.** For purposes of this Lease: (i) the term "**Lessee Parties**" means Lessee, any assignee or sublessee of Lessee and their respective officers, directors, shareholders, members, partners, affiliates, board members, staff, employees, members, agents, principals, independent contractors, attorneys, accountants and representatives of the referenced person and the predecessors, heirs, successors and assigns of any such person (collectively, "**Representatives**"), and all persons and entities claiming through any of these persons or entities; (ii) the term "**Lessor Parties**" means Lessor, Lessor's lender and Lessor's Representatives, and all persons and entities claiming through any of these persons or entities; (iii) the term "**Indemnify**" means indemnify, defend (with counsel reasonably acceptable to the indemnified party) and hold free and harmless for, from and against; (iv) the term "**Claims**" means all liabilities, claims, damages (excluding special or consequential damages), losses, penalties, litigation, demands, causes of action (whether in tort or contract, in law or at equity or otherwise), suits, proceedings, judgments, disbursements, charges, assessments, and expenses (including attorneys' and experts' fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding); (v) the term "**Waives**" means that the Lessee Parties waive and knowingly and voluntarily assume the risk of; and (vi) the terms "**Bodily Injury**", "**Personal Injury**" and "**Property Damage**" will have the same meanings as in the form of commercial general insurance policy issued by Insurance Services Office, Inc. most recently prior to the date of the injury or loss in question.

(iv) **Scope of Indemnities and Waivers.** Subject to the limitations herein, the indemnities and waivers contained in this **Paragraph 14** shall apply regardless of the active or passive negligence or sole, joint, concurrent, or comparative negligence of any of the indemnified parties, and regardless of whether liability without fault or strict liability is imposed or sought to be imposed on such individuals. The indemnities and waivers contained in this **Paragraph 14** shall not, however, apply to the extent of the percentage of liability that a Claim against the indemnified party was proximately caused by the willful misconduct or negligence of that indemnified party (it being understood that in the event of shared fault, Claims will be

apportioned on a comparative fault basis). No party shall be indemnified for any Claim arising solely as a result of the indemnified party's own negligence or intentional action.

(v) **Duty to Defend.** The duty to defend contemplated in this **Paragraph 14** is separate and independent of the duty to indemnify, and (1) includes Claims for which an indemnified party may be liable without fault or may be strictly liable; (2) applies regardless of whether issues of negligence, liability, fault, default or other obligation on the part of the indemnifying party have been determined; and (3) applies immediately, regardless of whether indemnitor has paid any sums or incurred any detriment arising out of or relating, directly or indirectly, to any Claims.

(vi) **Obligations Independent of Insurance.** The indemnification provided in this **Paragraph 14** shall not be construed or interpreted as in any way restricting, limiting or modifying any insurance coverage or other obligations under this Lease, and the provisions of this **Paragraph 14** are independent of Lessee's insurance and other obligations. Lessee's compliance with the insurance requirements and other obligations under this Lease does not in any way restrict, limit or modify Lessee's indemnification obligations under this Lease.

(vii) **Survival.** The provisions of this **Paragraph 14(a)** will survive the expiration or earlier termination of this Lease until all Claims involving any of the indemnified or waived matters are fully and finally barred by the applicable statutes of limitations.

(b) **Waiver of Subrogation.** In addition to the waivers of subrogation set forth in **Paragraph 14(c)(iii)**, Lessor and Lessee each waives any rights either party may have against the other party and/or its Representatives, on account of any loss or damage occasioned to Lessor or Lessee or either party's property, the Premises, Common Area or the Lessor's Remaining Property or its contents arising from any risk generally covered by a policy of "causes of loss - special form" property insurance and from any risk covered by any policy of property insurance (or program of self-insurance) then in effect. In addition, each of Lessor and Lessee for itself and on behalf of its insurance companies, waives any right of subrogation that any such insurance company may have against the other party, the parties' lenders and their respective Representatives as the case may be. It is the intent of the parties that with respect to any loss from a named peril required to be covered under a policy of property insurance, each of Lessor and Lessee shall look solely to its insurance companies for recovery. The foregoing waiver of subrogation shall be operative only so long as available in the State of Arizona and provided further that no policy of insurance is invalidated by virtue of such waiver. Each party shall obtain any special endorsements required by their insurer to evidence compliance with the aforementioned waiver.

(c) **Lessee's Insurance.** From and after the Effective Date, Lessee shall carry, at Lessee's sole cost and expense, the following types of insurance, in the amounts specified or in such higher amounts as requested by Lessee's lender and which are customary in the Phoenix, Arizona metropolitan area:

(i) Commercial general liability insurance for personal injury, bodily injury (including wrongful death) and damage to property with a combined single limit of not less

than Five Million and No/100 Dollars (\$5,000,000.00), per occurrence, Five Million and No/100 Dollars (\$5,000,000.00), annual aggregate, insuring against any and all liability of the insured with respect to the Premises, or arising out of the maintenance, use or occupancy of the Premises, including Premises operations, products and completed operations providing coverage at least as broad as ISO policy form CG 0001, or its equivalent. At least One Million and No/100 Dollars (\$1,000,000.00) of such coverage shall be primary coverage and the remaining Four Million and No/100 Dollars (\$4,000,000.00) of such coverage may be pursuant to an umbrella or excess liability policy. The commercial general liability insurance policy shall contain a contractual liability endorsement specifically deleting the contractual liability exclusion for Personal Injury. The policy required pursuant to the provisions of this **Paragraph 14(c)(i)** shall not have a deductible in excess of Ten Thousand and No/100 Dollars (\$10,000.00).

(ii) Business auto coverage for owned, hired and non-owned vehicles with a combined single limit of not less than Three Million and No/100 Dollars (\$3,000,000.00), per occurrence, Three Million and No/100 Dollars (\$3,000,000.00) annual aggregate. At least One Million and No/100 Dollars (\$1,000,000.00) of such coverage shall be primary coverage and the remaining Two Million and No/100 Dollars (\$2,000,000.00) of such coverage may be pursuant to an umbrella or excess liability policy. In addition, the policy required pursuant to the provisions of this **Paragraph 14(c)(ii)** shall not have a deductible in excess of Ten Thousand and No/100 Dollars (\$10,000.00).

(iii) A policy or policies of workers' compensation insurance with an insurance carrier and in amounts approved by governmental authorities having jurisdiction and a policy of employer's liability insurance with limits of liability not less than One Million and No/100 Dollars (\$1,000,000.00), each accident; One Million and No/100 Dollars (\$1,000,000.00), disease policy limit; and One Million and No/100 Dollars (\$1,000,000.00), disease each employee. Both such policies shall contain waivers of subrogation in favor of Lessor.

(iv) "Causes of Loss-Special Form" property insurance (or equivalent), including coverage for sprinkler leakage, vandalism and malicious mischief covering all of Lessee's leasehold improvements, alterations, additions or improvements made pursuant to **Paragraph 11** or **Exhibit "C"**, removable personal property from time to time in, on or upon the Premises, and all of the School Building (once constructed) in its entirety, in an amount not less than one hundred percent (100%) of the full replacement cost thereof without depreciation, providing coverage at least as broad as ISO policy form CP 10 30, as well as the following endorsements: boiler and machinery, difference in conditions, business income and extra expense (with extended period of indemnity), service interruption and building ordinance or law and against such other risks or hazards and in such amounts as the Lessor shall reasonably require. Any policy proceeds shall be used for the repair or replacement of the property damaged or destroyed unless this Lease shall cease and terminate under the provisions of **Paragraph 16**. Such policy of property insurance shall name Lessor as a '**loss payee**' and shall not have a deductible in excess of Twenty Five Thousand and No/100 Dollars (\$25,000.00).

(v) A policy or policies of business income/business interruption insurance and extra expense coverage, with extended period of indemnity (collectively, "**Business Income Insurance**") with coverage that will reimburse Lessee for all direct and

indirect loss of income and charges and costs incurred arising out of all named perils insured against by Lessee's policies of property insurance and, if applicable, pollution legal liability insurance, including prevention of, or denial of use of or access to, all or part of the Premises as a result of those named perils. The Business Income Insurance coverage must provide coverage for no less than twelve (12) months of the loss of income, charges and costs contemplated under this Lease.

(vi) Pollution legal liability provided through a coverage extension to the property insurance policy carried pursuant to **Paragraph 14(c)(iv)** above, providing a limit of One Hundred Thousand and No/100 Dollars (\$100,000.00) for pollutant clean-up and removal for pollution damage caused by a covered cause of loss.

(vii) During the course of construction of any Improvements on the Ground Leased Property, Lessee shall procure and maintain in full force and effect "**causes of loss – special form**" builder's risk insurance, including coverage for vandalism and malicious mischief satisfying the requirements of **clause (iv)** above. The policies of builder's risk insurance shall cover Improvements in place and all material and equipment at the job site furnished under contract, but may exclude contractors', subcontractors' and construction manager's tools and equipment and property owned by contractors' or subcontractors' employees.

(viii) All property policies shall be issued in the name of Lessee, and shall name Lessor as a "**loss payee**". All liability policies obtained by Lessee shall name Lessor and any lender to Lessor as additional insureds. All commercial general liability insurance policies shall contain a provision that Lessor, although named as an additional insured, shall nevertheless be entitled to recovery under the policy for any loss occasioned to Lessor and its Representatives by reason of the negligence or willful misconduct of Lessee. As often as any such policy shall expire or terminate, renewal or additional policies shall be procured and maintained by Lessee in like manner and to like extent. All policies of insurance delivered to Lessor must contain a provision that the company writing the policy will endeavor to provide Lessor twenty (20) days' notice in writing in advance of any cancellation or lapse or the effective date of any material change in the policy, including any reduction in the amounts of insurance. All commercial general liability, property damage and other casualty policies shall be written as primary policies and shall provide that any insurance which Lessor may carry is strictly excess, secondary and non-contributing with any insurance carried by Lessee. The insurance requirements contained in this **Paragraph 14** are independent of Lessee's waiver, indemnification and other obligations under this Lease and shall not be construed or interpreted in any way to restrict, limit or modify Lessee's waiver, indemnification or other obligations or to in any way limit Lessee's obligations under this Lease.

(d) **Adequacy of Insurance.** Lessor makes no representation or warranty to Lessee that the amount of insurance to be carried by Lessee under the terms of this Lease is adequate to fully protect Lessee's interests. If Lessee believes that the amount of any such insurance is insufficient, Lessee is encouraged to obtain, at its sole cost and expense, such additional insurance as Lessee may deem desirable or adequate. Lessee acknowledges that Lessor shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal

sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Lessee hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto. The parties agree that Lessor's property insurance shall primary and noncontributory as to the exterior and building systems and components of the Church Building, exclusive of the leasehold improvements and personal property of Lessee. Lessee's insurance shall be primary and noncontributory as to all aspects of the School Building, once completed.

(e) **Lessor Insurance.** Lessor shall carry (and provide evidence of the same to Lessee) insurance consistent with insurance maintained prior to the Effective Date, which shall include (i) adequate Special Form Cause of Loss Policy (or equivalent) property insurance coverage to cover 100% of the replacement cost of the Church Building (which insurance shall be primary over any insurance carried by Lessee), but specifically excluding Lessee's personal property and the interior leasehold improvements; and (ii) commercial general liability insurance with minimum limits sufficient to meet the requirements of Lessor's lender. Lessee shall be named as an additional insured party on all liability policies carried by Lessor.

15. **Liens:** Lessee shall keep the Premises free and clear of all mechanics', materialmen's and other professional service liens arising from actions taken by or on behalf of Lessee. If, because of any act or omission (or alleged act or omission) of Lessee or any assignee or sublessee of Lessee, any mechanics', materialmen's or other lien, charge or order for the payment of money shall be filed or recorded against the Land or any Improvement on the Land, or against Lessor (whether or not such lien, charge or order is valid or enforceable as such), Lessee shall, at its own expense, cause the same to be canceled or discharged of record within thirty (30) days after Lessee shall have received written notice of the filing of such lien, charge or order, or Lessee may, within said thirty (30) day period, furnish to Lessor, a bond pursuant to A.R.S. § 33-1004 and satisfactory to Lessor against the lien, charge or order, in which case Lessee shall have the right to contest, in good faith, the validity or amount of such lien, charge or order. Prior to Lessee commencing construction of the Initial Improvements on the Ground Leased Property, Lessee shall, if required by law or its lender, obtain labor and material payment and performance bonds assuring the payment in full of claims of all persons for work performed, services rendered or materials furnished in connection with the construction of the Initial Improvements and further insuring completion of the Improvements necessary for Lessee to open for business as the Vista College Prep - Maryland Campus and for the City of Phoenix to issue a certificate of occupancy for the same.

16. **Destruction of Premises:** If the Premises shall be wholly or partially damaged or destroyed by fire, by the elements or by other causes, (i) Lessee shall, at its sole cost and expense, promptly repair, restore or rebuild the leasehold improvements within Premises (and the entire School Building, once constructed), and (ii) if permitted by Lessor's lender, Lessor shall promptly repair, restore or rebuild the portions of the Church Building that Lessor maintains, so that upon completion of such repairs, restoration and/or rebuilding, the value of the Premises equal as nearly as practicable the value of the Premises prior to the occurrence of such casualty. However, if (1) Lessee reasonably expects that such casualty will require more than ninety (90) days to repair, restore and/or rebuild, (2) the Improvements shall be damaged by casualty not covered by insurance required to be maintained by Lessee pursuant to this Lease (such as the portion of the

Premises primarily insured by Lessor), or the proceeds of such insurance are insufficient or unavailable to Lessee for any reason (including, without limitation, as a result of a claim made by Lessor or Lessor's lender that delays or limits access to such proceeds), (3) Lessor is unable or unwilling to rebuild all or any portion of the Church Building that is necessary for Lessee's operations (and for which Lessor is primarily responsible), or (4) any damage or destruction occurs within the last five (5) years of the Lease Term, Lessee shall have the option, exercisable by written notice to Lessor within sixty (60) days after the date of such casualty, to terminate this Lease. As used in this Lease, the term "replacement cost" shall for the Improvements mean the replacement cost agreed to by Lessee and its insurer in the insurance policies required by **Paragraph 14(c)(iv)**. In the event such policy does not contain a determination of replacement cost, then replacement cost shall be determined by other reasonable and appropriate means. If Lessee does not elect to terminate the Lease pursuant to this **Paragraph 16**, then Lessee shall have a reasonable time within which to so construct or repair the damaged Premises, provided that Lessee proceeds with due diligence. If Lessee elects to terminate this Lease pursuant to this **Paragraph 16**, then Lessee shall be entitled to its insurance proceeds, if any, recovered as a result of such casualty for its personal property, together with the amount actually expended by Lessee demolishing and removing all damaged Improvements and surrendering the Land to Lessor at natural grade, and the Unamortized Value of the Improvements. As used in this Lease, the "**Unamortized Value of the Improvements**" shall mean the unamortized portion of the cost incurred by Lessee to construct the Improvements (including renovation of the Church Building) assuming such costs are amortized over the Lease Term (or the remainder thereof in effect when such Improvements were acquired or constructed) on a straight line basis. The balance of the proceeds shall be paid to Lessor. Should Lessee elect to terminate this Lease pursuant to the provisions of this **Paragraph 16**, such termination shall be effective on a date set forth in Lessee's notice of termination, which date shall be no sooner than sixty (60) days after receipt by Lessor of Lessee's notice of termination. In addition, prior to the effective date of the termination of this Lease and as a condition to such termination, Lessee shall surrender and deliver the Premises to Lessor, provided, however, Lessee shall first remove any damaged or destroyed Improvements and shall restore the Land to natural grade. If the Lease is not terminated, Rent shall be abated for the period of repair and restoration in the proportion which the area of the Premises, if any, which is not usable by Lessee bears to the total area of the Premises. Such abatement, if any, shall be the sole remedy of Lessee, and except as provided herein, Lessee waives any right to terminate the Lease by reason of damage or casualty loss. All insurance proceeds payable on account of damage to or destruction of the Improvements by fire or other casualty shall be deposited with a bank or trust company doing business in the State of Arizona having assets of at least Five Hundred Million and No/100 Dollars (\$500,000,000.00) (the "**Depository**"), in trust for the purpose of reimbursement of the costs of the demolition, restoration, repairs, replacements, rebuilding or alterations to the Improvements. Insurance proceeds on deposit with the Depository shall be advanced from time to time to Lessee for the restoration or as such work progresses, upon certification by the architect or engineer in charge of restoration work that the amounts requested either shall have been paid in connection with such restoration or shall be due to contractors, subcontractors, materialmen, architects or other persons who rendered services or furnished materials on account of the restoration work and, upon completion of such restoration work, the balance remaining in the Depository, if any, shall be disbursed to Lessee. Notwithstanding the foregoing, in the event of damage to or destruction of the Improvements by fire or other casualty as a result of which the proceeds of insurance are less than One Hundred Thousand and No/100

Dollars (\$100,000.00), such proceeds shall be payable directly to Lessee, in trust, to be applied against cost of restoring the Improvements and such funds shall be used only for the purpose of restoring the Improvements until such restoration work is complete and any excess proceeds shall be returned to Lessee.

17. **Condemnation:** If all or such portion of the Premises so as, in the reasonable judgment of Lessee, to make the balance thereof untenantable or not suitable for the operation of Lessee's business, is condemned by eminent domain for any public or quasi-public use or purpose or is transferred in avoidance of an exercise of the power of eminent domain (an "**Appropriation**"), then this Lease shall terminate as of the date that Lessee substantially vacates the Premises, subject to its obligations under the following sentence. In the event of a termination of this Lease as a result of an Appropriation of less than the entirety of the Premises, on or before the effective date of such termination and as a condition to the termination of this Lease, Lessee shall surrender and deliver to Lessor the portion of the Premises not the subject of the Appropriation and in the event the Appropriation of a portion of the Premises resulted in the balance being untenantable or not suitable for the operation of Lessee's business, should Lessor so direct, Lessee shall remove those portions of the School Building not subject to the Appropriation and shall restore that portion of the Land not subject to the Appropriation to natural grade (but Lessee's responsibility hereunder shall be limited to the extent that the proceeds of any award received on account of such Appropriation shall be sufficient for such purpose). All Base Rent and Additional Rent shall be paid up to such date of termination and Lessee shall have no further claim against Lessor nor against the condemning authority for the value of any unexpired term of the Lease, provided the proceeds awarded on account of such Appropriation shall be allocated to each party in the proportionate amount that the loss incurred by such party as a result of such Appropriation bears to the total loss incurred as a result of such Appropriation as follows: (a) to Lessor, an amount representing the Base Rent reserved under this Lease for the balance of the Lease Term and the value of Lessor's residual right to the Improvements upon expiration of the Lease Term had the full Term occurred and the Reserved Lessor Use; (b) to Lessee, an amount representing the value of Lessee's leasehold's estate hereunder, including the right to use and occupy the Premises and Improvements for the remainder of the Lease Term subject to the obligation of Lessee to pay Rent hereunder and the Unamortized Value of the Improvements; and (c) to Lessor, the balance of the award. If the values of the respective interests of Lessee and Lessor shall be determined by a court or the awarding authority according to the provisions of clauses (a), (b) and (c) above, the values so determined shall be conclusive upon Lessor and Lessee. If such value shall not have been separately determined in the award, such value shall be reasonably determined by the parties. In the event of an Appropriation of a portion of the Premises which does not result in a termination of this Lease as provided above, the Base Rent payable under this Lease shall be reduced in the proportion which the land area of the portion of the Premises so taken bears to the total land area of the Premises immediately prior to the Appropriation. The entire award made by reason of any such partial Appropriation shall belong entirely to Lessor; provided, however, that Lessee shall be entitled to recover from the condemning authority such compensation as may be separately awarded by the condemning authority to Lessee or recoverable from the condemning authority by Lessee in its own right for the loss of value to Lessee's business (exclusive of the value of the Premises), and for the Appropriation of trade fixtures and equipment owned by Lessee (meaning, in the case of equipment, personal property, whether or not attached to real property, which may be

removed without injury to the Premises), and for the expense of removing and relocating them and for other consequential damages.

18. **Signs:** Lessee shall not place, erect or display any signs, notices or advertisements on any part of the exterior of the Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. Lessor has approved Lessee's sign as depicted in **Exhibit "C-2"** attached hereto. All signs shall be installed and maintained at the expense of Lessee and shall be in compliance with any sign ordinance now in effect or in the future enacted by any governmental authority having jurisdiction over the Premises. Lessee's signage shall be fully permitted and comply with the codes and ordinances of governmental authorities having jurisdiction.

19. **Utilities:** During the school year, Lessee shall be responsible for all costs and expenses of fuel, gas, oil, heat, electricity, power, water, sanitary sewer, storm sewer, telephone, and other utilities which may be furnished to or used by it at the Premises from and after the Effective Date, subject to reimbursement hereunder. All utility services shall be directly arranged by Lessee with the utility supplier, and shall be separately metered to the School Building. Lessee covenants to pay the charges for such utility services on or before the dates when such payments shall be due and to keep the Premises free and clear of any lien or encumbrance of any kind whatsoever constituting a charge against the Premises arising from the nonpayment or a delinquency in payment for said utility services. Notwithstanding the foregoing, Lessor shall be solely responsible for all expenses of utilities outside of the school year, unless Lessee is utilizing the Premises for Summer School purposes (during which periods of time costs shall be split as if school was in regular session). During the school year, Lessor shall reimburse Lessee for 25% of all utility costs incurred by Lessee in the Church Building, which amount shall be paid by Lessor to Lessee on a monthly basis within ten (10) calendar days of demand. If Lessor fails to timely pay such reimbursement, Lessee may deduct the same from the following month's rent.

20. **Intentionally Omitted.**

21. **Assignment and Subletting:**

(a) **Consent of Lessor Required:** Except as provided below and in **Paragraph 60**, and except as provided for below in subsection (e), Lessee shall not directly or indirectly, by operation of law or otherwise, assign, mortgage, or encumber this Lease, nor sublet or mortgage the Premises or any part of the Premises, without the prior written consent of Lessor, which consent Lessor shall not unreasonably withhold, condition or delay. Any attempted transfer, mortgage, assignment or subletting, including any involuntary transfers or assignments by operation of law, or otherwise, without Lessor's consent if required shall be void, shall constitute an Event of Default and shall confer no rights upon any third person. No such transfer, mortgage, assignment or subletting shall relieve Lessee of its liability for the full performance of all of the terms, agreements, covenants and conditions of this Lease. A consent by Lessor to one transfer, mortgage, assignment or subletting shall not operate as a waiver of this **Paragraph 21** as to any further transfer, mortgage, assignment or subletting shall apply fully to any transferee, assignee or sublessee. Lessee shall reimburse Lessor for Lessor's reasonable attorneys' fees and costs in

connection with the processing and documentation of any such requested transfer, mortgage, assignment or subletting.

(b) **Documentation of Transfers:** Each transfer, mortgage, assignment or subletting to which there has been consent shall be by an instrument in writing in a form reasonably satisfactory to Lessor, and shall be executed by (i) the transferor, mortgagor, assignor or sublessor, who shall affirm its continuing liability under the Lease; (ii) the transferee, mortgagee, assignee or sublessee, who shall agree in writing for the benefit of Lessor to assume, to be bound by and to perform the terms, covenants and conditions of this Lease; and (iii) by Lessor, for the purpose of acknowledging its consent. One executed copy of such written instrument shall be delivered to Lessor. The acceptance of Base Rent from any other person shall not be deemed to be a waiver of any of the provisions of this Lease or a consent to the transfer, mortgage, assignment or subletting of the Premises.

(c) **Deemed Transfers:** The transfer, assignment or hypothecation of more than forty-nine percent (49%) of any stock or other ownership interest in such corporation, limited liability company, partnership or association shall be deemed an assignment or transfer within the meaning of and subject to this Paragraph 21.

(d) **Adjustment to Rental:** In the event Lessee shall assign its interest in this Lease or sublet the Premises, then the Base Rent set forth in Paragraph 4 above (as adjusted) shall be increased effective as of the date of such assignment or subletting, by the excess of the Base Rent and other consideration payable by any such assignee or sublessee pursuant to such assignment or sublease, except in the case of Summer School (where no such adjustment shall apply). In no event, however, shall the Base Rent after any such assignment or subletting be less than the Base Rent specified in Paragraph 4 above.

(e) **Summer School:** Notwithstanding the foregoing, Lessee shall have the right to conduct or to sublease the Premises for summer camp activities, to be conducted during the hours of 6 a.m. to 6 p.m. during the months of May-September only ("Summer School"). If Lessee intends to conduct or allow Summer School, it shall notify Lessor at least 90 days prior to the commencement of Summer School, which notice shall provide the dates and times of such activities. However, Lessor shall have a right to approve all insurance requirements for such subtenants (or if Lessee conducts the Summer School, the insurance provisions of this Lease shall apply). In addition, as a condition of allowing the Summer School program, Lessee shall be responsible for maintenance expenses and utilities, in the same manner as during the school year, during all periods in which the Summer School is in session, unless otherwise agreed in writing by Lessor and Lessee. All other provisions of this Lease shall apply with respect to occupancy of the Premises for Summer School, except that School Hours shall be adjusted to allow use during months other than the typical school year of Lessee, and the Permitted Use shall permit all reasonable and typical uses conducted during a summer camp targeted to elementary school youth.

22. **Surrender:** At the expiration of this Lease, Lessee shall peaceably and quietly surrender the Premises to Lessor, provided that, Lessee may, in its sole and absolute discretion, elect to remove all alterations, Improvements, additions and fixtures made or installed by Lessee, provided that the same may be removed without significant damage to the Premises (including

without limitation the playground equipment). If Lessee elects to remove all alterations, Improvements, additions and fixtures, then all damage occasioned in connection with such removal shall be repaired by Lessee at its sole cost and expense and Lessee shall restore the Land to natural grade. If Lessee elects to not remove all alterations, Improvements, additions and fixtures, then Lessee shall leave the Improvements in a broom-clean and sanitary condition and, subject to ordinary wear and tear, in good order, condition and repair with all building systems in the Improvements in good working order.

23. **Title to Improvements:** Title to the School Building and the heating, plumbing, air conditioning, electrical and mechanical equipment, in or appurtenant to the Improvements, and all changes, additions and alterations to the Improvements, and all renewals and replacements to the Improvements, when made, erected, constructed, installed or placed upon the Premises, shall be and remain in Lessee during the Lease Term, and shall vest in Lessor upon the expiration or earlier termination of this Lease without the need for the execution of any further document or instrument. If, however, Lessor shall so request, Lessee shall execute, acknowledge and deliver such instruments as Lessor may reasonably request in order to vest in Lessor title to the Improvements and all changes, additions and alterations to the Improvements and all renewals and replacements to the Improvements upon expiration of the Term. Title to the Church Building, and the heating, plumbing, air conditioning, electrical and mechanical equipment, in or affixed to the Improvements, and all changes, additions and renewals and replacements to the Improvements, when made, erected, constructed, installed or placed upon the Church Building, shall be and remain in Lessor during the Lease Term, except that personal property and removable fixtures, installed during the Initial Improvements, shall remain the property of Lessee unless or until abandoned at the expiration of the Term. All playground equipment installed by Lessee on the Premises, wherever located, remains the property of Lessee and may be removed by Lessee upon, or prior to, expiration of the Term.

24. **Default - Grounds:** The occurrence of any of the following events will constitute an Event of Default (herein so called) on the part of Lessee:

(a) failure to pay any installment of Base Rent, Additional Rent or any other sum due and payable under this Lease within five (5) days after the date that Lessor provides written notice to Lessee;

(b) failure in the performance of any of Lessee's agreements or obligations under this Lease, such default (except failure in the payment of any installment of Base Rent, Additional Rent or any other monetary obligation under this Lease) continuing for thirty (30) days after written notice of such failure from Lessor to Lessee, provided that if such default is other than the payment of money, is curable, but cannot reasonably be cured within such thirty (30) day period, then an Event of Default shall not have occurred if Lessee, within such thirty (30) day period, commences curing of such failure and diligently and in good faith prosecutes the same to completion and furnishes evidence thereof to Lessor within an additional sixty (60) days;

(c) a general assignment by Lessee for the benefit of creditors.

(d) the filing of a voluntary petition in bankruptcy by Lessee or the filing of an involuntary petition by Lessee's creditors, such involuntary petition remaining undischarged for a period of sixty (60) days;

(e) abandonment by Lessee of the Premises (provided, however, that temporary closure during the summer shall not be deemed to be abandonment);

(f) the appointment of a receiver to take possession of substantially all of Lessee's assets or of this leasehold, such receivership remaining undissolved for a period of sixty (60) days;

(g) the levy of a writ of attachment or execution or other judicial seizure of substantially all of Lessee's assets or this leasehold, such attachment, execution or other seizure remaining undismissed or undischarged for a period of sixty (60) days after the levy thereof; or

(h) the occurrence of an Event of Default under any other provision of this Lease (any required notice having been given and any applicable cure period having expired).

25. Default - Remedies:

(a) **Lessor's Right to Re-enter:** Upon the happening of any Event of Default, Lessor, at any time during the continuance of the Event of Default, subject to Lessor's obligation to mitigate its damages and further subject to the rights of any Leasehold Mortgagee under **Paragraph 60**, may:

(i) with or without notice or demand, declare this Lease to be terminated and re-enter the Premises or any part of the Premises (with or without process of law) and expel or remove from the Premises Lessee and all parties occupying the same or any of them, using such force as may be necessary to do so, and retake possession of the Premises without prejudice to any remedies that Lessor might otherwise have by reason of such default; or

(ii) re-enter the Premises at Lessor's option, without declaring this Lease to be terminated, and relet the Premises or any part of the Premises for the account of Lessee, on such terms and conditions and at such rent as Lessor may then deem desirable, collecting such rent and applying it to the amount due from Lessee under this Lease, to the expenses of reletting and to any other damages or expenses sustained by Lessor, recovering from Lessee the difference between the proceeds of such reletting and the amount of the Base Rent reserved and to be paid by Lessee under this Lease, which sum Lessee shall pay upon demand.

(iii) Should Lessor terminate this Lease by reason of an Event of Default by Lessee, Lessor may recover from Lessee the amount, at the time of such termination, equal to the excess, if any, of the amount of Base Rent and charges equivalent to Base Rent reserved in this Lease for the balance of the Lease Term over the then reasonable rental value of the Premises for the same period. Lessor will not, by any re-entry or other act, be deemed to have terminated this Lease, or the liability of Lessee for the total Base Rent reserved under this Lease or any installment of Base Rent then due or in the future accruing or for damages, unless Lessor notifies Lessee in writing that Lessor has so elected to terminate this Lease.

(b) **Interest on Past Due Amounts:** In addition to late charge described in **Paragraph 6** above, if any installment of Base Rent, any Additional Rent, or any other payment is not paid promptly when due, which failure continues for five (5) days after the due date, it will bear interest at the rate of fifteen percent (15%) per annum from the date on which it becomes due until paid; provided, however, this provision is not intended to relieve Lessee from any default in the making of any payment at the time and in the manner specified in this Lease. The foregoing interest, expenses and damages will be recoverable from Lessee by the exercise of Lessor's remedies set forth in this Lease.

(c) **Bankruptcy of Lessee:** In the event of the bankruptcy, reorganization, liquidation, or dissolution of the Lessee, or in the event Lessee shall make an assignment for the benefit of creditors, or in the event Lessee shall seek similar relief under any present or future Federal or State bankruptcy act, which relief results in a stay of the termination of this Lease, then, the Base Rent and Additional Rent payable under this Lease shall be deemed to be an administrative expense. In addition, the Lessee, as debtor in possession, or if appointed, the Trustee in bankruptcy, must assume or reject this Lease within ninety (90) days (or such shorter period of time as may be permitted by law) after the filing of the petition in bankruptcy.

(d) **Remedies Cumulative:** The remedies of Lessor specified in this Lease will be cumulative and non-exclusive as to each Event of Default to the extent allowed by law. Additionally, Lessor shall be entitled to all rights and remedies granted to a landlord in equity, at law, or by statute.

(e) **Assignment of Rents and Leases:** If the Premises or any portion of the Premises shall be subleased by Lessee, then upon and at any time after the occurrence of an Event of Default, Lessor may, at Lessor's election, provide written notice to sublessees to pay rent to Lessor and Lessor may collect rent from such sublessees so long as any such Event of Default shall continue. Any amounts received by Lessor may be applied towards the payment or performance of any obligation of Lessee under this Lease in any order of priority as Lessor may elect, any unexpended balance to be held by Lessor to be applied against obligations subsequently coming due. Application of such rents by Lessor shall not constitute an election of remedies and, in accordance with the provisions of **Paragraph 25(d)** above, Lessor may exercise such additional or further remedies as may be available at law, in equity, by statute and/or under this Lease.

26. **Right to Cure:** In the event Lessor shall neglect or fail to perform or observe any of the covenants, provisions or conditions contained in this Lease on its part to be performed or observed, and such failure continues for thirty (30) days after written notice of default (or if more than thirty (30) days shall be required because of the nature of the default, if Lessor shall fail to commence the curing of such default within the thirty (30) day period and proceed diligently to complete the curing of the default), then, Lessor shall be in default hereunder, and in addition to all other rights and remedies available to Lessee, (i) at Lessee's options, it may perform any obligation of Lessor, and (ii) Lessor shall be responsible to Lessee for any actual damages sustained by Lessee as a result of Lessor's breach. All sums so paid by Lessee and all costs and expenses, including reasonable attorneys' fees, incurred by Lessee in connection with the performance of any such act shall be paid by Lessor to Lessee on demand, together with interest thereon at the rate of

twelve percent (12%) per annum from the respective dates of Lessee's making of each such payment or incurring of each such cost and expense, including reasonable attorney's fees, until repaid by Lessor in full.

27. Holding Over: It is agreed that the date of termination of this Lease and the right of Lessor to recover immediate possession of the Premises upon the termination of this Lease is an important and material matter affecting the parties to this Lease and the rights of third parties, all of which have been specifically considered by Lessor and Lessee. In the event of any continued occupancy or holding over of the Premises without the express written consent of Lessor beyond the expiration of the Lease Term, whether in whole or in part, or by leaving property on the Premises, which property remains on the Premises for a period of fifteen (15) days following written notice by Lessor to Lessee directing Lessee to remove such property, this Lease will be deemed a monthly tenancy and Lessee will pay the greater of (a) one and one-half (1-1/2) times the Base Rent then in effect pursuant to **Paragraph 4**, in advance at the beginning of each held-over month, plus any other charges or payments contemplated in this Lease, or (b) any other costs, expenses, damages, liabilities, and attorney's fees incurred by Lessor on account of Lessee's holding over, excluding special or consequential damages.

28. Statement from Lessor and Lessee: Lessee shall, at any time and from time to time, within ten (10) days after written request by Lessor, without charge, execute, acknowledge and deliver to Lessor a written statement certifying that this Lease is unmodified and in full force and effect if such is the fact (or, if there has been any modification to this Lease, stating the modification) and the dates to which Base Rent and other charges have been paid in advance, if any. It is understood that any such statement may be relied upon by any prospective purchaser of Lessor, or by any mortgagee or assignee of any mortgage of Lessor, or by the trustee or beneficiary of any deed of trust constituting a lien upon the Premises. Lessor shall, at any time and from time to time, within ten (10) days after written request by Lessee, without charge, execute, acknowledge and deliver to Lessee a written statement certifying that this Lease is unmodified and in full force and effect if such is the fact (or, if there has been any modification to this Lease, stating the modification) and the dates to which Base Rent and other charges have been paid in advance, if any.

29. Notices - Manner of Giving: All notices, demands or requests required to be given under this Lease shall be in writing and shall be served or given only by personal delivery, recognized overnight courier, or United States certified mail, return receipt requested, postage prepaid, addressed to Lessor at the address of the Premises (to Lessor's business office), and to Lessee at Vista College Preparatory, Inc., 812 South 6th Avenue, Phoenix, Arizona 85003, Attention: Julia Meyerson, with a copy to Lewis Roca Rothgerber Christie, 201 E Washington St, Suite 1200, Phoenix, Arizona 85004, Attention: Linda Parkis. Either party may change such address by written notice in the manner specified above for the giving of notices to the other; provided, however, neither party may designate a foreign address or an address for delivery of notices which does not indicate a street address (i.e., building name or number and street identification), city, state and zip code. Notice shall be deemed received as of the date such notice is (i) delivered to the party intended to receive such notice, (ii) delivered to the then designated address of the party to receive such notice, (iii) rejected or other refusal to accept at the then designated address of the party to receive such notice, (iv) undeliverable because of a

changed address of which no notice was given, or (v) five (5) days following deposit in the United States mail, if served by certified or registered mail, return receipt requested. Notices by a party may be given by the legal counsel to such party and/or an authorized agent of such party. In this regard, any notice to be given by or on behalf of Lessor under this Lease shall be effective if given by Lessor's legal counsel and/or Lessor's property manager. In no event shall notices be transmitted by facsimile or electronic mail.

30. Lessor's Right to Perform Lessee's Covenants: If Lessee shall at any time fail to pay any sum in accordance with the provisions of this Lease, or shall fail to make any other payment or perform any other act on its part to be made or performed, then Lessor, after seven (7) days' written notice to Lessee following any other grace period or extensions allowed in this Lease (or without notice in case of emergency) and without waiving, or releasing Lessee from any obligation of Lessee contained in this Lease, may, but shall be under no obligation to: (a) pay any sum payable by Lessee pursuant to the provisions of this Lease; or (b) make any other payment or perform any other act on Lessee's part to be made or performed as in this Lease provided; and may enter upon the Premises for any such purpose, and take all such action, as may be necessary. All sums so paid by Lessor and all costs and expenses, including reasonable attorneys' fees, incurred by Lessor in connection with the performance of any such act shall be paid by Lessee to Lessor on demand, together with interest thereon at the rate of twelve percent (12%) per annum from the respective dates of Lessor's making of each such payment or incurring of each such cost and expense, including reasonable attorney's fees, until repaid by Lessee in full.

31. Waiver: No waiver of any default by either party under this Lease will be implied from any omission by either party to take action on account of such default if such default persists or is repeated, and no express waiver will affect any default other than the default specified in the waiver, and then such waiver will be operative only for the time and to the extent expressly stated. A waiver by either party of any provision of this Lease will not be construed as a waiver of any subsequent breach of the same provision, nor will the consent or approval by either party to or of any act by the other be deemed to waive or render unnecessary their consent or approval to or of any subsequent similar acts.

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

33. No Recording: This Lease shall not be recorded, but a memorandum of this Lease in the form attached to this Lease as **Exhibit "D"** shall be executed, shall be executed and acknowledged by both parties and delivered to Lessee, which Memorandum of Lease may be recorded by Lessee in the official records of Maricopa County, Arizona at the sole and expense of Lessee at any time subsequent to the Commencement Date. Lessor expressly consents to recordation of such Memorandum of Lease.

34. Subordination by Lessee: Lessor reserves the right to place liens and encumbrances on the Premises in order to secure future financing, and, provided that such lienholder delivers a subordination and non-disturbance agreement to Lessee in a form acceptable to Lessee, in its sole discretion, Lessee shall agree to subordinate its interest in this Lease to such lender providing financing. Further, and as a condition precedent to this Lease, Lessor shall obtain from any current mortgage or deed of trust holder as of the Effective Date a subordination, non-

disturbance and attornment agreement from the mortgage or deed of trust holder, in a form acceptable to Lessee. Such agreement shall allow Lessee to remain in occupancy of the Premises, consistent with the terms of this Lease, notwithstanding the default of Lessor or the foreclosure of the fee simple interest of Lessor by its lender in connection therewith.

35. **Invalidity:** If any provision of this Lease or any part of this Lease shall be determined to be invalid, unenforceable or illegal, then such provision shall be deemed severed from this Lease, and shall not affect the remaining provisions of this Lease.

36. **Construction:** This Lease shall not be construed against either Lessor or Lessee. This Lease, its construction, validity and effect, shall be governed and construed by and in accordance with the laws of the State of Arizona. All provisions of this Lease have been negotiated by both parties at arm's length and neither party shall be deemed the scrivener of this Lease. In addition, if either party has made a scrivener's error with regard to division, multiplication, addition, or subtraction of any numbers or arithmetic calculation in this Lease, this Lease shall not be construed for or against either party by reason of the authorship or alleged authorship of any provision of this Lease.

37. **Attorneys' Fees:** In the event that it becomes necessary for any party to employ an attorney to enforce any of the terms or provisions of this Lease, the defaulting party shall pay to the prevailing party all reasonable attorneys' fees and court costs (if any) in connection with such enforcement, the amount to be fixed by the court without a jury.

38. **Binding Effect:** Subject to the limitations of **Paragraph 21** above, this Lease shall inure to the benefit of and shall be binding upon the parties, their heirs, personal representatives, successors and permitted assignees.

39. **Reserved.**

40. **Conveyance by Lessor:** In the event Lessor or any successor Lessor shall convey or otherwise dispose of the Premises, it shall, subsequent to such conveyance and conditioned upon the assumption of the obligations of Lessor under this Lease by successor Lessor, be released from all liabilities and obligations imposed upon the Lessor under this Lease (except those accruing prior to such conveyance or other disposition) and such liabilities and obligations shall be binding solely upon the then owner of the Premises.

41. **No Personal Liability to Lessor:** Lessee shall look solely to Lessor's interest in the Premises for the satisfaction of any judgment or decree requiring the payment of money by Lessor which is based on any default or other claim arising under this Lease (whether in contract, tort or for breach of any express or implied covenant contained in this Lease). No other property or assets of Lessor, or any member, partner of, or shareholder or investor in Lessor, shall be subject to levy, execution or other enforcement procedures for satisfaction of any such judgment or decree. Lessee waives, to the fullest extent permitted by law, any right to satisfy any money judgment against Lessor except from Lessor's interest in the Premises.

42. **Quiet Enjoyment:** So long as there is not in existence an Event of Default, Lessee may quietly have, hold and enjoy the Premises during the Lease Term, free from hindrance or molestation by Lessor and persons claiming by, through and under Lessor.

43. **Reserved.**

44. **No Partnership:** Nothing contained in this Lease shall be deemed or construed as creating an agency, partnership or joint venture relationship between Lessor and Lessee or between Lessor and any other party, or cause Lessor to be responsible in any way for the debts or obligations of Lessee or any other party.

45. **Reserved.**

46. **Consent of Lessor:** Lessor shall have no liability to Lessee for any damages resulting from Lessor's failure to give any consent, approval or instruction expressly reserved in this Lease to Lessor. Lessee acknowledges and agrees that Lessee's sole remedy in any such event shall be to commence an action against Lessor seeking injunctive relief.

47. **Survival of Obligations:** Lessee's obligations set forth in this Lease shall survive the expiration or earlier termination of this Lease with respect to acts, omissions, liabilities and amounts which occurred or accrued, as the case may be, prior to the expiration or earlier termination of this Lease, and any indemnity obligation of Lessee to Lessor. Similarly, Lessor's obligations to Lessee contained in this Lease shall survive the expiration or earlier termination of this Lease with respect to such acts, omissions, liabilities and amounts which occurred or accrued, as the case may be, prior to the expiration or earlier termination of this Lease, and any indemnity obligation of Lessor to Lessee.

48. **Entire Agreement:** This Lease constitutes the entire agreement between Lessor and Lessee with respect to the lease of the Premises and supersedes any and all other prior written or oral agreements or understandings with respect to the Premises. This Lease may not be modified or amended in any respect except by an instrument signed in writing by both Lessor and Lessee.

49. **Intentionally Omitted.**

50. **Hazardous Materials:**

(a) **Hazardous Materials Laws:** "Hazardous Materials Laws" means any and all presently existing or enacted in the future federal, state or local laws, ordinances, rules, decrees, orders, regulations or court decisions (including the so-called "common-law") relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about any of the improved real properties comprising the Premises, or soil and ground water conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, 42 U.S.C. §9601, et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq., any amendments to the

foregoing, and any similar federal, state or local laws, ordinances, rules, decrees, orders or regulations.

(b) **Hazardous Materials:** "**Hazardous Materials**" means any chemical, compound, material, substance or other matter that now or in the future: (i) is a flammable explosive, asbestos, radioactive material, nuclear medicine material, hazardous waste, toxic substance, petroleum product, or related injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials; (ii) is controlled, designated in or governed by any Hazardous Materials Law; (iii) gives rise to any reporting, notice or publication requirements under any Hazardous Materials Law; or (iv) gives rise to any liability, responsibility or duty on the part of Lessee or Lessor with respect to any third person under any Hazardous Materials Law.

(c) **Use:** Except as expressly provided otherwise in this Lease, Lessee shall not allow any Hazardous Material to be used, generated, released, stored or disposed of on, under or about, or transported from, any of the Premises by Lessee, or any of its employees, invitees, agents or affiliates, unless: (i) such use is generally undertaken in uses consistent with the Permitted Use (i.e., cleaning fluids in typical amounts) or is specifically disclosed to and approved by Lessor in writing prior to such use; and (ii) such use is conducted in compliance with the provisions of this **Paragraph 50**. Lessor may approve any atypical use subject to reasonable conditions to protect the Premises and Lessor's interests. Lessor may withhold approval if Lessor determines that such proposed use involves a material risk of a release or discharge of Hazardous Materials or a violation of any Hazardous Materials Laws or that Lessee has not provided reasonable assurances of its ability to remedy such a violation and fulfill its obligations under this **Paragraph 50(c)**. Notwithstanding anything contained in this Lease to the contrary, Lessee shall be permitted to store and use on the Premises such Hazardous Materials in de minimis quantities as are reasonable, necessary and incidental to business operations on the Premises as described in this Lease so long as Lessee does so in compliance with applicable Hazardous Materials Laws.

(d) **Compliance With Laws:** Lessee shall strictly comply with, and shall maintain its operations on the Premises in compliance with, all Hazardous Materials Laws. Lessee shall obtain and maintain in full force and effect all permits, licenses and other governmental approvals required for Lessee's operations on the Premises under any Hazardous Materials Laws and shall comply with all terms and conditions thereof. At Lessor's request, Lessee shall deliver copies of, or allow Lessor to inspect, all such permits, licenses and approvals. Lessee shall perform any monitoring, investigation, clean-up, removal and other remedial work (collectively, "**Remedial Work**") required as a result of any release or discharge by Lessee of Hazardous Materials affecting the Premises or any violation of Hazardous Materials Laws by Lessee or any assignee or sublessee of Lessee or their respective agents, contractors, employees, licensees, or invitees. Lessor shall have the right to intervene in any governmental action or proceeding involving any Remedial Work, and to approve performance of the work, in order to protect Lessor's interests. Lessee shall have no liability in connection with preexisting violations of Hazardous Materials laws by Lessor or the Premises. Without limiting the foregoing, Lessor shall be solely responsible for registration, investigation and maintenance of the drywell located on the Premises. No wells shall be drilled at the Premises by Lessee or Lessor during the Term.

(e) **Compliance With Insurance Requirements:** Lessee shall comply with the requirements of Lessor's and Lessee's respective insurers regarding Hazardous Materials and with such insurers' recommendations based upon prudent industry practices regarding management of Hazardous Materials.

(f) **Notice; Reporting:** Lessee shall notify Lessor, in writing, within two (2) days after any of the following: (a) a release or discharge of any Hazardous Material, whether or not the release or discharge is in quantities that would otherwise be reportable to a public agency; (b) Lessee's receipt of any order of a governmental agency requiring any Remedial Work pursuant to any Hazardous Materials Laws; (c) Lessee's receipt of any warning, notice of inspection, notice of violation or alleged violation, or Lessee's receipt of notice or knowledge of any proceeding, investigation of enforcement action, pursuant to any Hazardous Materials Laws; or (d) Lessee's receipt of notice or knowledge of any claims made or threatened by any third party against Lessee or the Premises relating to any loss or injury resulting from Hazardous Materials. Lessee shall deliver to Lessor copies of all test results, reports and business or management plans required to be filed with any governmental agency pursuant to any Hazardous Materials Laws. Nothing herein shall apply to events occurring as a result of Lessor's use of the Premises.

(g) **Termination; Expiration:** Upon the termination or expiration of this Lease, Lessee shall remove any equipment, improvements or storage facilities utilized by Lessee in connection with any Hazardous Materials and shall, clean up, detoxify, repair and otherwise restore the Premises to a Hazardous Materials condition comparable to such condition as existed on the Commencement Date.

(h) **Assignment; Subletting:** If Lessor's consent is required for an assignment of this Lease or a subletting of the Premises, Lessor shall have the right to withhold such consent if the possibility of a release of Hazardous Materials is materially increased as a result of the assignment or sublease or if Lessor does not receive reasonable assurances that the new lessee has the experience and the financial ability to remedy a violation of the Hazardous Materials Laws and fulfill its obligations under this Paragraph 50.

51. Representations and Warranties of Lessee: Lessee represents and warrants to Lessor as follows:

(a) **Authority of Lessee:** Lessee is an Arizona nonprofit corporation, duly organized, validly existing under the laws of the State of Arizona and is qualified to do business in the State of Arizona. The persons who have executed this Lease on behalf of Lessee are duly authorized to do so pursuant to a current resolution of Lessee's Board of Directors, which resolution shall be promptly delivered to Lessor on or before the Effective Date.

(b) **Enforceability:** This Lease constitutes the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms, subject, however, to bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally, general principles of equity, whether enforceability is considered in a proceeding in equity or at law and to the qualification that certain waivers,

procedures, remedies and other provisions of this Lease may be unenforceable under or limited by applicable law, however, none of the foregoing shall prevent the practical realization to Lessor of the benefits intended by this Lease.

(c) **Litigation.** To the best of its knowledge, there are no suits, actions, proceedings or investigations pending, or to the best of its knowledge, threatened against or involving Lessee before any court, arbitrator or administrative or governmental body which might reasonably result in any material adverse change in the contemplated business, condition or operations of Lessee.

52. Representations and Warranties of Lessor: Lessor represents and warrants to Lessee as follows:

(a) **Authority of Lessor.** Lessor is a tax-exempt religious organization, validly existing under the laws of the State of Arizona and is qualified to do business in the State of Arizona. The persons who have executed this Lease on behalf of Lessor are duly authorized to do so pursuant to a current resolution of Lessor's Board of Directors or similar governing body, which resolution shall be promptly delivered to Lessee on or before the Effective Date.

(b) **Enforceability:** This Lease constitutes the legal, valid and binding obligation of Lessor, enforceable against Lessor in accordance with its terms, subject, however, to bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally, general principles of equity, whether enforceability is considered in a proceeding in equity or at law and to the qualification that certain waivers, procedures, remedies and other provisions of this Lease may be unenforceable under or limited by applicable law, however, none of the foregoing shall prevent the practical realization to Lessee of the benefits intended by this Lease.

(c) **Litigation.** To the best of its knowledge, there are no suits, actions, proceedings or investigations pending, or to the best of its knowledge, threatened against or involving Lessor before any court, arbitrator or administrative or governmental body which might reasonably result in any material adverse change in the contemplated business, condition or operations of Lessor.

53. Severability: If any provision of this Lease shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect. It is the intention of Lessor and Lessee that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

54. Lessee Financial Information: Annually during the Lease Term, within one hundred fifty (150) days following the end of Lessee's fiscal year, Lessee shall provide to Lessor financial statements for Lessee which will include a balance sheet, income statement, statement of

changes in equity, statement of consolidated cash flows and such other financial information as Lessor may reasonably request, all certified by an authorized representative of Lessee to be true, correct and complete in all material respects. Lessor shall treat all financial statements and financial information of Lessee received by Lessor pursuant to this Lease as strictly confidential.

55. Termination Right: At any time between the 12th-month anniversary of the Commencement Date and the 36th-month anniversary of the Commencement Date (the "**Termination Period**"), Lessee may terminate this Lease through written notice to Lessor, without payment or penalty of any kind or nature. Such termination notice may be provided by Lessee at any time that Lessee is not in default during the Termination Period. Lessee shall provide such termination notice during the Termination Period and no less than 90 days prior to the date that Lessee desires such termination to take effect (the "**Termination Date**"), and shall be effective as of such designated Termination Date. On the Termination Date, Lessee shall surrender the Premises to Lessor and title to all improvements shall pass immediate to Lessor upon such surrender. Once provided, such termination notice shall be irrevocable by Lessee. If this Lease is terminated under this Paragraph, then neither party shall have any further obligation hereunder, except that any indemnity obligations arising from occurrences prior to termination shall survive such termination. If this Lease is terminated under this Paragraph, then neither party shall have any further obligation hereunder, except that any indemnity obligations arising from occurrences prior to termination shall survive such termination.

56. Reserved.

57. Waiver of Right to Jury Trial: LESSOR AND LESSEE EACH WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY OF ANY CONTRACT OR TORT CLAIM, COUNTERCLAIM, CROSS-COMPLAINT OR CAUSE OF ACTION IN ANY ACTION, PROCEEDING OR HEARING BROUGHT BY EITHER LESSOR OR LESSEE AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED TO THIS LEASE, THE RELATIONSHIP OF LESSOR AND LESSEE OR LESSEE'S USE OR OCCUPANCY OF THE PREMISES, INCLUDING ANY CLAIM OF INJURY OR DAMAGE OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY CURRENT OR FUTURE LAW, STATUTE, REGULATION, CODE OR ORDINANCE.

58. Contingencies:

(a) In addition to the terms of Section 34, the parties acknowledge that the effectiveness of this Lease is contingent on Lessor receiving consent and approval from Lessor's lender as necessary for this Lease, including a nondisturbance agreement in a form acceptable to Lessee. Lessor shall use commercially reasonable and diligent efforts to obtain such consent and approval within twenty (20) days after the date on which Lessee executes this Lease and delivers the same to Lessor. Lessor shall deliver the nondisturbance agreement to Lessee for review, and shall notify Lessee whether the lender's consent has been obtained or not within five (5) business days following the expiration of the twenty (20) day period. If the contingency has not been met,

then either party may terminate this Lease by written notice to the other party, whereupon neither party shall have any further obligation to execute or perform under this Lease.

(b) The parties acknowledge that the effectiveness of this Lease is contingent on, during the one hundred eighty (180) day period following the Effective Date (the "Contingency Period"), Lessee (1) obtaining all applicable building permits from applicable governmental authorities for construction of the Initial Improvements, (2) obtaining necessary operation permits for operation of the contemplated campus, (3) reviewing any due diligence matters as Lessee reasonably requires, (4) obtaining approval of this Lease from the Board of Directors of Lessee, and (5) obtaining sufficient financing or other capital commitments to fund the construction of the Initial Improvements, with, if desired by Lessee, subsequent draws available for the School Building, and otherwise in a form and an amount reasonably satisfactory to Lessee. On or before the last date of the Contingency Period, Lessee shall notify Lessor in writing whether the conditions set forth in the preceding sentence have been satisfied or waived by Lessee and may elect to terminate this Lease by written notice as of the end of the Contingency Period. The Lease termination shall be effective ten (10) days after the date on which the Lessor receives the termination notice. If this Lease is terminated under this Paragraph, then neither party shall have any further obligation hereunder, except that any indemnity obligations arising from occurrences prior to termination shall survive such termination. Upon satisfaction or waiver of the condition, or if Lessee fails to deliver timely notice terminating this Lease prior to the end of the Contingency Period, then this Lease shall remain in full force and effect and Lessee's right to terminate this Lease pursuant to this Paragraph shall be void.

(c) Any obligation of Lessee to construct the School Building shall be contingent upon Lessee: (1) obtaining all applicable building permits from applicable governmental authorities for construction of the Initial Improvements, (2) reviewing any due diligence matters as Lessee reasonably requires, (3) obtaining approval of this Lease from the Board of Directors of Lessee, and (4) obtaining sufficient financing or other capital commitments to fund the School Building, and otherwise in a form and an amount reasonably satisfactory to Lessee. Further, Lessor's lender shall have provided any required approvals in order to allow the construction of the School Building. The failure to meet such contingencies shall not invalidate this Lease; rather if such contingencies are not met any obligation of Lessee to construct the School Building shall be delayed as necessary until such time as the contingencies are satisfied. Such delay in required shall be a day-for-day basis; provided, however, that Lessee, if required on account of such delay, may adjust construction start dates in order to allow for minimum disruption in the school day. If, as a condition of Lessor's lender's approval of the construction of the School Building, Lessee is required to effectuate a lot split separating the parcel upon which the Church Building sits and the future site of the School Building, then Lessor and Lessee agree that they shall enter either (i) into separate leases governing the occupancy and rights with respect to both buildings, which leases shall generally conform to the intent of this Lease (and upon execution of such leases, this Lease shall terminate), or (ii) amend this Lease to account for the separation of such parcels. The foregoing replacement or amendment shall be a further condition to Lessee's obligation to construct the School Building.

60. Leasehold Mortgagee:

(a) Lessee is hereby given the right by Lessor to hypothecate, pledge, encumber or mortgage its interest in this Lease, the leasehold estate in the Premises created hereby, or any part or parts thereof or interest therein, its interest in the Improvements under a leasehold mortgage in favor of any entity generally recognized in the real estate industry as an institutional lender engaged in the business of real estate financing ("**Leasehold Mortgage**") and to assign such interest in this Lease, the leasehold estate in the Premises created hereby, or any part or parts thereof or interest therein, as collateral security for such Leasehold Mortgage. The holder of any Leasehold Mortgage upon the leasehold estate created by this Lease, and/or in Lessee's interest and estate in any Improvements, shall be referred to herein as the "Leasehold Mortgagee" and shall be entitled to the rights and benefits as provided in this Lease. In no event shall any such Leasehold Mortgagee become personally liable to perform the obligations of Lessee under this Lease unless and until Leasehold Mortgagee becomes the owner of the leasehold estate pursuant to foreclosure, assignment in lieu of foreclosure, or otherwise, and thereafter said Leasehold Mortgagee shall remain liable for such obligations.

(b) If Lessor shall have received from a Leasehold Mortgagee, prior to any Event of Default hereunder, written notice specifying the name and address of such Leasehold Mortgagee and requesting that Lessor give to such Leasehold Mortgagee a copy of each notice of default by Lessee at the same time as and whenever any such notice of default shall thereafter be given by Lessor to Lessee, then Lessor shall comply with such request by giving such notice, addressed to such Leasehold Mortgagee at the address last furnished to Lessor. Lessor shall accept performance by any Leasehold Mortgagee of any covenant, condition or agreement on Lessee's part to be performed hereunder with the same force and effect as though performed by Lessee, if, at the time of such performance, Lessor shall be furnished with evidence reasonably satisfactory to Lessor of the interest in this Lease claimed by the Leasehold Mortgagee tendering such performance.

(c) In case of Lessor's decision to terminate this Lease by reason of the happening of any Event of Default, Lessor shall give prior written notice thereof to any Leasehold Mortgagee who shall have notified Lessor of its name and address pursuant to this **Paragraph 60**, which notice shall be addressed to such Leasehold Mortgagee at the address last furnished to Lessor. If within ten (10) days after the giving of such notice, such Leasehold Mortgagee shall pay, or assume the payment of, all Base Rent and Additional Rent and any and all other sums due and payable by Lessee hereunder, as of the date of such termination, together with an amount of money equal to the amount which, but for such termination, would have become due and payable under this Lease, Lessor shall, upon the written request of such Leasehold Mortgagee made any time within thirty (30) days from the date of notice given to the Leasehold Mortgagee of such termination, execute and deliver a new lease of the Premises to such Leasehold Mortgagee or the Leasehold Mortgagee's nominee for the remainder of the Lease Term, upon the same terms, covenants, conditions, limitations and agreements herein contained, including without limitation the covenants for Base Rent and Additional Rent, but subject to the rights, if any, of parties then in possession of all or any part of the Premises; provided, however, that such Leasehold Mortgagee shall have paid to Lessor all Base Rent and Additional Rent and other charges due under this Lease up to and including the date of the commencement of the term of such new

lease, together with all expenses, including reasonable attorneys' fees, incident to the execution and delivery of such new lease.

(d) Lessor agrees, for the benefit of any Leasehold Mortgagee who shall become entitled to notice as provided in this **Paragraph 60**, that Lessor will not give or serve any notice of termination of this Lease upon Lessee, if within ten (10) days after the receipt by such Leasehold Mortgagee of written notice of the particular Event of Default, such Leasehold Mortgagee shall have served upon Lessor notice of the intention of such Leasehold Mortgagee either to acquire Lessee's interest in the Premises by foreclosure of its Leasehold Mortgage and to effect thereby the removal of Lessee from the Premises in the case of an Event of Default not susceptible of being cured by such Leasehold Mortgagee, or to secure the appointment of a receiver or otherwise obtain possession of the Premises and cure such default in the case of an Event of Default which requires entry upon the Premises by such Leasehold Mortgagee in order to cure the same; provided, however, that such Leasehold Mortgagee shall pay all Base Rent and Additional Rent then due and shall diligently pursue and prosecute the intention as expressed in such notice to Lessor, and such notice of intention incorporates an assumption by such Leasehold Mortgagee of all of the obligations of Lessee under this Lease susceptible of being performed by such Leasehold Mortgagee during such forbearance, including, but not limited to, the obligation to pay all Base Rent and Additional Rent and all other charges then due or to become due during such forbearance, a covenant by such Leasehold Mortgagee that the net proceeds collected by any receiver or mortgagee in possession shall inure to the benefit of and be paid to Lessor unless such Leasehold Mortgagee cures all such defaults, whereupon all such net proceeds shall be paid to such Leasehold Mortgagee, and an indemnification by such Leasehold Mortgagee in favor of Lessor which shall hold Lessor harmless from and against any liability, loss and expense occasioned by or arising out of such forbearance notwithstanding any notice to Lessor of discontinuance of proceedings or relinquishment of possession by such Leasehold Mortgagee.

(e) No Leasehold Mortgagee or purchaser at foreclosure shall be entitled to become the owner of Lessee's interest in this Lease and Lessee's interest in the Improvements unless such Leasehold Mortgagee or purchaser shall first have delivered to Lessor an assumption agreement, executed in recordable form, wherein and whereby such Leasehold Mortgagee or purchaser (i) assumes the performance of all the terms, covenants and conditions of this Lease during the period it is the owner of Lessee's interest in this Lease, and expressly confirms that the same are in full force and effect, and (ii) agrees to operate the Premises for the Permitted Use.

(f) If any Leasehold Mortgagee shall acquire title to Lessee's interest in this Lease, by foreclosure, assignment in lieu of foreclosure or otherwise, or under a new lease pursuant to this **Paragraph 60**, such Leasehold Mortgagee may assign such lease in accordance with the provisions of this **Paragraph 60** and such Leasehold Mortgagee shall thereupon be released from any further liability for the performance or observance of the covenants and conditions under this Lease contained on the Lessee's part to be performed and observed after the date of such assignment, provided, further, that the assignee from such Leasehold Mortgagee shall have expressly assumed in writing for the benefit of Lessor all of the obligations of Lessee under this Lease.

(g) Lessee agrees to use commercially reasonable efforts to cause Leasehold Mortgagee to agree to (i) provide simultaneous notice to Lessor of any default by Lessee under the Leasehold Mortgage, and (ii) to recognize any cure by Lessor in connection with such default, as if such cure was performed by Lessee. Subject to the terms of this **Paragraph 60** a default by Lessee under the Leasehold Mortgage, continuing beyond any applicable notice and cure period, shall constitute a default hereunder.

61. Right of First Offer. If Lessor elects to market the Premises for sale, or Lessor's interest in any building thereon (as applicable, the "**Interest**"), Lessor shall provide Lessee written notice of Lessor's intention to market the Interest (the "**Offer Notice**") and shall indicate the intended Escrow Agent. Upon receipt of an Offer Notice, Lessee shall have the right of first offer to purchase the Interest (the "**Right of First Offer**") on market terms and for a purchase price equal to the current fair market value, net of brokerage fees that would otherwise be payable but for Lessee exercising the Right of First Offer. Within ten (10) business days following Lessee's receipt of the Offer Notice, unless Lessee waives the Right of First Offer in writing, the parties shall meet and attempt to agree upon the fair market value or otherwise agreeable purchase price for the Interest. If the parties cannot agree on the fair market value at such meeting, then Lessee may hire a mutually acceptable third-party appraiser to determine the value, which determination shall be binding on Lessee and Lessor, absent manifest error. Lessee shall have 30 days following the determination or agreement on the purchase price in which to send an election to purchase the Interest (the "**Election Period**"). Lessee may exercise the Right of First Offer by providing notice of such to Lessor and depositing two percent (2%) of the purchase price with an escrow agent designated in the Offer Notice by Lessee during the Election Period (such amount shall be held by escrow agent as a deposit against the purchase price to be paid at closing, and shall be fully refundable to Lessee, at Lessee's request, upon termination of negotiations or, once signed, the purchase contract). In the event Lessee exercises the Right of First Offer, Lessee and Lessor shall enter into a mutually acceptable and definitive purchase contract as soon as reasonably possible following determination of the purchase price, which contract shall contain the additional market-based terms for the sale of the Interest, which shall provide for the consummation of the sale within days of the execution of the purchase contract. If the Interest is sold and Lessee does not exercise its Right of First Offer or if the sale does not close thereafter for any reason, the purchaser of such Interest shall remain bound by the terms of this Lease.

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

LESSOR:

Prayer Assembly Church of God in Christ

By: _____

Name: _____

Its: _____

LESSEE:

Vista College Preparatory, Inc., an Arizona
nonprofit corporation

By: _____

Name: _____

Its: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF THE LAND

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MARICOPA, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

The South 695.60 feet of the East 432 feet of the Southwest quarter of the Southeast quarter of Section 33, Township 2 North, Range 2 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the South 40 feet;

EXCEPT that portion conveyed by Warranty Deed in Recording No. 2002-555182, being the North 356.2 feet;

EXCEPT that portion conveyed to the City of Phoenix in Docket 11767, Page 385, being the East 25 feet of the South 695.60 feet of the Southwest quarter of the Southeast quarter of Section 33, Township 2 North, Range 2 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona,

TOGETHER with that part of the Southwest quarter of the Southeast quarter which is bounded on the East by the West line of the East 25 feet thereof, on the South by the North line of the South 40 feet of said Southwest quarter of the Southeast quarter, and on the Northwest by the arc of a circular curve which is concave to the Northwest, has a radius of 12 feet and is tangent to said West line and to said North Line;

EXCEPT the South 40 feet of the East 25 feet.

EXHIBIT "A-1"

Unimproved Area

(See attached)

EXHIBIT "C"

INITIAL IMPROVEMENTS

(See attached)

EXHIBIT "C-1"

CONSTRUCTION REQUIREMENTS

1. **Plans.** All plans and specifications shall ensure that the final improvements constructed on the Premises are of a quality equal to or better than existing improvements located thereon.

2. **Final Construction:** Lessee shall notify Lessor fifteen (15) days prior to the anticipated date of substantial completion of the improvements, at which time Lessor and Lessee shall arrange for Lessor's inspection of the improvements.

3. **Liens Arising from Excess Costs.** Lessee agrees to keep the Premises free from any liens arising out of nonpayment of contractors and material suppliers. In the event that any such lien is filed, Lessee shall immediately cause the same to be released of record, and if within ten (10) days following such filing, Lessee fails to cause the same to be released of record by payment or posting of a proper bond, Lessor 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 in its sole discretion deems proper, including payment of or defense against the claim giving rise to such lien. All sums paid by Lessor in connection therewith shall constitute Rent under the Lease and a demand obligation of Lessee to Lessor, and such obligation shall bear interest at the rate provided for in the Lease from the date of payment by Lessor until the date paid by Lessee.

4. **Insurance.** On or before the commencement of construction of the Lessee Improvements, Lessee, at Lessee's sole cost and expense shall obtain and thereafter maintain, all insurance listed in the Lease, in the form required pursuant to the Lease. In addition to such insurance, Lessee's Contractors and other agents of Lessee, at their sole cost and expense, must obtain and maintain commercial general liability insurance coverage, builder's risk insurance, and workmen's compensation insurance, all in amounts and with companies and on forms as Lessor may consider reasonable or appropriate for its protection. Such liability insurance shall name Lessor, Lessor's property manager and Lessor's mortgagee (if any) as additional insureds, and the builder's risk insurance shall name Lessor and Lessor's mortgagee (if any) as loss payee. Lessee shall deliver to Lessor evidence of such insurance prior to the commencement of construction of the Lessee Improvements.

5. **Indemnity.** Lessee does hereby assume all risk of loss or damage to its machinery, equipment, fixtures, and other personal property and to indemnify, defend (with counsel reasonably acceptable to Lessor), and hold Lessor and Lessor's agents harmless from any loss or damage to such property, and all liability, loss, or damage arising from any injury to the Premises, and any death or personal injury to any person or persons arising out of Lessee's and/or Lessee's Contractors' construction work in or about the Premises, whether or not any such loss, damage, liability, death, or personal injury was caused by Lessor's negligence; provided, however, in no event shall Lessee be obligated to indemnify Lessor for events or circumstances arising as a result of Lessor's own negligence or willful misconduct.

6. **Construction Representatives.** Lessor's and Lessee's representatives for coordination of construction and approval of change orders, where required by the Lease, will be as follows, provided that either party may change their respective representative upon three (3) days' written notice to the other:

Lessor's Representative:

Lessee's Representative:

7. **“As Built” Plans.** Within sixty (60) days after completion of any improvements, Lessee shall deliver to Lessor final unconditional lien releases from Lessee’s Contractor and all subcontractors and two (2) copies of “as built” drawings and plans for the Lessee Improvements.

EXHIBIT "C-2"

DEPICTION OF LESSEE'S SIGN



EXHIBIT "D"

MEMORANDUM OF LEASE

WHEN RECORDED RETURN TO:

Julia Meyerson
812 S. 6th Ave.
Phoenix, Arizona 85003

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE shall evidence that there is in existence a Lease as hereinafter described. It is executed by the parties hereto for recording purposes only as to the Lease hereinafter described, and it is not intended and shall not modify, amend, supersede or otherwise effect the terms and provisions of said Lease.

1. Name of Document: LEASE
2. Name of Lessor: Prayer Assembly Church of God
3. Name of Lessee: Vista College Preparatory, Inc.
4. Address of Lessor: 4520 W. McDowell Rd.,
Phoenix, Arizona 85035

With a copy to:

5. Address of Lessee:
Julia Meyerson
812 S. 6th Ave.
Phoenix, Arizona 85003

With a copy to:

Linda Parkis, Esq.
Lewis Roca Rothgerber Christie LLP
201 E. Washington Street, Suite 1200
Phoenix, Arizona 85004

6. Date of Lease: _____, 2016
7. Initial Term: Commencing on a date to be determined and expiring on June 30, 2032.
8. Extended Term: One 15-year term.
9. Premises: The real property more particularly described in **Exhibit "A"** attached hereto.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, parties have executed this Memorandum of Lease this ____
of _____, 20__.

LESSOR:

LESSEE:

_____, a(n)

By:_____

Name:

Its:

By:_____

Name:_____

Its:_____

STATE OF _____)
) ss.
County of _____)

On _____, before me, _____, a Notary Public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon behalf of which the persons acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public
My Commission Expires: _____

STATE OF _____)
) ss.
County of _____)

On _____, before me, _____, a Notary Public in and for said state, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon behalf of which the persons acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public
My Commission Expires: _____

**EXHIBIT A TO MEMORANDUM OF LEASE
LEGAL DESCRIPTION OF PREMISES**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MARICOPA, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

The South 695.60 feet of the East 432 feet of the Southwest quarter of the Southeast quarter of Section 33, Township 2 North, Range 2 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the South 40 feet;

EXCEPT that portion conveyed by Warranty Deed in Recording No. 2002-555182, being the North 356.2 feet;

EXCEPT that portion conveyed to the City of Phoenix in Docket 11767, Page 385, being the East 25 feet of the South 695.60 feet of the Southwest quarter of the Southeast quarter of Section 33, Township 2 North, Range 2 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona,

TOGETHER with that part of the Southwest quarter of the Southeast quarter which is bounded on the East by the West line of the East 25 feet thereof, on the South by the North line of the South 40 feet of said Southwest quarter of the Southeast quarter, and on the Northwest by the arc of a circular curve which is concave to the Northwest, has a radius of 12 feet and is tangent to said West line and to said North Line;

EXCEPT the South 40 feet of the East 25 feet.

EXHIBIT "F"
RULES REGARDING CLASSROOM ACCESS (FOR RESERVED LESSOR USE)

1. Classrooms may only be accessed for use by Lessor or its invitees and employees outside of School Hours.
2. After accessing a classroom, it must be left in a neat, clean and orderly manner, consistent with the condition of such room upon entering.
3. Peanut products may not be consumed within a classroom. Any other food consumed in a classroom may not violate any allergy policies posted on the door of the classroom being utilized. All food remnants must be removed from the classroom, and desks and table tops must be wiped clean.
4. Nothing may be removed from the walls of a classroom, and no material may be moved to an alternative location on the walls of a classroom. Material may be covered if necessary; provided that such covering is removed prior to exiting the classroom (without damage to material so covered).
5. Locked drawers, closets and similar secured located may not be accessed.
6. Any necessary supplies must be provided by the party accessing the classroom. No classroom materials may be utilized during the use of a classroom.
7. If white boards, blackboards or similar display boards are utilized during the access within a classroom, such surfaces must be wiped clean prior to exiting the classroom. No written material on such surfaces, which may relate to the ongoing use of the classroom during School Hours (e.g., classroom rules), may be removed or otherwise altered.
8. Lessee shall use reasonable commercial efforts to retain any lost or unclaimed items that are found in the classroom as a result of Reserved Lessor Use to Lessor's onsite management office. However, Lessee shall have no liability of any kind related to such lost items.
9. Lessor shall access classrooms for Reserved Lessor Use at its own risk, and shall indemnify, defend and hold Lessee harmless from and against any third-party claims, liabilities, damages, losses and causes of action arising as a result of injuries to person or property stemming from Reserved Lessor Use.
10. Lessor's access to the classroom shall not release Lessee from its obligations to maintain the Premises in accordance with the terms of the Lease; however, Lessor, at its sole cost and expenses, shall be obligated to repair all property damaged as a result of Reserved Lessor Use.



Arizona State Board for Charter Schools

Enrollment Matrix

Complete the table to provide the current and target enrollment, indicating the proposed timeline for implementing the request.

Directions*:

- In each box under the “Number of Students” columns, identify the number of students served per grade for the current and upcoming three fiscal years.
- In the “Total Enrollment” row, provide the total enrollment for each fiscal year.
- Copy and paste the chart for each school operated by the Charter Holder.

School Name: VCP Hadley				
	Number of Students			
Grade Level	Current—FY17	Anticipated FY18	Anticipated FY19	Anticipated FY20
Kindergarten	63	63	63	63
1 st	63	63	63	63
2 nd	42	63	63	63
3 rd	42	42	63	63
4 th	42	42	42	63
5 th		42	42	42
6 th			42*	
7 th				
8 th				
9 th				
10 th				
11 th				
12 th				
Total Enrollment	252	315	378	357

*In this year, we plan to submit a Grade Level increase as we plan for a middle school and ideally will incubate our 6th grade at our current campus.

Enrollment Matrix

School Name: VCP Maryvale				
	Number of Students			
Grade Level	Current—FY17	Anticipated FY18	Anticipated FY19	Anticipated FY20
Kindergarten		22	22	88
1 st		22	44	88
2 nd		44	44	66
3 rd			44	44
4 th				44
5 th				
6 th				
7 th				
8 th				
9 th				
10 th				
11 th				
12 th				
Total Enrollment		88	154	330



Arizona State Board for Charter Schools

Staffing Chart

Complete the table to provide the current and anticipated staffing for the school(s) operated by the Charter Holder. Include staff members needed if the request is granted.

Directions*:

- In each box under the “Number of Staff Members” columns, identify the number of staff members for each position/category for the current and upcoming three fiscal years.
- Copy and paste the chart for each school operated by the Charter Holder.

School Name: Vista College Prep – Hadley				
Position	Number of Staff Members			
	Current—FY17	Anticipated FY18	Anticipated FY19	Anticipated FY20
Administration	3	3	4	4
Teachers/Instructional Staff				
Kindergarten	3	3	3	3
1 st	3	3	3	3
2 nd	2	3	3	3
3 rd	2	2	3	3
4 th	2	2	2	3
5 th		2	2	2
6 th			2*	
7 th				
8 th				
9 th				
10 th				
11 th				
12 th				
Specialty Staff (Music, Art, PE, etc.)	1	2	2	2
Special Education	1	1	1	1
Paraprofessional				
Additional Staff				
List title: Grades 3-5 Math Teacher	1	2	2	2
List title: Office Assistant	2	2	2	2
List title: _____				
List title: _____				
Total Number of Staff Members	17	22	25	24

*We intend to apply for a middle school next year!

Staffing Chart

School Name: Vista College Prep – Maryvale				
	Number of Staff Members			
Position	Current—FY17	Anticipated FY18	Anticipated FY19	Anticipated FY20
Administration	1	1	1	3
Teachers/Instructional Staff				
Kindergarten		1	1	4
1 st		1	2	4
2 nd		2	2	3
3 rd			2	2
4 th				2
5 th				
6 th				
7 th				
8 th				
9 th				
10 th				
11 th				
12 th				
Specialty Staff (Music, Art, PE, etc.)				1
Special Education				1
Paraprofessional				
Additional Staff				
List title: Grades 3-5 Math Teacher				1
List title: Office Assistant		1	1	1
List title: K-2 Intervention Teacher		1	2	2
List title:				
Total Number of Staff Members	1	7	11	24

Leadership Staffing Chart

Complete the table below to provide current and anticipated leadership for the school(s) operated by the Charter Holder.

Directions:

- In the “Title” column, list the title of each leadership position at the school. Consider all individuals who are part of the leadership team (e.g. principal, instructional coach, lead teacher, etc.).
- In the “Current” and “Anticipated” columns, list the **names** of the individuals that will hold each of the leadership positions during the current and upcoming three fiscal years. If an existing staff member will not hold the position in the projected year, write “New Hire” or “TBD” (to be determined) in the box for that position.
- Copy and paste the chart for each school operated by the Charter Holder.

School Name: Vista College Prep - Hadley				
Title	Leadership Team			
	Current—FY17	Anticipated FY18	Anticipated FY19	Anticipated FY20
Executive Director	1	1	1	1
Senior Director of Curriculum and Instruction	1	1	1	1
Director of Operations	1	1	1	1
Manager of Special Projects	1	1	1	1
Director of Finance			1	1
Director of Talent			1	1
Student Recruitment Associate	.5	1	1	1

*Note: Because Vista College Prep has one school site and two campuses, this leadership team will support both the Hadley campus and the Maryvale campus.

Staffing Chart

School Name: Vista College Prep - Maryvale				
	Leadership Team			
Title	Current—FY17	Anticipated FY18	Anticipated FY19	Anticipated FY20
Executive Director		1	1	1
Senior Director of Curriculum and Instruction		1	1	1
Director of Operations		1	1	1
Manager of Special Projects		1	1	1
Director of Finance			1	1
Director of Talent			1	1
Student Recruitment Associate		1	1	1

*Note: Because Vista College Prep has one school site and two campuses, this leadership team will support both the Hadley campus and the Maryvale campus.