

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Agreement") is effective as of July 1, 2013 ("Effective Date") between the Cosumnes Community Services District ("Landlord") and California Montessori Project (CMP), a California Charter School ("Tenant").

1. PURPOSE

1.1 Landlord is the owner of certain real property and improvements located at 8828 Elk Grove Boulevard, Elk Grove, California, as further described on Exhibit "A" attached hereto and incorporated herein by this reference (the "Premises").

1.2 Upon the Effective Date of this Agreement, any prior agreement(s) between Landlord and Tenant regarding the lease of the Premises will be deemed canceled and superseded in its (their) entirety by this Agreement.

1.3 The purpose of this Agreement is to establish a lease in which Tenant leases the Premises from Landlord for the specific use and purpose of operating a California charter school ("Specific Use").

2. LEASE OF PREMISES.

2.1 Term. The term of this Agreement shall commence on the Effective Date and shall expire at midnight on that same day five (5) years from the Effective Date, unless terminated earlier as provided herein ("Initial Term"). Provided that Tenant is not in default of this Agreement, Tenant shall have the option at the end of the Initial Term to extend this Agreement for one (1) additional period of five (5) years ("Option Term"). Landlord's General Manager shall have the authority to approve Tenant's request to extend this Agreement for the Option Term, in the General Manager's reasonable discretion. The Initial Term and, if applicable, the Option Term shall be hereinafter collectively referred to as the "Term."

2.2 Rent.

2.2.1 Base Rent. In consideration for Landlord's lease of the Premises to Tenant, Tenant shall pay to Landlord a monthly payment equal to \$1.03 per square foot as well as a cleaning fee and a proportionate share of the utilities and common area maintenance for the Premises, as further described in Exhibit "A," without offset or deduction ("Rent"). The first payment of Rent shall be due on or before the Effective Date and each subsequent payment of Rent shall be due on or before the first day of each month throughout the Term. Rent shall be adjusted annually, commencing with the Rent payment due January 1, 2014, as further described in Exhibit "A." Landlord's General Manager shall have the authority to approve any changes, modifications or amendments to Exhibit "A," provided that such changes, modifications or amendments do not increase or decrease the Rent by more than \$50,000 per 12 month period. Acceptance of a Rent payment which is less than the amount then due shall not be a waiver of Landlord's rights to the balance of such Rent, regardless of Landlord's endorsement of any check so stating.

2.2.2 Additional Facilities. Tenant may lease additional facilities from Landlord, subject to availability and Landlord's approval. The rental cost of additional facilities is described in Exhibit "A" and shall be paid concurrently with the payment of Rent, as set forth in Section 2.2.1. Any additional facilities leased pursuant to this Section 2.2.2 shall be subject to the terms and requirements of this Agreement.

2.3 Obligation to Refrain from Discrimination. Tenant covenants and agrees for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of any person, or group of persons on account of any basis, as such is prohibited by California or United States law, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises; nor shall Tenant, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, subtenants, or vendees in the Premises.

2.4 Use of Premises. Tenant shall use and occupy the Premises only for the Specific Use and no other purpose. The Parties hereto agree that this Agreement is conditioned upon the use of the Premises for the Specific Use, and any failure by Tenant to use the Premises for the Specific Use is a breach of this Agreement for which Landlord may immediately terminate this Agreement without consequence to Landlord.

2.5 Security. Tenant shall be solely responsible for providing security to the Premises, and shall be required to install and maintain all necessary security equipment and services on the existing alarm system.

2.6 Repairs and Maintenance. Landlord shall, at Landlord's sole cost and expense, maintain, repair, replace, and keep the Premises in a good and clean condition. Tenant shall, at Tenant's sole cost and expense, repair and replace any and all damage to all portions of the Premises caused by the acts, omissions, negligence or willful misconduct of Tenant, Tenant's officials, officers, employees, volunteers, agents, invitees, sub-tenants, or guests. Any repair or replacement of any portion of the Premises shall be done only with the prior written consent of Landlord's General Manager.

2.7 Condition of Premises. Tenant acknowledges that it has examined the Premises and any common areas to which Tenant and its employees or visitors will have access, and agrees to take possession of the Premises in an AS-IS condition. Tenant acknowledges and agrees that Landlord has made absolutely no representations, guarantees or warranties regarding the Premises, nor has Landlord made representations, guarantees or warranties regarding whether the Premises and improvements thereon comply with applicable covenants and restrictions of record, building codes, ordinances or statutes in effect at the commencement of this Agreement. Landlord shall have no liability to Tenant or any employee, subtenant, vendor, guest, or visitor of Tenant arising out of or due to the use of the Premises by any person.

2.8 Damage or Destruction of Premises. Unless as the result of negligence or unlawful act of Tenant, if during the term of this Agreement any portion of the Premises is damaged by fire or other catastrophic cause so as to render such portion of the Premises untenable, the obligations under this Agreement may be suspended while such portion of the

Premises remains untenable. In the event of such damage, Tenant shall give Landlord notice of such untenable conditions and Landlord shall elect, in its sole discretion, whether to repair the Premises or to terminate this Agreement with respect thereto. Landlord shall notify Tenant in writing of its election within thirty (30) days after service of notice by Tenant. In the event that Landlord elects not to repair the Premises or portion thereof, this Agreement shall be deemed terminated and canceled as of the date the damage occurred to the Premises.

2.9 Improvements. Tenant, at its sole cost and expense, may make any alterations, improvements or additions in, about or of the Premises, only with the prior written consent of Landlord's General Manager and only upon terms and conditions mutually agreed upon in writing between Landlord and Tenant. Notwithstanding the foregoing, Landlord and Tenant have agreed to certain improvements as further described in Exhibit "B" attached hereto and incorporated herein by this reference ("Improvements"). Landlord's General Manager shall have the authority to approve any changes, modifications or amendments to Exhibit "B," provided that such changes, modifications or amendments do not increase Landlord's costs by more than \$50,000 in the aggregate.

2.10 Removal of Existing Portable Units. Prior to the Effective Date, Tenant shall, at Tenant's sole cost and expense, remove or cause the removal of the portable units currently located on the Premises, and shall return the Premises to its original condition prior to the placement of the portable units, reasonable wear and tear excepted. Tenant shall coordinate with Landlord's General Manager, or his or her designee, to ensure that all utilities previously provided to the portable units are shut off in a safe and secure manner, at Tenant's sole cost and expense. Landlord's General Manager or his or her designee shall inspect the Premises upon receipt of written notice from Tenant of the completion of the requirements of this Section 2.10 and shall either approve the condition of the Premises or notify Tenant, in writing, of additional items that must be completed to return the Premises to its original condition. Tenant shall have thirty (30) days to complete the additional items or, if Tenant is unable to complete the additional items within the 30 day period, Tenant shall immediately notify Landlord's General Manager of the estimated time to complete these items and shall thereafter diligently complete the additional items in a timely manner, at Tenant's sole cost and expense. Failure to timely remove the portable units and shut off the utilities, and if applicable complete any additional items as requested by the Landlord's General Manager, shall constitute a default of this Agreement by Tenant.

2.11 Hazardous Materials Prohibited. Tenant shall not keep on the Premises any item of a dangerous, flammable or explosive character that might unreasonably increase the danger of fire or explosion on the premises or that might be considered hazardous or extra hazardous by any responsible insurance company.

3. INDEMNIFICATION. Tenant agrees to defend, indemnify and hold harmless Landlord and its respective officials, officers, employees, volunteers and agents (collectively, "Indemnified Parties") from and against any and all claims, including any and all claims relating to or arising from Tenant's possession, use, occupancy, management, operation, repair, maintenance or control of the Premises, or any portion thereof, specifically including, without limitation, any loss, action, damages, liability, or expense (including attorneys' fees) arising by reason of: (i) the death or injury of any person or persons, including Tenant or any person who is

an employee, agent or guest of Tenant, or by reason of the damage or destruction of any property, including property owned by Tenant or any person who is an employee, agent, guest, or sub-Tenant of Tenant, and caused or allegedly caused by either the condition of the Leased Premises, or some act or omission of Tenant or of some agent, contractor, employee, servant, sub-Tenant, or guest of Tenant on the Premises; (ii) the willful or negligent act or omission of Tenant or Tenant's officials, officers, employees, volunteers, agents, guests, licensees, invitees, or sub-Tenants (if applicable); (iii) the breach, default, violation or nonperformance of this Agreement by Tenant; (iv) Tenant's failure to comply with any requirement of local, state or federal law or any requirement imposed by Landlord or by any duly authorized governmental agency or political subdivision. Tenant shall pay, satisfy and discharge any and all money judgments that may be recovered against any Indemnified Party in connection with the foregoing. Tenant's obligation hereunder shall survive expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by any Indemnified Party. Tenant shall not be obligated to defend, indemnify or hold harmless any Indemnified Party to the extent any claim, loss, action, damage, liability, or expense (including attorneys' fees) is ultimately determined to be the result of the negligent or willful misconduct of that particular Indemnified Party or any of its officials, officers, employees, volunteers or agents.

4. TAXES.

4.1 Taxable Possessory Interests. Tenant acknowledges that the execution of this Agreement for the Premises may create a taxable possessory interest pursuant to Revenue Taxation Code Section 107, as amended from time to time, subjecting Tenant to pay any and all taxes levied on this interest in government owned real property. These possessory interest taxes are to be paid by Tenant directly to the County Tax Collector and shall be kept current, without delinquency. TENANT IS ADVISED TO CONTACT THE COUNTY ASSESSOR PRIOR TO ENTERING INTO THIS AGREEMENT FOR AN ESTIMATE OF THE POSSESSORY INTEREST TAX FOR THIS PROPERTY AND THE ACTUAL PAYMENT DUE DATES. PLEASE BE AWARE THAT THESE ESTIMATES ARE SUBJECT TO CHANGE. If the payment of the taxes become delinquent, Landlord may consider the failure to pay taxes owed a breach of this Agreement and grounds for termination.

LSB Tenant's Initials

4.2 Taxes. In addition to the possessory taxes described above, Tenant shall pay as part of rent during the term of this Agreement, without abatement, deduction, or offset, any and all real and personal property taxes, general and special assessments, and other charges (including any increase caused by a change in the tax rate or by a change in assessed valuation) of any description levied or assessed during the Term of this Agreement by any governmental agency or entity on or against the Premises, personal property located on or in the Premises, and the leasehold estate created by this Agreement.

5. INSURANCE.

5.1 General Liability. Tenant agrees to maintain limits no less than \$2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general

aggregate limit shall apply separately to this agreement or the general aggregate limit shall be twice the required occurrence limit.

5.2 Workers Compensation. Tenant shall provide Landlord with proof of coverage for worker's compensation insurance for Tenant's direct employee(s). If Tenant hires staff through a third party such as an employment service, Tenant will provide documentation of that third parties' coverage.

5.3 Verification of Coverage. Tenant shall furnish Landlord with original endorsements effecting coverage required by this clause, and naming Landlord as an additional insured under the required general liability policy. Tenant shall promptly notify Landlord of any reduction, expiration, or cancellation of coverage. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. Landlord reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications. This Agreement shall not commence until Tenant has provided evidence satisfactory to Landlord that it has secured all insurance required under this Section.

6. TERMINATION.

6.1 Termination by Landlord. Upon any default or breach of the terms of this Agreement by Tenant, Landlord may immediately terminate this Agreement without consequence to Landlord. A default or breach of this Agreement shall include, but not be limited to: (a) failure to pay the total Rent; (b) abandonment and vacation of the Premises for a period of more than thirty (30) consecutive days, unless such abandonment and vacation is previously approved in writing by Landlord; or (c) failure to perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after written notice has been given to Tenant. In such event, Landlord shall be entitled to recover from Tenant the unpaid rent which had been earned at the time of termination. Efforts by Landlord to mitigate damages caused by Tenant's breach of this Agreement shall not waive Landlord's right to recover damages under any other Section of this Agreement. The expiration or termination of this Agreement and/or the termination of Tenant's right to possession shall not relieve Tenant from liability under any indemnity provisions of this Agreement as to matters occurring or accruing during the term hereof or by reason of Tenant's occupancy of the Premises.

6.2 Termination by Tenant. Tenant may terminate this Agreement upon Landlord's breach of any of its obligations under this Agreement and Landlord's failure to cure such breach within thirty (30) days after receipt of written notice from Tenant or, if such cure cannot be completed within thirty (30) days, Landlord's failure to commence such cure within thirty (30) days after its receipt of written notice and thereafter diligently prosecute such cure to completion.

7. GENERAL PROVISIONS.

7.1 Governing Law and Venue. This Agreement shall be governed by the laws of the State of California without regard to conflicts of laws principles. This Agreement shall be deemed to have been made in the Sacramento County, California, regardless of the order of the signatures of the parties affixed hereto. Any litigation or other legal proceedings that arise under

or in connection with this Agreement shall be conducted in a federal or state court located within or for the Sacramento County, California. Tenant consents to the personal jurisdiction and venue in federal or state court located within or for the Sacramento County, California and hereby waives any defenses or objections thereto including defenses based on the doctrine of forum non conveniens.

7.2 Attorneys' Fees. If any party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs of suit from the losing party.

7.3 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the parties.

7.4 Amendment. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing signed by both Parties.

7.5 Assignment or Sublease. Tenant shall not assign this Agreement or sub-let or grant any license to use the Premises or any part thereof.

7.6 Binding Effect. This Agreement shall bind and inure to the benefit of the Parties and Landlord's heirs, successors and assigns.

[Signatures on Following Page]

SIGNATURE PAGE
TO
LEASE AGREEMENT

TENANT:

CALIFORNIA MONTESSORI PROJECT

LANDLORD:

COSUMNES COMMUNITY SERVICES
DISTRICT

By: Gary S. Bauman
EXEC. DIRECTOR

By: _____
General Manager

Dated: JUNE 6, 2013

Dated: _____

Attest:

Attest:

By: Thippi Henphill
Gov. Board Secretary

By: _____
Clerk to the Board

EXHIBIT A
DESCRIPTION OF PREMISES; RENT

Premises

The Premises includes the following spaces at the Elk Grove Recreation Center, 8828 Elk Grove Boulevard, Elk Grove, California, 95624:

Classroom 4 – 100%

Classroom 5 – 100%

Classroom 6 – 100%

Classroom 7 – 100%

Classroom 8 – 100%

Classroom 9 – 100%

Classroom 10 – shared: 58% use by Tenant, 42% use by Landlord

Boys Restroom building

Girls Restroom building

Base Rent

Commencing on the Effective Date, Tenant shall pay to Landlord a monthly base rent of \$6,924, which is equal to \$1.03 per square foot (based on usage of 6,722 square feet) ("Base Rent").

Commencing on January 1, 2014 and each calendar year thereafter, the Base Rent shall be adjusted based on the Consumer Price Index (All Items) for the San Francisco-Oakland Metropolitan Area, published by the United States Department of Labor, Bureau of Vital Statistics (hereinafter referred to as the "Index") for the month of June each calendar year, commencing with the Index for June 2013, and continuing each year thereafter. Landlord shall calculate the increase to the Base Rent, if any, in such Index over the month of June in the preceding calendar year and apply such percentage increase to the Base Rent hereunder for the next succeeding calendar year, commencing January 1 of such year (the "Adjustment Date"). Notwithstanding the foregoing, the increase in Base Rent for any calendar year shall not exceed five percent (5%) of the Base Rent payable in the calendar year immediately preceding the Adjustment Date, and in no event shall Base Rent be adjusted to an amount which is less than the Base Rent in effect in the calendar year immediately prior to the Adjustment Date.

Utilities/Common Area Service Charges

Commencing on the Effective Date, Tenant shall pay to Landlord a charge for Common

Area Maintenance, as such term is defined in this paragraph, each month in the amount of \$3,559. Such charges and services include electricity, gas, water, sewer, refuse removal, common area custodial and landscaping, and insurance as provided by Landlord (collectively, "Utilities"). The Utilities for Tenant's portion of the Elk Grove Recreation Center are referred to as "Common Area Maintenance." Custodial service requested by Tenant and approved by Landlord that is in addition to Common Area Maintenance services shall be calculated by Landlord on January 1 of each year and shall be paid by Tenant on a monthly basis and concurrently with Base Rent payments.

Commencing January 1, 2014 and each calendar year thereafter, Common Area Maintenance charges shall be recalculated based on the preceding fiscal year's Utilities charges for the entire Elk Grove Recreation Center and divided by the percentage of square footage to be used by Tenant.

Additional Facilities

Facilities in addition to the Premises may be leased to Tenant pursuant to Section 2.2.2 of the Agreement at a rate of \$5 per hour. Use of additional facilities is contingent on availability and subject to the approval of the Landlord's General Manager or his or her designee, in his or her reasonable discretion.

