



CITY OF BELE ISLE, FL

1600 NELA AVENUE, BELLE ISLE, FL 32809 * TEL 407-851-7730

MEMORANDUM

From the Desk of Bob Francis, City Manager

To: Mayor and City Council

Date: March 20, 2018

Re: Funding the Cornerstone Charter Academy Capital Facilities Plan and Responsibilities for Repair/Replacement

Plan for Major Repairs

According to the lease that the City has with Cornerstone Charter Academy (CCA), the City, as landlord, is responsible for all exterior and structural repairs, including repairs of the roof, windows, sidewalks, parking and driveway areas, as well as repairs as may be required because of water entering the Premises from the roof or other parts of the building from causes not under the control of Tenant. We are also responsible to replace the HVAC system if necessary, provided Tenant has performed normal maintenance of said system. The school, as Tenant, has performed maintenance as required.

In order to know what needs to be repaired and/or replaced, the City hired Atkins Engineering to do an assessment of the school's major systems. We received the report and shared it CCA. The report showed that all major HVAC systems and the roofs needed to be replaced in the immediate and short term range. Immediate would be classified within a year, while short-range would be between 1-5 years.

The facilities were appraised in 2008 and the overall condition was rated good or excellent. In the Atkins assessment, the major systems were at or beyond their useful life. American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) is the industry organization that sets the standards and guidelines for most all HVAC-R equipment. According to the ASHRAE Equipment Life Expectancy chart most systems have a life expectancy of 10-15 years. This seems to support the fact that major HVAC systems need replacing about this time.

It appears that the distribution of the rent received from CCA would support the replacement of the major systems. According to the bond documents, the distribution of rent received from CCA has a priority of funding. The accounts that are funded first are the interest and principal on the debt. The next account to be funded is the reserve account that basically keeps enough money in the account to pay shortfalls on any debt payments and to make the final "balloon" payment at

the end of the bond issue in 2042. That account is fully funded now. It is important to know that this is a restricted fund, meaning that funds can only be spent for the purpose that the account (fund) was created. Using these funds for any other purpose is illegal.

The next account (fund) is the Repair and Replacement Fund. This fund is used to fund major system repairs and replacements, just as the name implies. The fund is capped at \$250,000. According to the Bond Trustee, the City cannot add more to the fund. When using funds out of this account, funds are replaced at the rate of \$15,000/month until the cap of \$250,000 is reached. For example, if the City used \$150,000 of this fund to replace a roof, then there would be \$100,000 left in the account and it would take 10 months ($\$15,000 \times 10$ months) to replenish the fund. This is inadequate and when the fund was established it should have had a larger cap, especially when those establishing the account knew that the costs of replacing these major systems would cost far more than the \$250,000 cap. These preceding funds are all under the control of the Bond Trustee.

When the payments on the accounts under the control of the Trustee are reached, any remaining funds are placed in a Debt Service Fund account. This account is not under the control of the Trustee and the City uses funds from this account to pay other costs attributed to the school (engineering fees, insurances, legal fees, elevator inspections or sprinkler systems, etc.).

In 2016, the City had a healthy fund balance in this account. The City then used approximately \$830,000 to purchase the Wallace Field. Since the funds in this account were not under the control of the Trustee, the City legally could use those funds for whatever purpose it saw fit. The City Council decided to use these funds to purchase the field and not repair or replace major systems at CCA. There is no indication one way or another, whether the City Council knew at that time, the conditions of the roofs and HVAC at CCA that may have altered their decision to use this fund to purchase the land. This brought the fund balance down to a critical level and prevented major repairs from taking place. Usually, General Fund monies are used to purchase property by the City when this property is used for General Fund purposes, such as a park. Slowly, this debt service fund is building back up but not to an amount that allows for the replacement of CCA roofs or HVAC. The fund balance as of September 30, 2017 was approximately \$226,300, and projected to be approximately \$375,000 at the end of this fiscal year (September 30, 2018). However other expenses, as described above, come out of this account.

Therefore, I am requesting that the City Council consider replacing the \$830,000 over a 5-year period. The amount per year would be dependent on the level of the General Fund reserves, revenues and expenses for the next fiscal year, and the recommendations of the City Manager and Finance Director. In no case would the General Fund reserves be allowed to go below 20% of the operating budget.

Additionally, I would request that the Council pass the attached resolution that makes the debt service fund a restricted fund until all major systems have been repaired or replaced.

The Finance Director and I have been working on a Capital Facility Plan to replace these systems. The priority of funding should be for the building envelope first. This would prevent future water damage to the interior of the buildings; then replacing the HVAC Systems. However, the City will work in collaboration with the CCA Administration to determine the priority of work every year based on the projected budget.

Responsibilities for Repairs

One issue that is still open is the responsibility for repairs and/or replacement of items. According to the lease:

Section 6.3. Maintenance and Repair. Landlord will make all exterior and structural repairs, including repairs of the roof, windows, sidewalks, parking and driveway areas, as well as repairs as may be required because of water entering the Premises from the roof or other parts of the building from causes not under the control of Tenant. Tenant will be responsible for repair and maintenance of HVAC systems and sewer/septic facilities. Landlord shall replace the HVAC system if necessary, provided Tenant has performed normal maintenance of said system. Tenant shall keep the interior of the Premises, and the windows, doors and fixtures therein, and all interior walls, pipes, plumbing lines, toilets, lavatories, electrical fixtures and wiring, and other appurtenances in good and substantial repair and clean condition. Tenant will maintain the grounds, lawn, landscaping and exterior of the Premises in good condition. All maintenance and repairs under this Section shall be made promptly as and when necessary and shall be of a quality and class at least equal to the original work.

Last year, the City hired an engineering company to conduct an inspection of the major systems at Cornerstone and to assess what needs to be done for repair or replacement of the equipment. The engineering company provided the replacement schedule on the basis of Immediate (within a year); short-range (1 – 5 years); intermediate (6 – 10 years); and long-range (over 10 years). Most of the equipment inspected fell in to the immediate or short-range category.

The priority for repair is to seal the envelope of the school (roof/windows) so water cannot penetrate the buildings and cause problems in the interior of the building. Then the HVAC will be repaired. For any other issues, the City and CCA will discuss what needs to be done.

After reviewing the lease, it is the City's interpretation of the contract that CCA will be responsible for those items on the Capital Plan that are marked as (**) (red font). The City will be responsible for the remainder of the items on the plan and will repair them in the priority stated above, as funds become available.

Lease Interpretation

One issue that still needs to be resolved is the interpretation of work to be done by either the City or CCA and who pays for the work, especially work that is not part of the buildings. By definition in the lease, "**Leased Property**" means the Premises, the Equipment, and the Buildings, and any additions or alterations thereto which are permitted herein. There is no

definition of "Premises" in the lease. According to several dictionaries, premises is land, the buildings on it, or both the land and the buildings on it. The City's interpretation of "premises" is for the land because the definition of Leased Property lists the buildings separately; therefore the Leased Property is both land (Premises) and buildings. Why is this important?

If you refer to Section 6.3, above, it states that the "Landlord will make all exterior and structural repairs, including repairs of the roof, windows, sidewalks, parking and driveway areas, as well as repairs as may be required because of water entering the Premises from the roof or other parts of the building from causes not under the control of Tenant."

Then if you refer to Section 7.2 In the lease:

Section 7.2. Improvements. Except as expressly permitted in this Lease, Tenant will not make any alteration, addition or improvements or install any fixtures (collectively "Alterations") in or to any portion of the interior or exterior of the Leased Property without first obtaining the prior written consent of Landlord. Tenant shall cause all Alterations permitted by Landlord to conform to all Legal Requirements. **Notwithstanding the foregoing, Tenant shall be permitted to make Alterations to the Leased Property that do not affect the structural integrity of the buildings without the consent of the Landlord.**

That underlined statement can be interpreted to allow the Tenant to make changes without first obtaining written consent of the Landlord if the improvements do not affect the structural integrity of the buildings. Section 6.3 states we will make repairs to sidewalks, parking and driveways and, of course, pay for those repairs. However, if Section 7.2 allows the Tenant to make alterations that do not affect the structural integrity of the buildings, then does this mean the CCA can make improvements to the entire school compound without the City's written permission if structural integrity is not a concern? And then if this is the case, can CCA then expect the City to pay for those improvements? For example, if CCA wants to replace the fencing, parking lot and/or sidewalks then do they need the City's permission to do so, and then is the City expected to pay for those improvements under Section 6.3? They do not involve the structural integrity of the building, but they are part of the Leased Property that the City is responsible for. To take this a step further, if CCA replaces a parking lot this year and then they want to replace it again next year, is the City expected to pay for it under Section 6.3, or does CCA pay for it under Section 7.2?

I believe that the City and CCA need to discuss Sections 6.3 and 7.2 of the lease and come to a fair and reasonable determination of:

- who pays for what repairs and improvements?
- what specific improvements can be made by the CCA without City written approval?
- who is responsible to maintain (and liable) for improvements made by CCA without City approval?
- what is considered "not under the control of the tenant"?

- who is responsible for any additional or upgraded security measures (if CCA was not the City's tenant, would security be needed)?

Financial Plan for Cornerstone Charter Academy Capital Facilities Plan

<u>Assumptions</u>	<u>REVENUE</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>
1. City and CCA agree on expenditures	Beginning Fund Balance	\$0	\$24,350	\$18,845	\$47,650	\$347,650
2. Council approves GF Transfer	Transfer from GF	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
3. CCA Enrollment stays constant or increases	Debt Service Fund, 2012 Bond	\$275,000	\$150,000	\$150,000	\$150,000	\$150,000
4. City reserves can absorb transfer annually	Projected Fund Revenues	\$425,000	\$324,350	\$318,845	\$347,650	\$647,650
5. Catastrophic events do not occur						
6. Estimates are close						

PROJECTS (**Denotes Tenant Cost)

Field House	Equipment	Action	Timeline (See Below)	Total Cost	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>
	Roof	Repair	Immediate	\$114,000.00	\$114,000.00				
	<i>Distribution Panel (150 AMP)**</i>	<i>Replace</i>	<i>Immediate</i>	<i>\$2,936.25</i>					
	<i>Distribution Panel (100 AMP)**</i>	<i>Replace</i>	<i>Immediate</i>	<i>\$2,666.25</i>					
	<i>Distribution Panel**</i>	<i>Replace</i>	<i>Immediate</i>	<i>\$1,822.50</i>					
	<i>Service Entrance Equip (300 AMP)**</i>	<i>Replace</i>	<i>Immediate</i>	<i>\$7,526.25</i>					
	<i>Exterior Lighting**</i>	<i>Replace</i>	<i>Immediate</i>	<i>\$1,012.50</i>					
	Packaged AC (6.25 TON)	Replace	Short-Range	\$21,195.00		\$21,195.00			
	<i>Domestic Water Heater (50 GAL)**</i>	<i>Replace</i>	<i>Short-Range</i>	<i>\$5,298.75</i>					
	<i>Distribution Panel (150 AMP)**</i>	<i>Replace</i>	<i>Short-Range</i>	<i>\$2,936.25</i>					
	<i>New CCTV Cameras/Recorder**</i>	<i>Install</i>	<i>Short-Range</i>	<i>\$2,970.00</i>					
	<i>CCTV to Central Monitor**</i>	<i>Install</i>	<i>Short-Range</i>	<i>\$1,012.50</i>					
			Landlord	\$135,195.00					
			Tenant	\$28,181.25					
			Total Field House	\$163,376.25	\$114,000.00	\$21,195.00	\$0.00	\$0.00	\$0.00

High School	Equipment	Action	Timeline (See Below)	Total Cost	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	
	Portable AC Unit (1 TON)**	Replace	Immediate	\$2,484.00						
	Computer Room AC Unit (2 TON)	Repair or Replace	Immediate	\$32,940.00						
	Split System Condensor (2 TON)	Repair or Replace	Immediate	\$3,813.75						
	Split System Outdoor Air Unit	Repair or Replace	Immediate	\$5,940.00						
	Split System Condensor	Repair or Replace	Immediate	\$16,740.00						
	Roof (non-metal)	Replace	Short-Range	\$250,000.00			\$250,000.00			
	Roof (metal)	Replace	Immediate	\$25,900.00	\$25,900					
	Domestic Water Heater (20 GAL)**	Replace	Short-Range	\$3,375.00						
	Domestic Water Heater (20 GAL)**	Replace	Short-Range	\$3,375.00						
	Computer Room AC Unit (15 TON)**	Repair or Replace	Short-Range	\$75,532.50						
	Domestic Water Heater (20 GAL)**	Replace	Short-Range	\$3,375.00						
	Domestic Water Heater (20 GAL)**	Replace	Short-Range	\$3,375.00						
	Split System Condensor (5 TON)	Repair or Replace	Short-Range	\$2,193.75						
	Split System Condensor (15 TON)	Repair or Replace	Short-Range	\$16,740.00						
	Split System Condensor (5 TON)	Repair or Replace	Short-Range	\$8,370.00						
	Domestic Water Heater (20 GAL)**	Replace	Short-Range	\$3,375.00						
	Domestic Water Heater (20 GAL)**	Replace	Short-Range	\$3,375.00						
	Centralized CCTV to Entry Points**	Install	Short-Range	\$3,375.00						
	Auditorium Lighting**	Repair	Short-Range	\$1,012.50						
			Landlord	\$412,270.00						
			Tenant	\$27,121.50						
			Total High School	\$439,391.50	\$25,900.00	\$0.00	\$250,000.00	\$0.00	\$0.00	\$275,900.00

Lower School (Elementary)	Equipment	Action	Timeline (See Below)	Total Cost	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>
	<i>Exterior Lighting**</i>	<i>Replace</i>	<i>Immediate</i>	<i>\$1,687.50</i>					
	<i>Domestic Water Heater (40 GAL)**</i>	<i>Replace</i>	<i>Immediate</i>	<i>\$4,995.00</i>					
	Trane Control System	Service	Immediate	\$4,050.00					
	Packaged AC (17.5 TON)	Replace	Immediate	\$51,570.00					
	<i>Air Terminal and cable connector**</i>	<i>Repair</i>	<i>Immediate</i>	<i>\$1,012.50</i>					
	Roof	Repair	Short-Range	\$87,750.00	\$87,750.00				
	Mini-Split Ductless Unit (2 TON)	Replace	Short-Range	\$5,872.50					
	Packaged AC (17.5 TON)	Replace	Short-Range	\$47,115.00					
	Packaged AC (17.5 TON)	Replace	Short-Range	\$47,115.00					
	Packaged AC (15 TON)	Replace	Short-Range	\$51,570.00					
	Packaged AC (17.5 TON)	Replace	Short-Range	\$51,570.00					
	Packaged AC (17.5 TON)	Replace	Short-Range	\$51,570.00					
	Packaged AC (15 TON)	Replace	Short-Range	\$51,570.00					
	Packaged AC (17.5 TON)	Replace	Short-Range	\$51,570.00					
	Split System Condensor (2 TON)	Replace	Short-Range	\$3,813.50					
	<i>New CCTV Cameras/Recorder**</i>	<i>Install</i>	<i>Short-Range</i>	<i>\$3,375.00</i>					
	<i>CCTV to Central Monitor**</i>	<i>Install</i>	<i>Short-Range</i>	<i>\$1,012.50</i>					
	<i>PA System**</i>	<i>Test/Repair</i>	<i>Short-Range</i>	<i>\$1,012.50</i>					
			Landlord	\$505,136.00	\$87,750.00				
			<i>Tenant</i>	<i>\$13,095.00</i>					
			Total Lower School	\$518,231.00	\$87,750.00	\$0.00	\$0.00	\$0.00	\$0.00
								\$87,750.00	

Villages	Equipment	Action	Timeline (See Below)	Total Cost	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	
	Roof	Repair	Immediate	\$11,000.00	\$11,000.00					
	Distribution Panel (100 AMP)**	Replace	Immediate	\$3,375.00						
	Exterior Lighting**	Replace	Immediate	\$405.00						
	Packaged AC	Replace	Immediate	\$21,195.00			\$21,195.00			
	Window AC Unit**	Replace	Immediate	\$2,254.50						
	Window AC Unit**	Replace	Immediate	\$2,254.50						
	Window AC Unit**	Replace	Short-Range	\$2,484.00						
	Window AC Unit**	Replace	Short-Range	\$1,586.25						
	Window AC Unit**	Replace	Short-Range	\$1,586.25						
	Window AC Unit**	Replace	Short-Range	\$2,254.50						
	Distribution Panel (100 AMP)**	Replace	Short-Range	\$3,375.00						
	Service Entrance Equip (400 AMP)**	Replace	Short-Range	\$7,526.25						
	Service Entrance Equip (200 AMP)**	Replace	Short-Range	\$3,881.25						
	Service Entrance Equip (400 AMP)**	Replace	Short-Range	\$7,526.25						
	Service Entrance Equip (200 AMP)**	Replace	Short-Range	\$3,881.25						
	CCTV to Central Monitor**	Install	Short-Range	\$1,012.50						
			Landlord	\$32,195.00	\$11,000.00					
			Tenant	\$43,402.50						
			Total Villages	\$75,597.50	\$11,000.00	\$0.00	\$21,195.00	\$0.00	\$0.00	
			Total Landlord	\$1,552,031.00						
			Total Tenant	\$282,507.75						
			Total All Buildings	\$1,834,538.75	\$400,650.00	\$305,505.00	#####	\$0.00	\$0.00	\$977,350.00

Timeline

Immediate: <12 months

Short Range: 12 to 60 months

LEASE AGREEMENT

by and between

CITY OF BELLE ISLE, FLORIDA

as LANDLORD

and

CITY OF BELLE ISLE CHARTER SCHOOLS, INC.

as TENANT

Property Address:

5903 Randolph Avenue, Belle Isle, FL 32809

LEASE AGREEMENT

This **LEASE AGREEMENT** (this "Lease") is made and entered into as of the 1st day of October 2012 by and between **CITY OF BELLE ISLE, FLORIDA**, a Florida municipal corporation ("Landlord") whose mailing address is 1600 Nela Avenue, Belle Isle, Florida 32809 and **BELLE ISLE CHARTER SCHOOLS, INC.**, a Florida not-for-profit corporation ("Tenant") whose mailing address is 5903 Randolph Avenue, Belle Isle, Florida 32809.

WITNESSETH:

WHEREAS, Landlord is the fee owner of certain real property as more specifically described in Exhibit "A" attached hereto and by this reference made a part hereof, including the tenements, hereditaments, improvements, fixtures, furniture, equipment, appurtenances, rights, easement and rights-of-way incident thereto (collectively, the "Premises");

WHEREAS, as of the date of this Lease, Tenant currently operates two charter schools known as Cornerstone Charter Academy, for up to 900 students in grades K-8, and Cornerstone Charter High School, for up to 800 students in grades 9-12, (collectively, the "Charter Schools") on the Premises;

WHEREAS, Tenant has determined and hereby determines that it is in the best interests of Tenant to lease from the Landlord the entire Premises consistent with the terms of this Lease;

WHEREAS, the Landlord has issued its \$9,625,000 Charter School Lease Revenue Bonds, Series 2012 (Cornerstone Charter Academy and Cornerstone Charter High School Project) (the "Series 2012 Bonds") in order to finance the acquisition and equipping of the Premises which will be leased to the Tenant pursuant to this Lease.

NOW, THEREFORE, for and in consideration of the mutual covenants of the respective parties herein contained, the parties hereto agree as follows:

ARTICLE I **DEFINITIONS**

Section 1.1. Definitions. Except as otherwise defined herein and in the Indenture, capitalized words and phrases shall have the meanings specified below and other capitalized words and phrases in this Lease have the meanings ascribed to them unless the context clearly requires otherwise:

"Annual Financial Statements" means the annual audited financial statements, which may be in a single combined report or separate statements, relating to (i) the Cornerstone Charter Academy and (ii) the Cornerstone Charter High School, prepared in accordance with Generally Accepted Accounting Principles by a Certified Public Accountant, relating to the Charter Schools' operations and including, without limitation, statements in reasonable detail of financial condition as of the end of such Charter School Fiscal Year and income and expenses for such Charter School Fiscal Year.

"Base Rent" means the amounts set forth in Exhibit "B" attached hereto.

"Buildings" means all buildings and other structures now existing or later constructed on the Premises and includes, without limitation, the charter school facilities located on the Premises as of the date of this Lease.

"Charter Contracts" shall mean the charter contracts granted to the Tenant by the School Board pursuant to Section 1002.33, Florida Statutes, for the operation of the Charter Schools, as such contracts may be in place and effective from time to time, including all amendments, extensions and renewals thereof.

"Charter School Fiscal Year" has the meaning set forth in the Indenture.

"Charter School Law" means Section 1002.33, Florida Statutes and other applicable provisions of law relating to charter schools.

"Charter School Revenues" means all amounts payable to Tenant by the School Board or the Florida Department of Education under the Charter Contracts including, but not limited to (i) Charter School capital outlay funds distributed to Tenant pursuant to Sections 1002.33(19), 1013.62, 1013.71, 1013.72, 1013.735, 1013.737, Florida Statutes, and any successor statutes or similar funding sources, and (ii) Charter School operating funds distributed to Tenant pursuant to Section 1002.33(17), Florida Statutes and any successor statutes or similar funding sources.

"Days Cash on Hand" means the amount determined by dividing (a) the amount of the Tenant's cash and unrestricted available funds on any June 30 by (b) the quotient obtained by dividing Operating Expenses as shown on the most recent Annual Financial Statements by 365.

"Debt Service Coverage Ratio" means, for any Charter School Fiscal Year, the ratio obtained by dividing the Net Income Available for Debt Service for such Charter School Fiscal Year by the Maximum Annual Debt Service.

"Equipment" means all furniture, machinery, fixtures and equipment now owned or hereafter acquired by Landlord for use at any portion of the Premises (excluding such matters temporarily provided by Landlord for temporary use on the Premises), including without limitation all items of tangible personal property and fixtures used or usable in connection with the Buildings, and any item of furniture, machinery, fixtures, equipment or other tangible personal property or fixtures acquired in substitution or replacement thereof.

"Incremental Rent" means the amounts payable by the Tenant as incremental rent as described in Section 5.1 hereof.

"Indebtedness" means all indebtedness of the Tenant for borrowed moneys, no matter how created, whether or not such indebtedness is assumed by the Tenant, including any leases required to be capitalized in accordance with Generally Accepted Accounting Principles, installment purchase obligations and guaranties.

"Indenture" means that certain Trust Indenture, dated as of October 1, 2012, by and between the Landlord and the Trustee.

"Independent Consultant" means an Independent management consultant or Certified Public Accountant experienced in the management and operations of charter schools in the State of Florida.

"Irrevocable Deposit" means the irrevocable deposit in trust of cash in an amount (or Government Obligations, the principal of and interest on which will be in an amount) and under terms sufficient to pay all or a specified portion of the principal of, premium, if any, and/or the interest on, as the same shall become due, any Indebtedness that would otherwise be considered Outstanding. The trustee of such deposit shall have possession of any cash and securities (other than book-entry securities) and may be the Trustee or any other trustee authorized to act in such capacity.

"Lease Revenues" mean Base Rent and Incremental Rent payable by the Tenant to the Landlord pursuant to this Lease.

"Leased Property" means the Premises, the Equipment, and the Buildings, and (d) any additions or alterations thereto which are permitted herein.

"Leasehold Mortgage" means that certain Leasehold Mortgage and Security Agreement, dated as of October 1, 2012, from the Tenant to the Trustee.

"Lien" means any mortgage or pledge of, security interest in, or lien or encumbrance on, any property that secures any Indebtedness or other obligation of the Tenant.

"Limited Offering Memorandum" means the Limited Offering Memorandum, dated October 1, 2012, prepared in connection with the sale of the Series 2012 Bonds.

"Maximum Annual Debt Service" means, as of any date of calculation, the highest principal and interest payment requirements (net of any Debt Service Reserve Fund balance required to be applied to the payment of principal in the year of final maturity of any Series of Bonds) with respect to all Indebtedness for the current and any succeeding Charter School Fiscal Year.

"Net Income Available for Debt Service" means, for any period of determination thereof, the Charter School Revenues for such period, including, but not limited to Base Rent, plus amounts held by the Trustee in the Debt Service Fund representing capitalized interest on the Bonds and scheduled to be used to pay interest on the Series 2012 Bonds during such period plus amortization of interest on other Indebtedness and the interest earnings on moneys held in the Debt Service Reserve Fund established under the Indenture and transferred to the Interest Account less the total Operating Expenses for such period, but excluding (i) any profits or losses that would be regarded as extraordinary items under Generally Accepted Accounting Principles, (ii) gain or loss in the extinguishment of Indebtedness of the Tenant, (iii) proceeds of the Bonds and any other Indebtedness of the Tenant, and (iv) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the Tenant, the proceeds of any sale, transfer or other disposition of the Leased Property, and any condemnation or any other damage award received by or owing to the Tenant or the Landlord with respect to the Leased Property.

"Net Incremental Rent" means Incremental Rent less amounts, if any, withheld by the Trustee pursuant to Sections 6.02(d) and (e) of the Indenture.

"Operating Expenses" means all expenses of the Tenant reasonably required in the operation and maintenance of the Project and the Charter Schools, consistent with generally accepted accounting principles, and including, the following items, without intending to limit the generality of the foregoing:

(a) expenses for operation (including all utilities and fees payable under management and/or operating agreements, including the Management Agreements), maintenance, repair, insurance and inspection;

(b) costs and expenses for reasonable and necessary professional, engineering, architectural, legal, financial, auditing and consulting services, and including the fees of and other amounts payable to the Trustee;

(c) all taxes or contributions or payments in lieu thereof, assessments and charges, including, without intending to limit the generality of the foregoing, income, profits, sales, use, property, franchise, and excise taxes;

(d) obligations under contracts for supplies, services and pensions and other employee benefits;

(e) purchases of merchandise and other inventory items; and

(f) lease payments including, but not limited to, Base Rent and Incremental Rent, provided, however, the term "Operating Expenses" shall not be construed to include depreciation or other non-cash expenses.

"Opinion of Counsel" means an opinion in writing of legal counsel, who may be counsel to the Landlord, the Trustee or the Tenant, reasonably acceptable to the addressees thereof.

"Permitted Encumbrances" means, as of any particular time, those items described on Schedule II to title policy delivered in connection with the issuance of the Series 2012 Bonds and any of the following:

(a) purchase money security interests with respect to any item of equipment related to the Leased Property;

(b) utility, access, and other easements and rights-of-way, mineral rights and reservations, restrictions and exceptions that would not in the aggregate (i) materially interfere with or impair any present use of the Leased Property or any reasonably probable future use of the Leased Property, or (ii) materially reduce the value that would be reasonably expected to be received for the Leased Property upon any sale;

(c) mechanics' and materialmen's Liens related to the Leased Property when payment of the related bill is not overdue;

(d) judgment liens against the Landlord or Tenant so long as such judgment is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(e) (i) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license or permit, or provision of law, affecting the Charter Schools or the Leased Property, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Leased Property or materially and adversely affect the value thereof, or (B) purchase, condemn, appropriate, or recapture, or designate a purchaser of, the Leased Property; (ii) Liens on the Leased Property for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges not yet due or delinquent; (iii) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances and irregularities in the title to the Leased Property that do not materially impair the use of the Leased Property or materially and adversely affect the value thereof; or (iv) rights reserved to or vested in any municipality or public authority to control or regulate any Charter School, the Leased Property or to use the property or the facilities in any manner, which rights do not materially impair the use of the Leased Property or materially and adversely affect the value thereof;

(f) Liens and any other restrictions, exceptions, leases, easements or encumbrances that are existing on the date of initial issuance and delivery of the Bonds (including the Series 2012 Bonds), provided that no such Lien (or the amount of Indebtedness secured thereby), restriction, exception, lease, easement or encumbrance may be increased, extended, renewed or modified to apply to the Leased Property not subject to such Lien on such date, unless such Lien as so extended, renewed or modified would otherwise qualify as a Permitted Encumbrance hereunder or is otherwise permitted hereunder;

(g) Liens on the Leased Property, the Pledged Revenues or the Charter School Revenues incurred in connection with the incurrence of any Indebtedness that meets the conditions described in Section 13.11 hereof;

(h) Liens arising by reason of an Irrevocable Deposit; and

(i) Liens on the Leased Property, the Pledged Revenues or the Charter School Revenues to secure payment of Indebtedness subordinate to the obligations of the Tenant hereunder and which incurrence of such subordinate Indebtedness meets the conditions described in Section 13.11 hereof.

"School Board" means the School Board of Orange County, Florida.

"Tenant Documents" means this Lease, the Charter Contracts, the Management Agreements, the Leasehold Mortgage, the Bond Purchase Agreement, among the Underwriter, the Landlord and the Tenant, dated October 17, 2012, the Continuing Disclosure Agreement among the Landlord, the Tenant and the Trustee, dated as of October 1, 2012, and each of the other agreements, certificates, contracts or instruments to be executed by the Tenant in connection with the issuance of the Bonds.

"Transfer" means any act or occurrence the result of which is to dispossess any Person of any asset, claim, or interest therein, including specifically, but without limitation, the forgiveness of any debt, but shall not include leases and operating contracts governed by this Lease.

"Trustee" means Regions Bank, as trustee under the Indenture, and its successors and assigns.

"Underwriter" means B.C. Ziegler and Company, the underwriter for the Series 2012 Bonds.

ARTICLE II

TENANT REPRESENTATIONS

Section 2.1. Representations by the Tenant. The Tenant represents and covenants that:

(a) It is duly organized and existing as a Florida not-for-profit corporation and is in good standing under the laws of the State, it will maintain, extend and renew its corporate existence under the laws of the State, and it will not do, suffer or permit any act or thing to be done whereby its right to transact its functions might or could be terminated or its activities restricted.

(b) The Tenant has been duly authorized to execute the Tenant Documents and consummate all of the transactions contemplated thereby, and the execution, delivery, and performance of the Tenant Documents will not conflict with or constitute a breach of or default by the Tenant under any other instrument or agreement to which the Tenant is a party or by which its property is bound.

(c) The Tenant's execution, delivery, and performance of the Tenant Documents shall not constitute a violation of any order, rule, or regulation of any court or governmental agency having jurisdiction over the Tenant.

(d) There are no pending or, to the Tenant's knowledge, threatened actions, suits, or proceedings of any type whatsoever affecting the Tenant, the Tenant's property, or the Tenant's ability to execute, deliver, and perform with respect to any of the Tenant's Documents, except as otherwise set forth in the Limited Offering Memorandum.

(e) The Leased Property financed or refinanced with proceeds of the Bonds is comprised of land, buildings, facilities, equipment and/or other items for the Charter Schools.

(f) Neither the representations of the Tenant contained in the Tenant Documents nor any oral or written statement, furnished by or on behalf of the Tenant to the Landlord or the Underwriter in connection with the issuance of the Bonds and the transactions contemplated hereby, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading. There are no facts that the Tenant has not disclosed to the Landlord and the Underwriter in writing that the Tenant believes materially and adversely affect or in the future may (so far as the Tenant can now reasonably

foresee) materially and adversely affect the properties, business, prospects, profits, or condition (financial or otherwise) of the Tenant, or the ability of the Tenant to perform its obligations under the Tenant Documents or any documents or transactions contemplated hereby or thereby.

(g) The Tenant's federal employer identification number is 27-2154495.

(h) The Tenant will comply fully and in all respects with the Charter School Law and the Charter Contracts and will take all reasonable action to maintain, extend and renew the Charter Contracts so long as any amounts under this Lease are due and payable.

(i) The Tenant has obtained, or will obtain before they are required, all necessary approvals of and licenses, permits, consents, and franchises from federal, State, county, municipal, or other governmental authorities having jurisdiction over the Leased Property to operate the Leased Property as charter schools, and to enter into, execute, and perform its obligations under this Lease and the other Tenant Documents.

(j) There has been no material adverse change in the financial condition, results of operations, or business affairs of the Tenant or the feasibility or physical condition of the Leased Property or the Charter Schools subsequent to the date of the Limited Offering Memorandum.

(k) The Tenant (i) understands the nature of the structure of the transactions related to the financing and refinancing of the Leased Property; (ii) is familiar with all the provisions of the documents and instruments related to such financing to which the Tenant or the Landlord is a party or of which the Tenant is a beneficiary; (iii) understands the risk inherent in such transactions, including, without limitation, the risk of loss of the Leased Property; and (iv) has not relied on the Landlord or the Underwriter for any guidance or expertise in analyzing the financial consequences of such financing transactions.

Section 2.2. Agreement to Provide Ongoing Disclosure. Each of the Landlord and the Tenant hereby covenants to enter into the Continuing Disclosure Agreement for the benefit of the holders of the Series 2012 Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule") contemporaneously with the issuance of the Series 2012 Bonds and each Owner shall be a beneficiary of this Section and such undertaking with the right to enforce this Section and undertaking directly against the Landlord and/or Tenant.

ARTICLE III **DEMISING CLAUSE**

Section 3.1 Demising Clause. Landlord hereby demises and leases the Leased Property to Tenant and Tenant hereby leases the Leased Property from Landlord, in accordance with the provisions of this Lease, to have and to hold for the Term (as defined herein).

ARTICLE IV
TERM, SURRENDER

Section 4.1. Commencement of Lease Term; Renewals. The term of this Lease shall commence on October 25, 2012 (the "Commencement Date") and shall terminate on July 31, 2043, unless earlier terminated pursuant to Section 4.2 below.

Section 4.2. Termination of Term. The Term shall terminate upon the earliest of any of the following events:

- (a) The occurrence of an Event of Default and termination of the Term by the Landlord with the prior written consent of the Trustee under Article XIV of this Lease;
- (b) The end of the Term; or
- (c) The date that no Bonds are Outstanding.

Section 4.3. End of Term. Upon the expiration or earlier termination of the Term, Tenant shall surrender the Leased Property in the same order and condition in which it was in on the Commencement Date, ordinary wear and tear excepted. All alterations, additions or improvements and fixtures made to the Premises made by either party shall remain upon and be surrendered with the Premises as a part thereof except that Tenant shall have the right to remove all of Tenant's movable trade fixtures, furniture, furnishings and equipment and any of such property deemed by law to be the property of the School Board. All damage and injury to the Premises caused by such removal shall be repaired by Tenant at Tenant's sole expense. If such property of Tenant is not removed by Tenant prior to the expiration or termination of the Term, the same shall, at Landlord's option, become the property of Landlord.

ARTICLE V
RENT

Section 5.1. Payment of Charter School Revenues, Base Rent and Incremental Rent. The Landlord and Tenant hereby acknowledge that they are receiving substantial and material consideration from the issuance of the Bonds, and the Landlord hereby directs Tenant and Tenant hereby pledges and agrees to pay directly to the Trustee all Charter School Revenues as received during the Lease Term. Notwithstanding the foregoing, the Tenant pledges and agrees to pay the Base Rent in the amount set forth in Exhibit "B" attached hereto, plus Incremental Rent in the amount set forth in Exhibit "C" attached hereto. Base Rent and Incremental Rent are to be paid from Charter School Revenues deposited with the Trustee to the extent Charter School Revenues are sufficient for such purposes. In addition, and without duplication of any other payment obligations under this Lease, Tenant shall pay to the Trustee all amounts sufficient to pay principal of, and premium, if any and interest on the Bonds as and when due, whether by reason of maturity, scheduled payment date, mandatory, extraordinary or optional redemption, acceleration or otherwise.

Base Rent and Incremental Rent shall be held by the Trustee for the benefit of the Landlord and distributed pursuant to the terms of the Indenture. In connection with any

unscheduled redemption of the Bonds, the schedule of Base Rent set forth in Exhibit "B" attached hereto shall be recalculated and amended by the Landlord to reflect debt service payments on the Bonds. A copy of any revision to Exhibit "B" shall be provided to the Trustee by the Landlord. Upon receipt of any Charter School Revenues released back to the Tenant pursuant to the terms of Section 6.02(f) of the Indenture, the Tenant shall pay Net Incremental Rent to the Landlord. In the event Tenant holds over beyond the date of such termination, Tenant shall pay to Landlord monthly rent based upon the "per student" rate for determining Incremental Rent then in effect and all other applicable terms of this Lease Agreement shall continue in full force and effect.

Section 5.2. Payments.

(a) Without limiting the provisions of Section 5.1 above, to secure its obligations to pay Base Rent and Incremental Rent hereunder, the Tenant hereby pledges and agrees to pay to the Trustee, for distribution as provided by the Indenture in consideration of the covenants of the Landlord hereunder, all Charter School Revenues as received.

(b) Base Rent and Incremental Rent shall be paid from Charter School Revenues, provided, however, that nothing in this Lease shall be construed as prohibiting the Tenant from making any payment hereunder from other legally available revenues of the Tenant to the extent Charter School Revenues are insufficient therefore. The Base Rent shall be payable in advance.

(c) It is understood and agreed that all Charter School Revenues payable under this Section by the Tenant is hereby assigned by the Landlord to Trustee. The Tenant expressly consents to such assignment. All Base Rent and Incremental Rent payable by Tenant shall be made without defense, counterclaim or set-off by reason of any dispute between the Tenant and the Landlord, or between the Tenant and the Trustee, or between the Landlord and the Trustee, or for any other reason whatsoever (any such defenses or rights to set-off being absolutely waived by the parties hereto).

Section 5.3. Taxes and Assessments. Tenant covenants and agrees to pay and discharge, when due and payable, (a) all personal property taxes, real estate taxes, assessments, sewer and water rents, rates and charges and other governmental levies, impositions or charges, whether general, special, ordinary, extraordinary, foreseen or unforeseen, which may be assessed, levied or imposed upon all or any part of the Leased Property, and (b) any sales or excise tax now or hereafter levied or assessed upon or against Tenant's or Landlord's interest in the Base Rent and Incremental Rent. Should the appropriate taxing authority require that any of the foregoing be collected by Landlord for or on behalf of such taxing authority, then the same shall be paid by Tenant to Landlord as additional Incremental Rent in accordance with the terms of any written notice from Landlord to Tenant to such effect.

Section 5.4. Pledge By Tenant. In order to secure the payment in full of the Bonds and payment of all sums due or to become due under this Lease, including advances which may be made in the future, and to secure the performance by the Tenant of all the covenants expressed or implied by this Lease (a) the Tenant hereby grants, bargains, sells, conveys and mortgages unto the Trustee, to the extent permitted by law and subject to any and all Permitted Encumbrances, all of the Tenant's interest in the Project and the facilities, buildings, fixtures, equipment,

personal property of every kind in connection therewith, and other improvements located or to be constructed thereon, and any fixtures or appurtenances now or hereafter erected thereon; together with all rents and leases, profits, royalties, mineral rights, geothermal resources, oil and gas rights and profits, easements and access rights, now owned or hereafter acquired by, used by or belonging to the Tenant, or in any way connected with the Project, all of which are declared to be a part of said Project, and all of the Tenant's rights, privileges, benefits, hereditaments and appurtenances in any way belonging, incidental or appertaining to the Project, subject to Permitted Encumbrances, and (b) the Tenant hereby pledges and grants to the Trustee, to the extent permitted by law and subject to any and all Permitted Encumbrances, a present security interest, within the meaning of the Florida Uniform Commercial Code in the Charter School Revenues, whether now owned or hereafter acquired, and including the products and proceeds of the same.

The foregoing provisions of this Section 5.4 constitute an absolute and unconditional present assignment of the Charter School Revenues, subject however to the conditional permission hereby given to the Tenant to collect and use Charter School Revenues so long as no Event of Default under this Lease shall have occurred and be continuing, upon which Event of Default that permission shall automatically terminate, and the Charter School Revenues shall be deposited immediately with the Trustee; provided that the existence or exercise of any privilege of the Tenant granted pursuant to that permission shall not be construed and shall not operate to subordinate the assignment made or the security interest granted in this Section 5.4, in whole or in part, to any subsequent assignment made or security interest granted by the Tenant. The assignment, security interest and agreement to pay shall not inhibit, and this Lease allows (except as otherwise herein provided), the sale or other transfer of such Charter School Revenues for Tenant expenditures, provided that an Event of Default shall not have occurred and be continuing or occur on account of such sale or transfer.

It is the intention of the parties that the foregoing mortgage and grant of liens and security interests shall encompass, to the extent permitted by law, all rights of the Tenant in the Project and the Charter Schools and the income therefrom and all personal property and other assets of the Tenant of every possible type constituting a portion of the Project and the Charter Schools, and that all such liens and security interests are also evidenced by the Leasehold Mortgage. The Tenant hereby authorizes the Landlord and the Trustee to cause to be filed, in the office or offices such party deems appropriate, one or more Uniform Commercial Code financing statements in favor of the Trustee, as secured party, covering such assets of the Tenant, and further authorizes such parties to cause to be filed any and all amendments to such financing statements, including without limitation continuations, which may be required or appropriate. Notwithstanding that all such filings are the obligation of the Tenant, the Tenant hereby authorizes the Trustee to make any and all filings described in this section.

To the extent any assets pledged pursuant to this Lease consist of rights of action or personal property, this Lease constitutes a security agreement and financing statement and is intended when recorded to create a perfected security interest in such assets in favor of the Trustee. The Tenant shall file financing statements, and any and all amendments thereto which may be required or appropriate, from time to time relating to this Lease in such manner and at such places as may be required by law fully to protect the security of the Trustee and the right,

title and interest of the Trustee in and to the assets described in this Section 5.4 or any part thereof.

ARTICLE VI
USE AND MAINTENANCE OF PREMISES

Section 6.1. Use of Leased Property. The Leased Property is to be used and occupied by the Tenant solely for the purpose of operating the Charter Schools thereon and for no other uses, subject to the remedial provisions hereof and of the Indenture; provided, however, that the Tenant may, with the prior written consent of Landlord, allow the use and occupancy of any portion of the Leased Premises by third parties. Tenant shall not use or allow the use or occupancy of the Leased Property for any unlawful purpose nor shall Tenant do or permit any act or thing at the Leased Property which would constitute a public or private nuisance or waste. Tenant shall not operate or use or allow the use or occupancy of the Leased Property or any portion thereof in any manner which (a) may cause interest on the Series 2012 Bonds or any other tax exempt Bonds issued under the Indenture to be subject to federal income tax, or (b) may cause Tenant to no longer be an organization described in section 501(c)(3) of the Internal Revenue Code.

Section 6.2. Delivery of Premises. Tenant has inspected all portions of the Leased Property and agrees (a) to accept possession of the Leased Property in the "as is" condition existing on the Commencement Date, (b) that neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Leased Property except as expressly set forth herein, and (c) Landlord has no obligation to perform any work, supply any materials, incur any expense or make any improvements to the Premises to prepare the Premises for Tenant's occupancy. Tenant's occupancy of any portion of the Premises shall be conclusive evidence, as against Tenant, that Tenant has accepted possession of all portions of the Leased Property in its then current condition and that all portions of the Leased Property were in a good and satisfactory condition at the time such possession was taken.

Section 6.3. Maintenance and Repair. Landlord will make all exterior and structural repairs, including repairs of the roof, windows, sidewalks, parking and driveway areas, as well as repairs as may be required because of water entering the Premises from the roof or other parts of the building from causes not under the control of Tenant. Tenant will be responsible for repair and maintenance of HVAC systems and sewer/septic facilities. Landlord shall replace the HVAC system if necessary, provided Tenant has performed normal maintenance of said system. Tenant shall keep the interior of the Premises, and the windows, doors and fixtures therein, and all interior walls, pipes, plumbing lines, toilets, lavatories, electrical fixtures and wiring, and other appurtenances in good and substantial repair and clean condition. Tenant will maintain the grounds, lawn, landscaping and exterior of the Premises in good condition. All maintenance and repairs under this Section shall be made promptly as and when necessary and shall be of a quality and class at least equal to the original work. If either party fails to proceed with due diligence to make any repairs to the Leased Property, the other party or the Trustee, upon meeting each of the following conditions, may make such repairs and all costs and expenses incurred on account thereof shall be paid by the defaulting party within 30 days of written demand: (a) written notice has been given to the defaulting party identifying the maintenance

and/or repairs required to be undertaken, (b) the maintenance or repairs identified are required under the terms of this Lease, (c) the defaulting party fails to commence the required maintenance or repairs within thirty (30) days after receipt of the written notice (or such reasonable time as is appropriate under the circumstances). In the event the Tenant makes any repairs to the Leased Property as provided above that are the Landlord's responsibility, such costs and expenses may be deducted from Net Incremental Rent paid to the Landlord. In the event the Trustee makes any repairs to the Leased Property as provided above, such costs and expenses may be paid pursuant to the provisions of Section 6.06 of the Indenture from funds held in the Renewal and Replacement Fund held under the Indenture without need for further requisition by the Landlord or the Tenant.

Section 6.4. Cleaning; Refuse and Rubbish Removal. Tenant, at Tenant's sole cost and expense, shall (a) keep all of the Leased Property in a clean condition, (b) cause the Premises and the Buildings to be treated for pests with such frequency and in such manner as to prevent the existence of vermin or other infestation, and (c) cause Tenant's garbage and other refuse to be removed from the Premises in a timely manner and, until removed, kept in a neat and orderly condition.

Section 6.5. Landlord's Right of Access. Landlord, the Trustee and any other party designated by Landlord shall have the right to enter the Premises at all reasonable times (a) to examine the Leased Property, (b) to show all or any portion of the Premises to prospective lessees, sublessees or licensees and (c) to make such repairs, alterations or additions to all or any portion of the Leased Property (i) as Landlord or the Trustee may deem necessary or appropriate or (ii) which Landlord or the Trustee may elect to perform following Tenant's failure to perform; provided, however, that Trustee's right to enter the Premises under this subsection (c) shall be exercised only in the event Landlord fails to make or begin necessary repairs, alterations or additions to the Premises within thirty (30) days after written notice to the Landlord setting forth the necessary repairs, alterations or additions. Notwithstanding the provisions of this Section, whenever, pursuant to the terms of this Lease, Landlord or the Trustee is permitted or obligated to enter the Leased Property, whether for purpose of making repairs, exhibiting the same to prospective tenants, or for any other purpose, such entry shall be on the following terms and conditions: (a) upon at least three (3) business days prior written notice to Tenant (except in an emergency), (b) during regular business hours, (c) in such a manner so as to minimize interference with the conduct of Tenant's business; provided, that Tenant shall have the right to reschedule the visit to a reasonable time if the visit would interfere with Tenant's business, and (d) Landlord's and Tenant's access to the Leased Property is subject to compliance with all applicable background screening requirements of state and federal law. Notwithstanding anything herein to the contrary, at any time that all or any portion of the Leased Property is not being used for school-related purposes (such as after Charter School hours, weekends, etc.), the Landlord shall have the right to enter and occupy the Premises, or such portion thereof, including, without limitation, the right to sublease or license the use of same for any lawful purpose. Landlord shall provide Tenant advance notice of such use to ensure the availability of all or any portion of the Leased Property. Landlord shall not use or allow the use or occupancy of the Leased Property for any unlawful purpose nor shall Landlord do or permit any act or thing at the Leased Property which would constitute a public or private nuisance or waste. Landlord shall not operate or use or allow the use or occupancy of the Leased Property or any portion thereof in any manner which may cause interest on the Series 2012 Bonds or any other tax

exempt Bonds issued under the Indenture to be subject to federal income tax. Landlord will not take any action or omit to take any action which may cause Tenant to no longer be an organization described in section 501(c)(3) of the Internal Revenue Code.

Section 6.6. Compliance with Law. Tenant agrees, at its own expense, to comply with all laws, orders and regulations of federal, state and municipal authorities and with any lawful direction of any public officer which shall impose any duty upon Tenant with respect to its use of the Leased Property or the occupancy of all of the portions of the Leased Property (collectively, the "Legal Requirements"). Landlord shall comply with and shall not cause the Leased Property or any portions thereof to violate any Legal Requirements.

ARTICLE VII

ALTERATIONS AND IMPROVEMENTS

Section 7.1. Equipment and Furnishings. Tenant shall be permitted to install trade fixtures, furniture, furnishings and equipment on and in the Leased Property which shall remain the property of Tenant after expiration of this Lease.

Section 7.2. Improvements. Except as expressly permitted in this Lease, Tenant will not make any alteration, addition or improvements or install any fixtures (collectively "Alterations") in or to any portion of the interior or exterior of the Leased Property without first obtaining the prior written consent of Landlord. Tenant shall cause all Alterations permitted by Landlord to conform to all Legal Requirements. Notwithstanding the foregoing, Tenant shall be permitted to make Alterations to the Leased Property that do not affect the structural integrity of the Buildings without the consent of the Landlord.

Section 7.3. No Liens Created by Tenant or Landlord. Other than Permitted Encumbrances, neither the Tenant nor the Landlord shall allow any of the Leased Property to become subject to any security interest, lien, charge or encumbrance whatsoever except as expressly provided herein and in the Indenture. If any mechanic's lien, materialman's lien or other lien is placed against any portion of the Leased Property, Tenant and Landlord shall have thirty (30) days after notice thereof to remove same or post a bond in the amount of the lien.

Section 7.4. Quiet Enjoyment; Defense of Title. Landlord covenants and warrants that, except as provided herein, Tenant shall and will peacefully and quietly have, hold and enjoy the Leased Property for the Term subject to the terms and conditions of this Lease. Except for matters of record on the date hereof, and except for Permitted Encumbrances, Landlord does hereby fully warrant the title to the Leased Property and every part thereof and will defend the same against the lawful claims of all persons whomsoever.

ARTICLE VIII

DESTRUCTION AND CONDEMNATION

Section 8.1. Destruction of Premises. If any of the Buildings are totally or partially damaged or destroyed from any cause, Tenant shall give prompt notice to Landlord, and the damage shall be repaired by Landlord, at its expense but through the use of any proceeds from

policies of insurance maintained by Tenant, to substantially the condition that existed prior to the damage, subject to the provisions of the Indenture. None of the Tenant's obligations to make payments of (i) Charter School Revenues to the Trustee, (ii) the Base Rent, (iii) the Incremental Rent or (iv) the Net Incremental Rent shall be abated in whole or in part during any period of repair or restoration. Notwithstanding the foregoing, if any of the Buildings are totally damaged or are rendered wholly untenable, or if any of the Buildings are so damaged that, in accordance with Section 9.04(b) of the Indenture, substantial alteration, demolition, or reconstruction is required, then in either of such events Landlord may, not later than 60 days following the date of the damage, give Tenant a notice terminating this Lease with respect to the Leased Property upon which such of the Buildings is located. If this Lease is so terminated, (a) the Term with respect to such portion of the Leased Property shall expire upon the date set forth in Landlord's notice, which shall not be less than 30 days after such notice is given, and Tenant shall vacate such portion of the Leased Property and surrender the same to Landlord no later than the date set forth in the notice, (b) all proceeds of policies of insurances maintained by Tenant with respect to such portion of the Leased Property shall become the property of Landlord and applied pursuant to Section 9.04(b) of the Indenture, and (c) this Lease shall remain in effect and unchanged with respect to of the remainder of the Leased Property and the Leased Property associated therewith. Additionally, in the event that any of the Buildings are totally or partially destroyed or condemned within the last six (6) months of the then current Term, then Tenant shall have the right, at its sole discretion, to deliver to Landlord any insurance proceeds received by or payable to Tenant with respect thereto (which proceeds shall be delivered to the Trustee in accordance with Section 9.04(b) of the Indenture) and terminate this Lease with respect to such portion of the Leased Property. In such event, the Lease shall be terminated with respect to such portion of the Leased Property as of the date the insurance proceeds are delivered to Landlord. Nothing in this Section shall give Tenant a right of termination which is contrary to the terms of the Indenture.

Section 8.2. Eminent Domain. In the event any of the properties that make up the Leased Property are totally condemned by any political body having the power of eminent domain, this Lease shall terminate with respect to such property on the date of vesting of title in such proceedings and the entire proceeds from such condemnation award shall become the property of Landlord without deduction, and shall be delivered to the Trustee and applied pursuant to Section 9.04(b) of the Indenture. In the event any of the properties that make up the Leased Property are partially condemned by any political body having the power of eminent domain, the entire proceeds from such condemnation award shall be allocated to Landlord without deduction. Nothing in this Section shall give Tenant a right of termination which is contrary to the terms of the Indenture.

Section 8.3. Cooperation of Landlord. Landlord and Tenant shall cooperate fully with each other and with the Trustee in filing any proof of loss with respect to any insurance policy maintained by Tenant and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Property or any portion thereof. In no event shall Tenant voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or action relating to any construction contract for any portion of the Leased Property without the written consent of the Landlord and the Trustee.

Section 8.4. Consent of Trustee Required. Notwithstanding anything herein to the contrary, any action to be taken by the Landlord pursuant to this Article VIII shall require the prior written consent of the Trustee.

ARTICLE IX **UTILITIES**

Section 9.1. Utilities. Tenant shall place in its name and shall pay or cause to be paid all charges for gas, electricity, light, heat, power, water, sewer, telephone, cable, trash collection and all other utility services used, rendered or supplied to or in connection with the Leased Property during the Term. Landlord shall not be liable in any way to Tenant for any failure, defect or interruption of, or change in the supply, character and/or quantity of any utility service furnished to the Leased Property for any reason except if attributable to the gross negligence or willful misconduct of Landlord, nor shall there be any allowance to Tenant for a diminution of rental value, nor shall the same constitute an actual or constructive eviction of Tenant, in whole or in part, or relieve Tenant from any of its Lease obligations.

ARTICLE X **INSURANCE**

Section 10.1. Insurance. Throughout the Term, Tenant, at its expense, shall obtain and keep in full force and effect:

(a) a policy of commercial general liability insurance on an occurrence basis against claims for personal injury, death and/or property damage occurring in or about the Leased Property under which Tenant is named as the insured and Landlord, the Manager, the Trustee and any other parties whose names shall have been furnished by Landlord to Tenant from time to time are named as additional insureds, which insurance shall provide primary coverage without contribution from any other insurance carried by or for the benefit of Landlord. The minimum limits of liability applying exclusively to the Leased Property shall be \$1 million per occurrence and \$2 million annual aggregate; provided, however, that Landlord shall retain the right to require Tenant to increase such coverage, from time to time, to that amount of insurance which in Landlord's reasonable judgment is then being customarily required by landlords for similar properties.

(b) insurance against loss or damage by fire, and such other risks and hazards as are insurable under then available standard forms of "all risk" property insurance policies with extended coverage, insuring the entire Leased Property and all of Tenant's property located therein for the greater of (i) full insurable value thereof, (ii) replacement cost value thereof and (iii) the aggregate principal amount of all Outstanding Bonds (less the amount on deposit in the Debt Service Reserve Fund), having a deductible amount, if any, not in excess of \$5,000;

(c) workers' compensation insurance, as required by law;

(d) such other insurance in such amounts as Landlord may reasonably require from time to time; and

- (e) all such other insurance as may be required under the Charter Contracts.

The requirements of this Section may also be satisfied by policies obtained by the Landlord or any other third party.

Section 10.2. Insurance Requirements. All insurance required to be carried pursuant to the terms of this Lease (a) shall contain a provision that (i) the policy shall be non-cancellable and/or no material change in coverage shall be made thereto unless Landlord and Trustee shall have received 30 days' prior notice of the same, by certified mail, return receipt requested, and (ii) Tenant or such third party provider shall be solely responsible for the payment of all premiums under such policies and, if applicable, Landlord shall have no obligation for the payment thereof, and (b) shall be effected under valid and enforceable policies issued by either the Florida Municipal Insurance Trust or by reputable and independent insurers permitted to do business in the State of Florida and rated in Best's Insurance Guide, or any successor thereto (or if there be none, an organization having a national reputation) as having an AM Best's Rating of "A-" and a "Financial Size Category" of at least "VII" or, if such ratings are not then in effect, the equivalent thereof or such other financial rating as an Independent Consultant may at any time consider appropriate.

Section 10.3. Delivery of Policies. On or prior to the Commencement Date, Tenant shall deliver to Landlord and the Trustee appropriate policies of insurance required to be carried by each party pursuant to this Article. Evidence of each renewal or replacement of a policy shall be delivered by Tenant to Landlord and the Trustee at least 10 days prior to the expiration of such policy.

ARTICLE XI ATTORNMEN

Section 11.1. Attornment. Tenant shall, if requested by the Trustee or any mortgagee of all or any portion of the Premises at any time, or in the event any proceedings are brought for the foreclosure of or in the event of exercise of the power of sale under any mortgage made by Landlord covering the Leased Property or any portion thereof, attorn to the purchaser upon any such foreclosure or sale to recognize such purchaser as Landlord under this Lease. The provisions of this Section shall be self-operative and require no further instruments to give effect hereto; provided, however, that Tenant shall promptly execute and deliver any instrument that such successor landlord may reasonably request (a) evidencing such attornment, (b) evidencing the terms and conditions of Tenant's tenancy under this Lease, and (c) containing such other terms and conditions as may be required by such purchaser, provided such terms and conditions do not change or increase Tenant's obligations or reduce or in any way adversely affect the rights of Tenant under this Lease. Upon such attornment, this Lease shall continue in full force and effect as a direct lease between such successor landlord and Tenant upon all of the terms, conditions and covenants set forth in this Lease except that such successor landlord shall not be (a) liable for any previous act or omission of Landlord under this Lease except to the extent such act or omission is a default under this Lease and continues beyond the date when such successor landlord succeeds to Landlord's interest and Tenant gives notice of such act or omission to such

successor landlord; or (b) subject to any credit, demand, claim, counterclaim, offset or defense which theretofore accrued to Tenant against Landlord.

ARTICLE XII **ENVIRONMENTAL**

Section 12.1. Maintenance of Premises. Tenant, at Tenant's expense, shall maintain the Premises in compliance with, and shall not cause or permit the Premises, through the acts of Tenant, to be in violation of, any federal, state, county and municipal laws, ordinances, or regulations including, without limitation, those relating to Hazardous Materials, air and water quality, waste disposal, zoning, building, occupational safety and health, industrial hygiene, or to the environmental conditions on, under, or about the Property, including, but not limited to, soil and groundwater conditions ("Environmental Laws"). Landlord, to the extent it has access and at Landlord's expense, shall maintain the Premises in compliance with, and shall not cause or permit the Premises, through the acts of the Landlord or any sublessee, licensee or other user of Landlord, to be in violation of any Environmental Laws.

Section 12.2. Use of Hazardous Materials. Neither Tenant nor Landlord shall, in violation of any Environmental Laws, use, generate, manufacture, store, or dispose of, on, under, or about the Leased Property or transport to or from the Leased Property any flammable explosives, radioactive materials, including, without limitation, any substances defined as, or included in the definition of, "hazardous substances", "hazardous wastes", or "hazardous materials" under any applicable Environmental Laws ("Hazardous Materials").

Section 12.3. Environmental Liens. Neither Tenant nor Landlord shall create or suffer to exist with respect to the Leased Property, or permit any of its agents to create or suffer to exist any lien, security interest or other charge or encumbrance of any kind, including without limitation, any lien imposed pursuant to section 107(f) of the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. section 9607(l)) or any similar Environmental Law.

Section 12.4. Responsibility. Tenant shall be solely responsible for, and to the extent permitted by law shall indemnify and hold harmless the Trustee and the Landlord, their partners, employees, agents, successors, and assigns from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to Tenant's use, generation, storage, release, threatened release, discharge, disposal of Hazardous Materials on, under, or about the Leased Property. Landlord shall be solely responsible for, and to the extent permitted by law shall indemnify and hold harmless the Trustee and the Tenant, their partners, employees, agents, successors, and assigns from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to Landlord's (or any sublessee, licensee or user of Landlord) use, generation, storage, release, threatened release, discharge, disposal of Hazardous Materials on, under, or about the Leased Property. The foregoing indemnities shall survive the termination or expiration of this Lease.

ARTICLE XIII
COVENANTS OF THE TENANT

Section 13.1. Annual Reports. The Tenant shall annually, within 90 days after the close of each Charter School Fiscal Year, file with the Trustee, any rating agency that shall have then in effect a rating on any of the Bonds, any Bondholder that shall have, in writing, requested a copy thereof, and otherwise as provided by law, the Annual Financial Statements.

The Tenant shall file with the Trustee annually within 90 days after the close of each Charter School Fiscal Year a certificate of an Authorized Representative setting forth (i) a description in reasonable detail of the insurance then in effect pursuant to the requirements of this Lease and that the Tenant has complied in all respects with such requirements, and (ii) whether during such year any material part of the Leased Property has been damaged or destroyed and, if so, the amount of insurance proceeds covering such loss or damage and specifying the Tenant's reasonable and necessary replacement costs.

Section 13.2. Books, Records and Annual Reports. The Tenant shall keep proper books of record and account for each of the Charter Schools with full, true and correct entries of all of its dealings substantially in accordance with practices generally used for public school accounting in which complete and correct entries shall be made of its transactions relating to the Charter Schools, and which, together with all other books and records of the Tenant, including, without limitation, insurance policies, relating to the Charter Schools, shall at all times be subject during regular business hours to the inspection of the Trustee.

Section 13.3. Consolidation, Merger, Sale or Conveyance. The Tenant agrees that during the term of this Lease it will maintain its corporate existence, will continue to be a not-for-profit corporation duly qualified to do business in the State, will not change the control structure of its governing board, merge or consolidate with, or sell or convey, except as provided herein, all or substantially all of its interest in the Leased Property to, any Person unless (i) no Event of Default has occurred and is continuing, (ii) it first acquires the written consent of the Landlord to such transaction, (iii) it provides to the Trustee notice of its intent at least 90 days in advance of such consolidation, merger, sale or conveyance, and (iv) the acquirer of the interest in the Leased Property or the corporation with which it shall be consolidated or the resulting corporation in the case of a merger:

(a) shall assume in writing the performance and observance of all covenants and conditions of this Lease;

(b) shall provide the Trustee with an opinion of Bond Counsel acceptable to the Landlord to the effect that such change in control, merger, consolidation, sale or conveyance, would not adversely affect the validity of any of the Bonds or the exclusion from gross income for federal income tax purposes of interest on the Outstanding Bonds;

(c) shall provide the Landlord and the Trustee with an Opinion of Counsel to the Tenant (which may be rendered in reliance upon the Opinion of Counsel to such other corporation), stating that none of the other entities that are a party to such consolidation, merger or transfer has any pending litigation other than that arising in the ordinary course of business, or

has any pending litigation that might reasonably result in a substantial adverse judgment. For the purposes of the preceding sentence, the term "substantial adverse judgment" shall mean a judgment in an amount that exceeds the insurance or reserves therefor by a sum that is more than 2 percent of the aggregate net worth of the resulting, surviving or transferee corporation immediately after the consummation of such consolidation, merger or transfer and after giving effect thereto;

(d) shall deliver to the Trustee within 30 days of the close of such transaction, copies of all documents executed in connection therewith, one document of which shall include an Opinion of Counsel that all conditions herein have been satisfied and that all liabilities and obligations of the Tenant under the Tenant Documents shall become obligations of the new entity; provided, however, the Tenant shall not be released from same;

(e) in the case of a consolidation, merger, sale or conveyance, shall provide evidence to the Trustee that (i) the entity can continue to operate the Charter Schools as charter schools in accordance with the Charter School Law and that the entity is entitled to receive the Charter School Revenues, (iii) the Debt Service Coverage Ratio for the last Charter School Fiscal Year for which Audited Annual Financial Statements are available, after giving effect to the proposed consolidation, merger, sale or conveyance, would have been at least 1.20 and (iii) and that any rating on the Bonds will not be lowered, suspended or withdrawn.

Section 13.4. Further Assurances. The Landlord and the Tenant agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Lease, subject, however, to the terms and conditions of Article XIII of the Indenture.

Section 13.5. Financial Statements; Reports; Annual Certificate; Rate Covenant.

(a) **Financial Reports, Enrollment Reports and Charter Compliance Reporting.** The Tenant shall provide to the Trustee as soon as is practicable, the following information: (A) the amount of money that the Tenant will receive from the State (which may consist of copies of Florida Department of Education forms showing amounts due to the Tenant); (B) a copy of the Tenant's annual budget, certified by the Tenant, on or before September 15 of each Charter School Fiscal Year, commencing September 15, 2013; (C) on or before March 15 and September 15 of each Charter School Fiscal Year, commencing March 15, 2013, a copy of the semi-annual budget for such semi-annual period and a statement comparing actual expenditures to budgeted expenditures for the immediately preceding semi-annual period, (D) enrollment numbers for each Charter School; (E) copies of any written complaint notifications from the School Board, along with the Tenant's responses thereto, within ten days of receiving such complaint notifications and responding thereto; (F) notices of any meetings in which the Tenant is before the School Board for issues of non-compliance along with the minutes of such meetings and any responses provided by the Tenant; and (g) all information provided pursuant to the Continuing Disclosure Agreement.

(b) Annual Compliance Certificate. The Tenant will deliver to the Trustee within 90 days after the end of each Charter School Fiscal Year a certificate executed by an Authorized Representative of the Tenant stating that:

(i) A review of the activities of the Tenant during such Charter School Fiscal Year and of performance hereunder has been made under his or her supervision; and

(ii) He or she is familiar with the provisions of this Lease and the Tax Certificate, and to the best of his or her knowledge, based on such review and familiarity, the Tenant has fulfilled all of its obligations hereunder and thereunder throughout the Charter School Fiscal Year, and there have been no defaults under this Lease or the Tax Certificate or, if there has been a default in the fulfillment of any such obligation in such Charter School Fiscal Year, specifying each such default known to him or her and the nature and status thereof and the actions taken or being taken to correct such default.

(c) Debt Service Coverage Ratio. Within 30 days of the completion of the Annual Financial Statements, commencing with the Annual Financial Statements for the Charter School Fiscal Year ending June 30, 2013, the Tenant will deliver to the Trustee evidence of the Debt Service Coverage Ratio, which evidence may be in the form of a certificate of a Certified Public Accountant or included in the notes to the Annual Financial Statements. The Tenant covenants to maintain a Debt Service Coverage Ratio for each Charter School Fiscal Year, commencing with the Charter School Fiscal Year ending June 30, 2013, of at least 1.20. If any such Debt Service Coverage Ratio is below 1.20, the Tenant covenants to retain and, at its expense, within one hundred fifty (150) days of the end of such Charter School Fiscal Year, an Independent Consultant to submit a written report and make recommendations (a copy of such report and recommendations shall be filed with the Landlord and the Trustee), within ninety (90) days such Independent Consultant is retained, with respect to revenues or other financial matters of the Tenant which are relevant to increasing the Debt Service Coverage Ratio to at least 1.20. The Tenant agrees to use all commercially reasonable efforts to adopt and follow the recommendations of the Independent Consultant (excepting the instance when an Opinion of Counsel, addressed to the Landlord and the Trustee, is obtained excusing such actions by the Tenant as violative of applicable law). So long as the Tenant engages an Independent Consultant and uses commercially reasonable efforts to follow the Independent Consultant's recommendations as provided above, the Tenant will be deemed to have complied with its covenants hereunder; provided, however, that notwithstanding the foregoing, it shall be a default hereunder regardless of the engagement of an Independent Consultant if the Debt Service Coverage Ratio is below 1.00 for any Charter School Fiscal Year. The Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding may waive all or a portion of the requirements of this paragraph by an instrument in writing to the Trustee.

(d) Contracts to Comply with Tax Covenants. Any contract entered into between the Tenant or Landlord and any Independent Consultant pursuant to this Section must meet the requirements of the Tax Certificate and the Code.

(e) Additional Documents Upon Request. The Tenant will provide the Landlord or the Trustee with any of the documents specified in this Section in a timely manner upon request by such party.

Section 13.6. Authority of Authorized Representative of the Tenant. Whenever under the provisions of this Lease or the Indenture the approval of the Tenant is required, or the Landlord or the Trustee is required to take some action at the request of the Tenant, such approval or such request shall be made by the Authorized Representative of the Tenant unless otherwise specified in this Lease or the Indenture. The Landlord or the Trustee shall be authorized to act on any such approval or request and the Tenant shall have no complaint against the Landlord or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Lease or the Indenture by an Authorized Representative of the Tenant shall be on behalf of the Tenant and shall not result in any personal liability of such Authorized Representative.

Section 13.7. Authority of Authorized Representatives.

(a) Whenever under the provisions of this Lease or the Indenture the approval of the Landlord is required, or the Tenant or the Trustee is required to take some action at the request of the Landlord, such approval or such request shall be made by the Authorized Representative of the Landlord unless otherwise specified in this Lease or the Indenture. The Tenant or the Trustee shall be authorized to act on any such approval or request and the Landlord shall have no complaint against the Tenant or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Lease or the Indenture by an Authorized Representative of the Landlord shall be on behalf of the Landlord and shall not result in any personal liability of such Authorized Representative.

(b) Whenever under the provisions of this Lease or the Indenture the consent or approval of the Trustee is required, or the Tenant or the Landlord is required to take some action at the request of the Trustee, such approval or such request shall be made by the Authorized Representative of the Trustee unless otherwise specified in this Lease or the Indenture. The Tenant or the Landlord shall be authorized to act on any such approval, consent or request and the Trustee shall have no complaint against the Tenant or the Landlord as a result of any such action taken in accordance with such approval, consent or request. The execution of any document or certificate required under the provisions of this Lease or the Indenture by an Authorized Representative of the Trustee shall be on behalf of the Trustee and shall not result in any personal liability of such Authorized Representative.

Section 13.8. Licenses and Qualifications. The Tenant will do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply, or cause its lessees to comply, with such permits, licenses and other governmental approvals necessary for the uninterrupted and continued operation of its Charter Schools as charter schools under the Charter School Law and any applicable Charter Contracts.

Section 13.9. Right to Inspect. Following reasonable notice to the Tenant, at any and all reasonable times during business hours, the Trustee, the Landlord and their duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Charter Schools and the Leased Property, including all books and records of the Tenant (excluding records the confidentiality of which may be protected by law), and to make such copies and memoranda from and with regard thereto as may be desired; provided, however,

that they shall maintain these books and records in confidence unless required by applicable law to do otherwise and it is necessary to distribute the information to some other third party under applicable law.

Section 13.10. Nonsectarian Use. The Tenant agrees that it will be nonsectarian in its programs, admission policies and employment practices and all other operations. The Tenant will comply with all applicable state and federal laws concerning discrimination on the basis of race, creed, color, sex, national origin, or religious belief and will respect, permit, and not interfere with the religious beliefs of persons working for the Tenant.

Section 13.11. Limitations on Incurrence of Additional Indebtedness.

(a) The Tenant shall not incur any Indebtedness secured in whole or in part by a lien on the Project, the Pledged Revenues or the Charter School Revenues on a basis senior to the Bonds.

(b) The Tenant will not incur any additional Indebtedness regardless of the security therefor; except

(i) capital and equipment leases and purchases requiring annual payments, which are not secured in whole or in part by the Project or the Pledged Revenues, requiring annual payments not to exceed the greater of \$75,000 or ten percent (10%) of the Tenant's Charter School Revenues for its most recent Charter School Fiscal Year;

(ii) Indebtedness secured in whole or in part by the Project, the Pledged Revenues or the Charter School Revenues on a parity basis with the Bonds for which evidence is provided to the Trustee that (A) the Tenant's Debt Service Coverage Ratio for the preceding two Charter School Fiscal Years, taking into account for this purpose the additional Indebtedness proposed to be incurred and the refinancing of any Indebtedness to be refinanced with such Indebtedness, would have been at least 1.20, and (B) a report of an Independent Consultant is delivered to the Trustee showing that for the Charter School Fiscal Year following the expected completion of any new facilities to be acquired or constructed with proceeds of such Indebtedness, the Tenant's Debt Service Coverage Ratio will be at least 1.20; provided that in the event that the additional Indebtedness will be incurred for the purpose of financing the acquisition by the Tenant of facilities which it is then leasing, in calculating such Debt Service Coverage Ratio the rental payments made by the Tenant under the lease for such facilities shall not be counted as Operating Expenses for such purpose;

(iii) Indebtedness subordinate to the obligations of the Tenant under this Lease which creates Liens on any portion of the Leased Property, Pledged Revenues, Charter School Revenues or other assets of the Tenant securing such subordinate Indebtedness, so long as such Indebtedness (i) is subordinate to the obligations under this Lease, and is incurred by the Tenant in the ordinary course of business and does not exceed \$100,000 in annual payments; or (ii) is incurred with the written consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding.

Section 13.12. Covenant to Comply with Indenture and Tax Certificate. The Tenant hereby acknowledges receipt of the Indenture and Tax Certificate, and agrees to be bound by its terms and accepts all obligations and duties imposed thereby.

Section 13.13. Days Cash on Hand. On each June 30, commencing June 30, 2013, the Tenant shall have a balance of cash and unrestricted available funds on hand in an amount at least equal to 45 Days Cash on Hand. Within 30 days of the completion of the Annual Financial Statements, the Tenant or the Landlord will deliver to the Trustee evidence of the Days Cash on Hand as of such June 30, which evidence may be in the form of a certificate of a Certified Public Accountant or included in the notes to the Annual Financial Statements.

If the balance of cash and unrestricted available funds on hand is less than an amount at least equal to 45 Days Cash on Hand, the Tenant covenants to retain and, at its expense, within one hundred fifty (150) days of the end of such Charter School Fiscal Year, an Independent Consultant to submit a written report and make recommendations (a copy of such report and recommendations shall be filed with the Landlord and the Trustee), within ninety (90) days such Independent Consultant is retained, with respect to revenues or other financial matters of the Tenant which are relevant to increasing cash and unrestricted available funds on hand to at least 45 Days Cash on Hand. The Tenant agrees to use all commercially reasonable efforts to adopt and follow the recommendations of the Independent Consultant (excepting the instance when an Opinion of Counsel, addressed to the Landlord and the Trustee, is obtained excusing such actions by the Tenant as violative of applicable law). So long as the Tenant engages an Independent Consultant and uses commercially reasonable efforts to follow the Independent Consultant's recommendations as provided above, the Tenant will be deemed to have complied with its covenant hereunder. The Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding may waive all or a portion of the requirements of this paragraph by an instrument in writing to the Trustee.

Section 13.14. Transfer of Assets. Other than payments and Transfers contemplated by this Lease and/or the Indenture, the Tenant agrees that it will not Transfer Charter School Revenues, other than in the ordinary course of Tenant's business, or other assets related to the Project without the consent of 100% of the holders or Beneficial Owners of the Bonds Outstanding, except for Transfers of assets:

(a) to any Person if prior to the sale, lease or other disposition there is delivered to the Trustee an Officer's Certificate stating that such assets have or will within the next 12 months become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency, or economic value of the remaining assets of such Tenant or the operation of the Project; or

(b) with respect to any Transfer of assets, to any Person in the ordinary course of the Tenant's business and on terms not less favorable to the Tenant than arm's length; or

(c) to any Person if the aggregate net book value of the assets transferred pursuant to this clause in any five consecutive Charter School Fiscal Years, does not exceed 5% of the net

book value of all assets of the Tenant as shown in the Annual Financial Statements for the most recent Charter School Fiscal Year.

13.15. Renewals and Extensions of Charter Contracts. Under the provisions of Florida Statutes §1002.33(7)(b), Tenant has the right to apply to the School Board for an extension to the term of its Charter Contracts. Tenant hereby agrees to take all reasonable and necessary actions, in good faith, to obtain renewals of the Charter Contracts until such time as all amounts due hereunder and under the Indenture and the Bonds are indefeasibly paid and satisfied in full.

13.16. Liens. The Tenant covenants that, except as specifically provided in this Lease, it shall not create, assume, incur or suffer to be created, assumed or incurred any Lien (other than Permitted Encumbrances).

ARTICLE XIV DEFAULT

Section 14.1. Events of Default. The occurrence of any one or more of the following shall constitute an "Event of Default" hereunder:

(a) Tenant fails to pay when due any installment of Base Rent or Incremental Rent and such default continues for ten (10) business days after notice of such default is given to Tenant.

(b) Tenant defaults in the observance or performance of any other material term, covenant or condition of this Lease to be observed or performed by Tenant and such default continues for more than 30 days after notice by Landlord to Tenant of such default; provided however, other than with respect to the covenants in Articles X and XII and in Sections 5.1, 5.2(a), 7.3, 13.3, 13.5, 13.11, 13.13, and 13.14 hereof, that if such default is of such nature that it cannot be completely remedied within 30 days, an Event of Default shall not occur if remedial work is timely commenced and is diligently pursued to completion.

(c) Tenant files a voluntary petition in bankruptcy or insolvency, or is adjudicated bankrupt or insolvent, or files any petition or answer seeking any reorganization, liquidation, dissolution or similar relief under any present or future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, or makes an assignment for the benefit of creditors or seeks or consents to or acquiesces in the appointment of any trustee, receiver, liquidator or other similar official for Tenant or for all or any part of Tenant's property.

(d) If the Leased Property or more than fifty percent (50%) of the area of the Buildings shall become vacated, deserted or abandoned (and the fact that any of Tenant's property remains in the Leased Property shall not be evidence that Tenant has not vacated, deserted or abandoned the Leased Property) for more than thirty (30) days after notice by Landlord to Tenant of such vacation, desertion or abandonment. Without limitation, holidays, school breaks, including summer breaks, do not constitute vacation, desertion or abandonment.

(e) The dissolution or liquidation of the Tenant, or failure by the Tenant to promptly contest and have lifted any execution, garnishment, or attachment of such consequence as will impair its ability to meet its obligations with respect to the operation of the Charter Schools or to make any payments under this Lease. The phrase "dissolution or liquidation of the Tenant," as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Tenant resulting either from a merger or consolidation of the Tenant into or with another domestic corporation or a dissolution or liquidation of the Tenant following a transfer of all or substantially all of its assets under the conditions permitting such actions contained in Section 13.3 hereof.

(f) Failure of the Tenant to comply with any covenants contained in the Tax Certificate.

(g) The occurrence of an Event of Default under the Indenture other than an Event of Default under Section 10.02 (a) and (b) of the Indenture when (i) the Tenant is not in default of any of its obligations under the Lease, (ii) the Tenant has made all payments required under this Lease in the amounts and on the dates when due and payable, and (iii) such Event of Default is continuing and results solely from the Trustee's breach of its obligations and duties under the Indenture to make payments due on the Bonds. At any time, the Trustee may cure such breach by making payment on the Bonds as required under the Indenture.

(h) Any representation or warranty made by the Tenant herein or made by the Tenant in any statement or certificate furnished by the Tenant either required hereby or in connection with the execution and delivery of this Lease and the sale and the issuance of the Bonds, shall prove to have been untrue in any material respect as of the date of the issuance or making thereof.

(i) Judgment for the payment of money in excess of \$100,000 (which is not covered by insurance) is rendered by any court or other governmental body against the Tenant, and the Tenant does not discharge same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within 60 days from the date of entry thereof, and within said 60-day period or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal while providing such reserves therefor as may be required under Generally Accepted Accounting Principles.

(j) The termination of either Charter Contract either by its terms or for any other reason.

Section 14.2. Remedies.

(a) Upon the occurrence and continuance of an Event of Default, and subject to the terms of the Indenture and the rights of the Trustee, herein, in the Indenture and in the Leasehold Mortgage, the Landlord may at its option and without any obligation to do so, but only with the prior written consent of the Trustee, elect any one or more of the remedies set forth in Subsections 14.2(a)(i)-(ix) below; provided, however, that so long as no remedial action has been taken by the Trustee under Subsections 14.2(a)(i)-(iv) or (vi) hereof, Landlord in its sole

discretion, may cure any Event of Default (other than a re-letting of the Premises), without the prior written consent of the Trustee. Upon the earliest to occur of (A) the date that is 30 days after the date on which the Landlord or the Trustee receives (or is deemed to have received) notice of the occurrence of an Event of Default hereunder and during which 30-day period the Landlord has not taken any remedial action described on this Section 14.2(a), (B) the date that is 30 days after the date on which the Landlord or the Trustee receives (or is deemed to have received) notice of the occurrence of an Event of Default hereunder and during which period the Landlord has requested the Trustee to consent to any proposed remedial action by the Landlord and the Trustee has not so consented, or (C) the date on which the Trustee notifies the Landlord in writing that the Trustee does not consent to any proposed remedial action by the Landlord, the Landlord's right to exercise remedies under this Section 14.2 shall cease (except for any remedies permitted the Landlord under Subsections 14.2(d) and 14.2(g) hereof), the Trustee shall have the sole ability to take remedial actions under this Lease and the Trustee may, at its option and without any obligation to do so, elect any one or more of the remedies set forth in Subsections 14.2(a)(i)-(ix) below:

(i) Declare the Base Rent, Incremental Rent and Net Incremental Rent payable hereunder for the remainder of the term of this Lease to be immediately due and payable, whereupon the same shall become due and payable.

(ii) Only with the prior written consent of the Holders of a majority in aggregate principal amount of all Outstanding Bonds, give to Tenant thirty (30) days' notice of cancellation of this Lease, in which event this Lease and the Term shall come to an end and expire upon the expiration of the noticed period with the same force and effect as if the date set forth in the notice was the expiration date stated herein and Tenant shall then quit and surrender the Leased Property to Landlord, but Tenant shall remain liable for damages as otherwise provided in this Section. Upon such cancellation, Tenant shall quit and surrender the entire Leased Property to Landlord, and Landlord and its agents may re-enter the Leased Property or any part thereof in accordance with applicable legal proceedings and in compliance with all applicable background screening requirements of state and federal law (without being liable to indictment, prosecution or damages therefore), and may repossess the Leased Property and dispossess Tenant and any other Persons from the Premises and remove any and all of their property and effects from the Leased Property.

(iii) Enter and take possession of the Leased Property, or any appropriate part thereof, and/or dispossess Tenant of the Leased Property, without terminating this Lease.

(iv) Re-let or sublease the Leased Premises to one or more tenants, without terminating this Lease and, in connection with such re-letting or sublease, revise, amend or modify the terms of this Lease to facilitate such re-letting or sublease including but not limited to changes in the rent payable hereunder. Landlord agrees to consent to any such revision, amendment or modification to this Lease so long as such revision, amendment or modification (i) does not impose additional duties or obligations on the Landlord, (ii) does not adversely affect the Landlord's rights to indemnification or fees hereunder, (iii) does not extend the Term beyond July 31, 2043; and (iv) does, to the extent

Landlord's duties and obligations under Section 6.3 hereof continue, provide for Incremental Rent, as defined in this Lease.

(v) Collect rentals and enforce all other remedies of the Tenant under any leases of, or assignments or grants of rights to use or occupy, the Leased Property, or any part thereof, but without being deemed to have affirmed the leases, assignments or grants.

(vi) Enter into new leases, assignments and grants on any terms that the Trustee may deem to be suitable for the Leased Property, or any part thereof, which leases, assignments and grants may provide that they shall not be terminated or affected if the Tenant cures the Event of Default. In the event such new lease, assignment or grant does not take the form of a triple net lease, Incremental Rent, as defined by this Lease, shall be provided sufficient to satisfy Landlord's duties and obligations under Section 6.3 hereof.

(vii) The Trustee may realize upon the security interest in the Charter School Revenues and exercise all of the rights and remedies of a secured party under the Uniform Commercial Code of the State of Florida with respect thereto.

(viii) Cure such Event of Default and recover the costs thereof from Tenant, together with interest thereon, at the maximum legal rate permitted by applicable law.

(ix) Take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements, or covenants of the Tenant under this Lease.

(b) Notwithstanding the foregoing, prior to the exercise by the Landlord (with the prior written consent of the Trustee) or the Trustee of any remedy that would prevent the application of this subsection, the Tenant may, at any time, pay all accrued payments hereunder (exclusive of any such payments accrued solely by virtue of declaration pursuant to subsection (a)(i) of this Section) and fully cure all defaults, and in such event, the Tenant shall be fully reinstated to its position hereunder as if such Event of Default had never occurred.

(c) In the event that the Tenant fails to make any payment required hereby, the payment so in default shall continue as an obligation of the Tenant until the amount in default shall have been fully paid.

(d) Whenever any Event of Default has occurred and is continuing under this Lease, the Trustee may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights of the Landlord under this Article, and the Trustee shall promptly provide written notice of any such remedial actions to the Landlord. In addition, the Trustee shall have available to it all of the remedies prescribed in the Indenture. If the Trustee is not enforcing the Landlord's rights in a manner to protect the Landlord or is otherwise taking action that brings adverse consequences to the Landlord, then the Landlord may, without the consent of the Trustee, take whatever action at law or in equity may appear necessary or appropriate to collect all sums then due and thereafter to become due to the Landlord under this Lease;

provided that any such action by Landlord shall not interfere with the Trustee's right to receive payments of Base Rent.

(e) Any amounts collected pursuant to action taken under the immediately preceding paragraph after reimbursement of any costs incurred by the Landlord or the Trustee in connection therewith shall be applied in accordance with the provisions of the Indenture.

(f) If the Landlord or the Trustee, shall have proceeded to enforce their rights under this Lease and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Landlord or the Trustee, then and in every such case, the Tenant, the Landlord and the Trustee shall be restored to their respective positions and rights hereunder, and all rights, remedies and powers of the Tenant, the Landlord and the Trustee shall continue as though no such proceedings had been taken.

(g) In the event of a default by Tenant hereunder, Landlord shall not take any remedial action, including, but not limited to, termination of this Lease, acceleration of amounts due hereunder or re-letting the Leased Property, without the prior written consent of Trustee., with the exception that the consent of the Trustee shall not be required for the Landlord to take corrective action to cure a default of the Tenant's maintenance and repair obligations pursuant to Sections 6.3 and 6.4 of this Lease and to recover the costs of same from the Tenant as additional Incremental Rent.

Section 14.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Landlord or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute. Except as set forth in Section 14.2(a) hereof, no delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Landlord or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required herein or by applicable law. Such rights and remedies as are given the Landlord hereunder shall also extend to the Trustee, and the Owners, subject to the Indenture.

Section 14.4. Authority of the Trustee. Subject only to the requirements of Section 14.2(g), the Trustee may exercise any remedy on behalf of the Landlord without further authorization or notice to Landlord and the Landlord shall act at the direction of the Trustee.

Section 14.5. No Recourse. Tenant shall look solely to the interest of Landlord in the Leased Property and the Renewal and Replacement Fund for satisfaction of any remedy it may have against Landlord and shall not look to any other assets of Landlord or of any other person, firm or corporation. There shall be absolutely no personal liability on the part of any present or future council member, officer, agent, employee, or representative of the Landlord, or the like, or any of its successors or assigns, with respect to any obligation of Landlord hereunder.

Section 14.6. No Money Damages. Wherever in this Lease Landlord's consent or approval is required, if Landlord refuses to grant such consent or approval, whether or not

Landlord expressly agreed that such consent or approval would not be unreasonably withheld, Tenant shall not make, and Tenant hereby waives, any claim for money damages (including any claim by way of set-off, counterclaim or defense) based upon Tenant's claim or assertion that Landlord unreasonably withheld or delayed its consent or approval. Tenant's sole remedy shall be an action or proceeding to enforce such provision, by specific performance, injunction or declaratory judgment. In no event shall Landlord be liable for, and Tenant hereby waives any claim for, any indirect, consequential or punitive damages, including loss of profits or business opportunity, arising under or in connection with this Lease, even if due to the gross negligence or willful misconduct of Landlord or its members, officers, agents or employees. This Section shall not apply to any consent or approval required to be given by the Landlord at the direction of the Trustee pursuant to the provisions of Article XIV hereof.

Section 14.7. Landlord's Defaults. Upon a default by Landlord under this Lease, Tenant shall have all rights and remedies available under the law or in equity, but specifically excluding rights of setoff or abatement as to Charter School Revenues and Base Rent.

Section 14.8. Waiver of Trial by Jury. LANDLORD AND TENANT AND THEIR ASSIGNS, INCLUDING THE TRUSTEE, HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER ON ANY MATTERS IN ANY WAY ARISING OUT OF OR CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S OR LANDLORD'S USE OR OCCUPANCY OF THE LEASED PROPERTY, OR THE ENFORCEMENT OF ANY REMEDY HEREUNDER.

Section 14.9. Costs and Attorneys' Fees. If either party shall bring an action to recover any sum due hereunder, or for any breach hereunder, the prevailing party shall be entitled to receive all of its costs and reasonable attorneys' fees from the non-prevailing party.

Section 14.10. Indemnification. To the extent permitted by law, and as limited by Section 768.28, Florida Statutes, each party will indemnify and save harmless the other and the Trustee of and from any and all fines, suits, claims, demands, penalties, losses and actions (including attorneys' fees) for any injury to persons or damage to or loss of property in or about the Leased Property caused by the negligence, willful misconduct or breach of this Lease by such indemnifying party, its members, officers, agents, employees, business invitees or guests, or arising from such indemnifying party's use of the Leased Property.

Section 14.11. Waiver. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The Landlord shall not waive any term, covenant or condition herein without the prior written consent of the Trustee. The subsequent acceptance of any amounts by Landlord or Trustee shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term or condition of this Lease shall be deemed to have been waived by either party hereto, unless such waiver be in writing by that party.

Section 14.12. Force Majeure. With the exception of Tenant's obligation to make any payments required by the terms of this Lease, in the event that either party shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strike, lock-out, labor trouble, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reasons of a like nature not the fault of the party delayed in performing work or doing acts required hereunder, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

ARTICLE XV MISCELLANEOUS

Section 15.1. Brokers. Each of the parties represents and warrants there are no claims for brokerage commissions or finders' fees in connection with the execution of this Lease and each of the parties agrees to indemnify and hold harmless the other from any and all liabilities, costs and expenses (including attorneys' fees) arising from such claim made by or through the indemnifying party.

Section 15.2. Assignment and Subletting. Except for the Leasehold Mortgage and subject to and except as otherwise provided in Article XIV hereof so long as an Event of Default has occurred and is continuing, Tenant shall not have the right to assign, mortgage, pledge, encumber, or otherwise transfer this Lease or any portion thereof, whether by operation of law or otherwise, and shall not sublet (or underlet), or permit the Leased Property or any part thereof to be used or occupied by others (whether for desk space, mailing privileges or otherwise), without first obtaining the prior written consent of Landlord in the Landlord's sole discretion and with the consent of the Trustee; provided that the Tenant or the Trustee on behalf of the Bondholders, may assign, or otherwise transfer this Lease as permitted under the terms of the Indenture so long as the rent from the assignee or other transferee equals or exceeds fair market rent at that time. Notwithstanding the foregoing, in the event an Event of Default has occurred and is continuing, the Landlord shall consent to any transfer if so directed by the Trustee. Any assignment, sublease, mortgage, pledge, encumbrance or transfer in contravention of the provisions of this Section shall be void. The consent by Landlord and the Trustee to any assignment, sublease, mortgage, pledge, encumbrance or transfer shall not be construed as a waiver or release of Tenant from any and all liability for the performance of all covenants and obligations to be performed by Tenant under this Lease, nor shall the collection or acceptance of rent from any assignee, transferee or tenant constitute a waiver or release of Tenant from any of its liabilities or obligations under this Lease.

Section 15.3. Prohibition on Transfer of Real Property. Notwithstanding anything herein to the contrary, except for the Leasehold Mortgage and except as expressly permitted herein (including without limitation Article XIV herein), neither Landlord nor the Trustee shall permit any sale, conveyance, assignment, transfer, mortgage or lease of their interest in the Leased Property for the duration of the Term.

Section 15.4. Applicable Law. The laws of the State of Florida shall govern the validity, performance and enforcement of this Lease. Venue for any and all claims brought hereunder or in connection herewith shall be Orange County, Florida.

Section 15.5. Estoppels. Within seven (7) days following request from Landlord, Trustee, Tenant shall deliver to Landlord a written statement executed and acknowledged by Tenant, in form satisfactory to Landlord, (a) stating the Commencement Date and the expiration date of the Term and that this Lease is then in full force and effect and has not been modified (or if modified, setting forth all modifications), (b) setting forth the date to which the Base Rent, the Incremental Rent and any Net Incremental Rent have been paid, together with the amount of monthly Base Rent then payable, (c) stating whether or not, to the best of Tenant's knowledge, Landlord is in default under this Lease, and, if Tenant asserts that Landlord is in default, setting forth the specific nature of any such defaults, (d) stating whether Landlord has failed to complete any work required to be performed by Landlord under this Lease, (e) stating whether there are any sums payable to Tenant by Landlord under this Lease, (f) stating the amount of any security deposit under this Lease, (g) stating whether there are any subleases or assignments affecting the Leased Property, (h) stating the address of Tenant to which all notices and communications under this Lease shall be sent, and (i) responding to any other matters reasonably requested by Landlord or Trustee. Tenant acknowledges that any statement delivered pursuant to this Section may be relied upon by any purchaser or owner of the Leased Property.

Section 15.6. Memorandum of Lease. Tenant shall not be permitted to record a copy of this Lease on the Public Records of Orange County, Florida. Tenant shall be permitted to record a memorandum of this Lease on such Public Records setting forth the name of the parties, identifying this Lease and setting forth the expiration date and renewal options.

Section 15.7. Survival. All obligations and liabilities of Landlord or Tenant to the other which accrued before the expiration or other termination of this Lease, and all such obligations and liabilities which by their nature or under the circumstances can only be, or by the provisions of this Lease may be, performed after such expiration or other termination, shall survive the expiration or other termination of this Lease. Without limiting the generality of the foregoing, the rights and obligations of the parties with respect to any indemnity under this Lease, and with respect to Base Rent and any other amounts payable under this Lease, shall survive the expiration or other termination of this Lease.

Section 15.8. Entire Agreement; Amendments.

(a) This Lease and the exhibits and riders, if any, attached hereto and forming a part hereof, represent the entire understanding and agreement between the parties with respect to the subject matter hereof, and supersedes all other negotiations, understandings and representations (if any) made by and between the parties.

(b) Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by both parties and authorized by the Trustee. Except as expressly permitted by the terms of this Lease, no modification, alteration or amendment shall be made to this Lease which (i) alters the amount or payment dates of Base Rent and Incremental Rent payable to the

Trustee, or (ii) adversely affects the rights of the Landlord or the Trustee under the Indenture to exercise their rights and any remedies with respect to this Lease upon the exercise of an Event of Default (as defined in the Indenture), in each case without the consent of the holders of a majority of the principal amount of the outstanding Bonds.

(c) In the event any provision of this Lease conflicts with a provision of the Indenture, such provision of this Lease shall prevail.

Section 15.9. Interpretations. This Lease shall not be construed more strictly against one party than against the other merely because it may have been prepared by counsel for one of the parties, it being recognized that both parties have contributed substantially and materially to its preparation.

Section 15.10. Notices. All notices, demands and communications hereunder to Tenant or Landlord must be in writing and shall be served or given by hand-delivery, by certified United States Mail, return receipt requested, or by a nationally recognized overnight delivery service making receipted deliveries to the addresses first above appearing or to such other addresses as are hereinafter designated by either party to the other. The Trustee shall receive copies of all notices provided hereunder.

Section 15.11. Relationship of Parties. The relationship between the parties hereto shall be solely as set forth herein, and neither party shall be deemed the employee, agent, partner or joint venturer of the other.

Section 15.12. Third Party Beneficiary. The parties hereto further acknowledge and agree that the Trustee is a third party beneficiary to the terms of this Lease and may take whatever action at law or in equity it deems necessary to enforce its rights hereunder.

Section 15.13. Separability. Each and every covenant and agreement contained in this Lease shall for all purposes be construed to be a separate and independent covenant and agreement, and the breach of any covenant or agreement contained herein by either party shall in no way or manner discharge or relieve the other party from its obligation to perform each and every covenant and agreement herein. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provision.


[SIGNATURE PAGE TO FOLLOW]

SIGNATURE PAGE TO LEASE AGREEMENT

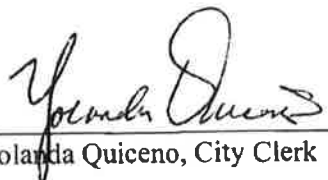
IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement on the date first above written.

LANDLORD:

CITY OF BELLE ISLE, FLORIDA, a Florida municipal corporation

By: 


Keith Severns, City Manager

By: 

Yolanda Quiceno, City Clerk

TENANT:

CITY OF BELLE ISLE CHARTER SCHOOLS, INC., a not-for-profit corporation

By: 

William G. Brooks
President

By: 

Keith Severns, Secretary

EXHIBIT "A"

Legal Description

EXHIBIT A

Legal Description

PARCEL A

Lot 1 and the East 10 feet of Lot 2 of J.G. TYNER'S SUBDIVISION, according to the Plat thereof, as recorded in Plat Book F, Page 44, of the Public Records of Orange County, Florida.

TOGETHER WITH North Half of vacated alley way as described in Resolution recorded in Official Records Book 3723, Pages 2582 through 2584, Public Records of Orange County, Florida.

AND

PARCEL B

The West 58 feet of Lot 2 and East 3 feet of Lot 3, of J.G. TYNER'S SUBDIVISION, of a part of North 391.8 feet of Lot 9, HARNEY'S HOMESTEAD, according to the Plat thereof, filed for record August 19, 1912, in Plat Book F, Page 44, Public Records of Orange County, Florida.

TOGETHER WITH North Half of vacated alley way as described in Resolution recorded in Official Records Book 3723, Pages 2582 through 2584, Public Records of Orange County, Florida.

AND

PARCEL C

Lot 3, LESS the East 3 feet thereof, of J.G. TYNER'S SUBDIVISION of a part of the North 391.8 feet of Lot 9, HARNEY'S HOMESTEAD, according to the Plat thereof, filed for record August 19, 1992, in Plat Book F, Page 44, Public Records of Orange County, Florida.

TOGETHER WITH North Half of vacated alley way as described in Resolution recorded in Official Records Book 3723, Pages 2582 through 2584, Public Records of Orange County, Florida.

AND

PARCEL D

Lot 4 of J.G. TYNER'S SUBDIVISION of a part of North 391.8 feet of Lot 9, of HARNEY'S HOMESTEAD, according to the Plat thereof, filed for record in Plat Book F, Page 44, Public Records of Orange County, Florida.

TOGETHER WITH North Half of vacated alley way as described in Resolution recorded in Official Records Book 3723, Pages 2582 through 2584, Public Records of Orange County, Florida.

AND

PARCEL E

Lots Seven (7) and Eight (8) and West Twenty Feet (20) of Lot Nine (9) of J.G. TYNER'S SUBDIVISION, according to the Plat thereof, as recorded in Plat Book F, Page 44, Public Records of Orange County, Florida.

TOGETHER WITH South Half of vacated alley way lying North of said Lots 7 and 8 and the South Half of vacated alley way lying North of said West 20 feet of said Lot 9 as described in Resolution recorded in Official Records Book 3723, Pages 2582 through 2584, Public Records of Orange County, Florida.

AND

PARCEL F

Lot 9 (LESS West 20 feet), J.G. TYNER'S SUBDIVISION, according to the Plat thereof, recorded in Plat Book F, Page 44, Public Records of Orange County, Florida.

TOGETHER WITH South Half of vacated alley way as described in Resolution recorded in Official Records Book 3723, Pages 2582 through 2584, Public Records of Orange County, Florida.

AND

PARCEL G

Lots 10, 11, 12 and 13, of J.G. TYNER'S SUBDIVISION of a part of North 391.8 feet of Lot 9, HARNEY'S HOMESTEAD, according to the Map or Plat of said HARNEY'S on record; the Plat of J.G. TYNER'S SUBDIVISION, being recorded in Plat Book F, Page 44, Public Records of Orange County, Florida.

ALSO, beginning at the Northwest corner of Lot 13, of J.G. TYNER'S SUBDIVISION, of a part of the North 391.8 feet of Lot 9, of HARNEY'S HOMESTEAD, according to the Map or Plat of said HARNEY'S HOMESTEAD on record, run North 29.8 feet; thence run East 100 feet; thence run South 29.8 feet; thence run West 100 feet to the POINT OF BEGINNING. Said land being located in Section 24, Township 23 South, Range 29 East, Orange County, Florida.

TOGETHER WITH South Half of vacated alley way as described in Resolution recorded in Official Records Book 3723, Pages 2582 through 2584, Public Records of Orange County, Florida.

AND

Extension of said 15 foot alley Easterly through a portion of Lot 9 of HARNEY'S HOMESTEAD, more particularly described as follows:

North 15 feet of the South 44.8 feet of the North 217.8 feet of the East 100 feet of said Lot 9, together with any other interest of party of the first part in and to that part of said Lot 9, lying North of Lot 13, of J.G. TYNER'S SUBDIVISION, (Plat Book F, Page 44), recorded in Plat Book C, Page 53, Public Records of Orange County, Florida.

AND

PARCEL H

The North 173 feet of the East 100 feet of Lot 9 of HARNEY HOMESTEAD, according to the Plat thereof, as recorded in Plat Book C, Page 53, Public Records of Orange County, Florida. ALSO DESCRIBED AS:

Begin at a stone at the Northeast corner of land formerly belonging to C.J. SWEET AT PINE CASTLE, FLORIDA, situated in Section 24, Township 23 South, Range 29 East, run South 173 feet; thence West 100 feet; thence North 173 feet; thence East 100 feet to the POINT OF BEGINNING.

AND

PARCEL J-3

Lot 9 of the HARNEY HOMESTEAD, as recorded in Plat "C", Page 53, of the Public Records of Orange County, Florida, LESS the Easterly 228.47 feet AND LESS the North 391.8 feet AND LESS the West 224.28 feet thereof; AND LESS road right-of-way on the South and being more particularly described as follows:

Commence at the Southwest corner of Lot 9 of the HARNEY HOMESTEAD, as recorded in Plat Book "C", Page 53, of the Public Records of Orange County, Florida; thence run North 89 degrees 57 minutes 29 seconds East along the North right-of-way line of Wallace Street as shown and depicted on the plat of KEEN-CASTLE, as recorded in Plat Book "P", Page 1, of said public records, a distance of 224.28 feet to the POINT OF BEGINNING; thence North 00 degrees 04 minutes 16 seconds East along the East line of the West 224.28 feet of said Lot 9, a distance of 224.70 feet to a point on the South right-of-way line of Fairlane Avenue; thence along said South line North 89 degrees 58 minutes 20 seconds East, a distance of 47.00 feet; thence leaving said South line South 00 degrees 18 minutes 56 seconds East, a distance of 224.67 feet to a point on the North right-of-way line of Wallace Street; thence along said North line South 89 degrees 57 minutes 29 seconds West, a distance of 47.00 feet to the POINT OF BEGINNING.

AND

PARCEL K-1:

North 126 feet of the South 243.7 feet of East 50 feet of West 198.5 feet of Lot 10, Subdivision of the HARNEY HOMESTEAD, according to the Plat thereof, as recorded in Plat Book C, Page 53, of the Public Records of Orange County, Florida.

AND

PARCEL K-2:

The North 100 feet of the South 200 feet of the West 148.5 feet of Lot 10, SUBDIVISION OF THE HARNEY HOMESTEAD, according to the Plat thereof, as recorded in Plat Book C, Page 53, Public Records of Orange County, Florida.

AND

PARCEL K-3:

Begin at the Northwest corner of Lot 10, run East 145.0 feet along the North line of Lot 10, thence run South 00 degrees 07 minutes 04 seconds East 105.5 feet, thence run South 89 degrees 59 minutes 34 seconds East 3.5 feet more or less, to the Northwest corner of the above described Parcel K-1, thence South 00 degrees 07 minutes 04 seconds East 43.5 feet more or less, to the Northeast corner of the above described Parcel K-2, thence run North 89 degrees 59 minutes 34 seconds West along the North line of Parcel K-2, 148.5 feet more or less, to the Northwest corner of Parcel K-2, thence North 00 degrees 07 minutes 04 seconds West 149.0 feet more or less, to the POINT OF BEGINNING, all within the SUBDIVISION OF THE HARNEY HOMESTEAD, according to the Plat thereof, as recorded in Plat Book C, Page 53, Public Records of Orange County, Florida.

AND

From the Northwest corner of Lot 10, run East 145.0 feet along the North line of Lot 10; thence run South 00 degrees 02 minutes 36 seconds West 105.5 feet to the POINT OF BEGINNING; thence run East 3.5 feet to the Northwest corner of the above described Parcel K-1, thence South 00 degrees 02 minutes 36 seconds West 43.5 feet to the Northeast corner of the above described Parcel K-2, thence run West along the North line of Parcel K-2, 148.5 feet to the Northwest corner of Parcel K-2, thence North 00 degrees 02 minutes 36 seconds East 24.53 feet; thence South 89 degrees 13 minutes 04 seconds East 145.01 feet; thence North 00 degrees 02 minutes 36 seconds East 21.15 feet to the POINT OF BEGINNING, all within the SUBDIVISION OF HARNEY HOMESTEAD, according to the Plat thereof, as recorded in Plat Book C, Page 53, Public Records of Orange County, Florida.

AND

PARCEL K-4:

A portion of Lot 10, SUBDIVISION OF HARNEY HOMESTEAD, as recorded in Plat Book C, Page 53, of the Public Records of Orange County, Florida, being more particularly described as follows:

Commence at the Northwest corner of said Lot 10; thence due East 145.00 feet along the North line of said Lot 10 for a POINT OF BEGINNING; thence continue along said North line, due East 53.50 feet to the intersection of said North line and the Northerly prolongation of the East line of the North 126 feet of the South 243.7 feet of the East 50.00 feet of the West 198.50 feet of

said Lot 10; thence along said East line, South 00 degrees 08 minutes 50 seconds West 105.50 feet to the Northeast corner of the North 126 feet of the South 243.7 feet of the East 50.00 feet of the West 198.50 feet of said Lot 10; thence from said point, due West 53.50 feet; thence North 00 degrees 08 minutes 50 seconds East 105.50 feet to the POINT OF BEGINNING.

AND

PARCEL K-5

The West 110 feet of South 50 feet of Lot 8, SUBDIVISION OF THE HARNEY HOMESTEAD, according to the Plat thereof, as recorded in Plat Book C, Page 53, Public Records of Orange County, Florida.

AND

PARCEL K6:

Lot 8, LESS the West 110 feet of South 50 feet of Lot 8, SUBDIVISION OF THE HARNEY HOMESTEAD, according to the Plat thereof, as recorded in Plat Book C, Page 53, Public Records of Orange County, Florida.

AND

PARCEL K7

The West 119.83 feet of the North 150 feet of Lot 7, SUBDIVISION OF THE HARNEY HOMESTEAD, according to the Plat thereof, as recorded in Plat Book C, Page 53, Public Records of Orange County, Florida.

AND

PARCEL K-8:

The West 120 feet of the South 145 feet of Lot 7, SUBDIVISION OF THE HARNEY HOMESTEAD, according to the Plat thereof, as recorded in Plat Book C, Page 53, Public Records of Orange County, Florida.

AND

PARCEL K-9

The East 75 feet of the West 194.83 feet of the North 150 feet of Lot 7, HARNEY HOMESTEAD, according to the Map or Plat thereof, as recorded in Plat Book C, Page 53, Public Records of Orange County, Florida.

AND

PARCEL 10:

The East 75 feet of the West 269.83 feet of the North 150 feet of Lot 7, HARNEY HOMESTEAD, according to the Map or Plat thereof, as recorded in Plat Book C, Page 53, Public Records of Orange County, Florida.

AND

PARCEL 11

Begin 763 feet East and 250 feet North of the Southwest corner of Lot 10, HARNEY HOMESTEAD, as per Plat thereof, recorded in Plat Book C, Page 53, Public Records of Orange County, Florida, run North 251.51 feet, West 348 feet, South 251.5 feet, East 348 feet to PLACE OF BEGINNING.

Less and except therefrom, that portion thereof conveyed by Pine Castle Methodist Church, Inc., a Florida corporation, to Charles E. Maull, Jr. and June L. Maull, by Quit Claim Deed recorded August 21, 2003 in Official Records Book 7061, Page 4692, Public Records of Orange County, Florida, more particularly described as follows:

A portion of Lot 7, Subdivision of HARNEY HOMESTEAD, Plat Book "C", Page 53, Public Records of Orange County, Florida, being more particularly described as follows:

Begin at the Southeast corner of the East 75 feet of the West 269.83 feet of the North 150 feet of said Lot 7; thence East 197.48 feet along the South line of the North 150 feet of said Lot 7 to a point on the East line of lands described in Official Records Book 6253, Page 6532, Public Records of Orange County, Florida; thence South 00 degrees 28 minutes 01 seconds East 11.10 feet along said East line; thence North 89 degrees 42 minutes 36 seconds West 197.60 feet to a point on a Southerly projection of the East line of the East 75 feet of the West 269.83 feet of the North 150 feet of said Lot 7; thence North 00 degrees 08 minutes 50 seconds East 10.10 feet along said southerly projection to the POINT OF BEGINNING.

AND

PARCEL K12:

Beginning 465 feet East of the Southwest corner of Lot 10, HARNEY HOMESTEAD, in Section 24, Township 23 South, Range 29 East, as per Plat thereof, as recorded in Plat Book C, Page 53, Public Records of Orange County, Florida, run East 298 feet, North 250 feet, West 298 feet, and South 250 feet to the POINT OF BEGINNING.

EXHIBIT "B"

Base Rent

Exhibit "B"

Base Rent Schedule

Date	Base Rent Payment*	Date	Base Rent Payment*
11/1/2012	41,152.15	7/1/2017	57,908.54
12/1/2012	41,152.15	8/1/2017	57,908.54
1/1/2013	41,152.15	9/1/2017	57,908.54
2/1/2013	41,152.15	10/1/2017	57,828.70
3/1/2013	41,152.15	11/1/2017	57,828.70
4/1/2013	47,663.56	12/1/2017	57,828.70
5/1/2013	47,663.56	1/1/2018	57,828.70
6/1/2013	47,663.56	2/1/2018	57,828.70
7/1/2013	47,663.56	3/1/2018	57,828.70
8/1/2013	47,663.56	4/1/2018	58,075.47
9/1/2013	47,663.56	5/1/2018	58,075.47
10/1/2013	57,819.77	6/1/2018	58,075.47
11/1/2013	57,819.77	7/1/2018	58,075.47
12/1/2013	57,819.77	8/1/2018	58,075.47
1/1/2014	57,819.77	9/1/2018	58,075.47
2/1/2014	57,819.77	10/1/2018	57,953.56
3/1/2014	57,819.77	11/1/2018	57,953.56
4/1/2014	58,080.23	12/1/2018	57,953.56
5/1/2014	58,080.23	1/1/2019	57,953.56
6/1/2014	58,080.23	2/1/2019	57,953.56
7/1/2014	58,080.23	3/1/2019	57,953.56
8/1/2014	58,080.23	4/1/2019	58,196.44
9/1/2014	58,080.23	5/1/2019	58,196.44
10/1/2014	58,081.76	6/1/2019	58,196.44
11/1/2014	58,081.76	7/1/2019	58,196.44
12/1/2014	58,081.76	8/1/2019	58,196.44
1/1/2015	58,081.76	9/1/2019	58,196.44
2/1/2015	58,081.76	10/1/2019	58,152.08
3/1/2015	58,081.76	11/1/2019	58,152.08
4/1/2015	58,339.08	12/1/2019	58,152.08
5/1/2015	58,339.08	1/1/2020	58,152.08
6/1/2015	58,339.08	2/1/2020	58,152.08
7/1/2015	58,339.08	3/1/2020	58,152.08
8/1/2015	58,339.08	4/1/2020	58,152.08
9/1/2015	58,339.08	5/1/2020	58,152.08
10/1/2015	58,008.33	6/1/2020	58,152.08
11/1/2015	58,008.33	7/1/2020	58,152.08
12/1/2015	58,008.33	8/1/2020	58,152.08
1/1/2016	58,008.33	9/1/2020	58,152.08
2/1/2016	58,008.33	10/1/2020	58,066.17
3/1/2016	58,008.33	11/1/2020	58,066.17
4/1/2016	58,008.33	12/1/2020	58,066.17
5/1/2016	58,008.33	1/1/2021	58,066.17
6/1/2016	58,008.33	2/1/2021	58,066.17
7/1/2016	58,008.33	3/1/2021	58,066.17
8/1/2016	58,008.33	4/1/2021	58,300.50
9/1/2016	58,008.33	5/1/2021	58,300.50
10/1/2016	57,658.13	6/1/2021	58,300.50
11/1/2016	57,658.13	7/1/2021	58,300.50
12/1/2016	57,658.13	8/1/2021	58,300.50
1/1/2017	57,658.13	9/1/2021	58,300.50
2/1/2017	57,658.13	10/1/2021	58,053.90
3/1/2017	57,658.13	11/1/2021	58,053.90
4/1/2017	57,908.54	12/1/2021	58,053.90
5/1/2017	57,908.54	1/1/2022	58,053.90
6/1/2017	57,908.54	2/1/2022	58,053.90

B-1

*Base Rent payments may be reduced to the extent credits are available therefor pursuant to the terms of the Indenture.

Exhibit "B"

Base Rent Schedule

<u>Date</u>	<u>Base Rent Payment*</u>	<u>Date</u>	<u>Base Rent Payment*</u>
3/1/2022	58,053.90	11/1/2026	57,699.86
4/1/2022	58,283.60	12/1/2026	57,699.86
5/1/2022	58,283.60	1/1/2027	57,699.86
6/1/2022	58,283.60	2/1/2027	57,699.86
7/1/2022	58,283.60	3/1/2027	57,699.86
8/1/2022	58,283.60	4/1/2027	57,900.14
9/1/2022	58,283.60	5/1/2027	57,900.14
10/1/2022	57,995.94	6/1/2027	57,900.14
11/1/2022	57,995.94	7/1/2027	57,900.14
12/1/2022	57,995.94	8/1/2027	57,900.14
1/1/2023	57,995.94	9/1/2027	57,900.14
2/1/2023	57,995.94	10/1/2027	58,191.67
3/1/2023	57,995.94	11/1/2027	58,191.67
4/1/2023	58,220.73	12/1/2027	58,191.67
5/1/2023	58,220.73	1/1/2028	58,191.67
6/1/2023	58,220.73	2/1/2028	58,191.67
7/1/2023	58,220.73	3/1/2028	58,191.67
8/1/2023	58,220.73	4/1/2028	58,191.67
9/1/2023	58,220.73	5/1/2028	58,191.67
10/1/2023	57,916.67	6/1/2028	58,191.67
11/1/2023	57,916.67	7/1/2028	58,191.67
12/1/2023	57,916.67	8/1/2028	58,191.67
1/1/2024	57,916.67	9/1/2028	58,191.67
2/1/2024	57,916.67	10/1/2028	57,973.79
3/1/2024	57,916.67	11/1/2028	57,973.79
4/1/2024	57,916.67	12/1/2028	57,973.79
5/1/2024	57,916.67	1/1/2029	57,973.79
6/1/2024	57,916.67	2/1/2029	57,973.79
7/1/2024	57,916.67	3/1/2029	57,973.79
8/1/2024	57,916.67	4/1/2029	58,159.54
9/1/2024	57,916.67	5/1/2029	58,159.54
10/1/2024	57,985.02	6/1/2029	58,159.54
11/1/2024	57,985.02	7/1/2029	58,159.54
12/1/2024	57,985.02	8/1/2029	58,159.54
1/1/2025	57,985.02	9/1/2029	58,159.54
2/1/2025	57,985.02	10/1/2029	57,777.76
3/1/2025	57,985.02	11/1/2029	57,777.76
4/1/2025	58,198.31	12/1/2029	57,777.76
5/1/2025	58,198.31	1/1/2030	57,777.76
6/1/2025	58,198.31	2/1/2030	57,777.76
7/1/2025	58,198.31	3/1/2030	57,777.76
8/1/2025	58,198.31	4/1/2030	57,955.57
9/1/2025	58,198.31	5/1/2030	57,955.57
10/1/2025	58,088.17	6/1/2030	57,955.57
11/1/2025	58,088.17	7/1/2030	57,955.57
12/1/2025	58,088.17	8/1/2030	57,955.57
1/1/2026	58,088.17	9/1/2030	57,955.57
2/1/2026	58,088.17	10/1/2030	57,923.61
3/1/2026	58,088.17	11/1/2030	57,923.61
4/1/2026	58,295.16	12/1/2030	57,923.61
5/1/2026	58,295.16	1/1/2031	57,923.61
6/1/2026	58,295.16	2/1/2031	57,923.61
7/1/2026	58,295.16	3/1/2031	57,923.61
8/1/2026	58,295.16	4/1/2031	58,093.06
9/1/2026	58,295.16	5/1/2031	58,093.06
10/1/2026	57,699.86	6/1/2031	58,093.06

*Base Rent payments may be reduced to the extent credits are available therefor pursuant to the terms of the indenture.

Exhibit "B"

Base Rent Schedule

<u>Date</u>	<u>Base Rent Payment*</u>	<u>Date</u>	<u>Base Rent Payment*</u>
7/1/2031	58,093.06	3/1/2036	58,025.00
8/1/2031	58,093.06	4/1/2036	58,025.00
9/1/2031	58,093.06	5/1/2036	58,025.00
10/1/2031	58,050.00	6/1/2036	58,025.00
11/1/2031	58,050.00	7/1/2036	58,025.00
12/1/2031	58,050.00	8/1/2036	58,025.00
1/1/2032	58,050.00	9/1/2036	58,025.00
2/1/2032	58,050.00	10/1/2036	57,879.64
3/1/2032	58,050.00	11/1/2036	57,879.64
4/1/2032	58,050.00	12/1/2036	57,879.64
5/1/2032	58,050.00	1/1/2037	57,879.64
6/1/2032	58,050.00	2/1/2037	57,879.64
7/1/2032	58,050.00	3/1/2037	57,879.64
8/1/2032	58,050.00	4/1/2037	57,987.03
9/1/2032	58,050.00	5/1/2037	57,987.03
10/1/2032	57,916.12	6/1/2037	57,987.03
11/1/2032	57,916.12	7/1/2037	57,987.03
12/1/2032	57,916.12	8/1/2037	57,987.03
1/1/2033	57,916.12	9/1/2037	57,987.03
2/1/2033	57,916.12	10/1/2037	58,085.94
3/1/2033	57,916.12	11/1/2037	58,085.94
4/1/2033	58,067.22	12/1/2037	58,085.94
5/1/2033	58,067.22	1/1/2038	58,085.94
6/1/2033	58,067.22	2/1/2038	58,085.94
7/1/2033	58,067.22	3/1/2038	58,085.94
8/1/2033	58,067.22	4/1/2038	58,180.73
9/1/2033	58,067.22	5/1/2038	58,180.73
10/1/2033	57,762.79	6/1/2038	58,180.73
11/1/2033	57,762.79	7/1/2038	58,180.73
12/1/2033	57,762.79	8/1/2038	58,180.73
1/1/2034	57,762.79	9/1/2038	58,180.73
2/1/2034	57,762.79	10/1/2038	58,142.65
3/1/2034	57,762.79	11/1/2038	58,142.65
4/1/2034	57,903.88	12/1/2038	58,142.65
5/1/2034	57,903.88	1/1/2039	58,142.65
6/1/2034	57,903.88	2/1/2039	58,142.65
7/1/2034	57,903.88	3/1/2039	58,142.65
8/1/2034	57,903.88	4/1/2039	58,224.02
9/1/2034	57,903.88	5/1/2039	58,224.02
10/1/2034	57,926.39	6/1/2039	58,224.02
11/1/2034	57,926.39	7/1/2039	58,224.02
12/1/2034	57,926.39	8/1/2039	58,224.02
1/1/2035	57,926.39	9/1/2039	58,224.02
2/1/2035	57,926.39	10/1/2039	58,083.33
3/1/2035	57,926.39	11/1/2039	58,083.33
4/1/2035	58,056.94	12/1/2039	58,083.33
5/1/2035	58,056.94	1/1/2040	58,083.33
6/1/2035	58,056.94	2/1/2040	58,083.33
7/1/2035	58,056.94	3/1/2040	58,083.33
8/1/2035	58,056.94	4/1/2040	58,083.33
9/1/2035	58,056.94	5/1/2040	58,083.33
10/1/2035	58,025.00	6/1/2040	58,083.33
11/1/2035	58,025.00	7/1/2040	58,083.33
12/1/2035	58,025.00	8/1/2040	58,083.33
1/1/2036	58,025.00	9/1/2040	58,083.33
2/1/2036	58,025.00	10/1/2040	57,807.31

*Base Rent payments may be reduced to the extent credits are available therefor pursuant to the terms of the Indenture.

Exhibit "B"

Base Rent Schedule

<u>Date</u>	<u>Base Rent Payment*</u>	<u>Date</u>	<u>Base Rent Payment*</u>
11/1/2040	57,807.31		
12/1/2040	57,807.31		
1/1/2041	57,807.31		
2/1/2041	57,807.31		
3/1/2041	57,807.31		
4/1/2041	57,859.36		
5/1/2041	57,859.36		
6/1/2041	57,859.36		
7/1/2041	57,859.36		
8/1/2041	57,859.36		
9/1/2041	57,859.36		
10/1/2041	116,581.92		
11/1/2041	116,581.92		
12/1/2041	116,581.92		
1/1/2042	116,581.92		
2/1/2042	116,581.92		
3/1/2042	116,581.92		
4/1/2042	116,618.08		
5/1/2042	116,618.08		
6/1/2042	116,618.08		
7/1/2042	116,618.08		
8/1/2042	116,618.08		
9/1/2042	116,618.08		
TOTAL:	21,429,494.25		

EXHIBIT "C"

Incremental Rent

Subject to adjustment as set forth below, the annual Incremental Rent payable to the Landlord shall equal \$700 multiplied by the total enrolled students for that year for the Charter Schools less the total Base Rent payable for that year. The number of total enrolled students for any given school year shall be that number determined by the Tenant and verified by the School Board (Student Count) in February of each such school year. Prior to the February Student Count, the Tenant shall use, first the unofficial student count reported to the School Board and then the October Student Count, as verified by the School Board. After the February Student Count is finalized, adjustments to the remaining monthly Net Incremental Rent payments due for the year shall be made to reach the applicable annual Net Incremental Rent due.

In the event of an assignment, sublease, or other transfer of interest of the Tenant, other than to another charter school, the Incremental Rent shall be the highest amount calculated as Incremental Rent at any time prior to such transfer.

