Item: Agenda - July 17, 2019

[X] Mailed [] Distributed at meeting

AB

REGULAR MEETING
July 17, 2019
10:00 a.m.
Board Room
200 Kalmus Drive, Costa Mesa, CA

ORANGE COUNTY BOARD OF EDUCATION AGENDA

<u>WELCOME</u>

CALL TO ORDER STATEMENT OF PRESIDING OFFICER: For the benefit of the record,

this Regular Meeting of the Orange County Board of Education is called

to order.

INVOCATION

PLEDGE OF ALLEGIANCE

ROLL CALL

INTRODUCTIONS

(*) AGENDA Regular Meeting of July 17, 2019 - adoption

(*) MINUTES Regular Meeting of June 12, 2019- approval

Regular Meeting of June 26, 2019- approval

PUBLIC COMMENTS (30 minutes)

ORGANIZATIONAL MEETING

- 1. <u>Election of Officers</u> President Ken L. Williams, D.O. will preside for the election of President of the Board. The new Board President will preside for the election of the Vice President of the Board.
- (*) 2. Nominate and approve board member assignments for the 2019-20 fiscal year.
- (*) 3. Confirm Board meeting dates for July 2020 through June 2021.

CONSENT CALENDAR

(*)
4. Approve the granting of diplomas to the students listed from Alternative,
Community, and Correctional Education Schools and Services,
Alternative Education Division.

- (*) 5. Approve disbursement of funds for Orange County Board of Education professional organizations membership dues for 2019-20 fiscal year.
- (*) 6. Approve apportionment of Federal Forest Reserve receipts in the amount of \$28,092.86.
- (*) 7. Approve the listing of district personnel as certified supervisors of attendance.

CLOSED SESSION 1

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Orange County Board of Education v. Orange County Superintendent of Schools, Case No. 30-2018-01023385-CU-MC-CJC Government Code Section 54956.9(a) and (d)(1)

BOARD RECOMMENDATIONS

(*) 8. Adopt resolution #12-19: Community Home Education Program (CHEP). (Williams)

CHARTER SCHOOLS

- 9. Charter Submissions
- 10. ISAAC Update
- (*)

 11. Charter School Public Hearing Ednovate, Legacy College Prep –

 Material Revision Submission and Public Hearing regarding relocation to
 two temporary locations at 1710 W. Edinger Ave. and 1622 W. 6th Street

 Teresa Johnson, Coordinator, Charter Schools, will facilitate the public
 hearing.
- (*)

 12. Charter School Public Hearing Ednovate, Legacy College Prep–Material Revision Submission and Public Hearing regarding change in bylaws and relocation to a permanent location 1450 E. 17th Street, Santa Ana, CA. Teresa Johnson, Coordinator, Charter Schools, will facilitate the public hearing.
 - 13. Unity Middle College High School Update

STAFF RECOMMENDATIONS

(*) 14. Unity Middle College High School Noncompliance

TIME CERTAIN

15. <u>Inter-district Appeal Hearing (closed)</u> – Student #07172019004I– Newport-Mesa Unified School District to Huntington Beach Union High School District

INFORMATION ITEMS

BOARD DISCUSSION

ANNOUNCEMENTS

- -Superintendent
- -Associate Superintendent

Legislative Updates

- -CSBA Update
- -CCBE Update
- -NSBA Update
- -Capitol News Update
- -School Services Update

BOARD MEMBER COMMENTS

EXECUTIVE COMMITTEE REPORT

PUBLIC COMMENTS

(15 minutes)

ADJOURNMENT

Nina Boyd

Assistant Secretary, Board of Education

Next Regular Board Meeting: Wednesday, August 14, 2019 at <u>2:00 p.m.</u> The meeting will be in the Board Room at 200 Kalmus Drive, Costa Mesa, CA.

Individuals with disabilities in need of copies of the agenda and/or the agenda packet or in need of auxiliary aides and services may request assistance by contacting Darou Sisavath, Board Clerk at (714) 966.4012.

(*) Printed items included in materials mailed to Board Members



MINUTES Regular Meeting June 12, 2019

ORANGE COUNTY BOARD OF EDUCATION MINUTES

<u>CALL TO ORDER</u> The Regular Meeting of the Orange County Board of Education

was called to order by Board President Williams at 10:02 a.m., June 12, 2019 in the Board Room, 200 Kalmus Drive, Costa

Mesa, California.

<u>INVOCATION</u> Christina Williams, member of a local church

<u>PLEDGE OF ALLEGIANCE</u> Ken Williams, D.O., Board President

ROLL CALL Present:

Lisa Sparks, Ph.D.

Mari Barke

Ken L. Williams, D.O. Rebecca "Beckie" Gomez John W. Bedell, Ph.D.

INTRODUCTIONS None

AGENDA Motion by Williams, seconded by Bedell, and carried by a vote

of 5-0, to approve the agenda of the June 12, 2019 Board

meeting with the removal of item #10.

MINUTES Motion by Barke, seconded by Bedell, and carried by a vote of 5-

0, to approve the minutes of the May 8, 2019 Regular Board

meeting.

Motion by Bedell, seconded by Barke, and carried by a vote of 5-

0, to approve the minutes of the May 21, 2019 Special Board

meeting.

PRESENTATIONS

1. <u>CHEP Student Recognition</u>- Laura Strachan facilitated the presentation, recognizing CHEP students for their outstanding accomplishments in the Team America Rocketry Challenge

(TARC) competition.

PUBLIC COMMENTS

Adrian Crawford- CHEP

Rosemary Rodeghiero- CHEP Site Closure

- Regina Rodeghiero- CHEP
- Vincentia Tjahjadi- CHEP
- Michelle Anderson- General
- Erin Craig- Unity
- Cyndie Borcoman- General

PRESENTATIONS (continue)

- 2. <u>Budget Presentation</u> Renee Hendrick, Associate Superintendent and Jeff Hittenberger, Ph.D, conducted the presentation regarding the Orange County Department of Education budget for 2019-20 fiscal year.
- 3. <u>Public Hearing</u> Renee Hendrick, Associate Superintendent conducted a public hearing regarding the Orange County Department of Education budget for 2019-2020 fiscal year.

The hearing was opened at 11:11 a.m. There being no input from the audience, the hearing was closed at 11:12 a.m.

5. <u>Public Hearing</u> – Analee Kredel, Chief, Special Education Services, conducted a public hearing regarding the Orange County Department of Education Local Control and Accountability Plan (LCAP).

The hearing was opened at 12:23 p.m.

PUBLIC COMMENTS

- Honorable Craig Arthur, Juvenile Court Judge- LCAP
- Scott Burdick, Deputy Director, Orange County Children and Family Services- LCAP
- Tawnya Medina, Division Director, OC Probation Department-LCAP
- Janey Perone, Parent- LCAP
- Jorge Ramirez, Parent- LCAP
- Maria Ramirez, Parent- LCAP
- Martha Martinez, Parent- LCAP

The hearing was closed at 12:45 p.m.

The Board went into closed session from 12:46 p.m. to 1:58 p.m.

CLOSED SESSION 1

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Orange County Board of Education v. Orange County Superintendent of Schools, Case No. 30-2018-01023385-CU-MC-CJC

Government Code Section 54956.9(a) and (d)(1)

Mr. Brenner reported an update was provided and the board voted 5-0 to approve the April fee statement; no other action was taken.

TIME CERTAIN

Inter-district Appeal Hearing (closed) – Student #06122019003I
 Tustin Unified School District to Irvine Unified School District

The Board went into closed session from 2:26 p.m. to 2:30 p.m.

Mr. Rolen reported, in closed session, a motion was made by Bedell, seconded by Sparks, and carried by a vote of 5-0 to deny the appeal and uphold the decision of the Irvine Unified School District.

Donna Sievers, Interim CWA/SARB Coordinator, Educational Services facilitated the hearing.

Trustee Bedell and Trustee Sparks departed the meeting at 2:32 p.m.

16. <u>Inter-district Appeal Hearing (open)</u> – Student #06122019007I – Buena Park School District to Centralia School District

The Board went into closed session from 2:52 p.m. to 2:57 p.m.

Motion by Barke, seconded by Williams, and carried by a vote of 2-1 (Bedell and Sparks absent) to approve the appeal and allow the student to attend the Centralia School District for the 2019-20 academic year.

Donna Sievers, Interim CWA/SARB Coordinator, Educational Services facilitated the hearing.

12. <u>Inter-district Appeal Hearing (closed)</u> – Student #06122019005I – Buena Park School District to Centralia School District

The Board went into closed session from 3:21 p.m. to 3:24 p.m.

Motion by Williams, seconded by Gomez, and carried by a vote of 3-0 (Bedell and Sparks absent) to deny the appeal and uphold the decision of the Buena Park School District.

Donna Sievers, Interim CWA/SARB Coordinator, Educational Services facilitated the hearing.

13. <u>Inter-district Appeal Hearing (closed)</u> – Student #06122019002I – Buena Park School District to ABC Unified School District

The Board went into closed session from 3:58 p.m. to 4:00 p.m.

Motion by Williams, seconded by Barke, and carried by a vote of 3-0 (Bedell and Sparks absent) to deny the appeal and uphold the decision of the Buena Park School District.

Donna Sievers, Interim CWA/SARB Coordinator, Educational Services facilitated the hearing.

14. <u>Inter-district Appeal Hearing (closed)</u> – Student #06122019004I
 – Buena Park School District to ABC Unified School District

The Board went into closed session from 3:58 p.m. to 4:00 p.m.

Motion by Williams, seconded by Barke, and carried by a vote of 3-0 (Bedell and Sparks absent) to deny the appeal and uphold the decision of the Buena Park School District.

Donna Sievers, Interim CWA/SARB Coordinator, Educational Services facilitated the hearing.

15. <u>Inter-district Appeal Hearing (closed)</u> – Student #06122019006I
 – Buena Park School District to ABC Unified School District

The Board went into closed session from 3:58 p.m. to 4:00 p.m.

Motion by Williams, seconded by Gomez, and carried by a vote of 3-0 (Bedell and Sparks absent) to approve the appeal and allow the student to attend the ABC Unified School District for the 2019-20 academic year.

Donna Sievers, Interim CWA/SARB Coordinator, Educational Services facilitated the hearing.

The Board took a recess from 4:02 p.m. to 4:07 p.m.

7. Public Hearing – Laura Strachan, Assistant Superintendent, Alternative Education, conducted a public hearing regarding the College and Career Preparatory Academy Local Control and Accountability Plan (LCAP).

The hearing was opened at 4:07 p.m. There being no input from the audience, the hearing was closed at 4:08 p.m.

4. <u>Local Control and Accountability Plan (LCAP)</u> – Jeff Hittenberger, Ph.D., Chief Academic Officer; Analee Kredel, Chief, Special Education Services; Laura Strachan, Assistant Superintendent, Alternative Education, conducted the

presentation regarding LCAP for the Orange County Department of Education.

6. <u>Local Control and Accountability Plan (LCAP</u>)- presentation regarding LCAP for the College and Career Preparatory Academy.

Nina Boyd, Associate Superintendent commented the Local Control Accountability Plan and Powerpoint presentation was provided to the Board. Questions and concerns will be addressed at the next board meeting.

CONSENT CALENDAR

8. Motion by Gomez, seconded by Barke, and carried by a vote of 3-0 (Bedell and Sparks Absent) to approve the granting of diplomas to the students listed from Alternative, Community, and Correctional Education Schools and Services, Alternative Education Division.

CHARTER SCHOOLS

9. Charter Schools Submissions- None

PUBLIC COMMENTS (continue)

Tam Duong- General

INFORMATION ITEMS

ANNOUNCEMENTS

Associate Superintendent

- Next board meeting date has been provided to the Board.
- CSBA Annual Conference registration is open- Jack and Mari confirmed.

BOARD MEMBER COMMENTS

 Trustee Williams announced a meeting with charters schools will take place on July 10th

ADJOURNMENT

On a motion duly made, and seconded, the Board meeting of June 12, 2019, adjourned at 4:34 p.m.

Nina Boyd

Assistant Secretary, Board of Education

Ken L. Williams, D.O.

President, Board of Education

Next Regular Board Meeting, Wednesday, June 26, 2019 at 10:00 a.m.- The meeting will be held in the Board Room at 200 Kalmus Drive, Costa Mesa, CA.

Individuals with disabilities in need of copies of the agenda and/or the agenda packet or in need of auxiliary aides and services may request assistance by contacting Darou Sisavath, Board Clerk at (714) 966-4012.

MINUTES Regular Meeting June 26, 2019



ORANGE COUNTY BOARD OF EDUCATION MINUTES

CALL TO ORDER

The Regular Meeting of the Orange County Board of Education

was called to order by Board President Williams at 10:04 a.m., June 26, 2019 in the Board Room, 200 Kalmus Drive, Costa

Mesa, California.

<u>INVOCATION</u> Pastor Chip Crosby, Foursquare Church in Costa Mesa

<u>PLEDGE OF ALLEGIANCE</u> John W. Bedell, Ph.D., Board Member

ROLL CALL Present:

Lisa Sparks, Ph.D.

Mari Barke

Ken L. Williams, D.O. Rebecca "Beckie" Gomez John W. Bedell, Ph.D.

<u>INTRODUCTIONS</u> Lauren Nguyen, Student, National University

AGENDA Motion by Bedell, seconded by Gomez, and carried by a vote of

5-0, to approve the agenda of the June 26, 2019 Board meeting

with the following amendments:

-Delete the words, "Executive Committee", and change the

agenda to read, "Board of Directors."

-Revise language on item #3 to read "Adopt the ACCESS and Special Schools Local Control Accountability Plan (LCAP) including the Federal Addendum and Parent Overview provided at the June 12th Board meeting for 2017-2020, and approve

services for 2019-2020."

MINUTES None

PRESENTATIONS

1. <u>Special Presentation and Reception</u> – Renee Hendrick, Associate Superintendent, Administrative Services facilitated the recognition of OCDE Employees of the Month for 2018-2019; Employees with 25 Years of Service or more, Academic Achievement, and 2018-2019 Retirees.

The Board took a recess to join the reception from 10:15 a.m. to 10:31 a.m.

STAFF RECOMMENDATIONS

- 2. Motion by Bedell, seconded by Barke, and carried by a vote of 5-0 to approve Resolution #11-19 regarding the Education Protection Account Proposed Expenditures.
- 3. Motion by Bedell, seconded by Barke, and carried by a vote of 5-0 to adopt the ACCESS and Special Schools Local Control Accountability Plan (LCAP) including the Federal Addendum and Parent Overview provided at the June 12th Board meeting for 2017-2020, and approve services for 2019-2020.
- 4. Motion by Barke, seconded by Sparks, and carried by a vote of 5-0 to adopt College and Career Preparatory Academy Local Control and Accountability Plan 2017-2020, and approve actions and services for 2019-2020.
- 5. Approve OCDE budget for the 2019-20 fiscal year by July 1, 2019 as required by State regulations.

Motion by Williams, seconded by Barke to approve OCDE budget for the 2019-20 fiscal year by July 1, 2019 as required by State regulations with the following amendments:
-Object Code 5851- reducing the lobbying contracts by \$60,000.
-Object code 5520 and 5230- reducing travel and conference fees by a total of \$112.442, for a total of \$172,442 reduction in the total budget.

Subsidiary motion by Barke, seconded by Sparks that the final budget document reflects the 2019-2020 OCDE budget as approved by the board, and be filed with and examined by the superintendent and maintained for public review.

Subsidiary motion by Williams, seconded by Bedell, and carried by a vote of 5-0 to table the item to a later time in the meeting.

The Board went into closed session from 10:51 a.m. to 11:17 a.m.

CLOSED SESSION 1

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Orange County Board of Education v. Orange County Superintendent of Schools, Case No. 30-2018-01023385-CU-MC-CJC

Government Code Section 54956.9(a) and (d)(1)

CLOSED SESSION 2

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

Potential Initiation of litigation pursuant to (d) (2) of Government Code Section 54956.9 (One case)

CONSENT CALENDAR

Motion by Williams, seconded by Bedell, and carried by a vote of 5-0 to approve Consent Calendar items #6, #7, #8, #9.

- 6. Approve the granting of diplomas to the students listed from Alternative, Community, and Correctional Education Schools and Services, Alternative Education Division.
- 7. Approve travel for CCBE Executive Committee and Delegate Assembly member as requested by Board Member.
- 8. Approve registration and travel for Board Members to attend education related events/meetings sponsored by ACSA, CCBE, CCSA, CSBA, NSBA, OCSBA, CUBE, and National Alliance for Public Charter Schools, effective July 1, 2019 for the 2019-20 fiscal year.
- 9. Approve Board conference attendance cash advances in compliance with department policy for the 2019-20 fiscal year.

BOARD RECOMMENDATIONS

- Motion by Williams, seconded by Barke, and carried by a vote of 3-1-1 (Williams, Barke, Sparks voted Yes; Gomez voted No; Bedell Abstained) to approve the invoices in the amount \$102,723.06 as of June 7, 2019 from Special OCBE Legal Counsel.
- 11. Motion by Williams, seconded by Barke, to adopt resolution #12-19: Children Home Education Program (CHEP).

Subsidiary motion by Gomez, seconded by Barke, and carried by a vote of 5-0 to table the item until the July meeting.

CHARTER SCHOOLS

12. Charter Schools Submissions- None

CLOSED SESSION 2

Mr. Rolen reported the Board received information regarding a potential litigation, no action was taken.

CLOSED SESSION 1

Mr. Brenner reported the Board received an update on the existing litigation between the Board and the Superintendent, no action was taken.

CHARTER SCHOOLS

Unity Middle College High School Update
-Nina Boyd, Associate Superintendent provided background on Unity Middle College High School
-Dr. Erin Craig, Founder and Dr. Dennis Eastman, Board President of Unity provided an update to the Board.
-The Board agreed to place Unity Middle College High on the July 17th agenda.

The Board took a break from 12:32 p.m. to 12:57 p.m.

TIME CERTAIN

14. <u>Inter-district Appeal Hearing (closed)</u> – Student #06262019001I– Buena Park School District to Fullerton School District

The Board went into closed session from 1:15 p.m. to 1:22 p.m.

Motion by Bedell, seconded by Gomez, and carried by a vote of 4-1 (Barke voted No) to deny the appeal and uphold the decision of the Buena Park School District.

Donna Sievers, Interim CWA/SARB Coordinator, Educational Services facilitated the hearing.

15 & 16. Inter-district Appeal Hearing (closed) – Student #06262019002I and Student #06262019003I – Buena Park School District to Fullerton School District

The Board went into closed session from 1:46 p.m. to 1:52 p.m.

Motion by Barke, seconded by Bedell, and carried by a vote of 4-1 (Gomez voted No) to approve the appeal and allow the student to attend the Fullerton School District for the 2019-20 academic year.

Donna Sievers, Interim CWA/SARB Coordinator, Educational Services facilitated the hearing.

The Board took a recess from 1:54 p.m. to 2:01 p.m.

5. Approve OCDE budget for the 2019-20 fiscal year by July 1, 2019 as required by State regulations. (continue)

Subsidiary motion by Barke, seconded by Williams, and carried by a vote of 3-2 (Williams, Barke, and Sparks voted Yes; Bedell and Gomez voted No) to approve the request that the final budget document reflects the 2019-2020 OCDE budget as approved by the board, and be filed with and examined by the superintendent and maintained for public review.

Motion by Williams, seconded by Barke, and carried by a vote of 3-1-1 (Williams, Barke, and Sparks voted Yes; Gomez voted No; Bedell Abstained) to approve OCDE budget for the 2019-20 fiscal year by July 1, 2019 as required by State regulations with the following amendments:

- -Object Code 5851- reducing the lobbying contracts by \$60,000.
- -Object code 5520 and 5230- reducing travel and conference fees by a total of \$112.442, for a total of \$172,442 reduction in the total budget.

PUBLIC COMMENTS (continue)

Michelle Anderson - General

INFORMATION ITEMS

COMMUNICATION/INFORMATION/DISCUSSION
-ISAAC Update- changes in leadership: Staff to extend an invitation to representatives from ISAAC to attend the July 17th board meeting.

ANNOUNCEMENTS

Associate Superintendent

- Next board meeting is July 17th, Board deadline is July 2nd
- Summer Office Hours (8am-4pm) through August 30th
- Office closed on July 4th

BOARD MEMBER COMMENTS

Trustee Gomez- ACCESS and District Graduations

ADJOURNMENT

On a motion duly made, and seconded, the Board meeting of June 26, 2019, adjourned at 2:27 p.m.

Nina Boyd

Assistant Secretary, Board of Education

Ken L. Williams, D.O.

President, Board of Education

Next Regular Board Meeting, Wednesday, July 17, 2019 at 10:00 a.m.- The meeting will be held in the Board Room at 200 Kalmus Drive, Costa Mesa, CA.

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Item: Organizational Meeting #2

July 17, 2019

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ORANGE COUNTY BOARD OF EDUCATION 2019-20 BOARD MEMBER ASSIGNMENTS

Assignment	2018-19 Fiscal Year	2019-20 Fiscal Year
Executive Committee (monthly)	Williams Barke	
CCBE Board of Directors (3 meetings, term expires 2021)	Bedell	
CSBA Delegate Assembly (2 year term/elected by OCDE for CCBE/ Bedell- term expires 2021) (2 meetings)	Bedell	
Political Action Group Effort (PAGE)/Legislative (3 meetings)	Barke	
OCSBA (3 ACSA/OCSBA dinner meetings; 4 Board of Directors Meetings; 3 Fiscal Seminars)	Gomez	
PTA Liaison (4 meetings)	Sparks	

Nominate and approve Board member assignments for the 2019-20 fiscal year.

Item: Organizational Meeting #3
July 17, 2019
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ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE:

July 17, 2019

TO:

Nina Boyd, Associate Superintendent

FROM:

Darou Sisavath, Recording Clerk

SUBJECT: Board Meeting Dates

All Board Meetings listed will begin at 10:00 a.m. unless otherwise noted.

New Board Meeting Dates

Wednesday, July 15, 2020

Wednesday, August 12, 2020 (Note: begins at 2:00 p.m.)

Wednesday, September 9, 2020

Wednesday, October 14, 2020

Wednesday, November 11, 2020

Wednesday, December 9, 2020

Wednesday, January 13, 2021

Wednesday, February 10, 2021

Wednesday, March 10, 2021

Wednesday, April 14, 2021

Wednesday, May 12, 2021

Wednesday, June 9, 2021

Wednesday, June 23, 2021

RECOMMENDATION:

Approve new Board Meeting dates for July 2020 through June 2021.

Date, time, and location of Board meetings subject to change by Board order

tem: Consent Calendar #4

July 17, 2019

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ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE:

July 8, 2019

TO:

Nina Boyd, Associate Superintendent

FROM:

Laura Strachan, Assistant Superintendent Alternative Education

Byron Fairchild, Director Alternative Education

SUBJECT:

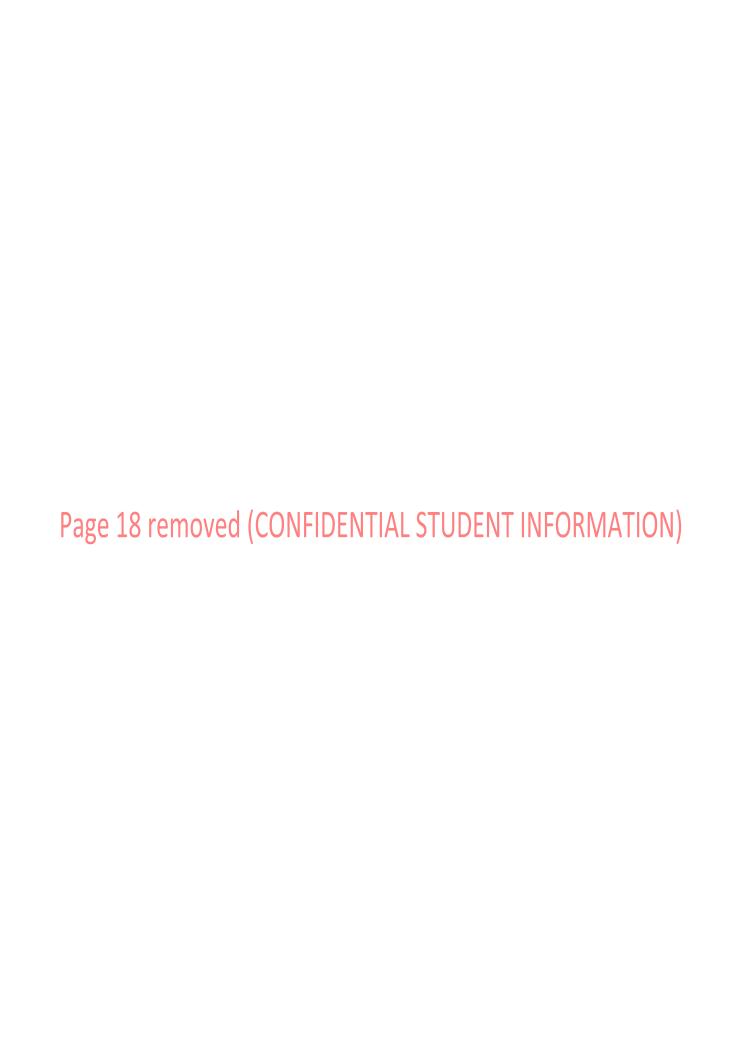
Granting of Diplomas

The students listed on the attached pages have been certified for graduation by the Custodian of Records or their designee for the Division of Alternative Education of the Orange County Department of Education. These students have met the standards of proficiency in basic skills prescribed by the governing board in accordance with Education Code 51412. It is requested that the Board approve the granting of a diploma to these students.

RECOMMENDATION:

Approve granting of a diploma to the students listed from Alternative, Community, and Correctional Education Schools and Services, Alternative Education Division.

LS:s1



Item: Consent Calendar #5

July 17, 2019

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ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE:

July 17, 2019

TO:

Nina Boyd, Associate Superintendent

FROM:

Darou Sisavath, Board Recording Clerk

SUBJECT: Board Memberships – 2019-2020

ACSA Educational Institution Service	\$880.00
California Charter Schools Association	\$500.00

California School Boards Association

CSBA Membership dues	\$10,538.00
Ed. Legal Alliance dues	\$2,634.00
California County Boards of Education	\$5,500.00

\$18,672.00

National School Boards Association \$12,975.00

Orange County School Boards Association \$175.00

2019-20 PTA Membership \$50.00

TOTAL \$33,252.00

RECOMMENDATION:

Approve disbursement of funds for Orange County Board of Education professional organizations membership dues for 2019-20 fiscal year.

NB:ds

Item: Consent Calendar #6

July 17, 2019

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ORANGE COUNTY DEPARTMENT OF EDUCATION

BOARD AGENDA ITEM

DATE:

July 17, 2019

TO:

Nina Boyd, Associate Superintendent

FROM:

Renee Hendrick, Associate Superintendent

SUBJECT:

Apportionment of Federal Forest Reserve Receipts

Funds are received each year from the United States Government from forest reserves to be used by school districts of the County within or adjacent to a United States Forest Reserve. Section 2300 of the Education Code indicates that upon approval of the County Board of Education, the County Superintendent of Schools may retain 15% of the funds and shall apportion 85% of these funds to such school districts.

The following apportionment is based on the same proportion of land of the Cleveland National Forest that exists in the component district:

Capistrano Unified	2.80%	\$ 786.60
Orange Unified	31.52%	8,854.87
Rancho Santiago Community College	15.77%	4,430.24
South OC Community College	12.57%	3,531.27
Saddleback Valley Unified	22.34%	6,275.94
Orange County Department of Education	<u>15.00%</u>	4,213.94
Total	100.00%	\$ 28,092.86

RECOMMENDATION:

Approve apportionment of Federal Forest Reserve receipts in the amount of \$28,092.86

Item: Consent Calendar #7
July 17, 2019

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ORANGE COUNTY DEPARTMENT OF EDUCATION

BOARD AGENDA ITEM

DATE:

July 17, 2019

TO:

Nina Boyd, Associate Superintendent

FROM:

Jeffrey J. Riel, General Counsel

SUBJECT:

Supervisors of Attendance

BACKGROUND:

Each school district is required to have a certified supervisor of attendance. (Education Code section 48245). OCDE provides a Student Attendance Review Board (SARB) On-line Certification training that meets the certification requirements. OCDE requires that district supervisors of attendance complete the training to recertify at least every 3 years. OCDE personnel annually reviews and updates, as necessary, the on-line certification training. The on-line training, which can be taken at any time, requires the person to complete the training course and pass a summative exam with a score at or above 80%. Although not required, some district have multiple staff certified through this process.

In the past, OCDE personnel certified the attendance supervisor for each district. Recently, the County Superintendent requested that we review this requirement as the practice varied from county to county. After reviewing, Education Code section 48245 does require that the county board of education certify attendance supervisors.

Attached is a list of district supervisors of attendance with the date each completed the certification training and the date that a recertification is due.

RECOMMENDATION:

Approve the attached list of district personnel as certified supervisors of attendance.

JR:mi

Supervisors of Attendance

	Name	Quiz Date	Expiration Date
Anaheim City SD	Yvette Magana	4/24/19	4/2022
Anaheim Union High School District	Joe Saldana	4/30/19	4/2022
Brea Olinda USD	Jeanine Leech	7/2/19	7/2022
Buena Park SD	Lori Smock	3/28/17	3/2020
Capistrano USD	Jenna Perry	9/13/18	9/2021
Centralia SD	Karen Leal	5/3/19	5/2022
Cypress SD	Scott Adams	5/3/19	5/2022
Fountain Valley SD	Kate Smith	4/30/19	4/2022
Fullerton Joint Union HSD	Karl Zener	5/3/19	5/2022
Fullerton SD	Araceli Belloso	11/15/18	11/2021
Fullerton SD	Helene Morris	10/2/17	6/2020
Garden Grove SD	Huy Tran	11/27/18	1/2021
Huntington Beach Clty SD	Cynthia Guerrero	9/11/18	9/2021
Huntington Beach Union HSD	Dan Bryan	5/9/19	5/2022
Irvine USD	Tammy Blakely	4/23/19	4/2022
Laguna Beach USD	Chad Mabery	5/2/19	5/2022
La Habra City SD	Malia Igarta	6/6/19	6/2021
La Habra City SD	Cammie Nguyen	5/21/19	5/2021
Los Alamitos USD	Chris Vlasic	8/17/18	8/2021

Lowell Joint SD	Sheri McDonald		9/2019
Magnolia SD	Andrea Houser	3/25/19	3/2022
Newport Mesa SD	Sarah Coley	8/23/18	8/2021
Ocean View SD	Barb Davis	10/18/18	10/2021
Orange USD	Ed Howard	4/30/19	4/2022
Placentia Yorba Linda USD	Rick Riegel	9/11/17	9/2020
Placentia Yorba Linda USD	Jason Pike	4/24/19	4/2022
Saddleback Valley USD	Tim Tatum	5/1/19	5/2022
Santa Ana USD	Gaudencio Marquez	5/3/19	5/2022
Savanna SD	Hipolito Murillo	10/22/18	10/2021
Tustin SD	Alexandra Albelo	5/3/19	5/2022
Tustin SD	Monique Yessian	4/23/19	4/2022
Westminster SD	Tricia Urbaniec	5/17/19	5/2022
OCDE	Raina Lee	5/3/19	5/2022
OCDE	Sidra Gaines	8/24/17	8/2020
OCDE	Katy Ramezani	6/3/17	6/2020

	Item:	Board	Rec	ommendations #8
	July 17,	2019		
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ORANGE COUNTY BOARD OF EDUCATION BOARD AGENDA ITEM

DATE: June 26, 2019

TO: Nina Boyd, Associate Superintendent

FROM: Ken L. Williams, D.O., Board President

SUBJECT: Resolution #12-19: Children Home Education Program (CHEP)

RECOMMENDATION:

Adopt resolution #12-19: Children Home Education Program (CHEP).

RESOLUTION OF THE BOARD OF EDUCATION ORANGE COUNTY, CALIFORNIA

Community Home Education Program (CHEP)

Whereas, the Orange County Department of Education (OCDE) is governed by two dutifully elected public offices, the Orange County Superintendent of Schools and the Orange County Board of Education (OCBE) with differing roles and responsibilities; and

Whereas, the OCDE Alternative, Community, and Correctional Education Schools and Services (ACCESS) programs includes numerous alternative academic learning environments for students in Orange County, as well as academic environments for high risk youth, adjudicated, incarcerated students; and

Whereas, the California County Boards of Education (CCBE) promotes the ideals and concepts that county community schools are "established and maintained by county boards and operated by county superintendents; and

Whereas, examples of ACCESS learning environments the OCBE is authorized by state Education Codes to provide for Orange County students, include the administration and operation of juvenile court schools (Education Code 48645.2), and community schools (Education codes 1983(e), 1983(g), 1984); and

Whereas, Community Home Education Program (CHEP) is a part of the OCDE ACCESS programs, and a county wide county community school that is a home schooling program serving the various needs of the county's children and families; and

Whereas, Education Code 1983 (e) states, "The course of study of a county community school shall be adopted by the county board of education and shall enable each pupil to continue academic work leading to the completion of a regular high school program."; and

Whereas, Education code 1983 (g) states, "County boards of education operating county community schools shall ensure that appropriate services and programs designed to address the language needs of pupils identified as English learners are provided in compliance with all applicable state and federal laws and regulatory provisions."; and

Whereas, Education Code 1984 states: "For the purposes of establishing and maintaining a county community school, a county board of education shall be deemed to be a school district;" and

Whereas, the OCBE was not aware of specific plans of CHEP site closures until a May 8 memo written by Chief Academic Officer, Jeff Hittenberger, and a follow-up memo from the Orange County Superintendent of Schools, dated May 13, 2019; and

Whereas, the OCBE determines the board did not consent to, or place on its regular board agenda a vote or opportunity for board members, and the public to voice their concerns regarding CHEP school site closures; and

Resolution #09-19

RESOLUTION OF THE BOARD OF EDUCATION ORANGE COUNTY, CALIFORNIA

Community Home Education Program (CHEP)

Whereas, public confidence and trust is critical for any government agency or elected official. The Brown Act requires governmental agencies to be open and transparent in its actions. Transparency and openness in a public forum was not provided prior to the announcement of CHEP site closures; and

Therefore, the Orange County Board of Education affirms the constitutional, lawful and authorized authority of the board as expressed in state Education codes, and recognizes the dual governance structure with the Orange County Superintendent of Schools in the decision making process of all ACCESS schools; and

Therefore, the Orange County Board of Education regards as extraordinary, any unilateral decision to open or close ACCESS school sites, or other community schools without board input, discussion, and vote.

AYES:	
NOES:	
ABSENT:	
STATE OF CALIFORNIA, COUNTY OR ORA	NGE
I, Dr. Ken L. Williams, President of the Board of Education certify that the foregoing Resolution was duly and regularly meeting thereof held on the seventeenth day of July 2019 a	y adopted by the said Board at a regular
IN WITNESS THEREOF, I have hereunto set my hand as	nd seal this seventeenth day of July 2019.
	Dr. Ken L. Williams,
	Orange County Board of Education

Resolution #09-19



ORANGE COUNTY DEPARTMENT OF EDUCATION

May 7, 2019

TO: Orange County Board of Education

FROM: Jeff Hittenberger, Ph.D., Chief Academic Officer

RE: OCDE's Community Home Education Program (CHEP)

Enrollment in OCDE's Community Home Education Program (CHEP) has decreased significantly over the past several years, as illustrated in the chart below, from 1374 ADA enrollment in 2012-13 to 370 ADA enrollment in 2018-19.



2012-13 2013-14 2014-15 2015-16 2016-17 2017-18 2018-19

These enrollment declines are related to the overall decline in Orange County K12 enrollments and the growth of charter schools and district programs recruiting home schooling families.

CHEP occupies three sites in Tustin, Anaheim, and Cypress. Due to enrollment declines, we considered consolidating from the three sites to one last year, but decided to monitor enrollment patterns for one more year to determine whether enrollment would rebound in 2018-19. Unfortunately, the pattern of enrollment decline has continued, from 603 students in 2017-18 to 370 in 2018-19. Consequently, the program can no longer sustain multiple sites, with leases and operational costs at each site, and needs to consolidate for the 2019-20 academic year.

Stewardship of public funds requires consolidation in order to reduce deficits that have persisted over recent years. We will consolidate the three sites into the centralized Tustin site for 2019-20, to share a campus with our highly regarded Pacific Coast High School (PCHS). This consolidation will result in the closure of sites in Anaheim and Cypress.

Moving from one site to another is never easy for families, so ACCESS and CHEP staff are working closely with families so that all families can make plans for as smooth a transition as possible. We are confident that the consolidated Tustin site will be a great resource for families who will enjoy the best qualities of community and instruction that students and families have always appreciated in CHEP. Our hope is that with consolidation we are able to right size the program so that it is strong, viable, and sustainable.

cc: Al Mijares, Ph.D., Orange County Superintendent of Schools Laura Strachan, Assistant Superintendent, ACCESS

May 13, 2019

TO: Orange County Board of Education (OCBE)

FROM: Al Mijares, Ph.D., Orange County Superintendent of Schools

RE: OCDE's Community Home Education Program (CHEP)

This memo is intended to inform the Board, in view of recent discussions, that the CHEP program is not closing, but will continue to serve students and families with the best qualities of community and instruction that students and families have always appreciated in CHEP. Prior to the OCBE meeting of May 8, 2019, we provided the Board with a memo describing a plan to consolidate CHEP sites in order to assure fiscal responsibility for public funds and the sustainability of the program.

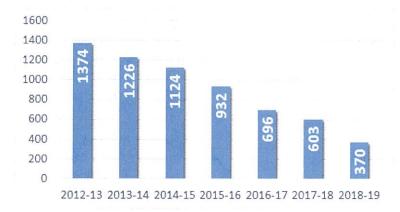
Trustee Williams requested on behalf of the Executive Committee (EC) additional information regarding the plan to consolidate CHEP sites. His email of May 9, 2019, stated:

"The EC is formally asking that the closures of CHEP be delayed. We would like to be involved in the process and be properly advised, noticed, and allowed to vote or negotiate changes in the unilateral decision on this issue. Please let me know your decision by tomorrow. We are considering a special meeting on the matter based upon the date of closer in the memo."

In view of this request, we are providing the full Board with additional information about the decision-making process and information regarding the statutory governance and oversight responsibility for instructional programs of the Orange County Department of Education.

Consolidation of CHEP Sites

On at least eight occasions over the past two and half years, OCDE staff have informed the Board that enrollment in CHEP has decreased significantly over the past several years, as illustrated in the chart below, from 1374 ADA enrollment in 2012-13 to 370 ADA enrollment in 2018-19.



1

In addition to these eight programs, twelve other programs offer homeschooling options to Orange County families.

OCDE leadership has shared with families that in view of enrollment declines and fiscal deficits, stewardship of public funds requires consolidation in order to reduce deficits that have persisted over recent years, unless a dramatic increase in enrollment should occur.

These were the considerations that informed the plan to consolidate the three sites into the centralized Tustin site for 2019-20, to share a campus with our highly regarded Pacific Coast High School (PCHS). This consolidation would result in the closure of sites in Anaheim and Cypress.

After multiple conversations with CHEP parents, I have indicated to them that if 115 new students are identified who will enroll in CHEP for 2019-20 school year and are able to secure referrals to make their enrollment possible, we will reconsider the consolidation plan. OCDE is monitoring new enrollment numbers, as well as retention of current CHEP students, and I will make a final decision based on whether that growth occurs.

Statutory Governance Functions

The California Constitution Article IX Section 3 creates the office of the county superintendent of schools, who is an elected county officer similar to a sheriff, district attorney, or clerk.¹ Education Code section 1000 establishes county boards of education. The county superintendent and the county board have separate statutory duties and responsibilities. The interaction between the county board and the county superintendent is entirely distinct from the relationship of a school district governing board and its employed superintendent.

The county superintendent has responsibility for administering and operating the county community schools. To meet the county superintendent's responsibility for operating county community schools, the county superintendent has responsibility for employing and supervising certificated and classified personnel that serve the program, developing and administering the approved budget for the program, and providing facilities for the program. The county superintendent is responsible for making staffing and facility determinations, including the need to increase or decrease positions or facilities that serve the county community programs.

Moving from one site to another is never easy for families. ACCESS and CHEP staff will work closely with families so that all families can make plans for as smooth a transition as possible, as necessary.

3

¹ Gov. Code § 24000.

² Education Code § 1986

³ Education Code § 1290, et. seq. and § 1310, et. seq. 72 Ops. Cal. Atty. Gen. 25, March 9, 1989.

⁴ Education Code §§ 1621 and 14050.

⁵ Education Code § 1986



MEMO ORANGE COUNTY DEPARTMENT OF EDUCATION

June 21, 2019

TO: Orange County Board of Education (OCBE)

FROM: Jeff Hittenberger, Ph.D., Chief Academic Officer

RE: OCDE's Community Home Education Program (CHEP) –

Response to Message from Mr. Adrian Crawford

The Board recently received an email from Mr. Adrian Crawford that reflects comments he has also made to staff. In view of the assertions made and Mr. Crawford's specific references to various staff members in the Superintendent's employ, Dr. Mijares asked me to provide this clarifying memo to the Board. We are offering specific clarifications in reference to each of Mr. Crawford's assertions.

In his email, Mr. Crawford describes a town hall hosted for parents by Michelle Anderson. While CHEP is committed to continuing to reach out to parents and invite their participation in CHEP, scheduling complications prevented participation in this particular town hall. Principal Machele Kilgore let Michelle Anderson's colleague, Allison, know last week that CHEP staff would not be able to attend the event given that teachers were off for the summer and she and her staff were busy coordinating the enrollment of 6900 students for the S1S program that is just beginning. Mr. Crawford asserts: "That is why CHEP is declining. No one knows about it and when teachers try to promote, they're prevented." This assertion is inaccurate. Teachers are not prevented from promoting the program. Additionally, administrative staff continue to reach out to families and provide information about the CHEP program.

Mr. Crawford asserts: "The list of alternative schools that were shown made it seem like there were so many options for parents. But only one of them was within reach. The others were in south OC." In fact, multiple programs, both charter and district, are able to serve home school students in north Orange County. For example, both Tustin Unified School District and Orange Unified School District offer programs that are accessible to parents in the northern area of the county and Placentia-Yorba Linda Unified School District is working on their own program. Mr. Crawford neglects to acknowledge that districts throughout the county are offering programs that are affecting CHEP enrollment. Districts will not refer if they have their own program. Likewise, charter schools offer an array of programs, both in person and online, that are able to serve home school students in north Orange County.

Mr. Crawford asserts: "The numbers for CHEP were mixed with the numbers for PCHS, and sometimes with other ACCESS programs, making it hard to discern what things really cost." CHEP and PCHS share the same California Department of Education County-District-School

In fact, the North site had water/mold damage two years ago. Due to abatement, the landlord had to make minor upgrades to the site and carpet was replaced. OCDE did not "renovate" the property. Furniture is being evaluated, and furniture that is functional will not be disposed of. Furniture that is useable will be moved to the Tustin site. Furniture not being used at Tustin will be used at other program sites. With reduced enrollment, we would not be able to keep the North site open as it is and, due to a much smaller footprint, the furniture would be still moved to storage, or to a different site within ACCESS. CHEP West's lease expires November 2019. The CHEP North site is included in OCDE's strategic study of facilities usage for ACCESS and will either be used for ACCESS students, or will be subleased.

Finally, Mr. Crawford asserts: "The changes being made to CHEP go beyond the physical location. Switching to all day classes, less curriculum options, more online only work. With the new changes it will become less homeschool and more like a regular charter. It won't have what made it better. The reason I chose it instead of charter."

In fact, CHEP will continue to offer the high-quality in-person support it always has. Online tools support, but do not replace, regular interaction with teachers and classes in a variety of formats and content areas. The array of courses and resources accessible at a single, consolidated site will be far greater than at three small, dispersed sites.

Please let us know if we can provide any additional clarification.

Item: Charter Schools #11

July 17, 2019

[X] Mailed [] Distributed at meeting

ORANGE COUNTY BOARD OF



BOARD AGENDA ITEM

DATE:

June 28, 2019

TO:

Nina Boyd, Associate Superintendent

FROM:

Kelly Gaughran, Director, Charter Schools Unit

Teresa H. Johnson, Coordinator, Charter Schools Unit

SUBJECT:

Ednovate, Legacy College Prep - Material Revision Submission and Public Hearing

DESCRIPTION:

The governing board of Ednovate, Inc., a non-profit organization that operates Legacy College Prep, is requesting a material revision to the schools charter. The organization is seeking to relocate the school from 1500 E. 17th Street to two temporary locations at 1710 W. Edinger Ave. and 1622 W. 6th Street within the boundaries of Santa Ana Unified School District.

Legacy College Prep is currently located at 1500 E. 17th Street. However, the school's lease expires July 30, 2019, and there is little hope of a lease extension because the building is for sale and currently in escrow. Legacy College Prep is in the process of gaining OCBE approval for its permanent facility at 1450 E. 17th Street, but construction on the permanent site will not be complete until January 2020.

Per Education Code § 47607 (a)(1), A material revision of the provisions of a charter petition may be made only with the approval of the authority that granted the charter.

RECOMMENDATION:

Accept the submission of the material revision request from Ednovate, Legacy College Prep, and consider public input for the request at the meeting on July 17, 2019. OCBE will render action at the August 14, 2019 board meeting.

Enclosures



WHEREAS, Ednovate, Inc. ("Ednovate") is a California nonprofit public benefit corporation operating Legacy College Prep Charter High School (the "Charter School") in the City of Santa Ana, in Orange County, California;

WHEREAS, Legacy College Prep was authorized by the Orange County Department of Education ("OCDE") pursuant to that certain charter petition granted the OCDE on June 17, 2015 (the "Charter Petition");

WHEREAS, Ednovate is building a permanent facility for the Charter School at 1450 E. 17th Street Santa Ana, California (the "Permanent Facility"), which Permanent facility is anticipated to be available for occupancy by the Charter School in January 2020, but will not be available for the start of the 2019-2020 school year;

WHEREAS, the Charter Petition identified the site of the Charter School as 1500 E. 17th Street, in Santa Ana, California, which site is no longer available because the property was sold and the lease agreement between Ednovate and the former owner expired;

WHEREAS, OCDE requires all sites of the Charter School to be identified in the charter petition, and requires a material revision of the charter petition to change a site or add a new site;

WHEREAS, Ednovate has secured the use of two temporary facilities for the Charter School through January 2020 at Our Lady of the Pillar School, at 1622 W 6th St, Santa Ana, California, and the Salvation Army School at 1710 W. Edinger Avenue, Santa Ana, California (collectively, the "Temporary Sites");

WHEREAS, the Temporary Sites are permitted for school use and educational occupancy under applicable law.

THEREFORE, IT IS RESOLVED that the Board of Directors authorizes the filing of a Material Revision of the Charter Petition for the Charter School to identify the Temporary Sites.

RESOLVED FURTHER that the Executive Director of the Charter School is hereby authorized, directed and empowered to execute, for and on behalf of this corporation and in its name, any and all documents required in connection with the filing of the Material Revision.

RESOLVED FURTHER that the officers of this corporation are, and each acting alone is, hereby authorized to do and perform any and all such acts, including execution of any and all documents

and certificates, as such officers shall deem necessary or advisable, to carry out the purposes and intent of the foregoing resolutions.

PASSED AND ADOPTED by the Board of Directors at a regular meeting held on June 28, 2019, by the following vote:

Ayes: 4

Nos: 0

Abstentions: 0

CERTIFICATE OF SECRETARY

I certify that I am the duly elected Secretary of Ednovate, Inc., a California nonprofit public benefit corporation; that this resolution is true and correct as written and was duly adopted by the Board of Directors at a regular meeting held on June 28, 2019 and entered upon the regular minute book of the Corporation, and is now in full force and effect, and that the Board of Directors has and at the time of the adoption of said Resolution had full power and lawful authority to adopt said Resolution and to confer the powers thereby granted to the officers therein named, who have the full power and lawful authority to exercise the same.

Elliot Sainer, Secretary

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8011-8098 · Local Control Funding Formula Sources 8011 Local Control Funding Formula 8012 Education Protection Account 8019 Local Control Funding Formula - Prior Year 8096 In Lieu of Property Taxes, Prior Year Total 8011-8098 · Local Control Funding Formula Sources 8100-8299 · Federal Revenue 8181 Special Education - Federal (IDEA) 8202 Child Nutrition - Federal (IDEA) 8292 Title II 8292 Title III 8295 Title IV, SSAE 8296 Title IV, PCSGP 8297 Facilities Incentive Grant 8299 All Other Federal Revenue 8300-8599 · Other Fatare Revenue 8300-8599 · Other Fatare Revenue 8550 Child Nutrition - State 8500 Lottery Revenue 8551 State Grant Pass-Through 8591 SB740 8593 After School Education & Safety 8594 Supplemental Categorical Block Grant 8599 State Revenue - Other Total 8300-8599 · Other State Income 8500-8799 · Other State Income 8560-8799 · Other State Income 8600-8799 · Other State Income		0	1
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8296 Title IV, PCSGP - - 8297 Facilities Incentive Grant - - 8299 All Other Federal Revenue - - Total 8100-8299 · Other Federal Income 238,728 258,609 8300-8599 · Other State Revenue - - 8520 Child Nutrition - State 5,338 5,846 8550 Mandate Block Grant 13,681 18,992 8560 Lottery Revenue 80,539 88,210 8587 State Grant Pass-Through - - 8591 SB740 467,708 512,252 8592 State Mental Health - - 8593 After School Education & Safety - - 8594 Supplemental Categorical Block Grant - - 8599 State Revenue - Other - - Total 8300-8599 · Other State Income 567,266 625,300 8600-8799 · Other Local Revenue	8294 Title III	-	-
8297 Facilities Incentive Grant - - 8299 All Other Federal Revenue - - Total 8100-8299 · Other Federal Income 238,728 258,609 8300-8599 · Other State Revenue - - 8520 Child Nutrition - State 5,338 5,846 8550 Mandate Block Grant 13,681 18,992 8560 Lottery Revenue 80,539 88,210 8587 State Grant Pass-Through - - 8591 SB740 467,708 512,252 8592 State Mental Health - - 8593 After School Education & Safety - - 8594 Supplemental Categorical Block Grant - - 8599 State Revenue - Other - - Total 8300-8599 · Other State Income 567,266 625,300 8600-8799 · Other Local Revenue - -	8295 Title IV, SSAE	10,000	10,000
## S299 All Other Federal Revenue Total ## S100-8299 · Other Federal Income ## 8500 Child Nutrition - State ## 8500 Lottery Revenue ## 8570 State Grant Pass-Through ## 8591 SB740 ## 8592 State Mental Health ## 8593 After School Education & Safety ## 8594 Supplemental Categorical Block Grant ## 8599 State Revenue - Other Total ## 8300-8599 · Other State Income ## 8600-8799 · Other Local Revenue ## 828,728 ## 258,609 ## 238,728 ## 258,609 ## 85,338 ## 5,846 ## 85,338 ## 5,846 ## 85,338 ## 5,846 ## 80,539 ## 80,53	8296 Title IV, PCSGP	-	-
Total 8100-8299 · Other Federal Income 238,728 258,609 8300-8599 · Other State Revenue 5,338 5,846 8520 Child Nutrition - State 5,338 5,846 8550 Mandate Block Grant 13,681 18,992 8560 Lottery Revenue 80,539 88,210 8587 State Grant Pass-Through - - 8591 SB740 467,708 512,252 8592 State Mental Health - - 8593 After School Education & Safety - - 8594 Supplemental Categorical Block Grant - - 8599 State Revenue - Other - - Total 8300-8599 · Other State Income 567,266 625,300 8600-8799 · Other Local Revenue - -	8297 Facilities Incentive Grant	-	-
8300-8599 · Other State Revenue 5,338 5,846 8520 Child Nutrition - State 5,338 5,846 8550 Mandate Block Grant 13,681 18,992 8560 Lottery Revenue 80,539 88,210 8587 State Grant Pass-Through - - 8591 SB740 467,708 512,252 8592 State Mental Health - - 8593 After School Education & Safety - - 8594 Supplemental Categorical Block Grant - - 8599 State Revenue - Other - - Total 8300-8599 · Other State Income 567,266 625,300 8600-8799 · Other Local Revenue - -	8299 All Other Federal Revenue	-	-
8520 Child Nutrition - State 5,338 5,846 8550 Mandate Block Grant 13,681 18,992 8560 Lottery Revenue 80,539 88,210 8587 State Grant Pass-Through - - 8591 SB740 467,708 512,252 8592 State Mental Health - - 8593 After School Education & Safety - - 8594 Supplemental Categorical Block Grant - - 8599 State Revenue - Other - - Total 8300-8599 · Other State Income 567,266 625,300 8600-8799 · Other Local Revenue - -	Total 8100-8299 · Other Federal Income	238,728	258,609
8550 Mandate Block Grant 13,681 18,992 8560 Lottery Revenue 80,539 88,210 8587 State Grant Pass-Through - - 8591 SB740 467,708 512,252 8592 State Mental Health - - 8593 After School Education & Safety - - 8594 Supplemental Categorical Block Grant - - 8599 State Revenue - Other - - Total 8300-8599 · Other State Income 567,266 625,300 8600-8799 · Other Local Revenue - -	8300-8599 · Other State Revenue		
8560 Lottery Revenue 80,539 88,210 8587 State Grant Pass-Through - - 8591 SB740 467,708 512,252 8592 State Mental Health - - 8593 After School Education & Safety - - 8594 Supplemental Categorical Block Grant - - 8599 State Revenue - Other - - Total 8300-8599 · Other State Income 567,266 625,300 8600-8799 · Other Local Revenue - -	8520 Child Nutrition - State	5,338	5,846
8587 State Grant Pass-Through - - 8591 SB740 467,708 512,252 8592 State Mental Health - - 8593 After School Education & Safety - - 8594 Supplemental Categorical Block Grant - - 8599 State Revenue - Other - - Total 8300-8599 · Other State Income 567,266 625,300 8600-8799 · Other Local Revenue - -	8550 Mandate Block Grant	13,681	18,992
8591 SB740 467,708 512,252 8592 State Mental Health - - 8593 After School Education & Safety - - 8594 Supplemental Categorical Block Grant - - 8599 State Revenue - Other - - Total 8300-8599 · Other State Income 567,266 625,300 8600-8799 · Other Local Revenue - -	8560 Lottery Revenue	80,539	88,210
8592 State Mental Health 8593 After School Education & Safety 8594 Supplemental Categorical Block Grant 8599 State Revenue - Other Total 8300-8599 · Other State Income 8600-8799 · Other Local Revenue	8587 State Grant Pass-Through	-	-
8593 After School Education & Safety 8594 Supplemental Categorical Block Grant 8599 State Revenue - Other Total 8300-8599 · Other State Income 8600-8799 · Other Local Revenue	8591 SB740	467,708	512,252
8594 Supplemental Categorical Block Grant 8599 State Revenue - Other Total 8300-8599 · Other State Income 8600-8799 · Other Local Revenue	8592 State Mental Health	-	-
8599 State Revenue - Other Total 8300-8599 · Other State Income 8600-8799 · Other Local Revenue 567,266 625,300	8593 After School Education & Safety	-	-
Total 8300-8599 · Other State Income 567,266 625,300 8600-8799 · Other Local Revenue	8594 Supplemental Categorical Block Grant	-	-
8600-8799 · Other Local Revenue	8599 State Revenue - Other	-	-
	Total 8300-8599 · Other State Income	567,266	625,300
9621 Sale of Equipment & Supplies	8600-8799 · Other Local Revenue		
8031 Sale of Equipment & Supplies	8631 Sale of Equipment & Supplies	-	-
8634 Food Service Sales 13,643 15,092	8634 Food Service Sales	13,643	15,092
8650 Leases & Rentals	8650 Leases & Rentals	-	-

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	2019-20 Trend	2020-21
8660 Interest & Dividend Income	-	-
8662 Net Increase (Decrease) in Fair Value of Investments	-	-
8682 Childcare & Enrichment Program Fees	-	-
8689 All Other Fees & Contracts	-	-
8692 Grants	230,790	31,714
8694 In Kind Donations	-	-
8695 Contributions & Events	500,000	-
8696 Other Fundraising	30,000	30,000
8697 E-Rate	1,134	1,168
8698 SELPA Grants	-	-
8699 All Other Local Revenue	-	-
8792 Transfers of Apportionments - Special Education	214,376	234,793
Total 8600-8799 · Other Income-Local	989,944	312,767
Prior Year Adjustments		
8999 Other Prior Year Adjustment	-	
Total Prior Year Adjustments	-	-
TOTAL INCOME	6,561,780	6,526,062
Expense		
1000 · Certificated Salaries		
1110 Teachers' Salaries	1,506,895	1,593,033
1120 Teachers' Hourly	-	-
1170 Teachers' Salaries - Substitute	-	-
1175 Teachers' Salaries - Stipend/Extra Duty	38,412	39,180
1211 Certificated Pupil Support - Librarians	-	-
1213 Certificated Pupil Support - Guidance & Counseling	64,260	65,545
1215 Certificated Pupil Support - Psychologist	-	-
1299 Certificated Pupil Support - Other	-	-
1300 Certificated Supervisors' & Administrators' Salaries	317,878	320,701
1900 Other Certificated Salaries	-	-
Total 1000 · Certificated Salaries	1,927,445	2,018,459
2000 · Classified Salaries		
2111 Instructional Aide & Other Salaries	132,948	135,607
2121 After School Staff Salaries	-	-
2131 Classified Teacher Salaries	-	-
2200 Classified Support Salaries	152,096	155,138
2300 Classified Supervisors' & Administrators' Salaries	89,760	91,555
2400 Classified Office Staff Salaries	153,778	159,974
2900 Other Classified Salaries	55,000	56,100

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	2019-20 Trend	2020-21
Total 2000 · Classified Salaries	583,582	598,374
3000 · Employee Benefits	303,302	330,374
3111 STRS - State Teachers Retirement System	_	_
3212 PERS - Public Employee Retirement System	_	-
3213 PARS - Public Agency Retirement System		
3311 OASDI - Social Security	155,684	162,244
3331 MED - Medicare	36,410	37,944
3401 H&W - Health & Welfare	224,794	254,777
3501 SUI - State Unemployment Insurance	1,256	1,308
3601 Workers' Compensation Insurance	19,719	21,371
3751 OPEB, Active Employees	20,7 20	,
3901 Other Retirement Benefits	75,331	78,505
3902 Other Benefits	75,552	. 3,333
Total 3000 · Employee Benefits	513,192	556,150
4000 · Supplies		
4111 Core Curricula Materials	29,141	30,618
4211 Books & Other Reference Materials	15,500	17,052
4311 Student Materials	76,300	71,311
4351 Office Supplies	25,000	28,202
4371 Custodial Supplies	10,000	11,281
4390 Other Supplies	51,875	58,262
4411 Non Capitalized Equipment	75,046	87,984
4711 Nutrition Program Food & Supplies	108,076	118,960
Total 4000 · Supplies	390,938	423,671
5000 · Operating Services		
5211 Travel & Conferences	21,900	23,799
5311 Dues & Memberships	8,500	9,147
5451 General Insurance	30,000	33,843
5511 Utilities	70,000	72,100
5521 Security Services	-	-
5531 Housekeeping Services	123,600	127,308
5599 Other Facility Operations & Utilities	30,000	-
5611 School Rent - Private Facility	974,554	857,656
5613 School Rent - Prop 39	-	-
5619 Other Facility Rentals	43,000	45,075
5621 Equipment Lease	25,000	28,202
5631 Vendor Repairs	80,000	50,000
5812 Field Trips & Pupil Transportation	47,000	36,099

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	U	1
	2019-20 Trend	2020-21
E921 Logal		
5821 Legal 5823 Audit	5,000	5,640
5831 Advertisement & Recruitment	15,000	15 450
	20,000	15,450
5841 Contracted Substitute Teachers		21,812
5842 Special Education Services	145,000	112,810
5843 Non Public School	-	20,000
5844 After School Services	-	-
5849 Other Student Instructional Services	10.000	10.402
5851 Professional Development	10,000	10,482
5852 Nursing & Medical (Non-IEP)	25.600	25.440
5859 All Other Consultants & Services	35,600	35,148
5861 Non Instructional Software	31,470	34,884
5865 Fundraising Cost	1,500	1,692
5871 District Oversight Fees	47,658	53,294
5872 Special Education Fees (SELPA)	15,613	17,100
5881 Intra-Agency Fees	595,980	657,705
5895 Bad Debt Expense		-
5899 All Other Expenses	12,500	9,283
5911 Office Phone	5,400	6,092
5913 Mobile Phone	-	-
5921 Internet	12,600	12,978
5923 Website Hosting	-	-
5931 Postage & Shipping	2,500	2,575
5999 Other Communications	1,000	1,030
Total 5000 · Operating Services	2,410,375	2,301,203
6000 · Capital Outlay		
6901 Depreciation Expense	53,990	57,124
6903 Amortization Expense		
6999 Capital Outlay		
Total 6000 · Capital Outlay	53,990	57,124
7000 · Other Outgo		
7438 Interest Expense	1,776	490
Total 7000 · Other Outgo	1,776	490
TOTAL EXPENSE	5,881,298	5,955,471
NET INCOME	680,482	570,591
	F. 2. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7.	600 -00
Beginning Cash Balance	525,039	692,738
Cash Flow from Operating Activities		

39

EDNOVATE-LEGACY COLLEGE PREP

Multi-Year Budget Detail

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		2019-20 Trend	2020-21
Net Income		680,482	570,591
Change in Accounts Receivable			
Prior Year Accounts Receivable		685,294	622,928
Current Year Accounts Receivable		(622,928)	(674,823)
Change in Due from			-
Change in Accounts Payable		(89,125)	(4,803)
Change in Due to		(262,930)	(228,853)
Change in Accrued Vacation		-	-
Change in Payroll Liabilities		-	-
Change in Prepaid Expenditures		-	-
Change in Deposits		-	-
Change in Deferred Revenue		-	-
Depreciation Expense		53,990	57,124
Cash Flow from Investing Activities			
Capital Expenditures		(227,085)	(13,000)
Cash Flow from Financing Activities			
Source - Sale of Receivables		-	-
Use - Sale of Receivables		-	-
Source - Loans		-	-
Use - Loans		(50,000)	(155,000)
Ending Cash Balance		692,738	866,901
Month with Lowest Ending Cash Balance	•	Dec: (\$ 220,939)	Dec: \$289,658
	5% Reserve Goal	294,065	297,774
Net Income as a Percent of Expenses		11.6%	9.6%
Ending Cash as a Percent of Expenses		11.8%	14.6%



Legacy College Prep: Material Revision

Data to support why this material revision is necessary

In the 2018-2019 school year, Legacy College Prep operated at the Church of the Nazarene, directly across from our permanent facility that is currently under construction. Our plan was to stay there until construction was completed. However, there are several factors that changed our plans:

- Delayed construction: Due to some political pressures within the Santa Ana City Council, we were forced to forego a small zone change on our parcel of land which thereby caused us to redesign the building. This delayed our construction start and overall timeline.
- Sale of the Nazarene Property: The Nazarene Property was recently sold to a small private school. We attempted to negotiate with the city and the new ownership to remain on the campus and co-locate with the new school, but that was not allowable.
 - After concluding we would not be able to stay on the property, we conducted an exhaustive search of all educational and religious facilities in Santa Ana, including other charter schools, youth centers, and faith-based organizations. The two results of this search that met the necessary city and safety requirements were Our Lady of the PIllar located at 1622 W. 6th Street and the Salvation Army, located at 1710 W. Edinger, both in Santa Ana. Because neither site is large enough to accommodate the whole school, two grade levels will be at each location.

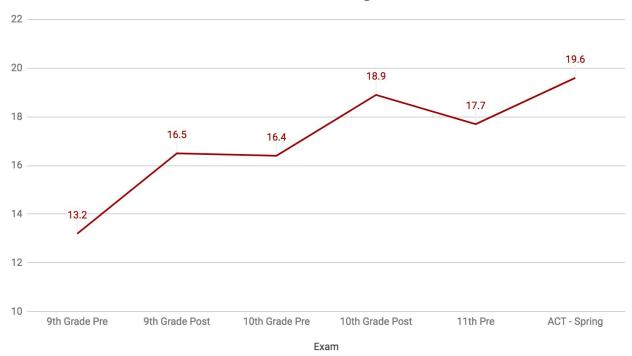
In order to maximize our use of the permanent site, we have worked with the city and construction team to phase construction. Phase I includes occupancy of one grade level (seniors) and is projected to be complete by the end of September. This will allow the seniors to move into the new building during fall break. The entire building is projected to be complete by January 2020 and the remaining three grade levels will join the seniors in the new building at that time. In the interim, the two identified temporary sites will safely accommodate our space needs for all students.



Student Performance Data

Students have shown tremendous growth during their time at Legacy College Prep. Growth is measured through quarterly interim assessments modeled after actual ACT exams, which were designed in collaboration with the Noble Network of Charter Schools. Additionally, and to better prepare students for the official ACT exam, all students take a released version of the actual exam at the beginning of the school year, which we refer to as the Pre-ACT. Our freshmen and sophomores then took another released version of the exam at the end of the year, known as the Pos-ACT. In lieu, of the Post-ACT exam, our first junior class took the official ACT in spring and received an average composite score of 19.6 - demonstrating tremendous growth of 6.4 points from the time they were freshmen. This has been the largest growth we have seen in any of Ednovate's inaugural classes.

ACT Growth and Performance of First Graduating Class

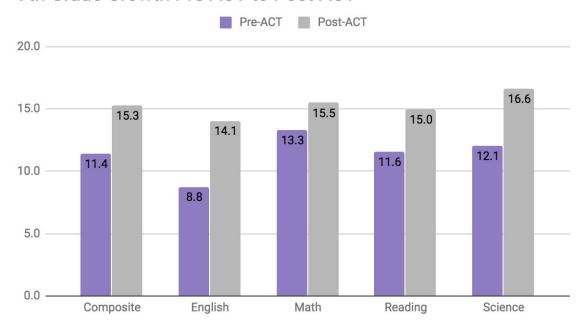




Our freshmen students also demonstrated significant growth during their first year at Legacy College Prep. Based on historical data, we expect to see an average composite score of 14 by the end of the school year. Our freshmen exceeded these expectations with an average score of 15.3 - demonstrating almost 4 full points of growth from the beginning of the school year.

Scores in the subject areas were also remarkably strong, particularly in Science. Students demonstrated the largest growth in English - which was very intentional as our network focused on increasing lexile levels of text provided to students to better prepare them for the level of rigor they will encounter in college and beyond.

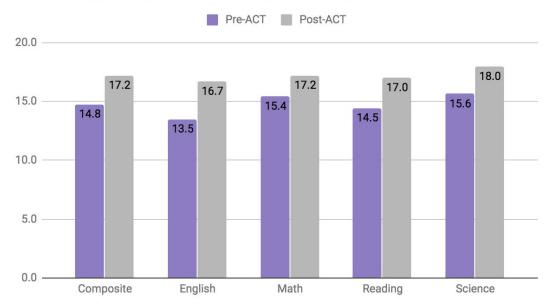
9th Grade Growth Pre-ACT to Post-ACT





Our sophomores also grew an incredible amount. We expect to see an average composite score of 16 on the Post-ACT for sophomores, but they exceeded this benchmark by demonstrating an average score of 17.2. We are especially proud of this score, as it shows a 2.5 point growth from the start of the school year. Their performance in the subject areas was also exceptional, again particularly in science. Based on these results, this class is showing they are on track to show similar results on the official ACT as our inaugural juniors.





When looking across our subgroups, we generally see parity across demographics. While we still see some point growth for our SpEd and English Language Learners, it is not as substantive as the growth of our general population of students. To this end, we continue to work on and build out our support for these groups to continue to try to close these gaps.

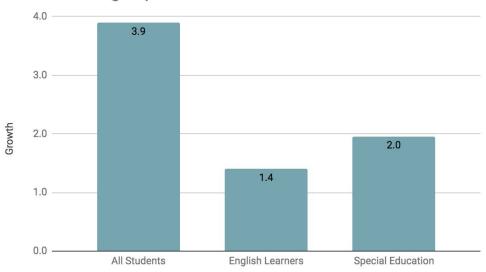
In particular, we have seen that gaps exist around strong writing and literacy skills. In response, we are implementing the following immediate strategies:

 Our Director of Academics works with our teachers to identify power standards that students should focus on, as well as supports for the teachers to be able to personalize the learning experience for every student.

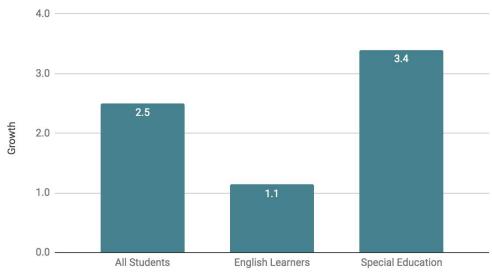


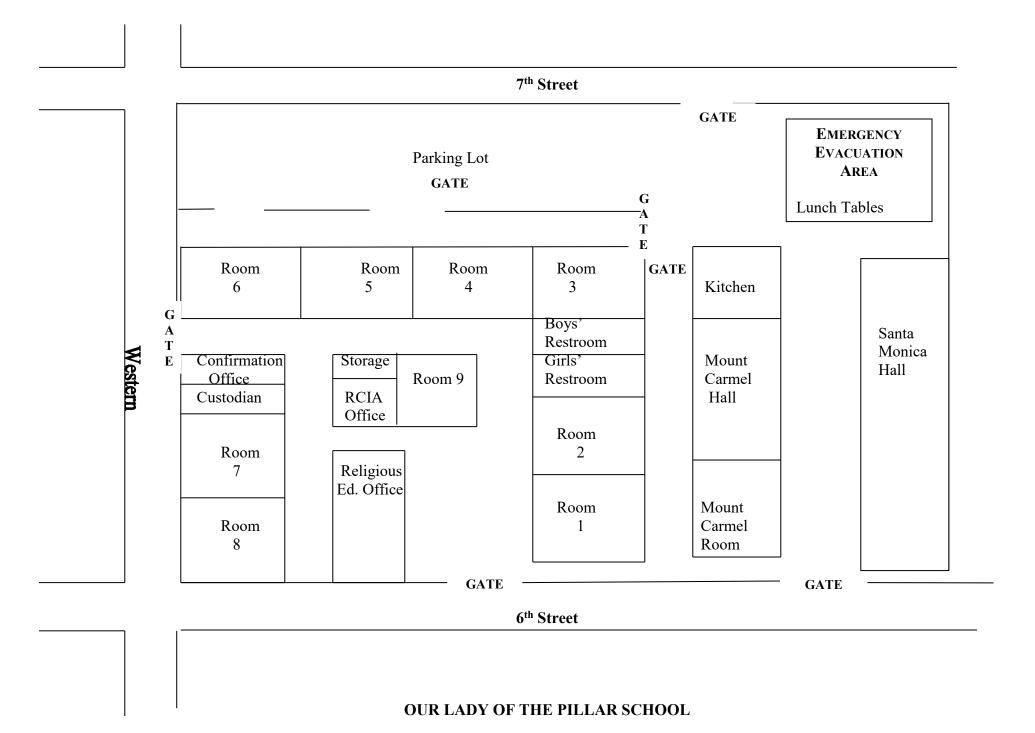
- Additionally, he has implemented a Professional Development series focused on addressing these gaps with a particular focus on how to scaffold lessons to serve all learners well and build the skills needed for consistent, high quality writing.
- We are also working on identifying the level of rigor needed for students to excel in math in particular, and have developed a shared resource center for teachers across the network to share best practices, curriculum, and differentiated assignments.

9th Grade Subgroup Growth - Pre-ACT to Post-ACT

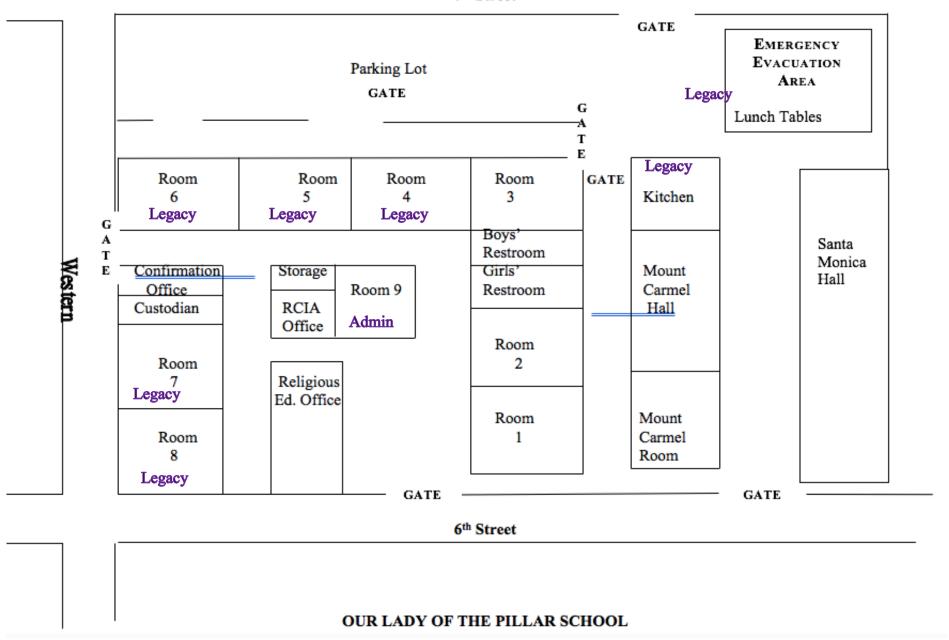


10th Grade Subgroup Growth - Pre-ACT to Post-ACT





7th Street



Legacy

LEASE AGREEMENT

This Lease Agreement ("Lease") is entered into as of May ___, 2019, by and between The Roman Catholic Bishop of Orange, a corporation sole ("Lessor"), and Ednovate, Inc., a California nonprofit public benefit corporation ("Lessee").

It is agreed between the parties hereto as follows:

- 1. <u>DESCRIPTION OF PREMISES</u>: Lessor leases to Lessee and Lessee leases from Lessor, on the terms and conditions hereafter set forth, five (5) classrooms and one (1) administrative office within the school facility commonly known as Our Lady of Pillar School, 1621 W. 6th Street, Santa Ana, California, (the "<u>Leased Premises</u>"), together with use of the outdoor courtyard area for lunch and recess (the "<u>Shared Premises</u>"). For leased premises please refer to Exhibit A. The Leased Premises and the Shared Premises shall be collectively referred to herein as the "<u>Premises</u>", as context requires.
- 2. <u>CONDITION OF PREMISES</u>: Landlord warrants, as of the Commencement Date, that the Premises comply with applicable law; the electrical, plumbing, fire alarm, fire sprinklers, lighting, hearing, ventilation and air conditioning systems are in good operating condition; the structural elements of the roof, bearing walls and foundation of the Premises are free of material defects; and the Premises do not contain levels of mold or fungi in excess of reportable levels under applicable state and federal law.
- 3. <u>TERM</u>: The term of the lease ("<u>Term</u>") shall be July 1, 2019 (the "<u>Commencement Date</u>") to September 30, 2019 (the "<u>Expiration Date</u>"), unless this Lease is terminated sooner as provided herein.
- 4. <u>RENT</u>: Lessee shall pay to Lessor \$10,550 per month in rent calculated at \$2.40 per rentable square foot (rsf) per month at 3,250 rsf, which shall be due and payable in advance on the first day of each calendar month during the Term. This amount includes lessee's share of the utilities. For any rent not paid when due, a late fee of One Hundred Dollars (\$100.00) per day shall accrue for every day rent is late. Lessee shall be in immediate breach of this Lease if rent is delinquent after the 5th day of the month, subject to the provisions of Paragraph 20.
- 5. <u>OPTION:</u> Upon notice to Lessor in writing prior to the Expiration Date, Lessee shall have the option to renew this lease for an additional two (2) month term on the same terms and conditions.
- 6. <u>USE</u>: The Premises will be used weekdays from 7:00 am to 3:15 pm for a school serving students in grade twelve. The recreation area will be used for outdoor lunch service and assembly activities only. Lessor shall have the right to limit the activities allowed in this area in order to avoid potential damage to adjacent buildings. To provide for the maximum use of the Premises and to ensure Lessor and Lessee have fair access to the Shared Premises to serve the needs of Lessor and Lessee, respectively, a schedule will be arranged to provide for harmonious and cooperative shared use of the courtyard area, kitchen and covered eating area.

- 7. <u>UTILITIES AND JANITORIAL</u>: Utilites are included in the overall rent payment, as stated above. Lessee is responsible for hiring and managing regular janitorial service of the Leased Premises. Lesses will pay 70% of the janitorial fees, Lessor shall be responsible for 30% of the janitorial fees. Lessor shall be responsible for the costs of utilities, cleaning, janitorial, and maintenance services for shared spaces and other areas outside of the Leased Premises.
- 8. <u>INTERRUPTION OF UTILITY SERVICES</u>: No failure on the part of Lessor, its agents or contractors to provide, or any stoppage of, the utility services referred to in Section 7 (a "Utility Outage") resulting from any cause whatsoever shall make Lessor liable in any respect to any person, property or business, or be construed as an eviction of Lessee, or entitle Lessee to any reduction of rent or other relief (including Lease termination) from Lessee's obligations under this Lease, provided Lessor takes action within three (3) days to address such Utility Outage and Lessor shall make its best effort to restore any interruption of utility services it is required to provide. Lessee shall not be responsible for the cost of any repair necessary for such restoration unless the interruption was clearly the result of Lessee's activities on the Premises. Lessor shall not be liable for any loss of data or damage resulting from a Utility Outage or other similar events beyond its control.

9. CARE AND MAINTENANCE OF PREMISES:

- (a) Lessee shall keep and maintain the Leased Premises in good order and as safe and clean of condition as they were when received from Lessor, reasonable wear and tear and improvements approved by Lessor excepted. Lessee shall promptly replace any portion of the Leased Premises or system or equipment in the Leased Premises damaged by Lessee, which cannot be fully repaired, regardless of whether the benefit of such replacement extends beyond the term of this agreement.
- (b) Lessee shall be responsible for any and all necessary repairs and maintenance of the Premises arising from or caused by the negligence of its own students and staff. Lessor shall be responsible for all other routine repairs and maintenance of Premises. Lessee shall have no obligation to make capital repairs or improvements to the Premises, except to the extent required to repair damage caused by Lessee.
- (c) Lessor shall not be liable for any damage or injury to the person, business (or any loss in income therefrom), goods, wares, merchandise, or other property of Lessee's employees, invitees, or any other person in or about the Premises, whether such damage or injuries was caused by or results from: (i) fire, steam, electricity, water, gas, or rain; (ii) the breakage, leakage, obstruction or other cause; (iii) conditions arising in or about the Premises or upon other portions of any building of which the Premises are a part, or from other sources or places; or (iv) any act or omission of any other Lessee of any building of which the Premises are a part.
- (d) Upon termination of the Lease, Lessee shall surrender the Leased Premises to Lessor in the same condition as received, except for ordinary wear and tear and improvements Lessee was not otherwise obligated to remedy under any provisions of this Agreement.
 - (e) Lessee shall not make any alterations, additions, or improvements to the Premises

except as provided in Section 11 unless approved by Lessor, which approval shall not be unreasonably withheld.

- (f) Lessee shall not place or permit to be placed in the Leased Premises any permanent signs, notice, drapes, shutters, blinds, or display of any kind, without the prior written consent of Lessor. Lessee may place a sign or signs on the 6th Street frontage identifying the school, subject to design and location approval of Lessor, which approval shall not be unreasonably withheld.
- (g) Lessee may install its own phone system and may use the phone lines currently installed in the Leased Premises at its own option.
- (h) Lessee shall be permitted to cover or screen from view any religious symbols, art or iconography in leased premises which may be visible in areas where educational services will be provided. Lessor reserves the right to remove any religious symbols, art or iconography prior to the commencement of Lessee's use.
- 10. ORDINANCES AND STATUTES: Lessee shall comply with all statutes, codes and ordinances as well as all requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to its operation and use of the Premises. It is understood by the Parties that any alterations or permits required to comply with the foregoing sentence, including but not limited to any applicable City Use Permit(s), Certificate of Occupancy Permit(s), and applicable Municipal Building Code Permit(s) are the responsibility of Lessee to obtain, subject to the approval of Lessor, which approval shall not be unreasonably withheld.

Notwithstanding anything to the contrary contained in this Agreement, Lessee shall have the right to terminate this Lease with ten days notification at any time without liability therefore if any of the following events occurs (a) the Lessee's charter does not allow Lessee to use the Premises, (b) the charter is lost or terminated, (c) legislation is enacted which prevents or has a material adverse effect on the Lessee's use hereunder, (d) Lessee is not permitted to use the Premises in accordance with state law or local ordinances related to use or occupancy of buildings for school purposes, or (e) the presence or discovery of a hazardous condition, lead, mold, fungi or asbestos renders the Premises unfit for use as a public school, and Lessor refuses to take appropriate measures to make the Premises fit for use as a public school. In the event of a termination based upon the preceding sentence, Lessor shall return the security deposit to Lessee in accordance with Section 22.

11. <u>ALTERATIONS</u>. Lessee shall have no obligation to make any modifications, alterations or improvements to any building systems or portions of the Premises in the event the City of Santa Ana requires alterations to the Premises on account of Lessee's proposed use, or in response to the discovery of any hazardous condition, lead, mold, fungi or asbestos. Should Lessee elect to make alterations to the Premises to accommodate its use of the Premises as a public school, the Parties shall meet and confer concerning the timely completion of such alterations and equitable cost sharing. If the Lessor and the Lessee agree to any such alterations, the contractor selected by Lessee to perform the work shall first be approved of, in writing, by

Lessor. Any such alterations, including, but not limited to, wall covering, paneling and built-in cabinet work, but excepting movable furniture and trade fixtures, shall become a part of the Premises, shall belong to Lessor and shall be surrendered with the Premises at expiration or termination of the Lease.

- 12. ASSIGNMENT AND SUBLETTING. Lessee acknowledges and agrees it has entered into this Lease to acquire the Premises for its own personal use and has not entered into this Lease for the purpose of obtaining the right to assign or sublet the Premises to any third party. Other than as expressly permitted hereunder, Lessee shall not authorize, permit or suffer an assignment or sublease of the Premises or any interest therein, or any part thereof, or any right or privilege appurtenant thereto without the prior written consent of Lessor. Any assignment or sublease of the Premises without such consent shall be void, and shall, at the option of Lessor, terminate this Lease, subject to compliance with Section 26 (Dispute Resolution). The consent of Lessor to an assignment or sublease shall not be unreasonably withheld, provided should Lessor withhold its consent for any of the following reasons, which list is not exclusive, such withholding shall be deemed to be reasonable: (i) the financial adequacy of the proposed transferee to meet the obligations of Lessee under this Lease; (ii) a proposed use of transferee would cause a diminution in the reputation of the church; (iii) any portion of the Premises would likely become subject to additional or different laws or regulations as a consequence of the proposed assignment or sublease or (iv) the proposed transferee would materially increase the load on the common facilities or its use would materially interfere with the use of common facilities by other occupants of the Premises. Lessee agrees that Lessor may impose reasonable conditions upon a proposed assignment or sublease.
- 13. <u>ENTRY AND INSPECTION</u>: Lessor shall retain, and Lessee shall provide Lessor with, duplicate keys and combination lock codes to all doors of the Leased Premises. Lessor and its members, directors, trustees, officers, agents, employees, contractors and successors and assigns shall have the right to enter the Leased Premises upon reasonable prior notice (of not less than 48 hours) to inspect the Premises during the Term or any renewal period, to confirm Lessee is complying with all of its covenants and obligations under this Lease, to make repairs or carry out any and all maintenance in and about the Leased Premises, to make repairs or alterations to areas adjacent to the Leased Premises, and to repair and service utility lines. Except in the case of emergency, no persons shall be allowed to access the Leased Premises without being supervised by Lessee during such access.

14. INDEMNIFICATION OF LESSOR:

(a) To the fullest extent permitted by law, Lessee shall, and hereby agrees to, protect, defend, indemnify and hold harmless Lessor and its affiliated entities, including The Roman Catholic Bishop of Orange, a California corporation sole ("Corporation Sole"), and their respective, members, directors, trustees, officers, agents, employees, contractors and successors and assigns (individually, "Lessor's Indemnitee") from and against all claim, loss, cost, liability, damage or expense (individually, a "Claim Against Lessor") of any kind and nature whatsoever (including any loss of or damage to any property and any injury to or death of any person) arising from: (i) any use of the Premises or activities in and about the Premises by Lessee, its agents, employees, representatives, contractors, guests, visitors or invitees; (ii) any default by

Lessee under this Lease; (iii) any failure on Lessee's part to timely execute and deliver any document or certificate required under this Lease; (iv) Lessee's failure to timely vacate the Leased Premises upon the Expiration Date or any earlier termination of this Lease; and/or (v) any environmental damages arising from hazardous materials in or about the Premises due to any act or omission of Lessee or its agents, employees, representatives, contractors, guests, visitors or invitees, or (vi) any violation of environmental regulations due to Lessee's use of the Premises. The foregoing indemnity shall exclude any Claim Against Lessor which is attributed to the negligence, willful act or negligent omission of any of Lessor's Indemnitees.

- (b) If any action or proceeding is commenced against Lessor or Corporation Sole or their respective members, directors, trustees, officers, agents, employees, contractors or successors or assigns by reason of any Claim Against Lessor, Lessee, upon notice from Lessor, shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor. Lessee's indemnity shall include reasonable attorneys' fees, investigation costs, and all other reasonable costs and expenses incurred by each Lessor's Indemnitee in connection with the investigation or defense of any matter. If any action or proceeding is commenced by or against Lessee or relating to this Lease or to the Premises to which any Lessor's Indemnitee is made a party, Lessee shall pay all costs and expenses, including attorneys' fees and court costs, incurred by or imposed upon each Indemnitee.
- (c) The provisions of this Section 14 shall survive the termination of this Lease with respect to any Claim Against Lessor based on circumstances occurring before such termination.

15. INDEMNIFICATION OF LESSEE:

- (a) To the fullest extent permitted by law, Lessor shall, and hereby agrees to, protect, defend, indemnify and hold harmless Lessee and its directors, trustees, officers, shareholders, agents, employees, contractors and successors and assigns (individually, "Lessee's Indemnitee") from and against all claim, loss, cost, liability, damage or expense (individually, a "Claim Against Lessee") of any kind and nature whatsoever (including any loss of or damage to any property and any injury to or death of any person) arising from: (i) any use or condition of the Premises or activities in and about the Premises by Lessor, its agents, employees, representatives, contractors, guests, visitors or invitees; (ii) any environmental damages arising from hazardous materials in or about the Premises due to any act or omission of Lessor or its agents, employees, representatives, contractors, guests, visitors or invitees, or (iii) any violation of environmental regulations due to Lessor's use of the Premises. The foregoing indemnity shall exclude any Claim Against Lessee which is attributed to the negligence, willful act or negligent omission of any of Lessee's Indemnitees.
- (b) If any action or proceeding is commenced against Lessee or its directors, trustees, officers, shareholders, agents, employees, contractors or successors or assigns by reason of any Claim Against Lessee, Lessor, upon notice from Lessee, shall defend the same at Lessor's expense by counsel reasonably satisfactory to Lessee. Lessor's indemnity shall include reasonable attorneys' fees, investigation costs, and all other reasonable costs and expenses incurred by each Lessee's Indemnitee in connection with the investigation or defense of any matter. If any action or proceeding is commenced by or against Lessor or relating to this Lease or

to the Premises to which any Lessee's Indemnitee is made a party, Lessor shall pay all costs and expenses, including attorneys' fees and court costs, incurred by or imposed upon each Indemnitee.

- (c) The provisions of this Section 15 shall survive the termination of this Lease with respect to any Claim Against Lessee based on circumstances occurring before such termination.
- 16. <u>LESSEE ACKNOWLEDGMENT</u>: Lessee hereby acknowledges it is on notice the Premises was not built to meet many current building standards, with particular reference to seismic resistance standards and Americans with Disabilities Access standards.

17. INSURANCE:

- Lessee shall maintain, at its own cost, the following insurance at all times during (a) the Term of this Lease: (i) commercial general liability and automobile liability insurance covering bodily injury, death, property damage, sexual misconduct liability and contractual liability with a combined single limit of no less than Five Million Dollars (\$5,000,000) per occurrence, which shall be primary and non-contributing with any insurance in effect for Lessor or Corporation Sole; (ii) Worker's Compensation as required under the California Labor Code and Employer's Liability insurance in amounts not less than \$1,000,000 each accident, \$1,000,000 disease each employee and \$1,000,000 disease policy limit; (iii) Builder's Risk insurance with a deductible of no greater than \$10,000 on an "All Risk" basis (including collapse) on a completed value (non-reporting) form for full replacement value covering all work, materials and equipment in or about the Premises in the event Lessee performs any repairs or any alterations in or about the Premises; (iv) Lessee's "Special Form Coverage" Property Insurance for the full replacement cost value of the Premises buildings and equipment, including Code Upgrade coverage and Business Interruption coverage; (v) Property policies shall contain a waiver of Subrogation; and (vi) any other form or forms of insurance or any changes or endorsements to the insurance required herein as Lessor may reasonably require, from time to time
- (b) Lessee shall have the right to include the insurance required under Section 17(a) under Lessee's policies of "blanket insurance", provided (i) no other loss which may also be insured by such blanket insurance shall affect the insurance coverage required under Section 17(a) and (ii) Lessee delivers to Lessor a certificate specifically stating that Lessor and Corporation Sole are named as additional insureds on the General Liability and Automobile Liability insurance and as loss payees on the property insurance by endorsement.
- (c) All insurance required under Section 17(a) shall: (i) be issued by a responsible insurance company or companies authorized to do business in California with an AM Best rating A-VII or better (insurance issued by a Joint Powers Authority shall satisfy this requirement) subject to review and approval of Lessor; (ii) be in a form reasonably satisfactory to Lessor; (iii) designate Lessor and Corporation Sole as additional insureds by endorsement on the General Liability and Auto Liability policies and as loss payees on the property insurance policies by endorsement; and (iv) contain a waiver of subrogation endorsement on the Workers' Compensation Policy in form and amount as required by the California Labor Code; and (v)

contain an agreement by the insurers the policies will not be invalidated as they affect the interests of Lessor and Corporation Sole by reason of any breach of such policies, and the insurers or Lessee shall notify Lessor and Corporation Sole in writing not less than thirty (30) days before any material change, reduction in coverage, cancellation, including cancellation for nonpayment of premium, or any other termination or change. Prior to the use of the Premises, Lessee shall deliver copies of the required policies, certificates of insurance and endorsements to Lessor.

- 18. TAXES AND ASSESSMENTS: The Parties agree that the property is exempt from the payment of real property taxes. The Parties agree to cooperate and take any and all steps necessary to maintain and obtain for the Premises the welfare and public school exemptions provided in Sections 214 and 202 of the California Revenue and Taxation Code, respectively. In the event that such exempt status is lost, Lessee agrees to pay the amount of the tax proportional to its use of the Premises that is assessed Lessor as a result of the loss of property tax exemption due to this Lease.
- 19. <u>DESTRUCTION OF PREMISES</u>: In the event of a partial destruction of the Premises during the Term hereof, from any cause whatsoever, Lessor shall forthwith repair the same, provided such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this Lease, except Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with Lessee's use of the Premises as determined by Lessor. If such repairs cannot be made within said sixty (60) days, this Lease may be terminated at the option of either party. In the event the building in which the Premises may be situated is destroyed to an extent of not less than one-third (1/3) of the replacement costs thereof, Lessor may elect to terminate this Lease whether the Premises be injured or not. A total destruction of the building in which the Premises may be situated shall automatically terminate this Lease.

20. LESSEE'S DEFAULT:

- (a) In addition to any events specified as a default elsewhere in this Lease, the following shall constitute a default under this Lease: (i) Lessee's failure to pay rent when due; (ii) Lessee's failure to perform any other covenants or conditions under this Lease, and (iii) Lessee's abandonment or vacation of the Leased Premises. However, Lessor shall not commence any action to terminate Lessee's right of possession as a consequence of a default until any period of grace with respect thereto has elapsed, as set forth in Section 20(b) below; provided, any such grace period shall be in lieu of and not in addition to the period during which Lessee may cure such default following the delivery of notice pursuant to California Code of Civil Procedure Section 1161 (or any successor or similar statute).
- (b) Subject to the limitation expressed in Section 20(a), Lessee shall have a period of three (3) business days from the date of written notice from Lessor within which to cure any default in the payment of any monetary obligations of Lessee under this Lease. Lessee shall have a period of thirty (30) days from the date of written notice from Lessor within which to cure any other default under this Lease which is capable of being cured; provided, however, with respect

to any default which cannot reasonably be cured within thirty (30) days, Lessee shall not be in default if Lessee commences to cure within the five (5) days following Lessor's notice and thereafter diligently prosecutes the same to completion.

- (c) There shall be no period of grace with respect to any default by Lessee which is not capable of being cured. Lessor and Lessee stipulate the following defaults are not capable of being cured by Lessee: (i) any default which is specified in this Lease as being incurable; (ii) any unauthorized sale, assignment, mortgage, pledge, hypothecation, encumbrance without waiving Lessor's rights based upon such default by Lessee and without releasing Lessee from any of its obligations.
- (d) All sums so paid and all costs incurred by Lessor, together with the interest thereon from the date of such payment or the incurrence of such cost by Lessor, whichever occurs first, shall be paid to Lessor on demand as rent.
- (e) Notwithstanding anything to the contrary in this Lease, Lessor shall comply with the Dispute Resolution procedure set forth in Section 26 prior to filing any action to evict Lessee.
- 21. <u>ATTORNEY'S FEES</u>: Subject to Section 26, if any action is brought for recovery of the Leased Premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the Premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including attorney's fees and costs.
- 22. <u>SECURITY DEPOSIT</u>: Lessee shall deposit with Lessor on the signing of this Lease the sum of Twenty-Thousand Dollars (\$20,000.00) as security for the performance of Lessee's obligations under this Lease, including without limitation the surrender of possession of the Leased Premises to Lessor as provided under this Lease. If Lessor uses any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so the Lessor shall have full deposit on hand at all times during the Term of this Lease. Lessor shall return the security deposit to Lessee no less than thirty (30) days following the termination of this Lease. Any amounts withheld from the security deposit shall be specified in a written invoice setting forth the specific items for which deduction is made.
- 23. <u>NOTICES</u>: Any notice which either party may, or is required to give, shall be given by mailing the same, postage prepaid, to the address specified below.

To Lessor: Chief Financial Officer, Diocese of Orange

13280 Chapman Ave., Garden Grove, CA 92840

To Lessee: Chief Operating Officer, Ednovate

350 S. Figueroa St., Ste. 250, Los Angeles, CA 90071

- 24. <u>GOVERNING LAW</u>: This Lease shall be governed and construed under the laws of the State of California.
- 25. <u>DUTY TO SURRENDER/HOLDOVER</u>: Upon the termination of this Lease, Lessee, at its sole cost and expense, shall peacefully vacate and surrender the Leased Premises to Lessor in

good working order, condition and repair, broom clean and in the same condition as upon the Commencement Date, or as the Leased Premises may thereafter have been altered by Lessor or Lessee (with Lessor's consent), normal wear and tear excepted. If Lessee continues in possession of the Leased Premises after the termination of this Lease, such holding over, unless otherwise agreed to by Lessor in writing, shall constitute and be construed as a tenancy at sufferance. The rent for the period of holding over shall be 125% of the rent for the month immediately prior to the termination of this Lease.

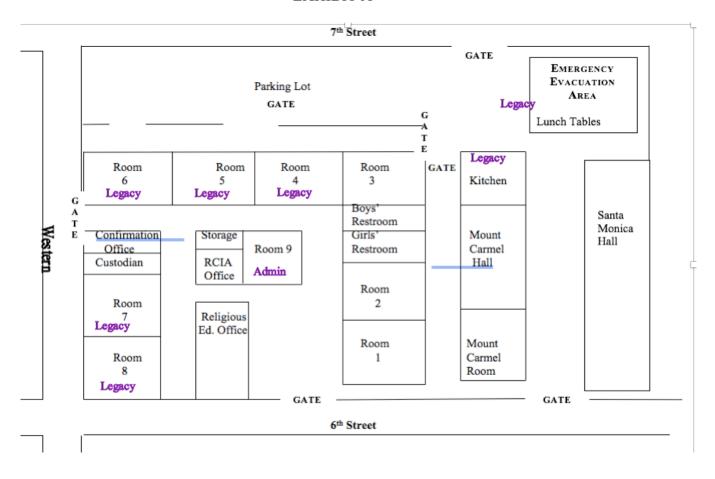
26. DISPUTE RESOLUTION:

- (a) Lessor and Lessee agree to first promptly negotiate in good faith to resolve any dispute or claim in equity or law arising out of the Lease or any option granted to Lessee herein or pursuant to any related documents or transactions (each, a "<u>Dispute</u>"). Any cause giving rise to an action to evict Lessee shall be deemed a Dispute for purposes of the preceding sentence.
- (b) Lessor and Lessee agree in the event any Dispute is not resolved within sixty (60) days after commencement of such good faith negotiation, Lessor and Lessee shall mediate such Dispute. Mediation fees, if any, shall be divided equally among the parties involved.
- (c) For any Dispute to which this Article 26 applies, any Party who commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, that party shall not be entitled to recover attorneys' fees, even if they would otherwise be available to that party in any such action. The provisions of this Article 26 shall survive the termination of this Lease with respect to any Dispute based on circumstances occurring before such termination.
- 27. <u>AUTHORITY</u>: The individuals executing this Lease represent and warrant that each has the requisite authority to bind its respective party and no further corporate action is necessary to provide such authority, or if needed each Party represents and warrants that such action will be taken prior to the Commencement Date.
- 28. <u>WAIVER:</u> No fault of either Party to enforce any term of this Lease shall be deemed to be a waiver by such Party.

<u>Lessor</u> :	<u>Lessee</u> :
The Roman Catholic Bishop of Orange, a corporation sole	Ednovate, Inc., a California non-profit public benefit corporation
APPROVED:	APPROVED:
By	By KatioHarr
Elizabeth Jensen	Katie Hart
Chief Financial Officer	Chief Operating Officer
Dated:	Dated: 5/20/19

APPRO	OVED:
Ву	
	Deacon Michael Stock
	Episcopal Director of Operations &
	General Counsel
Dated:	

EXHIBIT A



FACILITIES

Ednovate's goal is for each of its high schools to be in a permanent facility by the time the school is at full capacity. Legacy College Prep will occupy a temporary facility at Our Lady of Pilar at 1622 W. 6th St., Santa Ana CA 92705. This will be for two grade levels.

Although this is a temporary facility, it does provide ample space for Legacy's instructional program, including classrooms, spaces for meetings and gatherings, and outdoor space.

Non-District-Owned Facilities

Facility Status: The charter petitioner must demonstrate control of a facility such as a commitment from the landlord, to ensure that the property is actually available to the charter developer, and that the facility is usable with or without conditions (such as a conditional code permit.) The charter school facility shall comply with all applicable building codes, standards and regulations adopted by the city and/or county agencies responsible for building and safety standards for the city in which the charter school is to be located, and the Americans with Disabilities Act (ADA). Applicable codes and ADA requirements shall also apply to the construction, reconstruction, alteration of or addition to the proposed charter school facility. Charter School shall implement any corrective actions, orders to comply, or notices issued by the authorized building and safety agency. Charter School cannot exempt itself from applicable building and zoning codes, ordinances, and ADA requirements. Charter schools are required to adhere to the program accessibility requirements of Federal law (Americans with Disabilities Act and Section 504).

Occupancy of the Site: The charter petitioner or developer shall provide the County with a final Certificate of Occupancy issued by the applicable permitting agency, allowing the petitioner to use and occupy the site. Charter School may not open without providing a copy of the Certificate of Occupancy for the designated use of the facility. If Charter School moves or expands to another facility during the term of this charter, Charter School shall provide a Certificate of Occupancy to the County for each facility before the school is scheduled to open or operate in the facility or facilities. Notwithstanding any language to the contrary in this charter, the interpretation, application, and enforcement of this provision are not subject to the Dispute Resolution Process outlined in Element 14.

Pest Management: Charter School shall comply with the Healthy Schools Act, California Education Code Section 17608, which details pest management requirements for schools. Developers may find additional information at: www.laschools.org/employee/mo/ipm.

Asbestos Management: Charter School shall comply with the asbestos requirement as cited in the Asbestos Hazard Emergency Response Act (AHERA), 40CFR part 763. AHERA requires that any building leased or acquired that is to be used as a school or administrative building shall maintain an asbestos management plan.

LEASE

	this " <u>Lease</u> ") is made as of , a <u>College Prep</u>	[corporation	on, etc.] ("Land	lord"), and
Legacy ("Tenant").	College Prep	, a <u>sch</u>	lool[cor	rporation, et
(<u>1011111</u>).	CECTION 1 DAGG		EDUTE	
	SECTION 1: BASIC	CTERMS AND DE	<u>FINITIONS</u>	
The following of	capitalized terms shall be de	efined as provided in	this Section 1:	
Project:	Legacy College Prep wou	ıld like to rent the tw	vo story classroom	m building and
	be able to drop portables	on the empty space a	t the site.	
		_		
Building:	The building at 1710 W. I	Edinger Santa Ana C	A 92705	
		[address],	commonly knov	
	described on Exhibit A at		d located on the Land").	real estate lega
Duomiaas.		· -		v ha danist-1
<u>Premises</u> :	The portion of the Buildi Exhibit B attached hereto			
Rantahla Araa	of Premises: Approximate	•	-	
Rentable Area	of Building: Approximat	ely	rentable squ	are feet.
Scheduled Cor	nmencement Date:	<u>July 1</u> , 20)_ <u>19</u>	
Lease Term:	Commencing on the Con	nmencement Date a	nd ending on th	e last day of t
	calendar month which	is <u>seven</u>	(<u>7</u>) n	nonths after
	Commencement Date.			
Base Rent:	The monthly amount of			
	which such monthly amo the following table:	unt of Base Rent is	payable shall be	determined fr
A1*		D -4-		Marshla D
Applica	able Portion of Lease Term	Rate Per/Rentable		Monthly Ba
Beginning		Sq. Ft./	Annual Base	Installmer
	Ending last day		Rent	(Annual ÷1
day of	January 31 2020	\$2.40	\$288 (IOO	1824 000
	January 31, 2020	\$2.40	\$288,000	\$24,000
day of	January 31, 2020	\$2.40	\$288,000	\$24,000

Operating Costs Base Amount (allowance Dollars (\$) p	owance not chargeable to Tenant): her square foot or the actual Operatin		
Operating Costs Reimbursements (\$) per month.	Estimate:	Dollars	
<u>Prepaid Rent</u> : \$, to Reimbursements Estimate for the first in which such amounts are due.			
Security Deposit: applicable.)	Dollars (\$)(Refer to Rider 2, if	
Letter of Credit: Applicable: Yes	No (Refer to Rider 2, if app	blicable.)	
Guaranty: Applicable: Yes No_	(Refer to Rider 2, if applicable	.)	Commented [A1]: Not applicable
Parking: non-reserved park total of approximately (_) p			
Manager:	, or its replacement as spec	cified by written notice	

up to

SECTION 2: PREMISES AND TERM

from Landlord to Tenant.

Tenant Improvement Allowance:

(\$) per rentable square foot.

- 2.1. <u>Lease of Premises</u>. Landlord leases the Premises to Tenant, and Tenant leases the Premises from Landlord, on the terms and conditions set forth in this Lease.
- 2.2. <u>Lease Term</u>. The Lease Term shall be for the period stated in the definition of that term, unless earlier terminated as provided in this Lease.
- 2.3. <u>Commencement Date</u>. The Commencement Date shall be the earlier to occur of (a) the Scheduled Commencement Date or (b) the date on which Tenant takes possession of all or part of the Premises. The precise Commencement Date shall be confirmed by a Commencement Date Memorandum in the form of <u>Exhibit E</u>, which Tenant agrees to sign when prepared by Landlord in accordance with this paragraph.
- 2.4. **Rentable Areas.** The Rentable Areas of the Premises and the Building as specified in Section 1 are final, conclusive and controlling for all purposes. A portion of the Building common areas is included in the Rentable Area of the Premises.
- 2.5. <u>Initial Physical Condition of Premises</u>. Unless paragraph 2.6 ("<u>Tenant Improvements</u>") applies, the Tenant (a) accepts the Premises, the Building and the Project in its

current AS IS condition, and (b) acknowledges that Tenant is not relying on any representations or warranties by any person regarding the Premises or the Building.

2.6. <u>Tenant Improvements</u>. [] [CHECK IF APPLICABLE]

- 2.6.1 If a work letter has been attached hereto as a Rider ("<u>Work Letter</u>"), Landlord shall perform the construction and make the installations in accordance with the Work Letter. The improvements and installations specified in the Work Letter are the "<u>Tenant Improvements</u>". The maximum amount Landlord shall be obligated to pay for the Tenant Improvements (including architectural, engineering, permitting, space planning and other design fees and costs, and the construction management fee) is equal to the Tenant Improvement Allowance.
- 2.6.2 If the cost of the Tenant Improvements exceeds the Tenant Improvement Allowance, Tenant shall pay to Landlord such excess within fifteen (15) days after demand or as set forth in the Work Letter.
- 2.6.3 All Tenant Improvements, regardless of which party constructed or paid for them, shall become the property of Landlord and shall remain upon and be surrendered with the Premises on the expiration or earlier termination of this Lease; provided that, at Landlord's election and upon notice to Tenant, Tenant shall be required to remove all or any portion of the Tenant Improvements as may be specified by Landlord (including Telecommunication Facilities defined in paragraph 4.1 ("<u>Utilities and Services</u>")) on the expiration or earlier termination of this Lease.

2.7. Use and Conduct of Business.

- 2.7.1 The Premises are to be used only for—general business office uses [SHOULD BE TAILORED FOR EACH LEASEschool use for a Charter High School with 200 students.] (the "Permitted Uses"). Tenant shall, at its own cost and expense, obtain and maintain any and all licenses, permits, and approvals necessary or appropriate for its use, occupation and operation of the Premises for the Permitted Uses.
- 2.7.2 No act shall be done in or about the Premises that is unlawful or that will increase the existing rate of insurance on the Land or Building. Tenant shall not commit or allow to be committed or exist: (a) any waste upon the Premises, (b) any public or private nuisance, or (C) any act or condition which disturbs the quiet enjoyment of any other tenant in the Building, violates any of Landlord's contracts affecting any or all of the Land or Building, creates or contributes to any work stoppage, strike, picketing, labor disruption or dispute, or interferes in any way with the business of Landlord or any other tenant in the Building.
- 2.7.3 If Tenant's use of the Premises requires modifications in order to comply with Governmental Requirements as defined under this Lease, including without limitation disability-accessibility laws, Tenant may only effect such work through the procedures established under this Lease. Tenant shall bear all expenses related to such modifications to the Premises. Tenant represents and warrants that it has reviewed the applicable Government Requirements and has found that Tenant's intended use is permitted within the current configuration of the Premises, Common Areas, and Building, without alteration. Tenant furthermore represents and warrants that

it is satisfied that the Premises, Common Areas, and Building are suitable for Tenant's intended use

- 2.8. <u>Compliance with Governmental Requirements and Rules and Regulations</u>. Tenant shall comply with all Governmental Requirements relating to its use, occupancy and operation of the Premises and shall observe such reasonable rules and regulations as may be adopted and published by Landlord from time to time. Current Rules and Regulations are attached to this Lease as <u>Exhibit C</u>. The term "<u>Governmental Requirements</u>" means any and all statutes, ordinances, codes, laws, rules, regulations, orders and directives of any Governmental Agency (defined below) as now or later amended, promulgated or issued and all current or future final orders, judgments or decrees of any court with jurisdiction interpreting or enforcing any of the foregoing. The term "<u>Governmental Agency</u>" means the United States of America, the state in which the Land is located, any county, city, district, municipality or other governmental subdivision, court or agency or quasigovernmental agency with jurisdiction and any board, agency or authority associated with any such governmental entity.
- 2.9. <u>Holdover</u>. Tenant is not authorized to hold over beyond the expiration or earlier termination of the Lease Term. If Landlord consents to a holdover and no other agreement is reached between Tenant and Landlord concerning the duration and terms thereof, Tenant's holdover shall be a month-to-month tenancy during which Tenant shall pay to one hundred fifty percent (150%) of the Base Rent prevailing immediately prior to the expiration or termination of the Lease Term plus all Operating Costs Reimbursements and other sums payable under this Lease, and shall be bound by all of the other covenants and conditions set forth herein as are applicable. The increase in Base Rent under the preceding sentence is an agreed increase in Base Rent, is not liquidated damages and shall not limit the right of Landlord to recover direct and consequential damages for the Tenant's breach hereunder or to exercise other rights and remedies provided under applicable law for Tenant's wrongful refusal to surrender possession.

SECTION 3: BASE RENT, OPERATING COSTS REIMBURSEMENTS AND OTHER SUMS PAYABLE UNDER LEASE

- 3.1. <u>Payment of Rental.</u> Tenant agrees to pay Base Rent, Operating Costs Reimbursements (defined in <u>Rider 1</u>) and any other sum payable under this Lease to Landlord when due without demand, deduction, credit, adjustment or offset, except as set forth herein. All such payments shall be in lawful money of the United States and shall be paid to Landlord or to Manager or to such other place as Landlord may from time to time designate in writing.
- 3.2. <u>Base Rent</u>. On execution of this Lease, Tenant shall pay to Landlord the amount specified in the definition of Prepaid Rent for the month specified in the definition of that term. Monthly installments of Base Rent shall be paid, without demand and in advance, on or before the first day of each calendar month during the Lease Term. The monthly Base Rent installment for any partial month at the beginning or end of the Lease Term shall be prorated based on the number of days of such month falling within the Lease Term. Base Rent for any partial month at the beginning of the Lease Term shall be paid by Tenant on the Commencement Date.
- 3.3. <u>Credit Enhancement</u>. If a Security Deposit, Letter of Credit and/or Guaranty is specified in Section 1, the Lease provisions applicable thereto are set forth in <u>Rider 2</u> to this Lease.

- 3.4. <u>Operating Costs Reimbursements</u>. Tenant's obligation to pay Operating Costs Reimbursements are set forth in Rider 1.
- 3.5. <u>Late Charge</u>. If Tenant fails to make any payment of Base Rent, or any other monetary amount when due under this Lease, a late charge is immediately due and payable by Tenant equal to five percent (5%) of the amount of any such payment. Landlord and Tenant agree that this charge compensates Landlord for the administrative costs caused by the late payment.
- 3.6. <u>Default Rate</u>. Any Base Rent, Operating Costs Reimbursements or other sum payable under this Lease that is not paid when due shall bear interest at a rate equal to the rate (the "<u>Default Rate</u>") that is the lesser of: (a) the published prime or reference rate then in effect at a national banking institution designated by Landlord (the "<u>Prime Rate</u>") plus two (2) percentage points, or (b) the maximum rate of interest per annum permitted by applicable law.

SECTION 4: SERVICES AND REPAIR

4.1. <u>Utilities and Services</u>.

- 4.1.1 Landlord shall furnish to Tenant, subject to Tenant's Operating Costs Reimbursements obligations, the following utilities or services: (a) electricity as specified in subparagraph 4.1.2; (b) heating, ventilation and air-conditioning services ("HVAC") as specified in subparagraph 4.1.3; (c) hot and cold domestic water, wastewater and sewage service at the points now existing in the Premises or as specified for Tenant Improvements (where applicable); (d) Telecommunication services to the extent specified in subparagraph 4.1.4; (e) cleaning and janitorial service as specified on Exhibit D and (f) elevator service as specified in subparagraph 4.1.5. Landlord shall select the company or companies providing such utility and other services described in this subparagraph.
- 4.1.2 Electrical services will be supplied to a panel box designated for each floor of the Building and will have the capacity to meet Tenant's demand for the purposes specified in this Lease so long as such demand is usual and customary for such purposes. Tenant shall pay for excess consumption.
- 4.1.3 HVAC will be provided during building standard hours customary for the Building and which may be specified in Exhibit C. If Tenant desires HVAC service other than during building standard hours, Tenant shall make advance arrangements with Landlord and shall pay Landlord's usual and customary charge for such additional services.
- 4.1.4 Landlord will provide only a suitable connection for usual and customary voice telephone service at the designated locations in the Building. All connection, installation, usage charges, maintenance and repair charges for such telephone service shall be Tenant's responsibility. Except as set forth in the preceding sentence or to the extent the Tenant Improvements include Telecommunication Facilities, the installation of Telecommunication Facilities shall be the responsibility of Tenant. "Telecommunication Facilities" are defined as equipment, apparatus, installations, facilities and other materials utilized for the purposes of electronic communication, whether wireless or wired, including cable, switches, conduit, sleeves and wiring.

- 4.1.5 Elevator service will be provided during the time periods and with a frequency reasonably necessary to Tenant's authorized purposes.
- 4.1.6 Unless otherwise required by law, neither Tenant nor a provider of telecommunication services to Tenant shall be entitled to locate or install Telecommunication Facilities in, on or about the Building without (a) first obtaining Landlord's advance, written consent (given in its reasonable discretion) and (b) the advance execution by Landlord and Tenant of an agreement satisfactory to Landlord granting a license to Tenant for such purposes.
- 4.1.7 Landlord shall in no case be liable or in any way be responsible for damages (including consequential damages) or the loss to Tenant of utilities or other services arising from the failure of, diminution of or interruption of any kind to the Premises, unless (a) such interruption in, deprivation of or reduction of any such service was caused by the gross negligence or willful misconduct of Landlord, its agents or contractors, and (b) any such claims are not covered by the business interruption insurance required of Tenant by this Lease. To the extent that Landlord bears any responsibility for the foregoing, Landlord's responsibility and Tenant's remedy shall be limited to an abatement in Base Rent for the period beginning with (a) the day which is three (3) consecutive days after the date on which Tenant delivers notice to Landlord of such interruption, deprivation or reduction and of the fact that Tenant is being deprived of all reasonable use of the Premises and ending on (b) the date such interruption, deprivation or reduction which is Landlord's responsibility is no longer causing Tenant to be deprived of all reasonable use of the Premises.
- 4.2. <u>Maintenance and Repair by Landlord</u>. Subject to the paragraph 5.5 ("<u>Damage or Destruction</u>") and paragraph 5.6 ("<u>Condemnation</u>"), Landlord shall maintain the public and common areas of the Building in good order and condition subject to reasonable use and wear. In addition, within the Premises, Landlord shall replace light bulbs and ballasts in fixtures which are standard to the Building.
- 4.3. <u>Maintenance and Repair by Tenant</u>. Except as specified to be Landlord's responsibility under paragraph 4.1 ("<u>Utilities and Services</u>") and paragraph 4.2 ("<u>Maintenance and Repair by Landlord</u>"), and except for reasonable wear and tear, Tenant shall keep the Premises in good condition and repair. Tenant agrees to notify Landlord immediately if water or moisture conditions from any source (including leaks) are discovered and to allow Landlord to evaluate and make recommendations and/or take appropriate corrective action.
- 4.4. <u>Common Areas/Security</u>. The common areas of the Building and the Project shall be under Landlord's sole management and control. Landlord has no duty or obligation to provide any security services in, on or around the Premises, Land, Building or Project, and Tenant recognizes that security services, if any, provided by Landlord will be for the sole benefit of Landlord and the protection of Landlord's property.

SECTION 5: OCCUPANCY PROVISIONS

5.1. <u>Tenant Alterations</u>. Tenant shall not make or permit to be made any alterations, additions, improvements or installations in or to the Premises (including Telecommunication Facilities), or place signs or other displays visible from outside the Premises (individually and collectively "<u>Tenant Alterations</u>"), without first obtaining the consent of Landlord, which may be

withheld in Landlord's sole discretion. Tenant shall deliver to Landlord complete plans and specifications for any proposed Tenant Alterations and, if consent by Landlord is given, all such work shall be performed at Tenant's expense by Landlord or, with Landlord's consent, by Tenant. Tenant shall be authorized to perform Tenant Alterations only to the extent and under such terms and conditions as Landlord, in its absolute discretion, shall specify. All Tenant Alterations performed by Tenant shall be (1) completed in accordance with the plans and specifications approved by Landlord; (2) completed in accordance with all Governmental Requirements; (3) carried out promptly in a good and workmanlike manner; (4) of all new materials; and (5) free of defects in materials and workmanship.

- 5.2. <u>Surrender of Possession</u>. Tenant shall, at the expiration or earlier termination of this Lease, surrender and deliver the Premises to Landlord (a) in as good condition as when received by Tenant from Landlord or as later improved, reasonable use and wear, and damage from Casualty (defined in Section 5.5.1) excepted, and (b) free from any tenancy or occupancy by any person.
- 5.3. Removal of Property. Upon the expiration or earlier termination of this Lease, Tenant may remove its personal property, office supplies and office furniture and equipment if (a) such items are readily moveable and are not attached to the Premises; (b) such removal is completed prior to the expiration or earlier termination of this Lease; and (c) Tenant immediately repairs all damage caused by or resulting from such removal. All Tenant Alterations shall become the property of Landlord and shall remain upon and be surrendered with the Premises, unless Landlord requires their removal. If removal is required, Tenant shall, at its sole cost and expense, remove all (or such portion as Landlord shall designate) of the Tenant Alterations, repair any damages resulting from such removal and return the Premises to the same condition as existed prior to such Tenant Alterations.
- 5.4. Reasonable Access. Tenant shall have access to the Building seven (7) days per week, twenty-four (24) hours per day, fifty-two (52) weeks a year. Tenant shall permit Landlord and Landlord's Affiliates (defined in paragraph 6.1) to enter into the Premises at any time on reasonable notice (except in case of emergency in which case no notice shall be required) for the purposes of inspection or for the purpose of repairing, altering or improving the Premises or the Building. When reasonably necessary, Landlord may temporarily close Building or Land entrances, Building doors or other facilities, but Landlord shall use good faith efforts to minimize disruption to Tenant's business and to provide continued access to the Premises. Landlord shall have the right on reasonable notice to enter the Premises during the Lease Term for the purpose of showing the Premises to prospective tenants and to erect on the Premises a suitable sign indicating the Premises are available.

5.5. **Damage or Destruction**.

5.5.1 If the Premises are damaged by fire, earthquake or other casualty ("Casualty"), Tenant shall give immediate written notice to Landlord. If Landlord estimates that the damage can be repaired to meet Tenant's business needs within one hundred eighty (180) days after Landlord is notified by Tenant of such damage and if there are sufficient insurance proceeds available to repair such damage, then Landlord shall proceed with reasonable diligence to restore the Premises to substantially the condition which existed prior to the damage and this Lease shall

not terminate. If neither circumstance described in the previous sentence exists, Landlord may elect, in its absolute discretion, to either: (a) terminate this Lease or (b) restore the Premises to substantially the condition which existed prior to the damage and this Lease will continue. Notice of Landlord's election shall be delivered to Tenant within sixty (60) days after the date Landlord receives written notice of the damage. Failure to deliver notice within the specified period shall be treated as election not to restore. Tenant agrees to look to the provider of Tenant's insurance for coverage for the loss of Tenant's use of the Premises and any other related losses or damages incurred by Tenant during any reconstruction period following a Casualty.

- 5.5.2 If the Building is damaged by Casualty and more than fifty percent (50%) of the Building is rendered untenantable, without regard to whether the Premises are affected by such damage, Landlord may, in its absolute discretion, elect to terminate this Lease by notice in writing to Tenant within thirty (30) days after the date Landlord receives written notice of the damage. Such notice shall be effective twenty (20) days after delivery to Tenant unless a later date is set forth in Landlord's notice.
- 5.5.3 Notwithstanding the foregoing, if the Premises or the Building are wholly or partially damaged or destroyed within the final six (6) months of the Lease Term, Tenant may elect to terminate this Lease upon written notice to Landlord within thirty (30) days following such damage or destruction.
- Condemnation. If more than fifty percent (50%) of the Premises, or such portions of the Building as may be required for the Tenant's reasonable use of the Premises, are taken by eminent domain or by conveyance in lieu thereof, this Lease shall automatically terminate as of the date the physical taking occurs, and all Base Rent, Operating Costs Reimbursements and other sums payable under this Lease shall be paid to that date. In the case of a taking of a part of the Premises or a portion of the Building not required for the Tenant's reasonable use of the Premises, this Lease shall continue in full force and effect and the Base Rent shall be equitably reduced based on the proportion by which the floor area of the Premises is reduced, such reduction in Base Rent to be effective as of the date the physical taking occurs. Operating Costs Reimbursements payments may be redetermined as equitable under the circumstances. Landlord reserves all rights to damages or awards for any taking by eminent domain relating to the Premises, Building, Land and the unexpired term of this Lease. Tenant assigns to Landlord any right Tenant may have to such damages or award and Tenant shall make no claim against Landlord for damages for termination of its leasehold interest or interference with Tenant's business. Tenant shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Tenant may be entitled for Tenant's moving expenses or other relocation costs if they are awarded separately to Tenant in the eminent domain proceedings and are not claimed by Tenant to be a part of the damages recoverable by Landlord.
- 5.7. <u>Liens</u>. Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon the interest of Landlord or Tenant in the Premises or to charge the rentals payable under this Lease for any Claims (defined in Section 6.1.1) in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs. If any such lien or encumbrance is filed or recorded, Tenant shall cause it to be released or otherwise removed as of record within five (5) days by a means or method reasonably approved by Landlord.

- 5.8. Estoppel Certificate. On Landlord's request, Tenant shall timely complete, sign and deliver to an addressee designated by Landlord a certificate prepared by or on behalf of Landlord stating (a) the material terms of this Lease, (b) whether any default currently exists under the Lease, and (c) such other information as may reasonably be requested. If Tenant fails to provide such certificate within ten (10) business days of its receipt, such shall be a default under this Lease and Tenant shall be deemed to have admitted the accuracy of any information supplied by Landlord to a prospective purchaser, mortgagee or assignee.
- Signage. Subject to compliance with all Governmental Requirements, Tenant shall have the limited right to install signs on the Building exterior as described in Rider attached to this Lease, if any ("Signage Rider"). The exact size, appearance and location of such signs shall be subject to Landlord's prior written approval. If not provided for in the Work Letter, any and all costs in connection with the permitting, fabrication, installation, maintenance and removal of Tenant's signs (including the cost of removal of the signs and repair to the Building caused by such removal) shall be borne by Tenant. Tenant shall maintain each such sign as may be approved, in good condition at all times. Tenant shall not inscribe an inscription, or post, place, or in any manner display any sign, notice, picture, placard or poster, or any advertising matter whatsoever, anywhere in or about the Land or Building at places visible (either directly or indirectly as an outline or shadow on a glass pane) from anywhere outside the Premises without first obtaining Landlord's consent, unless permitted pursuant to the Signage Rider. Upon vacation of the Premises on the expiration or earlier termination of this Lease, Tenant shall be responsible, at it sole cost, for the removal of such sign and the repair, painting and/or replacement of the structure to which the sign is attached including discoloration caused by such installation or removal. If Tenant fails to perform such work, Landlord may cause the same to be performed, and the cost thereof shall be immediately due and payable upon rendition of a bill therefor.

5.10. Hazardous Substances.

5.10.1 Neither Tenant, any of Tenant's agents nor any other person shall store, place, generate, manufacture, refine, handle, or locate on, in, under or around the Land or Building any Hazardous Substance (defined below), except for storage, handling and use of reasonable quantities and types reasonably necessary in the ordinary course and the prudent conduct of Tenant's business in the Premises. Tenant agrees that (a) the storage, handling and use of such permitted Hazardous Substances must at all times conform to all Governmental Requirements and to applicable fire, safety and insurance requirements; (b) the types and quantities of permitted Hazardous Substances which are stored in the Premises must be reasonable and appropriate to the nature and size of Tenant's operation in the Premises and reasonable and appropriate for a firstclass building of the same or similar use and in the same market area as the Building; and (c) no Hazardous Substance shall be spilled or disposed of on, in, under or around the Land or Building or otherwise discharged from the Premises or any area adjacent to the Land or Building. In no event will Tenant be permitted to store, handle or use on, in, under or around the Premises any Hazardous Substance which will increase the rate of fire or extended coverage insurance on the Land or Building, unless: (1) such Hazardous Substance and the expected rate increase have been specifically disclosed in writing to Landlord; (2) Tenant has agreed in writing to pay any rate increase related to each such Hazardous Substance; and (3) Landlord has approved in writing each such Hazardous Substance, which approval shall be subject to Landlord's discretion.

- 5.10.2 Tenant shall indemnify, defend and hold harmless Landlord and Landlord's agents from and against any and all Claims arising out of any breach of any provision of this paragraph, which expenses shall also include laboratory testing fees, personal injury claims, cleanup costs and environmental consultants' fees. Tenant agrees that Landlord may be irreparably harmed by Tenant's breach of this paragraph and that a specific performance action may appropriately be brought by Landlord; provided that, Landlord's election to bring or not bring any such specific performance action shall in no way limit, waive, impair or hinder Landlord's other remedies against Tenant.
- 5.10.3 The term "Hazardous Substance" means asbestos, PCBs, petroleum or petroleum-based chemicals or substances, urea formaldehyde or any chemical, material, element, compound, solution, mixture, sub-stance or other matter of any kind whatsoever which is now or later defined, classified, listed, designated or regulated as hazardous, toxic or radioactive by any Governmental Agency having jurisdiction over the Premises.

SECTION 6: INSURANCE AND INDEMNIFICATION

6.1. Indemnification.

- 6.1.1 Tenant shall indemnify, defend and hold harmless Landlord, Landlord's Affiliates and the Manager from and against any and all Claims made against such persons, arising solely out of (a) the possession, use or occupancy of the Premises or the business conducted in the Premises, (b) any act, omission or actionable neglect of Tenant or Tenant's Affiliates, or (c) any breach or default under this Lease by Tenant. Tenant's obligations under the previous sentence shall not apply if the Claim arose solely from intentional misconduct by or actionable neglect of Landlord or Landlord's Affiliates. "Landlord's Affiliates" are all officers, partners, contractors, employees and invitees of Landlord. "Tenant's Affiliates" are all officers, partners, contractors, employees and invitees of Tenant. "Claims" is an individual and collective reference to any and all claims, demands, damages, injuries, losses, liens, liabilities, penalties, fines, lawsuits, actions, and other proceedings and expenses (including attorneys' fees and expenses incurred in connection with the proceeding, whether at trial or on appeal).
- 6.1.2 Landlord shall indemnify, defend and hold harmless Tenant and Tenant's Affiliates from and against any and all Claims made against such persons arising solely out of (a) any act, omission or actionable neglect of Landlord or Landlord's Affiliates, or (b) any breach or default under this Lease by Landlord. Landlord's obligations under the previous sentence shall not apply if the Claim arose solely from intentional misconduct by or actionable neglect of Tenant or Tenant's Affiliates.

6.2. Tenant Insurance.

6.2.1 Tenant shall, throughout the Lease Term, at its own expense, keep and maintain in full force and effect each and every one of the following policies, each of which shall be endorsed as needed to provide that the insurance afforded by these policies is primary and that all insurance carried by Landlord is strictly excess and secondary and shall not contribute with Tenant's liability insurance:

- (a) A policy of commercial general liability insurance, including a contractual liability endorsement covering Tenant's obligations under the paragraph captioned "Indemnification", insuring against claims of bodily injury and death or property damage or loss with a combined single limit at the Commencement Date of not less than Two Million Dollars (\$2,000,000.00) per occurrence and location. Tenant shall include Landlord and, at Landlord's request, Landlord's mortgage lender(s) as additional insureds..
- (b) "Special Form" property insurance (which is commonly called "all risk") covering Tenant Improvements, Tenant Alterations, and any and all furniture, fixtures, equipment, inventory, improvements and other property in or about the Premises which is not owned by Landlord, for the then, entire current replacement cost of such property.
- (c) Business interruption insurance in an amount sufficient to cover costs, damages, lost income, expenses, Base Rent, Operating Costs Reimbursements and all other sums payable under this Lease, should any or all of the Premises not be usable for a period of up to twelve (12) months.
- (d) A policy of worker's compensation insurance if and as required by applicable law and employer's liability insurance with limits of no less than One Million and No/100 Dollars (\$1,000,000.00).
- (e) A policy of comprehensive automobile liability insurance, including loading and unloading, and covering owned and hired vehicles with limits of no less than One Million Dollars (\$1,000,000.00) per occurrence.
- 6.2.2 All insurance policies required under this paragraph shall be with companies having a rating according to Best's Insurance Key Rating Guide for Property Casualties of no less than A- Class VIII. Each policy shall provide that it is not subject to cancellation, lapse or reduction in coverage except after thirty (30) days' written notice to Landlord. Tenant shall deliver to Landlord, prior to the Commencement Date and, from time to time thereafter, certificates evidencing the existence and amounts of all such policies and, on Landlord's request, copies of such insurance policies. There shall be no deductible amount applicable with respect to the insurance policy requirements in part (a) of the previous subparagraph unless approved in advance by Landlord. Deductibles under policies procured under the requirements of clause (b) of subparagraph 6.2.1 must be reasonable and customary. There shall be no self-insured retention with respect to the requirements in either part (a) or (b) of the previous subparagraph unless approved in advance by Landlord.
- 6.2.3 If Tenant fails to acquire or maintain any insurance or provide evidence of insurance required by this paragraph, Landlord may, but shall not be required to, obtain such insurance or evidence and the costs associated with obtaining such insurance or evidence shall be payable by Tenant to Landlord on demand.
- 6.3. <u>Landlord's Insurance</u>. Landlord shall, throughout the Lease Term, keep and maintain in full force and effect:

- (a) Commercial general liability insurance, insuring against claims of bodily injury and death or property damage or loss with a combined single limit at the Commencement Date of not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) general aggregate, which policy shall be payable on an "occurrence" rather than a "claims made" basis.
- (b) "Special Form" property insurance (which is commonly called "all risk") covering the Building and Landlord's personal property, if any, located on the Land for the then, current replacement value of such property.
- (c) Landlord may, but shall not be required to, maintain other types of insurance as Landlord deems appropriate, including property insurance coverage for earthquakes and floods in such amounts as Landlord deems appropriate.
- 6.4. Waiver of Subrogation. Notwithstanding anything in this Lease to the contrary, Landlord and Tenant each waive and release the other from any and all Claims or any loss or damage that may occur to the Land, Building, Premises, or personal property located on or in the described Premises, by reason of casualty, but only to the extent of deductibles specified in the insurance policies plus the insurance proceeds paid to such party under its policies of insurance or, if it fails to maintain the required policies, the insurance proceeds that would have been paid to such party if it had maintained such policies.

SECTION 7: ASSIGNMENT AND SUBLETTING

- 7.1. Assignment and Subletting by Tenant. Tenant shall not have the right, directly or indirectly (by change of control or otherwise) to assign, transfer, mortgage or encumber this Lease in whole or in part, nor sublet the whole or any part of the Premises, nor allow the occupancy of all or any part of the Premises by another, without first obtaining Landlord's consent, which consent may not be unreasonably withheld or delayed. Landlord's conditioning of its consent under paragraph 7.2 ("Landlord Share of Revenue Surplus") shall not be deemed unreasonable. No sublease or assignment, including one to which Landlord has consented, shall release Tenant from its obligations under this Lease.
- 7.2. Landlord Share of Revenue Surplus. Landlord may elect to condition its consent to an assignment or subletting on this paragraph. If Landlord so gives conditional consent, Tenant shall pay to Landlord if, as and when received by Tenant, fifty percent (50%) of the consideration received by Tenant for the assignment or subletting to the extent that consideration exceeds both transaction costs of the sublease or assignment and Tenant's obligations under this Lease for the same portion of the Lease Term. If the sublet is for other than the entirety of the Premises, Tenant's obligation under this Lease shall be prorated based on the area subleased as compared to the Rentable Area of the Premises.
- 7.3. <u>Assignment by Landlord</u>. Landlord shall have the right to transfer and assign, in whole or in part, its rights and obligations under this Lease and in any and all of the Land or Building. If Landlord sells or transfers any or all of the Building, Landlord and Landlord's Affiliates shall, upon consummation of such transfer be released automatically from any liability

under this Lease for obligations to be performed or observed after the date of the transfer. After the effective date of the transfer, Tenant must look solely to Landlord's successor-in-interest.

SECTION 8: DEFAULT AND REMEDIES

8.1. Events of Default.

- 8.1.1 The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant ("Event of Default"):
- (a) vacation or abandonment of all or any portion of the Premises without continued payment when due of Base Rent and Operating Costs Reimbursements and any other sums due under this Lease:
- (b) failure by Tenant to make any payment of Base Rent, Operating Costs Reimbursements or any other sum due by Tenant under this Lease within ten (10) days after notice to Tenant of such failure;
- (c) failure by Tenant to observe or perform any covenant or condition of this Lease, other than the making of Base Rent, Operating Costs Reimbursements and other payments, where such failure continues for a period of twenty (20) days after written notice from Landlord;
- (d) the failure of Tenant to surrender possession of the Premises at the expiration or earlier termination of this Lease in the condition required by this Lease;
- (e) (1) the making by Tenant of any general assignment or general arrangement for the benefit of creditors; (2) the filing by or against Tenant of a petition in bankruptcy, including reorganization or arrangement, unless, in the case of a petition filed against Tenant, it is dismissed within twenty (20) days; (3) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located in the Premises or of Tenant's interest in this Lease; (4) any execution, levy, attachment or other process of law against any property of Tenant or Tenant's interest in this Lease, unless it is dismissed within twenty (20) days; (5) adjudication that Tenant is bankrupt; or (6) the making by Tenant of a transfer in fraud of creditors;
- (f) any information furnished by or on behalf of Tenant to Landlord in connection with this Lease is determined to have been materially false, misleading or incomplete when made; or
- (g) if a letter of credit is required under the Credit Enhancement Rider to this Lease, a failure of the Tenant to deliver that letter of credit within the time period specified.
- 8.1.2 If a petition in bankruptcy is filed by or against Tenant, and if this Lease is treated as an "unexpired lease" under applicable bankruptcy law, then Tenant shall neither attempt nor cause any trustee to attempt to extend the time period specified by the Bankruptcy Act for the assumption or rejection of this Lease.

8.2. Remedies.

- 8.2.1 If any Event of Default occurs, Landlord may at any time after such occurrence, with or without notice or demand except as stated in this paragraph, and without limiting Landlord in the exercise of any other right or remedy which Landlord may have by reason of such Event of Default, exercise the rights and remedies, either singularly or in combination, specified or described in the subparagraphs of this paragraph.
- 8.2.2 Landlord may terminate this Lease and all rights of Tenant under this Lease, either immediately or at some later date, by giving Tenant written notice that this Lease is terminated. If Landlord so terminates this Lease, then Landlord may recover from Tenant the sum of:
- (a) the unpaid Base Rent, Operating Costs Reimbursements and all other sums payable under this Lease which have been earned up to and including the date of termination; plus
 - (b) interest at the Default Rate on the sum stated in clause (a); plus
- (c) the amount by which (i) the unpaid Base Rent, Operating Costs Reimbursements and all other sums due by Tenant under this Lease which would have been earned after termination until the time of award exceeds the amount of such past rental loss, if any, as Tenant affirmatively proves could have been reasonably avoided during such time period, together with interest on such resulting difference at the Default Rate; plus
- (d) the amount by which (i) the aggregate of the unpaid Base Rent, Operating Costs Reimbursements and all other sums payable under this Lease for the balance of the Lease Term after the time of award exceeds the amount of such future rental loss, if any, as Tenant affirmatively proves could be reasonably avoided, with such resulting difference being discounted to present value at the time of the award at the Prime Rate in existence at such time; plus
- (e) any other amount necessary to compensate Landlord for the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which, in the ordinary course of things, will result from such failure, including, leasing commissions, tenant improvement costs, renovation costs and advertising costs.
- 8.2.3 Landlord shall also have the right, with or without terminating this Lease, to re-enter the Premises by any lawful means or process and remove all persons and property from the Premises. Landlord may cause property so removed from the Premises to be stored in a public warehouse or elsewhere at the expense, for the account of, and at the risk of Tenant.
- 8.2.4 If Tenant vacates, abandons or surrenders the Premises without Landlord's consent, or if Landlord re-enters the Premises as provided in subparagraph 8.2.3 or takes possession of the Premises pursuant to legal or notice proceedings, then, if Landlord does not elect to terminate this Lease, Landlord may, from time to time, without terminating this Lease, either (a) recover all Base Rent, Operating Costs Reimbursements and all other sums payable under this Lease as they become due or (b) relet the Premises or any part of the Premises on behalf of Tenant for such term or terms, at such rent or rents and pursuant to such other provisions as Landlord, in

its sole discretion, may deem advisable, all with the right, at Tenant's cost, to make alterations and repairs to the Premises and recover any deficiency from Tenant as set forth in subparagraph 8.2.5. Termination of Tenant's right of possession shall not terminate Tenant's obligations, nor shall any re-entry or reletting constitute Landlord's acceptance of a surrender, terminating the leasehold, absent affirmative written acknowledgement of Landlord.

- 8.2.5 If Landlord relets the Premises without terminating this Lease, Landlord shall apply the revenue from such reletting to Landlord's costs and Tenant's obligations in such order as Landlord deems appropriate. Should revenue from letting during any month be less than the sum of the Base Rent, Operating Costs Reimbursements and other sums payable under this Lease and Landlord's expenditures for the Premises during such month, Tenant shall be obligated to pay such deficiency to Landlord as and when such deficiency arises.
- 8.2.6 If Landlord retakes possession under any circumstances that constitute, or are interpreted by an adjudication to be for the benefit of Tenant, such reletting is in mitigation of Landlord's damages, and Tenant shall have no right to redeem the Premises absent consent of the new tenant, nor shall Tenant have any right to the surplus, if any, between rent paid under the new tenant's lease and Tenant's obligations hereunder.
- 8.2.7 All sums payable under this Lease (including Base Rent and Operating Costs Reimbursements) shall be considered rent and all rights and remedies available pursuant to law for nonpayment of rent shall apply.
- 8.3. **Right to Perform.** If Tenant shall fail to pay any sum of money, other than Base Rent or Operating Costs Reimbursements, required to be paid by it under this Lease or shall fail to perform any other act on its part to be performed under this Lease, and such failure shall continue for ten (10) days after notice of such failure by Landlord, Landlord may, but shall not be obligated to, and without waiving or releasing Tenant from any obligations, make such payment or perform such other act on Tenant's part to be made or performed as provided in this Lease. Landlord shall have all rights and remedies for recovery of any sum or for the cost of such performance as specified in this Lease.
- 8.4. Landlord's Default. Landlord shall not be in default under this Lease unless Landlord fails to perform obligations required of Landlord within a reasonable time after written notice is delivered by Tenant to Landlord specifying the obligation which Landlord has failed to perform; provided, however, that if the nature of Landlord's obligation is such that more than the specified period required for performance, then Landlord shall not be in default if Landlord commences performance within such period and thereafter diligently prosecutes it to completion. Tenant waives the benefit of any laws granting it the right to perform Landlord's obligation, a lien upon the property of Landlord or upon rent due Landlord, or the right to terminate this Lease or withhold rent.

[NOTE: The following provisions are in vogue for Landlords, but I recommend against allowing such clauses to be inserted in leases when you are the tenant, unless, perhaps, the Landlord confirms substantial value in the premises as proven by an appraisal and warrants against allowing any encumbrances whatsoever which can deplete the equity.]

8.5. <u>Limitation on Recourse</u>. Liability with respect to the entry and performance of this Lease by or on behalf of Landlord or any other obligation of Landlord, however it may arise, shall be asserted and enforced only against Landlord's estate and equity interest in the Building. Neither Landlord nor any of Landlord's Affiliates shall have any personal liability in the event of any Claim against any of them arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Premises. Any and all personal liability, if any, beyond that which may be asserted under this paragraph, is expressly waived and released by Tenant and by all persons claiming by, through or under Tenant.

SECTION 9: MISCELLANEOUS PROVISIONS

- 9.1. Notices. All notices, demands, consents, approvals, statements and communications required or permitted under this Lease shall be in writing and shall be addressed to a party at the addresses set forth opposite that party's signature, or to such other address as either party may specify by written notice, given in accordance with this paragraph. Tenant's notice address shall be the address of the Premises after the Commencement Date. All such communications shall be transmitted by personal delivery, reputable express or courier service, or United States Postal Service, postage prepaid. All such communications shall be deemed delivered and effective on the earlier of (a) the date received or refused for delivery, or (b) five (5) calendar days after having been deposited in the United States Postal Service, postage prepaid.
- 9.2. Attorney's Fees and Expenses. In the event that (a) either party requires the services of an attorney in connection with enforcing the terms of this Lease, (b) suit is brought for the enforcement of this Lease or the exercise of rights and remedies afforded by this Lease or under law, or (c) proceedings are held in bankruptcy, then the substantially prevailing party shall be entitled to a reasonable sum for attorney's and paralegal's fees, expenses and court costs, including those relating to any appeal, arbitration, or pre-litigation demands and negotiation.
- 9.3. <u>Successors; Joint and Several Liability</u>. All of the covenants and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, permitted successors and permitted assigns. In the event that more than one person or organization is included in the term "<u>Tenant</u>", then each such person or organization shall be jointly and severally liable for all obligations of Tenant under this Lease.
- 9.4. <u>Choice of Law.</u> This Lease shall be construed and governed by the laws of the state in which the Land is located.
- 9.5. Offer to Lease. The submission of this Lease in a draft form to Tenant or its broker or other agent does not constitute an offer to Tenant to lease the Premises. This Lease shall have no force or effect until it is executed and delivered by both Tenant and Landlord to the other.
- 9.6. <u>Interpretation</u>. Headings or captions shall in no way define, limit or otherwise affect the construction or interpretation of this Lease. Whenever a provision of this Lease uses the terms "include" or "including", that term shall not be limiting but shall be construed as illustrative. This Lease shall be given a fair and reasonable interpretation of the words contained in it without any weight being given to whether a provision was drafted by one party or its counsel. Unless

otherwise specified, whenever this Lease requires a consent or approval, the decision shall be reached in good faith discretion of the party entitled to give such consent or approval.

- 9.7. **Prior Agreement and Amendments.** This Lease contains all of the agreements of the parties to this Lease with respect to any matter covered or mentioned in this Lease. No prior agreement, understanding or statement pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended except by an agreement in writing signed by the parties to this Lease.
- 9.8. <u>Time of Essence</u>. Time is of the essence with respect to the performance of this Lease.
- 9.9. <u>Survival of Obligations</u>. Notwithstanding anything contained in this Lease to the contrary or the expiration or earlier termination of this Lease, any and all obligations of either party accruing prior to the expiration or termination of this Lease shall survive the expiration or earlier termination of this Lease, and either party shall promptly perform all such obligations whether or not this Lease has expired or terminated.
- 9.10. <u>California Civil Code § 1938 CASp-Inspection Disclosure.</u> To Landlord's knowledge, the Premises has not been inspected by a Certified Access Specialist (CASp) as defined under California Civil Code Section 55.51 et seq. Accordingly, it has not been determined whether the Premises meets all applicable construction-related accessibility standards pursuant to Section 55.53 of the California Civil Code. This affirmation is included solely to comply with California Civil Code § 1938 and shall not affect Landlord's or Tenant's respective responsibilities with respect to construction-related accessibility standards under this Lease.
- 9.11. California Civil Code § 25402.10 Energy-Use Disclosure. Tenant shall cooperate with Landlord in providing all information reasonably requested by Landlord in fulfillment of Landlord's obligations to make disclosures to prospective lessees and purchasers under California Civil Code § 25402.10 and any related or similar Governmental Requirements pertaining to energy use or environmental sustainability. Within five days of receipt of a written request for information by Landlord under this paragraph, Tenant shall provide any such information as is reasonably ascertainable by Tenant, and Tenant shall execute any written consents necessary for utility companies servicing tenant to release information necessary for Landlord's compliance with California Civil Code § 25402.10.
- 9.11.1. California Civil Code § 25402.10 Energy-Use Disclosure. In the event that this is a whole-building lease, Tenant acknowledges that Lessor has complied with California Civil Code § 25402.10 by providing the information required under that statute at least twenty-four hours prior to mutual execution of this Agreement, regardless of whether such information is appended to or part of this Agreement.

LISTING OF EXHIBITS

Exhibit A Legal Description of the Land

Exhibit B Drawing Showing Location and Configuration of the Premises

Exhibit C Rules and Regulations

Exhibit D Exhibit E	Schedule of Cleaning Services Commencement Date Memorandum Form						
LISTING OF RIDERS							
Rider 1: Rider 2: Rider 3: Rider 4: Rider 5:	Operating Costs Reimbursements Credit Enhancement Provisions Parking Provisions Other Leasing Provisions (if applicable) Work Letter (if applicable)						
This L	ease has been executed the day and	l year set forth on the first page of this Lease.					
Designated Address for Landlord:		<u>LANDLORD</u> :					
		, a					
Facsimile:		By:					
	Address for Tenant:	<u>TENANT</u> :, a					
Facsimile:		By:					

LANDLORD ACKNOWLEDGEMENT STATE OF _____) COUNTY OF ______ ss. On this _____ day of ______, 20___, before me personally appeared ______, to me known to be the _____ of ______ the _____ that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said _______, for the uses and purposes therein mentioned, and on oath stated that _he was authorized to execute said instrument. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written. Name: NOTARY PUBLIC in and for the State of _____ My appointment expires: [NOTARIAL SEAL] TENANT ACKNOWLEDGEMENT STATE OF _____ COUNTY OF _____ On this _____ day of ______, 20___, before me, a Notary Public in and for _____, the _____ of _____, a _____ the ______, the ______ of ______, a ______, a ______, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said partnership for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument. WITNESS my hand and official seal hereto affixed the day and year first as above written. Name: NOTARY PUBLIC in and for the State of My appointment expires: [NOTARIAL SEAL]

EXHIBIT A to Lease

LEGAL DESCRIPTION OF LAND

Ex. A

EXHIBIT B to Lease

<u>DRAWING SHOWING LOCATION AND CONFIGURATION OF THE PREMISES</u>



Ex. B

EXHIBIT C to Lease

RULES AND REGULATIONS

Ex. C

EXHIBIT D to Lease SCHEDULE OF CLEANING SERVICES

Ex. D

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EXHIBIT E to Lease

COMMENCEMENT DATE MEMORANDUM FORM

-	, as Landlord, _ and as Tenant,						
executed that Lease dated as of	, 20 (the "Lease").						
	ment shall be delivered and executed as set forth in This Lease Memorandum shall become part of the						
Landlord and Tenant agree as follows:							
1. The Commencement Date of the Lease	mmencement Date of the Lease is						
2. The end of the Lease Term and the dat	The end of the Lease Term and the date on which this Lease will expire is						
of this Lease Memorandum, Tenant confirms	of the date of this Lease Memorandum. By execution that as of the date of the Lease Memorandum (a) Landlord has fulfilled all of its obligations under						
4. Tenant's Pro Rata Share is	percent (%).						
Dated:	Dated:						
LANDLORD:	TENANT:						
, a	, a						
Ву:	By:						
Name:	Name:						
115							
Ex. E							

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L	ANDLORD ACKNOWLED	OGEMENT
STATE OF)	
COUNTY OF) ss. _)	
On this day of	, to me known to be the	, 20, before me personally appeared of
of saidhe was authorized to execute	, for the uses and purposes the said instrument.	erein mentioned, and on oath stated that
WITNESS my hand an	nd official seal hereto affixed	the day and year first as above written.
		in and for the State ofires:
[NOTARIAL SEAL]		
	TENANT ACKNOWLEDG	EMENT
STATE OF)) ss.	
COUNTY OF	_)	
and for the, the that executed	of of the within and foregoing	, 20, before me, a Notary Public in, personally appeared, the instrument, and acknowledged said
and purposes therein mention instrument.	ned, and on oath stated that	d for the uses the was authorized to execute said
WITNESS my hand a	nd official seal hereto affixed	the day and year first as above written.
		in and for the State ofires:
[NOTARIAL SEAL]	, « _F ,	
Ex. E		

Rider 1

Operating Costs Reimbursements

- **R1.1** Operating Costs Reimbursements Payments. Tenant agrees to pay, in addition to Base Rent, sums computed and payable in accordance with this Rider ("Operating Costs Reimbursements").
- R1.2 Operating Costs Reimbursements Estimate Payments. Landlord shall prepare and furnish to Tenant an estimate of the Operating Costs Reimbursements computed in accordance with paragraphs R1.3 through R1.6 ("Operating Costs Reimbursements Estimate") (a) on about the Commencement Date, (b) in advance of the beginning of each calendar year during the Lease Term, and (c) from time to time during the Lease Term. Tenant shall pay one-twelfth of the current Operating Costs Reimbursements Estimate in advance on or before the first day of each calendar month of the Lease Term. If the applicable blank on the first page of this Lease is filled in, the amount in it shall be the Operating Cost Reimbursement Estimate as of the Commencement Date.
- R1.3 <u>Computation of Operating Costs Reimbursements</u>. The Operating Costs Reimbursements shall equal the product of (a) Tenant's Pro Rata Share multiplied by (b) the difference between Operating Costs minus the Operating Cost Base Amount. These capitalized terms are defined later in paragraph R1.4 of this Rider. The determination and computation of the Operating Costs Reimbursements shall be made by Landlord. After the close of each calendar year, Landlord shall deliver to Tenant a written statement setting forth the Operating Costs Reimbursements payable for the preceding calendar year. If the Operating Costs Reimbursements exceed the Operating Costs Reimbursements Estimate paid by Tenant, Tenant shall pay the amount of such excess to Landlord with twenty (20) days after delivery of such statement to Tenant. If such statement shows the Operating Costs Reimbursements to be less than the Operating Costs Reimbursements Estimate paid by Tenant, then the amount of such overpayment shall be paid by Landlord to Tenant within twenty (20) days following the date of such statement or, at Landlord's option, shall be credited toward future installment(s) of Base Rent and Operating Costs Reimbursements Estimate.

R1.4 <u>Definitions</u>.

- **R1.4.1 Tenant's Pro Rata Share.** A fraction, the numerator of which is the Rentable Area of Premises and the denominator of which is the Rentable Area of the Building.
- R1.4.2 Operating Costs. All costs and expenses paid or incurred by Landlord for maintaining, operating, owning and repairing any or all of the Land, Building, Premises, related improvements and the personal property used in conjunction with such Land, Building, Premises and related improvements. Without limiting the generality of the previous sentence, Operating Costs include (a) Taxes (defined below); (b) premiums and other obligations associated with Landlord's insurance program; (c) property management fees; (d) amortization of capital improvements installed or constructed other than in connection with the original construction of the Building, and (e) other costs or expense which are customarily accounted for as an expense of ownership or operation, including without limitation costs of compliance with energy-use disclosure requirements (e.g., installation of meters, retaining of consultants, and filling of

Rider 1

necessary documents). The costs referenced in clause (d) above shall be amortized with interest return at the Prime Rate plus two (2) percentage points over the estimated useful life of the capital improvement as determined by Landlord and the annual amortization of principal and interest attributable to the Lease Term shall be an Operating Cost. If less than ninety-five percent (95%) of the Building is occupied by tenants during the calendar year, then Operating Costs that vary based on occupancy shall include all additional costs and expenses that Landlord reasonably determines would have been incurred had ninety-five percent (95%) occupancy prevailed during the calendar year. Notwithstanding anything to the contrary, the term "Operating Costs" shall not include any of the following: ground rent; interest and amortization of funds borrowed by Landlord for items other than capital improvements; leasing commissions and advertising and space planning expenses incurred in procuring tenants; and salaries, wages, or other compensation paid to officers or executives of Landlord in their capacities as officers and executives.

R1.4.2 Taxes. "Taxes" means all ad valorem taxes and governmental and private assessments which are levied, assessed, imposed or become due and payable with respect to the Land and the Building and associated improvements.

R1.5 End of Term. If this Lease shall terminate on a day other than the last day of a calendar year, (a) Landlord shall estimate the Operating Costs Reimbursements for such partial year predicated on the most recent reliable information available to Landlord; (b) the amount determined under clause (a) of this sentence shall be prorated by multiplying such amount by a fraction, the numerator of which is the number of days within the Lease Term in such year and the denominator of which is 365; (c) if the clause (b) amount exceeds the Operating Costs Reimbursements Estimate paid by Tenant for the last year in the Lease Term, then Tenant shall pay the excess to Landlord within ten (10) days after Landlord's delivery to Tenant of a statement for such excess; and (d) if the Operating Costs Reimbursements Estimate paid by Tenant for the last year in the Lease Term exceeds the clause (b) amount, then Landlord shall refund to Tenant the excess within such ten (10) day period if Tenant is not then in default of any of its obligations under this Lease.

R1.6 Taxes Based on Rent. If a rental tax, gross receipts tax or sales tax on rent is imposed on Landlord, Tenant shall, as Operating Costs Reimbursements, pay or reimburse Landlord an amount equal to all such taxes computed on the Base Rent and Operating Costs Reimbursements payable under this Lease. If such taxes are payable other than at monthly intervals, Tenant shall pay one-twelfth of the annual tax amount with each installment of Base Rent.

Rider 1

Rider 2

Credit Enhancement Provisions

[ALTERNATE PARAGRAPH]

R2.1 Security Deposit.

- R2.1.1 Tenant has deposited with Landlord or Manager the sum set forth in the blank opposite the words "Security Deposit" in Section 1 of this Lease ("Security Deposit") to secure Tenant's performance of its obligations under this Lease. If Tenant defaults in any payment or performance due under this Lease (beyond any applicable cure period), Landlord, in its absolute discretion and without prejudice in its other rights or remedies, may apply the Security Deposit, in whole or in part, to the payment of sums due from Tenant as a result of such default. Tenant shall within ten (10) days from demand, deposit with Landlord the sum necessary to restore the Security Deposit to the specified amount. If Tenant has fully performed under this Lease, the remainder of the Security Deposit shall be repaid to Tenant, without interest, within thirty (30) days after the expiration of this Lease.
- R2.1.2 In the event of a sale or transfer of Landlord's estate or interest in the Land and Building, Landlord shall have the right to transfer the Lease Security Deposit to the vendee or the transferee, and Landlord shall be considered released by Tenant from all liability for the return of the Lease Security Deposit. Tenant shall look solely to the transferee for the return of the Lease Security Deposit, and it is agreed that all of the foregoing shall apply to every transfer or assignment made of the Lease Security Deposit to a new transferee.

[ALTERNATE PARAGRAPH]

R2.1 Letter of Credit.

- R2.1.2 If the letter of credit is not delivered to and accepted by Landlord within five (5) days after the execution of this Lease, Landlord may, at its election, exercised in its absolute discretion, (a) void the Lease for failure of a condition subsequent or (b) proceed with its rights and remedies for an Event of Default.
- R2.1.3 Landlord may draw on the Letter of Credit, in whole or in part at Landlord's election, without advance notice to Tenant, at any time or from time to time (a) on or after the occurrence of any Event of Default, (b) if Tenant, or anyone in possession of the Leased Premises through Tenant, holds over after the expiration or earlier termination of this Lease, (c) if Landlord is given notice by the issuer of the Letter of Credit that it is terminating the Letter of Credit, (d) if a confirming bank gives notice to Landlord that it will cease to act in that capacity, (e) if the Letter of Credit expires on a specified date by its terms and is not renewed or replaced at least sixty (60)

days in advance of its expiration date, (f) to the extent permitted by law, in the event any bankruptcy, insolvency, reorganization or any other debtor creditor proceeding is instituted by or against Tenant or (g) as otherwise specified in or in connections with the letter of credit.

R2.1.4 If any of the proceeds drawn on the Letter of Credit are not applied immediately to sums owing to Landlord under this Lease, Landlord may retain any such excess proceeds as a cash Security Deposit for application to future sums owing to Landlord under this Lease, in such order and priority as Landlord elects in its absolute discretion. Tenant shall, within fifteen (15) days after Landlord's demand, restore the amount of the Letter of Credit drawn so that the Letter of Credit is restored to the original amount of the Letter of Credit. If Tenant does not restore the Letter of Credit to its original amount within the required time period, such non-restoration shall be considered an Event of Default.

[ADDITIONAL OR ALTERNATE PARAGRAPH]

R2.2 Guaranty. The undersigned persons or parties (collectively, "Guarantor"), jointly and severally, absolutely and unconditionally guarantee full, complete and timely payment and performance by Tenant of all of its duties and obligations under this Lease, including the payment of Base Rent, Operating Costs Reimbursements and all other amounts which Tenant is obligated to pay under the Lease. This guaranty is a guaranty of payment and not of collection.

Guarantor authorizes Landlord, without notice or demand and without affecting Guarantor's liability hereunder, from time to time, to: (a) amend or change the provisions of the Lease by agreement between Landlord and Tenant at any time, or by course of conduct, or by operation of law, or otherwise, without the consent or knowledge of, and without notice to, Guarantor; (b) permit or suffer an assignment of the Lease or any subletting under the Lease, whether or not consented to by Landlord; or (c) take and hold security for the performance and payment of the Obligations and apply, enforce, exchange, waive, and release any such security.

Guarantor waives any defenses arising by reason of any disability of Tenant, or by reason of the cessation from any cause whatsoever of the liability of Tenant. **GUARANTOR WAIVES ALL SURETYSHIP DEFENSES**. Without limiting the generality of the foregoing sentence, Guarantor shall be liable and remain liable for the payment of the Obligations to the extent provided herein notwithstanding: (a) any previous discharge (partial or total) of Tenant from any further liability; (b) any bar (temporary, partial or total) to the pursuit by Guarantor of any right or claim for indemnification from Tenant; (c) any right or claim by Guarantor to be subrogated to the rights or claims of Landlord against Tenant or in and to the Premises; (d) any action or inaction or delay in acting by Landlord; or (e) Landlord's failure to enforce, or delay in enforcing, any of its rights under the Lease, or otherwise.

In the event that (a) Landlord requires the services of an attorney in connection with enforcing this Guaranty (whether or not suit is brought), (b) suit is brought for the enforcement of this Guaranty or the exercise of rights and remedies afforded by this Guaranty, or (c) proceedings are held in bankruptcy, then the substantially prevailing party shall be entitled to a reasonable sum for attorney's and paralegal's fees, expenses and court costs, including those relating to any appeal.

GUARANTOR NO. 1:	, a
Ву:	
Name:	•
Its:	
GUARANTOR NO. 2:	, a
Ву:	
Name:	
Its:	

Rider 3

Parking Provisions

Tenant shall have the nonexclusive privilege during the Lease Term to use parking spaces on the Land in common with other tenants of Landlord, but only in areas reasonably designated by Landlord. Tenant's parking privileges shall be subject to the rules and regulations relating to parking adopted by Landlord from time to time. Landlord shall have the right to grant designated, reserved parking stalls to other tenants in the Building. In no event shall the number of parking stalls used by Tenant and Tenant's agents exceed ______ spaces. Landlord shall have no obligation whatsoever to monitor, secure or police the use of the parking or other common areas.

Rider 3

Rider 4

Other Leasing Provisions (if applicable)

R4. Base Rent shall increase on the expiration or termination of this Lease to an amount equal to one hundred fifty percent (150%) of the Base Rent prevailing immediately prior to the expiration or termination (a) if and for so long as Landlord has authorized Tenant to holdover or (b) if Tenant, notwithstanding paragraph 2.9 ("Holdover") wrongfully refuses to relinquish possession of the Premises upon such expiration or termination. The increase in Base Rent under clause (b) of the preceding sentence is an agreed increase in Base Rent, is not liquidated damages and shall not limit the right of Landlord to recover direct and consequential damages for the Tenant's violation of paragraph 2.9 or to exercise other rights and remedies provided under applicable law for Tenant's wrongful refusal to surrender possession.

Rider 4

Rider 5 Work Letter (if applicable)

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Rider 4

FACILITIES

Ednovate's goal is for each of its high schools to be in a permanent facility by the time the school is at full capacity. Legacy College Prep will occupy a temporary facility at The Salvation Army at 1710 W. Edinger St., Santa Ana CA 92703. This will be for two grade levels.

Although this is a temporary facility, it does provide ample space for Legacy's instructional program, including classrooms, spaces for meetings and gatherings, and large athletic field for physical education activities..

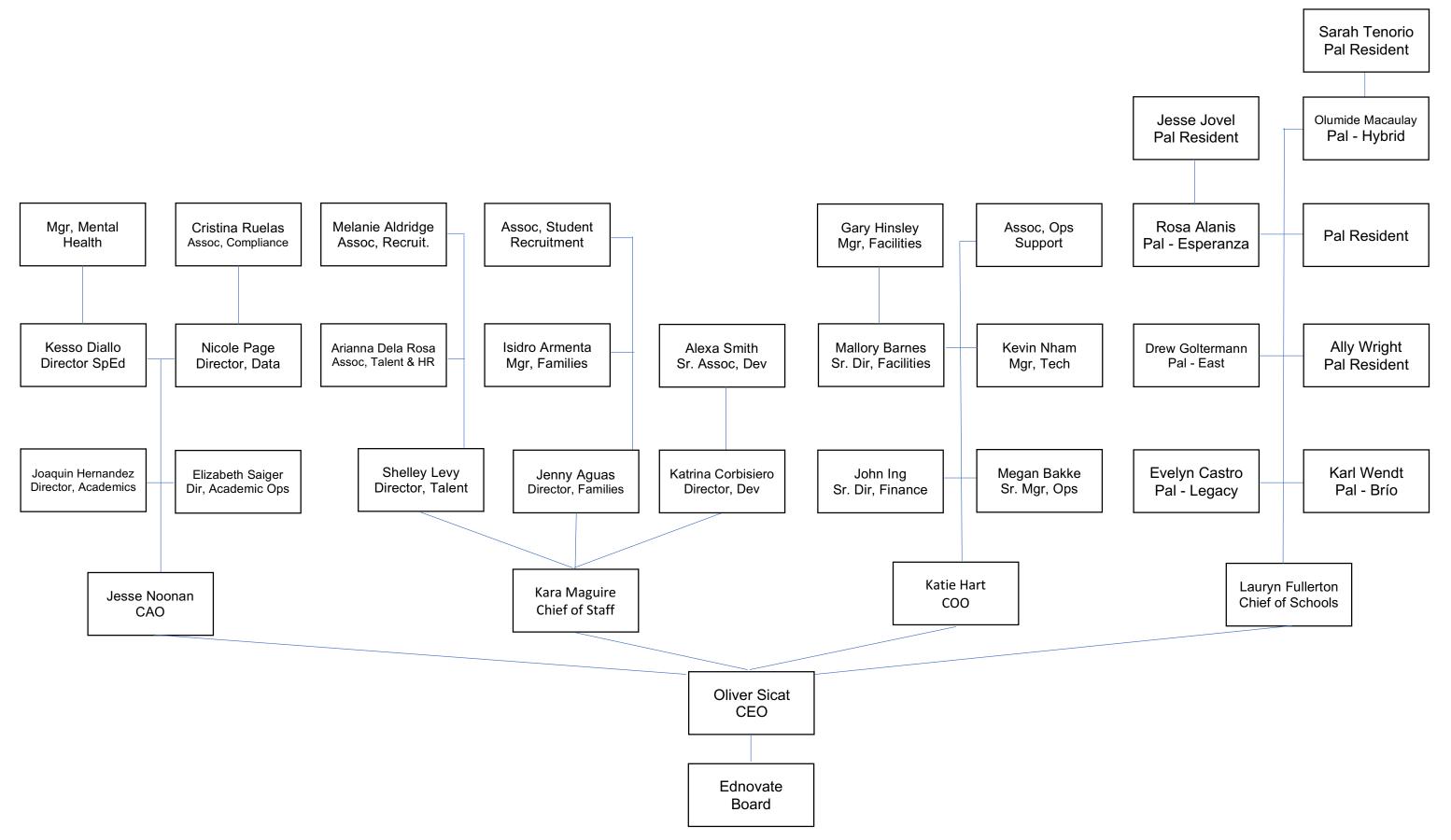
Non-District-Owned Facilities

Facility Status: The charter petitioner must demonstrate control of a facility such as a commitment from the landlord, to ensure that the property is actually available to the charter developer, and that the facility is usable with or without conditions (such as a conditional code permit.) The charter school facility shall comply with all applicable building codes, standards and regulations adopted by the city and/or county agencies responsible for building and safety standards for the city in which the charter school is to be located, and the Americans with Disabilities Act (ADA). Applicable codes and ADA requirements shall also apply to the construction, reconstruction, alteration of or addition to the proposed charter school facility. Charter School shall implement any corrective actions, orders to comply, or notices issued by the authorized building and safety agency. Charter School cannot exempt itself from applicable building and zoning codes, ordinances, and ADA requirements. Charter schools are required to adhere to the program accessibility requirements of Federal law (Americans with Disabilities Act and Section 504).

Occupancy of the Site: The charter petitioner or developer shall provide the County with a final Certificate of Occupancy issued by the applicable permitting agency, allowing the petitioner to use and occupy the site. Charter School may not open without providing a copy of the Certificate of Occupancy for the designated use of the facility. If Charter School moves or expands to another facility during the term of this charter, Charter School shall provide a Certificate of Occupancy to the County for each facility before the school is scheduled to open or operate in the facility or facilities. Notwithstanding any language to the contrary in this charter, the interpretation, application, and enforcement of this provision are not subject to the Dispute Resolution Process outlined in Element 14.

Pest Management: Charter School shall comply with the Healthy Schools Act, California Education Code Section 17608, which details pest management requirements for schools. Developers may find additional information at: www.laschools.org/employee/mo/ipm.

Asbestos Management: Charter School shall comply with the asbestos requirement as cited in the Asbestos Hazard Emergency Response Act (AHERA), 40CFR part 763. AHERA requires that any building leased or acquired that is to be used as a school or administrative building shall maintain an asbestos management plan.



Item: Charter Schools #12 July 17, 2019

741y 17, 2019

[X] Mailed [] Distributed at meeting

ORANGE COUNTY BOARD OF ELUCATION

BOARD AGENDA ITEM

DATE:

June 28, 2019

TO:

Nina Boyd, Associate Superintendent

FROM:

Kelly Gaughran, Director, Charter Schools Unit

Teresa H. Johnson, Coordinator, Charter Schools Unit

SUBJECT:

Ednovate, Legacy College Prep - Material Revision Submission and Public

Hearing

DESCRIPTION:

Legacy College Prep, previously known as USC College Prep and as Santa Ana College Prep began operations in August 2016. Legacy College Prep co-located with Scholarship Prep Charter School during its first two years of operation. The school then relocated to 1500 E. 17th Street for the 2018-19 school year.

The governing board of Ednovate, Inc., a non-profit organization that operates Legacy College Prep, is requesting a material revision to the schools charter. The organization is seeking to change its bylaws and relocate the school within the boundaries of Santa Ana Unified School District from 1500 E. 17th Street, Santa Ana, CA to 1450 E. 17th Street, Santa Ana, CA.

Per Education Code § 47607 (a)(1), A material revision of the provisions of a charter petition may be made only with the approval of the authority that granted the charter.

RECOMMENDATION:

Accept the submission of the material revision request from Ednovate, Legacy College Prep, and consider public input for the request at the meeting on July 17, 2019. OCBE will render action at the August 14, 2019 board meeting.

Enclosures

Adopted by Board of Directors 05/27/2017 12/12/2018

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FOURTH AMENDED AND RESTATED

BYLAWS

OF

EDNOVATE, INC.

a California nonprofit public benefit corporation

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Adopted by Board of Directors 05/27/2017 12/12/2018

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THIRD AMENDED AND RESTATED

BYLAWS

Of

EDNOVATE, INC.

a California nonprofit public benefit corporation

1. NAME AND OFFICES OF THE CORPORATION

- **1.1 Name.** The name of this corporation is EDNOVATE, INC. ("Corporation").
- **1.2** Location of Principal Office. The principal office for the transaction of the activities and affairs of the Corporation is located at 350 S. Figueroa St. Suite 250, Los Angeles, CA 90071. The Board of Directors ("Board") may change the principal office from time to time, provided that it shall be located in Los Angeles, County. Any such change shall be noted on these Bylaws opposite this Section, or this Section may be amended to state the new location.
- 1.3 <u>Location of Other Offices</u>. The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to conduct its activities.

2. PURPOSES, LIMITATIONS AND DEDICATION OF ASSETS

2.1 <u>Purposes</u>. This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public and charitable purposes.

The public and charitable purposes for which this Corporation is organized are:

- (a) The Corporation is organized exclusively for charitable and educational purposes within the meaning of §501(c)(3) of the Internal Revenue Code of 1986, as now in effect or as may hereafter be amended (the "Code")(or the corresponding provision of any future United States Internal Revenue Law).
- (b) Without limiting the generality of the purposes set forth in subparagraph (a) above, the public and charitable purposes for which this Corporation is organized shall include:
- (i) to oversee, administer, implement and/or operate one or more public schools, including without limitation charter schools;
- (ii) to advise, manage, support and otherwise assist public schools, other nonprofit primary and secondary educational institutions and related community and governmental organizations; and

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- (iii) to improve the overall effectiveness of public schools.
- 2.2 Notwithstanding any other provisions of these Articles, the Limitations. Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue Law), or (b) by a corporation contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue Law). No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise permitted by § 501(h) of the Code and in any corresponding laws of the State of California), and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements concerning) any political campaign on behalf of (or in opposition to) any candidate for public office. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise permitted by § 501(h) of the Code and in any corresponding laws of the State of California), and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements concerning) any political campaign on behalf of (or in opposition to) any candidate for public office.
- Dedication of Assets. The property of the Corporation is irrevocably dedicated to charitable and educational purposes meeting the requirements for exemption under § 214 of the California Revenue and Taxation Code. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to any director or officer of the corporation, or any other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation to any person other than a director for services rendered to or for the Corporation and to make payments and distributions in furtherance of the purposes set forth in Section 2.1 hereof. In the event of dissolution or final liquidation of the Corporation, all of the remaining assets and property of the Corporation shall, after paying or making provision for the payment of all of the liabilities and obligations of the Corporation and for necessary expenses thereof, be distributed to such organization or organizations organized and operated exclusively for charitable or educational purposes meeting the requirements for exemption under § 214 of the California Revenue and Taxation Code and shall at the time qualify as an exempt organization or organizations under § 501(c)(3) of the Code and § 23701d of the California Revenue and Taxation Code as the Board of Directors shall determine. In no event shall any of such assets or property be distributed to any director or officer, or any private individual.

3. MEMBERSHIP

- **3.1** Members. The Corporation shall have no members. Any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval of the Board. All rights which would otherwise vest in the members shall vest in the directors.
- **3.2** Associates. Nothing in this Section 3 shall be construed as limiting the right of the Corporation to refer to persons associated with it as "members" even though such persons are not members, and no such reference shall constitute anyone a member, within the meaning of Section

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5056 of the California Nonprofit Corporation Law. Subject to the requirements of any charter for any school operated by the Corporation (each a "Charter") and the California Charter Schools Act of 1992, as amended, the Corporation may confer by amendment of its Articles or of these Bylaws some or all of the rights of a member, as set forth in the California Nonprofit Corporation law, upon any person or persons who do not have the right to vote for election of directors or on a disposition of substantially all of the assets of the Corporation or on a merger or on a dissolution or on changes to the Corporation's Articles or Bylaws, but no such person shall be a member within the meaning of said Section 5056.

4. **BOARD OF DIRECTORS**

4.1 **Powers of Directors.**

- (a) <u>General Corporate Powers</u>. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, the activities, business, and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.
- **(b)** Specific Powers. Without prejudice to the general powers set forth in Section 4.1(a) of these Bylaws, but subject to the same limitations, the Board shall have the following powers in addition to other powers enumerated in these Bylaws:
 - (i) to select and remove at the pleasure of the Board, all officers, agents, and employees; to prescribe powers and duties for them as may be consistent with law, the Articles of Incorporation, and these Bylaws; to fix the compensation of officers, agents and employees; and to require from them security for faithful service.
 - (ii) to conduct, manage, and control the affairs and activities of the Corporation and make such rules and regulations for this purpose, consistent with law, applicable Charters, the Articles of Incorporation, and these Bylaws, as they may deem best.
 - (iii) to adopt and use a corporate seal, and alter the form of seal.
 - (iv) to borrow money and incur indebtedness on behalf of the Corporation, and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- (c) <u>Delegation of Management</u>. The Board may delegate the management of the activities of the Corporation to any person or persons, a management company, or committees however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate power shall be exercised under the ultimate direction of the Board. Any delegation must comply with the applicable Charter and the Charter Schools Act.

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- 33, -

4.2 Number and Qualification of Directors.

- (a) <u>Authorized Number</u>. The authorized number of directors shall be not less than three (3) nor more than fifteen (15), with the exact number of directors to be fixed, within the limits heretofore specified, by the Board from time to time. The initial number of directors shall be five (5), all of whom shall be voting directors, until such time as the Board may change the number of directors pursuant to this Section 4.2(a).
- **(b)** Restriction on Interested Persons as Directors. None of the persons serving on the Board may be interested persons. An interested person is (i) any person compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; and (ii) any brother, sister, ancestor, descendent, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of such person.
- 4.3 <u>Initial Directors.</u> The Initial Directors shall be Karen Symms Gallagher, Thomas Sayles, Elliot Sainer, David Rattray and Gisselle Acevedo. Karen Symms Gallagher and Thomas Sayles shall be designated as the initial "USC Directors." The initial terms of the Initial Directors shall be as follows: Karen Symms Gallagher and Elliot Sainer shall serve as directors until the annual meeting of the Board held in 2013; Thomas Sayles, David Rattray and Gisselle Acevedo shall serve as directors until the annual meeting of the Board held in 2012.
- 4.4 <u>Authorizer-Appointed Director.</u> In addition to the number of directors authorized pursuant to Section 4.2(a), at all times that the Corporation has a charter to operate a school granted by a board of education (the "Authorizer") in accordance with the Charter Schools Act, the governing board of the Authorizerthe governing board of the charter authorizer shall have the right, at any time and from time to time, to appoint one director (the "Authorizer Director") pursuant to California Education Code Section 47604(b).

4.54 Election, Designation, and Term of Office. The directors (other than the Initial Directors set forth in Section 4.3 and the Authorizer Director) shall be elected at each annual meeting of the Board, or, if such directors are not elected at the annual meeting, they may be elected at any special meeting of the Board. Except for the Initial Directors, whose terms are set forth in Section 4.3, each director shall be elected for a term of two (2) years. Each director shall hold office until expiration of the term and until a successor has been elected. Each director may be reelected to serve one or more additional terms, subject to the terms of these Bylaws. A director shall be elected at each annual meeting of the Board each time that the term of a director expires.

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- 44 -

4.65 Vacancies on Board.

- (a) <u>Events Causing Vacancy</u>. A vacancy or vacancies on the Board shall exist on the occurrence of the following: (i) the death, resignation or removal of any director; (ii) the declaration by Board resolution of a vacancy of the office of a director who has been declared of unsound mind by an order of court or convicted of a felony or found by final order or judgement of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law; or (iii) the increase of the authorized number of directors.
- **(b)** Resignation and Removal of Directors. Except as provided below, any director may resign by giving written notice to the chairman of the Board, if any, or to the president or the secretary. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. Except on notice to the California Attorney General, no director may resign if the Corporation would then be left without a duly elected director or directors. The Board may remove any director at any time, with or without cause. The Authorizer may remove an Authorizer Director at any time, with or without cause.
- (c) <u>Filling Vacancies</u>. Vacancies on the Board shall be filled as follows: If the director whose office is vacant was an Authorizer Director, then the Authorizer may appoint an Authorizer Director to fill the vacancy. All other vacancies shall be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director.
- (d) <u>No Vacancy on Reduction of Number of Directors</u>. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

4.76 <u>Directors' Meetings.</u>

- (a) Place of Meetings. Regular or special meetings of the Board may be held at any place within California that the Board may designate such that it is in compliance with the Ralph M. Brown Act (the "Brown Act"), California Government Code Sections 54950 through 54963, or, if not so designated, meetings shall be held at the Corporation's principal office, currently 350 S. Figueroa St., Suite 250, Los Angeles, CA 90071_{7.2} A regular or special meeting of the Board may be held at any place within the boundaries of the authorizer's Authorizer's jurisdiction consented to in writing by all Board members, either before or after the meeting. If such consents are given, they shall be filed with the minutes of the meeting. To ensure parent and community access and participation, videoconferencing shall be provided at the authorized charter school locations where the meeting is not held, whether the meeting is a regular or special meeting of the Board. Such videoconferencing will enable participation in the Board meeting by attendees at the authorized charter school locations where the meeting is not held
- **(b)** Brown Act. Notwithstanding anything in these Bylaws to the contrary, all meetings of the Board shall be called, noticed and held in accordance with the Brown Act.
- (c) <u>Annual Meeting</u>. The Board shall hold an annual meeting for the purpose of organization, selection of directors and officers, and the transaction of other business. Except as otherwise set by the Board, annual meetings of the Board shall be held on the first Friday of June at 8:00 AM local time; provided, however, should said day fall on a holiday observed by the

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Corporation at its principal office, then the meeting shall be held at the same time on the next day thereafter ensuing which is a full business day.

- (d) Other Regular Meetings. Other regular meetings of the Board may be held at such time and place as the Board shall fix from time to time. The Board shall hold regular meetings no less than four (4) times a year; notwithstanding the foregoing, during the Corporation's first year of operation the Board may elect to meet more frequently.
- (e) Notice of Annual and Regular Meetings. Notwithstanding anything herein to the contrary, all meetings of the Board and its standing committees shall be called, noticed and held in compliance with the Brown Act. At least seventy-two (72) hours before an annual meeting or a regular meeting, the Board, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. -A brief general description of an item generally need not exceed twenty (20) words. The agenda shall specify the time and location of the meeting and shall be posted in a location that is freely accessible to members of the public. The posting of the agenda and the contents of the agenda shall be in accordance with Section 54954.2 of the Brown Act. In addition, the agenda shall be posted to either the Corporation's website or the charter school's website, if any. No action or discussion shall be undertaken at any annual or regular meeting on any item not appearing on the posted agenda, except as set forth in Section 54954.2 of the Brown Act.

(f) Special Meetings.

(i) <u>Authority To Call</u>. Special meetings of the Board for any purpose may be called at any time by the chairman of the Board, if any, or a majority of the voting directors of the Board.

(ii) Notice.

with the Brown Act, notice of the time and place of a special meetingsmeeting shall be given to each directorthe public through the posting of an agenda. Directors shall also receive notice of the special meeting by one of the following methods: (1) by personal delivery of written notice; (2) by first-class mail, postage prepaid; (3) by telephone, either directly to the director or to a person at the director's office who would reasonably be expected to communicate that notice promptly to the director; or (4) by electronic transmission. All such notices shall be given or sent to the director's address, telephone number, facsimile number or e-mail address as shown on the records of the Corporation. special meetings of the Board of Directors may be held only after twenty-four (24) hours notice is given to the public through the posting of an agenda.

b. <u>Time Requirements</u>. <u>Notices of specialSpecial</u> meetings of the Board of Directors sent by first class mail shallmay be deposited in the United States mail at least three (3) days before the time set for the meeting. Notices given by personal delivery, telephone, or electronic transmission shall be delivered, telephoned, or transmitted at least held only after twenty—four (24) hours before the time set for the meeting, notice is given to the public through the posting of an agenda and to the directors as provided in paragraph a. In

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addition to the foregoing, notice of the meeting shall comply with Section 54956 of the Brown Act, and the call of the meeting and notice shall also be posted at least twenty four (24) hours prior to the special meeting in a location that is freely accessible to members of the public.

- meeting of the Board shall state the time and place of the special meeting and the business to be transacted or discussed. No other business shall be considered at the special meeting. The notice of a special meeting shall comply with the requirements for special meetings set forth in the Brown Act.
- (g) <u>Emergency Meetings</u>. If there is an "emergency situation," as defined in Section 54956.5 of the Brown Act, involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board may hold an emergency meeting without complying with either the 24-hour posting requirement of Section 54956 of the Brown Act or both of the notice and posting requirements, provided that the emergency meeting is noticed and held in compliance with Section 54956.5 of the Brown Act.
- (h) Quorum. A majority of the authorized number of voting directors than in office shall constitute a quorum, shall constitute a quorum for the transaction of business, except to adjourn. Every action taken or decision made by a majority of the voting directors present at a duly held meeting at which a quorum is present shall be the act of the Board, subject to the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including, without limitation, those provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest; (ii) approval of certain transactions between Corporations having common directorships, (iii) creation of and appointments to committees of the Board, and (iv) indemnification of directors. A meeting at which a quorum is initially present but due to the withdrawal of directors, a quorum is no longer present, may not transact business but those directors present may either (1) elect to continue as a committee or (2) adjourn to a future date.
- **Waiver of Notice.** Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any director who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to him or her.
- **(h)** Adjournment. A majority of the voting directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.
- (i) <u>Notice of Adjourned Meeting</u>. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than 24 hours, in which case notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the directors who were not present at the time of the adjournment. Notice of any adjournment shall be given in accordance with Section 54955 of the Brown Act.

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- (j) <u>Meetings by Teleconference</u>. A teleconference meeting is a meeting in which one or more directors attend the meeting from a remote location via telephone or other electronic means, transmitting audio or audio/video. Any meeting may be held by teleconference as long as all directors participating in the meeting can hear one another. All such directors shall be deemed to be present in person at such a meeting. Notwithstanding the foregoing, members of the Board may participate in teleconference meetings so long as said meeting is noticed and conducted in compliance with Section 54953(b) of the Brown Act, including without limitation the following:
- (i) At a minimum, a quorum of the Board shall participate in the teleconference meeting from locations within the boundaries of the school districtauthorizers in which the Corporation's charter school operates.
 - (ii) All votes taken during a teleconference meeting shall be by roll call.
- (iii) The Board shall post agendas at all teleconference locations with each such location being identified in the notice and agenda of the meeting.
- (iv) All locations where a director participates in a teleconference meeting must be fully accessible to members of the public and shall be listed on the agenda.
- (v) Members of the public must be able to hear what is said during the meeting and shall be provided with an opportunity to address the Board directly at each teleconference location.
- (vi) The agenda shall indicate that members Members of the public attending a meeting conducted via teleconference need not give their name when entering the conference call.
- **4.8** <u>Compensation and Reimbursement.</u> Directors and members of committees shall receive no compensation for their services as directors, but may receive just and reasonable reimbursement for expenses in attending meetings.

4.9 Committees.

- (a) <u>Committees of the Board.</u> The Board, by resolution adopted by a majority of the voting directors then in office, provided a quorum is present, may create one or more committees, each consisting of two or more directors and no persons who are not directors, to serve at the pleasure of the Board. Appointments to committees of the Board shall be by majority vote of the voting directors then in office. The Board may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee, to the extent provided in the Board resolution, shall have all authority of the Board, except that no committee, regardless of Board resolution, may:
 - take any final action on matters that, under the California Nonprofit Public Benefit Corporation Law, requires the approval of the Board of Directors;

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- (2) fill vacancies on any committee that has the authority of the Board;
- (3) amend or repeal Bylaws or adopt new Bylaws;
- (4) amend or repeal any Board resolution that by its express terms is not so amendable or repealable;
- (5) create any other committees of the Board or appoint members of committees of the Board;
- (6) expend corporate funds to support a nominee for director after more people have been nominated for director than can be elected; or
- (7) approve any contract or transaction to which the Corporation is a party and in which one or more of its directors has a material financial interest, except as special approval is provided for in Section 5233(d)(3) of the California Corporations Code.
- (b) <u>Audit Committee</u>. <u>Each year that the Board anticipates that the Corporation will have gross revenue of at least \$2,000,000, the The Corporation shall have an audit committee consisting of at least two (2) directors, and may include nonvoting advisors. <u>Directors who are or have been in the previous twelve months employees or officers of the Corporation or who receive, directly or indirectly, any consulting, advisory or other compensatory fees from the Corporation may not serve on the audit committee. The audit committee shall perform the duties and adhere to the guidelines set forth in the Corporation's audit committee charter as amended from time to time by the Board. Such duties include, but are not limited to:</u></u>
 - (1) assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
 - (2) negotiating the auditor's compensation;
 - (3) conferring with the auditor regarding the Corporation's financial affairs; and
 - (4) reviewing and accepting or rejecting the audit.

Members of the audit committee shall not receive compensation for their service on the audit committee. If the Corporation has a finance committee, a majority of the members of the audit committee may not concurrently serve as members of the finance committee, and the chair of the audit committee may not serve on the finance committee.

(c) 4.9 Committees.

(c) <u>Compensation Committee</u>. The Corporation shall have a compensation committee of at least two directors and no one who is not a director. Directors who are or have been in the previous twelve months employees or officers of the Corporation or who receive, directly or indirectly, any consulting, advisory or other compensatory fees from the Corporation

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may not serve on the compensation committee. Pursuant to Government Code section 12586(g) and the applicable provisions of federal law, the compensation committee shall review the compensation of the president, chief executive officer, treasurer, and such other officers of the Corporation the compensation committee determines appropriate annually and whenever a modification in compensation is proposed. The review shall include an evaluation of the performance of the officers and an analysis of appropriate comparability data. Based on its review, the compensation committee shall recommend just and reasonable compensation amounts for the officers to the Board. At the request of the president or the Board, the compensation committee shall review any issue involving staff compensation and benefits, including but not limited to health and retirement plans.

(d) Executive Committee. Pursuant to Section 4.7(a) of these Bylaws, the Board may appoint two or more directors of the Corporation to serve as the executive committee of the Board, subject to the Political Reform Act and other applicable conflict of interest laws. The executive committee, unless limited by resolution of the Board, shall have and may exercise all the authority of the Board in the management of the business and affairs of the Corporation between meetings of the Board; provided, however, that the executive committee shall not have the authority of the Board in reference to those matters enumerated in Section 4.7(a). All actions of the executive committee shall be reported to and ratified by the full Board at the next duly scheduled Board meeting.

(e) Ad Hoc Committees. In addition to the standing committees of the Board, the Board also may from time to time appoint one or more ad hoc committees, each consisting of two or more directors and may include nonvoting advisors, to serve at the pleasure of the Board, subject to the Political Reform Act and other applicable conflict of interest laws. Unlike a standing committee, an ad hoc committee shall have a specific task to accomplish and shall be disbanded upon the accomplishment of such task.

(f) Meetings and Action of Committees. Meetings and actions of committees of the Board shall be governed by, held, and taken in accordance with the provisions of these Bylaws concerning meetings and other Board actions, except that the time for regular meetings of such committees and the calling of special meetings of such committees may be determined either by Board resolution or, if there is none, by resolution of the committee of the Board. Provided that less than a quorum of the Board is in attendance at a meeting of an ad hoc committee, meetings of an ad hoc committee shall not be subject to the rules set forth in these Bylaws for notice and posting of the agenda in compliance with the Brown Act.—Minutes of each meeting of any committee of the Board shall be kept and shall be filed with the corporate records. The Board may adopt rules for the governance of any committee that are consistent with these Bylaws or, in the absence of rules adopted by the Board, the committee may adopt such rules.

(gd) Advisory Committees. In addition to those committees appointed by the Board pursuant to Section 4.7(a) above, the Board may create, by resolution adopted by a majority of the voting directors then in office, provided that a quorum is present, one or more advisory committees to the Board to serve at the pleasure of the Board. The members of an advisory committee shall consult with and make recommendations to the Board as requested from time to time. Members of an advisory committee need not be directors of the Corporation. No member

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of an advisory committee shall have the right to vote as a director of the Corporation solely by virtue of his or her status as a member of an advisory committee. Appointments to such committees shall be by a majority vote of the voting directors then in office, provided that a quorum is present. The authority of any advisory committee shall be subject to the same limitations imposed on a committee of the Board set forth in Section 4.9(a) above.

4.10 Roberts Rules of Order. Meetings shall be governed by Robert's Rules of Order, as such rules may be revised from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws or with any applicable provision of law, including the Brown Act. The Board may choose to suspend Robert's Rules of Order to allow a greater range of discussion among those present at a meeting; provided, however, that such suspension shall not apply to motions or other actions necessary to conduct the business of the Board.

5. OFFICERS

- 5.1 Officers Of the Corporation. The officers of the Corporation shall be a president, a secretary, and a treasurer. The Corporation may also have, at the Board's discretion, a chair of the Board, a vice chair of the Board, one or more vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with Section 5.3 of these Bylaws. Any number of offices may be held by the same person, except that neither the secretary nor the treasurer may serve concurrently as either the president or the chair of the Board.
- **5.2** Election of Officers. The officers of the Corporation, except those appointed under Section 5.3 of these Bylaws shall be chosen annually by the Board and each shall serve at the pleasure of the Board, subject to the rights, if any, of any officer under any contract of employment.
- **5.3** Other Officers. The Board may appoint and may authorize the chairman of the Board, the president, or other officer to appoint any other officers that the business of the Corporation may require, each of whom shall have the title, hold office for the period, have the authority, and perform the duties determined by the Board.
- **5.4** Removal of Officers. Without prejudice to any rights of an officer under any contract of employment, any officer may be removed, with or without cause, by the Board or by an officer on whom the Board may confer that power of removal.
- **8.5** Resignation of Officers. Any officer may resign at any time by giving written notice to the Corporation. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.
- **5.6** <u>Vacancies in Offices</u>. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided that such vacancies shall be filled as they occur and not on an annual basis.

5.7 Responsibilities of Officers.

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- (a) <u>Chair of the Board</u>. If a chair of the Board is elected, he or she shall preside at Board meetings and shall exercise and perform such other powers and duties as may be assigned by the Board or prescribed by the Bylaws.
- **(b)** <u>Vice Chair of the Board.</u> The vice chair of the Board shall preside, in the absence of the chair of the Board, at Board meetings and shall exercise and perform such other powers and duties as may be assigned by the Board or prescribed in the Bylaws.
- **(b)** President and Chief Executive Officer. Subject to such supervisory powers as the Board may give to the chair of the Board, if any, the president and chief executive officer shall, subject to the control of the Board, be the general manager of the Corporation and shall supervise, direct, and control the business, activities, affairs and the officers of the Corporation. The president and chief executive officer shall have such other powers and duties as the Board or the Bylaws may prescribe.
- (c) <u>Vice Presidents</u>. In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the Board or, if not ranked, a vice president designated by the Board, shall perform all duties of the president and chief executive officer. When so acting, a vice president shall have all powers of and be subject to all restrictions on the president and chief executive officer. The vice presidents shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

(d) Secretary.

I

- (i) <u>Book of Minutes.</u> The secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board, or committees of the Board. The minutes of meetings shall include the time and place of holding, whether the meeting was general or special and, if special, how authorized, the notice given, the names of those present at Board and committee meetings. The secretary shall keep or have kept at the principal office in California, a copy of the Articles of Incorporation and Bylaws, as amended to date.
- (ii) Notices, Seal, and Other Duties. The secretary shall give, or cause to be given, notice of all meetings of the Board, and of committees of the Board required by the Bylaws to be given. The secretary shall keep the corporate seal in safe custody, and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

(e) Treasurer.

- (i) <u>Books of Account</u>. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the Corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any director at all reasonable times.
- (ii) <u>Deposit and Disbursement of Money and Valuables</u>. The treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to

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the credit of the Corporation with such depositories as the Board may designate, shall disburse the Corporation's funds as the Board may order, shall render to the president and directors, when requested, an account of all transactions as treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

(iii) <u>Bond</u>. If required by the Board, the treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his or her office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from the office.

6. <u>INDEMNIFICATION</u>

- **6.1 Definitions.** For the purpose of this Section 6, "<u>agent</u>" means any person who is or was a director, officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of the Corporation or of another enterprise at the request of such predecessor corporation; "<u>proceeding</u>" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative; and "<u>expense</u>" includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under Sections 6.5 or 6.5(b) of these Bylaws.
- 6.2 Indemnification in Actions by Third Parties. The Corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor, an action brought under Section 5233 of the California Nonprofit Public Benefit Corporation law, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust), by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Corporation or that the person had reasonable cause to believe that person's conduct was unlawful.
- **6.3** Indemnification in Actions by or in the Right of the Corporation. The Corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the Corporation, or brought under Section 5233 of the California Nonprofit Public Benefit Corporation Law, or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by

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reason of the fact that such person is or was an agent of the Corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Corporation, and with such care, including reasonably inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 6.3:

- (a) in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the Corporation in the performance of such person's duty to the Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;
- (b) of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or
- (c) of expense incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General.
- **6.4** Indemnification Against Expenses. To the extent that an agent of the Corporation has been successful on the merits in defense of any proceeding referred to in Sections 6.2 or 6.3 of these Bylaws or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.
- **6.5** Required Determinations. Except as provided in Section 6.4 of these Bylaws any indemnification under this Section 6 shall be made by the Corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 6.2 or 6.3 of these Bylaws, by:
- (a) a majority vote of a quorum consisting of voting directors who are not parties to such proceeding;
- (b) the court in which such proceeding is or was pending upon application made by the Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the Corporation.
- **6.6** Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Section 6.
- **6.7** Other Indemnification. No provision made by the Corporation to indemnify its directors or officers for the defense of any proceeding, whether contained in the Articles, Bylaws, a resolution of members or directors, an agreement, or otherwise, shall be valid unless consistent

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with this Section 6. Nothing contained in this Section 6 shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

- **6.8** Forms of Indemnification Not Permitted. No indemnification or advance shall be made under this Section 6, except as provided in Sections 6.4 or 6.5(b), in any circumstances where it appears:
- (a) that it would be inconsistent with a provision of the Articles, these Bylaws, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (b) that it would be inconsistent with any condition expressly imposed by a court in approving a settlement.
- **6.9 Insurance.** The Corporation shall have power to purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of this Section 6, provided, however, that a Corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the Corporation for a violation of Section 5233 of the California Nonprofit Public Benefit Corporation Law.
- 6.10 Nonapplicability to Fiduciaries of Employee Benefit Plans. This Section 6 does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Corporation as defined in Section 6.1 of these Bylaws. The Corporation shall have power to indemnify such trustee, investment manager, or other fiduciary to the extent permitted by Section 2075140(f) of the California General Corporation Law.

7. RECORDS AND REPORTS

- 7.1 Maintenance of Corporate Records. The Corporation shall keep:
 - 1. Adequate and correct books and records of account; and
 - 2. Written minutes of the proceedings of its Board, and committees of the Board; and
- 7.2 <u>Inspection by Directors</u>. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the Corporation for a purpose reasonably related to the director's interests as a director.
- 7.5 Annual Report. The Board shall cause an annual report to be sent to the directors within 120 days after the end of the Corporation's fiscal year. That report shall contain the following information, in appropriate detail, for the fiscal year:

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- 1. the assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year;
- 2. the principal changes in assets and liabilities, including trust funds;
- 3. the revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes; and
- 4. the expenses or disbursements of the Corporation for both general and restricted purposes.

The annual report shall be accompanied by any report on it of independent accountants or, if there is no such report, by the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the Corporation's books and records.

This requirement of an annual report shall not apply if the Corporation receives less than \$25,000 in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in the annual report must be furnished annually to all directors.

- 7.6 Annual Statements of Certain Transactions and Indemnifications. As part of the annual report, or as a separate document if no annual report is issued, the Corporation shall annually prepare and furnish to each director a statement of any transaction or indemnification of the following kind within 120 days after the end of the Corporation's fiscal year: The Corporation will comply with Corporations Code Section 6322
- (a) Any transaction (i) in which the Corporation, its parent, or its subsidiary was a party, (ii) in which an "interested person" had a direct or indirect material financial interest, and (iii) which involved more than \$500, or was one of a number of transactions with the same interested person invoking, in the aggregate, more than \$500. For this purpose, an "interested person" is either of the following:
 - 1. any director or officer of the Corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest);
 - 2. any holder of more than 10 percent of the voting power of the Corporation, its parent, or its subsidiary.

The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest in the transaction and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.

(b) Any indemnifications or advances of expenses aggregating more than \$10,000 paid during the fiscal year to any officer or director of the Corporation pursuant to Article 6 of these Bylaws.

98. ENDORSEMENT OF DOCUMENTS; CONTRACTS

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Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance, or other instrument in writing and any assignment or endorsement thereof executed or entered into between the Corporation and any other person, when signed by the chairman of the Board, the president, or any vice president and the secretary, any assistant secretary, the treasurer, or any assistant treasurer of the Corporation shall be valid and binding on the Corporation in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board, and, unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose.

9. CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular and the term "person" includes both a legal entity and a natural person.

10. CALIFORNIA "OPEN MEETING" LAWS

At any time or times that the Corporation is required to comply with California's "open meeting" laws including, without limitation, the Brown Act, the provisions of these Bylaws shall be deemed amended to the extent necessary to comply with such laws.

11. AMENDMENTS

New Bylaws may be adopted, or these Bylaws may be amended or repealed, by approval of a majority of the voting directors of the Board.

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The Board of Directors may adopt, amend or repeal any of these bylaws by a majority vote of the directors present at a meeting duly held at which a quorum is present, except that no amendment shall change any provisions of any charter governing any charter school operated as or by the Corporation or make any provisions of these bylaws inconsistent with such charter, the Corporation's articles of incorporation, or any laws.

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I certify that I am the	e duly elected and acting Secreta	ry of Ednovate, Inc., a California
•		ting of 17 pages, are the bylaws of
the Corporation as adopted by	· · · · · · · · · · · · · · · · · · ·	; and that these bylaws
have not been amended or mo	odified since that date.	
Executed on	at	, California.

Elliot Sainer, Secretary

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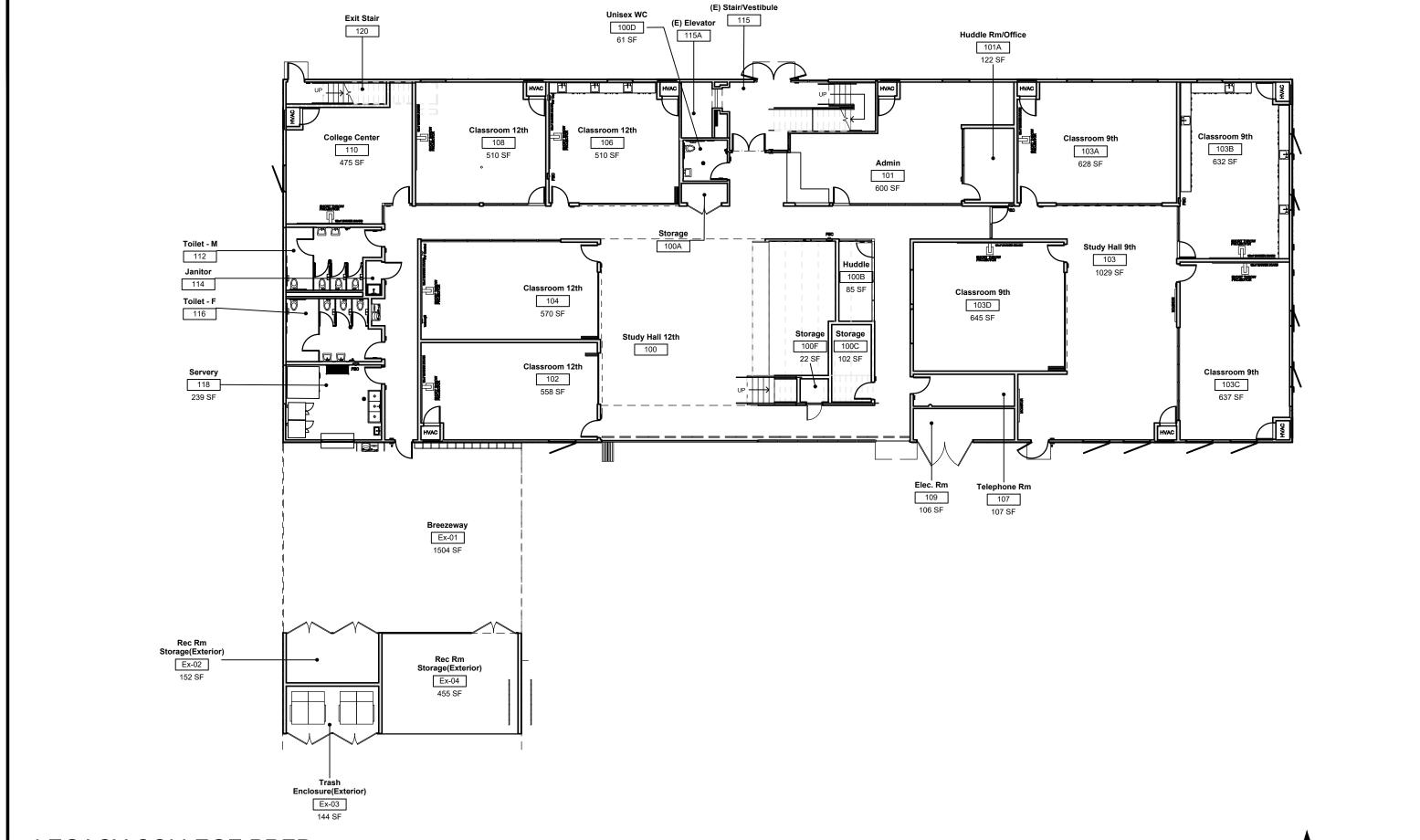


Legacy College Prep: Material Revision

Data to support why this material revision is necessary

There are a number of compelling factors for this material revision:

- **Strategy:** Part of our strategic growth plan is to ensure that our schools are operating in permanent facilities. We feel strongly that our instructional model can be fully realized when in a permanent facility wherein the design fulfills our instructional vision. Therefore, it has always been a goal for Legacy to move to its own permanent facility, which is the reason for the this material revision.
- **Enrollment:** As a network, we have a proven track record of increasing enrollment once schools are in permanent facilities. Our other two schools that moved to permanent facilities, USC Hybrid High and East College Prep, saw an increase in enrollment.
 - Currently, Legacy College Prep has 100 completed applications for the upcoming school year, with only 20 spots left. This represents an uptick in enrollment from previous years.

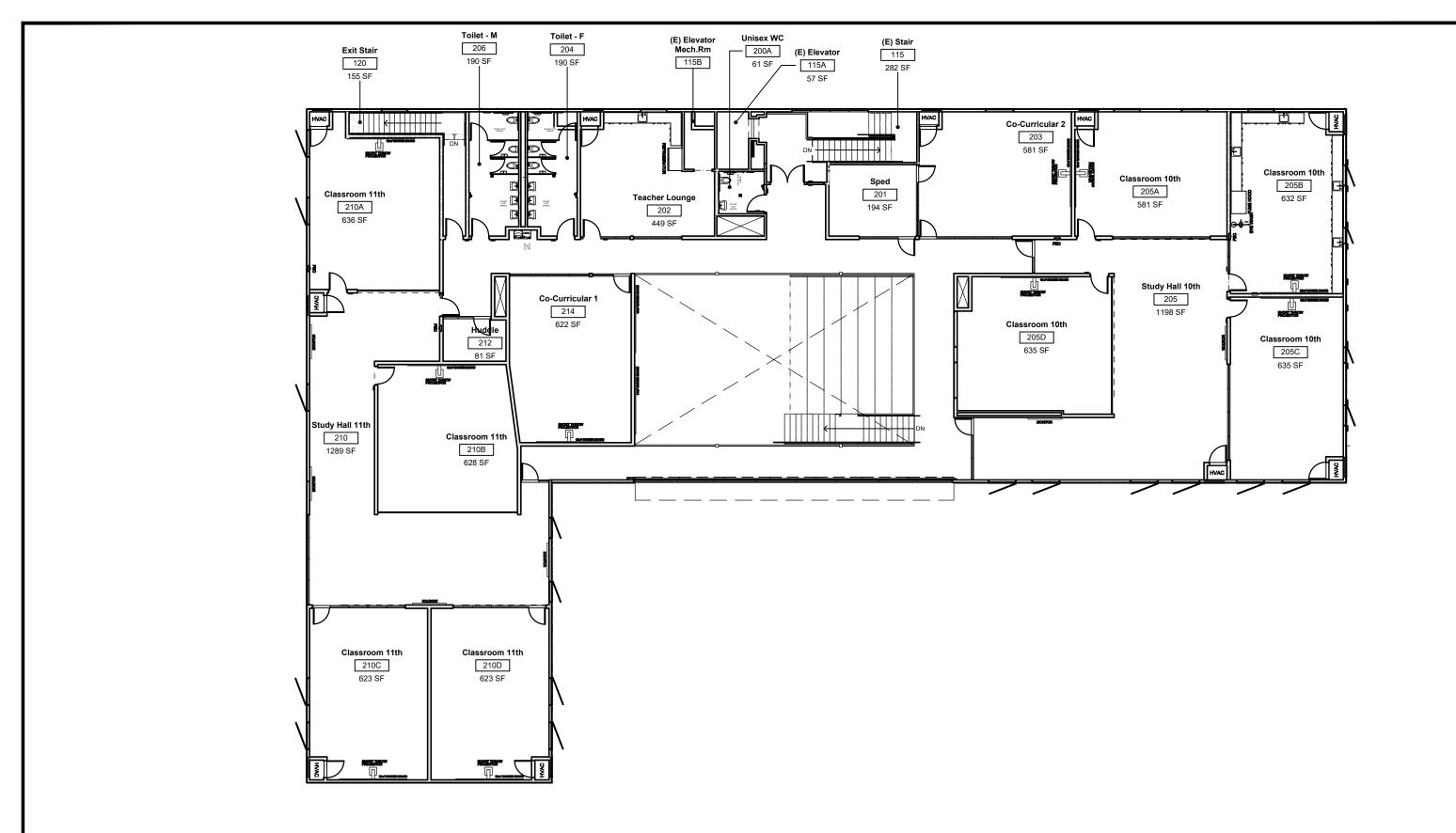


LEGACY COLLEGE PREP

EDNOVATE

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LEGACY COLLEGE PREP

EDNOVATE

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EDNOVATE – LEGACY COLLEGE PREP

LEASE AGREEMENT

by and between

PMC 17TH STREET LLC, a California limited liability company, as Lessor

and

EDNOVATE, INC.,

a California nonprofit public benefit corporation (in its capacity as operator of and holder of the charter for Ednovate – Legacy College Prep), as Lessee

Dated as of July 1, 2018

TABLE OF CONTENTS

	Page
	ARTICLE I
	BASIC PROVISIONS
Section 1.01 Section 1.02 Section 1.03 Section 1.04 Section 1.05 Section 1.06 Section 1.07	Capitalized Terms 1 Premises 1 Term 1 Extension Option 1 Base Rent 1 Option to Terminate 1 The Bonds 2
	ARTICLE II
	PREMISES
Section 2.01 Section 2.02 Section 2.03	Letting2Compliance2Acknowledgements2
	ARTICLE III
	RENT AND EXPENSES
Section 3.01 Section 3.02 Section 3.03 Section 3.04 Section 3.05 Section 3.06 Section 3.07 Section 3.08	Rent Defined 3 Expenses 3 Additional Rent 4 Extraordinary Monthly Rent 5 Payment 5 Budgeting Rent 5 Accounting 5 Source of Rent Payments 5
	ARTICLE IV
	USE
Section 4.01 Section 4.02 Section 4.03	Use
	ARTICLE V
	MAINTENANCE; REPAIRS

Section 5.01	Lessee's Obligations	
Section 5.02	Utility Installations; Trade Fixtures; Alterations	9
Section 5.03	Ownership; Surrender; and Restoration	10
	ARTICLE VI	
	INSURANCE; INDEMNITY	
Section 6.01	Liability	10
Section 6.02	Property	11
Section 6.03	Business Interruption	
Section 6.04	Waiver of Subrogation	11
Section 6.05	Indemnity	
Section 6.06	Exemption of Lessor from Liability	11
Section 6.07	Loan Agreement	11
	ARTICLE VII	
	DAMAGE OR DESTRUCTION	
Section 7.01	Definitions	12
Section 7.02	Damage—Insured Loss	12
Section 7.03	Damage—Uninsured Loss	
Section 7.04	Waiver of Statutes	
	ARTICLE VIII	
	REAL PROPERTY TAXES	
Section 8.01	Definition	12
Section 8.02	Payment of Taxes	13
Section 8.03	Personal Property Taxes	
	ARTICLE IX	
	ASSIGNMENT AND SUBLETTING	
Section 9.01	By Lessee	13
Section 9.02	By Lessor	13
	ARTICLE X	
	DEFAULT; BREACH; REMEDIES	
Section 10.01	Default; Breach	14
Section 10.02	Remedies	
Section 10.03	Interest	16

ARTICLE XI

SUBORDINATION; ATTORNMENT; NON-DISTURBANCE

Section 11.01	Subordination	16
Section 11.02	Attornment	16
Section 11.03	Non-Disturbance	17
Section 11.04	Self-Executing	17
	ARTICLE XII	
	COVENANTS AND REPRESENTATIONS	
Section 12.01	Mandatory Covenants	
Section 12.02	Lessee Representations and Warranties	
Section 12.03	Intercept Notice	
Section 12.04	Lessor's Access; Showing Premises; Repairs	
Section 12.05	Waiver of Sections 1932(2) and 1933(4) of the California Civil Code	
Section 12.06	Rating Maintenance	
Section 12.07	Transfers to Excluded Schools	
Section 12.08	Use of the Project	
Section 12.09	Annual Investor Calls	20
	ARTICLE XIII MISCELLANEOUS	
Section 13.01	Indemnification Covenants	
Section 13.02	Condemnation	
Section 13.03	Estoppel Certificates	
Section 13.04	Severability	
Section 13.05	Days	
Section 13.06	Limitation on Liability	
Section 13.07	Time of Essence	
Section 13.08	No Prior or Other Agreements	
Section 13.09	Notices Requirements	
Section 13.10	Addresses	
Section 13.11	Date of Notice	
Section 13.12	Waivers	
Section 13.13	No Right to Holdover	
Section 13.14	Cumulative Remedies	
Section 13.15	Covenants and Conditions; Construction of Agreement	
Section 13.16	Binding Effect; Choice of Law	
Section 13.17	Quiet Possession	
Section 13.18	Counterparts	
Section 13.19	Amendments	
Section 13.20	CASp Disclosure	24

EXHIBIT A CAPITALIZED TERMS

EXHIBIT B DESCRIPTION OF PREMISES

EXHIBIT C LEGAL DESCRIPTION

EXHIBIT D SCHEDULE OF BASE RENT PAYMENTS

EXHIBIT E FORM OF INTERCEPT NOTICE EXHIBIT F MANDATORY COVENANTS

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease"), dated as of July 1, 2018, is made by and between PMC 17TH STREET LLC, a California limited liability company (the "Owner"), whose sole member is PMC SUPPORT CORPORATION, a California nonprofit public benefit corporation ("PMC" and collectively with the Owner, the "Lessor"), and EDNOVATE, INC., a California nonprofit public benefit corporation (in its capacity as operator of and holder of the charter for the charter school known as "Ednovate – Legacy College Prep") (the "Lessee," and together with Lessor, collectively the "Parties," or individually a "Party").

ARTICLE I

Basic Provisions

- **Section 1.01 Capitalized Terms.** Unless otherwise set forth in Exhibit A or otherwise defined herein, all terms used herein shall have the meanings assigned to such terms in Section 1.01 of the Master Indenture of Trust, dated as of July 1, 2018 (the "Master Indenture of Trust"), among, PMC, in its capacity as Obligated Group Representative, initial members listed therein, including Lessor, and Wilmington Trust, National Association, as trustee (in such capacity, the "Master Trustee"), as originally executed and as amended or supplemented from time to time.
- **Section 1.02 Premises.** The premises are real property described in <u>Exhibit B</u> attached hereto (the "Premises") located at 1440 and 1450 East 17th Street, Santa Ana, California 92705, and all of the current and future buildings and improvements (collectively, the "Improvements"), which is in the County of Orange in the State of California, as more particularly described in <u>Exhibit C</u> attached hereto (the "Property").
- **Section 1.03** Term. The term of this Lease shall commence upon the Closing Date (the "Commencement Date") and end on June 30, 2048 (the "Initial Term") (or such other later date if Lessee exercises its extension option) (such date, as it may be extended, "Expiration Date").
- **Section 1.04** Extension Option. Lessor grants to Lessee three (3) options (each, an "Extension Option") to extend the term of this Lease for a period of six (6) years per option. An Extension Option must be exercised if at all by written notice (the "Option Notice") delivered by Lessee to Lessor not less than four (4) months prior to the then-scheduled Expiration Date, provided however, that Lessee shall not be permitted to exercise any Extension Option while Lessee is in Breach under the Lease. In the event the Term of this Lease shall be extended under this Section, then all of the terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect.
- **Section 1.05 Base Rent**. Lessee shall pay when due the base rent in accordance with the schedule set forth in Exhibit D (the "Base Rent").
- **Section 1.06 Option to Terminate** Lessee shall have the right to terminate this Lease in whole or in part without penalty in the event Lessee's application for renewal of any of the Schools occupying the Premises respective charter is denied by the Chartering Authority or if the any of such charters otherwise terminates (the "Termination Option"). Lessee may exercise the Termination Option by providing Lessor and Bond Trustee with written notice of Lessee's intent

to exercise the Termination Option no later than 90 days prior to the expiration or termination of Lessee's current charter for any of the Schools occupying the Premises, or within 10 days following actual notification of the denial or other termination, whichever is later. Such written notice shall also include sufficient evidence of Lessee's denial of charter status by the Chartering Authority. Notwithstanding the foregoing, in the event Lessee exercises its Termination Option in accordance with this Section 1.06, Lessee shall continue to pay Base Rent and all other amounts due hereunder to Lessor as provided in this Lease until such time that Lessor or Lessee secures a tenant reasonably acceptable to the Lessor (not to be unreasonably withheld or delayed), to lease the Premises, and such tenant enters into a lease with Lessor and commences the payment of Base Rent, Additional Rent (as defined below), Extraordinary Monthly Rent (as defined below) and Expenses (as defined below) and all other amounts due hereunder.

Section 1.07 The Bonds. The Authority is concurrently herewith making the Loan to Borrower, as evidenced by the Loan Agreement. The Loan will be funded by the proceeds of the Authority's California School Finance Authority Charter School Revenue Bonds (Ednovate – Obligated Group), Series 2018 (the "Bonds") pursuant to (i) the Master Indenture of Trust, (ii) the Indenture and (iii) the Supplemental Master Indenture. The Loan Agreement, the Master Indenture of Trust, the Indenture, the Supplemental Master Indenture, Obligation No. 1 and any related documents and instruments are collectively referred to herein as the "Bond Documents." The Bond Trustee will make a portion of the proceeds of the Loan available to Lessor for the purposes of, among other things, the construction described in Section 2.02 below.

ARTICLE II

Premises

Section 2.01 Letting. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the Term, at the Rent (as defined below) and upon and subject to all of the terms, covenants and conditions set forth in this Lease.

Section 2.02 Compliance. If the applicable building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") require, during the Term, the construction of an addition to or an alteration of the Premises or any portion of the Improvements, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises and/or the Improvements, the Lessee hereby agrees to undertake and complete such construction, alteration, remediation, reinforcement or other modification (each, a "Capital Expenditure"), and the costs therefor shall be incurred solely by Lessee.

Section 2.03 Acknowledgements. Lessee acknowledges that its acceptance of the Premises on the Commencement Date shall be conclusive evidence that it has made all investigations and inspections as it deems necessary with respect to the suitability of the Premises as it relates to Lessee's occupancy thereof and the Premises' compliance with Applicable Requirements, and Lessee has satisfied itself as to such matters on the Commencement Date.

ARTICLE III

Rent and Expenses

Section 3.01 Rent Defined. Subject to the terms of Section 3.08 hereof, "Rent" is defined as and shall consist of the sum of (i) Base Rent, (ii) Additional Rent, (iii) Extraordinary Monthly Rent, and (iv) Expenses, together with all other monetary obligations of Lessee to Lessor or to third parties arising under the terms of this Lease.

Section 3.02 Expenses. Lessee shall be responsible for all Expenses, which Lessee shall pay directly, but if Lessee fails to pay such Expenses, Lessor may, but shall not be obligated to, pay such Expenses and Lessee shall, within 30 days after receiving a statement from Lessor itemizing (with reasonable description) all charges included thereon, reimburse Lessor therefor.

"Expenses" shall mean all costs and expenses of the ownership, operation, maintenance, repair or replacement, and insurance of the Facility, as determined by standard accounting practices, including, by way of illustration only, and not by way of limitation, to the extent they apply to the Facility, the aggregate of the "Maintenance Expenses" and the "General Expenses" set forth below:

- (a) "Maintenance Expenses" means all costs of maintaining and repairing the Facility, the parking area, athletic fields and other portions of the Facility, deferred maintenance, installing or extending service systems and other built-in equipment, and improving the Facility, including without limitation all of the following:
 - (i) All maintenance, replacement and repair costs of air conditioning, heating and ventilation equipment and systems, elevators (if any), landscaping, service areas, parking lots, athletic fields, building exteriors (including painting), signs and directories, repairing and replacing roofs, walls, structural compliments of the Facility, and cost of compliance with applicable laws(including any required upgrades or retrofitting).
 - (ii) Supplies, materials, labor, equipment, and utilities used in or related to the repair and maintenance of the Facility and such common areas.
 - (iii) Capital improvements made to the Facility (whether funded in full or amortized with reasonable financing charges) which may be required by any government authority or which will improve the operating efficiency of the Facility.
 - (iv) If applicable, amounts payable under a Ground Lease that are similar in nature to the foregoing.
- (b) "General Expenses" means all of the following, to the extent not included in Maintenance Expenses:

- (i) Gross receipts taxes, whether assessed against Lessor or assessed against Lessee and collected by Lessor.
 - (ii) Water, sewage, and waste or refuse removal charges.
 - (iii) Gas, electricity, telephone and other utilities.
- (iv) The cost of monthly or annual contracts for systems or services such as alarm systems, security systems, internet services, janitorial services or landscaping services.
- (v) All janitorial, cleaning, landscaping, sweeping and repair services relating to the Facility.
 - (vi) The costs of signs and directories.
 - (vii) The cost of compliance with applicable laws.
- (viii) Reasonable costs incurred by Lessor for operating expenses, including the day-to-day management (if any), the cost of management personnel (if any), together with any of Lessor's administrative expenses such as state filings, preparation of tax returns or notices, and all taxes, charges, or fees in connection therewith to the extent related to the Facility.
- (ix) Real Property Taxes (as defined in Section 8.01 hereof) and personal property taxes (as described in Section 8.03 hereof), if any.
- (x) Amounts required to be paid as deductibles in connection with any insurance required under the Bond Documents.
 - (xi) Any other costs or expenses incurred by Lessor under this Lease.
- (xii) If applicable, amounts payable under a Ground Lease that are the responsibility of the Lessor and not otherwise paid pursuant to any other provisions of this subsection.
- **Section 3.03** Additional Rent. In addition to Base Rent and Expenses, Lessee shall be responsible for the payment of Additional Rent. Additional Rent shall be paid to Lessor on demand or, if such Additional Rent is ongoing and can be calculated on a periodic basis, on a monthly basis pursuant to a written schedule from time to time delivered by Lessor.

"Additional Rent" shall consist of the following:

(a) All amounts required to reimburse Lessor, or satisfy Lessor's obligations, for any fees, expenses, taxes, indemnities, assessments or other payments that the Borrower is obligated to pay under the terms of the Loan Agreement, including, but not limited to, such amounts as described in the Loan Agreement; and

(b) Any other amounts required to be paid by the Lessor in order for the Lessor to meet its obligations under the Bond Documents on a full and timely basis.

Section 3.04 Extraordinary Monthly Rent. In the event that the Lessee receives a notice (an "Extraordinary Monthly Rent Notice") from either the Lessor or the Bond Trustee stating the Bond Trustee has not received the payment of Rent with respect to a Related Project on or before that date that such required payment is due, then Lessee shall pay the Extraordinary Monthly Rent to the Bond Trustee within three (3) business days after Lessee's receipt of the Extraordinary Monthly Rent Notice. The Lessor hereby covenants to immediately provide the Lessee with a copy of any Extraordinary Monthly Rent Notice received by Lessor pursuant to the terms of the Master Indenture of Trust. The "Extraordinary Monthly Rent" shall mean the amount set forth in such Extraordinary Monthly Rent Notice, which shall be the Lessee's Proportionate Share of the Extraordinary Monthly Rent. "Proportionate Share" shall mean the amount required to be paid by Lessee to ensure that all of the required Rent and School Loan Repayments with respect to all of the Related Projects have been timely made.

Section 3.05 Payment. Lessee shall cause all Rent payable to Lessor under this Lease to be paid in lawful money of the United States on or before the day on which it is due, without offset or deduction. Notwithstanding the foregoing, the Lessee shall receive a credit for Rent owed to Lessor to the extent the Bond Trustee receives monies on behalf of the Lessee under the Intercept. Rent for any period during the Term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent due to Lessor shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing.

Section 3.06 Budgeting Rent. The Lessee covenants to take such action as may be necessary to include all such payments of Rent due hereunder in its annual budgets, to make, as necessary, annual appropriations for all such payments and to take such action annually as shall be required to provide funds in such year for such payments of Rent.

Section 3.07 Accounting. If the Lessor so requests in writing, Lessee agrees to provide Lessor with an annual, or more frequent, accounting of the Expenses paid for the current calendar year.

Section 3.08 Source of Rent Payments; Non-Recourse Obligations.

(a) Notwithstanding anything in this Lease to the contrary, Lessee's obligation to pay the Rent and the other monetary payments provided for in this Lease to any person or entity, including the Lessor, the Lender or the Bond Trustee, and their respective successors and assigns, is limited to, and shall not exceed, Gross School Revenues (as defined in Exhibit F), and under no circumstances shall Lessee be required to advance any moneys derived from any source of income other than, or pay Rent or any other monetary obligation under the Lease which is in excess of, the Gross School Revenues, nor shall any other funds or property of Lessee be liable for the payment of Rent or any other monetary obligation under the Lease, and such persons and entities shall look exclusively thereto.

- (b) The Lessor covenants that it shall not take recourse against the Lessee or any of the other lessees under the Leases with respect to the failure by Lessee or any of such persons to make any payment under this Lease except recourse to the Gross School Revenues.
- (c) Nothing contained in this Section 3.08 shall be construed to release Lessor from the performance of any of the agreements on its part herein contained, and in the event Lessor shall fail to perform any such agreements on its part, Lessee may institute such action against Lessor as Lessee may deem necessary to compel performance so long as such action does not abrogate the obligations of Lessee contained in the first sentence of this Section. The Lessee may, however, at Lessee's own cost and expense and in Lessee's own name or in the name of Lessor prosecute or defend any action or proceeding or take any other action involving third persons which Lessee deems reasonably necessary in order to secure or protect Lessee's right of possession, occupancy and use hereunder, and in such event Lessor hereby agrees to cooperate fully with Lessee and to take such action necessary to effect the substitution of Lessee for Lessor in such action or proceeding if Lessee shall so request.

ARTICLE IV

<u>Use</u>

Section 4.01 Use. Lessee shall use and occupy the Premises only for office and classroom space and for other uses necessary to operate California public charter schools by a corporation that is a 501(c)(3) Organization and that qualifies as an "educational organization" as described under Code Section 170(b)(1)(A)(ii) (the "Agreed Use"), and for no other purpose. Lessee shall not permit the Premises to be used (a) primarily for sectarian instruction or study or as a place for devotional activities or religious worship; or (b) by a Person that is not a 501(c)(3) Organization or a Governmental Unit or by a 501(c)(3) Organization (including the Lessor) in an Unrelated Trade or Business, in such manner or to such extent as would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs other tenants on the property of or causes damage to neighboring premises or properties. Without limiting the foregoing, the Lessee shall use and operate the Premises only as "educational facilities" (as defined in the Act) and only in conjunction with the Schools and other schools operated by Lessee.

Section 4.02 Hazardous Substances.

(a) Reportable Uses Require Consent. Lessee shall not engage in any activity in or on the Property that constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements (as defined in Section 2.03 herein). "Reportable Use" shall mean (A) the installation or use of any above or below ground storage tank; (B) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental

authority; and/or (C) the presence at the Property of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Property or neighboring properties. Notwithstanding the foregoing or anything herein to the contrary, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials and materials necessary for educational use in in science classes offered by the Schools, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Property or neighboring property to any meaningful risk of contamination or damage or expose Lessor, Lender or Lessee to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Property and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements).

- (b) **Duty to Inform Lessor**. If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.
- (c) Lessee Remediation. Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Property (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Property or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Property during the Term of this Lease, by or for Lessee, or any third party.
- (d) Lessee Indemnification. Lessee shall indemnify, defend and hold Master Trustee, Bond Trustee and Lessor, its managing member, and the agents, employees, officers, directors of either of them harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Property by or for Lessee; provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Property from adjacent properties not caused or contributed to by Lessee. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement. The provisions of this subsection shall survive the termination of this Lease.

- (e) Lessor Indemnification. Lessor shall indemnify, defend and hold Master Trustee, Bond Trustee and Lessee, and the agents, employees, officers, directors of either of them harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Property (by a party other than Lessee) prior to the Commencement Date; provided, however, that Lessor shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Property from adjacent properties not caused or contributed to by Lessor. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessor from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessee in writing at the time of such agreement.
- (f) Hazardous Substance Condition Remediation. If Lessee becomes aware of a Hazardous Substance Condition occurring during the Term of this Lease, then Lessee shall notify Lessor and Lessor shall make the investigation and remediation thereof required by the Applicable Requirements, the costs relating thereto constituting an Expense for which Lessee is responsible and this Lease shall continue in full force and effect, but subject to Lessor's rights under Section 4.02(d) hereof; provided, however, that if a Hazardous Substance Condition occurs as a result of Hazardous Materials that are brought on the Property (by a party other than Lessee) prior to the Commencement Date, then Lessor shall be solely responsible for making the investigation and remediation thereof at its sole cost and expense, and this Lease shall continue in full force and effect. "Hazardous Substance Condition" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Section 4.02(a) hereof, in, on, or under the Premises which requires repair, remediation, or restoration.

Section 4.03 Lessee's Compliance With Applicable Requirements. Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to such Applicable Requirements, without regard to whether such Applicable Requirements are now in effect or become effective after the Commencement Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to materially comply with any Applicable Requirements.

ARTICLE V

Maintenance; Repairs

Section 5.01 Lessee's Obligations. Lessee shall, at Lessee's sole expense, keep the interior, exterior and structural elements of the Premises in good order, condition and repair; and keep the exterior, structural and major utility components of the Premises and other portions of the Property in good order, condition and repair, including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), ceilings, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, on, or adjacent to the Property. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Property and all improvements thereon or a part thereof in good order, condition and state of repair. Subject to the provisions of Article VII and Section 13.02, it is intended by the Parties hereto that Lessor have no obligation, in any manner whatsoever, to repair and maintain the Premises, or the equipment therein, all of which obligations are intended to be that of the Lessee. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to maintenance and repair of the Premises, and they expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

Section 5.02 Utility Installations; Trade Fixtures; Alterations.

- (a) **Definitions**. The term "Utility Installations" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Section 5.03(a) hereof.
- (b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent, except as provided herein. Lessee may make non-structural Alterations or Utility Installations and may make structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, and will not affect the electrical, plumbing, HVAC, and/or life safety systems. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) complying with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a

workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications.

(c) Liens; Bonds. Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days' notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense to defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof.

Section 5.03 Ownership; Surrender; and Restoration.

- (a) **Ownership**. All Alterations and Utility Installations made by Lessee shall be the property of Lessor.
- Surrender and Restoration. Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises), even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this subsection without the express written consent of Lessor shall constitute a holdover under the provisions of Section 13.13 hereof.

ARTICLE VI

Insurance; **Indemnity**

Section 6.01 Liability. Lessee shall keep in force such liability insurance policies and in such amounts as set forth in the Master Indenture of Trust. The premium for such insurance shall be deemed an "Expense" hereunder. Lessee shall deliver to the Bond Trustee an annual certification that Lessee is in compliance with the insurance requirements set forth in Section 3.03 of the Master Indenture of Trust.

Section 6.02 Property. Lessee shall obtain and keep in force a policy or policies of property insurance in the name, and for the benefit, of Lessor, with loss payable to Lessor and to any lender, including the Master Trustee, insuring loss or damage to the Property. The amount of such insurance shall be as set forth in the Master Indenture of Trust. The premium for such insurance shall be deemed an "Expense" hereunder.

Section 6.03 Business Interruption. Lessee shall also obtain and keep in force, for the benefit of the Lessor, business interruption insurance insuring Lessor for the amounts of Base Rent arising from an interruption of the payment of the Base Rent otherwise payable by Lessee hereunder, as set forth in the Master Indenture of Trust. The premium for such insurance shall be deemed an "Expense" hereunder.

Section 6.04 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

Section 6.05 Indemnity. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, partners, members, directors, officers and lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee or any subtenant of Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified. The provisions of this Section shall survive the termination of this Lease.

Section 6.06 Exemption of Lessor from Liability. Unless caused by Lessor's gross negligence or willful misconduct, Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or from other sources or places.

Section 6.07 Loan Agreement. The foregoing notwithstanding, for so long as the Loan is outstanding, Lessee shall be deemed to meet its insurance obligations as set forth in this Article VI if it carries, and it hereby agrees to carry, the insurance required under the terms of the Master Indenture of Trust, as such requirements may change from time to time. Without limiting the foregoing, for so long as the Loan is outstanding, Lessee shall cause the Bond Trustee,

Master Trustee and Lessor to be named as additional insureds on Lessee's liability and Bond Trustee and Master Trustee as mortgagees and loss payees on property insurance policies.

ARTICLE VII

Damage or Destruction

Section 7.01 Definitions.

"Damage" shall mean damage or destruction to the improvements on the Property.

"Insured Loss" shall mean Damage which was caused by an event required to be covered by the insurance described in Section 6.02 hereof, irrespective of any deductible amounts or coverage limits involved.

"Replacement Cost" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

Section 7.02 Damage—Insured Loss. Subject to the terms of the Master Indenture of Trust, Lessor shall be entitled to any and all insurance proceeds that are available as a result of the Damage. If Damage that is an Insured Loss occurs and such Damage is less than ten percent of the Book Value of the Premises, then Lessee shall be entitled to use the insurance proceeds that are actually collected as a result of the Damage to repair the Damage as soon as reasonably possible and this Lease shall continue in full force and effect. Any insurance proceeds that are actually collected and exceed ten percent of the Book Value of the Premises shall be deposited in the Insurance and Condemnation Proceeds Fund.

Section 7.03 Damage—Uninsured Loss. If Damage that is not an Insured Loss occurs, (a) Lessee may repair such damage as soon as reasonably possible at Lessee's expense, in which event this Lease shall continue in full force and effect; or if Lessee elects not to repair, (b) Lessor may terminate this Lease by providing written notice to Lessee, Bond Trustee, Master Trustee and Lender within 30 days after receipt by Lessor of knowledge of the occurrence of such Damage.

Section 7.04 Waiver of Statutes. Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith.

ARTICLE VIII

Real Property Taxes

Section 8.01 Definition. As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental

levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Property, Lessor's right to other income therefrom; and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the address of the Property and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Property is located. Real Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (a) imposed by reason of events occurring during the Term of this Lease, including but not limited to, a change in the ownership of the Property, and (b) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

Section 8.02 Payment of Taxes. Lessee shall timely file for exemption against any Real Property Taxes and shall maintain such exemption during the Term. In any event, Lessee shall pay, before the same become past due, the Real Property Taxes applicable to the Property during the Initial Term to the extent any such Real Property Taxes are charged, levied, assessed or imposed.

Section 8.03 Personal Property Taxes. Lessee shall timely file for exemption against any taxes on Lessee Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee and shall maintain such exemption during the Term. Lessee shall pay, prior to delinquency, all such taxes to the extent they are charged, levied, assessed or imposed after an exemption for such taxes is filed as required hereunder.

ARTICLE IX

Assignment and Subletting

Section 9.01 By Lessee. Lessee shall not sublease, assign, mortgage, pledge, hypothecate or encumber this Lease or any of Lessee's interest hereunder without the prior written consent of Lessor (which shall not be unreasonably withheld). Lessee acknowledges that, pursuant to the Loan Agreement, Lessor may be required to obtain the Lender's approval to a sublease, assignment or other transfer of Lessee's interest in the Lease and that Lessor's disapproval shall be deemed reasonable if based on the Lender's disapproval. Lessee acknowledges that the financing of the Property through the tax-exempt Bonds may restrict the assignees that could be approved by Lessor. Lessee shall not sublease, assign, mortgage, pledge, hypothecate or encumber this Lease unless it receives an Opinion of Bond Counsel confirming that such action will not result in use or operation of the Premises not in conjunction with a charter school under the Act. Any attempted sublease, assignment, mortgage, pledge, hypothecation or encumbrance of this Lease by Lessee in violation of this Section 9.01 shall be null and voice and shall be of no force or effect.

Section 9.02 By Lessor. Lessee acknowledges that the Premises are subject to a Deed of Trust, of even date herewith in favor of the Master Trustee and that certain of the Lessor's rights under this Lease are assigned to the Master Trustee as security for the Bonds under the Master Indenture of Trust and such Deed of Trust.

ARTICLE X

Default; Breach; Remedies

Section 10.01 Default; Breach. Except as specifically set forth herein, (x) a "Default" is defined as a failure by the Lessee to comply with or perform any of the covenants or other obligations of the Lessee under this Lease and (y) a "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

- (a) the abandonment of the Premises;
- (b) the failure of Lessee to make any payment of Rent required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond required hereunder, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of three business days following written notice to Lessee;
- (c) any material representation or warranty made in this Lease, or in any report, certificate, financial statement, or instrument furnished in connection with this Lease is inaccurate when made in any material respects, and is not promptly corrected;
- (d) Lessee violates or fails to observe or perform any covenant contained in Section 12.02;
- (e) Lessee violates or fails to observe or perform the financial covenant of Lessee set forth in Section 3.1 of Exhibit F, and fails to cure the same within any notice or grace period contained in Exhibit F.
- (f) a Default, other than those described in subparagraphs Section 10.01(a) through (d) above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of the Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion; and
- (g) the occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 90 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 60 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 60 days; provided, however, in the event that any provision of this clause (f) is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

Section 10.02 Remedies. If Lessee fails to perform any of its affirmative duties or obligations (other than compliance with covenants and financial reporting requirements pursuant to Article XII hereof), within 30 days after written notice (or, in the case of those duties and obligations that cannot reasonably be performed within 30 days after notice, to commence and diligently prosecute such duties and obligations to completion), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, including Lessee's failure to comply with the covenants or financial reporting requirements set forth in Article XII hereof after notice and the expiration of any applicable grace period, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees of Lessor and the Lender, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in clause (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Section 10.01 hereof was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Section 10.01 hereof. In such case, the applicable grace period required by Section 10.01 hereof and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

- (b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.
- (c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under this Lease, including under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

Section 10.03 Interest. Any monetary payment due Lessor hereunder not received by Lessor when due as to scheduled payments (such as Base Rent) or within thirty (30) days following the date on which it was due for non-scheduled payments, shall bear interest from the date when due as to scheduled payments, or the 31st day after it was due as to non-scheduled payments. The interest charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to any late charges and default rate interest under the Loan Agreement.

ARTICLE XI

Subordination; Attornment; Non-Disturbance

Section 11.01 Subordination. This Lease shall automatically be subject and subordinate to any mortgage, deed of trust, or other hypothecation or security device encumbering the Property and securing Lessor's obligations under any loan in favor of a lender (collectively, "Security Device"), including, without limitation, the Loan, and, if requested by Lessor or by any subsequent lender or other lender, any subsequent lender, whether such Security Device is now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that a lender shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any lender may elect to have this Lease granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

Section 11.02 Attornment. In the event the Property is acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (a) Lessee shall, subject to the non-disturbance provisions of Section 11.03 hereof, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of such new owner, this Lease shall automatically become a new Lease between Lessee and such new owner, upon all of the terms and conditions hereof, for the remainder of the term hereof, and (b) Lessor shall thereafter be relieved of any further obligations hereunder (but not obligations that accrued prior to such transfer) and such new owner shall assume all of Lessor's obligations hereunder, except that such new owner shall not: (i) be liable for any act or omission of any prior lessor or

with respect to events occurring prior to acquisition of ownership; (ii) be subject to any offsets or defenses which Lessee might have against any prior lessor; (iii) be bound by prepayment of more than one month's rent; or (iv) be liable for the return of any security deposit paid to any prior lessor unless such security was assigned by such prior Lessor to the new owner.

Section 11.03 Non-Disturbance. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to Lessee's receiving a commercially reasonable non-disturbance agreement ("Non-Disturbance Agreement") which provides that Lessee's possession of the Premises, and this Lease, including any options to extend the-term hereof, will not be disturbed so long as Lessee is not in breach hereof and attorns to the record owner of the Property.

Section 11.04 Self-Executing. The agreements contained in this Article XI shall be effective without the execution of any further documents; <u>provided</u>, <u>however</u>, that, upon written request from Lessor or a lender in connection with a sale, financing or refinancing of the Property, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and Non-Disturbance Agreement provided for herein. Nothing herein shall be interpreted as otherwise permitting use or operation in conflict with Section 4.01 hereof.

ARTICLE XII

Covenants and Representations

Section 12.01 Mandatory Covenants. For so long as the Loan is outstanding and has not been defeased or for so long as any obligations under the Loan Agreement remain outstanding, the provisions of Exhibit F shall be applicable for the benefit of the Lessor, the Lender (in its capacity as such), the Master Trustee and the Bond Trustee, as assignee of the Lender.

Section 12.02 Lessee Representations and Warranties. The Lessee represents, warrants, and covenants that:

- (a) it is an organization described in Section 501(c)(3) and Section 170(b)(1)(A)(ii) of the Code, and except for unrelated business income taxable under Section 511 of the Code, it is exempt from federal income tax under Section 501(a) of the Code;
- (b) it will not take any action or omit to take any action that, if taken or omitted, would cause: (i) it to lose its current federal income tax status as exempt from federal income taxation under Section 501(a) of the Code as an organization described in Code Section 501(c)(3) and as an organization described in Code Section 170(b)(1)(A)(ii); or (ii) Lessor to be viewed, for federal income tax purposes, as other than disregarded as an entity separate from its sole member pursuant to Treasury Regulation Section 301.7701-3(b);
- (c) it has not and will not divert a substantial part of its corpus or income for a purpose of purposes other than the purpose or purposes for which it is organized or

operated and will use Bond proceeds solely for the charitable purposes of Lessee and only as permitted by the Indenture;

- (d) it has not operated, and will not operate, in a manner that would result in it being classified as an "action" organization within the meaning of Section 1.501(c)(3) (1)(c)(3) of the Treasury Regulations, including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities;
- (e) none of its directors, officers or related Persons, or any other Person having a private or professional interest in the Lessee's activities has acquired or received, nor will such Persons be allowed to acquire or receive, directly or indirectly, any of the Lessee's goods and services, income or assets, without fair compensation or consideration received in exchange therefor;
- (f) it is not a "private foundation" within the meaning of Section 509(a) of the Code;
- (g) it has not received any indication or notice to the effect that its exemption from federal income taxation under Section 501(a) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect;
- (h) it will timely file with the Internal Revenue Service all requests for determination, reports, and returns required to be filed by it to maintain its status as an organization described in Section 501(c)(3) of the Code, and such requests for determination, reports, and returns have not omitted or misstated any material fact;
- (i) it has not devoted nor will it devote more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code; its school charters are in full force and effect;
- (j) to the best of its knowledge, it is in material compliance with the terms, including financial covenants, of all leases and loan agreements to which it is a party; and
 - (k) Lessee is a "participating party" as defined in the Act.

Section 12.03 Intercept Notice. In order to provide for secure and orderly payment of the Base Rent component of Rent and for the payment of the Bonds out of such Base Rent payments, simultaneously with the execution and delivery of the Bonds, Lessee shall deliver or cause to be delivered the Intercept Notice, substantially in the form set forth in Exhibit E attached hereto (the "Intercept Notice"), to the State Controller. Amounts specified in the Intercept Notice for transfer to the Bond Trustee shall be limited to State Apportionments. Lessee shall, amend, supplement or restate the Intercept Notice and deliver such to the State Controller from time to time as necessary or appropriate to cause transfers to the Bond Trustee to pay any changed amount of Base Rent due under this Lease (including without limitation changes resulting from redemption of Bonds prior to maturity) and to cure any delinquency in payment of such amounts, and shall deliver such amended, supplemented, or restated Intercept

Notice to the State Controller not later than the twentieth (20th) calendar day of the month immediately preceding the month with respect to which such payment is due. Lessee will cooperate with the Bond Trustee in any manner the Bond Trustee may request in connection with amending, supplementing, or restating the Intercept Notice. If at any time, the Intercept Notice is amended, supplemented, or restated for any reason, Lessee shall promptly provide the Authority and the Bond Trustee with a copy of such amended, supplemented, or restated Intercept Notice. The Intercept Notice may provide additional amounts payable to the Bond Trustee for purposes set forth in the Indenture; provided, that Lessee shall not grant preference or any prior right of funding access or security in respect of the State Apportionment to any other payment indicated in the Intercept Notice or any other notice delivered pursuant to Section 17199.4 of the Education Code of the State of California. All deposits of moneys derived from payments by the State Controller pursuant to the Intercept Notice from time to time shall be made at the corporate trust office of the Bond Trustee set forth in the Intercept Notice. Lessee shall timely amend, supplement, or restate the Intercept Notice to require transfers to such other location as shall be designated in writing by the Bond Trustee to Lessee.

Section 12.04 Lessor's Access; Showing Premises; Repairs. Lessor shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times after 24 hours' prior notice for the purpose of inspecting the Premises, verifying compliance by Lessee with this Lease, showing the Premises to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises as long as there is no material adverse effect to Lessee's use of the Premises.

Section 12.05 Waiver of Sections 1932(2) and 1933(4) of the California Civil Code. The Lessor and Lessee hereby waive any rights to remedies under Sections 1932(2) and 1933(4) of the California Civil Code.

Section 12.06 Rating Maintenance. The Lessee covenants that it will at all times cooperate with and take all action reasonably necessary to assist the Lessor in maintaining, from one or more Rating Agencies, a rating on the Bonds.

Section 12.07 Transfers to Excluded Schools. Under the Lease, the Lessee agrees not to transfer any revenues, income, receipts and money attributed to the Schools to any other schools operated by Lessee if such transfer would result in a Default or Breach under this Lease.

Section 12.08 Use of the Project. The Lessee shall not use any part of the Project to: (i) carry on propaganda, or otherwise attempt to influence legislation, within the meaning of Section 4945(d)(1) or Section 501(c)(3) of the Code, or the corresponding provisions of any subsequent federal tax laws; or (ii) participate in, or intervene in (including publishing or distributing of any statements), any political campaign on behalf of any political candidate for public office or attempt to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive, within the meaning of Section 4945(d)(2) or Section 501(c)(3) of the Code, or corresponding provisions of any subsequent federal tax laws, and not make any grant which does not comply with the requirements of Section 4945(d)(3) or Section 4945(d)(4) of the Code, or corresponding provisions of any subsequent federal tax laws, or

which violates the provisions of Section 4945(d)(5) of the Code, or corresponding provisions of any subsequent federal tax laws.

Section 12.09 Annual Investor Calls. Each year, commencing with the Fiscal Year ending June 30, 2019, the Lessee shall hold an investor call following the release of its audited financial statements for the immediately preceding Fiscal Year for the purpose of reviewing financial results of such Fiscal Year. Such investor call shall be held during normal business hours (for both prevailing Eastern Time and prevailing Pacific Time), and shall provide the Dissemination Agent and the Underwriter with a notice of date and time for such call and contact telephone information.

ARTICLE XIII

MISCELLANEOUS

Section 13.01 Indemnification Covenants. To the extent permitted by law, the Lessee agrees to indemnify, hold harmless and defend, the Bond Trustee and Lessor, and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

- (a) any act or omission of the Lessee or any of its agents, contractors, servants, employees, tenants or licensees in connection with the Premises, the operation of the Premises, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Premises or any part thereof;
- (b) any taxes (including, without limitation, all *ad valorem* taxes and sales taxes), assessments, impositions and other charges imposed on the Bond Trustee in respect of any portion of the Premises;
- (c) any violation of any Environmental Regulations with respect to, or the release of any Hazardous Substances in, on or under the Premises, or any part thereof;
- (d) the Bond Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance by the Bond Trustee of any direction, consent, power or duty thereunder or under any of the documents relating to the Bonds;
- (e) except in the case of the foregoing indemnification of the Bond Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, to the extent permitted by law, the Lessee, upon written notice from the Indemnified Party, shall

assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Lessee shall pay the reasonable fees and expenses of such separate counsel, to the extent permitted by law, however, that such Indemnified Party may only employ separate counsel at the expense of the Lessee if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

The provisions of this Section 13.01 shall survive the termination of this Lease.

Section 13.02 Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs, and Expenses thereafter shall be limited to those applying to the remaining Premises subject to this Lease. Subject to the terms of the Master Indenture of Trust, in the event that there is a Condemnation of less than all of the Premises, and such portion so taken is material to Lessee's use and quiet enjoyment of the Premises as a whole, then all available Condemnation awards and/or payments shall be used first, to restore the remaining portion of the Premises to a usable whole, and second, to reduce the balance of any loan made to Lessor and secured by the Premises in proportion to the portion taken or sold. Any portion of the award and/or payment that remains after the foregoing purposes have been satisfied shall be the property of Lessor. Subject to the terms of the Loan Agreement, if the entirety of the Premises is taken, then the Condemnation awards and/or payments shall be the property of Lessor.

Section 13.03 Estoppel Certificates. Each Party shall within 10 days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current estoppel certificate form published by the AIR Commercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

Section 13.04 Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

Section 13.05 Days. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

Section 13.06 Limitation on Liability. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease.

No member, officer, agent or employee of the Authority or any director, officer, agent or employee of the Bond Trustee, the Lessor or the Lessee shall be individually or personally liable for the payment of any amounts hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Lease; but nothing herein contained shall relieve any such member, director, officer, agent or employee form the performance of any official duty provided by law or this Lease.

Section 13.07 Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

Section 13.08 No Prior or Other Agreements. Subject to the terms of the Loan Agreement and other documents relating to the Bonds, this Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Each Party represents and warrants that the execution of the Lease will not, to the best of the Party's knowledge, constitute a violation under any material agreements to which such Party is a party.

Section 13.09 Notices Requirements. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by Electronic Means, and shall be deemed sufficiently given if served in a manner specified in this Section. The addresses for the Parties are set forth below and shall constitute the respective addressed for delivery or mailing of notices. Either Party may, by written notice to the others, specify a different address for notice. Upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice unless Lessee notifies Lessor otherwise. A copy of all notices to Lessor or Lessee shall be concurrently transmitted to such party or parties at such addresses as Lessor or Lessee, respectively, may from time to time hereafter designate in writing.

Section 13.10 Addresses.

to the Lessor: PMC 17th Street LLC

c/o PMC Support Corporation 350 S. Figueroa Street, Suite 250 Los Angeles, California 90071 Attention: Chief Executive Officer

to the Lender: State Treasurer's Office

300 S. Spring Street, Suite 8500 Los Angeles, California 90013 Attention: Executive Director Telecopy: (213) 620-6309 to the Bond Trustee: Wilmington Trust, National Association

650 Town Center Drive, Suite 600 Costa Mesa, California 92626 Attention: Corporate Trust Services

to the Lessee: Ednovate, Inc.,

650 Town Center Drive, Suite 600 Costa Mesa, California 92626

to the Underwriter: Stifel, Nicolaus & Company, Incorporated

515 S. Figueroa Street, Suite 1800 Los Angeles, California 90071 Attention: Managing Director

Section 13.11 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 48 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or other Electronic Means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient). If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

Notwithstanding the foregoing paragraph, the Bond Trustee shall not be required to take notice or be deemed to have notice of any Default or Breach pursuant to Section 10.01 hereof unless an officer in the Corporate Trust Department of the Bond Trustee has actual notice thereof or the Bond Trustee shall be specifically notified in writing by the Lessee, Lessor, or Lender. All notices or other instruments required by this Lease to be delivered to the Bond Trustee must, in order to be effective, be delivered at the address of the Bond Trustee provided for in Section 13.10 hereof, and, in the absence of such notice so delivered, the Bond Trustee may conclusively assume that there is no Default or Breach hereunder except as aforesaid. Upon receipt of notice of a Default or Breach as aforesaid, the Bond Trustee shall serve written notice thereof upon the Lessee unless the Lessee has expressly acknowledged the existence of such Default of Breach in a writing delivered by the Lessee to the Bond Trustee or filed by the Lessee in any court.

Section 13.12 Waivers. No waiver by Lessor of any Default or Breach shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof.

Section 13.13 No Right to Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 110% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

- **Section 13.14** Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity; <u>provided</u>, <u>however</u>, that Lessor and Lessee hereby waive any rights to remedies under Sections 1932(2) and 1933(4) of the California Civil Code.
- Section 13.15 Covenants and Conditions; Construction of Agreement. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.
- **Section 13.16 Binding Effect; Choice of Law**. This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State of California. Any litigation between the Parties hereto concerning this Lease shall be initiated in the County of Los Angeles.
- **Section 13.17 Quiet Possession**. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the Term hereof.
- **Section 13.18 Counterparts.** This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.
- **Section 13.19** Amendments. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a lender in connection with the obtaining of normal financing or refinancing of the Premises.
- Section 13.20 CASp Disclosure. California Civil Code Section 1938 requires Lessor to notify Lessee whether the Premises has undergone inspection by a Certified Access Specialist ("CASp"), as defined in California Civil Code Section 55.52. Lessor hereby states to Lessee that, as of the date this Lease is executed, the property of which the Premises is a part has not undergone such inspection. A CASp can inspect the Premises and determine whether the Premises comply with all of the applicable construction related accessibility standards under California state law. Although California state law does not require a CASp inspection of the Premises, the Lessor may not prohibit Lessee from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of Lessee, if requested by Lessee. The Parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction related accessibility standards within the Premises. Notwithstanding the foregoing, Lessee shall be solely responsible for any such inspections and

for any repairs that may be deemed necessary in connection with such inspections, and in any case, Lessor shall have the opportunity to have a representative present at any such inspection.

[Remainder of page intentionally left blank]

The Parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

PMC 17TH STREET LLC, as lessor

By: PMC SUPPORT CORPORATION,	it
manager	
By:	\ /
EDNOVATE, INC., as lessee	
By Name: Title:	

The Parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

PMC 17TH STREET LLC, as lessor

By: PMC SUPPORT CORPORATION, its manager

Ву:		 19	2
Name:			
Title:			

EDNOVATE, INC., as lessee

By ___ Name: Title:

Chief Executive Officer

EXHIBIT A

CAPITALIZED TERMS

- "Act" means the California School Finance Authority Act (constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California).
 - "Additional Rent" has the meaning set forth in Section 3.03 of this Lease.
 - "Agreed Use" has the meaning set forth in Section 4.01 of this Lease.
- "Alterations" means any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion.
 - "Applicable Requirements" has the meaning set forth in Section 2.02 of this Lease.
- "Authority" means the California School Finance Authority and any assigns or successors.
 - "Base Rent" has the meaning set forth in Section 1.05 of this Lease.
- "Bond Trustee" means Wilmington Trust, National Association, as trustee under the Indenture.
 - "Bonds" has the meaning set forth in Section 1.07 of this Lease.
- "Borrower" means Owner and any assigns or successors, in its capacity as borrower under the Loan Agreement.
 - "Breach" has the meaning set forth in Section 10.01 of this Lease.
 - "Capital Expenditure" has the meaning set forth in Section 2.02 of this Lease.
 - "Commencement Date" means the Closing Date, as defined in the Indenture.
 - "Condemnation" has the meaning set forth in Section 13.02 of this Lease.
 - "Damage" has the meaning set forth in Section 7.01 of this Lease.
 - "Default" has the meaning set forth in Section 10.01 of this Lease.
 - "Expenses" has the meaning set forth in Section 3.02 of this Lease.
 - "Expiration Date" has the meaning set forth in Section 1.03 of this Lease.
 - "Extension Option" has the meaning set forth in Section 1.04 of this Lease.

- "Extraordinary Monthly Rent" has the meaning set forth in Section 3.04 of this Lease.
- "Extraordinary Monthly Rent Notice" has the meaning set forth in Section 3.04 of this Lease.
 - "Fiscal Year" means the 12-month period ending on June 30 of each year.
 - "FY End Calculation Date" means each of June 30 of each year.
- "Gross School Revenues" has the meaning set forth in Section 3.1.3 of Exhibit F of this Lease.
- "Hazardous Substance" means any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) injurious to the public health, safety or welfare, the environment or the Property, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor, Lender or Lessee to any governmental agency or third party under any applicable statute or common law theory.
- "Hazardous Substance Condition" means the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires repair, remediation, or restoration.
 - "Improvements" has the meaning set forth in Section 1.02 of this Lease.
- "Indebtedness" means all obligations for borrowed money, installment sales and capitalized lease obligations, incurred or assumed by the Lessee.
 - "Indemnified Parties" has the meaning set forth in Section 13.01 of this Lease.
- "Indenture" means the Indenture, dated as of July 1, 2018, between the Authority and the Bond Trustee, as originally executed and as amended or supplemented from time to time.
 - "Initial Term" has the meaning set forth in Section 1.03 of this Lease.
 - "Insured Loss" has the meaning set forth in Section 7.01 of this Lease.
 - "Lease" has the meaning set forth in the preamble to this Lease.
- *"Lender"* means the California School Finance Authority, a public instrumentality of the State established by Section 17172 of the Act.
 - "Lessee" has the meaning set forth in the preamble to this Lease.
- "Lessee Owned Alterations and/or Utility Installations" means any Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Section 5.03(a) of this Lease.
 - "Lessor" has the meaning set forth in the preamble to this Lease.

- "Loan" has the meaning set forth in the preamble to Exhibit E of this Lease.
- "Loan Agreement" means the Loan Agreement, dated as of July 1, 2018, by and between the Authority and the Borrower, and acknowledged and agreed to by the Lessor.
 - "Master Indenture of Trust" has the meaning set forth in Section 1.01 of this Lease.
 - "Member" has the meaning set forth in the Master Indenture of Trust.
 - "Non-Disturbance Agreement" has the meaning set forth in Section 11.03 of this Lease.
 - "Obligated Group" means all Members.
 - "Option Notice" has the meaning set forth in Section 1.04 of this Lease.
 - "Owner" has the meaning set forth in the preamble.
 - "Party" and "Parties" have the meanings set forth in the preamble to this Lease.
 - "Premises" has the meaning set forth in Section 1.02 of this Lease.
 - "Proportionate Share" has the meaning set forth in Section 3.04 of this Lease.
 - "Qualified Provider" has the meaning set forth in the Master Indenture of Trust.
 - "Real Property Taxes" has the meaning set forth in Section 8.01 of this Lease.
 - "Rent" has the meaning set forth in Section 3.01 of this Lease.
 - "Replacement Cost" has the meaning set forth in Section 7.01 of this Lease.
 - "Reportable Use" has the meaning set forth in Section 4.02 of this Lease.
 - "Requesting Party" has the meaning set forth in Section 13.03 of this Lease.
- "School" or "Obligated Group School" means individually, and "Schools" or "Obligated Group Schools" means collectively, each public charter school operated by Lessee and located at one or more Facilities pursuant to a Lease from and after the date upon which the Member that is the lessor under such Lease joins the Obligated Group, but excluding any public charter school operated by Lessee at premises that are not owned or leased by a Member that is part of the Obligated Group or is owned or leased by a Member that withdraws from the Obligated Group to the extent and in accordance with the Master Indenture of Trust, from and after the date of such withdrawal. As of the date of the Supplemental Master Indenture, the sole School is Ednovate Legacy College Prep.
 - "Security Device" has the meaning set forth in Section 11.01 of this Lease.
 - "Short-Term Indebtedness" has the meaning set forth in Exhibit F of this Lease.

"Supplemental Master Indenture" (the "Supplemental Master Indenture") by and between Master Trustee and Lessor, which Supplemental Master Indenture relates to Obligation No. 1 as defined therein.

"Termination Option" has the meaning set forth in Section 1.06 of this Lease.

"Utility Installations" has the meaning set forth in Section 5.02(a) of this Lease.

EXHIBIT B

DESCRIPTION OF PREMISES

The real property commonly known as 1440 and 1450 East 17th Street, in the City of Santa Ana, State of California, all appurtenances thereto and all improvements thereon.

EXHIBIT C

LEGAL DESCRIPTION

Real property in the City of Santa Ana, County of Orange, State of California, described as follows:

PARCEL A:

PARCEL 1 IN THE CITY OF SANTA ANA, COUNTY OF ORANGE, CALIFORNIA, AS PER MAP RECORDED IN BOOK 25, PAGE 8, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

THAT PORTION OF LOT 25 OF TRACT NO. 3505, AS SHOWN ON A MAP RECORDED IN BOOK 125, PAGES 9 AND 10 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

PARCEL 2 AS SHOWN ON A MAP FILED IN BOOK 25, PAGE 8 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 400-242-01 (Affects Parcel A) 400-242-02 (Affects Parcel B)

EXHIBIT D
SCHEDULE OF BASE RENT PAYMENTS

	Ednovate – L	egacy College P	rep
	A	В	A+B
		Additional	
Date	Base Rent	Rent	Total Rent
8/20/2018	-	2,013.85	2,013.85
9/20/2018	-	2,013.85	2,013.85
10/20/2018	-	2,013.85	2,013.85
11/20/2018	-	2,013.85	2,013.85
12/20/2018	-	2,013.85	2,013.85
1/20/2019		2,013.85	2,013.85
2/20/2019		2,013.85	2,013.85
3/20/2019	-	2,013.85	2,013.85
4/20/2019	-	2,013.85	2,013.85
5/20/2019	-	2,013.85	2,013.85
6/20/2019	-	2,013.85	2,013.85
7/20/2019		1,961.78	1,961.78
8/20/2019	63,145.84	1,961.78	65,107.62
9/20/2019	63,145.84	1,961.78	65,107.62
10/20/2019	63,145.84	1,961.78	65,107.62
11/20/2019	63,145.84	1,961.78	65,107.62
12/20/2019	63,145.84	1,961.78	65,107.62
1/20/2020	63,145.84	1,961.78	65,107.62
2/20/2020	63,145.84	1,961.78	65,107.62
3/20/2020	63,145.84	1,961.78	65,107.62
4/20/2020	63,145.84	1,961.78	65,107.62
5/20/2020	63,145.84	1,961.78	65,107.62
6/20/2020	68,979.18	1,961.78	70,940.96
7/20/2020	68,979.18	1,960.90	70,940.08
8/20/2020	68,979.18	1,960.90	70,940.08
9/20/2020	68,979.18	1,960.90	70,940.08
10/20/2020	68,979.18	1,960.90	70,940.08
11/20/2020	68,979.18	1,960.90	70,940.08
12/20/2020	68,979.18	1,960.90	70,940.08
1/20/2021	68,979.18	1,960.90	70,940.08
2/20/2021	68,979.18	1,960.90	70,940.08
3/20/2021	68,979.18	1,960.90	70,940.08
4/20/2021	68,979.18	1,960.90	70,940.08

	Ednovate – L	egacy College Pi	rep
	A	В	A+B
Date	Base Rent	Additional Rent	Total Rent
5/20/2021	68,979.18	1,960.90	70,940.08
6/20/2021	75,354.17	1,960.90	77,315.07
7/20/2021	75,354.17	1,955.03	77,309.20
8/20/2021	75,354.17	570.03	75,924.20
9/20/2021	75,354.17	570.03	75,924.20
10/20/2021	75,354.17	570.03	75,924.20
11/20/2021	75,354.17	570.03	75,924.20
12/20/2021	75,354.17	570.03	75,924.20
1/20/2022	75,354.17	570.03	75,924.20
2/20/2022	75,354.17	570.03	75,924.20
3/20/2022	75,354.17	570.03	75,924.20
4/20/2022	75,354.17	570.03	75,924.20
5/20/2022	75,354.17	570.03	75,924.20
6/20/2022	76,812.51	570.03	77,382.54
7/20/2022	76,812.51	567.84	77,380.35
8/20/2022	76,812.51	567.84	77,380.35
9/20/2022	76,812.51	567.84	77,380.35
10/20/2022	76,812.51	567.84	77,380.35
11/20/2022	76,812.51	567.84	77,380.35
12/20/2022	76,812.51	567.84	77,380.35
1/20/2023	76,812.51	567.84	77,380.35
2/20/2023	76,812.51	567.84	77,380.35
3/20/2023	76,812.51	567.84	77,380.35
4/20/2023	76,812.51	567.84	77,380.35
5/20/2023	76,812.51	567.84	77,380.35
6/20/2023	76,916.67	567.84	77,484.51
7/20/2023	76,916.67	565.53	77,482.20
8/20/2023	76,916.67	565.53	77,482.20
9/20/2023	76,916.67	565.53	77,482.20
10/20/2023	76,916.67	565.53	77,482.20
11/20/2023	76,916.67	565.53	77,482.20
12/20/2023	76,916.67	565.53	77,482.20
1/20/2024	76,916.67	565.53	77,482.20
2/20/2024	76,916.67	565.53	77,482.20
3/20/2024	76,916.67	565.53	77,482.20
4/20/2024	76,916.67	565.53	77,482.20
5/20/2024	76,916.67	565.53	77,482.20
6/20/2024	76,979.17	565.53	77,544.70

	Ednovate – L	egacy College Pi	rep
	A	В	A+B
Date	Base Rent	Additional Rent	Total Rent
7/20/2024	76,979.17	563.09	77,542.26
8/20/2024	76,979.17	563.09	77,542.26
9/20/2024	76,979.17	563.09	77,542.26
10/20/2024	76,979.17	563.09	77,542.26
11/20/2024	76,979.17	563.09	77,542.26
12/20/2024	76,979.17	563.09	77,542.26
1/20/2025	76,979.17	563.09	77,542.26
2/20/2025	76,979.17	563.09	77,542.26
3/20/2025	76,979.17	563.09	77,542.26
4/20/2025	76,979.17	563.09	77,542.26
5/20/2025	76,979.17	563.09	77,542.26
6/20/2025	77,000.01	563.09	77,563.10
7/20/2025	77,000.01	560.53	77,560.54
8/20/2025	77,000.01	560.53	77,560.54
9/20/2025	77,000.01	560.53	77,560.54
10/20/2025	77,000.01	560.53	77,560.54
11/20/2025	77,000.01	560.53	77,560.54
12/20/2025	77,000.01	560.53	77,560.54
1/20/2026	77,000.01	560.53	77,560.54
2/20/2026	77,000.01	560.53	77,560.54
3/20/2026	77,000.01	560.53	77,560.54
4/20/2026	77,000.01	560.53	77,560.54
5/20/2026	77,000.01	560.53	77,560.54
6/20/2026	76,979.17	560.53	77,539.70
7/20/2026	76,979.17	557.84	77,537.01
8/20/2026	76,979.17	557.84	77,537.01
9/20/2026	76,979.17	557.84	77,537.01
10/20/2026	76,979.17	557.84	77,537.01
11/20/2026	76,979.17	557.84	77,537.01
12/20/2026	76,979.17	557.84	77,537.01
1/20/2027	76,979.17	557.84	77,537.01
2/20/2027	76,979.17	557.84	77,537.01
3/20/2027	76,979.17	557.84	77,537.01
4/20/2027	76,979.17	557.84	77,537.01
5/20/2027	76,979.17	557.84	77,537.01
6/20/2027	76,916.67	557.84	77,474.51
7/20/2027	76,916.67	555.03	77,471.70
8/20/2027	76,916.67	555.03	77,471.70

	Ednovate – L	egacy College Pi	rep
	A	В	A+B
Date	Base Rent	Additional Rent	Total Rent
9/20/2027	76,916.67	555.03	77,471.70
10/20/2027	76,916.67	555.03	77,471.70
11/20/2027	76,916.67	555.03	77,471.70
12/20/2027	76,916.67	555.03	77,471.70
1/20/2028	76,916.67	555.03	77,471.70
2/20/2028	76,916.67	555.03	77,471.70
3/20/2028	76,916.67	555.03	77,471.70
4/20/2028	76,916.67	555.03	77,471.70
5/20/2028	76,916.67	555.03	77,471.70
6/20/2028	76,812.51	555.03	77,367.54
7/20/2028	76,812.51	552.09	77,364.60
8/20/2028	76,812.51	552.09	77,364.60
9/20/2028	76,812.51	552.09	77,364.60
10/20/2028	76,812.51	552.09	77,364.60
11/20/2028	76,812.51	552.09	77,364.60
12/20/2028	76,812.51	552.09	77,364.60
1/20/2029	76,812.51	552.09	77,364.60
2/20/2029	76,812.51	552.09	77,364.60
3/20/2029	76,812.51	552.09	77,364.60
4/20/2029	76,812.51	552.09	77,364.60
5/20/2029	76,812.51	552.09	77,364.60
6/20/2029	76,666.67	552.09	77,218.76
7/20/2029	76,666.67	549.03	77,215.70
8/20/2029	76,666.67	549.03	77,215.70
9/20/2029	76,666.67	549.03	77,215.70
10/20/2029	76,666.67	549.03	77,215.70
11/20/2029	76,666.67	549.03	77,215.70
12/20/2029	76,666.67	549.03	77,215.70
1/20/2030	76,666.67	549.03	77,215.70
2/20/2030	76,666.67	549.03	77,215.70
3/20/2030	76,666.67	549.03	77,215.70
4/20/2030	76,666.67	549.03	77,215.70
5/20/2030	76,666.67	549.03	77,215.70
6/20/2030	76,895.84	549.03	77,444.87
7/20/2030	76,895.84	545.78	77,441.62
8/20/2030	76,895.84	545.78	77,441.62
9/20/2030	76,895.84	545.78	77,441.62
10/20/2030	76,895.84	545.78	77,441.62

Ednovate – Legacy College Prep			
	A	В	A+B
Date	Base Rent	Additional Rent	Total Rent
11/20/2030	76,895.84	545.78	77,441.62
12/20/2030	76,895.84	545.78	77,441.62
1/20/2031	76,895.84	545.78	77,441.62
2/20/2031	76,895.84	545.78	77,441.62
3/20/2031	76,895.84	545.78	77,441.62
4/20/2031	76,895.84	545.78	77,441.62
5/20/2031	76,895.84	545.78	77,441.62
6/20/2031	77,062.51	545.78	77,608.29
7/20/2031	77,062.51	542.34	77,604.85
8/20/2031	77,062.51	542.34	77,604.85
9/20/2031	77,062.51	542.34	77,604.85
10/20/2031	77,062.51	542.34	77,604.85
11/20/2031	77,062.51	542.34	77,604.85
12/20/2031	77,062.51	542.34	77,604.85
1/20/2032	77,062.51	542.34	77,604.85
2/20/2032	77,062.51	542.34	77,604.85
3/20/2032	77,062.51	542.34	77,604.85
4/20/2032	77,062.51	542.34	77,604.85
5/20/2032	77,062.51	542.34	77,604.85
6/20/2032	76,750.00	542.34	77,292.34
7/20/2032	76,750.00	538.78	77,288.78
8/20/2032	76,750.00	538.78	77,288.78
9/20/2032	76,750.00	538.78	77,288.78
10/20/2032	76,750.00	538.78	77,288.78
11/20/2032	76,750.00	538.78	77,288.78
12/20/2032	76,750.00	538.78	77,288.78
1/20/2033	76,750.00	538.78	77,288.78
2/20/2033	76,750.00	538.78	77,288.78
3/20/2033	76,750.00	538.78	77,288.78
4/20/2033	76,750.00	538.78	77,288.78
5/20/2033	76,750.00	538.78	77,288.78
6/20/2033	76,812.50	538.78	77,351.28
7/20/2033	76,812.50	535.03	77,347.53
8/20/2033	76,812.50	535.03	77,347.53
9/20/2033	76,812.50	535.03	77,347.53
10/20/2033	76,812.50	535.03	77,347.53
11/20/2033	76,812.50	535.03	77,347.53
12/20/2033	76,812.50	535.03	77,347.53

Ednovate – Legacy College Prep			rep
	A	В	A+B
Date	Base Rent	Additional Rent	Total Rent
1/20/2034	76,812.50	535.03	77,347.53
2/20/2034	76,812.50	535.03	77,347.53
3/20/2034	76,812.50	535.03	77,347.53
4/20/2034	76,812.50	535.03	77,347.53
5/20/2034	76,812.50	535.03	77,347.53
6/20/2034	76,812.50	535.03	77,347.53
7/20/2034	76,812.50	531.09	77,343.59
8/20/2034	76,812.50	531.09	77,343.59
9/20/2034	76,812.50	531.09	77,343.59
10/20/2034	76,812.50	531.09	77,343.59
11/20/2034	76,812.50	531.09	77,343.59
12/20/2034	76,812.50	531.09	77,343.59
1/20/2035	76,812.50	531.09	77,343.59
2/20/2035	76,812.50	531.09	77,343.59
3/20/2035	76,812.50	531.09	77,343.59
4/20/2035	76,812.50	531.09	77,343.59
5/20/2035	76,812.50	531.09	77,343.59
6/20/2035	76,750.00	531.09	77,281.09
7/20/2035	76,750.00	526.96	77,276.96
8/20/2035	76,750.00	526.96	77,276.96
9/20/2035	76,750.00	526.96	77,276.96
10/20/2035	76,750.00	526.96	77,276.96
11/20/2035	76,750.00	526.96	77,276.96
12/20/2035	76,750.00	526.96	77,276.96
1/20/2036	76,750.00	526.96	77,276.96
2/20/2036	76,750.00	526.96	77,276.96
3/20/2036	76,750.00	526.96	77,276.96
4/20/2036	76,750.00	526.96	77,276.96
5/20/2036	76,750.00	526.96	77,276.96
6/20/2036	76,625.00	526.96	77,151.96
7/20/2036	76,625.00	522.65	77,147.65
8/20/2036	76,625.00	522.65	77,147.65
9/20/2036	76,625.00	522.65	77,147.65
10/20/2036	76,625.00	522.65	77,147.65
11/20/2036	76,625.00	522.65	77,147.65
12/20/2036	76,625.00	522.65	77,147.65
1/20/2037	76,625.00	522.65	77,147.65
2/20/2037	76,625.00	522.65	77,147.65

Ednovate – Legacy College Prep			
	A	В	A+B
Date	Base Rent	Additional Rent	Total Rent
3/20/2037	76,625.00	522.65	77,147.65
4/20/2037	76,625.00	522.65	77,147.65
5/20/2037	76,625.00	522.65	77,147.65
6/20/2037	76,854.17	522.65	77,376.82
7/20/2037	76,854.17	518.09	77,372.26
8/20/2037	76,854.17	518.09	77,372.26
9/20/2037	76,854.17	518.09	77,372.26
10/20/2037	76,854.17	518.09	77,372.26
11/20/2037	76,854.17	518.09	77,372.26
12/20/2037	76,854.17	518.09	77,372.26
1/20/2038	76,854.17	518.09	77,372.26
2/20/2038	76,854.17	518.09	77,372.26
3/20/2038	76,854.17	518.09	77,372.26
4/20/2038	76,854.17	518.09	77,372.26
5/20/2038	76,854.17	518.09	77,372.26
6/20/2038	77,000.01	518.09	77,518.10
7/20/2038	77,000.01	513.28	77,513.29
8/20/2038	77,000.01	513.28	77,513.29
9/20/2038	77,000.01	513.28	77,513.29
10/20/2038	77,000.01	513.28	77,513.29
11/20/2038	77,000.01	513.28	77,513.29
12/20/2038	77,000.01	513.28	77,513.29
1/20/2039	77,000.01	513.28	77,513.29
2/20/2039	77,000.01	513.28	77,513.29
3/20/2039	77,000.01	513.28	77,513.29
4/20/2039	77,000.01	513.28	77,513.29
5/20/2039	77,000.01	513.28	77,513.29
6/20/2039	76,645.84	513.28	77,159.12
7/20/2039	76,645.84	508.28	77,154.12
8/20/2039	76,645.84	508.28	77,154.12
9/20/2039	76,645.84	508.28	77,154.12
10/20/2039	76,645.84	508.28	77,154.12
11/20/2039	76,645.84	508.28	77,154.12
12/20/2039	76,645.84	508.28	77,154.12
1/20/2040	76,645.84	508.28	77,154.12
2/20/2040	76,645.84	508.28	77,154.12
3/20/2040	76,645.84	508.28	77,154.12
4/20/2040	76,645.84	508.28	77,154.12

	Ednovate – L	egacy College Pi	rep
	A	В	A+B
Date	Base Rent	Additional Rent	Total Rent
5/20/2040	76,645.84	508.28	77,154.12
6/20/2040	76,645.84	508.28	77,154.12
7/20/2040	76,645.84	503.03	77,148.87
8/20/2040	76,645.84	503.03	77,148.87
9/20/2040	76,645.84	503.03	77,148.87
10/20/2040	76,645.84	503.03	77,148.87
11/20/2040	76,645.84	503.03	77,148.87
12/20/2040	76,645.84	503.03	77,148.87
1/20/2041	76,645.84	503.03	77,148.87
2/20/2041	76,645.84	503.03	77,148.87
3/20/2041	76,645.84	503.03	77,148.87
4/20/2041	76,645.84	503.03	77,148.87
5/20/2041	76,645.84	503.03	77,148.87
6/20/2041	76,979.18	503.03	77,482.21
7/20/2041	76,979.18	497.46	77,476.64
8/20/2041	76,979.18	497.46	77,476.64
9/20/2041	76,979.18	497.46	77,476.64
10/20/2041	76,979.18	497.46	77,476.64
11/20/2041	76,979.18	497.46	77,476.64
12/20/2041	76,979.18	497.46	77,476.64
1/20/2042	76,979.18	497.46	77,476.64
2/20/2042	76,979.18	497.46	77,476.64
3/20/2042	76,979.18	497.46	77,476.64
4/20/2042	76,979.18	497.46	77,476.64
5/20/2042	76,979.18	497.46	77,476.64
6/20/2042	76,791.67	497.46	77,289.13
7/20/2042	76,791.67	491.65	77,283.32
8/20/2042	76,791.67	491.65	77,283.32
9/20/2042	76,791.67	491.65	77,283.32
10/20/2042	76,791.67	491.65	77,283.32
11/20/2042	76,791.67	491.65	77,283.32
12/20/2042	76,791.67	491.65	77,283.32
1/20/2043	76,791.67	491.65	77,283.32
2/20/2043	76,791.67	491.65	77,283.32
3/20/2043	76,791.67	491.65	77,283.32
4/20/2043	76,791.67	491.65	77,283.32
5/20/2043	76,791.67	491.65	77,283.32
6/20/2043	76,937.51	491.65	77,429.16

Ednovate – Legacy College Prep			
	A	В	A+B
Date	Base Rent	Additional Rent	Total Rent
7/20/2043	76,937.51	485.53	77,423.04
8/20/2043	76,937.51	485.53	77,423.04
9/20/2043	76,937.51	485.53	77,423.04
10/20/2043	76,937.51	485.53	77,423.04
11/20/2043	76,937.51	485.53	77,423.04
12/20/2043	76,937.51	485.53	77,423.04
1/20/2044	76,937.51	485.53	77,423.04
2/20/2044	76,937.51	485.53	77,423.04
3/20/2044	76,937.51	485.53	77,423.04
4/20/2044	76,937.51	485.53	77,423.04
5/20/2044	76,937.51	485.53	77,423.04
6/20/2044	76,979.17	485.53	77,464.70
7/20/2044	76,979.17	479.09	77,458.26
8/20/2044	76,979.17	479.09	77,458.26
9/20/2044	76,979.17	479.09	77,458.26
10/20/2044	76,979.17	479.09	77,458.26
11/20/2044	76,979.17	479.09	77,458.26
12/20/2044	76,979.17	479.09	77,458.26
1/20/2045	76,979.17	479.09	77,458.26
2/20/2045	76,979.17	479.09	77,458.26
3/20/2045	76,979.17	479.09	77,458.26
4/20/2045	76,979.17	479.09	77,458.26
5/20/2045	76,979.17	479.09	77,458.26
6/20/2045	76,916.67	479.09	77,395.76
7/20/2045	76,916.67	472.34	77,389.01
8/20/2045	76,916.67	472.34	77,389.01
9/20/2045	76,916.67	472.34	77,389.01
10/20/2045	76,916.67	472.34	77,389.01
11/20/2045	76,916.67	472.34	77,389.01
12/20/2045	76,916.67	472.34	77,389.01
1/20/2046	76,916.67	472.34	77,389.01
2/20/2046	76,916.67	472.34	77,389.01
3/20/2046	76,916.67	472.34	77,389.01
4/20/2046	76,916.67	472.34	77,389.01
5/20/2046	76,916.67	472.34	77,389.01
6/20/2046	76,750.01	472.34	77,222.35
7/20/2046	76,750.01	465.28	77,215.29
8/20/2046	76,750.01	465.28	77,215.29

Ednovate – Legacy College Prep			
	A	В	A+B
Date	Base Rent	Additional Rent	Total Rent
9/20/2046	76,750.01	465.28	77,215.29
10/20/2046	76,750.01	465.28	77,215.29
11/20/2046	76,750.01	465.28	77,215.29
12/20/2046	76,750.01	465.28	77,215.29
1/20/2047	76,750.01	465.28	77,215.29
2/20/2047	76,750.01	465.28	77,215.29
3/20/2047	76,750.01	465.28	77,215.29
4/20/2047	76,750.01	465.28	77,215.29
5/20/2047	76,750.01	465.28	77,215.29
6/20/2047	76,895.84	465.28	77,361.12
7/20/2047	76,895.84	457.84	77,353.68
8/20/2047	76,895.84	457.84	77,353.68
9/20/2047	76,895.84	457.84	77,353.68
10/20/2047	76,895.84	457.84	77,353.68
11/20/2047	76,895.84	457.84	77,353.68
12/20/2047	76,895.84	457.84	77,353.68
1/20/2048	76,895.84	457.84	77,353.68
2/20/2048	76,895.84	457.84	77,353.68
3/20/2048	76,895.84	457.84	77,353.68
4/20/2048	76,895.84	457.84	77,353.68
5/20/2048	76,895.84	457.84	77,353.68
6/20/2048	76,916.68	457.84	77,374.52
7/20/2048	76,916.68	450.03	77,366.71
8/20/2048	76,916.68	450.03	77,366.71
9/20/2048	76,916.68	450.03	77,366.71
10/20/2048	76,916.68	450.03	77,366.71
11/20/2048	76,916.68	450.03	77,366.71
12/20/2048	76,916.68	450.03	77,366.71
1/20/2049	76,916.68	450.03	77,366.71
2/20/2049	76,916.68	450.03	77,366.71
3/20/2049	76,916.68	450.03	77,366.71
4/20/2049	76,916.68	450.03	77,366.71
5/20/2049	76,916.68	450.03	77,366.71
6/20/2049	76,812.51	450.03	77,262.54
7/20/2049	76,812.51	441.84	77,254.35
8/20/2049	76,812.51	441.84	77,254.35
9/20/2049	76,812.51	441.84	77,254.35
10/20/2049	76,812.51	441.84	77,254.35

Ednovate – Legacy College Prep				
	A	В	A+B	
Date	Base Rent	Additional Rent	Total Rent	
11/20/2049	76,812.51	441.84	77,254.35	
12/20/2049	76,812.51	441.84	77,254.35	
1/20/2050	76,812.51	441.84	77,254.35	
2/20/2050	76,812.51	441.84	77,254.35	
3/20/2050	76,812.51	441.84	77,254.35	
4/20/2050	76,812.51	441.84	77,254.35	
5/20/2050	76,812.51	441.84	77,254.35	
6/20/2050	77,000.00	441.84	77,441.84	
7/20/2050	77,000.00	433.21	77,433.21	
8/20/2050	77,000.00	433.21	77,433.21	
9/20/2050	77,000.00	433.21	77,433.21	
10/20/2050	77,000.00	433.21	77,433.21	
11/20/2050	77,000.00	433.21	77,433.21	
12/20/2050	77,000.00	433.21	77,433.21	
1/20/2051	77,000.00	433.21	77,433.21	
2/20/2051	77,000.00	433.21	77,433.21	
3/20/2051	77,000.00	433.21	77,433.21	
4/20/2051	77,000.00	433.21	77,433.21	
5/20/2051	77,000.00	433.21	77,433.21	
6/20/2051	76,625.00	433.21	77,058.21	
7/20/2051	76,625.00	425.00	77,050.00	
8/20/2051	76,625.00	425.00	77,050.00	
9/20/2051	76,625.00	425.00	77,050.00	
10/20/2051	76,625.00	425.00	77,050.00	
11/20/2051	76,625.00	425.00	77,050.00	
12/20/2051	76,625.00	425.00	77,050.00	
1/20/2052	76,625.00	425.00	77,050.00	
2/20/2052	76,625.00	425.00	77,050.00	
3/20/2052	76,625.00	425.00	77,050.00	
4/20/2052	76,625.00	425.00	77,050.00	
5/20/2052	76,625.00	425.00	77,050.00	
6/20/2052	76,958.34	425.00	77,383.34	
7/20/2052	76,958.34	425.00	77,383.34	
8/20/2052	76,958.34	425.00	77,383.34	
9/20/2052	76,958.34	425.00	77,383.34	
10/20/2052	76,958.34	425.00	77,383.34	
11/20/2052	76,958.34	425.00	77,383.34	
12/20/2052	76,958.34	425.00	77,383.34	

Ednovate – Legacy College Prep			
	A	В	A+B
Date	Base Rent	Additional Rent	Total Rent
1/20/2053	76,958.34	425.00	77,383.34
2/20/2053	76,958.34	425.00	77,383.34
3/20/2053	76,958.34	425.00	77,383.34
4/20/2053	76,958.34	425.00	77,383.34
5/20/2053	76,958.34	425.00	77,383.34
6/20/2053	76,708.34	425.00	77,133.34
7/20/2053	76,708.34	425.00	77,133.34
8/20/2053	76,708.34	425.00	77,133.34
9/20/2053	76,708.34	425.00	77,133.34
10/20/2053	76,708.34	425.00	77,133.34
11/20/2053	76,708.34	425.00	77,133.34
12/20/2053	76,708.34	425.00	77,133.34
1/20/2054	76,708.34	425.00	77,133.34
2/20/2054	76,708.34	425.00	77,133.34
3/20/2054	76,708.34	425.00	77,133.34
4/20/2054	76,708.34	425.00	77,133.34
5/20/2054	76,708.34	425.00	77,133.34
6/20/2054	76,729.18	425.00	77,154.18
7/20/2054	76,729.18	425.00	77,154.18
8/20/2054	76,729.18	425.00	77,154.18
9/20/2054	76,729.18	425.00	77,154.18
10/20/2054	76,729.18	425.00	77,154.18
11/20/2054	76,729.18	425.00	77,154.18
12/20/2054	76,729.18	425.00	77,154.18
1/20/2055	76,729.18	425.00	77,154.18
2/20/2055	76,729.18	425.00	77,154.18
3/20/2055	76,729.18	425.00	77,154.18
4/20/2055	76,729.18	425.00	77,154.18
5/20/2055	76,729.18	425.00	77,154.18
6/20/2055	77,000.01	425.00	77,425.01
7/20/2055	77,000.01	-	77,000.01
8/20/2055	77,000.01	-	77,000.01
9/20/2055	77,000.01	-	77,000.01
10/20/2055	77,000.01	-	77,000.01
11/20/2055	77,000.01	_	77,000.01
12/20/2055	77,000.01	-	77,000.01
1/20/2056	77,000.01	-	77,000.01
2/20/2056	77,000.01	-	77,000.01

Ednovate – Legacy College Prep					
	A	В	A+B		
		Additional			
Date	Base Rent	Rent	Total Rent		
3/20/2056	77,000.01	i	77,000.01		
4/20/2056	77,000.01	-	77,000.01		
5/20/2056	77,000.01	-	77,000.01		

EXHIBIT E

FORM OF INTERCEPT NOTICE

Notice to the State Controller Pursuant to Education Code Section 17199.4

[Insert Date]

Re: California School Finance Authority Charter School Facility Revenue Bonds (Ednovate – Obligated Group) Series 2018

WHEREAS, PMC (the "Borrower") has entered into a Loan Agreement, dated as of July 1, 2018, by and between the California School Finance Authority (the "Authority") and the Borrower, providing for a loan (the "Loan") for the acquisition and construction of charter school facilities to be owned by PMC 17th Street LLC, a California limited liability company, and leased to Ednovate, Inc., a California nonprofit public benefit corporation, which operates Ednovate – Legacy College Prep, a school established pursuant to the Charter Schools Act of 1992, as amended, constituting Part 26.8 (commencing with Section 47600) of Division 4 of Title 2 of the Education Code of the State of California (the "Lessee") (CDS# 30-10306-0133983); and

WHEREAS, the Authority has issued its above-referenced revenue bonds (the "Bonds") to fund the Loan:

NOW THEREFORE, NOTICE IS HEREBY GIVEN PURSUANT TO SECTION 17199.4(c) OF THE EDUCATION CODE OF THE STATE OF CALIFORNIA TO THE STATE CONTROLLER OF THE STATE OF CALIFORNIA (the "State Controller"), that:

- 1. The governing board of the Lessee has elected, pursuant to a resolution adopted on [_____], 2018 and Section 17199.4(c) of the Education Code, to direct the State Controller to make transfers at the times and in the amounts (or such lesser amounts as are available to transfer) in the "State Intercept" column set forth on Schedule I attached hereto, directly to Wilmington Trust, National Association, as trustee (the "Trustee"), for the Bonds. If the amount transferred on any transfer date is less than the amount in the "State Intercept" column set forth on Schedule I attached hereto, then such deficiency shall be added to subsequent transfers until no deficiency remains.
- 2. Transfers pursuant to paragraph 1 above shall be paid by wire transfer of immediately available funds to

Wilmington Trust Bank, National Association 650 Town Center Drive, Suite 600 Costa Mesa, California 92626 Attention: Corporate Trust Services (Signature on next page]

EDNOVATE, INC., as operator of Ednovate – Legacy College Prep				
By: Name: Title:				

EXHIBIT F

MANDATORY COVENANTS

Capitalized terms not otherwise defined in this <u>Exhibit F</u> shall have the meanings ascribed to such terms in the Lease Agreement to which this Exhibit forms a part (the "Lease") and the Master Indenture of Trust.

- 1. <u>Lessee Covenants</u>: Lessee acknowledges that the Premises secure Lessor's obligations under the Bond Documents. Accordingly:
- 1.1 Lessee covenants and agrees that so long as any bonds or loans remain outstanding, Lessee shall maintain a charter school facility providing educational services to students within the territorial limits required, if any, pursuant to Lessee's charter.
- 1.2 Lessee covenants and agrees to take all reasonable actions to maintain its current or any future charter ("Lessee's Charter") for the School with a sponsoring entity and to take or cause to be taken any and all actions required to renew or extend the term of its charter with a sponsoring entity. As soon as practicable, Lessee shall provide Lessor with a copy of any notice received with regards to any sponsoring entity's intent to renew or extend the term of any such charter or any notice of any issues that if not corrected or resolved could lead to termination or nonrenewal of any such charter. If such charter is terminated or not renewed, Lessee shall use commercially reasonable efforts, and shall cooperate with Lessor, to assign this Lease to an entity that maintains a charter with a sponsoring entity. In addition, Lessee shall maintain accreditation status under the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the California Education Code) and related administrative rules and shall satisfy the student performance accountability standards stated in its application for its charter.
- 1.3 Lessee will permit the Lessor to discuss the affairs, finances and accounts of Lessee or any information the Lessor may reasonably request with appropriate officers of Lessee, and will grant the Lessor access to the facilities, books and records related to the Improvements or Lessee on any business day upon reasonable prior notice.
- 2. <u>Bondholder/Authority Protection Regarding Lessee Defaults</u>: At any time when there is a Security Device against the Premises, the following provisions shall apply:
- 2.1 Prior to exercising any right or remedy that would have the effect of terminating the Lease (or that would terminate the Lease if Lessee does not satisfy conditions, such as payment of delinquent Rents), the Lessor must give the Authority written notice of default and an opportunity to cure (a) monetary defaults within ten (10) days after notice; and (b) all other defaults within the time allowed by the Lease for Lessee to perform.
- 2.2 Before any termination remedy may be exercised against Lessee, if any cure of a non-monetary default requires that the Authority obtain possession of the Premises, then the time of Authority to cure shall be extended to ten (10) days after it has obtained possession, provided that Lessor has moved with all due diligence to exercise its remedies to obtain possession.

- 2.3 Before any termination remedy may be exercised against Lessee, if an Event of Default requires more time to cure than allowed above, then on demonstration that the Authority has worked in good faith and with all due speed to cure the Default, the Authority may extend the time to perform by another thirty (30) days.
- 2.4 Notwithstanding any other provision hereof, no lender shall have a liability or obligation to cure an Event of Default.
- 2.5 Lessee shall not take any action, or omit to take any action required of it by the Lease, that will impair or diminish the security of the existing Security Devices, including any acts/omissions that will have a negative effect on the tax status of the Security Device.
- 3. <u>Lessee's Financial Covenants</u>. For clarity, the financial covenants set forth below shall be applied pursuant and subject to the provisions below. With respect to any retention of an Independent Consultant hereunder, Lessee hereby covenants that Lessee shall comply with and shall be bound by the selection procedures set forth in the Bond Documents.
- 3.1 Payment Coverage Ratio. Lessee covenants and agrees to calculate for each Fiscal Year its Payment Coverage Ratio for each Lease based on its audited financial statements for such Fiscal Year, and to provide a copy of such calculation for such period to the Lessor and the Master Trustee annually commencing with the Fiscal Year ending June 30 of the Fiscal Year in which the Lease is executed or June 30, 2020, whichever is later. Lessee also covenants to maintain its Net Operating School Revenue so that its Payment Coverage Ratio at the end of each Fiscal Year is not less than 1.10 to 1.00; provided that, except as provided below, Lessee's failure to achieve the required Payment Coverage Ratio will not constitute an Event of Default under any Lease or School Loan Agreement if Lessee promptly engages an Independent Consultant to prepare a report, to be delivered to Lessee, Lessor and Master Trustee within 45 days of engagement, with recommendations for meeting the required Payment Coverage Ratio or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year. The Independent Consultant selected and appointed by Lessee may be rejected upon the written request of the holders of not less than a majority in aggregate principal amount of the Related Bonds then Outstanding; if so rejected, Lessee covenants to use its best efforts to appoint a new Independent Consultant within 45 days thereof. Any Independent Consultant will be required to submit its recommendations to Lessor and Master Trustee within 90 days after being so retained. Lessee, on behalf of the Obligated Group Schools, agrees to implement the recommendations of the Independent Consultant, to the extent permitted by law. Lessee will not be obligated to retain such an Independent Consultant more often than once during any 24 month period. Notwithstanding the foregoing, Lessee's failure to achieve a Payment Coverage Ratio of 1.00 to 1.00 will constitute an Event of Default hereunder.
- 3.1.1 **"Payment Coverage Ratio"** means for any period of time the ratio determined by dividing (i) Net Operating School Revenue, by (ii) the sum of the amount of scheduled Base Rent under the Lease and the amount of scheduled School Loan Repayments under the School Loan Agreement.

- 3.1.2 "Support Office Management Fees" means any fee or charge, including any funds transfer recognized as an expenditure for accounting purposes, charged by Lessee for management services provided to the School, including pursuant to a Management Agreement, which fee shall be subordinate to the payment of Rent due under this Lease.
- 3.1.3 "Gross School Revenues" means all revenue, income, receipts and money received by the Lessee or on behalf of Lessee from all lawfully available sources attributable to its operation of the School and to any other charter school operated by Lessee in the properties subject to the Leases or related to the School Loan Agreements, including from any applicable district or county or from the State pursuant to the Charter School Law from any general purpose entitlement, revenue limit, or State educational funding sources; but excluding gifts, grants, bequests, donations and contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for Rent payments or operating expenses. Any other income, revenue, receipts, contributions or other monies received by Lessee not specifically described in the immediately preceding sentence shall not constitute Gross School Revenues.
- 3.1.4 "Management Agreement" means any agreement between Lessee and a charter school, including charter schools operated or managed by Lessee, pursuant to which Lessee provides management services.
- 3.1.5 "Net Operating School Revenue" means Lessee's Gross School Revenues minus its Operating Expenses; provided, that no determination thereof will take into account: (a) any gain or loss resulting from either the early extinguishment or refinancing of Obligated Group School Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business; (b) gifts, grants, bequests, donations or contributions, and income therefrom, to the extent specifically permanently restricted by the donor or by law to a particular purpose inconsistent with their use for the payment of Operating Expenses; (c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards; (d) adjustments to the value of assets or liabilities resulting from changes in generally accepted accounting principles; (e) unrealized gains or losses that do not result in the receipt or expenditure of cash; and (f) nonrecurring items which involve the receipt, expenditure or transfer of assets.
- 3.1.6 "Obligated Group School Indebtedness" means Indebtedness (as such term is defined in the Master Indenture of Trust) related to or payable from revenues of the applicable Obligated Group School and to any other charter school operated by Lessee at the Facility subject to the Lease or related to the School Loan Agreement.
- 3.1.7 **"Operating Expenses"** means, except as provided below, all unrestricted expenses of the Lessee, attributable to operations of the applicable Obligated Group School and to any other charter school operated by the Lessee at the Facility, including maintenance, repair expenses, utility expenses, equipment lease and other rental expense (excluding the Base Rent, School Loan Repayments, and the Extraordinary Monthly Rent, if any, but including Expenses and Additional Rent), administrative and legal expenses, miscellaneous operating expenses, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of the Lessee, the cost of vehicles, equipment

leases and service contracts, taxes upon the operations of the Lessee not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the Lessors. "Operating Expenses" shall exclude, however, (i) all subordinated Support Office Management Fees, (ii) depreciation and amortization, and (iii) any expenses which are treated as extraordinary in accordance with generally accepted accounting principles.

- 3.2 <u>Liquidity Covenant</u>. Lessee shall calculate Consolidated Days Cash on Hand (defined below) for the Obligated Group Schools as of the last day of each Fiscal Year, commencing with the immediately succeeding Fiscal Year commencing after the effective date of such Lease or June 30, 2020, whichever is later, based upon its audited financial statements for such Fiscal Year and file such reports with Master Trustee. For each calculation date, the Obligated Group Schools will maintain Consolidated Days Cash on Hand as of the last day of each Fiscal Year equal to or greater than 45 days.
- 3.2.1 "Consolidated Days Cash on Hand" means (i) the sum of cash and cash equivalents of the Obligated Group Schools, as shown on Lessee's audited financial statements for each Fiscal Year, and any State Controller payments accrued to such Fiscal Year and scheduled to be received within two months following the end of such Fiscal Year; divided by (ii) the Average Daily Expenses for Obligated Group Schools (as calculated for the most recent Fiscal Year ending before such date).
- 3.2.2 "Average Daily Expenses for Obligated Group Schools" means (A) cash requirements during such Fiscal Year related to or payable from revenues attributable to the Obligated Group Schools (excluding from such calculation all depreciation and other non-cash items), and including within such calculation on behalf of the Obligated Group Schools in the aggregate (i) all Operating Expenses for such Fiscal Year for the Obligated Group Schools, (ii) subordinated Support Office Management Fees, and (iii) the maximum annual sum of the Base Rent and School Loan Repayments payable under the Leases and School Loan Agreements, respectively, for all Obligated Group Schools between Lessee and any member of the Obligated Group for that year or any other year, divided by (B) 365.
- 3.2.3 Lessee will provide a certificate to the Lessor and Master Trustee at the time of delivery of its annual audited financial statements for each Fiscal Year indicating whether Lessee, on behalf of the Obligated Group Schools, has met the requirement set forth above. If the certificate indicates that such cash balance requirement has not been met, Lessee covenants to retain an Independent Consultant at the expense of Lessee, on behalf of the Obligated Group Schools, within 45 days, to make recommendations to increase such balances in the then-current Fiscal Year to the required level or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year. The Independent Consultant selected and appointed by Lessee may be rejected upon the written request of the holders of not less than a majority in aggregate principal amount of the Related Bonds then Outstanding; if so rejected, Lessee covenants to use its best efforts to appoint a new Independent Consultant within 45 days thereof. Any Independent Consultant will be required to submit its recommendations to Lessor and Master Trustee within 90 days after being so retained. Lessee, on behalf of the Obligated Group Schools, agrees to implement the

recommendations of the Independent Consultant, to the extent permitted by law. Lessee will not be obligated to retain such an Independent Consultant on behalf of the Obligated Group Schools more often than once during any 24 month period.

- 3.2.4 No proceeds of any Short-Term Indebtedness will be considered unrestricted available cash for purposes of such calculation (other than the proceeds of any working capital loans made to bridge deferrals in State payments or start-up loans from the State of California or the California Department of Education).
- 3.2.5 In the event the Obligated Group Schools fail to have such an amount on deposit, it will not be a default or Event of Default under the Lease.
- 3.3 <u>Limitation on Liens on Gross Revenues of the Schools.</u> Except as provided in Section 3.4 below, the Lessee covenants and agrees that it will not create, assume or suffer to exist any lien upon the Gross Revenues of the Schools in the Revenue Fund.
- 3.4 <u>Limitations on Obligated Group Indebtedness</u>. Lessee covenants that it will not incur, assume or guarantee ("incur"), any Obligated Group School Indebtedness (secured or unsecured), except Obligated Group School Indebtedness with respect to purposes specifically benefiting Lessee, and except as provided below.
- 3.4.1 Nonrecourse Indebtedness. To the extent permitted by applicable law and if no Event of Default under the Lease, or an event that with the giving of notice or passage of time or both would constitute an Event of Default under the Lease, has occurred and is continuing, Lessee may incur or assume Nonrecourse Indebtedness (as defined below), but limited with Short-Term Indebtedness (as defined below), and Interim Indebtedness (as defined below) to a total aggregate principal amount outstanding at any time that is not in excess of the greater of: (i) 25% of Operating Expenses in any Fiscal Year, or (ii) the maximum amount of advance apportionment and principal apportionment due to the School in any fiscal year that is deferred at any time or subject to deferral pursuant to Section 14041.6 of the California Education Code or Sections 16325.5 and 16326 of the California Government Code, or any subsequent legislation authorizing additional deferrals of such apportionments (collectively "Maximum Deferred Apportionment").
- (a) "Nonrecourse Indebtedness" means all Obligated Group School Indebtedness with respect to which the obligee is prevented by applicable law or contractual arrangement from exercising recourse, or any other right or remedy exercisable by a creditor, against all or any part of the Premises or the Improvements in order to pay, satisfy or discharge all or any part of the Obligated Group School Indebtedness.
- 3.4.2 <u>Short-Term Indebtedness</u>. Lessee may incur Short-Term Indebtedness (as defined below) for working capital purposes as in its judgment is deemed expedient, provided that in no event will Lessee incur Short-Term Indebtedness, together with outstanding Nonrecourse Indebtedness and Interim Indebtedness (defined below) in excess of the Maximum Deferred Apportionment.
- (a) "Short-Term Indebtedness" means all Obligated Group School Indebtedness having an original maturity less than or equal to one year and not renewable

at the option of Lessee for a term greater than one year from the date of original incurrence or issuance, provided however, that any Short Term Indebtedness that has been issued as revenue anticipation notes ("RANS") will not be included or counted as Short Term Indebtedness to the extent that the RANS are secured by deferred state apportionment revenues expressly pledged and deposited in an intercept account to pay such RANS.

- 3.4.3 <u>Interim Indebtedness</u>. Lessee may incur Interim Indebtedness (as defined below) to finance or refinance existing capital needs as in its judgment is deemed expedient, provided that in no event will Lessee incur Interim Indebtedness, together with outstanding Nonrecourse Indebtedness and Short-Term Indebtedness, on a combined basis, is in excess of the Maximum Deferred Apportionment.
- (a) "Interim Indebtedness" means all Obligated Group School Indebtedness having an original maturity less than or equal to five years and not renewable at the option of Lessee for a term greater than five years from the date of original incurrence or issuance.
- 3.5 **Reporting Obligations.** Lessee agrees to provide Lessor, and upon written request of the Bond Trustee or Master Trustee, to Bond Trustee or Master Trustee as applicable, the following information:
- 3.5.1 If Lessee is undertaking any construction at the Premises, not later than 60 days after the end of each fiscal quarter of Lessee, a construction progress report with respect to any such construction until such construction is substantially complete.
- 3.5.2 Quarterly unaudited financial information and operating data of the School not later than sixty (60) days after the end of each quarter, commencing with the quarter ending December 31, 2018.
- 3.5.3 Quarterly, not later than sixty (60) days after the end of each quarter, commencing with the quarter ending December 31, 2018, a report of the School's quarterly enrollment data and waitlist data by grade for the previous fiscal quarter.
- 3.5.4 Prior to the end of each fiscal year, a copy of the annual budget of the School for the subsequent Fiscal Year.
- 3.5.5 Quarterly, not later than sixty (60) days after the end of each quarter, commencing with the quarter ending December 31, 2018, a year to date comparison of the revenue and expenditures in the unaudited financial statements for such quarter to the annual budget for the applicable fiscal year.
- 3.5.6 Quarterly, not later than sixty (60) days after the end of each quarter, commencing with the quarter ending December 31, 2018, a copy of any recommendations of any Independent Consultant received in accordance with the Master Indenture of Trust pursuant to the liquidity covenant and Payment Coverage Ratio covenant under the Obligated Group Leases described above.

- 3.5.7 Annually, no later than six (6) months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2018, copies of the audited financial statements of Lessee and the Schools for the prior fiscal year prepared in accordance with generally accepted accounting principles applicable to nonprofit corporations from time to time, if available.
- 3.5.8 Annually, no later than six (6) months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2020, the certifications and calculations of the Consolidated Days Cash on Hand for the Schools and the Payment Coverage Ratio for each School as described in the Liquidity Covenant and Payment Coverage Ratio covenant under the Obligated Group Leases described above.
- 3.5.9 Such other information as may be reasonably requested by Lessor, the Authority, the Bond Trustee or Master Trustee.
- 3.6 <u>Use of Public Moneys</u>. Lessee covenants that it will not use any public money, assets, and funds for support of the public school system that it receives through apportionments from the State in a manner that conflicts with or constitutes on its part or on the part of the School a violation or breach of any California statute, rule or regulation governing the use of those moneys. In addition, the Authority shall be a third party beneficiary under the Lease with respect to this provision of the Lease.
- 3.7 <u>Use of Intercept Moneys.</u> Lessee covenants that all funds subject to the Intercept shall only be transferred to a Related Bonds Trustee for Related Bonds issued by the California School Finance Authority.
- 3.7 <u>Subordination of Support Office Management Fees</u>. If Lessee enters into a Management Agreement for the payment of Support Office Management Fees to Lessee or any supporting organization of Lessee under Internal Revenue Code Section 509(a)(3), or any of their respective affiliates, with respect to the School, Lessee shall amend any such Management Agreement for the School such that, so long as Bonds remain outstanding: (i) the obligation of Lessee to pay Support Office Management Fees relating to the School shall be subordinate to its payment of operating expenses of the School and rent payments to Lessor under this Lease; (ii) the obligation of Lessee to pay Support Office Management Fees relating to the School shall be suspended for any such time as the payment of Support Office Management Fees would cause Lessee to fail to meet any of the financial covenants contained in Sections 3.2 or 3.4 herein; and (iii) during any period of time when Support Office Management Fees remain unpaid, such fees shall accrue without interest. If Lessee has not engaged a separate manager with respect to the School, Lessee agrees that it shall not apply any Gross School Revenues to costs and expenses of management unless and until all Rent is fully paid and the Loan is not in default.

Ednovate 17th Street Estimate of bond funds

Facilities Project Costs

Construction		
Construction	5,566,429.00	
Fee	320,986.00	
General Conditions	415,150.00	
Revised Contingency	160,816.00	343,263.00
Elevator	150,000.00	
Change order- rough carpentry	112,770.00	
Change order- Steel	81,000.00	
Change order- concrete	-11,323.00	
General Liability	94,873.00	
TOTAL CONSTRUCTION COST ESTIMATE	6,890,701.00	

SOFT COSTS

CM/PM	294,000	
Architect	168,500	
Structural Engineer	38,425 1	LOk added 3/10 for added services
Civil Engineer	18,225	
Staking	iı	n the GC contract
QSP Services	14,450	
On Site Security	80,000 A	Allowance
City Permits/ development fees/ connect		
fees	30,000 A	Allowance
Special Inspections/ expedited	15,000 A	Allowance
Environmental Study		
Structural Observation	15,000	
Asbestos Abetement- roof mastik	10,000	
Traffic		
Acoustic/ Air Quality Study		
Bond	101,111.00	
Subtotal	784,711	
MISC		
	_	

Temp Facility Separate Budget item

Legal/ accounting

Subtotal	0	
Data Equipment	150,000	Allowance
FF&E		Separate Budget item
Security/ PA System	50,000	Allowance
Clock System		

Estimated Total		8,307,212.00
Project Contingency 5%		415,361
Project Fund from Financing Proceeds		
total Project Budget		8,500,000.00
Over/under budger amount		(222,572.60)

FACILITIES

Ednovate's goal is for each of its high schools to be in a permanent facility by the time the school is at full capacity. We are proud to announce that Ednovate has secured a facility for Legacy College Prep that will be completed in SY 2019-20. The school's permanent address will be **1450 E. 17th St., Santa Ana, CA 92705**.

Ednovate considered a variety of factors when selecting a facility, including affordability, the ability to customize the space for the school's unique academic model, location, and the number of students the space could accommodate.

Legacy College Prep will have five classrooms per grade level, ample office space, a private counseling office, space for Special Education pullout services, access to a cafeteria/whole-school meeting space, and access to athletic fields and facilities for its physical education program.

Non-District-Owned Facilities

Facility Status: The charter petitioner must demonstrate control of a facility such as a commitment from the landlord, to ensure that the property is actually available to the charter developer, and that the facility is usable with or without conditions (such as a conditional code permit.) The charter school facility shall comply with all applicable building codes, standards and regulations adopted by the city and/or county agencies responsible for building and safety standards for the city in which the charter school is to be located, and the Americans with Disabilities Act (ADA). Applicable codes and ADA requirements shall also apply to the construction, reconstruction, alteration of or addition to the proposed charter school facility. Charter School shall implement any corrective actions, orders to comply, or notices issued by the authorized building and safety agency. Charter School cannot exempt itself from applicable building and zoning codes, ordinances, and ADA requirements. Charter schools are required to adhere to the program accessibility requirements of Federal law (Americans with Disabilities Act and Section 504).

Occupancy of the Site: The charter petitioner or developer shall provide the County with a final Certificate of Occupancy issued by the applicable permitting agency, allowing the petitioner to use and occupy the site. Charter School may not open without providing a copy of the Certificate of Occupancy for the designated use of the facility. If Charter School moves or expands to another facility during the term of this charter, Charter School shall provide a Certificate of Occupancy to the County for each facility before the school is scheduled to open or operate in the facility or facilities. Notwithstanding any language to the contrary in this charter, the interpretation, application, and enforcement of this provision are not subject to the Dispute Resolution Process outlined in Element 14.

Pest Management: Charter School shall comply with the Healthy Schools Act, California Education Code Section 17608, which details pest management requirements for schools. Developers may find additional information at: www.laschools.org/employee/mo/ipm.

Asbestos Management: Charter School shall comply with the asbestos requirement as cited in the Asbestos Hazard Emergency Response Act (AHERA), 40CFR part 763. AHERA requires that any building leased or acquired that is to be used as a school or administrative building shall maintain an asbestos management plan.

Item: Staff Recommendations #14

July 17, 2019

[X] Mailed [] Distributed at meeting

ORANGE COUNTY BOARD OF 475

BOARD AGENDA ITEM

DATE:

July 11, 2019

TO:

Nina Boyd, Associate Superintendent

FROM:

Kelly Gaughran, Director, Charter Schools Unit

SUBJECT:

Unity Middle College High School-Non-Compliance-Notice of Violation

DESCRIPTION:

The Orange County Board of Education (OCBE) is requested to authorize Orange County Department of Education Charter School Unit staff to issue official notification, pursuant to Education Code section 47607, subdivision (d) and the California Code of Regulations, Title 5, section 11968.5.2, of immediate concerns regarding Unity Middle College High School (UMCHS). OCBE issues this Notice of Violation in accordance with action taken at its July 17, 2019 meeting.

RECOMMENDATIONS:

Approve staff recommendation for issuance of a Non-Compliance-Notice of Violation to UMCHS.



July 17, 2019

To: Orange County Board of Education

From: Nina Boyd, Associate Superintendent

Kelly Gaughran, Director, Charter Schools

Subject: Unity Middle College High School - Non-Compliance, Request for Issuance of

Notice of Violation

ORANGE COUNTY
DEPARTMENT
OF EDUCATION

200 KALMUS DRIVE P.O. BOX 9050 COSTA MESA, CA 92628-9050

> (714) 966-4000 FAX (714) 432-1916 www.ocde.us

The Orange County Board of Education (OCBE) is requested to take action to support an official notification (Notice of Violation), pursuant to Education Code section 47607, subdivision (d) and the California Code of Regulations, Title 5, section 11968.5.2, of immediate concerns of non-compliance by Unity Middle College High School (UMCHS). Orange County Department of Education (OCDE) Charter Schools Unit staff will notify UMCHS of identified issues and the timeline of corrective action as indicated in this OCBE communication. OCBE reserves the right to consider additional evidence presented to substantiate the following violations.

LEGAL AUTHORITY

AL MIJARES, Ph.D. County Superintendent of Schools

Pursuant to section 47607, subdivision (d), the authorizing entity of a school's charter is required to notify the charter school in writing of any violation and to give the charter school a reasonable opportunity to remedy the violation prior to revocation. Pursuant to section 47607, subdivision (c), the authorizing entity may revoke the charter of a charter school if it finds, through a showing of substantial evidence, that the charter school:

- Committed a material violation of any of the conditions, standards, procedures set forth in the charter.
- Failed to meet or pursue any of the pupil outcomes identified in the charter.
- Failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.
- Violated any provision of law.

BACKGROUND

On August 20, 2015, OCBE granted UMCHS's initial Petition to operate the Charter School for five years beginning on July 1, 2016, to June 30, 2021. UMCHS delayed operations for one year and opened in August 2017. On or about December 14, 2016, OCBE entered into an Agreement with UMCHS that was incorporated as part of the Petition.

On June 6, 2018, OCBE approved UMCHS's request for a material revision for a change in location. During the public hearing for the material revision, Dr. Erin Craig, Executive Director, presented a tenant improvement budget of \$225,000 and a construction timeline that would begin in June and be completed in August 2018 just before the school year was set to start.

ORANGE COUNTY BOARD OF EDUCATION

MARI BARKE

JOHN W. BEDELL, PH.D.
REBECCA "BECKIE" GOMEZ
LISA SPARKS, PH.D.
KEN L. WILLIAMS, D.O.

On October 3, 2018, OCDE staff was notified in writing that on October 2, 2018, UMCHS held an emergency board meeting, and unanimously approved the closure of UMCHS as of that date at 5:00 pm due to the lack of facility and lack of viable facility alternatives. (Exhibit A) OCDE staff notified OCBE of this closure at OCBE's October 3, 2018, regularly scheduled board meeting. On October 8, 2018, the Charter School's board voted to reopen UMCHS. (Exhibit B)

OCBE has determined that the issues and irregularities, enumerated below, in UMCHS's operations, amount to multiple grounds for NOV in accordance with section 47607.

POTENTIAL GROUNDS FOR NOTICE OF VIOLATION

I. FISCAL MISMANAGEMENT BY CONTINUING TO OPERATE AT A DEFICIT

During the 2018-19 school year, UMCHS incurred over \$1,600,000 in debt. Based on information received from the Charter School, UMCHS has repaid approximately \$400,000 and continues to owe an estimated \$1,200,000. Despite requests from OCDE, UMCHS has not submitted a comprehensive plan for repayment of its remaining debt.

To address fiscal concerns, UMCHS engaged a new back-office provider in November 2018. However, issues continue to occur, such as failure to submit timely and accurate financial documents and reports, STRS and OCDE oversight payments, and an accurate preliminary budget for the 2019-20 school year. The school continues to incur more debt and has plans to borrow an additional \$350,000 at the beginning of the 2019-20 school year. Due to the ongoing concerns, an independent audit is requested, as the fiscal solvency of UMCHS is in question, as is the extent of OCBE's liability should the school cease operation before retiring all debt.

A. Failure to Account for Ballooning Construction Costs

In June of 2018, OCBE approved a material revision for UMCHS to relocate to the facility at 1937 W. Chapman Ave., Orange, CA, 92868, to house the charter school permanently. UMCHS represented that the charter school would be responsible for tenant improvements and obtaining permits from the City of Orange. The tenant improvement budget presented to OCBE was a total of \$225,000 for construction costs and a timeline from June to August 2018.

On July 27, 2018, UMCHS submitted a revised budget (Revised Budget No. 1) that included an increase of construction costs of \$500,000 for tenant improvements. On July 27, 2018, OCDE staff met with Dr. Craig regarding enrollment, construction timeline, and other outstanding debt and budget discrepancies. Following the meeting and review of UMCHS's revised budget, OCDE issued Notice of Concern #1 to UMCHS emphasizing concerns related to liability for ADA overpayments, construction costs increasing by 222%, and the need for a Conditional Use Permit. (Exhibit C)

On August 8, 2018, UMCHS informed OCDE that the school would not open as scheduled on August 13, 2018, for the 2018-19 school year because of construction delays. UMCHS moved the start of the school year to August 27, 2018.

On August 21, 2018, UMCHS submitted a second revised budget (Revised Budget No. 2) to increase construction costs to \$564,000. On August 21, 2018, OCDE met with Dr. Craig and issued Notice of Concern #2A on August 24, 2018, following the meeting regarding low cash flow, low student enrollment, construction completion timeline for the permanent facility, outstanding debt, and budget discrepancies. (Exhibit D)

On August 24, 2018, Dr. Craig informed OCDE that due to continuing construction delays, the 2018-19 school year would begin with three weeks of field trips: one week of college visits followed by two weeks of school at Golden West College. Also on August 24, 2018, OCDE issued Notice of Concern #2B regarding the lack of a suitable facility to open the school year, and requested an interim plan for student learning and safety while the construction continued. (Exhibit E)

Following the first three weeks of school, UMCHS began to operate the charter school at a site adjacent to the permanent facility despite the City of Orange informing UMCHS that the temporary adjacent site was not approved for K-12 use and the operation of a school even temporarily was prohibited. On September 13, OCDE issued Notice of Concern #3 regarding the integrity of the academic program given the lack of facility space, construction delays, lack of a suitable temporary facility, and ongoing budget issues. (Exhibit F)

By September 2018, construction costs increased to \$650,000, almost three times the original projected amount. On September 28, 2018, Notice of Concern #4 was issued regarding budget construction overruns, lack of a suitable temporary facility and lack of a permanent facility. (Exhibit G)

On October 1, 2018, OCDE was informed that the Fire Marshal for the City of Orange issued UMCHS a Cease and Desist Letter demanding that they stop using the temporary facility to operate the school. When the Fire Marshall visited the temporary space to ensure that it was not being used for K-12 education, the Fire Marshall was informed that the school was on vacation that week. The vacation was not previously designated on UMCHS's school calendar and OCDE was not notified of this change.

Tenant improvements for the permanent site were not completed until February 2019 when the school received a fire marshal certificate of clearance. The final price for tenant improvements was approximately \$813,000, but due to delayed payments, the settled amount owed is \$843,000 according to minutes from the UMCHS April 2019 Board Meeting. OCDE has not yet received any documentation to substantiate a final amount owed.

B. Other Debts and Obligations

OCDE has received correspondence from several vendors that are owed money from UMCHS.

- On March 14, 2019, Dr. Craig presented the Charter School Board with a promissory note for a short-term loan for \$10,000. The loan required 6% interest and was scheduled to be repaid by May 2019. The lender was Alexander M. Craig. The relationship between the Charter School and Alexander M. Craig was not disclosed at the Charter School Board meeting.
- On April 25, 2019, Dr. Craig presented the Charter School Board with a promissory note for a short-term loan for \$30,000. The loan required \$1,500 or approximately 5% in interest and was scheduled to be repaid by June 2019. The lender was Young J. Kim. The relationship

between the Charter School and Young J. Kim was not disclosed at the Charter School Board meeting.

- On May 14, 2019, Dr. Craig informed the Charter School Board that she loaned the charter school \$5,600 of her own money to cover payroll and was immediately repaid following discussion with ICONN Management. The Charter School Board did not approve this loan nor has OCDE reviewed any documentation.
- On May 30, 2019, Scott Robinson from Flaherty Robinson, Inc. contacted OCDE and notified OCDE that he has been trying to collect payment from UMCHS on two invoices since February 2019 for the design of a brochure, an email newsletter, and social media marketing services. The total unpaid balance is \$2,463.30.
- On June 11, 2019, OCDE received a copy of a Complaint filed by Far West Contractors Corp. with the Orange County Superior Court on January 14, 2019. The relief sought is approximately \$579,843.29. (Exhibit H)
- On June 27, 2019, Charter staff were made aware that UMCHS had not made all STRS payments for the 2018-19 school year and will be subject to penalties.
- On July 11, 2019, Dr. Craig informed OCDE Charter staff that she and the principal of UMCHS
 were not paid for two months during the 2018-19 school year and had not yet received the
 outstanding payments.
- As of July 11, 2019, UMCHS has not paid OCDE the required oversight payments for the 2018-19 school year.

C. Inconsistent Budget

The adopted budget submitted in July 2018 detailed that \$50,000 of funding for the school in 2018-19, would come from donations. The first interim budget submitted in December 2018 stated that \$350,000 of the school's funding for the year would be in the form of donations. The second interim budget submitted in March 2019, documented \$180,550 of the funding for the school in donations. Revenue in the budgets and cash flow statements continue to change in an attempt to balance the school's budget. The above example represents only one of the many inconsistencies with UMCHS's finances. The FCMAT Manual for Charter School Accounting and Best Practices says, "A strong, organization-wide and management-lead ethical culture should be pervasive in the charter school. Management has the responsibility to implement strong internal controls designed to prevent and deter fraud and misconduct."

II. FISCAL MISMANAGEMENT DUE TO FAILURE TO PROPERLY ACCOUNT FOR ATTENDANCE

For the 2017-18 school year, UMCHS was overpaid attendance revenue from the California Department of Education (CDE) in the amount of \$160,558 and Orange Unified School District (OUSD) in the amount of \$246,395, totaling \$406,757, due to a mistake on attendance reporting documents that resulted in the charter school overstating its student enrollment. UMCHS was required to return the overpayment but did not have the funds available. Instead, CDE and OUSD withheld anticipated revenue during the 2018-19 school year that was supposed to be paid to UMCHS and consequently, the charter school did not receive in-lieu of property tax or state apportionment funding for the majority of the 2018-19 school year. As a result, adequate cash flow has been a significant issue for UMCHS meeting their monthly obligations and was the primary reason OCDE issued Notice of Concern #5 on March 8, 2019.

(Exhibit I) However, on June 7, 2019, Dr. Craig emailed OCDE and reported that UMCHS no longer owes OUSD any overpayment funds and intends to pay CDE the final payment of \$14,450 in June.

In addition, an independent audit performed by Christy White and Associates on UMCHS for the 2017-18 school year and received by OCDE in December 2018, revealed that the Charter School did not comply with State attendance reporting requirements and record retention. UMCHS did not maintain proper physical attendance records and did not verify attendance with teachers who initially marked students absent. This may constitute a violation of the Education Code, which requires that all charter schools "maintain written contemporaneous records that document all pupil attendance and make [such] records available for audit and inspection." (Ed. Code, § 47612.5, subdivision (a)(2)) (Exhibit J)

III. VIOLATED EDUCATION CODE SECTION 47604.3 BY FAILING TO RESPOND TO REASONABLE INQUIRIES

Education Code section 47604.3 requires a charter school to promptly respond to all reasonable inquiries, including, but not limited to, inquiries regarding its financial records, from its chartering authority. OCDE has requested numerous financial, educational, and operational documents to provide oversight of the school. UMCHS submitted only 30% of required compliance documents accurately and on time, for the 2018-19 school year.

VI. FAILURE TO MEET GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DUE TO A LACK OF INTERNAL CONTROLS

Over the past year, UMCHS has failed to meet generally accepted accounting principles. For the 2018-19 school year, OCDE received approximately nine different budgets from UMCHS. The budget documents and financial reports submitted by UMCHS, including the preliminary budget for 2019-20 sent on July 1, 2019, and the second interim report submitted in April 2019, have been inconsistent and contained numerous errors and omissions. OCDE staff has had difficulty analyzing the documents due to the mistakes and untimely submissions and again cannot draw a firm conclusion as to the fiscal solvency of the school without the assistance of an independent audit.

The independent audit performed by Christy White and Associates on UMCHS for the 2017-18 school year and received by OCDE in December 2018 also reported that the Charter School had inadequate internal controls. "No purchase requisitions, purchase orders, or other approval system is in place to clearly document the pre-approval of expenses prior to incurring the expense. The effect of this can promote a potential for inappropriate use or unapproved use of Charter funds and errors in accounting records related to expenditures." (Exhibit J)

REASONABLE TIME TO REMEDY VIOLATIONS

Pursuant to Education Code section 47606, subdivision (d), and California Code of Regulations, Title 5, section 11968.5.2, OCBE issues this Notice of Violation and required remedies to cure said violations. Specifically, the Charter School must remedy all of the above-noted violations through documentation requested below or by other acceptable means to the satisfaction of OCBE no later than **August 30**, **2019**, **unless otherwise indicated**.

- 1. A complete list of any outstanding invoices, loans, or vendor payments with amounts and contact information for vendors or debtors.
- 2. A comprehensive plan for repayment of all outstanding debt.
- 3. An updated budget in Microsoft Excel format that reflects the impact of the debt repayment for each year remaining in the charter term.
- 4. Documentation of the final settlement amount with the construction contractor and any other vendor.
- 5. A disclosure and legal filings for all known or pending litigation with an explanation of said litigation.
- 6. Fully executed contracts for current loans, both private and public including but not limited to Y. Kim, OCCF, A. Craig, and the Landlord of 1937 W. Chapman Ave.
- 7. An intent to lend letter from all sources that will provide money to the school moving forward.
- 8. Contact information for UMCHS's custodian of records and a back-up custodian of records.
- 9. Contact information for the Building Contractor of the permanent facility at 1937 W. Chapman Ave. including but not limited to name, phone number, and email address.
- 10. Full access to UMCHS's Student Information System (SIS).
- 11. Back up documentation for all donations received from July 2018 to present.
- 12. Documentation showing amount owed of unpaid salary for all employees including but not limited to Dr. Erin Craig, the principal, and others and a timeline for repayment.
- 13. UMCHS shall comply with an OCDE-contracted independent audit during the 2019-20 school year.

Pursuant to California Code of Regulations, Title 5, section 11968.5.2, subdivision (c), UMCHS is entitled to respond in writing to this Notice and attach supporting evidence of its refutation, remedial action, or proposed remedial action, if any.



October 3, 2018

Dear Ms. Gaughran,

This letter is to serve as official notice to Orange County Department of Education that Unity Middle College High School will close on Wednesday October 3, 2018 at 5:00 pm. The action was approved unanimously by the Unity Schools SoCal Board during an emergency board meeting on October 2, 2018 due to lack of facility and lack of viable facility alternatives.

Unity Schools SoCal, the Executive Director, Dr. Erin Craig and her designee will be responsible for closure-related activities including inquires for: the pupils' school districts of residence; and the manner in which parents/guardians may obtain copies of pupil records, including specific information on completed courses and credits that meet graduation requirements.

The Unity Schools SoCal Board will notify parents and students of Unity MCHS, the El Dorado SELPA, CALSTRS, and the California Department of Education of the closure and of the effective date of the closure by Thursday October 4, 2018.

The Unity Schools SoCal Board will ensure notification to Unity MCHS parents and students of the closure and to provide information to assist parents and students in locating suitable alternative programs. This notice will be provided promptly following the Unity Schools SoCal Board's decision to close Unity MCHS.

Unity will develop a list of pupils in each grade level and the classes they have completed, together with information on the pupils' districts of residence, which they will provide to the entity responsible for closure-related activities. Unity MCHS will provide parents, students and the County with copies of all appropriate student records and will otherwise assist students in transferring to their next school. All transfers of student records will be made in compliance with the Family Educational Rights and Privacy Act ("FERPA"). Unity MCHS will ask the County to store original records of Unity MCHS students. All student records of Unity MCHS shall be transferred to the County upon closure. All state assessment results, special education records, and personnel records will be transferred to and maintained by the entity responsible for closure-related activities in accordance with applicable law.

Thank you,

Erin Craig, Ed.D. Executive Director



October 15, 2018

Hi Kelly,

Thank you for stopping by Unity last week. This letter is to notify you that on Monday October 8th during a special board meeting, the Unity Schools SoCal Board voted to rescind closure and open Unity Middle College effective Tuesday October 9th.

Thank you,

Erin Craig, Ed.D.

Executive Director

Exhibit C



July 31, 2018

Via email and U.S. mail

Erin Craig, Ed.D., Executive Director Unity Middle College High School 1937 W. Chapman Ave. Orange, CA 92868 ecraig@unitymchs.org

ORANGE COUNTY DEPARTMENT OF EDUCATION

200 KALMUS DRIVE P.O. BOX 9050 COSTA MESA, CA 92628-9050

> (714) 966-4000 FAX (714) 432-1916

www.ocde.us

AL MIJARES, Ph.D.
County Superintendent
of Schools

Re: Notice of Concern Regarding Financial Status of Unity Middle College High School

Dear Dr. Craig:

The purpose of this letter is to notify you of the concern of the Orange County Department of Education (OCDE) Charter Schools Unit regarding the financial stability of Unity Middle College High School (UMCHS). On July 27, 2018 representatives from the OCDE Charter Schools Unit met with you and Lance Tsang (via telephone) to discuss our concerns and ask for clarification on a number of items.

Overpayment of Average Daily Attendance (ADA)

During the 2017-18 school year, UMCHS was overpaid attendance revenue from the State of California in the amount of \$160,558 and from Orange Unified School District (OUSD) in the amount of \$246,395, totaling \$406,757.

On the 2017-18 First Principal Apportionment report (P1), the reported enrollment for UMCHS was 95 students. However, the actual enrollment was 41 students. When we contacted you to discuss this discrepancy, you indicated that the ADA percentage was submitted instead of the actual ADA number. This resulted in an overpayment from the California Department of Education (CDE) in the amount of \$160,558. During the July 27, 2018 meeting, you indicated that you had contacted the CDE to rectify the problem and believed the CDE would adjust your 2017-18 allocation accordingly. However, this was not the case and the CDE website now indicates that the 2018-19 apportionment for UMCHS will be reduced in the amount of \$160,558 to resolve this issue. Consequently, you will not receive funding in the amount indicated on your budget resulting in negative cash flow.

Additionally, due to the overstatement of student enrollment on the P1 report, OUSD overpaid UMCHS by \$246,395. OUSD is currently evaluating all options for recouping this overpayment including withholding funding from the school for the 2018-19 school year until the debt is paid or creating an aggressive repayment plan. Therefore, it is possible that UMCHS will not receive 2018-19 In-Lieu of Property Tax revenue (which is a second major source of charter school income) until this debt is paid in full.

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REBECCA "BECKIE" GOMEZ

LISA SPARKS, PH.D.

KEN L. WILLIAMS, D.O.

Cost of Tenant Improvements

The cost for the tenant improvements required by the City of Orange before UMCHS can occupy the building at 1937 W. Chapman Ave., Orange, CA, 92868 was significantly underestimated. The budget submitted during the material revision as well as the preliminary budget for 2018-19 accounted for approximately \$225,000 worth of tenant

improvements. However, to date according to our conversations and the estimate submitted by the construction company, the current improvement costs are in excess \$550,000.

During the meeting, you shared that you had a commitment from donors of approximately \$285,000 for the 2018-19 school year. While we applaud your strong fundraising efforts, we remain concerned that the amount raised is encumbered by the significant overruns in construction costs and therefore will not be of use to UMCHS for cash flow purposes throughout the year.

Outstanding Loans

UMCHS has two loans due for payment, a loan from the Orange County Community Foundation (OCCF) and a CDE Revolving loan from the California School Finance Authority. The balance that is due for payment on the OCCF loan is \$150,000 and the balance due on the CDE Revolving loan is \$52,080, totaling \$202,080, which will have to be paid by the end of 2018-19. The repayment of these loans combined with limited revenue has the potential to create a tremendous financial strain on the organization, which may adversely affect students and staff.

Conditional Use Permit

You informed us that Santiago Canyon College would not be renewing its lease when it expires in January 2019, thus creating a concern regarding your right to remain a school under the college's Conditional Use Permit (CUP). You stated in our meeting that you have a document from City of Orange staff verifying you can continue under the existing CUP. However, on June 7, 2018, we spoke with Anna Pehoushek, Assistant Community Development Director for the City of Orange, and she indicated that if Santiago Canyon College does not occupy the building, UMCHS would need to get a new CUP to remain in the building.

Please submit the following documents and information no later than August 14, 2018, 4 p.m.

- A revised budget that reflects the current financial outlook of the school with an enrollment of 125 students and includes the increased cost of tenant improvements.
- A contingency budget for enrollment of 100 students that delineates line item reductions.
- A detailed narrative for both budgets that includes a repayment plan for all outstanding balances, rationale for cuts made and information on how the school will operate in light of budget reductions.
- A revised cash flow worksheet with corrected amounts for both budgets.
- The memo from the City of Orange indicating your right to remain at this site under the existing CUP if the college does not renew its lease in January 2019.
- Written certification that all requested items were certified by your governing board.

In addition, the OCDE Charter Schools Unit will collect monthly bank statements, cash flow reports and enrollment verification via Epicenter to ensure the school's fiscal viability moving forward. If you have any questions, please do not hesitate to contact our office directly at 714-966-4071.

Sincerely,

Kelly Gaughran

Administrator, Charter Schools Unit

C: Nina Boyd, Associate Superintendent, Orange County Department of Education Teresa Johnson, Coordinator, Charter Schools



August 24, 2018

Via electronic mail (ecraig@unitymchs.org) and U.S. Mail

ORANGE COUNTY DEPARTMENT OF EDUCATION

200 KALMUS DRIVE P.O. BOX 9050 COSTA MESA, CA 92628-9050

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AL MIJARES, Ph.D. County Superintendent of Schools Erin Craig, Ed.D., Executive Director Unity Middle College High School 1937 W. Chapman Ave. Orange, CA 92868

Re: Follow-up to Notice of Concern Regarding Financial Status

Dear Dr. Craig:

This letter serves to memorialize our discussion during the August 21, 2018 meeting between Unity Middle College High School (UMCHS) and the Orange County Department of Education (OCDE). The purpose of the meeting was to further discuss the issues presented in the Notice of Concern dated July 31, 2018, including the following items:

- Current status of the budget, cash flow and ability to meet payroll and other expense obligations
- Relationship between Unity Schools, which is the back office support provider, and UMCHS
- Number of students currently enrolled
- Facility completion impacting the start of the 2018-19 school year
- Charter Asset Management (CAM) financing and repayment schedule
- Potential for a "snowball effect" in 2019-20 based on additional tenant improvements, repayment of CAM and outstanding loans

Financial Status

As stated in the Notice of Concern dated July 31, 2018, UMCHS owes the State of California \$160,558 and Orange Unified School District (OUSD) \$246,395, totaling a debt of \$406,953 due to overpayment because of misreporting Average Daily Attendance (ADA). Additionally, the cost of tenant improvements required by the City of Orange before UMCHS may occupy the building at 1937 W. Chapman Ave., Orange, CA 92868 was significantly underestimated by \$325,000. Furthermore, UMCHS has outstanding loans from the Orange County Community Foundation for \$150,000 and a California Department of Education Revolving Loan from the California School Finance Authority for \$52,080, totaling \$202,080.

UMCHS's Executive Director, Erin Craig indicated that she is aware of the debts owed and has provided OCDE a revised budget in an attempt to address concerns regarding the cash flow, payroll, and other expense obligations.

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LISA SPARKS, PH.D. KEN L. WILLIAMS, D.O. Dr. Craig presented a revised budget that indicated:

- (1) CAM financing in the amount of \$530,000;
- (2) \$50,000 of budgeted donations with another \$100,000 promised in the next few weeks;
- (3) Payment plan from OUSD that shows monthly deductions as opposed to larger deductions so that the charter school may continue to receive funds to operate the school; and,
- (4) Commitment from Orange County Community Foundation indicating they will defer loan repayment to the 2019-20 school year.

Dr. Craig reported that there are currently 107 students enrolled for 2018-19 and the revised budget is based on that projection. OCDE agreed to review the revised budget but has advised Dr. Craig that a decline in her ADA projection will likely have a significant negative impact on UMCHS's financial status and that OCDE will closely monitor UMCHS's enrollment and budget information until the debts highlighted above are stabilized.

Facility

During the meeting, Dr. Craig reported that due to construction delays, the completion date for the new construction is between September 7 and 14, 2018. However, Dr. Craig intends for school to begin on Monday, August 27, 2018. To address the delay, Dr. Craig reported that she entered into a verbal agreement with South Coast College to utilize their space in the adjacent building for up to one month if necessary. The space will cost UMCHS \$1,000-\$2,000 and includes four classrooms and one office. It is unclear how much rent was to be paid. Until this meeting, OCDE had no knowledge of UMCHS's intent to rent and assign students to a temporary site. Additionally, UMCHS did not seek Orange County Board of Education approval for a temporary site during their material revision request for a new facility and did not provide a budget that reflected the cost of a temporary site in its budget at that time.

After our meeting, on August 23, 2018, UMCHS and OCDE learned that the City of Orange has not approved the use of South Coast College for the operation of a K-12 school. Consequently, as of today's date, UMCHS does not have a location to operate its school until the construction is completed. Please refer to the Notice of Concern regarding Facilities dated today for more updated information.

In addition, Dr. Craig reported that Santiago College, which is located on the second level above UMCHS's permanent site, may be vacating and since UMCHS plans to expand into this space, the charter school has agreed to upgrade the second floor with sprinklers at a cost of approximately \$75,000 in addition to previous construction estimates. The construction estimate at the time the material revision to the charter petition was approved was \$225,000, but as of August 21, 2018, the construction estimate is now \$564,000.

Back Office Provider

Although Dr. Craig expressed concern with the quality of back office support, as of now, Unity Schools will remain the back office provider for UMCHS.

Next Steps for UMCHS

Additionally, please provide the following documents to the OCDE Charter Schools Unit no later than September 4, 2018:

- Provide copies of all correspondence provided to students and families regarding school location for the 2018-19 school year
- Revised budget reflecting current enrollment and confirming or detailing additional cash, donations or loans

196

- CAM repayment schedule
- Written confirmation from OUSD regarding a repayment/withholding schedule
- Written confirmation from Orange County Community Foundation that it will not have to be paid in full by the end of the 2018-19 school year
- Enrollment verification
- Information regarding all consequences, if any, for failing to fulfill the verbal agreement to rent space from South Coast College

If you have any questions, contact Teresa Johnson, Coordinator, at tjohnson@ocde.us or 714-966-4071.

Sincerely,

Kelly Gaughran

Director, Charter Schools Unit

C: Nina Boyd, Associate Superintendent, Orange County Department of Education Teresa Johnson, Coordinator, Charter Schools Unit



August 24, 2018

Via email (ecraig@unitymchs.org) and U.S. mail

ORANGE COUNTY DEPARTMENT OF EDUCATION

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AL MIJARES, Ph.D. County Superintendent of Schools Erin Craig, Ed.D., Executive Director Unity Middle College High School 1937 W. Chapman Ave. Orange, CA 92868

Re: Notice of Concern, Facility - URGENT

Dear Dr. Craig:

The purpose of this notice is to apprise you of serious concerns regarding the health and safety of students and the need for a written response to address these concerns before the end of business today.

It is our understanding that Unity Middle College High School (UMCHS) students will begin the 2018-19 school year on Monday, August 27, 2018. However, due to construction delays and permit requirements from the City of Orange, UMCHS's permanent site located at 1937 W. Chapman Avenue, Orange, CA 92868 and its intended temporary site, South Coast Court Reporting College, located at 2011 W. Chapman Avenue, Orange, CA 92868, will not be open nor available for the purpose of operating a K-12 school.

Temporary Facility

On August 21, 2018, you informed OCDE Charter Schools Unit staff that construction at the permanent site location would not be completed until September 14, 2018 despite having a school start date of August 27, 2018. At that time, you also reported that you had a verbal agreement to temporarily rent four classrooms from South Coast Court Reporting College for up to one month until construction is completed.

In an effort to support UMCHS, OCDE Charter Schools Unit staff agreed to conduct a preopening walkthrough of the temporary location in order to authorize UMCHS to operate. On August 23, 2018, representatives from OCDE met with you to conduct the pre-opening walkthrough. However, just prior to this inspection, Pete Goodrich, Chief Building Official for the City of Orange, notified us that you had not received permission to occupy this space for use as K-12 education.

Consequently, we are seriously concerned about the health and safety of students if they do not have a location for which they may attend school. Since then, we have had conversations with you regarding fieldtrips and other off-site plans. However, we are concerned regarding the logistics of these plans given that school will begin on Monday. We are also concerned about the validity of an instructional program during this period while UMCHS's construction is completed, which is currently estimated to be three weeks from the start of school.

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LISA SPARKS, PH.D.

KEN L. WILLIAMS, D.O.

Interim Plan

Please submit your plan for each day of instruction while the permanent site is unavailable and include the following information:

- 1. Location and transportation on each day of instruction:
 - a. Where will students report for each day of instruction? At what time?
 - b. If students will be transported away from the reporting location, where will they be transported?
 - c. How will students and staff be transported? Please provide evidence of insurance, proper licensure of vehicle operators, and rental agreements (if any).
 - d. At the end of the school day, where will students be picked up from school? At what time?
 - e. How will students who are dually enrolled travel to college courses?
- 2. Supervision on each day of instruction:
 - a. How will students be supervised? Please provide the names of the teachers and the number of students each teacher will be assigned.
 - b. How will students receive special education instruction and related services?
 - c. How will lunch be administered for students and staff?
 - d. How will teachers receive breaks?
- 3. What is the academic programming while the students are away from the school site?
- 4. What information has been given to parents? Please provide the dates of communication and any written correspondence you have sent to parents.

Given that school will begin on Monday, August 27, 2018, please provide this information by 5:00 p.m. today. Failure to provide a written response that addresses all of our concerns may require further notice to the charter school's board and the Orange County Board of Education.

If you have any questions, contact Teresa Johnson at tjohnson@ocde.us or 714-966-4071.

Sincerely,

Kelly Gaughran

Director, Charter Schools Unit

c: Nina Boyd, Associate Superintendent, Orange County Department of Education Teresa Johnson, Coordinator, Charter Schools Unit



September 13, 2018

ORANGE COUNTY DEPARTMENT OF EDUCATION

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> > www.ocde.us

of Schools

AL MIJARES, Ph.D.

County Superintendent

Via email (ecraiq@unitymchs.org) and U.S. mail

Erin Craig, Ed.D., Executive Director Unity Middle College High School 1937 W. Chapman Avenue Orange, CA, 92868

Re: Notice of Concern

Dear Dr. Craig:

The purpose of this notice is inform you of ongoing concerns regarding Unity Middle College High School's (Unity) failure to comply with the conditions, standards, and procedures set forth in the charter due to a lack of facility space and fiscal concerns.

Background

On June 6, 2018, the Orange County Board of Education (OCBE) approved a material revision to the charter to allow Unity to change its location to a facility located at 1937 W. Chapman Avenue, Orange, CA 92868 for the 2018-19 school year. Since then, the required tenant improvements have had a significant impact on the school's budget because the actual cost is more than double the estimated cost presented to OCBE. Specifically, it was reported to OCBE that tenant improvements were estimated to be \$225,000, but actual costs are in excess of \$550,000. Additionally, it must be noted that at the time the material revision was approved, the County Superintendent of Schools and the Charter Schools Unit (collectively referred to as OCDE) and OCBE were unaware of Unity's other fiscal liabilities owed to the State and Orange Unified School District, as well as other outstanding loans as described in the Notice of Concern dated July 31, 2018.

ORANGE COUNTY BOARD OF EDUCATION

MARI BARKE

JOHN W. BEDELL, PH.D.
REBECCA "BECKIE" GOMEZ

LISA SPARKS, PH.D. KEN L. WILLIAMS, D.O. Tenant improvements were to be completed prior to the start of the 2018-19 school year, which began on August 27, 2018. However, on August 21, 2018, Unity informed OCDE that tenant improvements would not be completed until September 14, 2018. Without approval from OCBE and without providing OCDE a written rental or lease agreement, Unity secured space in a temporary facility located at 2011 W. Chapman Avenue, Orange, CA 92868 that did not comply with zoning and use requirements from the City of Orange. In an attempt to collaborate and work with Unity, OCDE requested that Unity provide a plan for each day of instruction while the permanent site is unavailable that did not rely on the temporary site, which was not approved by the City of Orange. The plan submitted by Unity expires on September 14, 2018.

Ongoing Concerns

1. Facilities

- a. On September 11, 2018, in a brief email correspondence, Dr. Craig informed OCDE that per inspections from the City of Orange and the Orange Fire Authority, Unity is still not permitted to move into its permanent facility at 1937 W. Chapman Avenue.
- b. Dr. Craig also indicated that Pete Goodridge, Chief Building Official for the City of Orange, gave Unity permission to continue "fieldtrips" in the temporary facility, which is the adjacent building located at 2011 W. Chapman Avenue for the rest of the week.
 - i. This information is contrary to any direct information OCDE has received from the City of Orange. As stated in OCDE's letter dated August 24, 2018, this building was not approved for occupancy by a K-12 school. As noted during OCDE's pre-inspection, the temporary facility space did not have a suitable amount of working restrooms available to Unity students as well as critical supplies and facilities needed to accommodate students in the event of an emergency.

2. Academic Program

a. The charter petition described an educational program that did not include three or more consecutive weeks of fieldtrips. The loss of instructional time due to the need to travel to and from the Orange school location to Golden West College located in Huntington Beach during weeks two and three as described in the written plan have not been accounted for.

3. Budget

- a. Updated spreadsheets and budget information submitted during our August 27, 2018 meeting do not provide for a balanced budget. OCDE is projecting that Unity will lack sufficient funds to make payroll by December 2018 if current projections continue.
- b. OCDE is also concerned about the financial impact that three unanticipated weeks of field trips is having on Unity's already stretched budget.

Next Steps

Please provide us with the following information:

- 1. A revised timeline for when the school will be allowed to occupy its permanent facility.
- 2. The current issues that are preventing the school from gaining a certificate of occupancy and fire marshal sign-off for the permanent facility.
- 3. A complete breakdown of what students will study while continuing to be on field trips for the unforeseen future, and a detailed description of student outcomes and grading as a result of the field trips.
- 4. Please provide information about how compensatory education minutes and services will be provided. If Unity's actual school activities differed from the plan that was provided to OCDE on August 24, 2018, please describe what academic program was actually provided and where instruction took place on each school day.
- 5. Written confirmation from the City of Orange that Unity may use the temporary facility to operate the charter school. If the permission does not include school operations, the written confirmation must describe the scope and duration of use permitted by the City.

Given the critical importance of these matters, please provide the requested information no later than **Thursday, September 13, 2018, by 5:00 p.m.**

Failure to provide a written response that addresses all of our concerns may require further notice to the charter school's board and OCBE.

If you have any questions, contact Teresa Johnson at tjohnson@ocde.us or 714-966-4071.

Sincerely,

Kelly Gaughran

Director, Charter Schools Unit

C: Nina Boyd, Associate Superintendent, Orange County Department of Education Dennis Eastman, Board President, UMCHS
Teresa Johnson, Coordinator, Charter Schools Unit



ORANGE COUNTY DEPARTMENT OF EDUCATION

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> (714) 966-4000 FAX (714) 432-1916 www.ocde.us

AL MIJARES, Ph.D. County Superintendent of Schools September 28, 2018

Via email (ecraig@unitymchs.org) and U.S. mail

Erin Craig, Ed.D., Executive Director Unity Middle College High School 1937 W. Chapman Avenue Orange, CA, 92868

RE: Notice of Concern - Budget and Facility

Dear Dr. Craig:

This letter constitutes the fourth Notice of Concern sent to Unity Middle College High School (Unity) during the 2018-19 school year due to its failure to comply with the conditions, standards, and procedures set forth in the charter, which includes the following:

- Unity continues to be without either a permanent or temporary facility to provide its educational program,
- Unity misrepresented its educational program when OCDE requested information about how instruction would be provided during the construction delay of its permanent facility; and,
- Unity's financial liabilities increased by approximately \$100,000 due to additional construction costs, which are estimated to be over \$650,000.

Background

On June 6, 2018, the Orange County Board of Education (OCBE) approved a material revision to the charter to allow Unity to change its location to a facility located at 1937 W. Chapman Avenue, Orange, CA 92868 for the 2018-19 school year. Dr. Erin Craig, Executive Director, Unity, informed OCBE that the cost of the required tenant improvements was estimated to be \$250,000 and would be completed before the start of the school year, which was August 27, 2018. However, on August 21, 2018, Unity informed OCDE that tenant improvements would not be completed until September 14, 2018. Without approval from OCBE and without providing OCDE a written rental or lease agreement, Unity secured space in a temporary facility located at 2011 W. Chapman Avenue, Orange, CA 92868 that did not comply with zoning and use requirements for the City of Orange for the operation of a K-12 school. In a letter dated August 24, 2018, Dr. Craig reported that Unity would conduct ten (10) days of fieldtrips to various college campuses during its first two weeks of operation as part of its educational program until the permanent facility would be available on September 14, 2018.

ORANGE COUNTY BOARD OF EDUCATION

MARI BARKE

JOHN W. BEDELL, PH.D.
REBECCA "BECKIE" GOMEZ
LISA SPARKS, PH.D.

KEN L. WILLIAMS, D.O.

Dr. Craig subsequently informed OCDE that construction would be further delayed until September 25, 2018 and would adopt the following instructional plan during the interim:

For 9/17 – 9/25 (if needed), Unity instructional field trips will continue and implement current common core and next generation science standards with current pacing guides, and the standards based grading system that are outlined in our student handbook. The integration of careers, work-experience, guest speakers, and the legal system at work will be threaded through each of the core and elective content areas through next week's trips to ensure the quality of the educational program is not compromised. This integration results in regular student homework, graded assignments, and data driven instructional practice, while providing students with unique learning experiences that would not occur unless otherwise on a field trip. Examples of this include but are not limited to: the judicial system, city entitlement processes, and planning applied in English and US history courses, chemistry and anatomy threaded through biology, chemistry, and physical education, and court reporting language, mock trials, and the court system through English, US History, speech & debate, and Spanish.

Dr. Craig, also stated in the response to the September 13, 2018 Notice of Concern, that Mr. Pete Goodrich (Head Building Official for the City of Orange) had given verbal permission for Unity to operate field trips to 2011 W. Chapman Avenue on a short-term basis and that she would obtain said permission in writing. To this date, OCDE has not received anything in writing from Dr. Craig regarding approval of the temporary facility at 2011 W. Chapman Avenue by the City of Orange for the stated purpose. On September 27, 2018, OCDE staff conducted a site visit and found Unity operating its educational program at the temporary location (2011 W. Chapman Avenue) with four classes being held: (1) math, (2) social studies, (3) world history and (3) speech and debate. On September 28, 2018, Mr. Goodrich informed OCDE that, "The building located at 2011 Chapman has not been evaluated by our office for E occupancy (k-12). The building currently is occupied by College level classes that have lesser requirements for occupancy. The students from Unity Middle College could visit this location to explore the programs and facility that would operate at the location as a field trip. This has not been approved for Educational purposes for persons through the 12th grade." Mr. Goodrich also stated that he has asked Unity on numerous occasions to locate and secure a different and acceptable temporary facility.

In a letter from Unity's legal counsel to the City of Orange, it was reported that there was no estimated date of completion for the permanent facility and that Unity has "invested \$650,000 in alterations to convert the [1937 W. Chapman Avenue, Suite 110] into a charter school facility serving grades 9-12." This estimated construction cost is \$100,000 more than what was projected since Unity's last response to OCDE which furthers OCDE's concern regarding Unity's fiscal stability.

We are requesting the following information:

- For Unity's Board and leadership to provide a written affirmation that Unity will have a temporary location that is authorized for E Occupancy (K-12 Education) for Unity's operations as of October 1, 2018, which must include a physical address and a copy of a written lease/rental agreement for the temporary site.
- For Unity's Board and leadership to provide an approximate date for construction completion at the permanent site.

- A written lease or rental agreement for 2011 W. Chapman Avenue and all invoices, receipts, and cancelled checks that show payment by or on behalf of Unity for the lease, rental or use of the facility located at 2011 W. Chapman Avenue.
- Updated budget to reflect the costs of the new temporary site, the 2011 W. Chapman Avenue Site, and increases in construction costs.
- For Unity's leadership to provide communication to students and families regarding the temporary change in location and to provide OCDE with evidence of this communication.

Please provide this information by October 1, 2018 no later than 12:00 p.m. Failure to provide a written response that addresses all of our concerns may require further notice to the charter school's board and OCBE.

If you have any questions, contact Teresa Johnson at tjohnson@ocde.us or 714-966-4071.

Sincerely,

Kelly Gaughran

Director, Charter Schools Unit

C: Nina Boyd, Associate Superintendent, Orange County Department of Education Dennis Eastman, Board President, Unity Teresa Johnson, Coordinator, Charter Schools Unit

SUM-100

SUMMONS (CITACION JUDICIAL)

NOTICE TO DEFENDANT: (AVISO AL DEMANDADO):

Unity Schools Socal, a California corporation doing business as Unity Middle College High School; 2000 Chapman, Inc., a California corporation; and Does 1-50, inclusive,

YOU ARE BEING SUED BY PLAINTIFF:

(LO ESTÁ DEMANDANDO EL DEMANDANTE): Far West Contractors Corp., a California corporation

FOR COURT USE ONLY (SOLO PARA USO DE LA CORTE)

ELECTRONICALLY FILED Superior Court of California, County of Orange

01/14/2019 at 01:21:49 PM

Clerk of the Superior Court By Mary M Johnson, Deputy Clerk

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. NOTE: The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. ¡AVISO! Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. AVISO: Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

		address of			
(El nomi	ore y di	rección de	la c	orte e	es):
^		_	010	70000-0	

Orange County Superior Court 700 Civic Center Drive, West Santa Ana, CA 92701

30-2019-01044371-CU-BC-CJC

Mary M Johnson

Judge Theodore Howard

Mary Tohnan Deputy — (Adjunto)

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):
Richard S. Price, II 106202
1235 N. Harbor Blvd., Suite 200 (714) 871-1132

Fullerton, CA 92832

DATE:

(Fecha)

DAVID H. YAMASAKI, Clerk of the Court

CASE NUMBER

NOTICE 1.
2. a

01/14/2019

e el formulario Proof of Service of Summons, (POS-010)). TO THE PERSON SERVED: You are served

s an individual defendant.

s the person sued under the fictitious name of (specify):

Clerk, by

(Secretario)

3.		on	behalf	of	(sp	ecify	')
	unde					416.	

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

0 (corporation) CCP 416.20 (defunct corporation)

CCP 416.40 (association or partnership) other (specify):

SUMMONS

		,	,	
onal	delivery	on	(date):	

CCP 416.60 (minor) CCP 416.70 (conservatee) CCP 416.90 (authorized person)

4. D by pers

Page 1 of 1

Code of Civil Procedure §§ 412.20, 465

www.courtinfo.ca.gov

Far West

RICHARD S. PRICE, II ELECTRONICALLY FILED Attorney at Law Superior Court of California, Attorney Bar No. 106202 County of Orange 1235 N. Harbor Blvd., Suite 200 01/14/2019 at 01:21:49 PM Fullerton, CA 92832-1349 Clerk of the Superior Court Email: rspriceii@aol.com By Mary M Johnson, Deputy Clerk Phone: (714) 871–1132 FAX: (714) 871-5620 5 Attorney for Plaintiff Far West Contractors Corp., a California corporation SUPERIOR COURT FOR THE STATE OF CALIFORNIA COUNTY OF ORANGE 9 10 CASE NO. 30-2019-01044371-CU-BC-CJC Far West Contractors Corp., a California 11 Judge Theodore Howard corporation. COMPLAINT FOR: 12 Plaintiff, 13 1) Breach of Contract: V. 2) Materials Furnished: 3) Open Book Account: 14 Unity Schools Socal, a California 4) Quantum Meruit; corporation doing business as Unity Middle) 5) Foreclosure of Mechanic's Lien: 15 College High School; 2000 Chapman, Inc., a) 6) Breach of Contract: California corporation; and Does 1-50. 7) Materials Furnished: 16 inclusive, 8) Open Book Account; 9) Quantum Meruit; and 17 Defendants. 10) Foreclosure of Mechanic's Lien. 18 **UNLIMITED CIVIL** 19 20 PRELIMINARY ALLEGATIONS 21 Plaintiff Far West Contractors Corp., a California corporation ("Plaintiff") is, 22 and at all times relevant hereto was, a California corporation in good standing, 23 engaged in the business of contracting and is duly licensed within the State of 24 California to perform the work described in this Complaint. 25 Defendant Unity Schools Socal ("Unity"), is a California corporation, with its 26 principal business in the City of Orange, State of California and is doing business as 27 Unity Middle College High School. 28 111

COMPLAINT

3. Defendant 2000 Chapman, Inc. ("Chapman"), is a California corporation with its principal place of business in the City of Orange, State of California, and is the owner of the property commonly known as 1937 W. Chapman Avenue, Orange, CA and more particularly described as:

ALL THAT PORTION OF THE WEST HALF OF THE SOUTH HALF OF LOT 3 OF THE LOCKEART TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 4, PAGES 512 AND 513 OF MISCELLANEOUS RECORDS OF LOS ANGELES COUNTY, CALIFORNIA.

THE NORTH 10.00 FEET OF THE SOUTH 50.00 FEET OF SAID WEST HALF OF THE SOUTH HALF OF LOT 3.

EXCEPT THEREFROM THAT PORTION DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 3; THENCE, EAST 264.00 FEET; THENCE NORTH 660.00 FEET; THENCE WEST 264.00 FEET TO THE WEST LINE OF SAID LOT; THENCE SOUTH 660.00 FEET TO THE POINT OF BEGINNING. ("Property").

- 4. Defendants DOES 1 through 50, inclusive, are sued herein under fictitious names, their true names and capacities being unknown to Plaintiff. When said true names and capacities are ascertained, Plaintiff, after obtaining leave of court, if necessary, will amend this Complaint by inserting said true names herein. Plaintiff is informed and believes and thereon allege that each of the fictitiously named Defendants is responsible in some manner for the occurrences herein alleged, and that Plaintiff's damages as herein alleged were responsibility caused by their conduct.
- 5. Plaintiff is informed and believes and thereon alleges that at all times herein mentioned each Defendant was the agent, servant and/or employee of each of their co–Defendants and in doing the things hereinafter alleged was acting in the scope of their authority as such agents, servants and/or employees with the permission and consent of their co–Defendants.

- 6. On or about July 6, 2018, Plaintiff and Defendant entered into a written contract by which Plaintiff agreed to provide certain construction services pursuant to its proposal #0618-05 dated July 2, 2018. A copy of the contract is attached hereto as Exhibit "1." Included as part of the contract documents were the general conditions to Contract A-201-2007. A copy of a Change Order increasing the contract price for permits is attached hereto as Exhibit "2."
- 7. The scope of Plaintiff's work was subsequently expanded to include significantly more work as evidenced by the Change Order attached hereto as Exhibit "3." Additional work was authorized by additions Change Orders, copies of which are attached collectively as Exhibit "4."
- 8. Plaintiff has performed all things necessary and required of Plaintiff under the contract except the extent to which Plaintiff was prevented or excused from performing by the conduct of Defendant. Plaintiff is presently owed the sum of \$444,855.29.
- 9. On December 20, 2018 a claim of lien was recorded against the Property in the sum of \$444,855.29, as Instrument No. 2018000475693, recorded in County Recorder's Office of Orange County. A copy of the Mechanic's Lien is attached hereto as Exhibit "5."

FIRST CAUSE OF ACTION

(Breach of Contract against Defendant Unity)

- 10. Plaintiff realleges and incorporates by reference herein paragraphs 1 through 9, inclusive, of the Preliminary Allegations as though fully set forth herein.
- 11. Plaintiff has performed all of the promises, covenants and conditions required on Plaintiff's part under the contract alleged above. There is now due, owing and unpaid to Plaintiff for and on the account thereof for labor and materials furnished to the work of improvement under the aforesaid contract, the sum of \$444,855.29.
- 12. Defendant breached the aforesaid contract by failing to pay the sum due Plaintiff for labor, materials and equipment furnished and, as a proximate result

- 14. Plaintiff realleges and incorporates by reference herein paragraphs 1 through 9, inclusive, of the Preliminary Allegations and paragraphs 11 through 13, inclusive, of the First Cause of Action, as though fully set forth herein.
- 15. Within the last two years, Defendants, and each of them, became indebted to Plaintiff for labor, services and materials furnished by Plaintiff to Defendant at the special instance and request of Defendant, for the agreed sum of \$444,855.29, which sum Defendant agreed to pay to Plaintiff.
- 16. Although demand for the whole thereof has been made, there is now due, owing and unpaid the sum of \$444,855.29, with prejudgment interest thereon according to proof.

THIRD CAUSE OF ACTION

(For Open Book Account against Defendant Unity)

- 17. Plaintiff realleges and incorporates by reference herein paragraphs 1 through 9, inclusive, of the Preliminary Allegations, paragraphs 11 through 13, inclusive, of the First Cause of Action, and paragraphs 15 and 16, inclusive, of the Second Cause of Action, as though fully set forth herein.
- 18. Within the last four years, Defendants, and each of them, became indebted to Plaintiff on an open book account for money due in the sum of \$444,855.29, for labor and materials sold and equipment delivered by Plaintiff to said Defendants, and each of them, at their special instance and request, and for which Defendants, and each of them, agreed to pay.

\$444,855.29, together with prejudment interest thereon according to proof.	19.	There is now due, owing and unpaid from Defendants to Plaintiff the sum of
	\$444,85	55.29, together with prejudment interest thereon according to proof.

FOURTH CAUSE OF ACTION

(For Quantum Maruit against Defendant II

(For Quantum Meruit against Defendant Unity)

- 20. Plaintiff realleges and incorporates by reference herein paragraphs 1 through 9, inclusive, of the Preliminary Allegations and paragraphs 11 through 13, inclusive, of the First Cause of Action, as though fully set forth herein.
- 21. Within the last two years, at the request of Defendant, Plaintiff agreed to provide labor and materials to the work of improvement as hereinabove alleged.
- 22. From on or about July 6, 2018, the reasonable value of said labor, materials, and equipment was \$444,855.29. Plaintiff has made repeated demands upon Defendants, and each of them, for payment of said sum, but Defendants have failed and refused, and continue to fail and refuse, to pay any portion thereof, leaving a balance presently due, owing and outstanding of \$444,855.29 together with prejudgment interest thereon according to proof at time of trial.

FIFTH CAUSE OF ACTION

(For Foreclosure of Mechanic's Lien against Defendant Chapman)

- 23. Plaintiff realleges and incorporates by reference herein paragraphs 1 through 9, inclusive, of the Preliminary Allegations and paragraphs 11 through 13, inclusive, of the First Cause of Action, as though fully set forth herein.
- On or about December 20, 2018, Plaintiff recorded a verified claim of lien in the Office of the Orange County Recorder as Instrument No. 2018000475693, a copy of which is attached hereto as Exhibit "5" and its terms incorporated by reference herein. The verified claim of lien was recorded after Plaintiff had completed the agreed upon work and before the expiration of 90 days after completion of the work of improvement.

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1	25. At the time Plaintiff recorded the claim of lien, the amount stated in the lien
2	claim remained owing and unpaid. The cost of verifying and recording the claim of
3	lien was \$87.00.
- 1	

SIXTH CAUSE OF ACTION

(Breach of Contract against Defendant Unity)

- 26. Plaintiff realleges and incorporates by reference herein paragraphs 1 through 5, inclusive, of the Preliminary Allegations as though fully set forth herein.
- 27. On or about July 11, 2018 Plaintiff and Defendant entered into a written agreement by which Plaintiff agreed to provide certain construction services involving the installation of a new fire sprinkler system throughout the first floor. A true and correct copy of this contract is attached hereto as Exhibit "6."
- 28. The contract was later modified by Change Order No. 1 which increased the contract price by \$6,619.00. A true and correct copy of that Change Order is attached hereto as Exhibit "7."
- 29. Plaintiff has performed all things necessary and required of Plaintiff under the contract except the extent to which Plaintiff was prevented or excused from performing by the conduct of Defendant. Plaintiff is presently owed the sum of \$134,901.00.
- 30. On December 20, 2018 a claim of lien was recorded against the Property in the sum of \$134,901.00, as Instrument No. 2018000475694, recorded in County Recorder's Office of Orange County. A copy of the Mechanic's Lien is attached hereto as Exhibit "8."

SEVENTH CAUSE OF ACTION

(For Labor and Materials Furnished against Defendant Unity)

31. Plaintiff realleges and incorporates by reference herein paragraphs 1 through 5, inclusive, of the Preliminary Allegations and paragraphs 27 through 30 of the Sixth Cause of Action as though fully set forth herein.

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33. Although demand for the whole thereof has been made, there is now due, owing and unpaid the sum of \$134,901.00, with prejudgment interest thereon according to proof.

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EIGHTH CAUSE OF ACTION

(For Open Book Account against Defendant Unity)

- 34. Plaintiff realleges and incorporates by reference herein paragraphs 1 through 5, inclusive, of the Preliminary Allegations and paragraphs 27 through 30 of the Sixth Cause of Action as though fully set forth herein.
- 35. Within the last four years, Defendants, and each of them, became indebted to Plaintiff on an open book account for money due in the sum of \$134,901.00, for labor and materials sold and equipment delivered by Plaintiff to said Defendants, and each of them, at their special instance and request, and for which Defendants, and each of them, agreed to pay.
- 36. There is now due, owing and unpaid from Defendants to Plaintiff the sum of \$134,901.00, together with prejudgment interest thereon according to proof.

NINTH CAUSE OF ACTION

(For Quantum Meruit against Defendant Unity)

- 37. Plaintiff realleges and incorporates by reference herein paragraphs 1 through 5, inclusive, of the Preliminary Allegations and paragraphs 27 through 30 of the Sixth Cause of Action as though fully set forth herein.
- 38. Within the last two years, at the request of Defendant, Plaintiff agreed to provide labor and materials to the work of improvement as hereinabove alleged.
- 39. From on or about July 11, 2018, the reasonable value of said labor, materials, and equipment was \$134,901.00. Plaintiff has made repeated demands upon

1	Defendants, and each of them, for payment of said sum, but Defendants have failed
2	and refused, and continue to fail and refuse, to pay any portion thereof, leaving a
3	balance presently due, owing and outstanding of \$134,901.00 together with
4	prejudgment interest thereon according to proof at time of trial.

TENTH CAUSE OF ACTION

(For Foreclosure of Mechanic's Lien against Defendant Chapman)

- 40. Plaintiff realleges and incorporates by reference herein paragraphs 1 through 5, inclusive, of the Preliminary Allegations and paragraphs 27 through 30 of the Sixth Cause of Action as though fully set forth herein.
- 41. On or about December 20, 2018, Plaintiff recorded a verified claim of lien in the Office of the Orange County Recorder as Instrument No. 2018000475694, a copy of which is attached hereto as Exhibit "8" and its terms incorporated by reference herein. The verified claim of lien was recorded after Plaintiff had completed the agreed upon work and before the expiration of 90 days after completion of the work of improvement.
- 42. At the time Plaintiff recorded the claim of lien, the amount stated in the lien claim remained owing and unpaid. The cost of verifying and recording the claim of lien was \$87.00.

WHEREFORE, Plaintiff prays for judgment as follows:

ON THE FIRST CAUSE OF ACTION:

1. For judgment against Defendant in the sum of \$444,855.29, together with interest thereon according to proof.

ON THE SECOND, THIRD AND FOURTH CAUSES OF ACTION:

2. For judgment in the sum of \$444,855.29 together with interest thereon according to proof, plus costs.

ON THE FIFTH CAUSE OF ACTION:

3. For judgment of \$444,855.29 together with interest provided by law until paid, and further the sum of \$87.00 for verifying and recording the lien, and

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costs incurred by Plaintiff in bringing this action, be adjudged and decreed to be a lien on the real property described in this Complaint. That the demands of Plaintiff, and all persons having claims of lien, or any interest in the real property described in this Complaint, be ascertained and adjudged, and that the interest of Defendant, and any persons claiming under them, be sold under the decree of this Court to satisfy the amount of the lien ascertained and adjudged in favor of Plaintiff:

- (a) That, if any deficiency results from the sale of the real property under this Court's decree, the Plaintiff have judgment for such deficiency against Defendants and each of them; and,
- (b) That the Court Clerk be directed to docket and enter the personal judgment demanded in Subparagraph (a) above, independently of any deficiency judgment that may be entered after the sale of the real property under the Court's decree.

ON THE SIXTH CAUSE OF ACTION:

4. For judgment against Defendant in the sum of \$134,901.00, together with interest thereon according to proof.

ON THE SEVENTH, EIGHTH AND NINTH CAUSES OF ACTION:

5. For judgment in the sum of \$134,901.00 together with interest thereon according to proof, plus costs.

ON THE TENTH CAUSE OF ACTION:

For judgment of \$134,901.00 together with interest provided by law until paid, and further the sum of \$87.00 for verifying and recording the lien, and costs incurred by Plaintiff in bringing this action, be adjudged and decreed to be a lien on the real property described in this Complaint. That the demands of Plaintiff, and all persons having claims of lien, or any interest in the real property described in this Complaint, be ascertained and adjudged, and that the interest of Defendant, and any persons claiming under them, be

sold under the decree of this Court to satisfy the amount of the lien 1 ascertained and adjudged in favor of Plaintiff: 2 That, if any deficiency results from the sale of the real property (a) 3 under this Court's decree, the Plaintiff have judgment for such deficiency against Defendants and each of them; and, 5 That the Court Clerk be directed to docket and enter the (b) 6 personal judgment demanded in Subparagraph (a) above, independently of any deficiency judgment that may be entered 8 after the sale of the real property under the Court's decree. 9 ON ALL CAUSES OF ACTION: 10 7. For attorney's fees and costs according to proof; 11 For such other and further relief as the Court deems just and proper. 12 13 DATED: January 14, 2019 14 RICHARD S. PRICE, II, Attorney for Plaintiff Far West Contractors Corp., a 15 California corporation 16 17 18 19 20 21 22 23 24 25 26 27 28

EXHIBIT "1"

MAIA° Document A101™ – 2007

Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum

AGREEMENT made as of the Sixth day of July in the year Two Thousand Eighteen (In words, indicate day, month and year.)

BETWEEN the Owner:

(Name, legal status, address and other information

Unity Middle College High School Erin Craig 960 North Tustin Street, #239 Orange, CA 92867

and the Contractor:

(Name, legal status, address and other information

Far West Contractors Corp. 12610 Westminster Avenue, Suite A Santa Ana, CA 92706 Telephone Number: (714) 636-8744 Fax Number: (714) 636-8799

for the following Project: (Name, location and detailed description)

Unity Middle College - Demo 1937 W. Chapman Avenue, Orange, CA 92868

The Architect:

(Name, legal status, address and other information)

, O3 Design 2070 Business Center Drive, Suite 220 Irvine, CA 92612 Telephone Number: (949) 757-6996 Fax Number: (949) 225-1400

The Owner and Contractor agree as follows.

ADDITIONS AND DELETIONS:

The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An Additions and Deletions Report that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

AlA Document A201™-2007, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

TABLE OF ARTICLES

- 1 THE CONTRACT DOCUMENTS
- 2 THE WORK OF THIS CONTRACT
- 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION
- 4 CONTRACT SUM
- 5 PAYMENTS
- 6 DISPUTE RESOLUTION
- 7 TERMINATION OR SUSPENSION
- 8 MISCELLANEOUS PROVISIONS
- 9 ENUMERATION OF CONTRACT DOCUMENTS
- 10 INSURANCE AND BONDS

ARTICLE 1 THE CONTRACT DOCUMENTS

The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement and Modifications issued after execution of this Agreement, all of which form the Contract, and are as fully a part of the Contract as if attached to this Agreement or repeated herein. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. An enumeration of the Contract Documents, other than a Modification, appears in Article 9.

ARTICLE 2 THE WORK OF THIS CONTRACT

The Contractor shall fully execute the Work described in the Contract Documents, except as specifically indicated in the Contract Documents to be the responsibility of others.

ARTICLE 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

§ 3.1 The date of commencement of the Work shall be the date of this Agreement unless a different date is stated below or provision is made for the date to be fixed in a notice to proceed issued by the Owner. (Insert the date of commencement if it differs from the date of this Agreement or, if applicable, state that the date will be fixed in a notice to proceed.)

The commencement date will be fixed in a notice to proceed.

If, prior to the commencement of the Work, the Owner requires time to file mortgages and other security interests, the Owner's time requirement shall be as follows:

- § 3.2 The Contract Time shall be measured from the date of commencement.
- § 3.3 The Contractor shall achieve Substantial Completion of the entire Work not later than (10) days from the date of commencement, or as follows:

(Insert number of calendar days. Alternatively, a calendar date may be used when coordinated with the date of commencement. If appropriate, insert requirements for earlier Substantial Completion of certain portions of the Work.)

Init.

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2

Portion of Work

Substantial Completion Date

, subject to adjustments of this Contract Time as provided in the Contract Documents. (Insert provisions, if any, for liquidated damages relating to failure to achieve Substantial Completion on time or for bonus payments for early completion of the Work.)

ARTICLE 4 CONTRACT SUM

§ 4.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum shall be Twenty-four Thousand Seven Hundred Eighty-three Dollars and Zero Cents (\$ 24,783.00), subject to additions and deductions as provided in the Contract Documents.

§ 4.2 The Contract Sum is based upon the following alternates, if any, which are described in the Contract Documents and are hereby accepted by the Owner:

(State the numbers or other identification of accepted alternates. If the bidding or proposal documents permit the Owner to accept other alternates subsequent to the execution of this Agreement, attach a schedule of such other alternates showing the amount for each and the date when that amount expires.)

§ 4.3 Unit prices, if any:

(Identify and state the unit price; state quantity limitations, if any, to which the unit price will be applicable.)

Item

Units and Limitations

Price Per Unit (\$0.00)

§ 4.4 Allowances included in the Contract Sum, if any: (Identify allowance and state exclusions, if any, from the allowance price.)

Item

Price

ARTICLE 5 PAYMENTS § 5.1 PROGRESS PAYMENTS

§ 5.1.1 Based upon Applications for Payment submitted to the Architect by the Contractor and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum to the Contractor as provided below and elsewhere in the Contract Documents.

§ 5.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

§ 5.1.3 Provided that an Application for Payment is received by the Architect not later than the 25th day of a month, the Owner shall make payment of the certified amount to the Contractor not later than the 30 days past when the application is received day of the following month. If an Application for Payment is received by the Architect after the application date fixed above, payment shall be made by the Owner not later than (30.00) days after the Architect receives the Application for Payment.

(Federal, state or local laws may require payment within a certain period of time.)

§ 5.1.4 Each Application for Payment shall be based on the most recent schedule of values submitted by the Contractor in accordance with the Contract Documents. The schedule of values shall allocate the entire Contract Sum among the various portions of the Work. The schedule of values shall be prepared in such form and supported

Init.

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by such data to substantiate its accuracy as the Architect may require. This schedule, unless objected to by the Architect, shall be used as a basis for reviewing the Contractor's Applications for Payment.

- § 5.1.5 Applications for Payment shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment.
- § 5.1.6 Subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:
 - .1 Take that portion of the Contract Sum properly allocable to completed Work as determined by multiplying the percentage completion of each portion of the Work by the share of the Contract Sum allocated to that portion of the Work in the schedule of values, less retainage of Ten percent (10%). Pending final determination of cost to the Owner of changes in the Work, amounts not in dispute shall be included as provided in Section 7.3.9 of AIA Document A201TM—2007, General Conditions of the Contract for Construction;
 - .2 Add that portion of the Contract Sum properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction (or, if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing), less retainage of Ten percent (10%);
 - .3 Subtract the aggregate of previous payments made by the Owner; and
 - .4 Subtract amounts, if any, for which the Architect has withheld or nullified a Certificate for Payment as provided in Section 9.5 of AIA Document A201–2007.
- § 5.1.7 The progress payment amount determined in accordance with Section 5.1.6 shall be further modified under the following circumstances:
 - .1 Add, upon Substantial Completion of the Work, a sum sufficient to increase the total payments to the full amount of the Contract Sum, less such amounts as the Architect shall determine for incomplete Work, retainage applicable to such work and unsettled claims; and (Section 9.8.5 of AIA Document A201-2007 requires release of applicable retainage upon Substantial Completion of Work with consent of surety, if any.)
 - .2 Add, if final completion of the Work is thereafter materially delayed through no fault of the Contractor, any additional amounts payable in accordance with Section 9.10.3 of AIA Document A201–2007.
- § 5.1.8 Reduction or limitation of retainage, if any, shall be as follows:

(If it is intended, prior to Substantial Completion of the entire Work, to reduce or limit the retainage resulting from the percentages inserted in Sections 5.1.6.1 and 5.1.6.2 above, and this is not explained elsewhere in the Contract Documents, insert here provisions for such reduction or limitation.)

§ 5.1.9 Except with the Owner's prior approval, the Contractor shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site.

§ 5.2 FINAL PAYMENT

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User Notes:

- § 5.2.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Contractor when
 - .1 the Contractor has fully performed the Contract except for the Contractor's responsibility to correct Work as provided in Section 12.2.2 of AIA Document A201-2007, and to satisfy other requirements, if any, which extend beyond final payment; and
 - .2 a final Certificate for Payment has been issued by the Architect.
- § 5.2.2 The Owner's final payment to the Contractor shall be made no later than 30 days after the issuance of the Architect's final Certificate for Payment, or as follows:

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ARTICLE 6 DISPUTE RESOLUTION § 6.1 INITIAL DECISION MAKER

The Architect will serve as Initial Decision Maker pursuant to Section 15.2 of AIA Document A201-2007, unless the parties appoint below another individual, not a party to this Agreement, to serve as Initial Decision Maker. (If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the Architect.)

§ 6.2 BINDING DISPUTE RESOLUTION

For any Claim subject to, but not resolved by, mediation pursuant to Section 15.3 of AIA Document A201-2007, the method of binding dispute resolution shall be as follows:

(Check the appropriate box. If the Owner and Contractor do not select a method of binding dispute resolution below, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.)

[]	Arbitration pursuant to Se	ection 15.4	of AIA	Document	A201-2007
----	----------------------------	-------------	--------	----------	-----------

- [X] Litigation in a court of competent jurisdiction
- [] Other (Specify)

ARTICLE 7 TERMINATION OR SUSPENSION

§ 7.1 The Contract may be terminated by the Owner or the Contractor as provided in Article 14 of AIA Document A201-2007.

§ 7.2 The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201-2007.

ARTICLE 8 MISCELLANEOUS PROVISIONS

§ 8.1 Where reference is made in this Agreement to a provision of AIA Document A201-2007 or another Contract Document, the reference refers to that provision as amended or supplemented by other provisions of the Contract

§ 8.2 Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is

(Insert rate of interest agreed upon, if any.)

1 % monthly

§ 8.3 The Owner's representative: (Name, address and other information)

§ 8.4 The Contractor's representative:

(Name, address and other information)

Init.

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Glen Padgett 12610 Westminster Avenue, Suite A Santa Ana, CA 92706 Telephone Number: (714) 636-8744 Fax Number: (714) 636-8799

Email Address: glen@farwestcontractors.com

§ 8.5 Neither the Owner's nor the Contractor's representative shall be changed without ten days written notice to the other party.

§ 8.6 Other provisions:

ARTICLE 9 ENUMERATION OF CONTRACT DOCUMENTS

§ 9.1 The Contract Documents, except for Modifications issued after execution of this Agreement, are enumerated in the sections below.

§ 9.1.1 The Agreement is this executed AIA Document A101-2007, Standard Form of Agreement Between Owner and Contractor.

§ 9.1.2 The General Conditions are AIA Document A201-2007, General Conditions of the Contract for Construction.

§ 9.1.3 The Supplementary and other Conditions of the Contract:

Document Title Date **Pages** FWCC Proposal #0618-July 2nd, 2018 05 Demo

§ 9.1.4 The Specifications:

(Either list the Specifications here or refer to an exhibit attached to this Agreement.)

Section Title Date **Pages**

§ 9.1.5 The Drawings:

(Either list the Drawings here or refer to an exhibit attached to this Agreement.) Title of Drawings exhibit: EXHIBIT A

Number Title Date

§ 9.1.6 The Addenda, if any:

Init.

1

Number Date **Pages**

Portions of Addenda relating to bidding requirements are not part of the Contract Documents unless the bidding requirements are also enumerated in this Article 9.

§ 9.1.7 Additional documents, if any, forming part of the Contract Documents:

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- .1 AIA Document E201TM_2007, Digital Data Protocol Exhibit, if completed by the parties, or the following:
- .2 Other documents, if any, listed below:

(List here any additional documents that are intended to form part of the Contract Documents. AIA Document A201-2007 provides that bidding requirements such as advertisement or invitation to bid, Instructions to Bidders, sample forms and the Contractor's bid are not part of the Contract Documents unless enumerated in this Agreement. They should be listed here only if intended to be part of the Contract Documents.)

ARTICLE 10 INSURANCE AND BONDS

The Contractor shall purchase and maintain insurance and provide bonds as set forth in Article 11 of AIA Document

(State bonding requirements, if any, and limits of liability for insurance required in Article 11 of AIA Document A201-2007.)

Type of insurance or bond

Limit of liability or bond amount (\$0.00)

This Agreement entered into as of the day and yes	ar first written above.	
e In	Marian	
OWNER (Signature)	CONTRACTOR (Signature)	-
Erin Craig	Steve AguilarPresident	
(Printed name and title)	(Printed name and title)	

Init.

Additions and Deletions Report for

AlA® Document A101™ - 2007

This Additions and Deletions Report, as defined on page 1 of the associated document, reproduces below all text the author has added to the standard form AIA document in order to complete it, as well as any text the author may have added to or deleted from the original AIA text. Added text is shown underlined. Deleted text is indicated with a horizontal line through the original AIA text.

Note: This Additions and Deletions Report is provided for information purposes only and is not incorporated into or constitute any part of the associated AIA document. This Additions and Deletions Report and its associated document were generated simultaneously by AIA software at 20:20:57 on 07/09/2018.

PAGE 1

AGREEMENT made as of the Sixth day of July in the year Two Thousand Eighteen

(Name, legal status, address and other information) information

Unity Middle College High School Erin Craig 960 North Tustin Street, #239 Orange, CA 92867

(Name, legal status, address and other information)information

Far West Contractors Corp.
12610 Westminster Avenue, Suite A
Santa Ana, CA 92706
Telephone Number: (714) 636-8744
Fax Number: (714) 636-8799

<u>Unity Middle College - Demo</u> 1937 W. Chapman Avenue, Orange, CA 92868

, O3 Design 2070 Business Center Drive, Suite 220 Irvine, CA 92612 Telephone Number: (949) 757-6996 Fax Number: (949) 225-1400

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PAGE 2

The commencement date will be fixed in a notice to proceed.

§ 3.3 The Contractor shall achieve Substantial Completion of the entire Work not later than $(\underline{10})$ days from the date of commencement, or as follows:

PAGE 3

§ 4.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum shall be Twenty-four Thousand Seven Hundred Eighty-three Dollars and Zero Cents (\$ 24,783.00), subject to additions and deductions as provided in the Contract Documents.

§ 5.1.3 Provided that an Application for Payment is received by the Architect not later than the 25th day of a month, the Owner shall make payment of the certified amount to the Contractor not later than the 30 days past when the application is received day of the following month. If an Application for Payment is received by the Architect after the application date fixed above, payment shall be made by the Owner not later than (30.00) days after the Architect receives the Application for Payment.

PAGE 4

- .1 Take that portion of the Contract Sum properly allocable to completed Work as determined by multiplying the percentage completion of each portion of the Work by the share of the Contract Sum allocated to that portion of the Work in the schedule of values, less retainage of percent (Ten percent (10%)). Pending final determination of cost to the Owner of changes in the Work, amounts not in dispute shall be included as provided in Section 7.3.9 of AIA Document A201TM—2007, General Conditions of the Contract for Construction;
- .2 Add that portion of the Contract Sum properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction (or, if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing), less retainage of <u>Ten</u> percent (<u>10</u>%);

PAGE 5

[X] Litigation in a court of competent jurisdiction

1 % monthly

PAGE 6

Glen Padgett
12610 Westminster Avenue, Suite A
Santa Ana, CA 92706
Telephone Number: (714) 636-8744
Fax Number: (714) 636-8799

Email Address: glen@farwestcontractors.com

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FWCC Proposal #0618-05 Demo July 2nd, 2018

1

Title of Drawings exhibit: EXHIBIT A

PAGE 7

Erin Craig

Steve AguilarPresident

Certification of Document's Authenticity

AIA® Document D401 ™ - 2003

I, hereby certify, to the best of my knowledge, information and belief, that I created the attached final document simultaneously with its associated Additions and Deletions Report and this certification at 20:20:57 on 07/09/2018 under Order No. 4180863156 from AIA Contract Documents software and that in preparing the attached final document I made no changes to the original text of AIA® Document A101TM - 2007, Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum, as published by the AIA in its software, other than those additions and deletions shown in the associated Additions and Deletions Report.

(Signed)		***************************************
(Title)		
(Dated)		

EXHIBIT A - DRAWINGS

UNITY MIDDLE HIGH SCHOOL - 03 DESIGN DATED 6/25/18

T1	COVER SHEET
HC1	SITE PLAN / PATH OF TRAVEL
HC2	ENLARGED RESTROOM PLAN ACCESSIBLE RESTROOM DETAILS
A1	AS-BUILT / EXISTING LAYOUT
A2	SPACE PLAN
A3	REFLECTED CEILING PLAN ELECTRICAL/ DATA/ FURNITURE PLAN
A4	SECOND FLOOR REFLECTED CEILING PLAN (REFERENCE ONLY)
D1	INTERIOR DETAILS
D2	CABINET DETAILS
ELECTRI	CAL
E1.0	ELECTRICAL SYMBOLS LIST
E2.0	ELECTRICAL LIGHTING AND POWER PLAN
E3.0	ELECTRICAL HVAC EQUIPMENT PLAN
E4.0	SINGLE LINE DIAGRAM & PANEL SCHEDULE
E5.0	INDOOR TITLE 24 FORMS
MECHAN	ICAL
M1.0	HVAC NOTES, DETAILS, SPECIFICATIONS
M2.0	HVAC DEMO PLAN
M2.1	HVAC PLAN AND ROOF PLAN
T-24	TITLE-24 FORMS
PLUMBIN	G
P1	PLUMBING NOTES, LEGENDS, DETAILS + SPECS
P2	PLUMBING DEMO PLAN
P3	PLUMBING PLAN

EXHIBIT "2"



August 20, 2018

PCO # 2

Project: Unity MCHS

To: Unity MCHS 1937 W. Chapman Avenue Orange, CA 92868

Far West Job #: 18-390

Attn: Erin Craig

Far West Contractors Corp. is submitting the following cost impacts per:

1. Building Permit Fee.

\$ 2,832.00

2. Demo Permit Fee.

\$ 570.00

 Subtotal
 \$ 3,402.00

 Overhead 8%
 \$0.00

 Profit 3%
 \$0.00

 Total
 \$ 3,402.00

Original Contract Sum:

\$24,783.00

Contract will be INCREASED by this Change Order: \$

3,402.00

Contract Time Will Increase By: (Working Days)

0

Unity MCHS

1937 W. Chapman Avenue

Orange, CA 92868

Far West Contractors Corp.

12610 Westminster Avenue, Suite A

Santa Ana, CA 92706

Katie Peale

8/20/18

Erin Craig

Date

Katie Peale

Date

CITY OF ORANGE BUILDING DEPARTMENT

RECEIPT

Date: 7/5/2018

Receipt # B-094225

Received From: FAR WEST CONTRACTORS

Check # 010915

Site Address: 1937 W CHAPMAN AVE 110

ORANGE

CA

92868

Permit Number: 1806-282

Item or Description

NON-STRUCT. INTERIOR DEMO FOR T.I. PREP. /REF: 1806-281

	Amount
BUILDING PERMIT FEE	\$314.94
BUILDING PLAN CHECK	\$204.71
FUND 110 BUILDING RECORDS MGR FEE	\$15.75
GENERAL PLAN UPDATE SURCHARGE	\$10.00
ISSUE FEE	\$15.00
MICROFILM	\$3.00
SB 1473 GREEN BUILDING FEE CALIF	\$1.00
SEISMIC FEE - COMMERCIAL	\$5.60

Receipt Total

\$570.00

CITY OF ORANGE BUILDING DEPARTMENT

July W. CK

RECEIPT

Date: 8/15/2018

Receipt # B-094792

Received From: FAR WEST CONTRACTORS

Check # 011032

Site Address: 1937 W CHAPMAN AVE 110

ORANGE

CA 92868

Permit Number: 1806-281

Item or Description

3,570 SF INTERIOR T.I. FOR CLASSROOMS AND RESTROOMS "UNITY MIDDLE HIGH SCHOOL". CHANGE OF USE FROM "B" TO "E" OCCUPANCY.

	Amount
BUILDING PERMIT FEE	\$1,078.42
BUILDING PLAN CHECK	\$102.00
ELECTRICAL FEES	\$528.00
FUND 110 BUILDING RECORDS MGR FEE	\$122.07
GENERAL PLAN UPDATE SURCHARGE	\$60.00
ISSUE FEE	\$15.00
MECHANICAL FEE	\$715.00
MICROFILM	\$22.50
PLUMBING FEES	\$120.00
SB 1473 GREEN BUILDING FEE CALIF	\$5.00
SEISMIC FEE - COMMERCIAL	\$33.60
ZONE CLEARANCE	\$30.00

Receipt Total

\$2,831.59

EXHIBIT "3"



Change Order

PROJECT: (Name and address)
Unity Middle College - Demo
1937 W. Chapman Avenue, Orange, CA
92868

OWNER: (Name and address)
Unity Middle College High School
Erin Craig

CONTRACT INFORMATION:

Contract For: General Construction

Date: July 06, 2018

ARCHITECT: (Name and address)
03 Design
2070 Business Center Drive, Suite

Irvine, CA

CHANGE ORDER INFORMATION:

Change Order Number: 001 Date: August 6, 2018

CONTRACTOR: (Name and address)
Far West Contractors Corp
12610 Westminster Avenue, Suite A
Santa Ana, CA 92706

THE CONTRACT IS CHANGED AS FOLLOWS:

(Insert a detailed description of the change and, if applicable, attach or reference specific exhibits. Also include agreed upon adjustments attributable to executed Construction Change Directives.)

Per scope of work in 03 design drawings dated 7/9/18 (city corrections). Includes general conditions, millwork, doors, glass, drywall, flooring, acoustical ceilings, paint, frp, toilet accessories, plumbing, mechanical, electrical and fire life safety. See attached proposal.

The original Contract Sum was

The net change by previously authorized Change Orders

The Contract Sum prior to this Change Order was

The Contract Sum will be increased by this Change Order in the amount of

The new Contract Sum including this Change Order will be

\$ 24,783.0

\$ 24,783.0

\$ 363,285.0

\$ 388,068.0

The Contract Time will be increased by Zero (0) days.
The new date of Substantial Completion will be September 7, 2018

NOTE: This Change Order does not include adjustments to the Contract Sum or Guaranteed Maximum Price, or the Contract Time, that have been authorized by Construction Change Directive until the cost and time have been agreed upon by both the Owner and Contractor, in which case a Change Order is executed to supersede the Construction Change Directive.

NOT VALID UNTIL SIGNED BY THE ARCHITECT, CONTRACTOR AND OWNER.

03 Design	Far West Contractors	Unity Middle College High School
ARCHITECT (Firm name)	CDNTRACTOR (F)rm name)	OWNER (Firm name)
SIGNATURE	SIGNATURE	SIGNATURE
	Katie Peale, Project Manager	Erin Craig
PRINTED NAME AND TITLE	PRINTED NAME AND TITLE	PRINTED NAME AND TITLE
DATE	DATE	DATE



July 26, 2018

Proposal # 0618-05R3

Project Estimate For Unity Middle College

Contact Andriana Bystedt

Project Location 1937 West Chapman Aveune Suite 110 Orange, CA 92868

Bid Documents 03 Design City Correction 7/9/2018 Total Square Footage of Project 3,970

DIVISION 1 - GENERAL REQUIREMENTS	\$28,000.00
DIVISION 2 - SITE REQUIREMENTS	\$900.00
DIVISION 3 - CONCRETE	\$4,200.00
DIVISION 4 - MASONRY	\$0.00
DIVISION 5 - METALS	\$0.00
DIVISION 6 - WOODS AND PLASTICS	\$3,440.00

DIVISION 3 - CONCRETE	\$4,200.00
DIVISION 4 - MASONRY	\$0.00
DIVISION 5 - METALS	\$0.00
DIVISION 6 - WOODS AND PLASTICS	\$3,440.00
DIVISION 7 - THERMAL AND MOISTURE PROTECTION	\$9,200.00
DIVISION 8 - DOORS AND WINDOWS	\$19,981.00
DIVISION 9 - FINISHES	\$86,161.00
DIVISION 10 - SPECIALTIES	\$5,185.00
DIVISION 11 - EQUIPMENT	\$0.00
DIVISION 12 - FURNISHINGS	\$0.00
DIVISION 13 - SPECIAL CONSTRUCTION	\$0.00
DIVISION 14 - CONVEYING SYSTEMS	\$0.00
DIVISION 15 - MECHANICAL	\$95,811.00
DIVISION 16 - ELECTRICAL	\$85,093.00
GENERAL CONTRACTOR'S FEES	\$25,314.03
TOTAL	\$363,285.00
COST PER SQUARE FOOT	\$91.51

DETAILED BREAKDOWN BY CSI DIVISION

STATE OF THE OWNER, WHEN	DIVIDION	1 - GENERAL REQUIREMENTS		
01000	PROJECT MANAGEMENT			
01001	ON-SITE SUPERVISION	9 WEEK		
01002 01003	PARKING FEES TEMPORARY UTILITIES	0 WEEK		
01003	TEMPORARY UTILITIES	7 WEEK		
01100	SITE DE OTECTION	PROJECT MGMT TOTAL	\$24,250.00	
01100	SITE PROTECTION SITE PROTECTION	N. 525		
01101	FLOOR COVERING	1 JOB		
01102	WALL COVERING	1 JOB		
01104	DUST CONTROL	1 JOB		
01105	FURNISHINGS	1 JOB 0 JOB		
		SITE PROTECTION TOTAL	6600.00	
01500	CONSTRUCTION CLEANING	SITE PROTECTION TOTAL	\$600.00	
01501	CONSTRUCTION CLEAN UP	9 WEEK		
		CLEANING TOTAL	\$1,800.00	
01600	FINAL CLEAN-UP	CELITATIO TOTAL	31,600.00	
01601	FINAL CLEANING	3,970 SQFT		
		FINAL CLEAN TOTAL	\$1,350.00	
		THE CERTIFICATION OF THE STATE	31,330.00	
		DIVISION 1 TOTAL	-	\$28,000.00
	Du vov			
02200		ON 2 - SITE REQUIREMENTS		
02200	DEMOLITION - EXCLUDED DEMO FLOORING & BASE	0.000		
02201	DEMO MILLWORK	0 SQFT		
02203	DEMO PARTITIONS	0 LNFT		
02203	DEMO DOORS	0 LNFT		
02204	DEMO CEILING & LIGHTS	0 EACH		
02203	DEMO CEILENO & EIGHTS	0 SQFT		
02300	DUMPSTERS	DEMO TOTAL	(\$1,000.00)	
02001	DUMPSTER	2 FACH		
02001	DOMESTER	2 EACH		
		DUMPSTER TOTAL	\$1,900.00	
		DIVISION 2 TOTAL		\$900.00
		DIVIDION 2 TOTAL		\$900.00
02200		VISION 3 - CONCRETE		
03200 03201	CONCRETE PATCH PLUMBING TRENCH			
		1 IOP		
	LOMBING TRENCH	CONCRETE PATCH TOTAL	£4 200 00	
	LEGMBING TRENCH	1 JOB CONCRETE PATCH TOTAL	\$4,200.00	
	LEMBING FRENCH		\$4,200.00	\$4,200.00
		DIVISION 3 TOTAL	\$4,200.00	\$4,200.00
		CONCRETE PATCH TOTAL	\$4,200.00	\$4,200.00
		DIVISION 3 TOTAL	\$4,200.00	\$4,200.00 \$0.00
	DI	DIVISION 3 TOTAL VISION 4 - MASONRY	\$4,200.00	
	DI	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL VIVISION 5 - METALS	\$4,200.00	\$0.00
	DI D	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL PIVISION 5 - METALS DIVISION 5 TOTAL	\$4,200.00	
	DIVISION	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL VIVISION 5 - METALS	\$4,200.00	\$0.00
06100	DIVISION ROUGH CARPENTRY	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL N 6 - WOODS AND PLASTICS	\$4,200.00	\$0.00
06101	DIVISION ROUGH CARPENTRY BACKING	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL 1 JOB	\$4,200.00	\$0.00
06101 06102	DIVISION ROUGH CARPENTRY BACKING TELEPHONE BACKBOARD 8' x 4'	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL 1 JOB 1 EACH	\$4,200.00	\$0.00
06101 06102	DIVISION ROUGH CARPENTRY BACKING	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL 1 JOB 1 EACH 0 LS		\$0.00
06101 06102 06103	DIVISION ROUGH CARPENTRY BACKING TELEPHONE BACKBOARD 8' x 4' ROUGH FRAMING	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL 1 JOB 1 EACH	\$4,200.00 \$475.00	\$0.00
06101 06102 06103	DIVISION ROUGH CARPENTRY BACKING TELEPHONE BACKBOARD 8' x 4' ROUGH FRAMING ARCHITECTURAL WOODWORK	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL 1 JOB 1 EACH 0 LS RGH. CARP. TOTAL		\$0.00
06101 06102 06103 06400 06401	DIVISION ROUGH CARPENTRY BACKING TELEPHONE BACKBOARD 8' x 4' ROUGH FRAMING ARCHITECTURAL WOODWORK BASE & WALL CABINET	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL 1 JOB 1 EACH 0 LS RGH. CARP. TOTAL		\$0.00
06101 06102 06103 06400 06401 06402	DIVISION ROUGH CARPENTRY BACKING TELEPHONE BACKBOARD 8' x 4' ROUGH FRAMING ARCHITECTURAL WOODWORK BASE & WALL CABINET STORAGE SHELVES	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL 1 JOB 1 EACH 0 LS RGH, CARP, TOTAL		\$0.00
06101 06102 06103 06400 06401 06402 06403	DIVISION ROUGH CARPENTRY BACKING TELEPHONE BACKBOARD 8' x 4' ROUGH FRAMING ARCHITECTURAL WOODWORK BASE & WALL CABINET STORAGE SHELVES P-LAM COUNTER TOP	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL I JOB I EACH O LS RGH. CARP. TOTAL 11 LNFT 11 LNFT		\$0.00
06101 06102 06103 06400 06401 06402 06403 06404	DIVISION ROUGH CARPENTRY BACKING TELEPHONE BACKBOARD 8' x 4' ROUGH FRAMING ARCHITECTURAL WOODWORK BASE & WALL CABINET STORAGE SHELVES P-LAM COUNTER TOP TRANSACTION COUNTER	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL 1 JOB 1 EACH 0 LS RGH, CARP. TOTAL 11 LNFT 11 LNFT 11 LNFT 10 LNFT		\$0.00
06101 06102 06103 06400 06401 06402 06403 06404	DIVISION ROUGH CARPENTRY BACKING TELEPHONE BACKBOARD 8' x 4' ROUGH FRAMING ARCHITECTURAL WOODWORK BASE & WALL CABINET STORAGE SHELVES P-LAM COUNTER TOP	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL 1 JOB 1 EACH 0 LS RGH, CARP. TOTAL 11 LNFT 11 LNFT 11 LNFT 11 LNFT 0 LNFT 0 LNFT 0 LNFT	\$475.00	\$0.00
06101 06102 06103 06400 06401 06402 06403 06404	DIVISION ROUGH CARPENTRY BACKING TELEPHONE BACKBOARD 8' x 4' ROUGH FRAMING ARCHITECTURAL WOODWORK BASE & WALL CABINET STORAGE SHELVES P-LAM COUNTER TOP TRANSACTION COUNTER	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL 1 JOB 1 EACH 0 LS RGH, CARP. TOTAL 11 LNFT 11 LNFT 11 LNFT 10 LNFT		\$0.00
06101 06102 06103 06400 06401 06402 06403 06404	DIVISION ROUGH CARPENTRY BACKING TELEPHONE BACKBOARD 8' x 4' ROUGH FRAMING ARCHITECTURAL WOODWORK BASE & WALL CABINET STORAGE SHELVES P-LAM COUNTER TOP TRANSACTION COUNTER	DIVISION 3 TOTAL VISION 4 - MASONRY DIVISION 4 TOTAL DIVISION 5 - METALS DIVISION 5 TOTAL 1 JOB 1 EACH 0 LS RGH, CARP. TOTAL 11 LNFT 11 LNFT 11 LNFT 11 LNFT 0 LNFT 0 LNFT 0 LNFT	\$475.00	\$0.00

00101		L AND MOISTURE PROTE	CHON	
07400 07401	ROOFING ROOF PATCH	4 FACH		
0.101	ROOF FATER	4 EACH ROOFING TOTAL	\$3,200,00	
07600	ROOFING SPECIALTIES	21001210112	35,200.00	
07601	ROOF CURBS - ALLOWANCE	4 EACH		
07602 07603	VENTS ROOF HATCHES	0 EACH		
07005	ROOT HATCHES	0 EACH ROOF SPEC. TOTALS	\$6,000.00	
			30,000.00	
		DIVISION 7 TOTAL		\$9,200.0
	DIVISION 8 - I	DOORS AND WINDOWS		
08100	DOORS/FRAMES/HARDWARE			
08101 08102	TYPE A DOORS - STAIN GRADE TYPE B DOORS - STAIN GRADE	1 EACH		
08102	TYPE C DOORS - STAIN GRADE	2 EACH 5 EACH		
08104	TYPE D DOORS - STAIN GRADE	3 EACH		
08105	TYPE G- RELOCATE EXISTING DOOR	1 EACH		
00400	STORETHOUT OF LEAVE	MTL DRS & FRAMES TOTAL	\$15,831.00	
08400 08401	STOREFRONT GLAZING VISION LIGHTS	10 5100		
08401	SIDELIGHTS	10 EACH 0 EACH		
	2000-00-00-00-00-00-00-00-00-00-00-00-00	STOREFRONT TOTAL	\$2,750.00	
08700	HARDWARE		92,750.00	
08716	KNOX BOX	2 EACH		
		HARDWARE TOTAL	\$1,400.00	
		DIVISION 8 TOTAL		\$19,981.00
	DIVISIO	ON 9 - FINISHES		
09100	GYPSUM BOARD FRAMING SYSTEMS	ON 9 - FINISHES		
09101	INTERIOR PARTITION WALL CLG HI	60 LNFT		
09102	LOW WALL PARTITIONS FULL HI	152 LNFT		
09103 09104	INSULATION	1 JOB		
9105	NEW INTERIOR PARTITION TO 6" ABOVE CEILING PLUMBING PARTITION	30 LNFT 24 LNFT		
9106	HARD LID CEILING / SOFFIT	490 SQFT		
9107	1 HR PARTITION	37 LNFT		
9108	DORO CUT-IN	7 SQFT		
)9109)9110	DOOR FILL-IN PATCH SCARS @ DRYWALL	1 JOB		
7110	TATOM SCARS & DRI WALL	1 JOB GYP SYSTEM TOTAL	\$36,837.00	
9300	CERAMIC TILE - EXCLUDED	GII DIDIEM IOTAL	330,837.00	
9301	CUT OUT EXISTING TILE	0 JOB		
9302	PORCELIAN TILE BORDER AND BASE	0 JOB		
9303	CERAMIC TILE @ FLOORS	0 SQFT	50.00	
9500	ACOUSTICAL TREATMENT	CERAMIC TILE TOTAL	\$0.00	
9501	PATCH GRID & TILE CEILINGS	100 SQFT		
9502	NEW GRID & TILE CEILINGS	3,440 SQFT		
9650	FLOORING	ACOUSTICAL TOTAL	\$20,417.00	
9651	F1 VINYL PLANKS	3,575 SQFT		
9652	F2 SHEET VINYL W/ SELF COVE BASE	35 SQYD		
9653	B1 BASE	722 SQFT		
9654	BASE AT CORRIDOR WALL	88 LNFT		
9655 9656	VCT PATCHING PATCH CORRIDOR VCT	144 SQFT		
9657	FLOOR PREP	1 JOB 1 JOB		
		FLOORING TOTAL	\$19,757.00	
	PAINTING			
	PAINT WALLS PAINT CEILING	7,505 SQFT		
	PAINT SOFFITS	1 JOB 1 JOB		
9904	PAINT AFFECTED CORRIDOR WALLS	1 JOB		
	REPAINT EXISTING WOOD BASE	1 JOB		
960	FIBERGLASS REINFORCED PANELS	PAINTING TOTAL	\$5,850.00	
	FRP @ RESTROOM WET WALLS W/ SATIN TRIM	1 JOB		
		FRPTOTAL	\$3,300.00	

10100		N 10 - SPECIALTIES		
10400 10401	SIGNS SIGNAGE			
10401	SIGNAGE DIRECTORIES	1 JOB 0 EACH		
10102	DIRECTORES	SIGNS TOTAL	\$100.00	
10520	FIRE PROTECTION SPECIALTIES	SIGNS TOTAL	3100.00	
10521	FIRE EXTINGUISHER ONLY	6 EACH		
		FIRE SPECIALTIES TOTAL	\$390.00	
1 0600 10601	TOILET PARTITIONS - ALLOWANCE / NO SPEC BATHROOM PARTITIONS			
10001	BATHROOM PARTITIONS	2 EACH	02.100.00	
10800	TOILET & BATH ACCESSORIES	TOILET PARTITIONS	\$2,100.00	
10801	SOAP DISPENSER	2 EACH		
10802	PAPER TOWEL DISPENSER	2 EACH		
10803 10804	TOILET SEAT COVER DISPENSER	3 EACH		
10805	SURFACE MOUNTED TRASH RECEPTACLE UTILITY HOOKS	0 EACH 2 EACH		
10806	GRAB BARS	3 PAIR		
10807	MIRROR	2 EACH		
10808	TOILET PAPER DISPENSER	3 EACH		
		BATH ACCESS. TOTAL	\$2,595.00	
		DIVISION 10 TOTAL		ØE 105 00
				\$5,185.00
	DIVISION	N 11 - EQUIPMENT		
		DIVISION 11 TOTAL		\$0.00
	DIVISION	12 - FURNISHINGS		
		DIVISION 12 TOTAL		#0.00
				\$0.00
	DIVISION 13 - SI	PECIAL CONSTRUCTION	1	
			The second second second second	
		DIVISION 13 TOTAL		\$0.00
	DIVISION 14 - 0	DIVISION 13 TOTAL CONVEYING SYSTEMS		\$0.00
	DIVISION 14 - 0			\$0.00
		CONVEYING SYSTEMS DIVISION 14 TOTAL		
15300		DIVISION 14 TOTAL 15 - MECHANICAL		
	DIVISION FIRE SPRINKLERS - EXCLUDED	CONVEYING SYSTEMS DIVISION 14 TOTAL	\$0.00	
15300 15400 15401	DIVISION	DIVISION 14 TOTAL 15 - MECHANICAL	\$0.00	
1 5400 15401 15402	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL	\$0.00	
1 5400 15401 15402 15403	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH	\$0.00	
5400 5401 5402 5403 5404	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH	\$0.00	
5400 5401 5402 5403 5404	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH	\$0.00	
5400 5401 5402 5403 5404 5405	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH	\$0.00	
15400 15401 15402 15403 15404 5405 5406 5407	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W/ FAUCET DRINKING FOUNTAIN	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 2 EACH 1 EACH	\$0.00	
15400 15401 15402 15403 15404 15405 15406 15406 15407 15408	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W/ FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 EACH 1 JOB	\$0.00	
15400 15401 15402 15403 5404 5405 5406 5407 5408 5409	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W/ FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL WATER HEATER	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 JOB 1 JOB 1 EACH	\$0.00	
5400 5401 5402 5403 5404 5405 5406 5407 5408 5409 5410	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W/ FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 JOB 1 EACH 1 JOB 1 EACH 1 JOB 1 EACH	\$0.00	
15400 15401 15402 15403 15404 15405 15406 5407 5408 5409 5410 5411	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W/ FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL WATER HEATER FLOOR SINK	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 JOB 1 JOB 1 EACH	\$0.00	
5400 5401 5402 5403 5404 5405 5406 5407 5408 5409 5410 5411	PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W/ FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL WATER HEATER FLOOR SINK FLOOR DRAIN HVAC	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 JOB 1 EACH 1 JOB 1 EACH 1 JOB 1 EACH 2 EACH 1 JOB 1 EACH 1 EACH 2 EACH	÷	
15400 15401 15402 15403 5404 5405 5406 5407 5408 5409 5410 5411 5500 5501	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W/ FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL WATER HEATER FLOOR SINK FLOOR DRAIN HVAC DEMO DUCTWORK	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 JOB 1 DEACH 1 JOB 1 DEACH 1	÷	
15400 15401 15402 15403 15404 15405 15406 15407 15408 15409 15411 15500 15501 15502	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W: FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL WATER HEATER FLOOR SINK FLOOR DRAIN HVAC DEMO DUCTWORK DUCTING	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 JOB 1 EACH 1 JOB 1 EACH 2 EACH 1 JOB 1 LEACH 1 DOB 1 JOB 1 JOB 1 JOB 1 JOB 1 JOB	÷	
5400 5401 5402 5403 5404 5405 5406 5407 5408 5409 5410 5500 5501 5502 5503	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W/ FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL WATER HEATER FLOOR SINK FLOOR DRAIN HVAC DEMO DUCTWORK DUCTING 4 TON CEILING MOUNTED FAN COILS	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 JOB 1 EACH 1 EACH 2 EACH 1 JOB 1 EACH 1 EACH 2 EACH 1 JOB 4 EACH	÷	
15400 15401 15402 15403 15404 15405 15406 15406 15406 15407 15408 15409 15410 15500 15501 15502 15503 15504	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W: FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL WATER HEATER FLOOR SINK FLOOR DRAIN HVAC DEMO DUCTWORK DUCTING	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 JOB 1 EACH 1 JOB 1 EACH 1 JOB 1 EACH 1 JOB 1 JOB 1 EACH 2 EACH 1 EACH 2 EACH 4 EACH 4 EACH	÷	
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15400 15401 15401 15402 15403 15404 15405 15406 15407 15408 15409 15410 15500 15501 15502 15503 15504 15505 15505 15505 15505 15506	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W/ FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL WATER HEATER FLOOR SINK FLOOR DRAIN HVAC DEMO DUCTWORK DUCTING 4 TON CEILING MOUNTED FAN COILS 4 TON ROOFTOP MOUNTED REMOTE HEAT PUMPS SUPPLY REGISTERS	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 JOB 1 EACH 1 EACH 2 EACH 1 JOB 1 EACH 2 EACH 1 EACH 2 EACH 1 EACH 2 EACH 2 EACH 1 EACH 2 EACH 2 EACH 2 EACH PLUMBING TOTAL	÷	
5400 5401 5402 5403 5404 5405 5406 5407 5408 5409 5411 5500 5501 5502 5503 5505 5506 5507 5508	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W: FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL WATER HEATER FLOOR SINK FLOOR DRAIN HVAC DEMO DUCTWORK DUCTING 4 TON CEILING MOUNTED FAN COILS 4 TON ROOFTOP MOUNTED REMOTE HEAT PUMPS SUPPLY REGISTERS RETURN REGISTERS REFRIGERATION PIPING DUCT MOUNTED SMOKE DETECTORS	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 EACH 1 EACH 2 EACH 1 EACH 2 EACH 1 JOB 1 EACH 2 EACH 1 EACH 2 EACH 2 EACH 2 EACH 2 EACH 4 EACH 4 EACH 27 EACH 8 EACH	÷	
15400 15401 15402 15403 15404 15405 15406 15407 15408 15409 15411 15500 15501 15502 15503 15504 15506 15507 15508 15508 15509	PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W/ FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL WATER HEATER FLOOR SINK FLOOR DRAIN HVAC DEMO DUCTWORK DUCTING 4 TON CEILING MOUNTED FAN COILS 4 TON ROOFTOP MOUNTED REMOTE HEAT PUMPS SUPPLY REGISTERS RETURN REGISTERS REFRIGERATION PIPING DUCT MOUNTED SMOKE DETECTORS OUTSIDE AIR DUCTS TO NEW LOUVERS	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 JOB 1 EACH 1 EACH 2 EACH 1 EACH 2 EACH 1 JOB 1 EACH 2 EACH 2 EACH 2 EACH 2 EACH 4 EACH	÷	
15400 15401 15402 15403 15404 15405 15406 15407 15408 15409 15410 15500 15502 15503 15504 15505 15506 15507 15508 15509 15508	DIVISION FIRE SPRINKLERS - EXCLUDED PLUMBING DEMO & CAP EXISTING PLUMBING S.S. KITCHEN SINK & FAUCET ROUGH-IN FOR HOT & COLD, VENT & DRAIN TOILET CIRCULATING PUMP, TIMER AND INSULATED HOT WATER RETURN LAVATORIES W: FAUCET DRINKING FOUNTAIN SAW CUT, BREAK & REMOVAL WATER HEATER FLOOR SINK FLOOR DRAIN HVAC DEMO DUCTWORK DUCTING 4 TON CEILING MOUNTED FAN COILS 4 TON ROOFTOP MOUNTED REMOTE HEAT PUMPS SUPPLY REGISTERS RETURN REGISTERS REFRIGERATION PIPING DUCT MOUNTED SMOKE DETECTORS	DIVISION 14 TOTAL 15 - MECHANICAL FIRE SPRINKLER TOTAL 1 JOB 2 EACH 6 EACH 3 EACH 1 EACH 1 EACH 1 EACH 2 EACH 1 EACH 2 EACH 1 JOB 1 EACH 2 EACH 1 EACH 2 EACH 2 EACH 2 EACH 2 EACH 3 EACH 4 EACH 4 EACH 27 EACH 8 EACH 4 EACH 6 EACH	÷	

		DIVISION 15 TOTAL		\$05.91
		HVAC TOTAL	\$58,585.00	
15519	PERMITS	0 JOB		
15518	PLAN CHECK	0 JOB		
15517	ENGINEERED DRAWINGS & TITLE 24	0 SQFT		
15516	AIR BALANCE	1 JOB		
15515	EXHAUST FAN	1 EACH		

15519	PERMITS	0 JOB		
		HVAC TOTAL	\$58,585.00	
		DIVISION 15 TOTAL		\$95,811.00
-	DIVIS	ION 16 - ELECTRICAL	- Maria Salaharan - Araba Salaharan -	
16300	ELECTRICAL	ION 10 - EEECTRICAL		
16304	DUPLEX POWER OUTLETS	51 EACH		
16315	3/4" DATA STUB UPS	23 EACH		
16316	2" DATA STUB UPS	4 EACH		
16317	TIME CLOCK	1 EACH		
16319	ILLUMINATED EXIT SIGN, DBL FACE	9 EACH		
16320	CONTROLS	1 JOB		
16321	T24 TESTING	1 JOB		
16324	INSTALL NEW 2'x4' LIGHT FIXTURES	69 EACH		
16327	LED DOWN LIGHT	19 EACH		
16331	EXHAUST FAN CONN & SWITCH	1 EACH		
16332	GARBAGE DISP CONN & SWITCH	0 EACH		
16333	INSTA-HOT CONNECTION	1 EACH		
16336	HVAC UNIT CONNECTION	8 EACH		
16337	FLS CONDUIT AND BOXES	1 JOB		
16338 16339	NEW ELECTRICAL PANEL BA	1 EACH		
10339	RELOCATE EXISTING PANEL E'	1 EACH		
16600	FIDE/LIFE/CAFETY	ELECTRICAL TOTAL	\$75,768.00	
16601	FIRE/LIFE/SAFETY COMBINATION STROBE / HORN	C FACIL		
16602	STROBE DEVICES	6 EACH 4 EACH		
16603	SMOKE DETECTORS	1 EACH		
16604	HEAT DETECTOR	5 EACH		
16605	RELOCATE EXISTING HEAT DETECTORS	8 EACH		
16606	F/L/S TEST PERMIT	1 JOB		
		F/L/S TOTAL	\$9,325.00	
16700	COMMUNICATIONS - EXCLUDED	1720101712	37,323.00	
16701	INSTALL DATA CABLE	0 JOB		
16702	INSTALL TELEPHONE CABLE	0 JOB		
		COMMUNICATIONS TOTAL	\$0.00	
		DIVISION 16 TOTAL		\$85,093.00
		L CONTRACTOR'S FEES		
	TOR'S FEE D AND PROFIT			
O , DIGIE, I	D / II D / ROTT	OH & P TOTAL	\$25,314.03	
PERMIT FE	EFIS	OHRITOTAL	323,314.03	
BUILDING			3.	
PLAN CHE	CK FEE			
		PERMIT TOTAL	\$0.00	
INSURANC	CE	TERMIT TOTAL	30.00	
GENERAL	LIABILITY			
		INSURANCE TOTAL	\$0.00	
BUDGET C	ONTINGENCY	E. Gold E. G. Francisco	30.00	
CONTINGE	NCY TO PROJECT	0 %		
		CONTINGENCY TOTAL	\$0.00	
		GENERAL CONTRACTOR	STOTAL	\$25,314.03
		GENERAL CONTRACTOR	BIOIAL	φ23,314.03
TOTAL				
TOTAL				\$363,285.00

TOTAL		\$363,285.00	
COST PER SQ. FT.	\$	91.51	
ALTERNATES:			
1. Additional cost to work 10 hour days to meet the 8/30 deadline.	\$	23,868.00	
2. Additional cost to work Saturday's to meet the 8/30 deadline.	\$	27,626.40	
3. Deduct to install USG 2' x 4' Acoustical Ceiling Tile in Lieu of Armstrong ACT	\$	(1,100.00)	
4. Dedcut to provide Lithonia 2x4 fixtures in lieu of Focal Pointe 12610 Westminster Avenue, Suite A, Santa Ana, CA 92706 Phone 714-636-8744 * Fax 714-636-8799	\$	(2,650.00) Page 5 of	

EXCLUSIONS:

- 1. HANDLING OF HAZARDOUS MATERIALS.
- 2. TEL/DATA CABLING AND EQUIPMENT.
- 3. MAJOR FLOOR PREP.
- 4. BASE BUILDING DEFICIENCIES.
- 5. OFF HOURS
- 6. UNFORSEEN OBSTRUCTIONS.
- 7. DEMOLITION
- 8. FIRE SPRINKLER SYSTEM.

QUALIFICATIONS:

- 1. BUILDING PERMIT TO BE REIMBURSED.
- 2. THIS PROPOSAL MAY BE WITH-DRAWN BY US IF NOT ACCEPTED WITHIN 30 DAYS.

Katie Peale

From:

Erin Craig <ecraig@unitymchs.org>

Sent:

Thursday, July 26, 2018 10:46 AM

To:

Katie Peale

Cc:

Andriana Bystedt

Subject:

Re: Unity Middle College - proceed with framing

Katie.

As a follow up, please continue with framing and continue with any and all work on the interior to continue the project forward on time.

Thank you!

Erin

On Tue, Jul 24, 2018 at 3:30 PM, Katie Peale < katie@farwestcontractors.com > wrote:

Hi Erin -

Sounds good. We have released our framer and waiting to hear back from them on when they will be onsite to start layout. I will let you know ASAP.

I have the revised pricing for the drawings that we received last week that I will be sending shortly. This price does not include the changes that we received yesterday. I asked my subs to try and get me all those costs no later than tomorrow. Fingers crossed.

Katie Peale

Far West Contractors Corp

12610 Westminster Avenue, Suite A

Santa Ana, CA 92706

Office: 714-636-8744 / Cell: 714-787-6033

www.farwestcontractors.com

SDB/HUBZone Small Business



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From: Erin Craig < ecraig@unitymchs.org > Sent: Tuesday, July 24, 2018 1:05 PM

To: Katie Peale < katie@farwestcontractors.com > Cc: Andriana Bystedt < andriana.bystedt@gmail.com > Subject: Unity Middle College - proceed with framing

Hi Katie,

This email is to notify you to please proceed with framing ASAP at 1937 West Chapman Avenue. I have a board meeting on Thursday night to approve the contract.

Thanks, Erin

VI.			



Erin Craig, Ed.D. Founder & Executive

Director

Phone: 714-473-0723 www.unitymchs.com 815 S. Esplanade St. Orange, CA 92869

EXHIBIT "4"



August 30, 2018

PCO # 3R1

To: Unity MCHS 1937 W. Chapman Avenue Orange, CA 92868

Attn: Erin Craig

Project: Unity MCHS Far West Job #: 18-390

Far West Contractors Corp. is submitting the following cost impacts per:

1. Additional costs to contract with a civil engineer for the fire sprinkler system scope of work.

8,100.00

2. Cost to prepare the Fire Service Base Map Plan.

\$ 1,200.00

 Subtotal
 \$ 9,300.00

 Overhead 8%
 \$744.00

 Profit 3%
 \$301.32

Total \$ 10,345.00

Original Contract Sum:

\$24,783.00

Contract will be INCREASED by this Change Order: \$

10,345.00

Contract Time Will Increase By: (Working Days)

10,5-

Unity MCHS

1937 W. Chapman Avenue Orange, CA 92868 Far West Contractors Corp.

12610 Westminster Avenue, Suite A Santa Ana, CA 92706

Katie Peale

8/20/18

Erin Craig

Date

Katie Peale

Date



A18612 UNITY SCHOOL FIRE LINE REQUEST FOR CHANGE ORDER NO. 1

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1)	0	+	0	
IJ	a	Æ.	C	

August 22, 2018

Request for Change Order: 1

KW Job#:

A18612

Project Name:

Unity School Fire Line

A18612 Unit School Fire Line

The original Contract Sum was

DATE

Please find attached the CO for preparation of Fire Service Base Map.

Total for this Change Order \$1,200

\$

August 22, 2018

DATE

The net change by previously authorized change orders	\$	0		
The Contract Sum prior to this Change Order was		\$	8,100	
The Contract Sum will beincreased by this Change Order in	the amount of	\$	1,200	
The new Contract sum including this Change Order will be		\$	9,300	
AUTHORIZ	ATION			
All terms and conditions specified in the original contract between Client and Engineer	shall remain as specified			
	Kier & Wright (Civil Engineers	& Surveyor's Inc	٥.
CLIENT		ENGINEER		
		9 1 1		
Dy (Cycy) mynny		am Talebi		_
By (Signature)	1	By (Signaturi	E)	
		Sam Talebian		
NAME		NAME NAME		

8,100



FAR WEST CONTRACTORS CORP

Ms. Katie Peale 12610 Westminster Ave., Ste. A Santa Ana, CA 92706 katie@farwestcontractors.com

RE:

Civil Engineering Design Services: UNITY MIDDLE HIGH SCHOOL FIRE LINE 1937 W. Chapman Avenue, Orange, California

Dear Ms. Peale:

Based on our telephone conversation and discussions, it has been determined that the available project drawings do not provide CAD information for Chapman Avenue fronting the project site that can be utilized as a base map to prepare fire service drawings for the project.

Task 1 - Survey Services

The following is our proposed scope of work and associated fee:

Task 1 - Survey Services

1. Fire Service Base Map\$ 1,200

We propose to provide the required base map by obtaining the relevant information from Google Earth and create a drawing that reflects location of the roadway features and surface utility covers.

Exclusions/Additional Services

In order to more accurately define our services, the following list items that are specifically excluded from our scope of work. These would be considered additional services to be billed at the rates shown in the attached 2015 Professional Personnel Service Fees, or for which an additional estimate could be prepared.

- Services not specifically outlined above
- Plat & Legals (not described above)
- QSP Services
- Construction staking
- · City plan checking fees
- Street Light Design Plans
- Post Construction ALTA Survey
- Site Lighting
- Wetland or environmental coordination with regulatory agencies (i.e., Army Corps, State Fish & Game, Regional Water Quality Control Board)
- Structural retaining wall design
- Municipal Hearings (Billed on a time & materials basis)



- The cost to dig up or expose existing utilities (if necessary)
- Mailing & Reproduction Cost (Billed at cost + 10%)
- LEED Certification Analysis
- Corner Records for Pre-construction and Post-construction street monuments or
 property corners which may be destroyed during the construction of improvements to
 the subject property as defined in Section 8771(b) of the Professional Land Surveyors Act
 is specifically excluded in the scope above and if required will be billed at our hourly
 rates.

If this proposal meets with your approval, please sign a copy of this letter and email a copy to our office.

Thank you for considering Kier & Wright for this project. If you have any questions, or if we can be of further service to you on this or any other project, please do not hesitate to give us a call.

Sincerely, KIER & WRIGHT

Sam Talebian, PE, MSCE Senior Project Manager License #: 44216

Approved By:	Date:	



WRIGHT Civil Engineers & Surveyors, Inc.

FAR WEST CONTRACTORS CORP

Ms. Katie Peale 12610 Westminster Ave., Ste. A Santa Ana, CA 92706 katie@farwestcontractors.com

RE:

Civil Engineering Design Services:

Unity Middle High School Fire Sprinkler Service 1937 W. Chapman Avenue, Orange, California

Dear Ms. Peale:

Kier & Wright is submitting this proposal for civil engineering services related to the above referenced project, for the design of a fire sprinkler service line. The scope of services is broken down into the following 2 tasks. A topographic survey has been excluded from the task and it is our understanding that a base map accurately shows location of the curbs, gutters, landscape, planters and other surficial features is available in AutoCAD format and can be provided to us for use as the base map. Additionally the size of the fire service line and backflow device type will be furnished to us.

Task 1 - Utility Research Task 2 - Water Service Plan

The following is our proposed scope of work:

Task 1 - Survey Services

Kier & Wright will contact and research location and depth of the record utilities

within the impacted area and incorporate into the base map to ensure there will be no conflict with the extension of the fire service.

Kier & Wright will coordinate with the City's Water Department and prepare a fire sprinkler water service plan and process for approval.

Summary of Work:

On-Site Scope

Task 1 – Utility Research	\$ 3 200
Task 2 – Water Service Line	\$ 4 900

Total: \$ 8,100



Ms. Katie Peale FAR WEST CONTRACTORS CORP. Page 2

Exclusions/Additional Services

In order to more accurately define our services, the following list items that are specifically excluded from our scope of work. These would be considered additional services to be billed at the rates shown in the attached 2017 Professional Personnel Service Fees, or for which an additional estimate could be prepared.

- Services not specifically outlined above
- Plat & Legals (not described above)
- QSP Services
- Construction staking
- City plan checking fees
- Street Light Design Plans
- Post Construction ALTA Survey
- Site Lighting
- Wetland or environmental coordination with regulatory agencies (i.e., Army Corps, State Fish & Game, Regional Water Quality Control Board)
- · Structural retaining wall design
- Municipal Hearings (Billed on a time & materials basis)
- The cost to dig up or expose existing utilities (if necessary)
- Mailing & Reproduction Cost (Billed at cost + 10%)
- LEED Certification Analysis
- Corner Records for Pre-construction and Post-construction street monuments or
 property corners which may be destroyed during the construction of improvements to
 the subject property as defined in Section 8771(b) of the Professional Land Surveyors Act
 is specifically excluded in the scope above and if required will be billed at our hourly
 rates.

If this proposal meets with your approval, please sign a copy of this letter and either fax or email a copy to our office.

Thank you for considering Kier & Wright for this project. If you have any questions, or if we can be of further service to you on this or any other project, please do not hesitate to give us a call.

Sincerely,
KIER & WRIGHT

Jan Calphian

Sam Talebian, PE, MSĆE Senior Project Manager License #: 44216

Approved By: _____ Date:



PROJECT / BILLING INFORMATION:

Emergency Contact

Ms. Katie Peale FAR WEST CONTRACTORS CORP. Page 3

S.O.W. # (if required): _____

Name: _____

Email Invoices to:

Phone:



KIER & WRIGHT Civil Engineers & Surveyors, Inc.

HOURLY RATE SCHEDULE

Effective March 1, 2018 through February 28, 2019

PRINCIPAL	\$ 243.00/Hour
PRINCIPAL ENGINEER	\$ 221.00/Hour
SENIOR ENGINEER	\$ 192.00/Hour
PROJECT ENGINEER	\$ 179.00/Hour
ENGINEER II	\$ 149.00/Hour
ENGINEER I	\$ 124.00/Hour
SENIOR SURVEYOR	\$ 199.00/Hour
PROJECT SURVEYOR	\$ 177.00/Hour
SURVEY COORDINATOR	\$ 170.00/Hour
SURVEYOR II	\$ 143.00/Hour
SURVEYOR I	\$ 122.00/Hour
ENGINEERING TECH II	\$ 162.00/Hour
ENGINEERING TECH I	\$ 145.00/Hour
SENIOR DRAFTSMAN	\$ 124.00/Hour
DRAFTSMAN II	\$ 103.00/Hour
DRAFTSMAN I	\$ 93.00/Hour
SURVEY TECH	\$ 95.00/Hour
1-MAN SURVEY CREW	\$ 170.00/Hour
2-MAN SURVEY CREW	\$ 275.00/Hour
3-MAN SURVEY CREW	\$ 350.00/Hour
TESTIMONY (TRIAL OR DEPOSITION)	\$ 475.00/Hour
PROJECT COORDINATOR	\$ 102.00/Hour
ENGINEERING COORDINATOR	\$ 88.00/Hour
ENGINEERING / SURVEY INTERN	\$ 51.00/Hour

All blueprinting and reproduction will be billed at cost plus 10%. Time spent for preparation for testimony will be billed in accordance with the above hourly rates.

3639 Harbor Boulevard • Suite 202 • Ventura, California • 93001 • (805) 620-0645

EXHIBIT "5"

RECORDING REQUESTED BY Far West Contractors Corp. WHEN RECORDED MAIL TO

Far West Contractor Corp. 12610 Westminster Ave. Suite A Santa Ana, Ca 92706

Recorded in Official Records, Orange County Hugh Nguyen, Clerk-Recorder 2018000475693 1:55 pm 12/20/18 227 415 M09 2 0.00 0.00 0.00 0.00 3.00 0.00 0.000.0075.00 3.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

Mechanics' Lien

(Claim of Lien)

(To be recorded in the county recorder's office in the county in which the property is located.) NOTICE IS HEREBY GIVEN: That Far West Contractors Corp. as claimant claims a lien for labor. service, equipment, or materials under Section 8000 et Seq. of the Civil Code of the State of California, upon the premises hereinafter described, and upon every estate or interest in such structures, improvements and premises held by any party holding any estate therein. Said labor, service, equipment or materials were furnished for the construction of those certain buildings, improvements, or structures, now upon that certain parcel of land situated in the County of State of California, said land described as follows: STREET ADDRESS: 1937 W Chapman Ave. Orange, CA 92868 LEGAL DESCRIPTION: Unity Middle College High School, 1937 W Chapman Ave. Orange, CA 92868 Said lien is claimed for the following labor, services, equipment or materials: (describe labor, services, equipment, or materials in detail) General construction for new tenant improvement build out. Amount due after deducting all just credits and offsets...\$ 444,855.29 The name of the person or company by whom claimant was employed or to whom claimant furnished labor, services, equipment, or materials is: Unity Middle College High School- Erin Craig That 2000 Chapman, Inc.-1937 W Chapman Ave., Suite 100, Orange, CA 92868 is/are the reputed owner(s) of said building and/or premises, or some interest therein. DATED: December 20,2018 Name of Claimant: Far V **VERIFICATION** of the claimant named in the foregoing I, the undersigned, certify that I am the President Mechanics' Lien, and that I am informed and believe the facts herein to be true, and, on that ground, allege that the facts stated in the foregoing Mechanics' Lien are true. I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct. , State of California Executed on 12/20/18 , in the City of Santa Ana

NOTICE OF MECHANICS LIEN ATTENTION!

Upon the recording of the enclosed MECHANICS LIEN with the county recorder's office of the county where the property is located, your property is subject to the filing of a legal action seeking a court-ordered foreclosure sale of the real property on which the lien has been recorded. That legal action must be filed with the court no later than 90 days after the date the mechanics lien is recorded.

The party identified in the mechanics lien may have provided labor or materials for improvements to your property and may not have been paid for these items. You are receiving this notice because it is a required step in filing a mechanics lien foreclosure action against your property. The foreclosure action will seek a sale of your property in order to pay for unpaid labor, materials, or improvements provided to your property. This may affect your ability to borrow against, refinance, or sell the property until the mechanics lien is released.

BECAUSE THE LIEN AFFECTS YOUR PROPERTY, YOU MAY WISH TO SPEAK WITH YOUR CONTRACTOR IMMEDIATELY, OR CONTACT AN ATTORNEY, OR FOR MORE INFORMATION ON MECHANICS LIENS GO TO THE CONTRACTORS' STATE LICENSE BOARD WEB SITE AT www.cslb.ca.gov.

PROOF OF SERVICE AFFIDAVIT
California Civil Code section 8416(a)(7) and (c)

AFFIDAVIT FOR SERVICE ON THE OWNER

California Civil Code Section 8416 (a)(7) and (c)(1)

, Stephen Aguilar	_(name), declare that I served a co	opy of this
Mechanics' Lien and Notice of Mechanics	Lien by registered mail, certified r	mail, or
first-class mail, evidenced by a certificate	of mailing, postage prepaid, addre	ssed to the
owner(s) or reputed owner(s) of the prope	rty:	
Name and title of person or entity served:	2000 Chapman Inc.	
Service Address: 1937 W Chapman Ave., Suit	e 100, Orange, CA 92868	
Said service address is the owner's reside		s shown by
the building permit on file with the permitti	ng authority for the work.	
Executed on Pecember 20, 2018	_, at <u>Santa Ana</u> ,	<u>CA</u> .
By: Mucel		

EXHIBIT "6"

Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum

AGREEMENT made as of the Eleventh day of July in the year Two Thousand Eighteen (In words, indicate day, month and year.)

BETWEEN the Owner:

(Name, legal status, address and other information)

Unity Middle College High School Erin Craig 960 North Tustin St., #239 Orange, CA 92867 Telephone Number: 714-642-6624

and the Contractor:

(Name, legal status, address and other information)

Far West Contractors Corporation 12610 Westminster Avenue, Suite A, Santa Ana, CA 92706 Telephone Number: 714-636-8744

for the following Project: (Name, location and detailed description)

Unity Middle College High School - 1st Floor Sprinkler System 1937 Chapman Avenue, Orange, CA Install new sprinkler system throughout the first floor, includes the underground scope of work.

The Architect:

(Name, legal status, address and other information)

03 Design 2070 Business Center Drive, Suite 220 Telephone Number: 949-757-6996

The Owner and Contractor agree as follows.

ADDITIONS AND DELETIONS:

The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An Additions and Deletions Report that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

AlA Document A201™—2007, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

User Notes:

TABLE OF ARTICLES

- 1 THE CONTRACT DOCUMENTS
- 2 THE WORK OF THIS CONTRACT
- 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION
- 4 CONTRACT SUM
- 5 PAYMENTS
- 6 DISPUTE RESOLUTION
- 7 TERMINATION OR SUSPENSION
- 8 MISCELLANEOUS PROVISIONS
- 9 ENUMERATION OF CONTRACT DOCUMENTS
- 10 INSURANCE AND BONDS

ARTICLE 1 THE CONTRACT DOCUMENTS

The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement and Modifications issued after execution of this Agreement, all of which form the Contract, and are as fully a part of the Contract as if attached to this Agreement or repeated herein. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. An enumeration of the Contract Documents, other than a Modification, appears in Article 9.

ARTICLE 2 THE WORK OF THIS CONTRACT

The Contractor shall fully execute the Work described in the Contract Documents, except as specifically indicated in the Contract Documents to be the responsibility of others.

ARTICLE 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

§ 3.1 The date of commencement of the Work shall be the date of this Agreement unless a different date is stated below or provision is made for the date to be fixed in a notice to proceed issued by the Owner. (Insert the date of commencement if it differs from the date of this Agreement or, if applicable, state that the date will be fixed in a notice to proceed.)

The commencement date will be fixed in a notice to proceed.

If, prior to the commencement of the Work, the Owner requires time to file mortgages and other security interests, the Owner's time requirement shall be as follows:

- § 3.2 The Contract Time shall be measured from the date of commencement.
- § 3.3 The Contractor shall achieve Substantial Completion of the entire Work not later than () days from the date of commencement, or as follows:

(Insert number of calendar days. Alternatively, a calendar date may be used when coordinated with the date of commencement. If appropriate, insert requirements for earlier Substantial Completion of certain portions of the Work.)

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The Contractor shall achieve Substantial Completion of the entire Work not later than TBD.

Portion of Work

Substantial Completion Date

, subject to adjustments of this Contract Time as provided in the Contract Documents. (Insert provisions, if any, for liquidated damages relating to failure to achieve Substantial Completion on time or for bonus payments for early completion of the Work.)

ARTICLE 4 CONTRACT SUM

§ 4.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum shall be One Hundred Twenty-eight Thousand Two Hundred Eighty-two Dollars and Zero Cents (\$ 128,282.00), subject to additions and deductions as provided in the Contract Documents.

§ 4.2 The Contract Sum is based upon the following alternates, if any, which are described in the Contract Documents and are hereby accepted by the Owner:

(State the numbers or other identification of accepted alternates. If the bidding or proposal documents permit the Owner to accept other alternates subsequent to the execution of this Agreement, attach a schedule of such other alternates showing the amount for each and the date when that amount expires.)

§ 4.3 Unit prices, if any:

(Identify and state the unit price; state quantity limitations, if any, to which the unit price will be applicable.)

Item

Units and Limitations

Price Per Unit (\$0.00)

§ 4.4 Allowances included in the Contract Sum, if any: (Identify allowance and state exclusions, if any, from the allowance price.)

Item

Price

ARTICLE 5 PAYMENTS § 5.1 PROGRESS PAYMENTS

§ 5.1.1 Based upon Applications for Payment submitted to the Architect by the Contractor and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum to the Contractor as provided below and elsewhere in the Contract Documents.

§ 5.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

§ 5.1.3 Provided that an Application for Payment is received by the Architect not later than the 25th day of a month, the Owner shall make payment of the certified amount to the Contractor not later than the 30 days after application is received day of the month. If an Application for Payment is received by the Architect after the application date fixed above, payment shall be made by the Owner not later than (30) days after the Architect receives the Application for Payment.

(Federal, state or local laws may require payment within a certain period of time.)

§ 5.1.4 Each Application for Payment shall be based on the most recent schedule of values submitted by the Contractor in accordance with the Contract Documents. The schedule of values shall allocate the entire Contract Sum among the various portions of the Work. The schedule of values shall be prepared in such form and supported

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3

by such data to substantiate its accuracy as the Architect may require. This schedule, unless objected to by the Architect, shall be used as a basis for reviewing the Contractor's Applications for Payment.

- § 5.1.5 Applications for Payment shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment.
- § 5.1.6 Subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:
 - .1 Take that portion of the Contract Sum properly allocable to completed Work as determined by multiplying the percentage completion of each portion of the Work by the share of the Contract Sum allocated to that portion of the Work in the schedule of values, less retainage of percent (10 %). Pending final determination of cost to the Owner of changes in the Work, amounts not in dispute shall be included as provided in Section 7.3.9 of AIA Document A201TM—2007, General Conditions of the Contract for Construction;
 - .2 Add that portion of the Contract Sum properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction (or, if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing), less retainage of percent (0 %);
 - .3 Subtract the aggregate of previous payments made by the Owner; and
 - .4 Subtract amounts, if any, for which the Architect has withheld or nullified a Certificate for Payment as provided in Section 9.5 of AIA Document A201–2007.
- § 5.1.7 The progress payment amount determined in accordance with Section 5.1.6 shall be further modified under the following circumstances:
 - .1 Add, upon Substantial Completion of the Work, a sum sufficient to increase the total payments to the full amount of the Contract Sum, less such amounts as the Architect shall determine for incomplete Work, retainage applicable to such work and unsettled claims; and (Section 9.8.5 of AIA Document A201-2007 requires release of applicable retainage upon Substantial Completion of Work with consent of surety, if any.)
 - .2 Add, if final completion of the Work is thereafter materially delayed through no fault of the Contractor, any additional amounts payable in accordance with Section 9.10.3 of AIA Document A201–2007.
- § 5.1.8 Reduction or limitation of retainage, if any, shall be as follows:

(If it is intended, prior to Substantial Completion of the entire Work, to reduce or limit the retainage resulting from the percentages inserted in Sections 5.1.6.1 and 5.1.6.2 above, and this is not explained elsewhere in the Contract Documents, insert here provisions for such reduction or limitation.)

§ 5.1.9 Except with the Owner's prior approval, the Contractor shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site.

§ 5.2 FINAL PAYMENT

- § 5.2.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Contractor when
 - .1 the Contractor has fully performed the Contract except for the Contractor's responsibility to correct Work as provided in Section 12.2.2 of AIA Document A201–2007, and to satisfy other requirements, if any, which extend beyond final payment; and
 - .2 a final Certificate for Payment has been issued by the Architect.

§ 5.2.2 The Owner's final payment to the Contractor shall be made no later than 30 days after the issuance of the Architect's final Certificate for Payment, or as follows:

User Notes:

ARTICLE 6 DISPUTE RESOLUTION § 6.1 INITIAL DECISION MAKER

The Architect will serve as Initial Decision Maker pursuant to Section 15.2 of AIA Document A201–2007, unless the parties appoint below another individual, not a party to this Agreement, to serve as Initial Decision Maker. (If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the Architect.)

§ 6.2 BINDING DISPUTE RESOLUTION

For any Claim subject to, but not resolved by, mediation pursuant to Section 15.3 of AIA Document A201–2007, the method of binding dispute resolution shall be as follows:

(Check the appropriate box. If the Owner and Contractor do not select a method of binding dispute resolution below, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.)

[]	Arbitration pursuant to Section 15.4 of AIA Document A201-2007
[]	X]	Litigation in a court of competent jurisdiction
[]	Other (Specify)

ARTICLE 7 TERMINATION OR SUSPENSION

§ 7.1 The Contract may be terminated by the Owner or the Contractor as provided in Article 14 of AIA Document A201–2007.

§ 7.2 The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201–2007.

ARTICLE 8 MISCELLANEOUS PROVISIONS

§ 8.1 Where reference is made in this Agreement to a provision of AIA Document A201–2007 or another Contract Document, the reference refers to that provision as amended or supplemented by other provisions of the Contract Documents.

§ 8.2 Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located

(Insert rate of interest agreed upon, if any.)

1 %

§ 8.3 The Owner's representative:

(Name, address and other information)

Erin Craig, Ed. D

User Notes:

Telephone Number: 714-642-6624

Email Address: ecraig@unitymchs.org

§ 8.4 The Contractor's representative: (Name, address and other information)

expires on 07/12/2019, and is not for resale

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Init.

1

Glen Padgett

12610 Westminster Avenue, Suite A, Santa Ana, CA 92706

Telephone Number: 714-636-8744

Email Address: Glen@farwestcontractors.com

§ 8.5 Neither the Owner's nor the Contractor's representative shall be changed without ten days written notice to the other party.

§ 8.6 Other provisions:

ARTICLE 9 ENUMERATION OF CONTRACT DOCUMENTS

§ 9.1 The Contract Documents, except for Modifications issued after execution of this Agreement, are enumerated in the sections below.

§ 9.1.1 The Agreement is this executed AIA Document A101–2007, Standard Form of Agreement Between Owner and Contractor.

§ 9.1.2 The General Conditions are AIA Document A201–2007, General Conditions of the Contract for Construction.

§ 9.1.3 The Supplementary and other Conditions of the Contract:

Document Title Date Pages

§ 9.1.4 The Specifications:

(Either list the Specifications here or refer to an exhibit attached to this Agreement.)

Section Title Date Pages

§ 9.1.5 The Drawings:

(Either list the Drawings here or refer to an exhibit attached to this Agreement.) Title of Drawings exhibit: EXHIBIT A

Number Title Date

§ 9.1.6 The Addenda, if any:

Number Date Pages

Portions of Addenda relating to bidding requirements are not part of the Contract Documents unless the bidding requirements are also enumerated in this Article 9.

- § 9.1.7 Additional documents, if any, forming part of the Contract Documents:
 - .1 AIA Document E201TM_2007, Digital Data Protocol Exhibit, if completed by the parties, or the following:

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.2 Other documents, if any, listed below:

(List here any additional documents that are intended to form part of the Contract Documents. AIA Document A201–2007 provides that bidding requirements such as advertisement or invitation to bid, Instructions to Bidders, sample forms and the Contractor's bid are not part of the Contract Documents unless enumerated in this Agreement. They should be listed here only if intended to be part of the Contract Documents.)

ARTICLE 10 INSURANCE AND BONDS

The Contractor shall purchase and maintain insurance and provide bonds as set forth in Article 11 of AIA Document A201–2007.

(State bonding requirements, if any, and limits of liability for insurance required in Article 11 of AIA Document A201–2007.)

Type of insurance or bond

Limit of liability or bond amount (\$0.00)

This Agreement	entered	into as of	the day	and year	first	written	above.
		1	/				

OWNER (Signature)

Erin Craig, Ed. D, Founding Executive Director

(Printed name and title)

CONTRACTOR (Signature)

Stephen Aguilar, President

(Printed name and title)

7

Additions and Deletions Report for

AIA® Document A101™ – 2007

This Additions and Deletions Report, as defined on page 1 of the associated document, reproduces below all text the author has added to the standard form AIA document in order to complete it, as well as any text the author may have added to or deleted from the original AIA text. Added text is shown underlined. Deleted text is indicated with a horizontal line through the original AIA text.

Note: This Additions and Deletions Report is provided for information purposes only and is not incorporated into or constitute any part of the associated AIA document. This Additions and Deletions Report and its associated document were generated simultaneously by AIA software at 16:49:40 on 07/12/2018.

PAGE 1

AGREEMENT made as of the Eleventh day of July in the year Two Thousand Eighteen

Unity Middle College High School Erin Craig 960 North Tustin St., #239 Orange, CA 92867 Telephone Number: 714-642-6624

Far West Contractors Corporation
12610 Westminster Avenue, Suite A, Santa Ana, CA 92706
Telephone Number: 714-636-8744

<u>Unity Middle College High School - 1st Floor Sprinkler System</u>

1937 Chapman Avenue, Orange, CA

Install new sprinkler system throughout the first floor, includes the underground scope of work.

03 Design 2070 Business Center Drive, Suite 220 Telephone Number: 949-757-6996

PAGE 2

The commencement date will be fixed in a notice to proceed.

PAGE 3

The Contractor shall achieve Substantial Completion of the entire Work not later than TBD.

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(3B9ADA2C)

§ 4.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum shall be One Hundred Twenty-eight Thousand Two Hundred Eighty-two Dollars and Zero Cents (\$ 128,282.00), subject to additions and deductions as provided in the Contract Documents.

§ 5.1.3 Provided that an Application for Payment is received by the Architect not later than the 25th day of a month, the Owner shall make payment of the certified amount to the Contractor not later than the 30 days after application is received day of the month. If an Application for Payment is received by the Architect after the application date fixed above, payment shall be made by the Owner not later than (30) days after the Architect receives the Application for Payment.

PAGE 4

- .1 Take that portion of the Contract Sum properly allocable to completed Work as determined by multiplying the percentage completion of each portion of the Work by the share of the Contract Sum allocated to that portion of the Work in the schedule of values, less retainage of percent (10%). Pending final determination of cost to the Owner of changes in the Work, amounts not in dispute shall be included as provided in Section 7.3.9 of AIA Document A201TM—2007, General Conditions of the Contract for Construction;
- .2 Add that portion of the Contract Sum properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction (or, if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing), less retainage of percent (0%);

PAGE 5

[X] Litigation in a court of competent jurisdiction

1%

Erin Craig, Ed. D

Telephone Number: 714-642-6624

Email Address: ecraig@unitymchs.org

PAGE 6

Glen Padgett

12610 Westminster Avenue, Suite A, Santa Ana, CA 92706

Telephone Number: 714-636-8744

Email Address: Glen@farwestcontractors.com

Title of Drawings exhibit: EXHIBIT A

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User Notes:

2

Erin Craig, Ed. D, Founding Executive Director

Stephen Aguilar, President

Certification of Document's Authenticity

AIA® Document D401™ - 2003

I, , hereby certify, to the best of my knowledge, information and belief, that I created the attached final document simultaneously with its associated Additions and Deletions Report and this certification at 16:49:40 on 07/12/2018 under Order No. 8194155397 from AIA Contract Documents software and that in preparing the attached final document I made no changes to the original text of AIA® Document A101TM - 2007, Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum, as published by the AIA in its software, other than those additions and deletions shown in the associated Additions and Deletions Report.

(Signed)				
(Title)	alas dis S			
(Dated)				

EXHIBIT "7"



August 30, 2018

PCO # 1

Project: Unity MCHS Sprinklers

To: Unity MCHS 1937 W. Chapman Avenue Orange, CA 92868

Far West Job #: 18-392

Attn: Erin Craig

Far West Contractors Corp. is submitting the following cost impacts per:

1. Additional costs to provide surveying and engineering of the 2nd floor for new fire spirinkler system.

\$ 5,950.00

Subtotal \$ 5,950.00 Overhead 8% \$476.00 Profit 3% \$192.78 Total \$ 6,619.00

Original Contract Sum:

\$24,783.00

Contract will be INCREASED by this Change Order: \$

6,619.00

Contract Time Will Increase By: (Working Days)

0

Unity MCHS

1937 W. Chapman Avenue Orange, CA 92868 Far West Contractors Corp.

12610 Westminster Avenue, Suite A Santa Ana, CA 92706

Katie Peale

8/30/18

Erin Craig

Date

Katie Peale

Date

EXHIBIT "8"

RECORDING REQUESTED BY Far West Contractors Corp. WHEN RECORDED MAIL TO

Far West Contractor Corp. 12610 Westminster Ave. Suite A Santa Ana, Ca 92706 Recorded in Official Records, Orange County Hugh Nguyen, Clerk-Recorder

* \$ R 0 0 1 0 5 4 2 7 3 4 \$ * *

2018000475694 1:55 pm 12/20/18

227 415 M09 2

0.00 0.00 0.00 0.00 3.00 0.00 0.000.0075.00 3.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

Mechanics' Lien

(Claim of Lien) (To be recorded in the county recorder's office in the county in which the property is located.) NOTICE IS HEREBY GIVEN: That __Far West Contractors Corp. as claimant claims a lien for labor, service, equipment, or materials under Section 8000 et Seq. of the Civil Code of the State of California, upon the premises hereinafter described, and upon every estate or interest in such structures, improvements and premises held by any party holding any estate therein. Said labor, service, equipment or materials were furnished for the construction of those certain buildings, improvements, or structures, now upon that certain parcel of land situated in the County of State of California, said land described as follows: STREET ADDRESS: 1937 W Chapman Ave. Orange, CA 92868 LEGAL DESCRIPTION: Unity Middle College High School, 1937 W Chapman Ave. Orange, CA 92868 Said lien is claimed for the following labor, services, equipment or materials: (describe labor, services, equipment, or materials in detail) Provide new fire sprinkler system throughout the building. Amount due after deducting all just credits and offsets...\$ 134,901.00 The name of the person or company by whom claimant was employed or to whom claimant furnished labor, services, equipment, or materials is: Unity Middle College High School, 1st floor Sprinkler - Erin Craig That 2000 Chapman, Inc.-1937 W Chapman Ave., Suite 100, Orange, CA 92868 is/are the reputed owner(s) of said building and/or premises, or some interest therein. DATED: December 20,2018 Name of Claimant: Far Wes quilar-President **VERIFICATION**

I, the undersigned, certify that I am the <u>President</u> of the claimant named in the foregoing Mechanics' Lien, and that I am informed and believe the facts herein to be true, and, on that ground, allege that the facts stated in the foregoing Mechanics' Lien are true.

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on 12/20/18 , in the City of Santa Ana , State of California

Marie A. Its Agent



NOTICE OF MECHANICS LIEN ATTENTION!

Upon the recording of the enclosed MECHANICS LIEN with the county recorder's office of the county where the property is located, your property is subject to the filing of a legal action seeking a court-ordered foreclosure sale of the real property on which the lien has been recorded. That legal action must be filed with the court no later than 90 days after the date the mechanics lien is recorded.

The party identified in the mechanics lien may have provided labor or materials for improvements to your property and may not have been paid for these items. You are receiving this notice because it is a required step in filing a mechanics lien foreclosure action against your property. The foreclosure action will seek a sale of your property in order to pay for unpaid labor, materials, or improvements provided to your property. This may affect your ability to borrow against, refinance, or sell the property until the mechanics lien is released.

BECAUSE THE LIEN AFFECTS YOUR PROPERTY, YOU MAY WISH TO SPEAK WITH YOUR CONTRACTOR IMMEDIATELY, OR CONTACT AN ATTORNEY, OR FOR MORE INFORMATION ON MECHANICS LIENS GO TO THE CONTRACTORS' STATE LICENSE BOARD WEB SITE AT www.csib.ca.gov.

PROOF OF SERVICE AFFIDAVIT
California Civil Code section 8416(a)(7) and (c)

AFFIDAVIT FOR SERVICE ON THE OWNER

California Civil Code Section 8416 (a)(7) and (c)(1)

Stephen Aguilar	(name), declare that I served a co	opy of this
Mechanics' Lien and Notice of Mechanics'	Lien by registered mail, certified r	nail, or
first-class mail, evidenced by a certificate	of mailing, postage prepaid, addre	ssed to the
owner(s) or reputed owner(s) of the prope	rty:	
Name and title of person or entity served:	2000 Chapman Inc.	
Service Address: 1937 W Chapman Ave., Suit	e 100, Orange, CA 92868	
Said service address is the owner's reside	ence, place of business, or addres	s shown by
the building permit on file with the permitti	ng authority for the work.	
Executed on December 20, 2018	, at Santa Ana,	<u>CA</u>
By: Mulei		



March 8, 2019

Via electronic mail (ecraig@unitymchs.org) and U.S. Mail

ORANGE COUNTY DEPARTMENT OF EDUCATION

200 KALMUS DRIVE P.O. BOX 9050 COSTA MESA, CA 92628-9050

> (714) 966-4000 FAX (714) 432-1916 www.ocde.us

AL MIJARES, Ph.D. County Superintendent of Schools Erin Craig, Ed.D., Executive Director Unity Middle College High School 1937 W. Chapman Ave. Orange, CA 92868

Re: Notice of Concern - Meeting Financial Obligations

Dear Dr. Craig:

The purpose of this notice is to memorialize the ongoing concern Orange County Department of Education (OCDE) Charter Schools staff have that Unity Middle College High School (UMCHS) will not have enough money to meet its financial obligations for the 2018-19 school year. This concern was initially expressed in Notices on July 31, 2018, August 24, 2018, September 13, 2018 and September 28, 2018. Additionally, it is this concern that led to letters on December 18, 2018 and February 12, 2019 requesting financial information from the school. Furthermore, in addition to concern regarding the fiscal solvency of the school, OCDE is concerned that the UMCHS Board does not receive a complete financial package to review monthly, which should include credit card statements, warrant reports, budget analysis and an updated cash flow. The lack of financial information shared with UMCHS Board Members, hinders the board's ability to ask detailed questions or make informed financial decisions on behalf of the school.

We are requesting the following information:

- Warrant reports for the fiscal year to date
- Updated cash flow showing actuals from July 2018-February 2019
- Plan for meeting all financial obligations for the remainder of the 2018-19 school year including but not limited to: contractor payments, payroll, CalSTRS & PERS, vendor payments and any outstanding loans due this year

Please provide the requested documents on or before March 26, 2019, 12:00 p.m.

ORANGE COUNTY BOARD OF EDUCATION

MARI BARKE

JOHN W. BEDELL, PH.D.

REBECCA "BECKIE" GOMEZ

LISA SPARKS, PH.D.

KEN L. WILLIAMS, D.O.

If you have any questions, contact Teresa Johnson at <u>tjohnson@ocde.us</u> or 714-966-4071.

Sincerely,

Teresa H. Johnson

Coordinator, Charter Schools Unit

c. Kelly Gaughran, Director, Charter Schools Unit

UNITY SCHOOLS SOCAL

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2018

A NONPROFIT PUBLIC BENEFIT CORPORATION OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL

Unity Middle College High (Charter No. 1800)

San Diego
Los Angeles
San Francisco
Bay Area



FINANCIAL SECTION

Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	
Notes to Financial Statements	7
SUPPLEMENTARY INFORMATION SECTION	
Charter Organizational Structure	15
Schedule of Average Daily Attendance	16
Schedule of Instructional Time	
Reconciliation of Financial Report – Alternative Form with Audited Financial Statements	18
Notes to the Supplementary Information	19
OTHER INDEPENDENT AUDITORS' REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based o	n an Audit of
Financial Statements Performed in Accordance with Government Auditing Standards	20
Report on State Compliance	22
FINDINGS AND QUESTIONED COSTS SECTION	
Summary of Auditors' Results	
Financial Statement Findings	25
State Award Findings and Questioned Costs	
Summary Schedule of Prior Audit Findings and Questioned Costs	27

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Unity Schools SoCal Orange, California

Report on the Financial Statements

We have audited the accompanying financial statements of Unity Schools SoCal (the "Charter" operating as Unity Middle College High) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO LOS ANGELES SAN FRANCISCO/BAY AREA

> Corporate Office: 348 Olive Street San Diego, CA 92103

toll-free: 877.220.7229 tel: 619.270.8222 fax: 619.260.9085 www.christywhite.com

Licensed by the California
State Board of Accountancy

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Unity Middle College High as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Unity Middle College High taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

Christy White Ossociates

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2018, on our consideration of the Charter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter's internal control over financial reporting and compliance.

San Diego, California December 15, 2018

UNITY SCHOOLS SOCAL STATEMENT OF FINANCIAL POSITION JUNE 30, 2018

Current assets	
Cash and cash equivalents	\$ 370,189
Accounts receivable	133,947
Prepaid expenses	42,515
Security deposits	41,000
Total current assets	587,651
Capital assets	
Property and equipment	70,116
Less accumulated depreciation	(14,388)
Capital assets, net	55,728
Total Assets	\$ 643,379
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ 100,746
Deferred revenue	339,097
Loans payable	 350,000
Total liabilities	789,843
Net assets	
Unrestricted	(146,464)
Total net assets	(146,464)
Total Liabilities and Net Assets	

SUPPORT AND REVENUES	
Federal and state support and revenues	
Local control funding formula, state aid	\$ 146,977
Federal revenues	223,549
Other state revenues	 84,974
Total federal and state support and revenues	455,500
Local support and revenues	
Payments in lieu of property taxes	231,732
Grants and donations	120,828
Other local revenues	 6,721
Total local support and revenues	359,281
Total Support and Revenues	814,781
EXPENSES	
Program services	740,673
Management and general	 180,958
Total Expenses	921,631
CHANGE IN NET ASSETS	(106,850)
Net Assets - Beginning	(52,374)
Prior period restatement	 12,760
Net Assets - Beginning, as restated	 (39,614)
Net Assets - Ending	\$ (146,464)

UNITY SCHOOLS SOCAL STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2018

	Program		Management			
	Services		and General		Total	
EXPENSES						_
Personnel expenses						
Certificated salaries	\$	219,588	\$	-	\$	219,588
Non-certificated salaries		75,778		-		75,778
Deferred compensation		25,098		-		25,098
Payroll taxes		16,345		-		16,345
Other employee benefits		43,161		-		43,161
Total personnel expenses		379,970		-		379,970
Non-personnel expenses						
Books and supplies		77,802		52,342		130,144
Insurance		-		13,197		13,197
Facilities		70,000		29,602		99,602
Professional services		175,036		30,784		205,820
Depreciation		-		14,388		14,388
Payments to authorizing agency		-		4,389		4,389
Other operating expenses		37,865		36,256		74,121
Total non-personnel expenses		360,703		180,958		541,661
Total Expenses	\$	740,673	\$	180,958	\$	921,631

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (106,850)
Adjustments to reconcile change in net assets to net cash	
provided by (used in) operating activities	
Depreciation	14,388
(Increase) decrease in operating assets	
Accounts receivable	(30,780)
Prepaid expenses	(7,356)
Security deposits	(23,000)
Increase (decrease) in operating liabilities	
Accounts payable	27,605
Deferred revenue	339,097
Net cash provided by (used in) operating activities	213,104
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of capital assets	 (70,116)
Net cash provided by (used in) investing activities	 (70,116)
CASH FLOWS FROM FINANCING ACTIVITIES	
Draws on loans payable	550,000
Principal payments on loans payable	(350,000)
Net cash provided by (used in) financing activities	200,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	342,988
Cash and cash equivalents - Beginning	27,201
Cash and cash equivalents - Ending	\$ 370,189
SUPPLEMENTAL DISCLOSURE	
Cash paid for interest	\$ 16,308

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Unity Schools SoCal (the "Charter") was formed as a nonprofit public benefit corporation on February 20, 2015 for the purpose of operating Unity Middle College High, a California public school located in Orange County. The Charter was numbered by the State Board of Education in May 2016 as California Charter No. 1800. Unity Middle College High is dedicated to providing each student a personalized blend of high school and college courses in a career pathway of interest and talent. From 9th through 12th grade, all students have ongoing opportunities to experience both depth and complexity in a variety of situations in academia and in the workplace. The year ended June 30, 2018 was the first year of school operation for Unity Middle College High.

Unity Middle College High is authorized to operate as a charter school through the Orange County Department of Education (the "authorizing agency"). In August 2015, the Orange County Board of Education approved a charter petition for the Charter after the petition was initially denied by Orange Unified School District. Funding sources primarily consisted of state apportionments, in lieu of property tax revenues, federal Title V Public Charter School Grant Program funding and grants and donations from the public for the Charter's initial year.

B. Basis of Accounting

The Charter's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

C. Financial Statement Presentation

Unity Schools SoCal is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets include all resources available for use by the Board of Directors and management's discretion in carrying out the activities of the organization in accordance with its Bylaws. Temporarily or permanently restricted net assets are only expendable for the purposes specified by the donor or through the passage of time. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets. Permanently restricted net assets are generally required to be held by the organization in perpetuity while the earnings on those assets are available for use by the organization to support operations. Donors can place restrictions on the earnings from permanently restricted contributions at the time the contributions are made or pledged. Fund accounting is not used in the Charter's financial statement presentation.

D. <u>Estimates</u>

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

E. <u>Functional Expenses</u>

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs and expenses have been allocated between program and supporting services based on management's estimates.

F. Contributions

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

G. In Lieu of Property Taxes Revenue

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes payments to Unity Middle College High. Revenues are recognized by the Charter when earned.

H. Cash and Investments

Unity Schools SoCal considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents. The Charter's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities.

I. Receivables and Allowances

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2018, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

8

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets

Unity Schools SoCal has adopted a policy to capitalize asset purchases over \$2,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose or is requiring the Charter to hold the asset for a specified period of time. Capital assets are depreciated using the straight-line method.

K. Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

L. Income Taxes

Unity Middle College High is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Charter is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a school, the Charter is not required to register with the California Attorney General as a charity.

The Charter's management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Charter's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

M. Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

N. New Accounting Pronouncements

Not-for-Profit Financial Reporting Model Standard

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (*Topic 958*): *Presentation of Financial Statements of Not-for Profit Entities* whereby significant changes were proposed in seven areas: net asset classes, liquidity and availability of resources, classification and disclosure of underwater endowment funds, expense reporting, statement of cash flows, investment return, and release of restrictions on capital assets. The amendments in ASU No. 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Charter will determine the impact on the financial statements once implemented in the 2018-19 fiscal year.

Revenue Recognition

In May 2014, the International Accounting Standards Board (IASB) and FASB issued a joint accounting standard on revenue recognition to address a number of concerns regarding the complexity and lack of consistency surrounding the accounting for revenue transactions. Consistent with each board's policy, FASB and IASB issued new reporting standards on revenue recognition. FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance in FASB ASU No. 2014-09 provides a framework for revenue recognition and supersedes or amends several of the revenue recognition requirements in FASB ASC 605 *Revenue Recognition*. The guidance was originally effective for public entities for the fiscal year beginning after December 15, 2016. In August 2015, FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*: Deferral of the Effective Date, to allow entities additional time to implement systems, gather data, and resolve implementation questions. The new requirements are to be applied to fiscal years beginning after December 15, 2017. The Charter will determine the impact on the financial statements once implemented in the 2018-19 fiscal year.

Leases

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease and is effective for public business entities for fiscal years beginning after December 15, 2018. The Charter will determine the impact on the financial statements once implemented in the 2019-20 fiscal year.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2018, consist of \$370,189 held in a non-interest bearing bank account.

Cash in Banks - Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. Unity Schools SoCal does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2018, \$123,591 of the Charter's bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at Wells Fargo Bank.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018, consists of the following:

Federal sources	\$ 42,587
Other state sources	41,360
Other local sources	50,000
Total Accounts Receivable	\$ 133,947

NOTE 4 – CAPITAL ASSETS

Capital assets as of June 30, 2018 consist of the following:

Property and equipment	
Computer equipment	\$ 38,479
Vehicle	13,210
Construction in progress	18,427
Total property and equipment	70,116
Less accumulated depreciation	(14,388)
Capital Assets, net	\$ 55,728

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2018, consists of the following:

Accrued payroll liabilities	\$ 28,018
Due to other charter schools	25,070
Credit card liability	4,033
Vendor payables	43,625
Total Accounts Payable	\$ 100,746

NOTE 6 – LOANS PAYABLE

Loans payable activity during the year ended June 30, 2018, consists of the following:

	В	alance					Balance
	July	y 1, 2017	Draws	F	ayments	Jur	ne 30, 2018
Sale of receivables	\$	150,000	\$ -	\$	150,000	\$	-
Charter revolving loan		-	250,000		50,000		200,000
Foundation loan		-	300,000		150,000		150,000
Total Loans Payable	\$	150,000	\$ 550,000	\$	350,000	\$	350,000

NOTE 6 - LOANS PAYABLE (continued)

Sale of Receivables

In May 2017, the Charter entered into a receivable purchase agreement with Charter Asset Management Fund, LP (the "purchaser" or "CAM") for short-term borrowings. The purpose was to aid in cash flow for charter school start-up costs. In return for receiving advanced funds, the Charter granted title and interest to future state apportionment revenues to the purchaser. The transfers from the purchaser to the Charter were considered loans secured by future receivables due to Unity Middle College High. The total amount borrowed amounted to \$150,000 and repayment was made in October 2017. The repayment included this amount in addition to admin fees and a discount or interest expense of \$12,760. As of June 30, 2018, there was no amount outstanding attributed to sale of receivables.

Charter Revolving Loan

In May 2017, the Charter entered into a loan agreement to borrow \$250,000 through the Charter Revolving Loan Fund Program administered by the California School Finance Authority (CSFA). The funds were disbursed to the Charter in July 2017. The loan is to be repaid over a five-year period commencing from the first payment date. The revolving note bears an annualized interest rate equal to the "prime rate" as of the date of disbursement. During the fiscal year ended June 30, 2018, the Charter made payments of \$52,080, which included \$50,000 of principal and \$2,080 of interest expense. As of June 30, 2018, the outstanding balance on the loan was \$200,000. Repayment obligations on the above referenced debt include annual payments of \$50,000 due in fiscal years 2018-19 through 2020-22.

Foundation Loan

In July 2017, the Charter entered into a loan agreement with the Orange County Community Foundation (the "Foundation"). A portion of the loan was secured by income received from local control funding formula sources. Repayment of the loan is to be made on or before June 30, 2019 plus accumulated interest. A total of \$300,000 was loaned to the Charter by the Foundation in July 2017. In October 2017, \$150,000 of the loan was repaid leaving a remaining balance of \$150,000 payable as of June 30, 2018.

NOTE 7 – NET ASSETS

Prior Period Restatement

Beginning net assets was restated by \$12,760 to account for interest and admin fees from CAM loans payable. The restatement has increased beginning net assets of \$(52,374) as originally stated to \$(39,614).

Unrestricted Net Assets

At June 30, 2018, unrestricted net assets consisted of \$(146,464), which is categorized as \$55,728 attributed to the net investment in capital assets and \$(202,194) as undesignated.

Negative Net Assets

Ending net assets resulted in a deficit of \$146,464 due to expected deficit spending in the Charter's first year of school operation. As a result of one-time start-up costs, the Charter's total expenditures exceeded total revenue for the fiscal year. The Charter has secured short-term borrowings to aid in cash flow concerns and has plans to reduce operating costs in Year 2 of school operation in order to end with a surplus. The Charter is expected to improve its financial position in future periods.

NOTE 8 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code* 47605, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Charter has made such election. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS). The Charter also offers social security as an alternative plan to all employees who do not qualify for the CalSTRS retirement plans.

California State Teachers' Retirement System (CalSTRS)

Plan Description

Unity Middle College High contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 10.25% or 9.205% of their 2017-18 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2017-18 was 14.43% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter's contributions to CalSTRS were \$25,098 for the fiscal year ended June 30, 2018.

On-Behalf Payments

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California; however, as Unity Middle College High was not yet in operation during 2016-17, no on-behalf payments were made during 2017-18. Unity Middle College High will become eligible to receive on-behalf payments beginning in 2018-19.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Governmental Funds

Unity Middle College High has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

Operating Leases

On October 26, 2016, Unity Middle College High entered into a lease agreement for the church and school facility located at 1310 East Lincoln Avenue in Orange California. The agreement covers a one-year term commencing July 1, 2017 and ending June 30, 2018. The agreement calls for a security deposit of \$11,000, which the Charter had paid and has recorded as a current asset on the statement of financial position. During the fiscal year ended June 30, 2018, the Charter made \$70,000 in rental payments associated with the lease.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)

Operating Leases (continued)

On April 4, 2018, the Charter entered into a lease agreement to occupy space located at 1937 West Chapman Avenue, Suite 110 in Orange, California. The agreement covers a three-year term commencing on July 1, 2018 and ending June 30, 2021. The agreement called for a security deposit of \$24,000, which the Charter has recorded as asset on the statement of financial position. In June 2018, the Orange County Department of Education approved a facility request for the Charter to occupy the leased property. Future minimum lease payments amount to \$94,860 per year for the years ending June 30, 2019 through 2021.

In January 2017, the Charter entered into a lease agreement for mobile modular buildings to be placed at a future school site. The contract covers a 24-month term and a required security deposit of \$14,000. The contracted charges included a one-time delivery set-up fee of \$20,347 and monthly rental payments of \$3,213 beginning in June 2017.

NOTE 10 – DONATED MATERIALS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to Unity Middle College High in an effort to advance the Charter's programs and objectives. These services have not been recorded in the Charter's financial statements because they do not meet the criteria required by generally accepted accounting principles.

NOTE 11 - RELATED PARTY TRANSACTIONS

Authorizing Agency

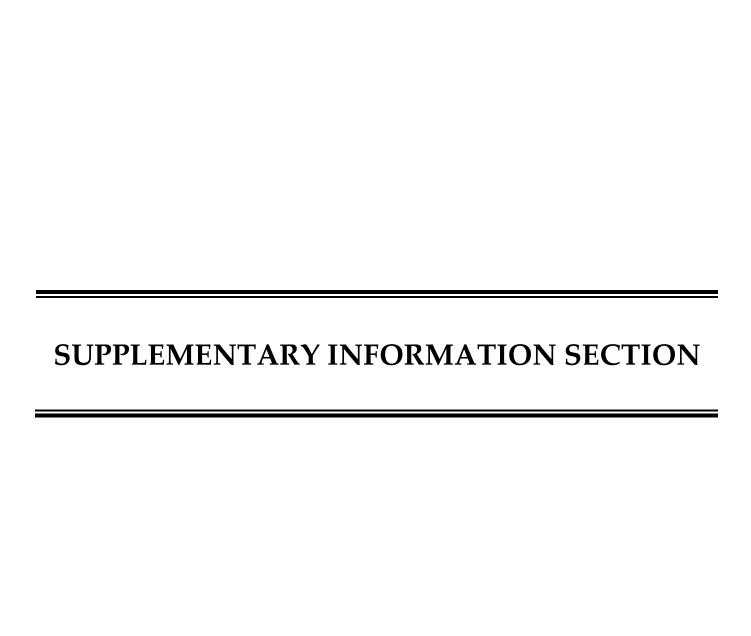
The Charter makes payments to the authorizing agency, Orange County Department of Education, to provide required services for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees payable to the authorizing agency for oversight fees amounted to \$4,389 for the fiscal year ending June 30, 2018.

Affiliate Organization

During the fiscal year ended June 30, 2018, the Unity Schools SoCal partnered with Unity Schools for administrative services and back-office support. The relationship between the Charter and Unity Schools is such that Unity Schools is not financially inter-related to the Charter for financial reporting purposes.

NOTE 12 – SUBSEQUENT EVENTS

Unity Middle College High has evaluated subsequent events for the period from June 30, 2018 through December 15, 2018, the date the financial statements were available to be issued. In November 2018, the Charter entered into a factoring agreement with CAM for the sale of receivables amounting the \$175,000. The agreement is to aid in short-term cash flow needs. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.



UNITY SCHOOLS SOCAL CHARTER ORGANIZATIONAL STRUCTURE JUNE 30, 2018

Unity Middle College High, located in Orange County, was formed as a nonprofit public benefit corporation under the name Unity Schools SoCal on February 20, 2015 and numbered by the State Board of Education in May 2016 and Charter No. 1800. The Charter is authorized to operate as a charter school by the Orange County Department of Education. Classes began in August 2017 for students in grades 9 and 10.

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Name	Office	Term Expiration
Dennis Eastman, Ph.D.	Chairman	June 2019
Mike Krier	Chief Financial Officer	June 2019
Denise Bailey, Ph.D.	Secretary	June 2019
Barbara Illowsky, Ph.D.	Director	June 2019
Natalie Reider	Director	June 2019

ADMINISTRATION

Erin M. Craig, Ed.D. *Executive Director*

William Grey *Principal*

UNITY SCHOOLS SOCAL SCHEDULE OF AVERAGE DAILY ATENDANCE FOR THE YEAR ENDED JUNE 30, 2018

	Second Period	
	Report	Annual Report
Certificate No.	15264157	F704A848
Classroom-Based	_	
Grade Span		
Nine through twelfth	40.87	40.54
Total Classroom-Based	40.87	40.54
Nonclassroom-Based		
Grade Span		
Nine through twelfth	0.26	0.20
Total Nonclassroom-Based	0.26	0.20
Total Average Daily Attendance (ADA)	41.13	40.74

		Number of Days		
	Minutes	2017-18	Traditional	
Grade Span	Requirement	Actual Minutes	Calendar	Status
Grades 9 through 12	64,800	66,895	180	Complied

UNITY SCHOOLS SOCAL RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS JUNE 30, 2018

June 30, 2018, fund balance/net position on Financial Report -		
Alternative Form (Charter School Unaudited Actuals)		(141,944)
Adjustments:		
Increase (decrease) in total net assets:		
Overstatement of depreciation expense		2,172
Overstatement of employee benefits expense		2,537
Overstatement of books and supplies expense		36,559
Overstatement of other operating expenses		8,824
Overstatement of other local revenues		(52,532)
Reclass loan repayment to interest expense		(2,080)
Net adjustments		(4,520)
June 30, 2018, net assets per audited financial statements	\$	(146,464)

NOTE 1 – PURPOSE OF SCHEDULES

A. Charter Organizational Structure

This schedule provides information about the Charter's authorizing agency, grades served, members of the governing body, and members of the administration.

B. Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the charter school. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

C. Schedule of Instructional Time

Unity Middle College High receives, as part of their local control funding formula sources, incentive funding for maintaining instructional time. This schedule presents information on the amount of instructional time offered by the Unity Middle College High and whether the Charter complied with the provisions of *Education Code Section* 46200 through 46208.

D. Reconciliation of Financial Report - Alternative Form with Audited Financial Statements

This schedule provides the information necessary to reconcile fund balance reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets on the audited financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditors' Report

To the Board of Directors of Unity Schools SoCal Orange, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Unity Schools SoCal (the "Charter") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated December 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter's internal control over financial reporting ("internal control") to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying findings and questioned costs section that we consider to be a significant deficiency as Finding 2018-001.

Christy White, CPA
Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

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LOS ANGELES
SAN FRANCISCO/BAY AREA

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Unity Schools SoCal's Response to the Findings

Christy White Ossociates

Unity Schools SoCal's response to the finding identified in our audit is described in the accompanying findings and questioned costs section as the corrective action plan. The Charter's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Diego, California December 15, 2018



REPORT ON STATE COMPLIANCE

Independent Auditors' Report

To the Board of Directors of Unity Schools SoCal Orange, California

Report on State Compliance

We have audited Unity Schools SoCal's compliance with the types of compliance requirements described in the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of Unity Middle College High's state programs for the fiscal year ended June 30, 2018, as identified below. Reference to Unity Schools SoCal within this letter is inclusive of Unity Middle College High (No. 1800).

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Unity Middle College High's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, prescribed in Title 5, California Code of Regulations, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about Unity Middle College High's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Unity Middle College High's compliance with those requirements.

Opinion on State Compliance

In our opinion, Unity Middle College High complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2018.

Christy White, CPA

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying findings and questioned costs section as Finding 2018-002. Our opinion on state compliance is not modified with respect to this matter.

Unity Schools SoCal's response to the noncompliance finding identified in our audit is described in the accompanying findings and questioned costs section as the corrective action plan. Unity Schools SoCal's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Unity Middle College High's compliance with the state laws and regulations applicable to the following items:

	Procedures
Description	Performed
School Districts, County Offices of Education and Charter Schools	
Educator Effectiveness	Not applicable*
California Clean Energy Jobs Act	Not applicable*
After/Before School Education and Safety Program:	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not applicable
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for	
Charter Schools	No
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable

^{*}Educator Effectiveness and California Clean Energy Jobs Act were not applicable because the Charter was in the first year of operation and was not eligible for program funding.

We did not perform testing of Nonclassroom-Based Instruction/Independent Study because average daily attendance was not material for this program.

San Diego, California December 15, 2018

Christy White Ossociates

FINDINGS AND QUESTIONED COSTS SECTION

Financial Statements	
Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered	
to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	None
Federal Awards The Charter did not expend more than \$750,000 in federal awards; therefore, a Federal Single Audit under OMB Uniform Grant Guidance is not applicable.	
State Awards	
Internal control over state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered	
to be material weaknesses?	Yes
Type of auditors' report issued on compliance for	
state programs: Unmod	

FIVE DIGIT CODE

AB 3627 FINDING TYPE

20000 30000 Inventory of Equipment Internal Control

FINDING 2018-001: INTERNAL CONTROLS OVER CASH DISBURSEMENTS (30000)

Criteria: Proper internal controls over cash disbursements include procedures to ensure that all payments disbursed are for appropriate business purposes. For proper review and approval, all disbursements should be supported by approval documentation prior to incurring the expense and be accompanied by an original vendor invoice. Requests for reimbursements should be completed, approved by appropriate personnel, and include original itemized receipts. Additionally, expenditures paid by credit card transactions should be supported by an original itemized receipt with credit card statements reconciled to such receipts on a timely basis.

Condition: Inadequate internal controls were noted during our testing over cash disbursements, including credit card transactions. No purchase requisitions, purchase orders or other approval system is in place to clearly document the pre-approval of expenses prior to incurring the expense. An expense is incurred when the Charter is liable to pay for the goods or services. No credit card policy is established for the credit cardholder to clearly outline the appropriate use or the proper procedures for credit statement reconciliation or missing receipts. Additional information is as follows:

- From a sample of twenty-five (25) payments, no support was provided for six (6) items.
- No purchase orders or requisitions existed. There was no indication of pre-approval through the use of a contract, board approval or other documentation for four (4) payments.
- There was one inappropriate purchase of alcohol within a fundraiser catering order.

Cause: The procurement policies within the fiscal policies manual were not implemented and adhered to.

Effect: Potential for inappropriate use or unapproved use of Charter funds and errors in accounting records related to expenditures.

Recommendation: We recommend that approved fiscal policies be implemented and monitored by management and/or the Board. As mentioned in the fiscal policies, a purchase order or requisition should be utilized for indication of pre-approval. We recommend that the fiscal policies be updated to include procedures for reimbursements.

Additionally, we recommend that a credit card policy be established to clearly outline the agreement of the Charter and the cardholder regarding the appropriate use of the credit card, any limitations or exclusions (gas, gift cards, etc.), as well as the process for missing receipts (use of an affidavit, etc.).

Corrective Action Plan: Documentation such as invoices and other payment support for Unity Middle High School was directed to the prior back-office provider, Unity Schools. The documentation provided for audit from Unity Schools may not be as detailed as the original information provided by Unity Middle College High due to lack of accuracy, file organization or follow through. In November 2018, we contracted with a new back office provider, ICON School Management, to provide business services. We have approved more clear and controlled internal procedures and have approved new and improved fiscal policies. Finally, we plan to revise the fiscal policies to include reimbursements and additional information for adequate record retention and approval documentation.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING 2018-002: ATTENDANCE REPORTING (10000)

Criteria: In accordance with California Education Code Section 47612.5(a)(2), a charter school shall, as a condition of apportionment, maintain written contemporaneous records that document all pupil attendance and make these records available for audit and inspection. Beginning in 2009-10, the California Department of Education (CDE) allowed for school districts and county offices to replace manual teacher signatures with digital signatures or other electronic certification processes if certain criteria was met and approval was granted; however, this approval does not currently extend to charter schools.

Condition: Based on inquiry and observation, no physical records of attendance have been generated from the attendance accounting software for timely review and approval by the certificated personnel who initially recorded the attendance data within the system. Additional audit procedures over absence and tardy notes were performed and reported attendance was deemed verifiable despite the absence of contemporaneous signed teacher rosters.

Effect: The Charter is not in compliance with State requirements regarding attendance reporting and record retention. Errors or anomalies in system information could go unnoticed without timely review of submitted data.

Cause: Records to support contemporaneous origination data of student attendance are maintained electronically and not reviewed after initial submission within the attendance accounting system.

ADA Impact: None. As mentioned under the "condition" section, additional audit procedures were performed and reported ADA was deemed accurate as reported.

Questioned Cost: None

Recommendation: It is recommended that physical contemporaneous records be maintained. Pupil attendance records should include teachers signing and dating timely printouts of electronica attendance data previously entered into the attendance system. Additionally, procedures over revisions to system information should be established to include proper communication to personnel generating system information for attendance reporting purposes as well as prevent untimely edits to system information.

Corrective Action Plan: The Charter will begin a process by which teachers print and sign attendance records from the attendance accounting software and provide the certified copies to the administrative office for adequate review and storage of written contemporaneous records on attendance.

UNITY SCHOOLS SOCAL SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

An audit was not conducted in 2016-17. 2017-18 was the Charter's first year of operation.