



REGULAR MEETING
June 6, 2018
10:00 a.m.
Board Room
200 Kalmus Drive, Costa Mesa, CA

ORANGE COUNTY BOARD OF EDUCATION
AGENDA

WELCOME

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.

PLEDGE OF ALLEGIANCE

Dennis Roberson, Chief, Special Education Services

ROLL CALL

INTRODUCTIONS

(*)AGENDA

Regular Meeting of June 6, 2018 - adoption

(*)MINUTES

Regular Meeting of May 9, 2018 – approval

TIME CERTAIN

1. Special Presentation and Reception – Renee Hendrick, Associate Superintendent, Administrative Services will facilitate the recognition of OCDE Employees of the Month for 2017-2018; Employees with 25 Years of Service or more, Academic Achievement, and 2017-2018 Retirees.
2. Special Awards Presentations & Reception – Dr. Bedell, Board President, will facilitate the presentation of awards to the Fourth Annual Jack R. Hammett Memorial Day Essay Contest participants and winners.
- (*) 3. Local Control and Accountability Plan (LCAP) – Jeff Hittenberger, Ph.D., Chief Academic Officer; Dennis Roberson, Chief, Special Education Services; Laura Strachan, Assistant Superintendent, Alternative Education, will conduct the presentation regarding LCAP for the Orange County Department of Education.
4. Public Hearing – Dennis Roberson, Chief, Special Education Services, will conduct a public hearing regarding the Orange County Department of Education Local Control and Accountability Plan (LCAP).

(*)

5. Local Control and Accountability Plan (LCAP) – Laura Strachan, Assistant Superintendent, Alternative Education, and Dave Connor, Principal will conduct the presentation regarding LCAP for the College and Career Preparatory Academy.

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

(*)

7. Budget Presentation – Renee Hendrick, Associate Superintendent, will conduct the presentation regarding the Orange County Department of Education budget for 2018-19 fiscal year.

8. Public Hearing - Renee Hendrick, Associate Superintendent will conduct a public hearing regarding the Orange County Department of Education budget for 2018-2019 fiscal year.

INFORMATION ITEMS

BOARD DISCUSSION ITEMS

-Allen Bill - EC 48204 (Bedell)

-Health Education Network Meeting Overview April 26, 2018 (Williams)

-Trustee governing board responsibilities, obligations and duties (Williams)

-Board Policy 100-17: Public Presentations (Bedell)

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

(30 minutes)

Board Lunch Break

CONSENT CALENDAR

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

BOARD RECOMMENDATIONS

- (*) 10. Resolution #14-18: AB 329 (Williams)

TIME CERTAIN (continue)

11. Public Hearing/ Charter School Material Revision – USC College Prep – Teresa Johnson, Coordinator Charter Schools, will facilitate the public hearing.

Discussion Format:
USC College Prep (15 minutes)
District Response (15 minutes)
Public Comments (30 minutes)
Board Questions

12. Public Hearing/ Charter School Material Revision – Vista Heritage - Aracely Chastain, Coordinator Charter Schools, will facilitate the public hearing.

Discussion Format:
Vista Heritage Charter Middle School (15 minutes)
District Response (15 minutes)
Public Comments (30 minutes)
Board Questions

STAFF RECOMMENDATIONS

- (*) 13. Approve the seventh triennial review of the Countywide Expulsion Plan providing educational services for all expelled students, due to the California Department of Education by June 30, 2018.
- (*) 14. Approve Resolution #13-18 regarding the Education Protection Account Proposed Expenditures.
- (*) 15. Request to the Board to take action on Unity Middle College High School lease of facility request for property located at 1937 W. Chapman Avenue, Orange, 92868.

- (*) 16. Request the Board designate the Associate Superintendent to negotiate an amended Agreement on behalf of OCBE, which will be presented to the Board for approval.

TIME CERTAIN (continue)

17. Inter-district Appeal Hearing (closed) – Student #06062018002I – Saddleback Valley Unified School District to Irvine Unified School District
18. Inter-district Appeal Hearing (closed) – Student #06062018003I – Placentia-Yorba Linda Unified School District to Fullerton Joint Union High School District

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Anaheim Union High School District and Anaheim Elementary School District v. Orange County Board of Education and Orange County Department of Education, Case No. 30-2016-00891539-CU-PT-CJC
Government Code section 54956.9(a)

PUBLIC COMMENTS (15 minutes)

ADJOURNMENT

Nina Boyd
Assistant Secretary, Board of Education

Next Regular Board Meeting: Wednesday, June 20, 2018 at 10:00 a.m. 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
May 9, 2018

ORANGE COUNTY BOARD OF EDUCATION
MINUTES

CALL TO ORDER

The Regular Meeting of the Orange County Board of Education was called to order by President Bedell at 9:03 a.m., May 9, 2018 in the Board Room, 200 Kalmus Drive, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

Christine Olmstead, Associate Superintendent, Instructional Services

ROLL CALL

Present:

Linda Lindholm
David L. Boyd
John W. Bedell, Ph.D.
Rebecca "Beckie" Gomez

Absent:

Ken Williams, D.O. - Arrived later

AGENDA

Motion by Gomez, seconded by Bedell, and carried by a vote of 4-0 (Williams absent), to approve the agenda of the May 9, 2018, with an amendment to adjourn in memory of George Deukmejian.

MINUTES

Motion by Boyd, seconded by Bedell, and carried by a vote of 4-0 (Williams absent), to approve the minutes from the April 11, 2018 Regular Board meeting.

TIME CERTAIN

1. Budget Study Session – Renee Hendrick, Associate Superintendent, Administrative Services conducted the budget study session.

Trustee Williams arrived at 9:46 a.m.

The Board took a recess from 9:47 a.m. to 10:00 a.m.

INFORMATION ITEMS

- CA Healthy Youth Act, Jeff Hittenberger, Ph.D., Chief Academic Officer

PUBLIC COMMENTS

- Becky Angel – CA Healthy Youth Act
- Jessica Geyer – CA Healthy Youth Act
- R. Skip Hellewell – CA Healthy Youth Act
- Stephanie Yates – CA Healthy Youth Act
- Debbie Stapley – CA Healthy Youth Act
- Gheorghe Rosca – CA Healthy Youth Act
- Becky Ettinger – CA Healthy Youth Act
- Sheri Gail - CA Healthy Youth Act
- Margaret Trujillo - CA Healthy Youth Act
- Kim Cornelius - CA Healthy Youth Act
- Dr. Geeta Swamidass - CA Healthy Youth Act
- Pricilla Jacoby - CA Healthy Youth Act
- Dr. Ahmed Soboh - CA Healthy Youth Act
- Angela Williams - CA Healthy Youth Act
- Dr. Nada Higuera – CA Healthy Youth Act
- Brenda Lebsack – CA Healthy Youth Act
- Volentina Kiselev – CA Healthy Youth Act
- Daniela Crasnean – CA Healthy Youth Act
- Kristen Fresko – CA Healthy Youth Act
- Brad Dacus – CA Healthy Youth Act
- Michelle Connolly – CA Healthy Youth Act
- Cami Ferreira - CA Healthy Youth Act
- Alexandria Coronado - CA Healthy Youth Act
- Amy McCanly - CA Healthy Youth Act
- Bob Kessener - CA Healthy Youth Act
- Aileen Blachonski - CA Healthy Youth Act
- Anatoliy Antonenuo – CA Healthy Youth Act
- Damian Curran - CA Healthy Youth Act
- Claudia Po - CA Healthy Youth Act
- Kathleen Daugherty – Oxford Prep Academy

The Board took a recess from 11:41 a.m. to 11:54 a.m.

INFORMATION ITEMS (continue)

- AB 329
- Send letter to Orange County districts to share concerns and encourage districts to be transparent and make Opt-Out forms easily searchable on website.

The Board took a lunch break from 12:27 p.m. to 12:48 p.m.

TIME CERTAIN

2. Inter-district Appeal Hearing (closed) – Student #05092018001I
– Savanna School District to Cypress School District

The Board went into closed session from 1:14 p.m. to 1:18 p.m.

Motion by Lindholm, seconded by Boyd, and carried by a vote of 3-1-1 (Boyd, Lindholm, and Williams voted yes; Gomez voted no; and Bedell abstained) to approve the appeal and allow the student to attend the Cypress School District.

Christine Olmstead, Associate Superintendent, Instructional Services Division, facilitated the hearing.

INFORMATION ITEMS (continue)

- Allen Bill- EC 48204 (Bedell)- tabled to the June meeting
- Health Education Network Meeting Overview April 26, 2018 (Williams)- tabled to the June meeting
- Trustee governing board responsibilities, obligations and duties (Williams)- tabled to the June meeting
- Board Policy 100-17 (Bedell)- tabled to the June meeting

BOARD MEMBER COMMENTS

- Trustee Gomez- Principal for a Day at Veeh Elementary School

CONSENT CALENDAR

Motion by Boyd, seconded by Williams, and carried by a vote of 5-0, to approve items #6, #7, #8, #9, #10, #11, and #12. (passed unanimously)

6. Approve the granting of diplomas to the students listed from Alternative, Community, and Correctional Education Schools and Services, Alternative Education Division.
7. Accept donation of \$50,000 from SchoolsFirst Federal Credit Union, on behalf of the Orange County Teachers of the Year program and send a letter of appreciation to donor.
8. Accept the Third Quarter Report on Williams Uniform Complaints for OCDE student programs for the period of January 1 to March 31, 2018.
9. Adopt the annual updated Orange County Department of Education Investment Policy.

10. Approve the Amended Resolution and Written Findings of the Orange County Board of Education to Approve with Conditions the Petition for a Charter School by Orange County Workforce Innovation High School that amends California Education Code citations and removes language not relevant to countywide charter schools.
11. Approve the Amended Resolution and Written Findings of the Orange County Board of Education Approving the Petition for a Proposed Charter School by Scholarship Prep Charter School that amends California Education Code citations and removes language not relevant to countywide charter schools.
12. Adopt Resolution #10-18 to recognize May 3, 2018 as National Day of Prayer.

Trustee Williams departed the Board meeting at 1:22 p.m.

TIME CERTAIN (continue)

3. Charter Submission(s) – Kelly Gaughran, Administrator, Charter Schools facilitated.
 - Material Revision – Vista Heritage Charter Middle School
 - Material Revision - USC College Prep
4. Charter School Update – Citrus Springs Charter School, Kathleen Hermsmeyer, Superintendent presented.
5. Public Hearing/ Charter School Material Revision – Unity Middle College High School - Aracely Chastain, Coordinator Charter Schools, facilitated the public hearing.
 - Unity Middle College High School- Erin Craig, Founder and Executive Director
 - Orange USD not in attendance

PUBLIC COMMENTS (continue)

- Michelle Anderson– Unity Middle College High School
- Natalie Reider- Unity Middle College High School
- Adriana Lebovic- Unity Middle College High School
- Alma Uribe- Unity Middle College High School
- Mike Lebeau- Unity Middle College High School
- Alma Marquez- Unity Middle College High School
- Kalee Grimm- Unity Middle College High School
- Adina Lebeau- Unity Middle College High School

STAFF RECOMMENDATIONS

13. Motion by Lindholm, seconded by Boyd, and carried by a vote of 4-0 (Williams absent) to approve the Amended Agreement for Scholarship Prep and designate the Associate Superintendent to sign on behalf of the OCBE.
14. Motion by Lindholm, seconded by Boyd, and carried by a vote of 4-0 (Williams absent) to approve the Agreement for Samueli Academy and designate the Associate Superintendent to sign on behalf of OCBE.
15. Motion by Gomez, seconded by Boyd, and carried by a vote of 4-0 (Williams absent) to approve the request for the Board to designate the Associate Superintendent to negotiate an amended Agreement on behalf of OCBE for Vista Heritage Charter Middle School.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION

Anaheim Union High School District and Anaheim Elementary School District v. Orange County Board of Education and Orange County Department of Education, Case No. 30-2016-00891539-CU-PT-CJC
Government Code section 54956.9(a)

The Board did not go into closed session.

INFORMATION ITEMS

ANNOUNCEMENTS

Superintendent

- Nina Boyd, Associate Superintendent awarded the Sky Joyner Award by CASBO
- March 10th- Richard Louv, Last Child in the Woods: Saving Our Children from Nature-Deficit Disorder
- AP Computer – Fullerton School District
- 2018 Science Teacher of the Year- Greg Gardner
- Prize Patrol
- eSports- April 28th

Associate Superintendent

- Triennial Expulsion Plan- Christine Olmstead, Associate Superintendent, Instructional Services
- There are two Board meetings in June
- June Board Agenda Items will include LCAP and Budget

ADJOURNMENT

On a motion duly made, and seconded, the Board meeting of May 9, 2018, was declared ended at 2:35 p.m.

Nina Boyd
Assistant Secretary, Board of Education

John W. Bedell, Ph.D.
President, Board of Education

Next Regular Board Meeting, Wednesday, June 6, 2018, 10:00 a.m. - The meeting will be held in the Board Room at 200 Kalmus Drive, Costa Mesa, CA.

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ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE: June 6, 2018

TO: Nina Boyd, Associate Superintendent

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

SUBJECT: Local Control and Accountability Plan

BACKGROUND:

The College and Career Preparatory Academy Local Control and Accountability Plan (LCAP) for 2018-2021 will be presented to the Board on June 6, 2018. As required by law the LCAP included student, parent and community partner input and was posted to the orange County Department of Education website for public review.

RECOMMENDATION:

Presentation and Public Hearing only.

Adoption on June 20, 2018.

RH:sh

June 6, 2018

[X] Mailed [] Distributed at meeting



ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE: June 6, 2018

TO: Nina Boyd, Associate Superintendent

FROM: Laura Strachan, Assistant Superintendent, Alternative Education

SUBJECT: College and Career Preparatory Academy Local Control and Accountability Plan

BACKGROUND:

The College and Career Preparatory Academy Local Control and Accountability Plan (LCAP) for 2018-2021 will be presented to the Board on June 6, 2018. As required by law the LCAP included student, parent and community partner input and was posted to the orange County Department of Education website for public review.

RECOMMENDATION:

Presentation and Public Hearing only.

Adoption on June 20, 2018.

RH:sh

ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE: June 6, 2018

TO: Nina Boyd, Associate Superintendent

FROM: Renee Hendrick, Associate Superintendent, Administrative Services

SUBJECT: Budget Approval for Fiscal Year 2018-19

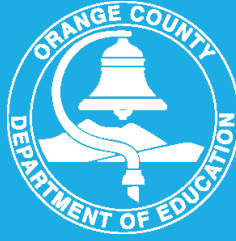
As required by State regulations, the attached documents include the 2018-19 OCDE budget and the Criteria and Standards. The July budget reflects preliminary estimates of income and expenditures, including projected growth needs, based on information available from the Governor's May Revise.

RECOMMENDATION:

Presentation and Public Hearing only.

Adoption on June 20, 2018

RH:sh



ORANGE COUNTY DEPARTMENT OF EDUCATION 2018-19 PRELIMINARY BUDGET

Budget Summary

Al Mijares, Ph.D., County Superintendent of Schools

Orange County Board of Education

Rebecca "Beckie" Gomez Trustee Area 1

David L. Boyd Trustee Area 2

Ken L. Williams, Jr., D.O. Trustee Area 3

John (Jack) W. Bedell, Ph.D. Trustee Area 4

Linda Lindholm Trustee Area 5



June 6, 2018

About OCDE

The Orange County Department of Education (OCDE) is a public education organization offering support services to 27 school districts, 614 schools and more than 24,000 educators serving nearly 500,000 students in Orange County. OCDE's personnel offer support, professional development and student programs through its divisions and departments, which include: Administrative Services, Alternative Education, Business Services, Community and Student Support Services, Information Technology, Instructional Services, Legal Services and Special Education.

Vision

Our Vision is that Orange County students will lead the nation in college and career readiness and success. We play a supportive role in the fulfillment of this vision in collaboration with educators at all levels of student development, from early childhood through higher education, and in partnership with families, businesses and community organizations. We believe that to lead the nation in college and career readiness and success is a high ambition, but one within the reach of Orange County students.

Mission

The mission of the Orange County Department of Education is to ensure all students are equipped with the competencies they need to thrive in the 21st century.



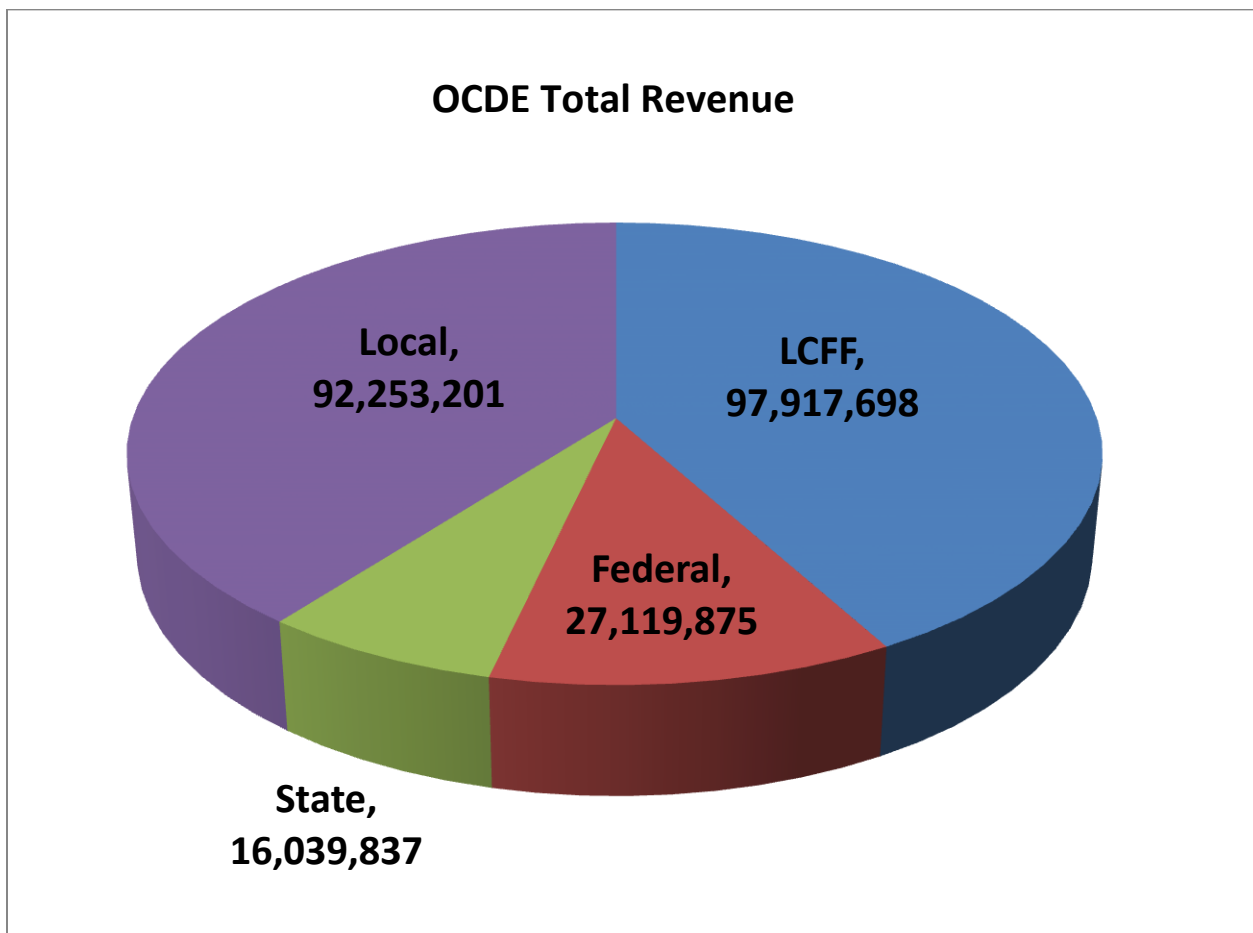


The Budget Summary is an overview of the Orange County Department of Education Budget and reflects the goals and priorities of the County Superintendent and the Governing Board against the backdrop of the available financial resources. The budget is a complex document that is required to follow state accounting guidelines. This budget summary is using information from the Governor's May Revise released on May 10, 2018 that is not final until the legislature adopts, and the Governor signs the State budget by July 1, 2018. We are using the latest information possible for our projections for the 2018-19 budget that will align with the LCAP (Local Control Accountability Plan). The LCAP lays out the main objectives for meeting the learning requirements of high need students. The LCAP also identifies the expenditures for meeting the identified objectives, as such becomes a second statement of the Superintendent and Board priorities along with those identified on these pages.

Our proposed 2018-19 General Fund Budget is \$222,732,244. After multiple years of declining enrollment and increasing local property taxes, our LCFF revenue has reached a stage where we will receive a cost of living increase but it will not have an impact on increasing revenues. We will move between changing the amount we receive for Minimum State Aid and local property taxes, but the effect will be no new revenue for the LCFF formula. We are anticipating an increase in LCFF funding for the CCPA (College and Career Preparatory Academy) which receives a separate revenue stream.

Revenue

**The Total General Fund Revenue Projections are
\$233,330,611**



Local Control Funding Formula (LCFF) is \$97,917,698

The Local Control Funding Formula (LCFF) for County Offices incorporates funding for Countywide services to districts and direct funding for students in Juvenile Court Schools, and referrals from Probation or Social Services. This is 42% of our total revenue. The LCFF formula for County Offices is separated in two major components.

County Operations Grants: This funding is based on the number of students who attend school in the County or Average Daily Attendance (ADA), and the number of school districts we support. This funding is to perform services mandated under the education code such as financial oversight and services to districts. **Projected funding for 2018-19 is \$25,631,494**

Pupil Driven Grants: Base funding is received per ADA, plus supplemental and concentration grants for students that are one of the following: English Learners, Foster Youth or qualify for Free and Reduced Lunch program. Our 2018-19 unduplicated rate is 84%.

Students in Juvenile Court Schools receive base funding and 100% of the students qualify for Supplemental and Concentration funding. **Projected funding for 2018-19 is \$8,471,934**

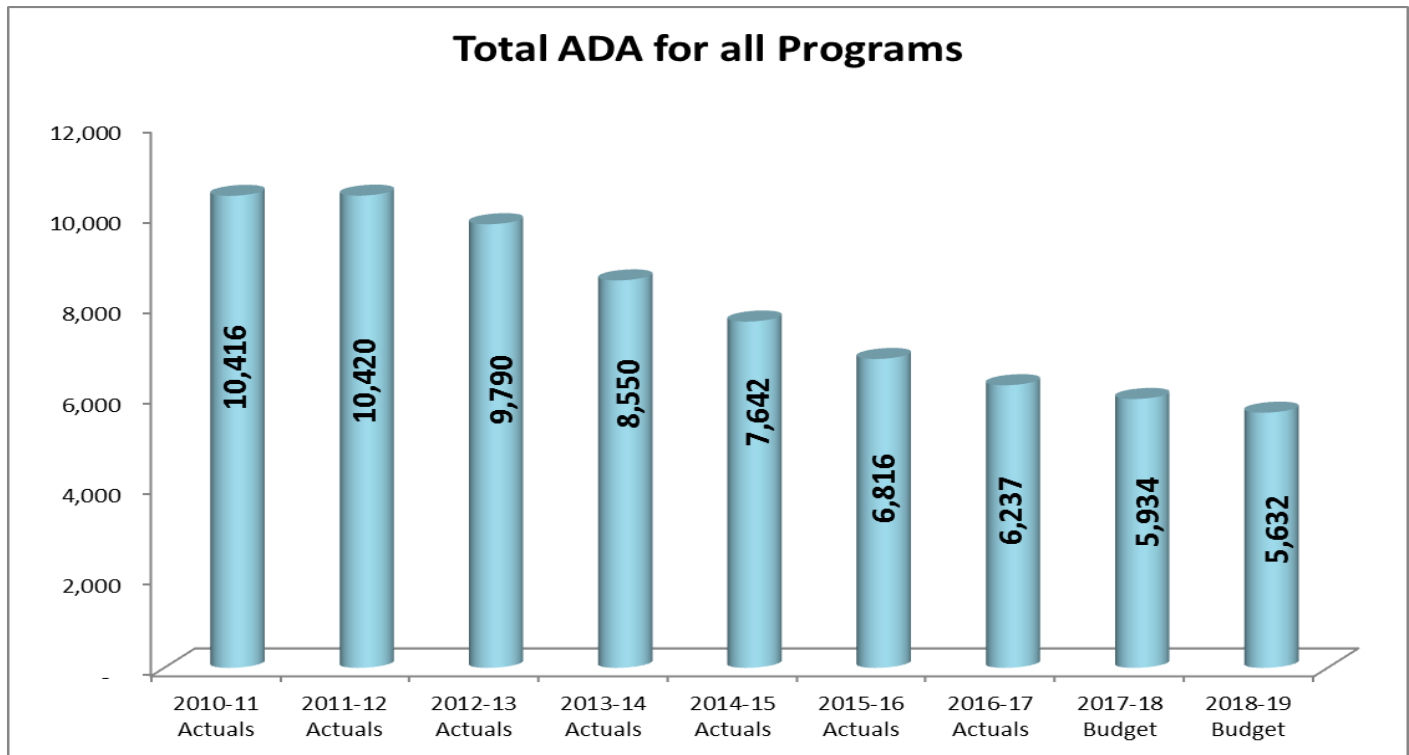
Students that are considered type “C” probation referred, expelled or social services referred

- Supplemental is 35% of base grant
- Concentration is 25% of Base Grant for Unduplicated count over 50%

Projected funding for 2018-19 is \$27,034,142

OCDE serves students that are referred from school districts, this ADA is added to total enrollment for staffing ratios, but the funding for district referred students is recognized under Local Revenue.

Average Daily Attendance for OCDE Programs



	2010-11 Actuals	2011-12 Actuals	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Actuals	2016-17 Actuals	2017-18 Budget	2018-19 Budget
Juvenile Court Schools	1,525	1,602	1,276	858	737	519	492	466	466
Community Schools "C"	4,504	4,007	3,228	2,672	2,079	1,583	1,267	1,172	1,059
Community Schools Secondary 1st Semester	276	386	359	462	419	466	557	502	400
CHEP and PCHS	1,750	1,787	1,820	1,613	1,547	1,321	1,073	907	835
PCHS Secondary 1st Semester "A" & "B"	466	570	656	797	889	911	972	1,252	1,250
Expelled	188	182	178	147	130	132	115	141	142
County Community "A" & "B"	1,108	1,056	1,210	1,064	874	958	780	559	503
County Community "A" & "B" Secondary 1st Semester		238	490	501	537	467	464	426	405
College and Career Prep. Charter						41	141	139	202
Sub total For ACCESS	9,893	9,925	9,316	8,114	7,212	6,398	5,861	5,564	5,262
S1S Total		1,195	1,505	1,760	1,845	1,845	1,993	2,180	2,055
Total Program without S1S		8,730	7,811	6,354	5,367	4,554	3,868	3,384	3,207
Special Schools	523	495	474	436	430	418	376	370	370
Total ADA for all Programs	10,416	10,420	9,790	8,550	7,642	6,816	6,237	5,934	5,632
Difference from prior year		4	(630)	(1,240)	(908)	(826)	(579)	(303)	(302)

Average Daily Attendance (ADA)

OCDE has been declining in enrollment since 2012-13, with a decline of 303 ADA projected for 2017-18. The 2018-19 Budget includes a projected decline of 302 ADA. A change in State and County guidelines regarding alternatives to incarceration means that fewer students are enrolled in our program and stay in their home districts. To adjust to the changing environment, we are developing new programs, strengthening our partnerships with districts, court, social service agencies, expanding our career technical programs and providing innovative programs that will better to serve our students. As you may remember, some of these services are outlined in our Local Control Accountability Plan (LCAP).

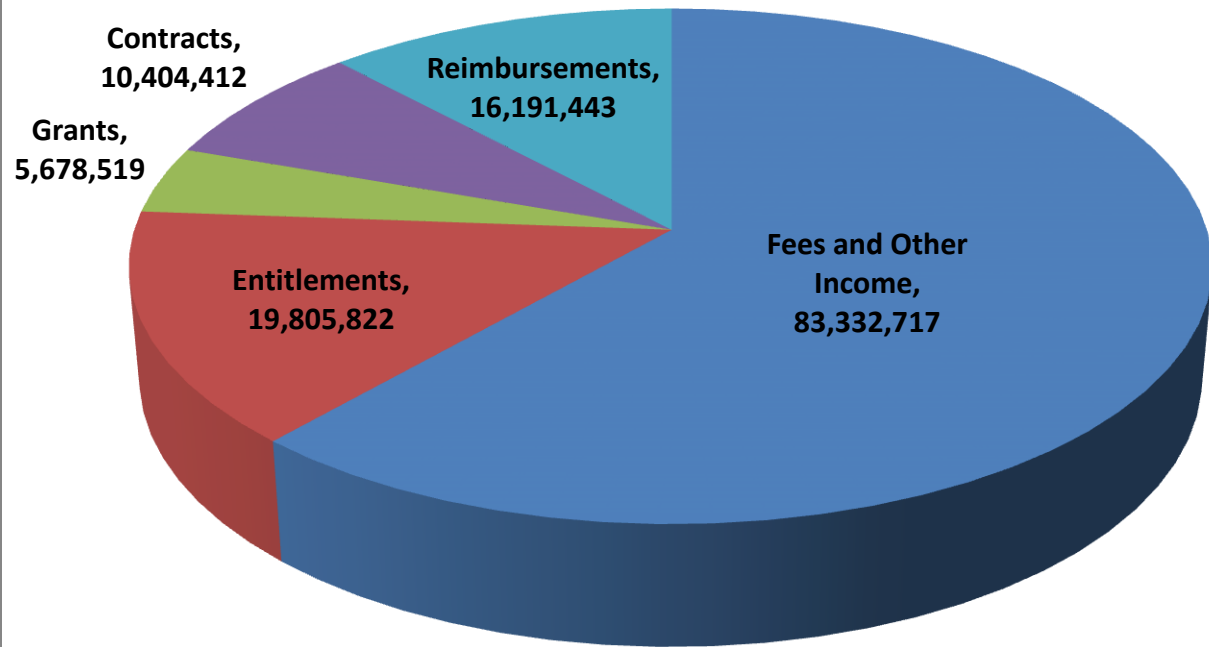
Revenue Outside of LCFF

Outside of LCFF, we receive income in five different ways from Federal, State or Local resources. Below we will detail examples of the revenue we receive as a County Office:

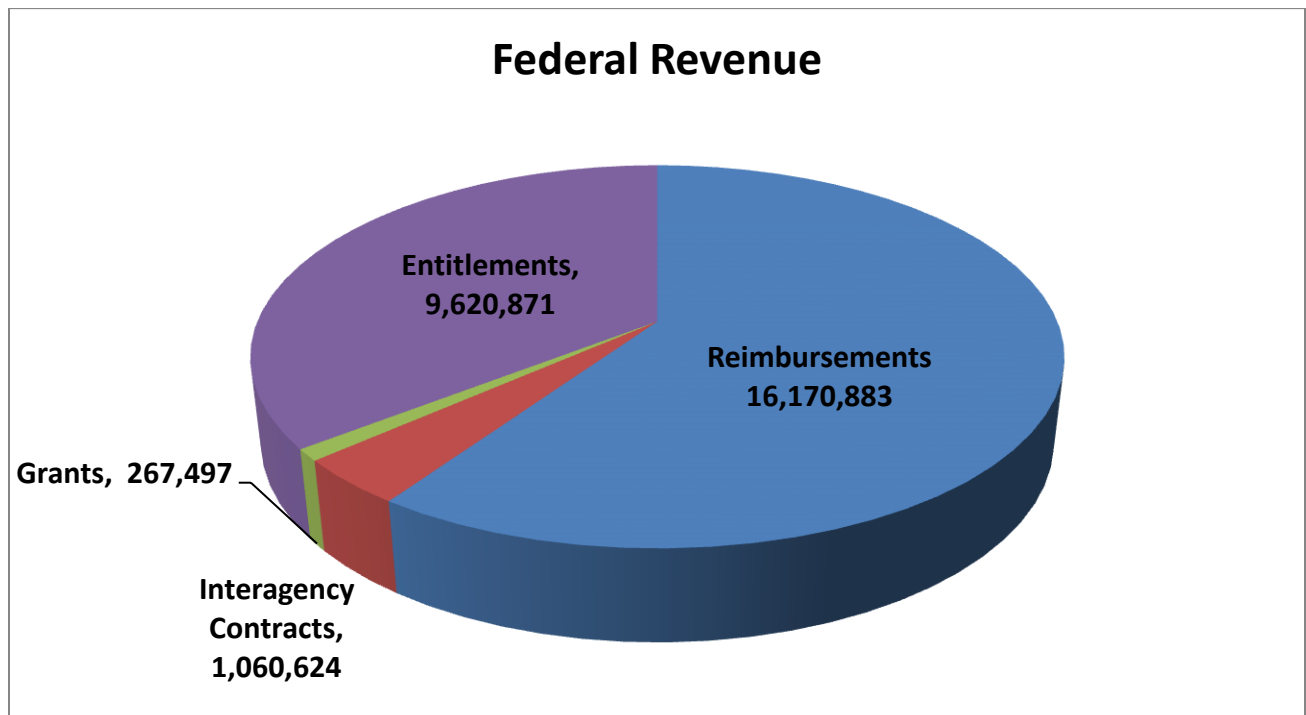
- Entitlements: Are funding normally received on a per student basis, and is either part of the State budget or Federal Budget authority. Most of these funds are on-going appropriations and may have restricted guidelines for expenditures.
- Grants: Are projects that OCDE has applied to funding agencies for, and could come from Federal, State or Local agencies. These are competitive in nature and will require specific expenditures as part of the grant.
- Reimbursements: Revenue received to reimburse a portion of the cost for providing specific services to students, Medi-Cal Administrative Activities (MAA), Medi-Cal Billing program, and Child Nutrition.
- Fee for Service programs: Most of the fees for service are in Local revenue and they include billing to school districts for students they have referred, excess billing for Special Schools, billing for Inside the Outdoors, Professional Development for school districts, and various services OCDE provides on a county-wide basis.

Total Revenue without LCFF \$135,412,913

Total Revenue without LCFF



Total Federal Revenue is \$27,119,875



Federal Entitlements: \$9,620,871

- \$7,489,048 for Title I, II, and III programs for delinquent and neglected students, \$1,635,462 for Special Education funding for OCDE students, and \$496,361 for various programs.

Federal Reimbursements: \$16,170,883

- \$15,228,439 for Medi-Cal Administrative Services (MAA), which is passed thru to Orange, Imperial, and San Diego County school districts, \$712,444 Medi-Cal Billing Program, and \$230,000 Federal School lunch program.

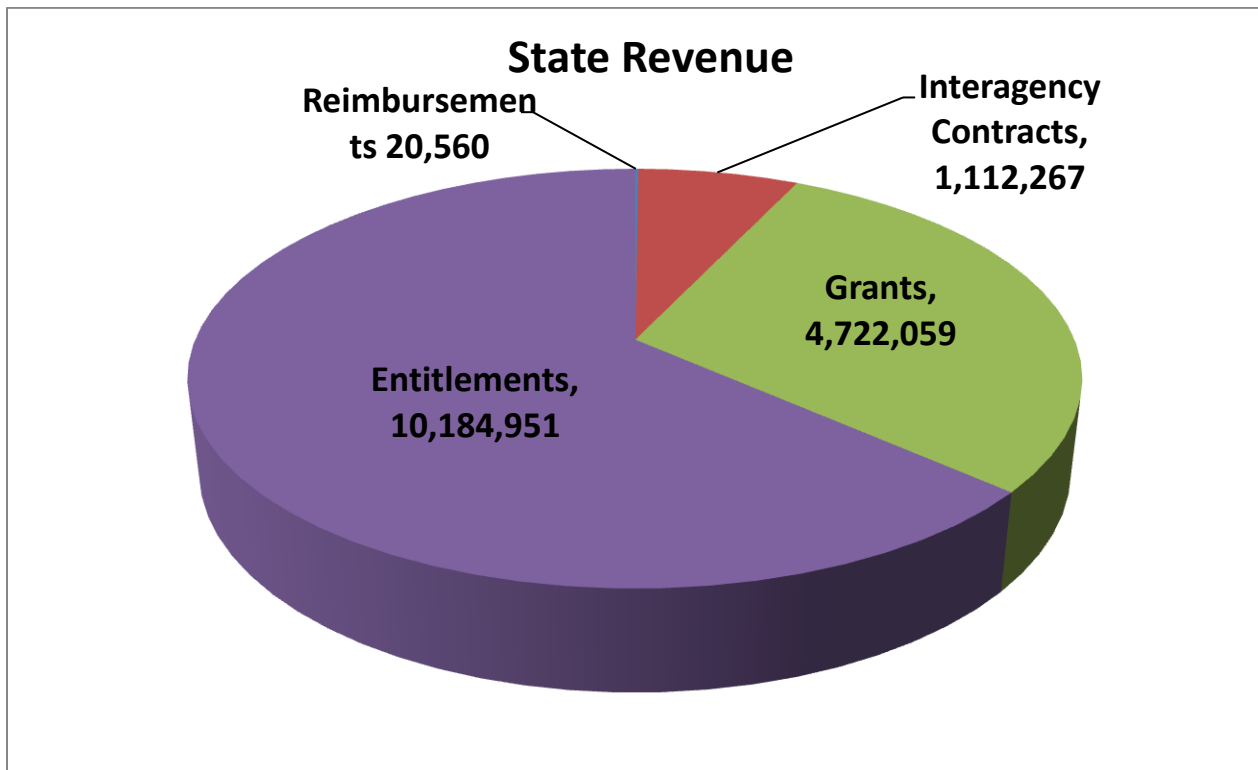
Federal Interagency Contracts: \$1,060,624

- \$400,000 for Friday Night Live, \$330,624 for various other programs with pass thru funding and \$330,000 for Safe Schools programs.

Federal Grants: \$267,497

- \$214,197 McKinney-Vento Homeless Coordination and \$53,300 for various other programs.

Total State Revenue is \$16,039,837



State Entitlements: \$10,184,951

- \$5,631,677 for the GASB 68 requirements to recognize STRS paid by the state on behalf of the district (see same entry in benefits), \$1,570,821 for Countywide Foster Youth Services, \$1,213,427 for Lottery funds, \$811,953 for Mandated Cost Claims, \$436,965 for various programs, \$361,242 for Mental Health for ACCESS Special Education students, \$158,866 for Countywide Unemployment Services.

State Grants: \$4,722,059

- \$3,395,648 for Career Technical Education Incentive Grant (CTEIG) this is shared with our Regional Career Technical Partnership partners, \$724,100 for Tobacco, Drugs and Alcohol Intervention, and \$602,311 for various programs.

State Reimbursements: \$20,560

- State Child Nutrition reimbursements

State Interagency Contracts: \$1,112,267

- \$977,987 for contract with California Department of Education for Curriculum Framework and standards, and \$134,280 for various programs.

Total Local Revenue is \$92,253,201
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Local Fees \$44,744,543

- This is funding for programs such as billing for Special Schools, Inside the Outdoors, professional development, and other services we provide to districts.

Local Tuition: \$35,703,174

- We receive revenue for students in ACCESS and Special Schools programs that are referred from school districts. This is based on individual district LCFF calculations.

Local Interagency Contracts: \$8,231,521

- \$3,906,836 for Safe Schools program with Santa Ana Unified, \$2,424,455 Impact and Impact HUB contracts with the Orange County Commission, \$650,000 Strong Workforce partnership, \$659,308 for various programs, \$435,922 for Educational Support Dependent Youth matching funds, and \$155,000 for School based Stress Management program.

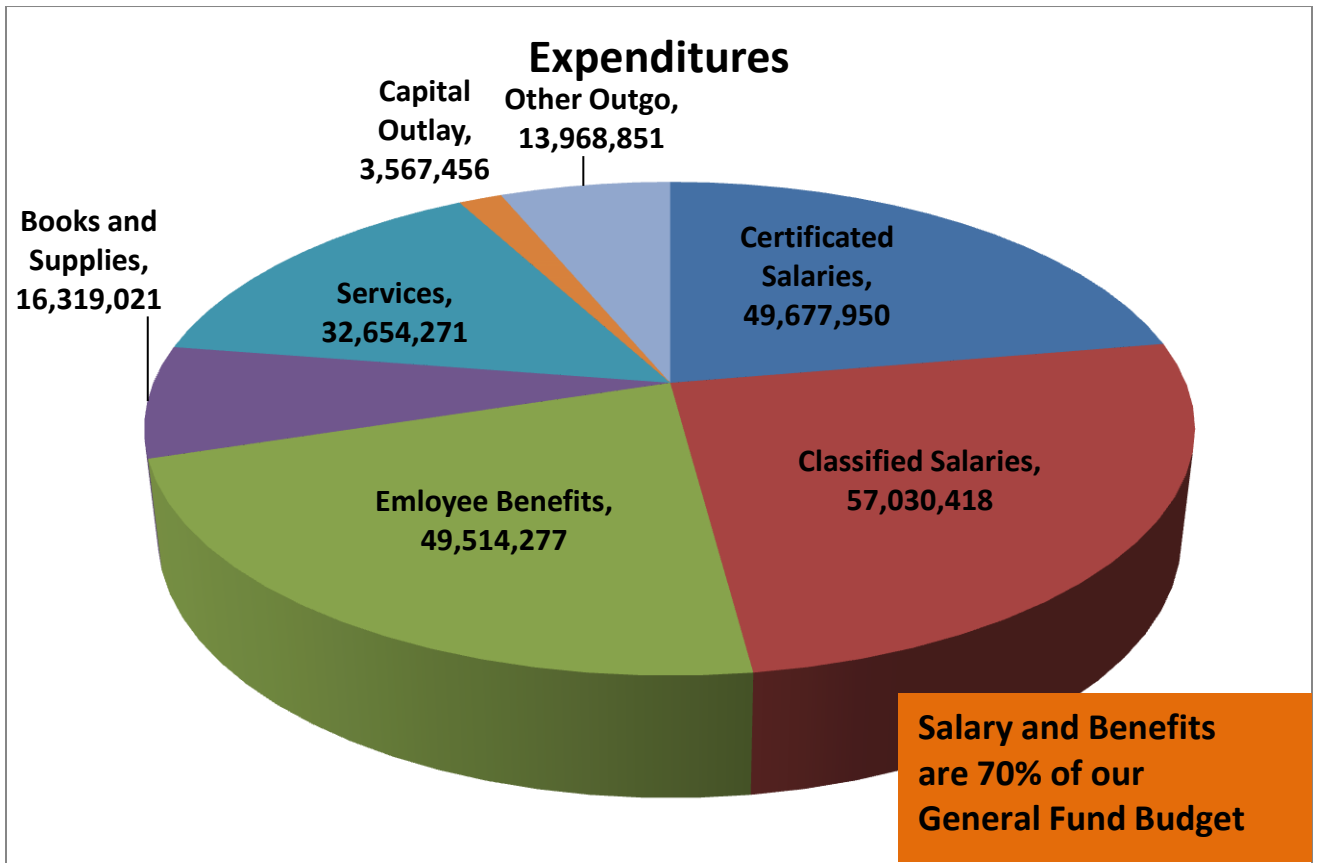
Local Interest Income: \$2,045,000

- Revenue for interest earnings at the County Treasurer.

Local Grants: \$1,528,963

- \$840,000 for local grants from the Outdoor Science Foundation, \$544,826 in partnership with Santa Ana USD to provide mental health services and \$144,137 in various grants from local agencies.

Expenditures



Salary and benefits are 70% of the general fund budget. OCDE has 1,496 employees 1,162 and 334 short term and substitute positions.

Below is a historical look at salary and benefits, which reflects the staffing and services reductions over the years as ADA and funding have declined. 2018-19 shows a decline in teaching positions that will not be filled due to declining enrollment. This was possible due to an early retirement incentive offered to certificated and classified non-management groups. We had 63 teachers participate and we will not replace the majority of positions not related to special education. The historical data also shows a sharp increase in employee

benefits for both pensions and health and welfare benefits. We have experienced a 46.6% increase in medical benefit costs though we have modified our plan and instituted employee contributions for some of our plans. As you may be aware, OCDE collaborates with our collective bargaining units and we add the cost of employee benefits to total compensation when bargaining.

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Certificated Salaries	57,090,296	56,204,435	55,614,202	52,872,833	51,589,684	52,747,679	53,130,344	54,040,027	49,677,950
Classified Salaries	50,339,085	50,087,581	50,802,178	49,702,071	49,398,889	52,645,791	54,180,353	55,686,112	57,030,418
Employee Benefits	33,398,457	35,663,103	36,744,721	34,589,559	35,757,143	40,086,491	42,469,481	45,924,241	49,514,277
Total Salary and Benefits	140,827,838	141,955,119	143,161,101	137,164,463	136,745,716	145,479,961	149,780,178	155,650,380	156,222,645
Total Regular Employees	1,379	1,303	1,279	1,285	1,162	1,159	1,196	1,220	1,162

AB1200 guidelines require us to project revenue and expenditures for the current and two subsequent years. The chart below is an excerpt from the budget document that shows our projections for salaries and benefits. This is an important budget item as it is 70% of our budget.

	Actual 2016-17	Projected 2017-18	Projected 2018-19	Projected 2019-20	Projected 2020-21
Certificated Salaries	53,760,612	54,040,027	49,677,950	52,098,931	54,693,480
Classified Salaries	54,784,911	55,686,112	57,030,418	58,977,030	61,050,533
Employee Benefits	43,524,041	45,924,241	49,514,277	54,500,508	57,961,197

Salaries in 2018-19 reflect the savings from retirements and reductions through attrition. We are in the process of negotiations so no salary increases have been included in this budget.

Increases for employee health and welfare benefits have not been negotiated yet, and are not included in the budget. We do have a negotiated cap currently, so any increase cost will be to the employee unless negotiated differently. Due to legislative changes in the 2018-19 fiscal year, the State Teachers Retirement (STRS) increased by 1.85% to 16.28%. The Public Employees Retirement System (PERS) increased by 2.53% to 18.062%.

Salaries

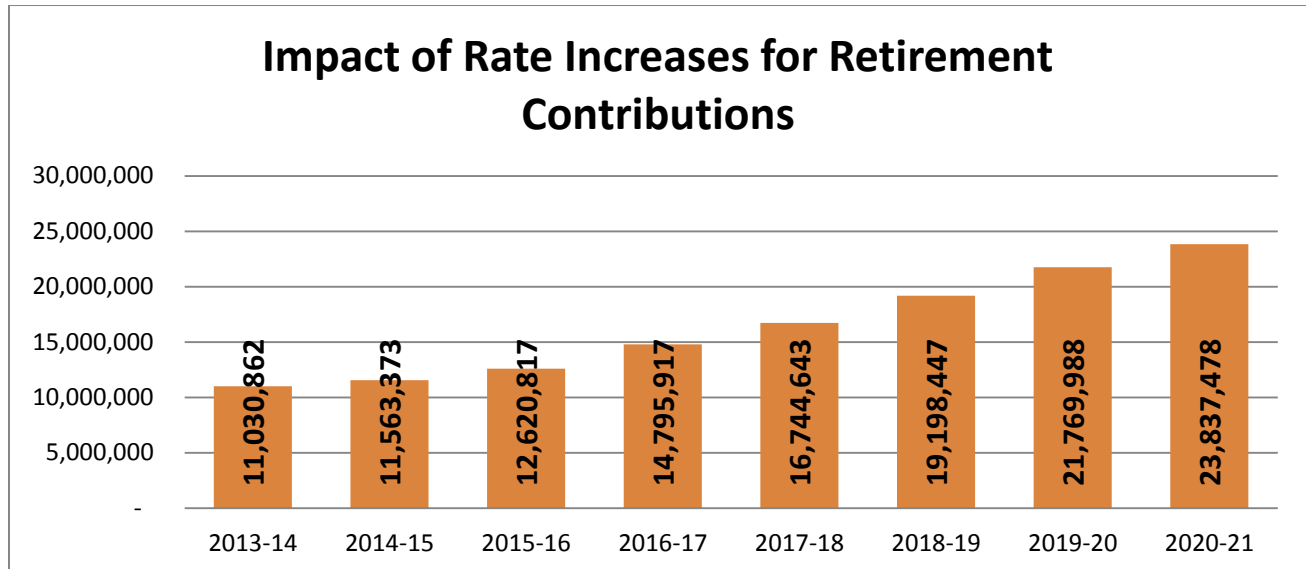
As a County Office, we have different needs than a regular school district. Our class sizes are smaller due to state regulations and the specific needs of our students. The Education Code and State Accounting Guidelines dictate how we classify positions. Below is a table that shows a summary of our Certificated and Classified positions.

Certificated Salaries	
Teacher's Salaries	30,698,029
Pupil Support Salaries	3,021,907
Supervisors' and Administrators' Salaries	13,323,211
Other Certificated Salaries	2,634,803
Total Certificated Salaries	49,677,950
Classified Salaries	
Instructional Salaries	13,110,069
Support Salaries	4,276,357
Supervisors' and Administrators' Salaries	23,436,658
Clerical, Technical and Office Salaries	15,661,085
Other Classified Salaries	546,249
Total Classified Salaries	57,030,418

Benefits

Expenditures for Health and Welfare and Statutory Benefits are summarized below. As an educational entity, we are required to participate in STRS and PERS for all regular employees. In 2015-16, we recognized the requirements of GASB 68 to recognize the STRS contribution made by the state on behalf of the district (see same entry in in state revenue). We contribute to an alternative retirement plan (PARS) for any short term or substitute employee instead of social security unless they qualify by statute for mandatory retirement.

State Teachers' Retirement (STRS)	13,010,406
Public Employers' Retirement (PERS)	10,021,316
Medicare/PARS	1,619,108
Health and Welfare Benefits	22,857,208
Unemployment	53,226
Workers' Compensation	1,815,508
Other Employee Benefits	137,505
Total Employee Benefits	49,514,277



Salaries and Benefits Projection Summary

Salaries: We are just starting negotiations for both collective bargaining groups so we have not included any negotiated salary agreements for 2018-19.

Medical Benefits: We continue to meet with our Health Benefits Review Committee regularly and based on our current utilization, we are seeing our utilization rate increase and preliminary quotes from the insurance carrier are higher than anticipated. We continue to review and evaluate the medical plans utilization, and we made significant plan design changes for Classified and Management groups in 2017-18.

Retirement Benefits: STRS will increase by 1.85% to 16.28% and PERS increased from 15.531% to 18.062% for 2018-19.

SERP (Supplemental Early Retirement Plan): 63 certificated staff and 36 classified staff participated in the early retirement plan. Due to declining enrollment, we will not be replacing the majority of certificated positions in ACCESS. Special Schools teachers will need to be replaced. We estimate that 15 of the 63 certificated positions will be replaced. We are still calculating the net result of the plan, but preliminary projection is a savings of \$8.6 million for 5 years.

Books and Supplies

Expenditures in this category are specific to books, supplies and non-capitalized equipment (equipment under \$5,000).

	2017-18	2018-19	2019-20	2020-21
Textbooks/Instructional Materials	252,333	533,113	541,643	550,344
General Supplies	5,326,578	15,085,246	10,244,168	9,819,638
Equipment	889,873	700,662	708,503	716,501
Total	6,468,784	16,319,021	11,494,314	11,086,483

Books and Supplies Summary Projections

We continue to increase spending for Instructional Materials, including new educational software, digital devices (chrome books or laptops), and internet connection devices to enhance our instructional delivery. We are budgeting for an increase in expenditures in 2018-19 due to reconfiguration of sites, upgraded and improved furniture, and installation of new/improved internet connection equipment.

Services and Other Operating Expenditures

Sub-Agreements: \$5,102,835

These are contracts with other agencies for services they provide on our behalf. The largest contract is \$4,375,000 for transportation services, and \$727,835 for various grants and contracts.

Travel and Conference: \$2,190,801

All travel is approved and is required to follow OCDE procedures. We have budgeted for staff development activities, most notably in ACCESS and Special Education in accordance with the LCAP guidelines. Major object codes for travel and mileage are below:

Object Code 5210 is for local travel, conferences and mileage. As a county-wide agency, we pay mileage to employees who travel between worksites, which is

budgeted to be \$462,853 for 2018-19. Local conference registrations for local staff development opportunities are included in this budget category.

Object Code 5220 is for travel and conferences that are outside of the area and may require an overnight stay. We are budgeting \$947,378 for 2018-19. Many of these programs include statewide collaboration, which requires monthly meetings in Sacramento. All out-of-state travel must be approved by the Superintendent's office.

Object Code 5230 is for registrations for conference and workshops, which is budgeted at \$780,570 for 2018-19.

Below is 2017-18 travel and conference year to date expenditures by division				
Detail Summary by Division				
R&U	Unrestricted	Restricted	Total	% of Total
Superintendent's Office	84,971	-	84,971	5.1%
Information Technology	83,956	-	83,956	5.0%
Legal	14,944	-	14,944	0.9%
Administrative Services	58,998	2,509	61,507	3.7%
Alternative Education	116,888	259,692	376,580	22.6%
Business	69,450	-	69,450	4.2%
Special Education	3,164	164,835	167,999	10.1%
School & Community Services	47,061	19,578	66,639	4.0%
Instruction	449,961	289,519	739,480	44.4%
Total	929,393	736,133	1,665,526	100.0%

Dues and Memberships: \$316,186

- Existing policy on dues and memberships states that we do not pay personal dues for employees (see exceptions) unless the dues reduce the cost of a conference or subscription that will create a savings for the organization. We pay for one organizational membership for an association unless OCDE receives a benefit and there may be a cost savings.

Pupil Insurance: \$350,000

- This is liability insurance for OCDE programs

Utilities: \$1,197,702

- Water, Natural Gas, Electricity, Waste Disposal, Pest Control and Sweeping services

Rentals and Leases: \$9,159,517

- Cost of leasing school sites is \$6,856,581. This category also includes equipment maintenance agreements for all of our sites

Professional Services: \$13,634,189

- This group includes expenditures for maintenance and service contracts, custodial contracts, Instructional Consultants, Consultants non-instructional, hearing and legal costs, Data processing contracts, and contracts for fingerprinting services.

Communication: \$971,286

- This category includes: Internet services at sites, postage, cell phones, telephones and emergency radios.

Services and Operating Services Summary Projections

We have increased our investment in staff development and anticipate continuing to focus on instructional strategies that will improve our students' college and career readiness.

Major Projects: We have budgeted for site improvements for leased sites for our ACCESS program as we transition to larger sites that will allow for more instructional opportunities such as career technical classes, maker spaces for technology. Though we will occupy larger sites, we will be closing over 23 smaller sites due to declining enrollment.

We are also in the process of looking at options to update our payroll and retirement system that is over 15 years old. The current system processes payroll for over 90,000 school district and community college districts employees in Orange County. We are also evaluating software for data analytics for business and instructional programs.

Capital Outlay

These are expenditures for land, building improvements, capitalized (over \$5,000) equipment or replacement equipment. We have budgeted \$3.5 million for new equipment in the 2018-19 year.

Capital Outlay Summary Projections

We are in the process of bidding numerous projects for the 2018-19 year. Updated technology for the Board Room and Conference Center, which should be installed during the summer months. New air conditioning units for Kalmus site, exterior doors and windows at Kalmus, refurbishing of bathrooms for Buildings A and B. Some of these items will be reimbursed by grants or deferred maintenance.

Other Outgo

These are expenditures to other school districts or agencies. The Central County Career Technical Education Program continues to receive support through LCFF transition and our commitment will be completed in 2020-21.

Interfund Transfers

We are budgeting to transfer \$248,666 to the Child Development Program located in the Fund 12, because their state and federal entitlements cap our indirect rate at 8%. We are also budgeting to transfer \$980,735 for contributions to the Deferred Maintenance Program - Fund 14 for future facility maintenance needs as required by the State.

Excess/Deficiency

This is the difference between revenue and expenditures. If we have more revenue than expenditures, then it is an Excess. Less current year revenue than current year expenses is a Deficiency.

Summary

Our estimate for 2018-19 reflects an excess. It is important to note that we have not settled salary or benefit negotiations, and any anticipated increases are not included in this budget. We have also not included one-time funding proposed by the Governor's proposal because of discussions from the legislature, and that we may receive a reduction in that funding for prior year "back casting" for Medi-Cal Administrative Activities programs such as MAA and the Medi-Cal billing program. Since this funding and proposed amount is not clear, we have not projected it at this time.

We continually monitor our budget and reduce expenditures when possible to balance OCDE's budget. We continue to evaluate our instructional needs as we are required to show increased or improved services for our students that receive supplemental and concentration funding which is allocated in our LCAP. We are not anticipating receiving new on-going revenue, but we have increased expenditures for STRS, PERS and Health Benefits. OCDE's philosophy is that ending balance reserves should only be spent on one-time expenditures since it is not an on-going stream of revenue.

Fund Balance

The 2018-19 Fund Balance is projected to be \$166,721,553:

\$54,213,456 is committed for specific program needs

- \$17,728,901 is reserved for Lottery funds that have been reserved for contingencies.
- \$9,416,086 is reserved for ACCESS expenditures to serve our students that we receive supplemental and concentration grants.
- \$8,749,853 is reserved for mandated cost funding that has yet to be allocated to specific programs.
- \$5,175,107 is reserved for ACCESS for identified LCAP services that will be spent in subsequent years.
- \$3,030,500 is reserved for E-rate funding that is used to reimburse technology expenditures. This funding is to help with technology infrastructure and equipment replacement.
- \$2,367,106 is reserved for One-Time Discretionary funding that is from prior years.
- \$1,686,211 is reserved for Medi-Cal Administrative Activities (MAA) for technology upgrades.
- \$1,479,746 is reserved for various programs that are budgeting to spend the funding in the next year.
- \$1,063,290 is reserved for the Instructional Services workshops that will occur in the subsequent year.
- \$1,062,027 is reserved for Categorical programs ending balances that will be used in subsequent years.
- \$955,310 is reserved for Career Technical Education programs. This is funding for participating districts.
- \$953,906 is reserved for Overage Payroll/Warrant checks that have not been cashed, and funds have been returned to the general fund. The reserve is to issue payment as requests are made.
- \$307,000 is reserved for Information Technology projects.
- \$238,413 is reserved for the Special Education Alliance that has funds for specific trainings and legal costs.

\$29,253,540 is designated for carryover for specific programs

- \$16,675,136 is restricted for Routine Maintenance and is required by state statute.
- \$9,094,397 is restricted to be spent on facility or health and safety related items.
- \$972,589 is restricted for the Special Schools billback program.
- \$668,850 restricted for Lottery materials for Central County CTEp.
- \$617,260 restricted for Multi-Tiered Support Systems.
- \$507,136 is restricted for various Special Education program ending balances.
- \$397,332 is restricted for various income accounts.
- \$320,840 is restricted for Lattner donation for Special Schools.

\$83,184,557 is designated for Reserve for Economic Uncertainties

Required by AB1200 guidelines

\$70,000 is designated for district revolving fund

We continually monitor our budget and reduce expenditures when possible to balance OCDE's budget. We continue to evaluate our instructional needs as we are required to show increased or improved services for our students that receive supplemental and concentration funding which is allocated in our LCAP. We are not anticipating receiving new on-going revenue, but we have increased expenditures for STRS, PERS and Health Benefits. OCDE's philosophy is that ending balance reserves should only be spent on one-time expenditures since it is not an on-going stream of revenue.

Other Funds: OCDE has additional operating funds listed below. The California Department of Education requires accounting in accordance to State Account Code Structure and Generally Approved Accounting Principles. Expenditures in these funds are restricted to the funds use. See the All Funds Statement in the Second Interim Budget for detail.

Fund 10: Special Education Pass-Through Funds for the North Orange County SELPA (no salaries).

Fund 12: Child Development: These funds are specific for our Alternative Payment program for child development programs (only fund outside of Fund 01 that has salaries included).

Fund 14: Deferred Maintenance Fund is for facility repairs and requires a deferred maintenance plan for participation in the School Facility Reimbursement Program.

Fund 17: Special Reserve Fund: This is our contingency fund for unforeseen events.

Fund 35: State Facilities Fund. This is for approved school planning, design, purchase and construction.

Fund 40: Capital Outlay Fund is our operating fund for the Esplanade Project

Fund 56: Debt Service Fund is the fund we pay the principal and interest payments for the Esplanade Project.

Fund 67: Dental Self-Insurance Fund: This fund is for payments for employee dental benefits. We have an actuarial study every three years and are required to keep reserves for incurred but not received claims.

ORANGE COUNTY DEPARTMENT OF EDUCATION
2018-19 Adopted Budget
June 20, 2018

REVENUES

(1) LCFF/Revenue Limit Sources	<p>Increased by a net of \$1,093,276 due to the following:</p> <ul style="list-style-type: none"> • \$891,333 increase due to projected increase of 63 Average Daily Attendance (ADA) for the College and Career Preparatory Charter School • \$500,000 increase for new County Office System of Support • (\$298,057) decrease for Property Tax for North Orange County Special Education Local Plan (SELPA) Orange County Department of Education programs (corresponding increase in state aid funds is recorded in Fund 10 for SELPA pass thru). • <i>No change in the Local Control Funding Formula (LCFF). We are currently at the Minimum State Aid Guarantee so we will not receive additional funds for ADA growth or Cost of Living Increases.</i>
(2) Federal Revenue	<p>Decreased by a net of (\$4,834,276) due to the following:</p> <ul style="list-style-type: none"> • \$1,933,637 increase in funding for Title I which is mostly deferred revenue from 2017-18 • (\$6,029,314) decrease for Medical Administrative Activities (MAA) claims that are projected to be received this year (this is mostly pass through to districts) • (\$738,599) decrease for changes in various grants
(3) Other State Revenue	<p>Decreased by a net of (\$2,648,815) due to the following:</p> <ul style="list-style-type: none"> • \$1,444,259 increase for Career Technical Education Incentive Grant (CTEIG) which is mostly deferred from 2017-18 • \$735,588 increase in local revenue for new Curriculum Framework contract with CDE • (\$2,370,323) decrease for California Career Pathways ending June 30, 2018 • (\$1,016,042) decrease for Classified School Employee grant ending June 30, 2018 [this is mostly pass through to districts] • (\$1,000,000) decrease for Multi-Tier Support System (MTSS/SUMS/ISABS) • (\$442,297) decrease in various state programs
(4) Other Local Revenue	<p>Increased by a net of \$5,814,306 due to the following:</p> <ul style="list-style-type: none"> • \$2,550,482 increase in local revenue for anticipated increase in contract billings for Special Education • \$2,318,095 increase in local revenue for District Tuition transfers from referred ADA • \$539,888 increase in local revenue for various programs • \$405,841 increase in contract fees for various programs

ORANGE COUNTY DEPARTMENT OF EDUCATION
2018-19 Adopted Budget
June 20, 2018

EXPENDITURES	
(5) Certificated Salaries	<p>Decreased by a net of (\$4,362,077) due to the following:</p> <ul style="list-style-type: none"> • \$2,274,785 increase for vacant and new certificated positions that are projected to be filled this year • \$524,192 increase for cost of step and column changes • (\$5,597,331) decrease due to reduction from 49 retiree positions that will not be filled due to the Supplemental Employee Retiree Plan (SERP) incentive offered to non-management certificated • (\$958,776) decrease for closed certificated positions that will not be filled due to attrition from retirement and resignations • (\$459,758) decrease for short term teacher S1S contracts for Alternative Education • (\$145,189) decrease for substitutes and various other changes • No salary increases have been budgeted as we have just starting collective bargaining for 2018-19
(6) Classified Salaries	<p>Increased by a net of \$1,344,306 due to the following:</p> <ul style="list-style-type: none"> • \$1,505,878 increase for vacant and new classified positions that are projected to be filled this year • \$414,857 increase for cost of step increases • \$382,432 increase for substitutes and various other changes • (\$608,079) decrease for closed classified positions that will not be filled due to attrition from retirement and resignations for various programs • (\$350,782) decrease for short term employees for various programs • No salary increases have been budgeted as we have just starting collective bargaining for 2018-19
(7) Employee Benefits	<p>Increased by a net of \$3,590,036 due to the following:</p> <ul style="list-style-type: none"> • \$2,971,714 increase for benefits for vacant and new positions that are projected to be filled this year • \$2,363,939 increase in benefits for CalSTRS and PERS due to employer rate increase • \$189,321 increase for statutory benefits for cost of step and column changes • (\$1,618,892) decrease for benefits for closed positions from Supplemental Employee Retiree Plan (SERP) incentive • (\$316,046) decrease for benefits for closed positions from attrition due to retirements and resignations • No benefit increases have been budgeted. We are still negotiating our contracted rate for the new plan year for health and welfare benefits.

ORANGE COUNTY DEPARTMENT OF EDUCATION
2018-19 Adopted Budget
June 20, 2018

(8) Books and Supplies	<p>Increased by a net of \$9,850,237 due to the following:</p> <ul style="list-style-type: none"> • \$6,113,863 increase for holding accounts for various programs awaiting program guidelines • \$3,500,000 increase in instructional materials and supplies for Alternative Education for equipment site modernization • \$280,780 increase in textbooks and other books for various programs • (\$44,406) decrease in instructional materials and supplies for various programs
(9) Services, Other Operating Expenses	<p>Decreased by a net of (\$17,681,676) due to the following:</p> <ul style="list-style-type: none"> • \$2,000,000 increase for consultants for Payroll System Upgrade • (\$18,152,777) decrease in pass through sub-agreements for grants and categorical programs • (\$1,515,099) decrease for various miscellaneous operating expenses for all programs • (\$13,800) decrease for contracts for various programs
(10) Capital Outlay	<p>Increased by a net of \$1,682,679 due to the following:</p> <ul style="list-style-type: none"> • \$2,000,000 increase for new equipment for Alternative Education tenant improvement & modernization of sites • \$312,657 increase for new and replacement equipment for various programs • (\$629,978) decrease for improvement of sites and buildings for various programs
(11) Other Outgo	<p>Decreased by a net of (\$8,249,493) due to the following:</p> <ul style="list-style-type: none"> • (\$7,354,235) decrease in payments to districts for Medi-Cal Administrative Activities (MAA) due to deferred payments • (\$713,741) decrease in tuition transfers to school districts for Central Orange County Career Technical Education Partnership (CTEp) • (\$181,517) decrease in pass thru revenue to North Orange County Special Education Local Plan (SELPA)
(12) Indirect Costs	<p>Increased by a net of \$6,588 due to the following:</p> <ul style="list-style-type: none"> • Due to increase in expenditures in all funds
(13) Other Financing Sources	<p>Increased by a net of \$2,577 due to the following:</p> <ul style="list-style-type: none"> • \$2,577 increase for contribution to the Child Development Fund due to the reduction in funding
(14) Ending Balance	<p>The total projected General ending fund balance is \$166,721,553 \$83,184,557 designated as the Reserve for Economic Uncertainties.</p> <ul style="list-style-type: none"> • \$54,213,456 designated as Legally Restricted for programs. Of that amount \$5,175,107 is the Reserve amount for the Alternative Education program • \$29,253,540 designated for programs and grants • \$70,000 is designated for the district revolving fund
(15) Designated for Economic Uncertainties	<p>The unrestricted amount designated for economic uncertainties in the General Fund is \$83,184,557</p>

Orange County Department of Education
2018-19 Adopted Budget (AB) -vs- 2017-18 Estimated Actuals Budget (EA)

5/23/2018	2017-18				2018-19				Variance			
	Estimated Actuals Budget (EA)		Adopted Budget (AB)		2018-19 AB -vs- 2017-18 EA		Restricted		Total		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Revenue												
LCFF/Revenue Limit	91,984,550	4,839,872	96,824,422	4,541,815	93,375,883	4,541,815	97,917,698	1,391,333	1,391,333	(298,057)	1,093,276	
Federal	21,277,611	10,676,540	31,954,151	11,891,436	15,228,439	11,891,436	27,119,875	(6,049,172)	(6,049,172)	1,214,896	(4,834,276)	
Other State	4,270,186	14,418,466	18,688,652	2,912,577	2,912,577	13,127,260	16,039,837	(1,357,609)	(1,357,609)	(1,291,206)	(2,648,815)	
Local Revenue	45,424,144	41,014,751	86,438,895	47,542,914	47,542,914	44,710,287	92,253,201	2,118,770	2,118,770	3,695,536	5,814,306	
Total Revenue	162,956,491	70,949,629	233,906,120	74,270,798	159,059,813	74,270,798	233,330,611	(3,896,678)	(3,896,678)	3,321,169	(575,509)	
Expenditures												
Certificated	35,564,945	18,475,082	54,040,027	19,218,399	30,459,551	19,218,399	49,677,950	(5,105,394)	(5,105,394)	743,317	(4,362,077)	
Classified	33,495,337	22,190,775	55,686,112	21,991,567	35,038,851	21,991,567	57,030,418	1,543,514	1,543,514	(199,208)	1,344,306	
Benefits	24,762,651	21,161,590	45,924,241	23,436,750	26,077,527	23,436,750	49,514,277	1,314,876	1,314,876	2,275,160	3,590,036	
Books and Supplies	4,656,544	1,812,240	6,468,784	7,400,547	8,918,474	7,400,547	16,319,021	4,261,930	4,261,930	5,588,307	9,850,237	
Services	24,010,281	26,325,666	50,335,947	26,468,699	26,468,699	6,185,572	32,654,271	2,458,418	2,458,418	(20,140,094)	(17,681,676)	
Capital Outlay	1,881,777	3,000	1,884,777	3,519,701	3,519,701	47,755	3,567,456	1,637,924	1,637,924	44,755	1,682,679	
Other Outgo	22,558,193	1,760,515	24,318,708	14,829,421	14,829,421	1,239,794	16,069,215	(7,728,772)	(7,728,772)	(520,721)	(8,249,493)	
Transfers of Indirect	(8,150,790)	6,057,014	(2,093,776)	(8,532,489)	(8,532,489)	6,432,125	(2,100,364)	(381,699)	(381,699)	375,111	(6,588)	
Total Expenditures	138,778,938	97,785,882	236,564,820	85,952,509	136,779,735	85,952,509	222,732,244	(1,999,203)	(1,999,203)	(11,833,373)	(13,832,576)	
Excess/Deficiency	24,177,553	(26,836,253)	(2,658,700)	(11,681,711)	22,280,078	(11,681,711)	10,598,367	(1,897,475)	(1,897,475)	15,154,542	13,257,067	
Transfers In	-	-	-	-	-	-	-	-	-	-	-	
Transfers Out	(246,089)	(980,735)	(1,226,824)	(980,735)	(248,666)	(980,735)	(1,229,401)	(2,577)	(2,577)	-	(2,577)	
Other Sources	-	-	-	-	-	-	-	-	-	-	-	
Contributions	(11,114,924)	11,114,924	-	12,679,243	(12,679,243)	12,679,243	-	(1,564,319)	(1,564,319)	1,564,319	-	
All Other Sources	(11,361,013)	10,134,189	(1,226,824)	11,698,508	(12,927,909)	11,698,508	(1,229,401)	(1,566,896)	(1,566,896)	1,564,319	(2,577)	
Net Increase or Decrease in Fund	12,816,540	(16,702,064)	(3,885,524)	16,797	9,352,169	16,797	9,368,966	(3,464,371)	(3,464,371)	16,718,861	13,254,490	
Beginning Balance	115,299,304	45,938,807	161,238,111	29,236,743	128,115,844	29,236,743	157,352,587	12,816,540	12,816,540	(16,702,064)	(3,885,524)	
Audit Adjustment	-	-	-	-	-	-	-	-	-	-	-	
Ending Balance	128,115,844	29,236,743	157,352,587	29,253,540	137,468,013	29,253,540	166,721,553	9,352,169	9,352,169	16,797	9,368,966	

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
A. REVENUES									
1) LCFF Sources		8010-8099	91,984,550.00	4,839,872.00	96,824,422.00	93,375,883.00	4,541,815.00	97,917,698.00	1.1%
2) Federal Revenue		8100-8299	21,277,611.00	10,676,540.00	31,954,151.00	15,228,439.00	11,891,436.00	27,119,875.00	-15.1%
3) Other State Revenue		8300-8599	4,270,186.00	14,418,466.00	18,688,652.00	2,912,577.00	13,127,260.00	16,039,837.00	-14.2%
4) Other Local Revenue		8600-8799	45,424,144.00	41,014,751.00	86,438,895.00	47,542,914.00	44,710,287.00	92,253,201.00	6.7%
5) TOTAL REVENUES			162,956,491.00	70,949,629.00	233,906,120.00	159,059,813.00	74,270,798.00	233,330,611.00	-0.2%
B. EXPENDITURES									
1) Certificated Salaries		1000-1999	35,564,945.00	18,475,082.00	54,040,027.00	30,459,551.00	19,218,399.00	49,677,950.00	-8.1%
2) Classified Salaries		2000-2999	33,495,337.00	22,190,775.00	55,686,112.00	35,038,851.00	21,991,567.00	57,030,418.00	2.4%
3) Employee Benefits		3000-3999	24,762,651.00	21,161,590.00	45,924,241.00	26,077,527.00	23,436,750.00	49,514,277.00	7.8%
4) Books and Supplies		4000-4999	4,656,544.00	1,812,240.00	6,468,784.00	8,918,474.00	7,400,547.00	16,319,021.00	152.3%
5) Services and Other Operating Expenditures		5000-5999	24,010,281.00	26,325,666.00	50,335,947.00	26,468,699.00	6,185,572.00	32,654,271.00	-35.1%
6) Capital Outlay		6000-6999	1,881,777.00	3,000.00	1,884,777.00	3,519,701.00	47,755.00	3,567,456.00	89.3%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	22,558,193.00	1,760,515.00	24,318,708.00	14,829,421.00	1,239,794.00	16,069,215.00	-33.9%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(8,150,790.00)	6,057,014.00	(2,093,776.00)	(8,532,489.00)	6,432,125.00	(2,100,364.00)	0.3%
9) TOTAL EXPENDITURES			138,778,938.00	97,785,882.00	236,564,820.00	136,779,735.00	85,952,509.00	222,732,244.00	-5.8%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)									
			24,177,553.00	(26,836,253.00)	(2,658,700.00)	22,280,078.00	(11,681,711.00)	10,598,367.00	-498.6%
D. OTHER FINANCING SOURCES/USES									
1) Interfund Transfers									
a) Transfers In		8900-8929	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Transfers Out		7600-7629	246,089.00	980,735.00	1,226,824.00	248,666.00	980,735.00	1,229,401.00	0.2%
2) Other Sources/Uses									
a) Sources		8930-8979	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	(11,114,924.00)	11,114,924.00	0.00	(12,679,243.00)	12,679,243.00	0.00	0.0%
4) TOTAL OTHER FINANCING SOURCES/USES			(11,361,013.00)	10,134,189.00	(1,226,824.00)	(12,927,909.00)	11,698,508.00	(1,229,401.00)	0.2%

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)			12,816,540.00	(16,702,064.00)	(3,885,524.00)	9,352,169.00	16,797.00	9,368,966.00	-341.1%
F. FUND BALANCE, RESERVES									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	115,299,304.00	45,938,807.00	161,238,111.00	128,115,844.00	29,236,743.00	157,352,587.00	-2.4%
b) Audit Adjustments		9793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)			115,299,304.00	45,938,807.00	161,238,111.00	128,115,844.00	29,236,743.00	157,352,587.00	-2.4%
d) Other Restatements		9795	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			115,299,304.00	45,938,807.00	161,238,111.00	128,115,844.00	29,236,743.00	157,352,587.00	-2.4%
2) Ending Balance, June 30 (E + F1e)			128,115,844.00	29,236,743.00	157,352,587.00	137,468,013.00	29,253,540.00	166,721,553.00	6.0%
Components of Ending Fund Balance									
a) Nonspendable									
Revolving Cash		9711	70,000.00	0.00	70,000.00	70,000.00	0.00	70,000.00	0.0%
Stores		9712	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Prepaid Items		9713	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Others		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Restricted		9740	0.00	29,236,743.00	29,236,743.00	0.00	29,253,540.00	29,253,540.00	0.1%
c) Committed									
Stabilization Arrangements		9750	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Commitments		9760	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
d) Assigned									
Other Assignments			58,089,196.00	0.00	58,089,196.00	54,213,456.00	0.00	54,213,456.00	-6.7%
ACCESS LCFF/LCAP Priorities	0000	9780				9,416,086.00		9,416,086.00	
Mandated Costs	0000	9780				8,749,853.00		8,749,853.00	
ACCESS	0000	9780				5,175,107.00		5,175,107.00	
OCDE ERATE	0000	9780				3,030,500.00		3,030,500.00	
2015-16 One-Time Discretionary Fundir	0000	9780				2,367,106.00		2,367,106.00	
Medical Administrative Activities (MAA)	0000	9780				1,686,211.00		1,686,211.00	
CTEp (ROP) Tier III	0000	9780				955,310.00		955,310.00	
Reserve for Outdated Checks	0000	9780				953,906.00		953,906.00	
EISS Workshops	0000	9780				694,821.00		694,821.00	
Time & Attendance	0000	9780				460,196.00		460,196.00	
ACCESS-CHEP	0000	9780				371,100.00		371,100.00	
Various Workshops and Trainings	0000	9780				368,469.00		368,469.00	
ACCESS Tier III	0000	9780				349,967.00		349,967.00	
Information Technology Imaging Service	0000	9780				330,453.00		330,453.00	

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
2015-16 One-Time COE LCAP Discretic	0000	9780				322,983.00		322,983.00	
College & Career Preparatory Academy	0000	9780				317,997.00		317,997.00	
Information Technology Bi-Tech	0000	9780				307,000.00		307,000.00	
Special Schools Tier III	0000	9780				255,805.00		255,805.00	
Special Education JPA	0000	9780				238,413.00		238,413.00	
College and Career Readiness Consorti	0000	9780				133,272.00		133,272.00	
Instructional Materials Lottery	1100	9780				17,349,601.00		17,349,601.00	
CTEp (ROP) Lottery	1100	9780				379,300.00		379,300.00	
ACCESS LCFF/LCAP Priorities	0000	9780	12,261,777.00		12,261,777.00				
Mandated Costs	0000	9780	7,967,563.00		7,967,563.00				
ACCESS	0000	9780	6,322,814.00		6,322,814.00				
2015-16 One-Time Discretionary Fundir	0000	9780	2,953,916.00		2,953,916.00				
OCDE ERATE	0000	9780	2,912,000.00		2,912,000.00				
Medical Administrative Activities (MAA)	0000	9780	1,280,886.00		1,280,886.00				
CTEp (ROP) Tier III	0000	9780	990,938.00		990,938.00				
Reserve for Outdated Checks	0000	9780	903,906.00		903,906.00				
EISS Workshops	0000	9780	793,095.00		793,095.00				
ACCESS Tier III	0000	9780	722,419.00		722,419.00				
2015-16 One-Time COE LCAP Discretic	0000	9780	656,591.00		656,591.00				
Time & Attendance	0000	9780	441,598.00		441,598.00				
Special Education JPA	0000	9780	404,246.00		404,246.00				
Various Workshop and Trainings	0000	9780	396,525.00		396,525.00				
Special Schools Tier III	0000	9780	389,193.00		389,193.00				
ACCESS-CHEP	0000	9780	371,100.00		371,100.00				
Classified School Employee grant	0000	9780	350,000.00		350,000.00				
Various Other Designated Programs	0000	9780	341,923.00		341,923.00				
Information Technology Bi-Tech	0000	9780	307,000.00		307,000.00				
Information Technology Imaging Service	0000	9780	289,656.00		289,656.00				
College and Career Readiness Consorti	0000	9780	133,272.00		133,272.00				
Instructional Materials Lottery	1100	9780	16,468,491.00		16,468,491.00				
CTEp (ROP) Lottery	1100	9780	395,500.00		395,500.00				
College & Career Preparatory Academy	1100	9780	34,787.00		34,787.00				
e) Unassigned/Unappropriated									
Reserve for Economic Uncertainties		9789	69,956,648.00	0.00	69,956,648.00	83,184,557.00	0.00	83,184,557.00	18.9%
Unassigned/Unappropriated Amount		9790	0.00	0.00	0.00	0.00	0.00	0.00	0.0%

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
G. ASSETS									
1) Cash									
a) in County Treasury		9110	0.00	0.00	0.00				
1) Fair Value Adjustment to Cash in County Treasury		9111	0.00	0.00	0.00				
b) in Banks		9120	0.00	0.00	0.00				
c) in Revolving Cash Account		9130	0.00	0.00	0.00				
d) with Fiscal Agent/Trustee		9135	0.00	0.00	0.00				
e) Collections Awaiting Deposit		9140	0.00	0.00	0.00				
2) Investments		9150	0.00	0.00	0.00				
3) Accounts Receivable		9200	0.00	0.00	0.00				
4) Due from Grantor Government		9290	0.00	0.00	0.00				
5) Due from Other Funds		9310	0.00	0.00	0.00				
6) Stores		9320	0.00	0.00	0.00				
7) Prepaid Expenditures		9330	0.00	0.00	0.00				
8) Other Current Assets		9340	0.00	0.00	0.00				
9) TOTAL ASSETS			0.00	0.00	0.00				
H. DEFERRED OUTFLOWS OF RESOURCES									
1) Deferred Outflows of Resources		9490	0.00	0.00	0.00				
2) TOTAL DEFERRED OUTFLOWS			0.00	0.00	0.00				
I. LIABILITIES									
1) Accounts Payable		9500	0.00	0.00	0.00				
2) Due to Grantor Governments		9590	0.00	0.00	0.00				
3) Due to Other Funds		9610	0.00	0.00	0.00				
4) Current Loans		9640	0.00	0.00	0.00				
5) Unearned Revenue		9650	0.00	0.00	0.00				
6) TOTAL LIABILITIES			0.00	0.00	0.00				
J. DEFERRED INFLOWS OF RESOURCES									
1) Deferred Inflows of Resources		9690	0.00	0.00	0.00				
2) TOTAL DEFERRED INFLOWS			0.00	0.00	0.00				
K. FUND EQUITY									
Ending Fund Balance, June 30									

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Description (G9 + H2) - (I6 + J2)	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
			0.00	0.00	0.00				

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
LCFF SOURCES									
Principal Apportionment									
State Aid - Current Year		8011	22,737,693.00	0.00	22,737,693.00	24,159,426.00	0.00	24,159,426.00	6.3%
Education Protection Account State Aid - Current Year		8012	484,200.00	0.00	484,200.00	453,800.00	0.00	453,800.00	-6.3%
State Aid - Prior Years		8019	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Tax Relief Subventions									
Homeowners' Exemptions		8021	530,537.00	0.00	530,537.00	530,537.00	0.00	530,537.00	0.0%
Timber Yield Tax		8022	8.00	0.00	8.00	8.00	0.00	8.00	0.0%
Other Subventions/In-Lieu Taxes		8029	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
County & District Taxes									
Secured Roll Taxes		8041	90,449,151.00	0.00	90,449,151.00	90,449,151.00	0.00	90,449,151.00	0.0%
Unsecured Roll Taxes		8042	2,696,181.00	0.00	2,696,181.00	2,696,181.00	0.00	2,696,181.00	0.0%
Prior Years' Taxes		8043	1,823,561.00	0.00	1,823,561.00	1,823,561.00	0.00	1,823,561.00	0.0%
Supplemental Taxes		8044	2,857,979.00	0.00	2,857,979.00	2,857,979.00	0.00	2,857,979.00	0.0%
Education Revenue Augmentation Fund (ERAF)		8045	1,287.00	0.00	1,287.00	1,287.00	0.00	1,287.00	0.0%
Community Redevelopment Funds (SB 617/699/1992)		8047	9,266,438.00	0.00	9,266,438.00	9,266,438.00	0.00	9,266,438.00	0.0%
Penalties and Interest from Delinquent Taxes		8048	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Receipt from Co. Board of Sups.		8070	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Miscellaneous Funds (EC 41604)									
Royalties and Bonuses		8081	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other In-Lieu Taxes		8082	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Less: Non-LCFF (50%) Adjustment		8089	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Subtotal, LCFF Sources			130,847,035.00	0.00	130,847,035.00	132,238,368.00	0.00	132,238,368.00	1.1%
LCFF Transfers									
Unrestricted LCFF Transfers - Current Year	0000	8091	(538,320.00)		(538,320.00)	(568,720.00)		(568,720.00)	5.6%
All Other LCFF Transfers - Current Year	All Other	8091	(484,200.00)	0.00	(484,200.00)	(453,800.00)	0.00	(453,800.00)	-6.3%
Transfers to Charter Schools in Lieu of Property Taxes		8096	574,031.00	0.00	574,031.00	574,031.00	0.00	574,031.00	0.0%
Property Taxes Transfers		8097	(38,413,996.00)	4,839,872.00	(33,574,124.00)	(38,413,996.00)	4,541,815.00	(33,872,181.00)	0.9%

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
LCFF/Revenue Limit Transfers - Prior Years		8099	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, LCFF SOURCES			91,984,550.00	4,839,872.00	96,824,422.00	93,375,883.00	4,541,815.00	97,917,698.00	1.1%
FEDERAL REVENUE									
Maintenance and Operations		8110	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Special Education Entitlement		8181	0.00	1,152,469.00	1,152,469.00	0.00	1,152,469.00	1,152,469.00	0.0%
Special Education Discretionary Grants		8182	0.00	479,228.00	479,228.00	0.00	482,993.00	482,993.00	0.8%
Child Nutrition Programs		8220	0.00	230,000.00	230,000.00	0.00	230,000.00	230,000.00	0.0%
Donated Food Commodities		8221	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Flood Control Funds		8270	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Wildlife Reserve Funds		8280	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
FEMA		8281	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Interagency Contracts Between LEAs		8285	19,858.00	1,473,067.00	1,492,925.00	0.00	730,000.00	730,000.00	-51.1%
Pass-Through Revenues from Federal Sources		8287	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Title I, Part A, Basic	3010	8290		3,924,702.00	3,924,702.00		3,902,415.00	3,902,415.00	-0.6%
Title I, Part D, Local Delinquent Programs	3025	8290		1,271,678.00	1,271,678.00		3,366,772.00	3,366,772.00	164.8%
Title II, Part A, Educator Quality	4035	8290		105,870.00	105,870.00		119,998.00	119,998.00	13.3%
Title III, Part A, Immigrant Education Program	4201	8290		34.00	34.00		0.00	0.00	-100.0%

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Title III, Part A, English Learner Program	4203	8290		253,127.00	253,127.00		99,863.00	99,863.00	-60.5%
Public Charter Schools Grant Program (PCSGP);	4610	8290		0.00	0.00		0.00	0.00	0.0%
	3020, 3040, 3041, 3045, 3060, 3061, 3110, 3150, 3155, 3177, 3180, 3181, 3185, 4050, 4123, 4124, 4126, 4127, 4204, 5510, 5630								
Other NCLB / Every Student Succeeds Act		8290		551,338.00	551,338.00		436,269.00	436,269.00	-20.9%
Career and Technical Education	3500-3599	8290		0.00	0.00		0.00	0.00	0.0%
All Other Federal Revenue	All Other	8290	21,257,753.00	1,235,027.00	22,492,780.00	15,228,439.00	1,370,657.00	16,599,096.00	-26.2%
TOTAL, FEDERAL REVENUE			21,277,611.00	10,676,540.00	31,954,151.00	15,228,439.00	11,891,436.00	27,119,875.00	-15.1%
OTHER STATE REVENUE									
Other State Apportionments									
ROC/P Entitlement Prior Years	6360	8319		0.00	0.00		0.00	0.00	0.0%
Special Education Master Plan Current Year	6500	8311		0.00	0.00		0.00	0.00	0.0%
Prior Years	6500	8319		0.00	0.00		0.00	0.00	0.0%
All Other State Apportionments - Current Year	All Other	8311	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other State Apportionments - Prior Years	All Other	8319	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Child Nutrition Programs		8520	0.00	20,560.00	20,560.00	0.00	20,560.00	20,560.00	0.0%
Mandated Costs Reimbursements		8550	1,719,954.00	0.00	1,719,954.00	811,953.00	0.00	811,953.00	-52.8%
Lottery - Unrestricted and Instructional Materials		8560	1,077,481.00	297,500.00	1,374,981.00	915,897.00	297,530.00	1,213,427.00	-11.7%
Tax Relief Subventions Restricted Levies - Other									
Homeowners' Exemptions		8575	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Subventions/In-Lieu Taxes		8576	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Pass-Through Revenues from State Sources		8587	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
After School Education and Safety (ASES)	6010	8590		158,980.00	158,980.00		160,804.00	160,804.00	1.1%
Charter School Facility Grant	6030	8590		0.00	0.00		0.00	0.00	0.0%

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Drug/Alcohol/Tobacco Funds	6650, 6680, 6685, 6690, 6695	8590		918,824.00	918,824.00		1,055,760.00	1,055,760.00	14.9%
California Clean Energy Jobs Act	6230	8590		106,374.00	106,374.00		0.00	0.00	-100.0%
Career Technical Education Incentive Grant Program	6387	8590		2,491,389.00	2,491,389.00		3,935,648.00	3,935,648.00	58.0%
American Indian Early Childhood Education	7210	8590		0.00	0.00		0.00	0.00	0.0%
Specialized Secondary	7370	8590		0.00	0.00		0.00	0.00	0.0%
Quality Education Investment Act	7400	8590		0.00	0.00		0.00	0.00	0.0%
Common Core State Standards Implementation	7405	8590		0.00	0.00		0.00	0.00	0.0%
All Other State Revenue	All Other	8590	1,472,751.00	10,424,839.00	11,897,590.00	1,184,727.00	7,656,958.00	8,841,685.00	-25.7%
TOTAL, OTHER STATE REVENUE			4,270,186.00	14,418,466.00	18,688,652.00	2,912,577.00	13,127,260.00	16,039,837.00	-14.2%

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
OTHER LOCAL REVENUE									
Other Local Revenue									
County and District Taxes									
Other Restricted Levies									
Secured Roll		8615	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Unsecured Roll		8616	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Prior Years' Taxes		8617	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Supplemental Taxes		8618	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Non-Ad Valorem Taxes									
Parcel Taxes		8621	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other		8622	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Community Redevelopment Funds									
Not Subject to LCFF Deduction		8625	270.00	1,871,043.00	1,871,313.00	0.00	1,800,000.00	1,800,000.00	-3.8%
Penalties and Interest from Delinquent Non-LCFF Taxes		8629	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Sales									
Sale of Equipment/Supplies		8631	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Sale of Publications		8632	110,265.00	162,406.00	272,671.00	105,884.00	170,000.00	275,884.00	1.2%
Food Service Sales		8634	285,000.00	11,500.00	296,500.00	285,000.00	11,500.00	296,500.00	0.0%
All Other Sales		8639	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Leases and Rentals		8650	5,066.00	0.00	5,066.00	5,000.00	0.00	5,000.00	-1.3%
Interest		8660	2,044,608.00	0.00	2,044,608.00	2,045,000.00	0.00	2,045,000.00	0.0%
Net Increase (Decrease) in the Fair Value of Investments		8662	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Fees and Contracts									
Adult Education Fees		8671	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Non-Resident Students		8672	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transportation Fees From Individuals		8675	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Interagency Services		8677	7,417,499.00	31,541,487.00	38,958,986.00	7,627,279.00	34,458,198.00	42,085,477.00	8.0%
Mitigation/Developer Fees		8681	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Fees and Contracts		8689	2,924,270.00	246,290.00	3,170,560.00	2,830,586.00	237,580.00	3,068,166.00	-3.2%
Other Local Revenue									
Plus: Misc Funds Non-LCFF									

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Description (50%) Adjustment	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Pass-Through Revenues From Local Sources		8691	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
		8697	0.00	0.00	0.00		0.00	0.00	0.0%
All Other Local Revenue		8699	2,772,369.00	3,661,743.00	6,434,112.00	2,710,217.00	4,263,783.00	6,974,000.00	8.4%
Tuition		8710	29,609,810.00	3,499,895.00	33,109,705.00	31,678,961.00	3,748,839.00	35,427,800.00	7.0%
All Other Transfers In		8781-8783	254,987.00	0.00	254,987.00	254,987.00	0.00	254,987.00	0.0%
Transfers of Apportionments Special Education SELPA Transfers From Districts or Charter Schools	6500	8791		0.00	0.00		0.00	0.00	0.0%
From County Offices	6500	8792		20,387.00	20,387.00		20,387.00	20,387.00	0.0%
From JPAs	6500	8793		0.00	0.00		0.00	0.00	0.0%
ROC/P Transfers From Districts or Charter Schools	6360	8791		0.00	0.00		0.00	0.00	0.0%
From County Offices	6360	8792		0.00	0.00		0.00	0.00	0.0%
From JPAs	6360	8793		0.00	0.00		0.00	0.00	0.0%
Other Transfers of Apportionments From Districts or Charter Schools	All Other	8791	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From County Offices	All Other	8792	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From JPAs	All Other	8793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Transfers In from All Others		8799	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, OTHER LOCAL REVENUE			45,424,144.00	41,014,751.00	86,438,895.00	47,542,914.00	44,710,287.00	92,253,201.00	6.7%
TOTAL, REVENUES			162,956,491.00	70,949,629.00	233,906,120.00	159,059,813.00	74,270,798.00	233,330,611.00	-0.2%

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
CERTIFICATED SALARIES									
Certificated Teachers' Salaries		1100	26,764,285.00	9,602,798.00	36,367,083.00	20,992,791.00	9,705,238.00	30,698,029.00	-15.6%
Certificated Pupil Support Salaries		1200	522,266.00	2,444,938.00	2,967,204.00	591,752.00	2,430,155.00	3,021,907.00	1.8%
Certificated Supervisors' and Administrators' Salaries		1300	8,086,430.00	4,032,354.00	12,118,784.00	8,706,165.00	4,617,046.00	13,323,211.00	9.9%
Other Certificated Salaries		1900	191,964.00	2,394,992.00	2,586,956.00	168,843.00	2,465,960.00	2,634,803.00	1.8%
TOTAL, CERTIFICATED SALARIES			35,564,945.00	18,475,082.00	54,040,027.00	30,459,551.00	19,218,399.00	49,677,950.00	-8.1%
CLASSIFIED SALARIES									
Classified Instructional Salaries		2100	2,948,670.00	9,784,920.00	12,733,590.00	3,035,957.00	10,074,112.00	13,110,069.00	3.0%
Classified Support Salaries		2200	1,606,358.00	2,700,272.00	4,306,630.00	1,586,328.00	2,690,029.00	4,276,357.00	-0.7%
Classified Supervisors' and Administrators' Salaries		2300	16,988,081.00	5,581,609.00	22,569,690.00	18,313,668.00	5,122,990.00	23,436,658.00	3.8%
Clerical, Technical and Office Salaries		2400	11,788,822.00	3,697,707.00	15,486,529.00	11,957,106.00	3,703,979.00	15,661,085.00	1.1%
Other Classified Salaries		2900	163,406.00	426,267.00	589,673.00	145,792.00	400,457.00	546,249.00	-7.4%
TOTAL, CLASSIFIED SALARIES			33,495,337.00	22,190,775.00	55,686,112.00	35,038,851.00	21,991,567.00	57,030,418.00	2.4%
EMPLOYEE BENEFITS									
STRS		3101-3102	5,017,511.00	7,632,878.00	12,650,389.00	4,665,110.00	8,345,296.00	13,010,406.00	2.8%
PERS		3201-3202	5,314,294.00	3,476,507.00	8,790,801.00	6,099,959.00	3,921,357.00	10,021,316.00	14.0%
OASDI/Medicare/Alternative		3301-3302	1,092,349.00	670,553.00	1,762,902.00	988,879.00	630,229.00	1,619,108.00	-8.2%
Health and Welfare Benefits		3401-3402	12,009,121.00	8,567,770.00	20,576,891.00	13,106,928.00	9,750,280.00	22,857,208.00	11.1%
Unemployment Insurance		3501-3502	35,958.00	21,384.00	57,342.00	32,536.00	20,690.00	53,226.00	-7.2%
Workers' Compensation		3601-3602	1,218,863.00	726,263.00	1,945,126.00	1,112,657.00	702,851.00	1,815,508.00	-6.7%
OPEB, Allocated		3701-3702	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
OPEB, Active Employees		3751-3752	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Employee Benefits		3901-3902	74,555.00	66,235.00	140,790.00	71,458.00	66,047.00	137,505.00	-2.3%
TOTAL, EMPLOYEE BENEFITS			24,762,651.00	21,161,590.00	45,924,241.00	26,077,527.00	23,436,750.00	49,514,277.00	7.8%
BOOKS AND SUPPLIES									
Approved Textbooks and Core Curricula Materials		4100	85,653.00	2,865.00	88,518.00	320,010.00	19,626.00	339,636.00	283.7%
Books and Other Reference Materials		4200	102,394.00	61,421.00	163,815.00	106,507.00	86,970.00	193,477.00	18.1%
Materials and Supplies		4300	3,613,533.00	1,171,445.00	4,784,978.00	7,850,921.00	6,622,325.00	14,473,246.00	202.5%

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Noncapitalized Equipment		4400	633,264.00	256,609.00	889,873.00	392,036.00	308,626.00	700,662.00	-21.3%
Food		4700	221,700.00	319,900.00	541,600.00	249,000.00	363,000.00	612,000.00	13.0%
TOTAL BOOKS AND SUPPLIES			4,656,544.00	1,812,240.00	6,468,784.00	8,918,474.00	7,400,547.00	16,319,021.00	152.3%
SERVICES AND OTHER OPERATING EXPENDITURES									
Subagreements for Services		5100	4,152,469.00	19,103,143.00	23,255,612.00	4,611,000.00	491,835.00	5,102,835.00	-78.1%
Travel and Conferences		5200	1,216,548.00	1,083,562.00	2,300,110.00	1,357,686.00	833,115.00	2,190,801.00	-4.8%
Dues and Memberships		5300	281,014.00	39,591.00	320,605.00	301,179.00	15,007.00	316,186.00	-1.4%
Insurance		5400 - 5450	350,000.00	0.00	350,000.00	350,000.00	0.00	350,000.00	0.0%
Operations and Housekeeping Services		5500	995,743.00	230,711.00	1,226,454.00	954,891.00	242,811.00	1,197,702.00	-2.3%
Rentals, Leases, Repairs, and Noncapitalized Improvements		5600	8,243,371.00	1,588,036.00	9,831,407.00	8,394,045.00	765,472.00	9,159,517.00	-6.8%
Transfers of Direct Costs		5710	(309,152.00)	309,152.00	0.00	(311,540.00)	311,540.00	0.00	0.0%
Transfers of Direct Costs - Interfund		5750	(346,105.00)	0.00	(346,105.00)	(268,245.00)	0.00	(268,245.00)	-22.5%
Professional/Consulting Services and Operating Expenditures		5800	8,582,102.00	3,808,228.00	12,390,330.00	10,274,731.00	3,359,458.00	13,634,189.00	10.0%
Communications		5900	844,291.00	163,243.00	1,007,534.00	804,952.00	166,334.00	971,286.00	-3.6%
TOTAL, SERVICES AND OTHER OPERATING EXPENDITURES			24,010,281.00	26,325,666.00	50,335,947.00	26,468,699.00	6,185,572.00	32,654,271.00	-35.1%

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
CAPITAL OUTLAY									
Land		6100	14,664.00	0.00	14,664.00	10,000.00	0.00	10,000.00	-31.8%
Land Improvements		6170	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Buildings and Improvements of Buildings		6200	6,000.00	0.00	6,000.00	10,000.00	0.00	10,000.00	66.7%
Books and Media for New School Libraries or Major Expansion of School Libraries		6300	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Equipment		6400	1,715,154.00	3,000.00	1,718,154.00	3,437,701.00	42,755.00	3,480,456.00	102.6%
Equipment Replacement		6500	145,959.00	0.00	145,959.00	62,000.00	5,000.00	67,000.00	-54.1%
TOTAL, CAPITAL OUTLAY			1,881,777.00	3,000.00	1,884,777.00	3,519,701.00	47,755.00	3,567,456.00	89.3%
OTHER OUTGO (excluding Transfers of Indirect Costs)									
Tuition									
Tuition for Instruction Under Interdistrict Attendance Agreements		7110	1,183,126.00	1,361,423.00	2,544,549.00	809,379.00	1,022,219.00	1,831,598.00	-28.0%
State Special Schools		7130	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Tuition, Excess Costs, and/or Deficit Payments Payments to Districts or Charter Schools		7141	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Payments to County Offices		7142	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Payments to JPAs		7143	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Pass-Through Revenues To Districts or Charter Schools		7211	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To County Offices		7212	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To JPAs		7213	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Special Education SELPA Transfers of Apportionments To Districts or Charter Schools	6500	7221		0.00	0.00		0.00	0.00	0.0%
To County Offices	6500	7222		0.00	0.00		0.00	0.00	0.0%
To JPAs	6500	7223		0.00	0.00		0.00	0.00	0.0%
ROC/P Transfers of Apportionments To Districts or Charter Schools	6360	7221		0.00	0.00		0.00	0.00	0.0%
To County Offices	6360	7222		0.00	0.00		0.00	0.00	0.0%
To JPAs	6360	7223		0.00	0.00		0.00	0.00	0.0%
Other Transfers of Apportionments	All Other	7221-7223	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Transfers		7281-7283	21,369,436.00	0.00	21,369,436.00	14,014,411.00	0.00	14,014,411.00	-34.4%

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
All Other Transfers Out to All Others		7299	0.00	399,092.00	399,092.00	0.00	217,575.00	217,575.00	-45.5%
Debt Service									
Debt Service - Interest		7438	1,186.00	0.00	1,186.00	1,186.00	0.00	1,186.00	0.0%
Other Debt Service - Principal		7439	4,445.00	0.00	4,445.00	4,445.00	0.00	4,445.00	0.0%
TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)			22,558,193.00	1,760,515.00	24,318,708.00	14,829,421.00	1,239,794.00	16,069,215.00	-33.9%
OTHER OUTGO - TRANSFERS OF INDIRECT COSTS									
Transfers of Indirect Costs		7310	(6,057,014.00)	6,057,014.00	0.00	(6,432,125.00)	6,432,125.00	0.00	0.0%
Transfers of Indirect Costs - Interfund		7350	(2,093,776.00)	0.00	(2,093,776.00)	(2,100,364.00)	0.00	(2,100,364.00)	0.3%
TOTAL, OTHER OUTGO - TRANSFERS OF INDIRECT COSTS			(8,150,790.00)	6,057,014.00	(2,093,776.00)	(8,532,489.00)	6,432,125.00	(2,100,364.00)	0.3%
TOTAL, EXPENDITURES			138,778,938.00	97,785,882.00	236,564,820.00	136,779,735.00	85,952,509.00	222,732,244.00	-5.8%

Description			2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F		
			Resource Codes	Object Codes	Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)		Restricted (E)	Total Fund col. D + E (F)
INTERFUND TRANSFERS											
INTERFUND TRANSFERS IN											
From: Special Reserve Fund					0.00	0.00	0.00	0.00	0.00	0.0%	
Other Authorized Interfund Transfers In					0.00	0.00	0.00	0.00	0.00	0.0%	
(a) TOTAL, INTERFUND TRANSFERS IN					0.00	0.00	0.00	0.00	0.00	0.0%	
INTERFUND TRANSFERS OUT											
To: Child Development Fund			7611		246,089.00	0.00	246,089.00	248,666.00	0.00	248,666.00	1.0%
To: Special Reserve Fund			7612		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To: State School Building Fund/ County School Facilities Fund			7613		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To: Cafeteria Fund			7616		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Authorized Interfund Transfers Out			7619		0.00	980,735.00	980,735.00	0.00	980,735.00	980,735.00	0.0%
(b) TOTAL, INTERFUND TRANSFERS OUT					246,089.00	980,735.00	1,226,824.00	248,666.00	980,735.00	1,229,401.00	0.2%
OTHER SOURCES/USES											
SOURCES											
State Apportionments			8931		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Emergency Apportionments											
Proceeds											
Proceeds from Sale/Lease-Purchase of Land/Buildings			8953		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Sources											
County School Bldg Aid			8961		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers from Funds of Lapsed/Reorganized LEAs			8965		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Long-Term Debt Proceeds											
Proceeds from Certificates of Participation			8971		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Proceeds from Capital Leases			8972		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Proceeds from Lease Revenue Bonds			8973		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Financing Sources			8979		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
(c) TOTAL, SOURCES					0.00	0.00	0.00	0.00	0.00	0.00	0.0%
USES											
Transfers of Funds from Lapsed/Reorganized LEAs			7651		0.00	0.00	0.00	0.00	0.00	0.00	0.0%

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Description	Resource Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
All Other Financing Uses		7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
(d) TOTAL, USES			0.00	0.00	0.00	0.00	0.00	0.00	0.0%
CONTRIBUTIONS									
Contributions from Unrestricted Revenues		8980	(2,207,400.00)	2,207,400.00	0.00	(3,308,633.00)	3,308,633.00	0.00	0.0%
Contributions from Restricted Revenues		8990	(8,907,524.00)	8,907,524.00	0.00	(9,370,610.00)	9,370,610.00	0.00	0.0%
(e) TOTAL, CONTRIBUTIONS			(11,114,924.00)	11,114,924.00	0.00	(12,679,243.00)	12,679,243.00	0.00	0.0%
TOTAL, OTHER FINANCING SOURCES/USES									
(a - b + c - d + e)			(11,361,013.00)	10,134,189.00	(1,226,824.00)	(12,927,909.00)	11,698,508.00	(1,229,401.00)	0.2%

Description	Function Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
A. REVENUES									
1) LCFF Sources		8010-8099	91,984,550.00	4,839,872.00	96,824,422.00	93,375,883.00	4,541,815.00	97,917,698.00	1.1%
2) Federal Revenue		8100-8299	21,277,611.00	10,676,540.00	31,954,151.00	15,228,439.00	11,891,436.00	27,119,875.00	-15.1%
3) Other State Revenue		8300-8599	4,270,186.00	14,418,466.00	18,688,652.00	2,912,577.00	13,127,260.00	16,039,837.00	-14.2%
4) Other Local Revenue		8600-8799	45,424,144.00	41,014,751.00	86,438,895.00	47,542,914.00	44,710,287.00	92,253,201.00	6.7%
5) TOTAL, REVENUES			162,956,491.00	70,949,629.00	233,906,120.00	159,059,813.00	74,270,798.00	233,330,611.00	-0.2%
B. EXPENDITURES (Objects 1000-7999)									
1) Instruction	1000-1999		40,586,704.00	27,925,465.00	68,512,169.00	40,096,167.00	32,020,074.00	72,116,241.00	5.3%
2) Instruction - Related Services	2000-2999		39,426,574.00	48,821,887.00	88,248,461.00	42,011,920.00	32,473,996.00	74,485,916.00	-15.6%
3) Pupil Services	3000-3999		6,437,806.00	11,726,380.00	18,164,186.00	6,751,627.00	12,266,334.00	19,017,961.00	4.7%
4) Ancillary Services	4000-4999		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
5) Community Services	5000-5999		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
6) Enterprise	6000-6999		0.00	0.00	0.00	0.00	0.00	0.00	0.0%
7) General Administration	7000-7999		18,949,466.00	6,057,014.00	25,006,480.00	22,084,059.00	6,432,125.00	28,516,184.00	14.0%
8) Plant Services	8000-8999		10,820,195.00	1,494,621.00	12,314,816.00	11,006,541.00	1,520,186.00	12,526,727.00	1.7%
9) Other Outgo	9000-9999	Except 7600-7699	22,558,193.00	1,760,515.00	24,318,708.00	14,829,421.00	1,239,794.00	16,069,215.00	-33.9%
10) TOTAL, EXPENDITURES			138,778,938.00	97,785,882.00	236,564,820.00	136,779,735.00	85,952,509.00	222,732,244.00	-5.8%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B10)									
			24,177,553.00	(26,836,253.00)	(2,658,700.00)	22,280,078.00	(11,681,711.00)	10,598,367.00	-498.6%
D. OTHER FINANCING SOURCES/USES									
1) Interfund Transfers									
a) Transfers In		8900-8929	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Transfers Out		7600-7629	246,089.00	980,735.00	1,226,824.00	248,666.00	980,735.00	1,229,401.00	0.2%
2) Other Sources/Uses									
a) Sources		8930-8979	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	(11,114,924.00)	11,114,924.00	0.00	(12,679,243.00)	12,679,243.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(11,361,013.00)	10,134,189.00	(1,226,824.00)	(12,927,909.00)	11,698,508.00	(1,229,401.00)	0.2%

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Description	Function Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)			12,816,540.00	(16,702,064.00)	(3,885,524.00)	9,352,169.00	16,797.00	9,368,966.00	-341.1%
F. FUND BALANCE, RESERVES									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	115,299,304.00	45,938,807.00	161,238,111.00	128,115,844.00	29,236,743.00	157,352,587.00	-2.4%
b) Audit Adjustments		9793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)			115,299,304.00	45,938,807.00	161,238,111.00	128,115,844.00	29,236,743.00	157,352,587.00	-2.4%
d) Other Restatements		9795	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			115,299,304.00	45,938,807.00	161,238,111.00	128,115,844.00	29,236,743.00	157,352,587.00	-2.4%
2) Ending Balance, June 30 (E + F1e)			128,115,844.00	29,236,743.00	157,352,587.00	137,468,013.00	29,253,540.00	166,721,553.00	6.0%
Components of Ending Fund Balance									
a) Nonspendable									
Revolving Cash		9711	70,000.00	0.00	70,000.00	70,000.00	0.00	70,000.00	0.0%
Stores		9712	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Prepaid Items		9713	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Others		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Restricted		9740	0.00	29,236,743.00	29,236,743.00	0.00	29,253,540.00	29,253,540.00	0.1%
c) Committed									
Stabilization Arrangements		9750	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Commitments (by Resource/Object)		9760	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
d) Assigned									
Other Assignments (by Resource/Object)			58,089,196.00	0.00	58,089,196.00	54,213,456.00	0.00	54,213,456.00	-6.7%
ACCESS LCFF/LCAP Priorities	0000	9780				9,416,086.00		9,416,086.00	
Mandated Costs	0000	9780				8,749,853.00		8,749,853.00	
ACCESS	0000	9780				5,175,107.00		5,175,107.00	
OCDE ERATE	0000	9780				3,030,500.00		3,030,500.00	
2015-16 One-Time Discretionary Fundir	0000	9780				2,367,106.00		2,367,106.00	
Medical Administrative Activities (MAA)	0000	9780				1,686,211.00		1,686,211.00	
CTEP (ROP) Tier III	0000	9780				955,310.00		955,310.00	
Reserve for Outdated Checks	0000	9780				953,906.00		953,906.00	
EISS Workshops	0000	9780				694,821.00		694,821.00	
Time & Attendance	0000	9780				460,196.00		460,196.00	
ACCESS-CHEP	0000	9780				371,100.00		371,100.00	
Various Workshops and Trainings	0000	9780				368,469.00		368,469.00	

Description	Function Codes	Object Codes	2017-18 Estimated Actuals			2018-19 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
ACCESS Tier III	0000	9780				349,967.00		349,967.00	
Information Technology Imaging Service	0000	9780				330,453.00		330,453.00	
2015-16 One-Time COE LCAP Discret	0000	9780				322,983.00		322,983.00	
College & Career Preparatory Academy	0000	9780				317,997.00		317,997.00	
Information Technology Bi-Tech	0000	9780				307,000.00		307,000.00	
Special Schools Tier III	0000	9780				255,805.00		255,805.00	
Special Education JPA	0000	9780				238,413.00		238,413.00	
College and Career Readiness Consorti	0000	9780				133,272.00		133,272.00	
Instructional Materials Lottery	1100	9780				17,349,601.00		17,349,601.00	
CTEp (ROP) Lottery	1100	9780				379,300.00		379,300.00	
ACCESS LCFF/LCAP Priorities	0000	9780	12,261,777.00		12,261,777.00				
Mandated Costs	0000	9780	7,967,563.00		7,967,563.00				
ACCESS	0000	9780	6,322,814.00		6,322,814.00				
2015-16 One-Time Discretionary Fundir	0000	9780	2,953,916.00		2,953,916.00				
OCDE ERATE	0000	9780	2,912,000.00		2,912,000.00				
Medical Administrative Activities (MAA)	0000	9780	1,280,886.00		1,280,886.00				
CTEp (ROP) Tier III	0000	9780	990,938.00		990,938.00				
Reserve for Outdated Checks	0000	9780	903,906.00		903,906.00				
EISS Workshops	0000	9780	793,095.00		793,095.00				
ACCESS Tier III	0000	9780	722,419.00		722,419.00				
2015-16 One-Time COE LCAP Discret	0000	9780	656,591.00		656,591.00				
Time & Attendance	0000	9780	441,598.00		441,598.00				
Special Education JPA	0000	9780	404,246.00		404,246.00				
Various Workshop and Trainings	0000	9780	396,525.00		396,525.00				
Special SchoolsTier III	0000	9780	389,193.00		389,193.00				
ACCESS-CHEP	0000	9780	371,100.00		371,100.00				
Classified School Employee grant	0000	9780	350,000.00		350,000.00				
Various Other Designated Programs	0000	9780	341,923.00		341,923.00				
Information Technology Bi-Tech	0000	9780	307,000.00		307,000.00				
Information Technology Imaging Service	0000	9780	289,656.00		289,656.00				
College and Career Readiness Consorti	0000	9780	133,272.00		133,272.00				
Instructional Materials Lottery	1100	9780	16,468,491.00		16,468,491.00				
CTEp (ROP) Lottery	1100	9780	395,500.00		395,500.00				
College & Career Preparatory Academy	1100	9780	34,787.00		34,787.00				
e) Unassigned/Unappropriated									
Reserve for Economic Uncertainties		9789	69,956,648.00	0.00	69,956,648.00	83,184,557.00	0.00	83,184,557.00	18.9%
Unassigned/Unappropriated Amount		9790	0.00	0.00	0.00	0.00	0.00	0.00	0.0%

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Resource	Description	2017-18	2018-19
		Estimated Actuals	Budget
5640	Medi-Cal Billing Option	62,574.00	84,257.00
6230	California Clean Energy Jobs Act	594,882.00	0.00
6300	Lottery: Instructional Materials	1,500,844.00	1,617,801.00
6500	Special Education	1,519,342.00	1,141,867.00
6512	Special Ed: Mental Health Services	33,076.00	2,791.00
7338	College Readiness Block Grant	241,909.00	0.00
7810	Other Restricted State	2,367,475.00	626,278.00
8150	Ongoing & Major Maintenance Account (RMA: Education Code Secti	13,529,875.00	16,675,136.00
9010	Other Restricted Local	9,386,766.00	9,105,410.00
Total, Restricted Balance		29,236,743.00	29,253,540.00

Orange County Department of Education
Multi-Year Financial Projection
General Fund - Combined Unrestricted and Restricted Funds

<u>DESCRIPTION</u>	2016-17 Unaudited <u>Actuals</u>	2017-18 Estimated Actuals <u>Budget</u>	2018-19 Adopted <u>Budget</u>	2019-20 Projected <u>Budget</u>	2020-21 Projected <u>Budget</u>
A. REVENUES					
LCFF/Revenue Limit Sources	91,305,441	96,824,422	97,917,698	98,289,646	98,707,302
Federal Revenues	22,795,849	31,954,151	27,119,875	27,119,875	27,119,875
Other State Revenues	39,079,394	18,688,652	16,039,837	16,350,915	16,682,402
Other Local Revenue	55,412,768	56,829,085	60,574,240	61,202,614	62,363,468
Other Transfers	29,980,111	29,609,810	31,678,961	31,678,961	31,678,961
TOTAL REVENUES	238,573,564	233,906,120	233,330,611	234,642,011	236,552,008
B. EXPENDITURES					
Certificated Salaries	53,130,344	54,040,027	49,677,950	52,098,931	54,693,480
Classified Salaries	54,180,353	55,686,112	57,030,418	58,977,030	61,050,533
Employee Benefits	42,469,481	45,924,241	49,514,277	54,500,508	57,961,197
Books and Supplies	6,623,776	6,468,784	16,319,021	11,494,314	11,086,483
Services, Other Oper. Exps	37,014,901	50,335,947	32,654,271	31,036,743	31,677,500
Capital Outlay	994,945	1,884,777	3,567,456	3,529,701	3,529,701
Other Outgo	12,516,654	22,224,932	13,968,851	12,840,826	12,807,617
Program Reductions				(4,466,122)	(4,171,374)
TOTAL EXPENDITURES	206,930,454	236,564,820	222,732,244	220,011,931	228,635,137
C. EXCESS (DEFICIENCY)	31,643,110	(2,658,700)	10,598,367	14,630,080	7,916,871
D. OTHER SOURCES/USES					
Interfund Transfers In - Spec Reserve	0	0	0	0	0
Interfund Transfers In - Other	89,153	0	0	0	0
Interfund Transfers Out - Child Care Fund	205,592	246,089	248,666	269,111	273,845
Interfund Trfs Out - Special Reserve Fd	0	0	0	0	0
Interfund Trfs Out - State School Bld Fd	0	0	0	0	0
Interfund Trfs Out - Def. Maint	0	0	0	0	0
Interfund Trfs Out - Other	0	980,735	980,735	980,735	980,735

Orange County Department of Education
Multi-Year Financial Projection
General Fund - Combined Unrestricted and Restricted Funds

<u>DESCRIPTION</u>	<u>2016-17 Unaudited Actuals</u>	<u>2017-18 Estimated Actuals Budget</u>	<u>2018-19 Adopted Budget</u>	<u>2019-20 Projected Budget</u>	<u>2020-21 Projected Budget</u>
<u>D.</u>					
Other Sources - Other	0	0	0	0	0
Contributions to Restricted Programs	(0)	0	0	(1,162,812)	(1,223,783)
Total Other Sources/Uses	(116,440)	(1,226,824)	(1,229,401)	(2,412,658)	(2,478,363)
<u>E.</u> NET INCREASE (DECREASE)	31,526,670	(3,885,524)	9,368,966	12,217,422	5,438,508
<u>F. FUND BALANCE</u>					
Beginning Balance, July 1,	129,711,441	161,238,111	157,352,587	166,721,553	178,938,975
Audit Adjustments/Restatements	0	0	0	0	0
Net Beginning Balance	129,711,441	161,238,111	157,352,587	166,721,553	178,938,975
Ending Balance, June 30,	<u>161,238,111</u>	<u>157,352,587</u>	<u>166,721,553</u>	<u>178,938,975</u>	<u>184,377,483</u>
<u>Components of Ending Fund Balance</u>					
Revolving Cash	70,000	70,000	70,000	70,000	70,000
Stores	0	0	0	0	0
Legally Restricted	45,938,807	29,236,743	29,253,540	31,667,598	33,956,225
<u>Board Designated</u>					
Designated Amounts	68,891,979	58,089,196	54,213,456	46,366,817	34,148,234
Economic Uncertainties	46,337,325	69,956,648	83,184,557	100,834,559	116,203,025
Undesignated Amounts	0	0	0	0	(0)

Orange County Department of Education
2018-19 Adopted Budget
June 20, 2018

Criteria and Standards Review Summary Explanation if Criteria are Not Met

- 1a Average Daily Attendance (ADA) – County Operations Grant
Projected County Office Average Daily Attendance (ADA) is not meeting the historical growth in ADA due to the changes in our the student population and because this budget includes a decline in ADA in the future years. We continue to monitor and anticipate making changes if necessary.
- 1b Average Daily Attendance (ADA) – County Programs
Projected Average Daily Attendance (ADA) for County Office Projected County Operated Programs is not meeting the historical standard due to the changes in the student population of the County Funded Charter School ADA. The County Funded Charter has been in operation since 2015-16 and anticipate growth in ADA in the future years. We continue to monitor and strategize outreach opportunities for all programs and anticipate making changes if necessary.
- 2 Local Control Funding Formula (LCFF) Revenue
Projected County Office LCFF Revenue is not meeting the historical standard in the budget year because although the Alternative Education revenue is declining, the Charter County Funded Program is growing and increasing the standard.
- 3 Salaries and Benefits
Projected Salaries and Benefits are not meeting the historical standard because we have included expenditures for the future years with the projected statutory cost of living recommended by the School Services (SSC) of California dartboard. Contributions for the STRS and PERS increase continue to have an impact on our benefits increase. Included in this projection are salaries for positions that will help us meet the goals and actions of our Local Control Accountability Plan (LCAP).
- 4b Other Expenditures
Projected Other Expenditures for books and supplies and for services have changed by more than the historical amount because we are using this account until we receive specific grant parameters that will allow us to allocate the expenditures to the appropriate accounts. In addition, we are budgeting for one-time expenditures for one-time funding received in prior years.

Supplemental explanations if answered yes:

- S5 Contributions from unrestricted programs to some restricted programs are not meeting the standard due to the proposed funding changes to the childcare program and future years show a decline in funding from the projected Average Daily Attendance (ADA) in our programs which increases contributions. Contributions will continue to be provided for programs that have a cap on indirect so they require a contribution for our new approved state indirect rate. We continue to monitor and anticipate making appropriate reductions if necessary.
- S6 We do not have any new long term commitments that have been budgeted in subsequent years. The long term commitment we currently have is the certificates of participation for the Esplanade facility for 14 years. We have no other outstanding liabilities that have not been included in the budget.
- S7b We do have other self-insurance benefits. Fund 67 is set aside for our self-insurance dental plan. Our worker's compensation is funded through a JPA. Both funds have adequate reserves and are monitored regularly.

Orange County Department of Education
2018-19 Adopted Budget
June 20, 2018

- S8 Salary and benefit negotiations are still open for classified and certificated.
- S9 The proposed Local Control Accountability Plan (LCAP) will be presented to the Board on June 6, 2018 and presented for Board approval on June 20, 2018.
- S10 The 2018-19 Adopted budget for Orange County Department of Education (OCDE) includes the expenditures necessary to implement the LCAP as described in the Local Control and Accountability Plan and Update template, section 3: actions, services and expenditures.

ANNUAL BUDGET REPORT:
July 1, 2018 Budget Adoption

This budget was developed using the state-adopted Criteria and Standards. It includes the expenditures necessary to implement the Local Control and Accountability Plan (LCAP) or annual update to the LCAP that will be effective for the budget year. The budget was filed and adopted subsequent to a public hearing by the County Board of Education pursuant to Education Code sections 1620, 1622, 33129, 52066, 52067, and 52068.

Public Hearing:

Adoption Date: June 20, 2018

Place: Orange County Department of Education

Signed: _____

Date: June 20, 2018

Clerk/Secretary of the County Board

Time: 10:00 AM

(Original signature required)

Contact person for additional information on the budget reports:

Name: Renee Hendrick

Title: Associate Superintendent, Administrative

Telephone: (714) 966-4061

E-mail: rhendrick@ocde.us

To update our mailing database, please complete the following:

Superintendent's Name: Dr. Al Mijares

Chief Business Official's Name: Renee Hendrick

CBO's Title: Associate Superintendent, Administrative

CBO's Telephone: (714) 966-4061

Criteria and Standards Review Summary

The following summary is automatically completed based on data provided in the Criteria and Standards Review (Form 01CS). Criteria and standards that are "Not Met" and supplemental information and additional fiscal indicators that are "Yes" may indicate areas of potential concern for fiscal solvency purposes and should be carefully reviewed.

CRITERIA AND STANDARDS			Met	Not Met
1a	Average Daily Attendance (ADA) - County Operations Grant	Projected County Operations Grant ADA has not been overestimated by more than the standard for the first prior fiscal year, or two or more of the previous three fiscal years.		X
1b	ADA - County Programs	Projected ADA for county programs has not exceeded the standard for the budget and two subsequent fiscal years.		X

CRITERIA AND STANDARDS (continued)			Met	Not Met
2	Local Control Funding Formula (LCFF) Revenue	Projected change in LCFF revenue is within the standard for the budget and two subsequent fiscal years.		X
3	Salaries and Benefits	Projected total salaries and benefits are within the standard for the budget and two subsequent fiscal years.		X
4a	Other Revenues	Projected operating revenues (e.g., federal, other state, and other local) are within the standard for the budget and two subsequent fiscal years.	X	
4b	Other Expenditures	Projected expenditures (e.g., books and supplies, and services and other operating) are within the standard for the budget and two subsequent fiscal years.		X
5	Ongoing and Major Maintenance Account	If applicable, required contribution to the ongoing and major maintenance account (i.e., restricted maintenance account) is included in the budget.	X	
6	Deficit Spending	Unrestricted deficit spending, if any, has not exceeded the standard for two or more of the last three fiscal years.	X	
7	Fund Balance	Unrestricted county school service fund beginning balance has not been overestimated by more than the standard for two or more of the last three fiscal years.	X	
8	Reserves	Projected available reserves (e.g., reserve for economic uncertainties, unassigned/unappropriated amounts) meet minimum requirements for the budget and two subsequent fiscal years.	X	

SUPPLEMENTAL INFORMATION			No	Yes
S1	Contingent Liabilities	Are there known or contingent liabilities (e.g., financial or program audits, litigation, state compliance reviews) that may impact the budget?	X	
S2	Using One-time Revenues to Fund Ongoing Exps.	Are there ongoing county school service fund expenditures in excess of one percent of the total county school service fund expenditures that are funded with one-time resources?	X	
S3	Using Ongoing Revenues to Fund One-time Exps.	Are there large non-recurring county school service fund expenditures that are funded with ongoing county school service fund revenues?	X	
S4	Contingent Revenues	Are any projected revenues for the budget or two subsequent fiscal years contingent on reauthorization by the local government, special legislation, or other definitive act (e.g., parcel taxes, forest reserves)?	X	
S5	Contributions	Have contributions from unrestricted to restricted resources, or transfers to or from the county school service fund to cover operating deficits, changed by more than the standard for the budget or two subsequent fiscal years?		X

SUPPLEMENTAL INFORMATION (continued)			No	Yes
S6	Long-term Commitments	Does the county office have long-term (multiyear) commitments or debt agreements?		X
		<ul style="list-style-type: none"> If yes, have annual payments for the budget or two subsequent fiscal years increased over prior year's (2017-18) annual payment? 	X	
S7a	Postemployment Benefits Other than Pensions	Does the county office provide postemployment benefits other than pensions (OPEB)?	X	
		<ul style="list-style-type: none"> If yes, are they lifetime benefits? 	n/a	
		<ul style="list-style-type: none"> If yes, do benefits continue beyond age 65? 	n/a	
		<ul style="list-style-type: none"> If yes, are benefits funded by pay-as-you-go? 	n/a	
S7b	Other Self-insurance Benefits	Does the county office provide other self-insurance benefits (e.g., workers' compensation)?		X
S8	Status of Labor Agreements	Are salary and benefit negotiations still open for:		X
		<ul style="list-style-type: none"> Certificated? (Section S8A, Line 1) 		X
		<ul style="list-style-type: none"> Classified? (Section S8B, Line 1) 	n/a	
S9	Local Control and Accountability Plan (LCAP)	<ul style="list-style-type: none"> Did or will the county office of education's governing board adopt an LCAP or approve an update to the LCAP effective for the budget year? 		X
		<ul style="list-style-type: none"> Approval date for adoption of the LCAP or approval of an update to the LCAP: 	Jun 20, 2018	
S10	LCAP Expenditures	Does the county office of education's budget include the expenditures necessary to implement the LCAP or annual update to the LCAP as described in the Local Control and Accountability Plan and Annual Update Template, Section 3: Actions, Services, and Expenditures?		X

ADDITIONAL FISCAL INDICATORS			No	Yes
A1	Negative Cash Flow	Do cash flow projections show that the county office will end the budget year with a negative cash balance in the county school service fund?	X	
A2	Independent Position Control	Is personnel position control independent from the payroll system?	X	
A3	Declining ADA	Is County Operations Grant ADA decreasing in both the prior fiscal year and budget year?	X	
A4	New Charter Schools Impacting County Office ADA	Are any new charter schools operating in county boundaries that are impacting the county office's ADA, either in the prior fiscal year or budget year?	X	
A5	Salary Increases Exceed COLA	Has the county office entered into a bargaining agreement where any of the budget or subsequent fiscal years of the agreement would result in salary increases that are expected to exceed the projected state funded cost-of-living adjustment?	X	
A6	Uncapped Health Benefits	Does the county office provide uncapped (100% employer paid) health benefits for current or retired employees?	X	

ADDITIONAL FISCAL INDICATORS (continued)			No	Yes
A7	Fiscal Distress Reports	Does the county office have any reports that indicate fiscal distress? If yes, provide copies to the CDE.	X	
A8	Change of CBO or Superintendent	Have there been personnel changes in the superintendent or chief business official (CBO) positions within the last 12 months?	X	

Provide methodology and assumptions used to estimate ADA, enrollment, revenues, expenditures, reserves and fund balance, and multiyear commitments (including cost-of-living adjustments).

Deviations from the standards must be explained and may affect the approval of the budget.

CRITERIA AND STANDARDS

1. CRITERION: Average Daily Attendance

A. STANDARD: Projected County Operations Grant average daily attendance (ADA) has not been overestimated in 1) the first prior fiscal year OR in 2) two or more of the previous three fiscal years by more than the following percentage levels:

Percentage Level	County Operations Grant ADA		
3.0%	0	to	6,999
2.0%	7,000	to	59,999
1.0%	60,000	and	over

County Office ADA (Form A, Estimated Funded ADA column, Line B5):

County Office County Operations Grant ADA Standard Percentage Level:

1A-1. Calculating the County Office's County Operations Grant ADA Variances

DATA ENTRY: Enter the County Operations Grant Funded ADA in the Original Budget column for all fiscal years. All other data are extracted or calculated

Fiscal Year	County Operations Grant Funded ADA			Status
	Original Budget (Form A, Line B5)	Estimated/Unaudited Actuals	ADA Variance Level (If Budget is greater than Actuals, else N/A)	
Third Prior Year (2015-16)	482,644.00	474,803.37	1.6%	Not Met
Second Prior Year (2016-17)	478,870.00	471,691.83	1.5%	Not Met
First Prior Year (2017-18)	479,733.00	473,761.45	1.2%	Not Met

1A-2. Comparison of County Office County Operations Grant ADA to the Standard

DATA ENTRY: Enter an explanation if the standard is not met.

- 1a. STANDARD NOT MET - Projected County Operations Grant ADA was estimated above the standard for the first prior year. Provide reasons for the overestimate, a description of the methods and assumptions used in projecting ADA, and what changes will be made to improve the accuracy of projections in this area.

Explanation:
(required if NOT met)

Projected Average Daily Attendance (ADA) for County Operations Grant is not meeting the historical growth in ADA due to the changes in the student population countywide and because this budget includes a decline in ADA in the future years. We continue to monitor and anticipate making changes if necessary.

- 1b. STANDARD NOT MET - Projected County Operations Grant ADA was estimated above the standard for two or more of the previous three years. Provide reasons for the overestimate, a description of the methods and assumptions used in projecting ADA, and what changes will be made to improve the accuracy of projections in this area.

Explanation:
(required if NOT met)

Projected Average Daily Attendance (ADA) for County Operations Grant is not meeting the historical growth in ADA due to the changes in the student population countywide and because this budget includes a decline in ADA in the future years. We continue to monitor and anticipate making changes if necessary.

1. CRITERION: Average Daily Attendance (continued)

B. STANDARD: Projected ADA for county operated programs for any of the budget year or two subsequent fiscal years has not increased from the historical average from the three prior fiscal years by more than two percent (2%) each year.

1B-1. Calculating the County Office's Historical Average Projected ADA for County Operated Programs

DATA ENTRY: All data are extracted or calculated.

Average Daily Attendance (Form A, Estimated Actuals, Funded ADA)

Fiscal Year	County and Charter School Alternative Education Grant ADA (Form A, Lines B1d and C2d)	District Funded County Program ADA (Form A, Line B2g)	County Operations Grant ADA (Form A, Line B5)	Charter School ADA and Charter School Funded County Program ADA (Form A, Lines C1 and C3f)
Third Prior Year (2015-16)	2,754.22	4,018.31	474,803.37	40.39
Second Prior Year (2016-17)	2,472.37	3,656.31	471,691.83	140.96
First Prior Year (2017-18)	2,282.00	3,514.65	473,761.45	139.17
Historical Average:	2,502.86	3,729.76	473,418.88	106.84

County Office's County Operated Programs ADA Standard:

Budget Year (2018-19) (historical average plus 2%):	2,552.92	3,804.36	482,887.26	108.98
1st Subsequent Year (2019-20) (historical average plus 4%):	2,602.97	3,878.95	492,355.64	111.11
2nd Subsequent year (2020-21) (historical average plus 6%):	2,653.03	3,953.55	501,824.01	113.25

1B-2. Calculating the County Office's Projected ADA for County Operated Programs

DATA ENTRY: Budget year data will be extracted from Form A. Enter the remaining data in each of the 1st and 2nd Subsequent Years. If Form MYP exists, County Operations Grant ADA will be extracted for the two subsequent fiscal years.

Average Daily Attendance (Form A, Estimated Funded ADA)

Fiscal Year	County and Charter School Alternative Education Grant ADA (Form A, Lines B1d and C2d)	District Funded County Program ADA (Form A, Line B2g)	County Operations Grant ADA (Form A, Line B5)	Charter School ADA and Charter School Funded County Program ADA (Form A, Lines C1 and C3f)
Budget Year (2018-19)	2,067.00	3,363.77	473,373.37	202.00
1st Subsequent Year (2019-20)	1,964.00	3,226.77	473,044.00	226.00
2nd Subsequent Year (2020-21)	1,872.00	3,102.77	472,758.00	253.00
Status:	Met	Met	Met	Not Met

1B-3. Comparison of County Office Projected County Operated Programs ADA to the Standard

DATA ENTRY: Enter an explanation if the standard is not met.

- 1a. STANDARD NOT MET - Projected ADA for county operated programs is above the standard for one or more of the budget or two subsequent fiscal years. Provide reasons why the projection(s) exceed the standard, a description of the methods and assumptions used in projecting ADA, and what changes, if any, will be made to bring the projected ADA within the standard.

Explanation:
(required if NOT met)

Projected Average Daily Attendance (ADA) for County Office Projected County Operated Programs is not meeting the historical standard due to the changes in the student population of the County Funded Charter School ADA. The County Funded Charter has been in operation since 2015-16 and anticipate growth in ADA in the future years. We continue to monitor and strategize outreach opportunities for all programs and anticipate making changes if necessary.

2. CRITERION: LCFF Revenue

STANDARD: Projected local control funding formula (LCFF) revenue for any of the budget year or two subsequent fiscal years has not changed from the prior fiscal year by more than the change in population, plus its cost-of-living adjustment (COLA)¹ plus or minus one percent.

For excess property tax counties, projected LCFF revenue has not changed from the prior fiscal year by more than the percent change in property tax revenues plus or minus one percent.

¹ County offices that are already at or above their LCFF target funding level receive no gap funding. These county offices have a COLA applied to their LCFF target, but their year-over-year revenue increase might be less than the statutory COLA due to certain local factors and components of the funding formula.

2A. County Office's LCFF Revenue Standard

Indicate which standard applies:

LCFF Revenue

Excess Property Tax/Minimum State Aid

The County office must select which LCFF revenue standard applies.

LCFF Revenue Standard selected: Excess Property Tax/Minimum State Aid

2A-1. Calculating the County Office's LCFF Revenue Standard

DATA ENTRY: Section I, enter applicable data for all fiscal years. Section I-a is completed by a county office funded at Target, and Section I-b is completed by a county office funded at Hold Harmless. Section II, enter data in Step 2b1 for all fiscal years. Section III, all data are extracted or calculated. Section IV, enter data in Step 1a for the two subsequent fiscal years, Step 2b1, Step 2b3, and Step 2b4 for all fiscal years. All other data are extracted or calculated.

NOTE: Enter data in Section I, Line c1 and Section IV only if the county office has charter school funded county program ADA corresponding to financial data reported in Fund 01. Regardless of the standard selected, criterion 2A-1 must be completed to obtain the total change in population and funding level.

Projected LCFF Revenue

Select County Office's LCFF revenue funding status:

At Target

If status is at target, then COLA amount in Step 2b2 is used in Step 2c in Sections II and III.

Hold Harmless

If status is hold harmless, then amount in Step 2c is zero in Sections II and III.

Status: At Target

I. LCFF Funding

	Prior Year (2017-18)	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
a. COE funded at Target LCFF				
a1. COE Operations Grant	25,475,129.00	25,631,494.00	25,782,653.00	25,944,843.00
a2. COE Alternative Education Grant	38,103,950.00	35,506,076.00	34,634,685.00	33,923,473.00
b. COE funded at Hold Harmless LCFF	N/A	N/A	N/A	N/A
c. Charter Funded County Program				
c1. Transition Entitlement	1,628,107.00	2,562,133.00	2,954,681.00	3,395,837.00
d. Total LCFF (Sum of a or b, and c)	65,207,186.00	63,699,703.00	63,372,019.00	63,264,153.00

II. County Operations Grant

Step 1 - Change in Population

a. ADA (Funded) (Form A, line B5 and Criterion 1B-2)	473,761.45	473,373.37	473,044.00	472,758.00
b. Prior Year ADA (Funded)		473,761.45	473,373.37	473,044.00
c. Difference (Step 1a minus Step 1b (At Target) or 0 (Hold Harmless))		(388.08)	(329.37)	(286.00)
d. Percent Change Due to Population (Step 1c divided by Step 1b)		-0.08%	-0.07%	-0.06%

Step 2 - Change in Funding Level

a. Prior Year LCFF Funding (Section I-a1 (At Target) or Section I-b (Hold Harmless), prior year column)	25,475,129.00	25,631,494.00	25,782,653.00
b1. COLA percentage (if COE is at target)	3.00%	2.57%	2.67%
b2. COLA amount (proxy for purposes of this criterion)	764,253.87	658,729.40	688,396.84
c. Total Change (Step 2b2 (At Target) or 0 (Hold Harmless))	764,253.87	658,729.40	688,396.84
d. Percent Change Due to Funding Level (Step 2c divided by Step 2a)	3.00%	2.57%	2.67%

Step 3 - Weighted Change in Population and Funding Level

a. Percent change in population and funding level (Step 1d plus Step 2d)	2.92%	2.50%	2.61%
b. LCFF Percent allocation (Section I-a1 divided by Section I-d (At Target) or Section I-b divided by Section I-d (Hold Harmless))	40.24%	40.68%	41.01%
c. Weighted Percent change (Step 3a x Step 3b)	1.18%	1.02%	1.07%

III. Alternative Education Grant

	Prior Year (2017-18)	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
Step 1 - Change in Population				
a. ADA (Funded) (Form A, lines B1d, C2d, and Criterion 1B-2)	2,282.00	2,067.00	1,964.00	1,872.00
b. Prior Year ADA (Funded)		2,282.00	2,067.00	1,964.00
c. Difference (Step 1a minus Step 1b)		(215.00)	(103.00)	(92.00)
d. Percent Change Due to Population (Step 1c divided by Step 1b)		-9.42%	-4.98%	-4.68%

Step 2 - Change in Funding Level

a. Prior Year LCFF Funding (Section I-a2 (At Target) or Section I-b (Hold Harmless), prior year column)	38,103,950.00	35,506,076.00	34,634,685.00
b1. COLA percentage (if COE is at target) (Section II-Step 2b1)	3.00%	2.57%	2.67%
b2. COLA amount (proxy for purposes of this criterion)	1,143,118.50	912,506.15	924,746.09
c. Total Change (Step 2b2 (At Target) or 0 (Hold Harmless))	1,143,118.50	912,506.15	924,746.09
d. Percent Change Due to Funding Level (Step 2c divided by Step 2a)	3.00%	2.57%	2.67%

Step 3 - Weighted Change in Population and Funding Level

a. Percent change in population and funding level (Step 1d plus Step 2d)	-6.42%	-2.41%	-2.01%
b. LCFF Percent allocation (Section I-a2 divided by Section I-d (At Target) or Section I-b divided by Section I-d (Hold Harmless))	55.74%	54.65%	53.62%
c. Weighted Percent change (Step 3a x Step 3b)	-3.58%	-1.32%	-1.08%

IV. Charter Funded County Program

	Prior Year (2017-18)	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
Step 1 - Change in Population				
a. ADA (Funded) (Form A, line C3f)	139.17	202.00	226.00	253.00
b. Prior Year ADA (Funded)		139.17	202.00	226.00
c. Difference (Step 1a minus Step 1b)		62.83	24.00	27.00
d. Percent Change Due to Population (Step 1c divided by Step 1b)		45.15%	11.88%	11.95%

Step 2 - Change in Funding Level

a. Prior Year LCFF Funding (Section I-c1, prior year column)	1,628,107.00	2,562,133.00	2,954,681.00
b1. COLA percentage (if COE charter schools are at target)	3.00%	2.57%	2.67%
b2. COLA amount (proxy for purposes of this criterion)	48,843.21	65,846.82	78,889.98
b3. Gap Funding (if COE charter schools are not at target)	436,573.00	735,056.00	1,041,797.00
b4. Economic Recovery Target Funding (current year increment)			
c. Total (Step 2b2, Step 2b3, as applicable, plus Step 2b4)	485,416.21	800,902.82	1,120,686.98
d. Percent Change Due to Funding Level (Step 2c divided by Step 2a)	29.81%	31.26%	37.93%

Step 3 - Weighted Change in Population and Funding Level

a. Percent change in population and funding level (Step 1d plus Step 2d)	74.96%	43.14%	49.88%
b. LCFF Percent allocation (Section I-c1 divided by Section I-d)	4.02%	4.66%	5.37%
c. Weighted Percent change (Step 3a x Step 3b)	3.01%	2.01%	2.68%

V. Weighted Change

a. Total weighted percent change (Step 3c in sections II, III and IV)	Budget Year (2018-19) 0.61%	1st Subsequent Year (2019-20) 1.71%	2nd Subsequent Year (2020-21) 2.67%
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LCFF Revenue Standard (line V-a, plus/minus 1%):

N/A	N/A	N/A
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2B. Alternate LCFF Revenue Standard - Excess Property Tax / Minimum State Aid

DATA ENTRY: If applicable to your county office, input data in the 1st and 2nd Subsequent Years for projected local property taxes; all other data are extracted or calculated.

Excess Property Tax or Minimum State Aid County Office Projected LCFF Revenue

	Prior Year (2017-18)	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
Projected local property taxes (Form 01, Objects 8021 - 8089)	107,625,142.00	107,625,142.00	107,625,142.00	107,625,142.00
Excess Property Tax/Minimum State Aid Standard (Percent change over previous year, plus/minus 1%):		-1.00% to 1.00%	-1.00% to 1.00%	-1.00% to 1.00%

2C. Calculating the County Office's Projected Change in LCFF Revenue

DATA ENTRY: Enter data in the 1st and 2nd Subsequent Years for LCFF Revenue; all other data are extracted or calculated.

	Prior Year (2017-18)	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
1. LCFF Revenue (Fund 01, Objects 8011, 8012, 8020-8089)	130,847,035.00	132,238,368.00	132,610,316.00	133,027,972.00
County Office's Projected Change in LCFF Revenue:		1.06%	0.28%	0.31%
Standard:		-1.00% to 1.00%	-1.00% to 1.00%	-1.00% to 1.00%
Status:		Not Met	Met	Met

2D. Comparison of County Office LCFF Revenue to the Standard

DATA ENTRY: Enter an explanation if the standard is not met.

- 1a. STANDARD NOT MET - Projected change in LCFF revenue is outside the standard in one or more of the budget or two subsequent fiscal years. Provide reasons why the projection(s) exceed the standard(s) and a description of the methods and assumptions used in projecting LCFF revenue.

Explanation:
(required if NOT met)

Projected County Office LCFF Revenue is not meeting the historical standard in the budget year because although the Alternative Education revenue is declining, the Charter County Funded Program is growing and increasing the standard.

3. CRITERION: Salaries and Benefits

STANDARD: Projected total salaries and benefits for any of the budget year or two subsequent fiscal years has not changed from the prior fiscal year amount by more than the change in funded COLA plus or minus five percent.

3A. Calculating the County Office's Salaries and Benefits Standard Percentages

DATA ENTRY: All data are extracted or calculated.

	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
1. County Office's Change in Funding Level (Criterion 2C):	1.06%	0.28%	0.31%
2. County Office's Salaries and Benefits Standard (Line 1, plus/minus 5%):	-3.94% to 6.06%	-4.72% to 5.28%	-4.69% to 5.31%

3B. Calculating the County Office's Projected Change in Salaries and Benefits

DATA ENTRY: If Form MYP exists, Salaries and Benefits for the 1st and 2nd Subsequent Years will be extracted; if not, enter data for the two subsequent years. All other data are extracted or calculated.

Fiscal Year	Salaries and Benefits (Form 01, Objects 1000-3999) (Form MYP, Lines B1-B3)	Percent Change Over Previous Year	Status
First Prior Year (2017-18)	155,650,380.00		
Budget Year (2018-19)	156,222,645.00	0.37%	Met
1st Subsequent Year (2019-20)	165,576,469.00	5.99%	Not Met
2nd Subsequent Year (2020-21)	173,705,211.00	4.91%	Met

3C. Comparison of County Office Change in Salaries and Benefits to the Standard

DATA ENTRY: Enter an explanation if the standard is not met.

- 1a. **STANDARD NOT MET** - Projected ratio(s) of salary and benefit costs to total expenditures are outside the standard in one or more of the budget or two subsequent fiscal years. Provide reasons why the projection(s) exceed the standard, a description of the methods and assumptions used in projecting salaries and benefits, and what changes, if any, will be made to bring the projected salary and benefit costs within the standard.

Explanation:
(required if NOT met)

Projected Salaries and Benefits are not meeting the historical standard because we have included expenditures for the future years with the projected statutory cost of living recommended by the School Services (SSC) of California dartboard. Contributions to the STRS and the PERS increase continue to have an impact on our benefits increase. Included in this projection are salaries for positions that will help us meet the goals and actions of our Local Control Accountability Plan (LCAP). We have also budgeted for reductions so that programs are not deficit spending.

4. CRITERION: Other Revenues and Expenditures

STANDARD: Projected operating revenues (including federal, other state, and other local) or expenditures (including books and supplies, and services and other operating), for any of the budget year or two subsequent fiscal years, have not changed from the prior fiscal year amount by more than the change in funded COLA plus or minus ten percent.

For each major object category, changes that exceed the percentage change in the funded COLA plus or minus five percent must be explained.

4A. Calculating the County Office's Other Revenues and Expenditures Standard Percentage Ranges

DATA ENTRY: All data are extracted or calculated.

	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
1. County Office's Change in Funding Level (Criterion 2C):	1.06%	0.28%	0.31%
2. County Office's Other Revenues and Expenditures Standard Percentage Range (Line 1, plus/minus 10%):	-8.94% to 11.06%	-9.72% to 10.28%	-9.69% to 10.31%
3. County Office's Other Revenues and Expenditures Explanation Percentage Range (Line 1, plus/minus 5%):	-3.94% to 6.06%	-4.72% to 5.28%	-4.69% to 5.31%

4B. Calculating the County Office's Change by Major Object Category and Comparison to the Explanation Percentage Range (Section 4A, Line 3)

DATA ENTRY: If Form MYP exists, the 1st and 2nd Subsequent Year data for each revenue and expenditure section will be extracted; if not, enter data for the two subsequent years. All other data are extracted or calculated.

Explanations must be entered for each category if the percent change for any year exceeds the county office's explanation percentage range.

Object Range / Fiscal Year	Amount	Percent Change Over Previous Year	Change Is Outside Explanation Range
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Federal Revenue (Fund 01, Objects 8100-8299) (Form MYP, Line A2)

First Prior Year (2017-18)	31,954,151.00		
Budget Year (2018-19)	27,119,875.00	-15.13%	Yes
1st Subsequent Year (2019-20)	27,119,874.00	0.00%	No
2nd Subsequent Year (2020-21)	27,119,875.00	0.00%	No

Explanation:
(required if Yes)

Projected Federal Revenue is not meeting the standard due to the release of Federal funds from deferred claims, backcasting, and resolution changes to the Medical Administrative (MAA) program and because we are not projecting any changes in the future for these funds. We will continue to monitor and adjust the projections if necessary.

Other State Revenue (Fund 01, Objects 8300-8599) (Form MYP, Line A3)

First Prior Year (2017-18)	18,688,652.00		
Budget Year (2018-19)	16,039,837.00	-14.17%	Yes
1st Subsequent Year (2019-20)	16,350,915.00	1.94%	No
2nd Subsequent Year (2020-21)	16,682,402.00	2.03%	No

Explanation:
(required if Yes)

Projected Other State Revenue is not meeting the standard because we are reducing funding in the future years due to the one-time funding received in prior years.

Other Local Revenue (Fund 01, Objects 8600-8799) (Form MYP, Line A4)

First Prior Year (2017-18)	86,438,895.00		
Budget Year (2018-19)	92,253,201.00	6.73%	Yes
1st Subsequent Year (2019-20)	92,881,575.00	0.68%	No
2nd Subsequent Year (2020-21)	94,042,429.00	1.25%	No

Explanation:
(required if Yes)

Other Local Revenue is not meeting the standard because we are budgeting for an increase in the bill back program for Special Education contracts and from the increase in the Districts Local Control Funding Formula (LCFF) gap percentage which increased the projected amount of funding for the District transfer referred ADA. In addition, we are budgeting for new contracts.

Books and Supplies (Fund 01, Objects 4000-4999) (Form MYP, Line B4)

First Prior Year (2017-18)	6,468,784.00		
Budget Year (2018-19)	16,319,021.00	152.27%	Yes
1st Subsequent Year (2019-20)	11,494,314.00	-29.56%	Yes
2nd Subsequent Year (2020-21)	11,086,483.00	-3.55%	No

Explanation:
(required if Yes)

Projected Other Expenditures for books and supplies and for services have changed by more than the historical amount because we are using this account until we receive specific grant parameters that will allow us to allocate the expenditures to the appropriate accounts. In addition, we are budgeting for one-time expenditures for one-time funding received in prior years.

Services and Other Operating Expenditures (Fund 01, Objects 5000-5999) (Form MYP, Line B5)

First Prior Year (2017-18)	50,335,947.00		
Budget Year (2018-19)	32,654,271.00	-35.13%	Yes
1st Subsequent Year (2019-20)	26,570,621.00	-18.63%	Yes
2nd Subsequent Year (2020-21)	27,506,126.00	3.52%	No

Explanation:
(required if Yes)

Projected Services and Other Expenditures have changed by more than the historical amount because the programs are reducing this account due to our non-deficit spending requirements. In addition, we are budgeting for one-time expenditures for one-time funding received in prior years. We will continue to monitor and anticipate making additional program reductions if necessary.

4C. Calculating the County Office's Change in Total Operating Revenues and Expenditures (Section 4A, Line 2)

DATA ENTRY: All data are extracted or calculated.

Object Range / Fiscal Year	Amount	Percent Change Over Previous Year	Status
Total Federal, Other State, and Other Local Revenue (Section 4B)			
First Prior Year (2017-18)	137,081,698.00		
Budget Year (2018-19)	135,412,913.00	-1.22%	Met
1st Subsequent Year (2019-20)	136,352,364.00	0.69%	Met
2nd Subsequent Year (2020-21)	137,844,706.00	1.09%	Met
Total Books and Supplies, and Services and Other Operating Expenditures (Section 4B)			
First Prior Year (2017-18)	56,804,731.00		
Budget Year (2018-19)	48,973,292.00	-13.79%	Not Met
1st Subsequent Year (2019-20)	38,064,935.00	-22.27%	Not Met
2nd Subsequent Year (2020-21)	38,592,609.00	1.39%	Met

4D. Comparison of County Office Total Operating Revenues and Expenditures to the Standard Percentage Range

DATA ENTRY: Explanations are linked from Section 4B if the status in Section 4C is not met; no entry is allowed below.

- 1a. STANDARD MET - Projected other operating revenues have not changed by more than the standard for the budget and two subsequent fiscal years.

Explanation:

Federal Revenue
(linked from 4B
if NOT met)

Explanation:

Other State Revenue
(linked from 4B
if NOT met)

Explanation:

Other Local Revenue
(linked from 4B
if NOT met)

- 1b. STANDARD NOT MET - Projected total operating expenditures changed by more than the standard in one or more of the budget or two subsequent fiscal years. Reasons for the projected change, descriptions of the methods and assumptions used in the projections, and what changes, if any, will be made to bring the projected operating expenditures within the standard must be entered in Section 4B above and will also display in explanation box below.

Explanation:

Books and Supplies
(linked from 4B
if NOT met)

Projected Other Expenditures for books and supplies and for services have changed by more than the historical amount because we are using this account until we receive specific grant parameters that will allow us to allocate the expenditures to the appropriate accounts. In addition, we are budgeting for one-time expenditures for one-time funding received in prior years.

Explanation:

Services and Other Exps
(linked from 4B
if NOT met)

Projected Services and Other Expenditures have changed by more than the historical amount because the programs are reducing this account due to our non-deficit spending requirements. In addition, we are budgeting for one-time expenditures for one-time funding received in prior years. We will continue to monitor and anticipate making additional program reductions if necessary.

5. CRITERION: Facilities Maintenance

STANDARD: Confirm that the annual contribution for facilities maintenance funding is not less than the amount required pursuant to Education Code Section 17070.75, if applicable, and that the county office is providing adequately to preserve the functionality of its facilities for their normal life in accordance with Education Code sections 52066(d)(1) and 17002(d)(1).

Determining the County Office's Compliance with the Contribution Requirement for EC Section 17070.75 - Ongoing and Major Maintenance/Restricted Maintenance Account (OMMA/RMA)

NOTE: The Proposition 51 school facility program requires the county office to deposit a minimum amount equal to or greater than three percent of the total unrestricted general fund expenditures and other financing uses for that fiscal year (as EC Section 17070.75 read on January 1, 2015).

For all other school facility programs, AB 104 (Chapter 13, Statutes of 2015, effective January 1, 2016) requires the county office to deposit into the account, for the 2017-18 to 2019-20 fiscal years, a minimum that is the greater of the following amounts:

- A. The lesser of three percent of the total unrestricted general fund expenditures and other financing uses for that fiscal year or the amount that the county office deposited into the account for the 2014-15 fiscal year; or
- B. Two percent of the total unrestricted general fund expenditures and other financing uses for that fiscal year.

5A. County Office's School Facility Program Funding

Indicate which School Facility Program funding applies:

Proposition 51 Only

Proposition 51 and All Other School Facility Programs

All Other School Facility Programs Only

Funding Selection: All Other School Facility Programs Only

5B. Calculating the County Office's Required Minimum Contribution

DATA ENTRY: All data are extracted or calculated. If standard is not met, enter an X in the appropriate box and enter an explanation, if applicable.

Note: If "Proposition 51 and All Other School Facility Programs" is selected, then Line 1 will be used to calculate the required minimum contribution.

	Budgeted Unrestricted Expenditures and Other Financing Uses (Form 01, Resources 0000-1999, Objects 1000-7999)	3% Required Minimum Contribution (Unrestricted Budget times 3%)	Budgeted Contribution ¹ to the Ongoing and Major Maintenance Account	Status
1. Proposition 51 Required Minimum Contribution	137,028,401.00	4,110,852.03	4,125,996.00	N/A

	Budgeted Unrestricted Expenditures and Other Financing Uses (Form 01, Resources 0000-1999, Objects 1000-7999)	3% of Total Current Year General Fund Expenditures and Other Financing Uses (Unrestricted Budget times 3%)	Amount Deposited ¹ for 2014-15 Fiscal Year	Lesser of: 3% or 2014-15 amount
2. All Other School Facility Programs Required Minimum Contribution	137,028,401.00	4,110,852.03	1,183,001.00	1,183,001.00

	2% of Total Current Year General Fund Expenditures and Other Financing Uses (Unrestricted Budget times 2%)	Required Minimum Contribution/ Greater of: Lesser of 3% or 2014-15 amount or 2%
	2,740,568.02	2,740,568.02

	Budgeted Contribution ¹ to the Ongoing and Major Maintenance Account	Status
	4,125,996.00	Met

¹ Fund 01, Resource 8150, Objects 8900-8999

3. Required Minimum Contribution	2,740,568.02
----------------------------------	--------------

If standard is not met, enter an X in the box that best describes why the minimum required contribution was not made:

Not applicable (county office does not participate in the Leroy F. Greene School Facilities Act of 1998)
Other (explanation must be provided)

Explanation:
(required if NOT met
and Other is marked)

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6. CRITERION: Deficit Spending

STANDARD: Unrestricted deficit spending (total unrestricted expenditures and other financing uses is greater than total unrestricted revenues and other financing sources), as a percentage of total unrestricted expenditures and other financing uses, has not exceeded one-third of the county office's available reserves¹ as a percentage of total expenditures and other financing uses², in two out of three prior fiscal years.

6A. Calculating the County Office's Deficit Spending Standard Percentage Levels

DATA ENTRY: All data are extracted or calculated.

	Third Prior Year (2015-16)	Second Prior Year (2016-17)	First Prior Year (2017-18)
1. County Office's Available Reserve Amounts (resources 0000-1999)			
a. Stabilization Arrangements (Funds 01 and 17, Object 9750)	0.00	0.00	0.00
b. Reserve for Economic Uncertainties (Funds 01 and 17, Object 9789)	46,601,569.30	67,233,874.77	90,465,730.00
c. Unassigned/Unappropriated (Funds 01 and 17, Object 9790)	0.00	0.00	0.00
d. Negative County School Service Fund Ending Balances in Restricted Resources (Fund 01, Object 979Z, if negative, for each of resources 2000-9999)	0.00	0.00	0.00
e. Available Reserves (Lines 1a through 1d)	46,601,569.30	67,233,874.77	90,465,730.00
2. Expenditures and Other Financing Uses			
a. County Office's Total Expenditures and Other Financing Uses (Fund 01, objects 1000-7999)	195,313,496.86	207,136,046.12	237,791,644.00
b. Plus: Special Education Pass-through Funds (Fund 10, resources 3300-3499 and 6500-6540, objects 7211-7213 and 7221-7223)	40,204,931.73	39,184,188.34	46,272,872.00
c. Total Expenditures and Other Financing Uses (Line 2a plus Line 2b)	235,518,428.59	246,320,234.46	284,064,516.00
3. County Office's Available Reserve Percentage (Line 1e divided by Line 2c)	19.8%	27.3%	31.8%
County Office's Deficit Spending Standard Percentage Levels (Line 3 times 1/3):	6.6%	9.1%	10.6%

¹Available reserves are the unrestricted amounts in the Stabilization Arrangements, Reserve for Economic Uncertainties, and Unassigned/Unappropriated accounts in the County School Service Fund and the Special Reserve Fund for Other Than Capital Outlay Projects. Available reserves will be reduced by any negative ending balances in restricted resources in the County School Service Fund.

² A county office of education that is the Administrative Unit (AU) of a Special Education Local Plan Area (SELPA) may exclude from its expenditures the distribution of funds to its participating members.

6B. Calculating the County Office's Deficit Spending Percentages

DATA ENTRY: All data are extracted or calculated.

Fiscal Year	Net Change in Unrestricted Fund Balance (Form 01, Section E)	Total Unrestricted Expenditures and Other Financing Uses (Form 01, Objects 1000-7999)	Deficit Spending Level (If Net Change in Unrestricted Fund Balance is negative, else N/A)	Status
Third Prior Year (2015-16)	15,865,492.52	120,344,885.58	N/A	Met
Second Prior Year (2016-17)	15,802,661.13	122,048,070.40	N/A	Met
First Prior Year (2017-18)	12,816,540.00	139,025,027.00	N/A	Met
Budget Year (2018-19) (Information only)	9,352,169.00	137,028,401.00		

6C. Comparison of County Office Deficit Spending to the Standard

DATA ENTRY: Enter an explanation if the standard is not met.

- 1a. STANDARD MET - Unrestricted deficit spending, if any, has not exceeded the standard percentage level in two or more of the three prior years.

Explanation:
(required if NOT met)

7. CRITERION: Fund Balance

STANDARD: Budgeted beginning unrestricted county school service fund balance has not been overestimated for two out of three prior fiscal years by more than the following percentage levels:

Percentage Level ¹	County Office Total Expenditures and Other Financing Uses ²	
1.7%	0	to \$5,957,999
1.3%	\$5,958,000	to \$14,891,999
1.0%	\$14,892,000	to \$67,018,000
0.7%	\$67,018,001	and over

¹ Percentage levels equate to a rate of deficit spending which would eliminate recommended reserves for economic uncertainties over a three year period.

² A county office of education that is the Administrative Unit of a Special Education Local Plan Area may exclude from its expenditures the distribution of funds to its participating members.

County Office's Expenditures and Other Financing
Uses (Criterion 8A1), plus SELPA Pass-through
(Criterion 7A2b) if Criterion 7A, Line 1 is No:

223,961,645

County Office's Fund Balance Standard Percentage Level:

0.7%

7A. Calculating the County Office's Special Education Pass-through Exclusions (only for county offices that serve as the AU of a SELPA)

DATA ENTRY: For SELPA AUs, if Form MYP exists, all data will be extracted including the Yes/No button selection. If not, click the appropriate Yes or No button for item 1 and, if Yes, enter data for item 2a and for the two subsequent years in item 2b; Budget Year data are extracted.

For county offices that serve as the AU of a SELPA (Form MYP, Lines F1a, F1b1, and F1b2):

- Do you choose to exclude pass-through funds distributed to SELPA members from the calculations for fund balance and reserves?
- If you are the SELPA AU and are excluding special education pass-through funds:
 - Enter the name(s) of the SELPA(s): North Orange County SELPA (MM)

Yes

- Special Education Pass-through Funds
(Fund 10, resources 3300-3499 and 6500-6540,
objects 7211-7213 and 7221-7223):

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
43,663,742.00	43,663,742.00	43,663,742.00

7B. Calculating the County Office's Unrestricted County School Service Fund Beginning Balance Percentages

DATA ENTRY: Enter data in the Original Budget column for the First, Second, and Third Prior Years; all other data are extracted or calculated.

Unrestricted County School Service Fund Beginning Balance ³ (Form 01, Line F1e, Unrestricted Column)			Beginning Fund Balance Variance Level	
Fiscal Year	Original Budget	Estimated/Unaudited Actuals	(If overestimated, else N/A)	Status
Third Prior Year (2015-16)	79,555,335.00	83,631,150.50	N/A	Met
Second Prior Year (2016-17)	89,633,300.00	99,496,643.02	N/A	Met
First Prior Year (2017-18)	108,457,107.00	115,299,304.00	N/A	Met
Budget Year (2018-19) (Information only)	128,115,844.00			

³ Adjusted beginning balance, including audit adjustments and other restatements (objects 9791-9795)

7C. Comparison of County Office Unrestricted Beginning Fund Balance to the Standard

DATA ENTRY: Enter an explanation if the standard is not met.

- STANDARD MET - Unrestricted county school service fund beginning fund balance has not been overestimated by more than the standard percentage level for two or more of the previous three years.

Explanation:
(required if NOT met)

8. CRITERION: Reserves

STANDARD: Available reserves¹ for any of the budget year or two subsequent fiscal years are not less than the following percentages or amounts as applied to total expenditures and other financing uses²:

Percentage Level ³		County Office Total Expenditures and Other Financing Uses ³	
5% or \$67,000 (greater of)	0	to	\$5,957,999
4% or \$298,000 (greater of)	\$5,958,000	to	\$14,891,999
3% or \$596,000 (greater of)	\$14,892,000	to	\$67,018,000
2% or \$2,011,000 (greater of)	\$67,018,001	and	over

¹Available reserves are the unrestricted amounts in the Stabilization Arrangements, Reserve for Economic Uncertainties, and Unassigned/Unappropriated accounts in the County School Service Fund and the Special Reserve Fund for Other Than Capital Outlay Projects. Available reserves will be reduced by any negative ending balances in restricted resources in the County School Service Fund.

² A county office of education that is the Administrative Unit of a Special Education Local Plan Area may exclude from its expenditures the distribution of funds to its participating members.

³ Dollar amounts to be adjusted annually by the prior year statutory cost-of-living adjustment (Education Code Section 2574), rounded to the nearest thousand.

	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
County Office's Expenditures and Other Financing Uses (Criterion 8A1), plus SELPA Pass-through (Criterion 7A2b) if Criterion 7A, Line 1 is No:	223,961,645	221,261,778	229,889,719
County Office's Reserve Standard Percentage Level:	2%	2%	2%

8A. Calculating the County Office's Reserve Standard

DATA ENTRY: If Form MYP exists, 1st and 2nd Subsequent Year data for line 1 will be extracted; if not, enter data for the two subsequent years.
All other data are extracted or calculated.

	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
1. Expenditures and Other Financing Uses (Fund 01, objects 1000-7999) (Form MYP, Line B11)	223,961,645.00	221,261,778.00	229,889,719.00
2. Plus: Special Education Pass-through (Criterion 7A, Line 2b if Criterion 7A, Line 1 is No)	43,663,742.00	43,663,742.00	43,663,742.00
3. Total Expenditures and Other Financing Uses (Line A1 plus Line A2)	223,961,645.00	221,261,778.00	229,889,719.00
4. Reserve Standard Percentage Level	2%	2%	2%
5. Reserve Standard - by Percent (Line A3 times Line A4)	4,479,232.90	4,425,235.56	4,597,794.38
6. Reserve Standard - by Amount (From percentage level chart above)	2,011,000.00	2,011,000.00	2,011,000.00
7. County Office's Reserve Standard (Greater of Line A5 or Line A6)	4,479,232.90	4,425,235.56	4,597,794.38

8B. Calculating the County Office's Budgeted Reserve Amount

DATA ENTRY: If Form MYP exists, 1st and 2nd Subsequent Year data for lines 1 through 7 will be extracted; if not, enter data for the two subsequent years.
All other data are extracted or calculated.

Reserve Amounts

(Unrestricted resources 0000-1999 except lines 4, 8, and 9):

	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
1. County School Service Fund - Stabilization Arrangements (Fund 01, Object 9750) (Form MYP, Line E1a)	0.00	0.00	0.00
2. County School Service Fund - Reserve for Economic Uncertainties (Fund 01, Object 9789) (Form MYP, Line E1b)	83,184,557.00	100,834,559.00	116,203,024.00
3. County School Service Fund - Unassigned/Unappropriated Amount (Fund 01, Object 9790) (Form MYP, Line E1c)	0.00	0.00	0.00
4. County School Service Fund - Negative Ending Balances in Restricted Resources (Fund 01, Object 979Z, if negative, for each of resources 2000-9999) (Form MYP, Line E1d)	0.00	0.00	0.00
5. Special Reserve Fund - Stabilization Arrangements (Fund 17, Object 9750) (Form MYP, Line E2a)	0.00		
6. Special Reserve Fund - Reserve for Economic Uncertainties (Fund 17, Object 9789) (Form MYP, Line E2b)	20,703,843.00	20,703,843.00	20,703,843.00
7. Special Reserve Fund - Unassigned/Unappropriated Amount (Fund 17, Object 9790) (Form MYP, Line E2c)	0.00		
8. County Office's Budgeted Reserve Amount (Lines B1 thru B7)	103,888,400.00	121,538,402.00	136,906,867.00
9. County Office's Budgeted Reserve Percentage (Information only) (Line 8 divided by Section 8A, Line 3)	46.39%	54.93%	59.55%
County Office's Reserve Standard (Section 8A, Line 7):	4,479,232.90	4,425,235.56	4,597,794.38
Status:	Met	Met	Met

8C. Comparison of County Office Reserve Amount to the Standard

DATA ENTRY: Enter an explanation if the standard is not met.

- 1a. STANDARD MET - Projected available reserves have met the standard for the budget and two subsequent fiscal years.

Explanation:
(required if NOT met)

SUPPLEMENTAL INFORMATION

DATA ENTRY: Click the appropriate Yes or No button for items S1 through S4. Enter an explanation for each Yes answer.

S1. Contingent Liabilities

- 1a. Does your county office have any known or contingent liabilities (e.g., financial or program audits, litigation, state compliance reviews) that may impact the budget?

No

- 1b. If Yes, identify the liabilities and how they may impact the budget:

S2. Use of One-time Revenues for Ongoing Expenditures

- 1a. Does your county office have ongoing county school service fund expenditures in the budget in excess of one percent of the total county school service fund expenditures that are funded with one-time resources?

No

- 1b. If Yes, identify the expenditures and explain how the one-time resources will be replaced to continue funding the ongoing expenditures in the following fiscal years:

S3. Use of Ongoing Revenues for One-time Expenditures

- 1a. Does your county office have large non-recurring county school service fund expenditures that are funded with ongoing county school service fund revenues?

No

- 1b. If Yes, identify the expenditures:

S4. Contingent Revenues

- 1a. Does your county office have projected revenues for the budget year or either of the two subsequent fiscal years contingent on reauthorization by the local government, special legislation, or other definitive act (e.g., parcel taxes, forest reserves)?

No

- 1b. If Yes, identify any of these revenues that are dedicated for ongoing expenses and explain how the revenues will be replaced or expenditures reduced:

S5. Contributions

Identify projected contributions from unrestricted resources in the county school service fund to restricted resources in the county school service fund for the budget year and two subsequent fiscal years. Provide an explanation if contributions have changed from prior fiscal year amounts by more than \$20,000 and more than ten percent. Explanation should include whether contributions are ongoing or one-time in nature.

Identify projected transfers to or from the county school service fund to cover operating deficits in either the county school service fund or any other fund for the budget year and two subsequent fiscal years. Provide an explanation if transfers have changed from prior fiscal year amounts by more than \$20,000 and more than ten percent. Explanation should include whether transfers are ongoing or one-time in nature.

Estimate the impact of any capital projects on the county school service fund operational budget.

County Office's Contributions and Transfers Standard:

-10.0% to +10.0%
or -\$20,000 to +\$20,000

S5A. Identification of the County Office's Projected Contributions, Transfers, and Capital Projects that may Impact the County School Service Fund

DATA ENTRY: For Contributions, enter data in the Projection column for the 1st and 2nd Subsequent Years. Contributions for the First Prior Year and Budget Year will be extracted. For Transfers In and Transfers Out, enter data in the First Prior Year. If Form MYP exists, the data will be extracted for the Budget Year, and 1st and 2nd Subsequent Years. If Form MYP does not exist, enter data in the Budget Year, 1st and 2nd subsequent Years. Click the appropriate button for item 1d; all other data will be calculated.

Description / Fiscal Year	Projection	Amount of Change	Percent Change	Status
1a. Contributions, Unrestricted County School Service Fund (Fund 01, Resources 0000-1999, Object 8980)				
First Prior Year (2017-18)	(2,207,400.00)			
Budget Year (2018-19)	(3,308,633.00)	1,101,233.00	49.9%	Not Met
1st Subsequent Year (2019-20)	(4,430,074.00)	1,121,441.00	33.9%	Not Met
2nd Subsequent Year (2020-21)	(4,515,328.00)	85,254.00	1.9%	Met
1b. Transfers In, County School Service Fund *				
First Prior Year (2017-18)	0.00			
Budget Year (2018-19)	0.00	0.00	0.0%	Met
1st Subsequent Year (2019-20)	0.00	0.00	0.0%	Met
2nd Subsequent Year (2020-21)	0.00	0.00	0.0%	Met
1c. Transfers Out, County School Service Fund *				
First Prior Year (2017-18)	1,226,824.00			
Budget Year (2018-19)	1,229,401.00	2,577.00	0.2%	Met
1st Subsequent Year (2019-20)	1,249,846.00	20,445.00	1.7%	Met
2nd Subsequent Year (2020-21)	1,254,580.00	4,734.00	0.4%	Met

1d. Impact of Capital Projects

Do you have any capital projects that may impact the county school service fund operational budget?

No

* Include transfers used to cover operating deficits in either the county school service fund or any other fund.

S5B. Status of the County Office's Projected Contributions, Transfers, and Capital Projects

DATA ENTRY: Enter an explanation if Not Met for items 1a-1c or if Yes for item 1d.

- 1a. NOT MET - The projected contributions from the unrestricted county school service fund to restricted county school service fund programs have changed by more than the standard for one or more of the budget or subsequent two fiscal years. Identify restricted programs and amount of contribution for each program and whether contributions are ongoing or one-time in nature. Explain the county office's plan, with timeframes, for reducing or eliminating the contribution.

Explanation:
(required if NOT met)

Contributions from unrestricted programs to some restricted programs have changed by more than the historical amount because we have many programs that have a cap on indirect so they require a contribution for our approved state indirect rate. We continue to monitor and anticipate making appropriate reductions if necessary.

- 1b. MET - Projected transfers in have not changed by more than the standard for the budget and two subsequent fiscal years.

Explanation:
(required if NOT met)

1c. MET - Projected transfers out have not changed by more than the standard for the budget and two subsequent fiscal years.

Explanation:
(required if NOT met)

--

1d. NO - There are no capital projects that may impact the county school service fund operational budget.

Project Information:
(required if YES)

S6. Long-term Commitments

Identify all existing and new multiyear commitments¹ and their annual required payment for the budget year and two subsequent fiscal years. Explain how any increase in annual payments will be funded.

Also, explain how any decrease to funding sources used to pay long-term commitments will be replaced.

¹ Include multiyear commitments, multiyear debt agreements, and new programs or contracts that result in long-term obligations.

S6A. Identification of the County Office's Long-term Commitments

DATA ENTRY: Click the appropriate button in item 1 and enter data in all columns of item 2 for applicable long-term commitments; there are no extractions in this section.

- Does your county office have long-term (multiyear) commitments?
(If No, skip item 2 and sections S6B and S6C)
- If Yes to item 1, list all new and existing multiyear commitments and required annual debt service amounts. Do not include long-term commitments for postemployment benefits other than pensions (OPEB); OPEB is disclosed in Criterion S7A.

Type of Commitment	# of Years Remaining	SACS Fund and Object Codes Used For:		Principal Balance as of July 1, 2018
		Funding Sources (Revenues)	Debt Service (Expenditures)	
Capital Leases	0	01//Various	01/56XX/Various	0
Certificates of Participation	14	01/8615	01/7439	12,720,000
General Obligation Bonds				
Supp Early Retirement Program				
State School Building Loans				
Compensated Absences	1	01/12/Various	01/12/Various	0
Other Long-term Commitments (do not include OPEB):				
TOTAL:				12,720,000

Type of Commitment (continued)	Prior Year (2017-18) Annual Payment (P & I)	Budget Year (2018-19) Annual Payment (P & I)	1st Subsequent Year (2019-20) Annual Payment (P & I)	2nd Subsequent Year (2020-21) Annual Payment (P & I)
Capital Leases				
Certificates of Participation	400,000	450,000	500,000	560,000
General Obligation Bonds				
Supp Early Retirement Program				
State School Building Loans				
Compensated Absences	160,000	110,000		
Other Long-term Commitments (continued):				
Total Annual Payments:	560,000	560,000	500,000	560,000
Has total annual payment increased over prior year (2017-18)?	No	No	No	No

S6B. Comparison of County Office's Annual Payments to Prior Year Annual Payment

DATA ENTRY: Enter an explanation if Yes.

- 1a. NO - Annual payments for long-term commitments have not increased in one or more of the budget and two subsequent fiscal years.

Explanation:
(required if Yes to increase
in total annual payments)

S6C. Identification of Decreases to Funding Sources Used to Pay Long-term Commitments

DATA ENTRY: Click the appropriate Yes or No button in item 1; if Yes, an explanation is required in item 2.

1. Will funding sources used to pay long-term commitments decrease or expire prior to the end of the commitment period, or are they one-time sources?

No

2. NO - Funding sources will not decrease or expire prior to the end of the commitment period, and one-time funds are not being used for long-term commitment annual payments.

Explanation:
(required if Yes)

S7. Unfunded Liabilities

Estimate the unfunded liability for postemployment benefits other than pensions (OPEB) based on an actuarial valuation, if required, or other method; identify or estimate the actuarially determined contribution (if available); and indicate how the obligation is funded (pay-as-you-go, amortized over a specific period, etc.).

Estimate the unfunded liability for self-insurance programs such as workers' compensation based on an actuarial valuation, if required, or other method; identify or estimate the required contribution; and, indicate how the obligation is funded (level of risk retained, funding approach, etc.).

S7A. Identification of the County Office's Estimated Unfunded Liability for Postemployment Benefits Other than Pensions (OPEB)

DATA ENTRY: Click the appropriate button in item 1 and enter data in all other applicable items; there are no extractions in this section except the budget year data on line 5b.

1. Does your county office provide postemployment benefits other than pensions (OPEB)? (If No, skip items 2-5)

No

2. For the county office's OPEB:
a. Are they lifetime benefits?

- b. Do benefits continue past age 65?

- c. Describe any other characteristics of the county office's OPEB program including eligibility criteria and amounts, if any, that retirees are required to contribute toward their own benefits:

The County does not provide health & welfare benefits to COE retirees. Upon retirement, retirees are given the opportunity to participate in our health & welfare program by purchasing medical & dental insurance from the COE at a discounted rate. Our OPEB liability is due to the difference in benefits between the market rate and the discounted rate, causing the benefit plan to have an implicit cost factor for our plan which is noted in our actuarial report. We funded that amount in total in Fund 17

3. a. Are OPEB financed on a pay-as-you-go, actuarial cost, or other method?

Pay-as-you-go

- b. Indicate any accumulated amounts earmarked for OPEB in a self-insurance or government fund

Self-Insurance Fund

Government Fund

4,135,596

4. OPEB Liabilities

- a. Total OPEB liability
b. OPEB plan(s) fiduciary net position (if applicable)
c. Total/Net OPEB liability (Line 4a minus Line 4b)
d. Is total OPEB liability based on the county office's estimate or an actuarial valuation?
e. If based on an actuarial valuation, indicate the date of the OPEB valuation.

4,726,752.00

4,135,596.00

591,156.00

Actuarial

Mar 01, 2016

5. OPEB Contributions

- a. OPEB actuarially determined contribution (ADC), if available, per actuarial valuation or Alternative Measurement Method
b. OPEB amount contributed (for this purpose, include premiums paid to a self-insurance fund) (funds 01-70, objects 3701-3752)
c. Cost of OPEB benefits (equivalent of "pay-as-you-go" amount)
d. Number of retirees receiving OPEB benefits

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
491,190.00	491,190.00	491,190.00
0.00	0.00	0.00
312,996.00	330,818.00	368,382.00
83	83	83

S7B. Identification of the County Office's Unfunded Liability for Self-Insurance Programs

DATA ENTRY: Click the appropriate button in Item 1 and enter data in all other applicable items; there are no extractions in this section.

1. Does your county office operate any self-insurance programs such as workers' compensation, employee health and welfare, or property and liability? (Do not include OPEB, which is covered in Section 7A) (If No, skip items 2-4)

Yes

2. Describe each self-insurance program operated by the county office, including details for each such as level of risk retained, funding approach, basis for the valuation (county office's estimate or actuarial valuation), and date of the valuation:

We do have other self-insurance benefits. Fund 67 is set aside for our self-insurance dental plan. Our worker's compensation is funded through a JPA. Both funds have adequate reserves and are monitored regularly.

3. Self-Insurance Liabilities

- a. Accrued liability for self-insurance programs
b. Unfunded liability for self-insurance programs

273,126.00

0.00

4. Self-Insurance Contributions

- a. Required contribution (funding) for self-insurance programs
b. Amount contributed (funded) for self-insurance programs

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
2,270,885.00	0.00	0.00
0.00	0.00	0.00

S8. Status of Labor Agreements

Analyze the status of all employee labor agreements. Identify new labor agreements, as well as new commitments provided as part of previously ratified multiyear agreements; and include all contracts, including all administrator contracts (and including all compensation). For new agreements, indicate the date of the required board meeting. Compare the increase in new commitments to the projected increase in ongoing revenues, and explain how these commitments will be funded in future fiscal years.

If salary and benefit negotiations are not finalized at budget adoption, upon settlement with certificated or classified staff:

The county office of education must determine the cost of the settlement, including salaries, benefits, and any other agreements that change costs, and provide the California Department of Education (CDE) with an analysis of the cost of the settlement and its impact on the operating budget.

The CDE shall review the analysis relative to the criteria and standards, and may provide written comments to the president of the governing board and the county superintendent of schools.

S8A. Cost Analysis of County Office's Labor Agreements - Certificated (Non-management) Employees

DATA ENTRY: Enter all applicable data items; there are no extractions in this section.

	Prior Year (2nd Interim) (2017-18)	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
Number of certificated (non-management) full-time-equivalent (FTE) positions	328.4	274.8	274.8	274.8

Certificated (Non-management) Salary and Benefit Negotiations

1. Are salary and benefit negotiations settled for the budget year?

No

If Yes, and the corresponding public disclosure documents have not been filed with the CDE, complete questions 2-4.

If No, identify the unsettled negotiations including any prior year unsettled negotiations and then complete questions 5 and 6.

2018-19 collective bargaining discussions began and are in process.

Negotiations Settled

2. Per Government Code Section 3547.5(a), date of public disclosure board meeting:

3. Period covered by the agreement:

Begin Date:

End Date:

4. Salary settlement:

Budget Year
(2018-19)

1st Subsequent Year
(2019-20)

2nd Subsequent Year
(2020-21)

Is the cost of salary settlement included in the budget and multiyear projections (MYPs)?

One Year Agreement

Total cost of salary settlement

% change in salary schedule from prior year
or

Multiyear Agreement

Total cost of salary settlement

% change in salary schedule from prior year
(may enter text, such as "Reopener")

Identify the source of funding that will be used to support multiyear salary commitments:

Negotiations Not Settled

5. Cost of a one percent increase in salary and statutory benefits

501,974

6. Amount included for any tentative salary schedule increases

Budget Year
(2018-19)

1st Subsequent Year
(2019-20)

2nd Subsequent Year
(2020-21)

0

0

0

Certificated (Non-management) Health and Welfare (H&W) Benefits

- Are costs of H&W benefit changes included in the budget and MYPs?
- Total cost of H&W benefits
- Percent of H&W cost paid by employer
- Percent projected change in H&W cost over prior year

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
No	No	No
6,483,894	6,483,894	6,483,894
9.5%	9.5%	9.5%
0.0%	0.0%	0.0%

Certificated (Non-management) Prior Year Settlements

- Are any new costs from prior year settlements included in the budget?
- If Yes, amount of new costs included in the budget and MYPs
- If Yes, explain the nature of the new costs:

No		

Certificated (Non-management) Step and Column Adjustments

- Are step & column adjustments included in the budget and MYPs?
- Cost of step & column adjustments
- Percent change in step & column over prior year

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
Yes	No	No
515,318	522,878	530,548
1.5%	1.5%	1.5%

Certificated (Non-management) Attrition (layoffs and retirements)

- Are savings from attrition included in the budget and MYPs?
- Are additional H&W benefits for those laid-off or retired employees included in the budget and MYPs?

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
Yes	No	No
No	No	No

Certificated (Non-management) - Other

List other significant contract changes and the cost impact of each change (i.e., class size, hours of employment, leave of absence, bonuses, etc.):

S8B. Cost Analysis of County Office's Labor Agreements - Classified (Non-management) Employees

DATA ENTRY: Enter all applicable data items; there are no extractions in this section.

	Prior Year (2nd Interim) (2017-18)	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
Number of classified (non-management) FTE positions	510.0	523.1	523.1	523.1

Classified (Non-management) Salary and Benefit Negotiations

1. Are salary and benefit negotiations settled for the budget year?

No

If Yes, and the corresponding public disclosure documents
have not been filed with the CDE, complete questions 2-4.

If No, identify the unsettled negotiations including any prior year unsettled negotiations and then complete questions 5 and 6.

2018-19 collective bargaining discussions began and are in process.

Negotiations Settled

2. Per Government Code Section 3547.5(a), date of public disclosure
board meeting:

3. Period covered by the agreement:

Begin Date:

End Date:

4. Salary settlement:

Budget Year
(2018-19)

1st Subsequent Year
(2019-20)

2nd Subsequent Year
(2020-21)

Is the cost of salary settlement included in the budget and multiyear
projections (MYPs)?

One Year Agreement

Total cost of salary settlement

% change in salary schedule from prior year
or

Multiyear Agreement

Total cost of salary settlement

% change in salary schedule from prior year
(may enter text, such as "Reopener")

Identify the source of funding that will be used to support multiyear salary commitments:

Negotiations Not Settled

5. Cost of a one percent increase in salary and statutory benefits

447,471

6. Amount included for any tentative salary schedule increases

Budget Year
(2018-19)

1st Subsequent Year
(2019-20)

2nd Subsequent Year
(2020-21)

0

0

0

Classified (Non-management) Health and Welfare (H&W) Benefits

- Are costs of H&W benefit changes included in the budget and MYPs?
- Total cost of H&W benefits
- Percent of H&W cost paid by employer
- Percent projected change in H&W cost over prior year

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
No	No	No
9,820,115	9,820,115	9,820,115
100.0%	100.0%	100.0%
0.0%	0.0%	0.0%

Classified (Non-management) Prior Year Settlements

- Are any new costs from prior year settlements included in the budget?
- If Yes, amount of new costs included in the budget and MYPs
- If Yes, explain the nature of the new costs:

No		
----	--	--

Classified (Non-management) Step and Column Adjustments

- Are step & column adjustments included in the budget and MYPs?
- Cost of step & column adjustments
- Percent change in step & column over prior year

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
Yes	No	No
242,416	244,840	247,289
1.0%	1.0%	1.0%

Classified (Non-management) Attrition (layoffs and retirements)

- Are savings from attrition included in the budget and MYPs?
- Are additional H&W benefits for those laid-off or retired employees included in the budget and MYPs?

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
Yes	No	No
No	No	No

Classified (Non-management) - Other

List other significant contract changes and the cost impact of each change (i.e., hours of employment, leave of absence, bonuses, etc.):

S8C. Cost Analysis of County Office's Labor Agreements - Management/Supervisor/Confidential Employees

DATA ENTRY: Enter all applicable data items; there are no extractions in this section.

	Prior Year (2nd Interim) (2017-18)	Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)
Number of management, supervisor, and confidential FTE positions	351.2	364.1	364.1	364.1

**Management/Supervisor/Confidential
Salary and Benefit Negotiations**

1. Are salary and benefit negotiations settled for the budget year?

n/a

If Yes, complete question 2.

If No, identify the unsettled negotiations including any prior year unsettled negotiations and then complete questions 3 and 4.

If n/a, skip the remainder of Section S8C.

Negotiations Settled

2. Salary settlement:

Is the cost of salary settlement included in the budget and multiyear projections (MYPs)?

Total cost of salary settlement

% change in salary schedule from prior year
(may enter text, such as "Reopener")

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)

Negotiations Not Settled

3. Cost of a one percent increase in salary and statutory benefits

4. Amount included for any tentative salary schedule increases

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)

**Management/Supervisor/Confidential
Health and Welfare (H&W) Benefits**

- Are costs of H&W benefit changes included in the budget and MYPs?
- Total cost of H&W benefits
- Percent of H&W cost paid by employer
- Percent projected change in H&W cost over prior year

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)

**Management/Supervisor/Confidential
Step and Column Adjustments**

- Are step & column adjustments included in the budget and MYPs?
- Cost of step & column adjustments
- Percent change in step & column over prior year

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)

**Management/Supervisor/Confidential
Other Benefits (mileage, bonuses, etc.)**

- Are costs of other benefits included in the budget and MYPs?
- Total cost of other benefits
- Percent change in cost of other benefits over prior year

Budget Year (2018-19)	1st Subsequent Year (2019-20)	2nd Subsequent Year (2020-21)

S9. Local Control and Accountability Plan (LCAP)

Confirm that the county office of education's governing board has adopted an LCAP or an update to the LCAP effective for the budget year.

DATA ENTRY: Click the appropriate Yes or No button in item 1, and enter the date in item 2.

1. Did or will the county office of education's governing board adopt an LCAP or approve an update to the LCAP effective for the budget year?

Yes

2. Approval date for adoption of the LCAP or approval of an update to the LCAP.

Jun 20, 2018

S10. LCAP Expenditures

Confirm that the county office of education's budget includes the expenditures necessary to implement the LCAP or annual update to the LCAP.

DATA ENTRY: Click the appropriate Yes or No button.

Does the county office of education's budget include the expenditures necessary to implement the LCAP or annual update to the LCAP as described in the Local Control and Accountability Plan and Annual Update Template, Section 3: Actions, Services and Expenditures?

Yes

ADDITIONAL FISCAL INDICATORS

The following fiscal indicators are designed to provide additional data for reviewing agencies. A "Yes" answer to any single indicator does not necessarily suggest a cause for concern, but may alert the reviewing agency to the need for additional review.

DATA ENTRY: Click the appropriate Yes or No button for items A1 through A8 except item A3, which is automatically completed based on data in Criterion 1.

- A1. Do cash flow projections show that the county office will end the budget year with a negative cash balance in the county school service fund?

No

- A2. Is the system of personnel position control independent from the payroll system?

No

- A3. Is the County Operations Grant ADA decreasing in both the prior fiscal year and budget year? (Data from Criterion 1, Sections 1B-1 and 1B-2, County Operations Grant ADA column, are used to determine Yes or No)

No

- A4. Are new charter schools operating in county office boundaries that impact the county office's ADA, either in the prior fiscal year or budget year?

No

- A5. Has the county office entered into a bargaining agreement where any of the budget or subsequent years of the agreement would result in salary increases that are expected to exceed the projected state funded cost-of-living adjustment?

No

- A6. Does the county office provide uncapped (100% employer paid) health benefits for current or retired employees?

No

- A7. Does the county office have any reports that indicate fiscal distress?
(If Yes, provide copies to CDE)

No

- A8. Have there been personnel changes in the superintendent or chief business official positions within the last 12 months?

No

When providing comments for additional fiscal indicators, please include the item number applicable to each comment.

Comments:
(optional)

End of County Office Budget Criteria and Standards Review

Description	2017-18 Estimated Actuals			2018-19 Budget		
	P-2 ADA	Annual ADA	Funded ADA	Estimated P-2 ADA	Estimated Annual ADA	Estimated Funded ADA
B. COUNTY OFFICE OF EDUCATION						
1. County Program Alternative Education ADA						
a. County Group Home and Institution Pupils	0.00	0.00	0.00	0.00	0.00	0.00
b. Juvenile Halls, Homes, and Camps	472.47	466.00	466.00	466.00	466.00	466.00
c. Probation Referred, On Probation or Parole, Expelled per EC 48915(a) or (c) [EC 2574(c)(4)(A)]	1,795.16	1,816.00	1,816.00	1,601.00	1,601.00	1,601.00
d. Total, County Program Alternative Education ADA (Sum of Lines B1a through B1c)	2,267.63	2,282.00	2,282.00	2,067.00	2,067.00	2,067.00
2. District Funded County Program ADA						
a. County Community Schools	3,144.22	3,144.22	3,144.22	2,993.00	2,993.00	2,993.00
b. Special Education-Special Day Class	335.45	335.45	335.45	335.41	335.41	335.41
c. Special Education-NPS/LCI	0.00	0.00	0.00	0.00	0.00	0.00
d. Special Education Extended Year	34.90	34.90	34.98	35.36	35.36	35.36
e. Other County Operated Programs: Opportunity Schools and Full Day Opportunity Classes, Specialized Secondary Schools	0.00	0.00	0.00	0.00	0.00	0.00
f. County School Tuition Fund (Out of State Tuition) [EC 2000 and 46380]	0.00	0.00	0.00	0.00	0.00	0.00
g. Total, District Funded County Program ADA (Sum of Lines B2a through B2f)	3,514.57	3,514.57	3,514.65	3,363.77	3,363.77	3,363.77
3. TOTAL COUNTY OFFICE ADA (Sum of Lines B1d and B2g)	5,782.20	5,796.57	5,796.65	5,430.77	5,430.77	5,430.77
4. Adults in Correctional Facilities	0.00	0.00	0.00	0.00	0.00	0.00
5. County Operations Grant ADA	467,828.00	472,761.45	473,761.45	473,373.37	473,373.37	473,373.37
6. Charter School ADA						
(Enter Charter School ADA using Tab C. Charter School ADA)						

Description	2017-18 Estimated Actuals			2018-19 Budget		
	P-2 ADA	Annual ADA	Funded ADA	Estimated P-2 ADA	Estimated Annual ADA	Estimated Funded ADA
C. CHARTER SCHOOL ADA						
Authorizing LEAs reporting charter school SACS financial data in their Fund 01, 09, or 62 use this worksheet to report ADA for those charter schools. Charter schools reporting SACS financial data separately from their authorizing LEAs in Fund 01 or Fund 62 use this worksheet to report their ADA.						
FUND 01: Charter School ADA corresponding to SACS financial data reported in Fund 01.						
1. Total Charter School Regular ADA						
2. Charter School County Program Alternative Education ADA						
a. County Group Home and Institution Pupils						
b. Juvenile Halls, Homes, and Camps						
c. Probation Referred, On Probation or Parole, Expelled per EC 48915(a) or (c) [EC 2574(c)(4)(A)]						
d. Total, Charter School County Program Alternative Education ADA (Sum of Lines C2a through C2c)	0.00	0.00	0.00	0.00	0.00	0.00
3. Charter School Funded County Program ADA						
a. County Community Schools	139.17	139.17	139.17	202.00	202.00	202.00
b. Special Education-Special Day Class						
c. Special Education-NPS/LCI						
d. Special Education Extended Year						
e. Other County Operated Programs: Opportunity Schools and Full Day Opportunity Classes, Specialized Secondary Schools						
f. Total, Charter School Funded County Program ADA (Sum of Lines C3a through C3e)	139.17	139.17	139.17	202.00	202.00	202.00
4. TOTAL CHARTER SCHOOL ADA (Sum of Lines C1, C2d, and C3f)	139.17	139.17	139.17	202.00	202.00	202.00
FUND 09 or 62: Charter School ADA corresponding to SACS financial data reported in Fund 09 or Fund 62.						
5. Total Charter School Regular ADA						
6. Charter School County Program Alternative Education ADA						
a. County Group Home and Institution Pupils						
b. Juvenile Halls, Homes, and Camps						
c. Probation Referred, On Probation or Parole, Expelled per EC 48915(a) or (c) [EC 2574(c)(4)(A)]						
d. Total, Charter School County Program Alternative Education ADA (Sum of Lines C6a through C6c)	0.00	0.00	0.00	0.00	0.00	0.00
7. Charter School Funded County Program ADA						
a. County Community Schools						
b. Special Education-Special Day Class						
c. Special Education-NPS/LCI						
d. Special Education Extended Year						
e. Other County Operated Programs: Opportunity Schools and Full Day Opportunity Classes, Specialized Secondary Schools						
f. Total, Charter School Funded County Program ADA (Sum of Lines C7a through C7e)	0.00	0.00	0.00	0.00	0.00	0.00
8. TOTAL CHARTER SCHOOL ADA (Sum of Lines C5, C6d, and C7f)	0.00	0.00	0.00	0.00	0.00	0.00
9. TOTAL CHARTER SCHOOL ADA Reported in Fund 01, 09, or 62 (Sum of Lines C4 and C8)	139.17	139.17	139.17	202.00	202.00	202.00

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals	2018-19 Budget	Percent Difference
A. REVENUES					
1) LCFF Sources		8010-8099	0.00	0.00	0.0%
2) Federal Revenue		8100-8299	7,592,485.00	8,050,951.00	6.0%
3) Other State Revenue		8300-8599	16,356,385.00	15,954,738.00	-2.5%
4) Other Local Revenue		8600-8799	347,165.00	340,765.00	-1.8%
5) TOTAL REVENUES			24,296,035.00	24,346,454.00	0.2%
B. EXPENDITURES					
1) Certificated Salaries		1000-1999	6,131.00	105,842.00	1626.3%
2) Classified Salaries		2000-2999	2,115,385.00	1,996,412.00	-5.6%
3) Employee Benefits		3000-3999	1,012,797.00	1,047,178.00	3.4%
4) Books and Supplies		4000-4999	104,627.00	240,840.00	130.2%
5) Services and Other Operating Expenditures		5000-5999	19,209,408.00	19,104,484.00	-0.5%
6) Capital Outlay		6000-6999	0.00	0.00	0.0%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299, 7400-7499	0.00	0.00	0.0%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	2,093,776.00	2,100,364.00	0.3%
9) TOTAL EXPENDITURES			24,542,124.00	24,595,120.00	0.2%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)			(246,089.00)	(248,666.00)	1.0%
D. OTHER FINANCING SOURCES/USES					
1) Interfund Transfers					
a) Transfers In		8900-8929	246,089.00	248,666.00	1.0%
b) Transfers Out		7600-7629	0.00	0.00	0.0%
2) Other Sources/Uses					
a) Sources		8930-8979	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.0%
3) Contributions		8980-8999	0.00	0.00	0.0%
4) TOTAL OTHER FINANCING SOURCES/USES			246,089.00	248,666.00	1.0%

Description	Resource Codes	Object Codes	2017-18 Estimated Actuals	2018-19 Budget	Percent Difference
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)			0.00	0.00	0.0%
F. FUND BALANCE, RESERVES					
1) Beginning Fund Balance					
a) As of July 1 - Unaudited		9791	0.00	0.00	0.0%
b) Audit Adjustments		9793	0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)			0.00	0.00	0.0%
d) Other Restatements		9795	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			0.00	0.00	0.0%
2) Ending Balance, June 30 (E + F1e)			0.00	0.00	0.0%
Components of Ending Fund Balance					
a) Nonspendable					
Revolving Cash		9711	0.00	0.00	0.0%
Stores		9712	0.00	0.00	0.0%
Prepaid Items		9713	0.00	0.00	0.0%
All Others		9719	0.00	0.00	0.0%
b) Restricted		9740	0.00	0.00	0.0%
c) Committed					
Stabilization Arrangements		9750	0.00	0.00	0.0%
Other Commitments		9760	0.00	0.00	0.0%
d) Assigned					
Other Assignments		9780	0.00	0.00	0.0%
e) Unassigned/Unappropriated					
Reserve for Economic Uncertainties		9789	0.00	0.00	0.0%
Unassigned/Unappropriated Amount		9790	0.00	0.00	0.0%

Form 01
General Fund
Subfund 0101

	2017-18 Estimated Actuals Budget	2018-19 Adopted Budget Budget
Revenues	233,906,120	233,330,611
Expenditures	236,564,820	222,732,244
Excess / (Deficit)	(2,658,700)	10,598,367
Beginning Balance (July 1)	161,238,111	157,352,587
Transfers / Other Audit Adjustments	(1,226,824)	(1,229,401)
Reserves / Ending Balance June 30	157,352,587	166,721,553

Form 10
Special Education Pass-Through Fund
Subfund 1010

	2017-18 Estimated Actuals Budget	2018-19 Adopted Budget Budget
	45,061,285	45,191,165
	46,330,431	43,700,914
	(1,269,146)	1,490,251
	12,823,690	11,554,544
	-	-
	11,554,544	13,044,795

Form 12
Child Development Fund
Subfund 1212

	2017-18 Estimated Actuals Budget	2018-19 Adopted Budget Budget
	24,296,035	24,346,454
	24,542,124	24,595,120
	(246,089)	(248,666)
	246,089	248,666
	-	-

Form 14
Deferred Maintenance Fund
Subfund 1414

	2017-18 Estimated Actuals Budget	2018-19 Adopted Budget Budget
	1,299,662	1,222,520
	239,000	603,000
	1,060,662	619,520
	25,146,402	27,187,799
	980,735	980,735
	27,187,799	28,788,054

Form 17
Special Reserve Fund
Subfund 1717

	2017-18 Estimated Actuals Budget	2018-19 Adopted Budget Budget
Revenues	194,761	194,761
Expenditures	-	-
Excess / (Deficit)	194,761	194,761
Beginning Balance (July 1)	24,588,618	24,783,379
Transfers / Other Audit Adjustments		
Reserves / Ending Balance June 30	24,783,379	24,978,140

Form 30
State School Building Fund
Subfund 3033

	2017-18 Estimated Actuals Budget	2018-19 Adopted Budget Budget
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

Form 35
School Facilities Fund
Subfund 3535

	2017-18 Estimated Actuals Budget	2018-19 Adopted Budget Budget
	51,610	51,572
	-	-
	51,610	51,572
	4,151,733	4,203,343
	-	-
	4,203,343	4,254,915

Form 40
Capital Outlay Fund (Esplanade)
Subfund 4040

	2017-18 Estimated Actuals Budget	2018-19 Adopted Budget Budget
	2,376,181	2,376,301
	707,400	912,300
	1,668,781	1,464,001
	2,966,065	3,834,846
	(800,000)	(800,000)
	3,834,846	4,498,847

Form 56
Debt Service Fund (Esplanade)
Subfund 5656

	2017-18 Estimated Actuals Budget	2018-19 Adopted Budget Budget
Revenues	13,000	13,000
Expenditures	845,200	845,200
Excess / (Deficit)	(832,200)	(832,200)
Beginning Balance (July 1)	1,503,842	1,471,642
Transfers / Other Audit Adjustments	800,000	800,000
Reserves / Ending Balance June 30	1,471,642	1,439,442

Form 67
Dental Self-Insurance Fund
Subfund 6769

	2017-18 Estimated Actuals Budget	2018-19 Adopted Budget Budget
	1,999,696	1,998,000
	1,240,674	1,584,291
	759,022	413,709
	4,182,047	4,941,069
	-	-
	4,941,069	5,354,778

TOTAL ALL FUNDS

	2017-18 Estimated Actuals Budget	2018-19 Adopted Budget Budget
	309,198,350	308,724,384
	310,469,649	294,973,069
	(1,271,299)	13,751,315
	236,600,508	235,329,209
	-	-
	235,329,209	249,080,524



ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE: May 17, 2018

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:sl

Pages 104-106 removed (CONFIDENTIAL STUDENT INFORMATION)

MB

ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE: June 6, 2018
TO: Nina Boyd, Associate Superintendent
FROM: Dr. Ken Williams, Trustee Area 3
SUBJECT: Parental and Student Rights- California Healthy Youth Act and
Comprehensive Sex Education

RECOMMENDATION:

Approve Resolution #14-18 regarding Parental and Student Rights- California Healthy Youth Act and Comprehensive Sex Education (Williams)

**RESOLUTION OF THE BOARD OF EDUCATION
ORANGE COUNTY, CALIFORNIA**

**Parental and Student Rights-
California Healthy Youth Act and Comprehensive Sex Education**

WHEREAS, the U.S. Supreme Court and California courts recognize that parents possess a fundamental right to direct the upbringing and education of their children (*Troxel v. Granville*, 530 U.S. 57, 65 (2000); *In re Marriage of Harris*, 34 Cal. 4th 210, 223 (2004)), and the California legislature has accordingly recognized that “*parents and guardians have the ultimate responsibility for impacting values regarding human sexuality to their children*” (Cal. Educ. Code § 51937); and

WHEREAS, the California Healthy Youth Act (CHYA) was passed by the California legislature and is a state law that took effect January 01, 2016; and CHYA modifies the previously existing California Comprehensive Sexual Health and HIV/AIDS Prevention Education Act (passed in 2003); and

WHEREAS, California Education Code 51933, gives guidelines on implementation of sex education programs and states all “*instruction and materials are age appropriate.... factually and medically correct and objective*”; and

WHEREAS, CHYA requires school districts in California to provide students with comprehensive sexual health education, including information about HIV prevention, at least once in high school and once in middle school; and

WHEREAS, Article 4. Section 14. Section 51938 of the CHYA states, “*A parent or guardian of a pupil has the right to excuse his or her child from all or part of comprehensive sexual health education, HIV prevention education, and assessments related to that education*”; and

WHEREAS, students do not “shed their constitutional rights to freedom of speech or expression at the schoolhouse gate.” (*Tinker v. Des Moines Indep. Cmty. Sch. Dist.*, 393 U.S. 503, 506 (1969)). As a result, students cannot be compelled to engage in expression with which they disagree; and

WHEREAS, Article 4, Section 13, Section 51937 of the CHYA states, “The Legislature intends to create a streamlined process to make it easier for parents and guardians to review materials and evaluation tools related to comprehensive sexual health education and HIV prevention education, and, if they wish, to excuse their children from participation in all or part of that instruction or evaluation....and the legislature recognizes that while parents and guardians overwhelmingly support medically accurate, comprehensive or abstinence oriented sex education, parents and guardians have the ultimate responsibility for imparting values regarding human sexuality to their children”; and

WHEREAS, Section 51932(b) is not an exception to parental rights under the CHYA. It is an exception to the CHYA as a whole. Discussions of gender identity and sexual orientation are issues that many parents desire to introduce to their children in their own time, and in a manner consistent with their values and beliefs. Nothing in California law prohibits schools from providing parental notice and opt-out options before these issues are raised. Following these guidelines is a priority of government institutions and should properly respect the primary role of parents in addressing controversial topics; and

WHEREAS, School districts, under the leadership of their locally elected school boards and superintendents, are tasked with selecting their own curricula to meet the state- approved guidelines; and

WHEREAS, California state Education Code 1040 (a) outlines state law that County boards of education may adopt rules and regulations governing the administration of the office of the county superintendent of school; and

WHEREAS, the Orange County Board of Education, and the Orange County Superintendent of Education are co-functioning governance entities of the Orange County Department of Education with rights, duties, and responsibilities; and

WHEREAS, the Orange County Board of Education and the Orange County Superintendent of Education are aware through public input at board meetings of parental dissatisfaction, frustration, and distress secondary to proposed state approved sex education curriculums and the CHYA; and

WHEREAS, at the April and May 2018 meetings, the Orange County Board of Education heard public comments from constituents articulating their concern that their children should accept or celebrate ideas, values, and beliefs regarding sexual orientation and gender identity that are contrary to their cultural, social, religious, or political beliefs, and these controversial references are found in the transcripts publicly documented at the April and May 2018 Orange County Board of Education meetings, and in a Memorandum dated May 09, 2018 ¹ from Nada Higuera, from Tyler and Bursch, LLP; and

WHEREAS, government and/or their institutions or public schools cannot command students to use words, pronouns, or engage in other expression that conflicts with their values and beliefs; and nothing in California law prohibits schools or government institutions from providing parental notice and opt-out options before controversial issues are raised; and

THEREFORE, the Orange County Department of Education and their schools respects the authority of parents and shall provide advance notice and opt-out options prior to CHYA curriculum being taught; and

THEREFORE, the Orange County Board of Education with the assistance of the Orange County Superintendent of Education and staff, instructs its county staff to develop for its schools and students an alternative curriculum that meets CHYA state laws without controversial references that are considered lewd and indecent, expresses moral turpitude, and are unfit for public education of children.

AYES:

NOES:

ABSENT:

STATE OF CALIFORNIA, COUNTY OF ORANGE

I, John W. Bedell, Ph.D., President of the Board of Education of Orange County, California, hereby certify that the foregoing Resolution was duly and regularly adopted by the said Board at a regular meeting thereof held on the sixth day of June 2018 and passed by a vote of _____.

IN WITNESS THEREOF, I have hereunto set my hand and seal this sixth day of June 2018.

John W. Bedell, Ph.D.
Orange County Board of Education



ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE: June 6, 2018

TO: Nina Boyd, Associate Superintendent

FROM: Christine Olmstead, Associate Superintendent

SUBJECT: Triennial Updated Countywide Expulsion Plan

The original Countywide Expulsion Plan was submitted to the California Department of Education on June 30, 1997, in accordance with Education Code Section 48926. This Education Code required that “at the time an expulsion of a pupil is ordered, the governing board of the school district shall ensure that an educational program is provided to the pupil who is subject to the expulsion order for the period of the expulsion” in accordance with Education Code 48916.1. All 28 school districts obtained school district approval and submitted their individual plan to the County Superintendent. The Orange County Board of Education approved the Countywide Expulsion Plan on June 19, 1997. The first triennial review was approved on June 15, 2000, with additional reviews occurring in June of the following years: 2003, 2006, 2009, 2012, & 2015. The seventh triennial review is currently due to CDE June 30, 2018.

Education Code Section 48926 requires that a triennial update to the original expulsion plan be submitted to the California Department of Education by June 30, 2018. The content of the Triennial Updated Countywide Expulsion Plan fulfills the mandate of the California Education Codes 48926 and 48916.1. The plan enumerates educational alternatives for expelled students that exist in the district and/or county. The plan also identifies and explains strategies for fulfilling gaps in educational programs and services for these expelled students.

RECOMMENDATION:

Approve the seventh triennial review of the Countywide Expulsion Plan providing educational services for all expelled students, due to the California Department of Education by June 30, 2018.

CO

PLAN FOR PROVIDING EDUCATIONAL SERVICES TO ALL EXPELLED STUDENTS IN ORANGE COUNTY 2018-2021

General Provisions

As required by Education Code section 48926, the Orange County Superintendent of Schools has developed an expulsion plan in conjunction with the Superintendents of the school districts in Orange County. The plan provides for educational services to all expelled students in the county for school years 2018-19, 2019-20 and 2020-21. The current plan has been adopted by the governing board of each school district in Orange County and the Orange County Board of Education. A student whose behavior has resulted in an expulsion is provided a rehabilitation plan which ensures placement in an educational program. All educational alternatives provided by Orange County school districts are not available to all expelled students. The type of offense, location of offense, grade level and nature of the student's individualized needs all have the potential to affect the educational alternatives available to the student during the period of expulsion. Students expelled for any of the offenses listed in subdivision (a) or (c) of Section 48915 of the California Education Code shall not be permitted to enroll in any district-operated program during the period of expulsion unless it is a community day school (E.C. section 48915.2).

All expelled students shall be referred to an educational placement that is 1) appropriately prepared to accommodate students who exhibit discipline problems; 2) not situated at a comprehensive middle, junior, or senior high school, or at any elementary school, and 3) not housed at the school site attended by the student at the time of the offense (E.C. section 48915). In addition to the requirements stated above, such factors as district size, district level alternatives, county level alternatives, local control accountability plans and district philosophy can influence the decisions by a district board of education regarding what educational alternatives are appropriate for the students who are expelled.

Educational Alternatives for Expelled Students

The governing board of each school district will determine which educational alternatives are appropriate and available pursuant to Education Code section 48916.1. Educational alternatives throughout Orange County for students recommended for expulsion include, but are not limited to the following options:

1. Expulsion, suspended order, with placement on the same school campus [E.C. section 48917 (a)].
2. Expulsion, suspended order, with placement on a different school campus within the district [E.C. section 48917 (a)].
3. Expulsion with referral to a district community day school program, if available [E.C. section 48660].
4. Expulsion with subsequent transfer to another district.
5. Expulsion with referral to the Orange County Department of Education, Division of Alternative, Community and Correctional Education Schools and Services (ACCESS) [E.C. section 1981].

A specific referral to a district community day school or county community school is made by the school district with recommendations from the district discipline review board, School Attendance Review Board (SARB), or by another established district referral process as required by statute.

The school district of residence maintains the responsibility for developing a rehabilitation plan for expelled students and referring students to an appropriate educational setting. Expelled students who complete their rehabilitation plan

obligations are reviewed by the district for possible return to district of residence programs. Expelled students who fail to meet the terms and conditions of the district rehabilitation plan for readmission may continue to be referred to an appropriate educational setting within another district alternative program, district community day school program, or the Orange County Department of Education ACCESS program.

Charter School Requirements and Expulsion

Charter schools develop their own policies and procedures regarding student expulsion and student dismissal. They are not required to follow Education Code section 48900 et seq. as the basis of their discipline or expulsion policy, although by regulation petitioners must demonstrate familiarity with these provisions. Charter schools have the option to adopt their chartering district's policy and procedures in regard to expulsion.

A student who is expelled from a charter school may return to the school district of residence. As set forth in Education Code section 47605 (d)(3), if a pupil subject to compulsory full-time education pursuant to Education Code section 48200 is expelled or leaves a charter school without graduating or completing the school year for any reason, the charter school shall notify the superintendent of the school district of the pupil's last known address within 30 days, and shall, upon request, provide that school district with a copy of the cumulative record of the pupil, including a transcript of grades or report card, and health information. Once the school district has documentation of the expulsion order, the provisions of Education Code sections 48915.1 and 48915.2 to determine whether or not the pupil may enroll in a district school or must be referred to a county community school or district community day school (EC section 48915.2).

Expelled Students Who Commit Subsequent Violation(s)

The placement of expelled students who commit subsequent expellable violations will be placed in one of the following options:

- If the student commits a subsequent violation of Education Code section 48900 and following, the student may be referred to another district alternative program or to the Orange County Department of Education.
- If the expelled student commits another violation of the Education Code while enrolled in the Orange County Department of Education ACCESS program, the student will be placed at another community school site within the Administrative Unit (AU) or transferred to another AU operated by the Orange County Department of Education, in accordance with Orange County Department of Education Policy and Procedures.

Expelled Students Who Fail District Community Day School

An expelled student who fails his/her placement in a district community day school program may be placed in one of the following options:

- Other existing district educational alternatives.
- Orange County Department of Education, ACCESS program or a program operated by the Orange County Department of Education Division of Special Education Services.

Special Education Students

Students eligible under the Individuals with Disabilities Act (IDEA) may be referred to the Orange County Department of Education pursuant to the Individualized Education Program (IEP) process outlined in Education Code section 48915.5 and Orange County Department of Education procedures. Students eligible under Section 504 of the Rehabilitation Act of

1973 may also be referred to the Orange County Department of Education program in accordance with Section 504 procedures. School districts must take into consideration the contents of the student's IEP when making placement recommendations. Any change in placement requires the school district to convene an IEP meeting. The IEP team identifies a special education program and related services appropriate for the student. Placement options may include district, special education local plan area (SELPA), or county-operated programs.

- If the district refers the expelled student to the Orange County Department of Education, the district shall convene an IEP meeting prior to the referral to jointly identify an appropriate special education program and related services. A representative from the Orange County Department of Education shall participate in the IEP meeting. The district or Orange County Department of Education, as identified in the SELPA Plan, will provide special education services in accordance with the student's IEP.
- When the IEP cannot be implemented within the Orange County Department of Education, the district of residence is responsible for providing a Free and Appropriate Public Education (FAPE) within the continuum of program options identified in its SELPA plan.
- The Orange County Department of Education also provides an interim alternative educational setting while school districts search for permanent placements for students eligible under the IDEA (not excluding county options). [34 C.F.R. section 300.530(g)]

Orange County Department of Education Options

Orange County Department of Education Options

The Orange County Department of Education is committed to providing a spectrum of educational options for students expelled from Orange County school districts. Educational options are provided through the Division of Alternative Education, known as Alternative, Community, and Correctional Education Schools and Services (ACCESS), a Western Association of Schools and Colleges-accredited (WASC) program, and the Division of Special Education Services. The Orange County Department of Education's mission is to ensure that all students are equipped with the competencies they need to thrive in the 21st Century. In addition, ACCESS's mission is to care for, teach, and inspire all students to discover their potential, develop their character, and maximize their learning so they may become successful contributors to society.

The policy of each individual school district affects how the Orange County Department of Education will meet the needs of that particular school district. Some districts use the Orange County Department of Education programs as educational options for those students expelled under Education Code section 48900. The Orange County Department of Education also works with Orange County school districts to provide information and data in support of local control accountability plan goals and priorities, including but not limited to pupil engagement, school climate and pupil outcomes.

The Orange County Department of Education Division of Special Education Services provides special education programs and services to individuals with exceptional needs requiring intensive educational services. Referrals to the Division of Special Education Services shall be made in accordance with current procedures.

The ACCESS program provides options for expelled youth at over 45 sites contained within 6 Administrative Units located throughout the county. Regional options may include:

- Classroom instruction serving grades 9-12, delivered daily for 240-270 minutes aligned with the State Frameworks/Standards.
- Classroom instruction serving grades 6-8, delivered daily for 240-270 minutes aligned with the State Frameworks/Standards.

- Contracted learning/independent study programs for students who elect, with parent/teacher approval, not to participate in daily classroom instructional programs. These contracted learning/independent study programs require students to complete a minimum of 20 hours per week of educational product.
- Parent directed home instruction independent study programs through the Community Home Education Program (CHEP) serving students in transitional kindergarten (TK) through grade 8 and Pacific Coast High School, a University of California (UC) approved and National Collegiate Athletic Association-accredited program serving students in grades 9-12.

Referral Process to the Orange County Department of Education Alternative Community Correctional Education Schools and Services (ACCESS)

ACCESS Administrators regularly meet with school district representatives and agency partners to collaborate and coordinate placement of expelled students. Regional meetings of the Child Welfare and Attendance Administrators as well as district Student Attendance Review Board members provide an avenue for district and Orange County Department of Education representatives to discuss potential placement challenges, explore regional options and address the needs of expelled students.

Referrals to the Orange County Department of Education ACCESS program may be made directly to the ACCESS Administrative Units listed below. Referrals of students eligible under the IDEA shall be made through the IEP process and in accordance with ACCESS Special Education Procedures.

An Individual Learning Plan (ILP) will be developed for expelled students referred to ACCESS. Part of this plan includes a goal of assisting the student with meeting the requirements stated in the district rehabilitation plan to facilitate returning the student to the school district of residence at completion of the district expulsion. A Supplemental Referral Form and a Return to District Form were developed with the support of District Student Services Administrator's feedback in order to improve communication. Districts will use the "Supplemental Referral Form" to highlight unique needs of student, interventions in place, and rehabilitation plan for student. When returning to the district of residence, ACCESS will use the Return to District form to communicate student progress on the district rehabilitation plan as well as share important contact information in the case that questions may arise.

ACCESS Administrative Units (AU)

<u>Administrative Units</u>	<u>Address</u>	<u>Phone</u>	<u>Contact Person</u>
AU 101-North	505 N. Euclid Street Suite 500 Anaheim, CA 92801	(714) 245-6795 Fax: (714) 781-5891	Ken Ko
<u>Administrative Units (AU)</u>	<u>Address</u>	<u>Phone</u>	<u>Contact Person</u>
AU 103 Southeast	621 W. 1st Street Tustin, CA 92780	(714) 245-6680 (714) 731-7269 fax	Chris Alfieri
AU 103-Southeast South County Enrollment Office	23436 Madero Suite 100B Mission Viejo, CA 92691	(949) 425-2170 (949) 707-0569 fax	Chris Alfieri
AU 104 Garden Grove	12822 Garden Grove Blvd. Suite D Garden Grove, CA 92843	(714) 245-6450 (714) 796-8817 fax	Talisa Sullivan
AU 108 Pacific Coast High School	14262 Franklin Ave. Suite 100	(714) 245-6500 (714) 508-0215 fax	Machele Kilgore

	Tustin, CA 92780		
AU 109 CHEP	11095 Knott Ave. Suite L Cypress, CA 90630	(714) 327-1000 (714) 327-1030 fax	Jane Doney
AU 114 Harbor Learning Center / Fountain Valley	15872 S. Harbor Blvd. Building C Fountain Valley, CA 92708	(714) 245-6440 (714) 418-1914 fax	Vern Burton

** Institutions/Court Schools (Placement through the Juvenile Justice Department)*

ACCESS Support Services

Special Education And Student Services	1715 E. Wilshire Ave. Suite 708 Santa Ana, CA 92705	(714) 547-7931 (714) 796-8811 fax	Lynn Garrett
Title I	1735 E. Wilshire Ave. Suites 801 & 802 Santa Ana, CA 92705	(714) 836-0301 (714) 836-1920 fax	Lisa Lanier
Assessment Center	1715 E. Wilshire Ave. Suite 706 Santa Ana, CA 92705	(714) 835-2776 (714) 835-3861 fax	Jane Doney
Attendance and Records	1669 E. Wilshire Ave. Suite 601 Santa Ana, CA 92705	(714) 547-9972 (714) 547-2344 fax	Sharon Lakin
Educational Programs and Services	1715 E. Wilshire Ave. Suite 702 Santa Ana, CA 92705	(714) 647-2593 (714) 543-8962 fax	Katy Ramezani
Curriculum and Instructional Support Services	1735 E. Wilshire Ave. Suite 806 Santa Ana, CA 92705	(714) 558-3380 (714) 558-8245 fax	Rick Martin

Summary of Gaps in Education Services to Expelled Students and Strategies for Filling Those Gaps

Previously identified gaps have been examined and considerable improvement has been made through a collaborative process between the 27 Orange County School Districts and the Orange County Department of Education. The 27 School Districts in Orange County and the Orange County Department of Education have committed themselves to an ongoing process to resolve the remaining identified gaps.

Service Gap 1: Expelled Students in Grades K-5

Students in grades K-5 who are expelled do not have as many educational options available as do expelled youth in grades 6-12. In some instances, it has been difficult to place elementary school students who are expelled, especially at the K-4 level. The number of community day schools at the elementary school grade level is very limited.

Progress from 2015

A common practice for students expelled in grades K-5 is for the school district to suspend the expulsion order and refer the student to another school within the district. School districts also may collaborate with each other to facilitate enrollment of an expelled elementary school student into a school in a different school district, when appropriate. School districts continue to have available the option of referring expelled students to Skyview Elementary and Middle School, an Orange County Department of Education ACCESS program serving grades K-8. Skyview is a community elementary/middle school program designed to meet the needs of at-risk children and offers community support programs for both the students and their families.

The low number of elementary students in grades K-5 who need alternative placements due to expulsions continue to make it unfeasible to sustain multiple school sites throughout the county.

Ongoing Strategies for Addressing This Gap

Students in grades K-5 who are expelled, may be served through the following school district or Orange County Department of Education options:

- Transfers within the home district which may include district community day school.
- Skyview Elementary and Middle School, located in the city of Orange, is operated by the OCDE ACCESS program and serves students in grades K-8. The location of the school site in proximity to the district of residence may pose a challenge to student attendance.
- Students in grade 5, on a case by case basis, may be referred to other ACCESS school sites depending upon class composition at the time of referral.

The Orange County Department of Education continues to review the ongoing need for an elementary level regionalized community school program to serve elementary-aged students who may be expelled from their school district. Over the past five years, the number of expulsions for Orange County students in grades K-6, as reported to DataQuest, are as follows:

Year	K-3	4-6
2012-13	0	16
2013-14	1	21
2014-15	0	7
2015-16	0	7
2016-17	0	10

Orange County school districts continue to support one another and offer alternative placement options whenever possible, taking students who were expelled for non-mandatory expellable offenses especially in larger districts with community day school options or special classrooms on their sites. As evidenced in District Local Control Accountability Plans, interventions continue to expand through a Multi-Tiered System of Support framework with evidence based programs such as Positive Behavior Intervention and Supports, Restorative Practices, Trauma Informed Practices, Mindfulness Practices and Social and Emotional Learning resulting in reduction of expulsions at the elementary grade level.

Service Gap 2: Limited Special Education Placements in ACCESS

The Orange County Department of Education is committed to expanded program options for students with exceptional needs that have been expelled from school district programs. As identified through communications with SELPA and District-Special Education Directors, programs for emotionally disturbed and dual diagnosis (Emotionally Disturbed and Developmentally Delayed) students have been developed in some school districts as well as the OCDE Special Schools program. In addition, ACCESS continues to evaluate its Special Education services to provide a continuum of placement options. When a student's unique needs cannot be accommodated through existing OCDE program alternatives, the

district of residence will continue to facilitate placement to meet the unique needs of individual students through district and non-public agency/school placements.

Progress from 2015

The ACCESS program restructured its special education division to include a Director of Special Education as well as several Special Education Administrative Liaisons to facilitate participation in district IEP team meetings when a referral for an expelled student is made. In addition, ACCESS has continued to increase its special education staff including a focus to address the increased mental health issues for students with special needs. ACCESS is able to provide more intensive counseling services provided by licensed mental health professionals who have been trained in Trauma Informed Care and Restorative Practice. Group therapy programs have also been developed to address issues that impact a student's social functioning with in the classroom and community, such as social skills, anger management and various coping skill strategies.

All ACCESS Special Education and Safe Schools clinicians have been provided training in Trauma Focused Therapy. OCDE has also expanded its professional development for special education staff, for example specific training has been provided in the Remedial Reading program, both on line and in hard copy form. The on-going challenge continues to be the difficulty in establishing a regionalized program that can be operated and maintained based on an unpredictable number of student referrals. OCDE Special Schools currently has a dual diagnosis classroom at the Harbor Learning Center site. OCDE had also attempted a SDC program for emotional disturbed students in the past but was not successful due to too few students being enrolled to maintain the program.

Ongoing Strategies for Addressing This Gap

Orange County School Districts have continued to expand efforts to provide services to students within their attendance area reducing the need for placements in ACCESS. The Orange County School Districts and OCDE will provide ongoing monitoring of the need for additional Special Education services for expelled students. The ACCESS program is prepared to respond to increased demands as conditions warrant in the future.

Programs for Emotionally Disturbed Students:

- Continued expansion of programs for emotionally disturbed students is contingent upon location of school sites that can accommodate such programs and sufficient enrollment to maintain such programs. Additional training in various behavior management programs for both general education and special education teachers can support the increased needs of students being enrolled with social/emotional and behavioral needs.

Programs to Expand Continued Services for Special Education Students:

- Expanding program options for special education students continue to be evaluated through OCDE, Orange County SELPA Directors and Orange County School Districts.

Service Gap 3: Rehabilitation Failures

Students sometimes do not meet the provisions of the expulsion rehabilitation plan and fall behind in their academic studies. In these cases, they are at high risk of not completing their necessary credits and are at a higher risk of dropping out of school.

Progress from 2015

Based on a recent survey of Orange County School Districts, concerns about students failing to satisfy school district rehabilitation plans during the expulsion period were expressed in combination with general concerns with student transition as they reenter the district. Over the past three years, OCDE has continued discussions with the Orange County School Districts to identify systematic approaches to facilitate the regular transfer of the rehabilitation plan upon referral of an expelled student, as well as identify community resources available to support students in meeting their district rehabilitation plan requirements. There continues to be a need to identify the availability of intervention services for students to meet the specific requirements of their rehabilitation plans especially when involving mental health services.

A challenge continues to be communication between the districts and ACCESS in ensuring that the district's rehabilitation plan is completed by the student. Regional Administrative Units help to promote communication between the districts and the county community schools, and ACCESS principals and assistant principals attend county Student Services meetings to facilitate ongoing communication. In addition, the ACCESS Student Attendance Review Board (SARB) process has been coordinated more efficiently and ACCESS utilizes one of its staff members in truancy court to make sure students attend school and are connected to community resources. In hopes to close this service gap further, Orange County School Districts and ACCESS have implemented the use of a supplemental referral form when students are referred to an ACCESS program. This form includes specific information about a student's needs as well as progress and follow ups needed on ones' rehabilitation plan. When returning to the district, ACCESS staff will use the Student Transition form to communicate information on student's completion of the rehabilitation plan.

Ongoing Strategies for Addressing this Gap

Districts will be asked to provide ACCESS a copy of the rehabilitation plan when referring an expelled student. ACCESS staff will review the rehabilitation plan with the student and, as appropriate, the student's parents, and will assist the student in completing his/her plan requirements. School staff will continue to monitor student achievement toward rehabilitation plan requirements. For students struggling to meet rehabilitation plan requirements, the student consultation team process could be considered to provide additional support. Continued communication and collaboration with school district personnel will continue to be a priority. Enhanced communication promotes student success and early intervention when students are not meeting the terms of the rehabilitation plan. In addition, communication is vital between the districts and ACCESS regarding the status of students who are returning to the district.

OCDE will continue to explore with districts how to utilize and expand existing collaborations to ensure student success with completion of the rehabilitation plan. This includes the use of community non-profits and private programs to assist in carrying out individual student rehabilitation plans.

Service Gap 4: Mental Health Services

Orange County School Districts are seeing an increased need for mental health services and a shortage of affordable and accessible options for students.

Progress from 2015

Districts have been able to exercise greater control of their funding to support mental health services under the Local Control Funding Formula and other legislative changes such as Assembly Bill 114, which repealed AB 3632 and allocated funding directly to the school districts. New hire includes additional school counselors, school social workers and licensed Marriage and Family Therapists. Furthermore, many districts have added administrative positions overseeing mental health services and needs of students. Through the adoption of Local Control Accountability Plans, districts have identified long term goals related to hiring additional school counselors, school social workers, nurses and other support personnel to address pupil engagement, school climate and parent involvement, which allows for enhancement of district resources to address mental health issues.

Ongoing Strategies for Addressing this Gap

The Orange County Department of Education will continue to work to promote school and community partnerships and professional development to address the mental health needs of students. The development of Local Control Accountability Plans gives greater attention to the mental health needs of students and the county office will assist districts as they strive to find ways to address the social emotional needs of their students and support the "whole child." This is one of OCDE's strategic initiatives articulated in its 2014 -2019 Strategic Plan. OCDE is also heading the California SUMS (Scale Up Multi-Tiered System of Support) initiative, providing technical assistance to many Orange County School Districts in the areas of Academic, Behavioral, and Social and Emotional support. OCDE continues to share-out local resources through network meetings and list serves. The ACCESS program will continue to work with districts to identify and assist expelled students who have mental health issues. The Orange County SELPAs, school

districts and OCDE continue to assess any gaps resulting from changes in the funding structures to ensure the availability of appropriate mental health services for both general education and special education students expelled from school.

Service Gap 5: College Course Preparation Access for County Community Students

Within the ACCESS program there is option for students to utilize GradPoint, an online course option with “a-g” approved satisfying the subject requirements for admission into the University of California and California State University systems. This addition has resolved the difficulty for some students returning to their district of residence following their expulsion period in regard to completing the required courses prior to graduation.

Ongoing Strategies for Addressing this Gap

ACCESS has implemented an online program that provides “a-g” approved courses as well as credit recovery options and electives, including career technical education. This program began in January 2015 and expanded the options available to expelled students seeking to satisfy the “a-g” requirements or other college-preparatory courses. ACCESS continues to provide professional development to teachers to effectively utilize the new on-line program. In addition, Pacific Coast High School offers a full range of college-preparatory courses satisfying the “a-g” requirements.

COUNTYWIDE BEHAVIOR INTERVENTIONS AND BEST PRACTICES TO PREVENT SUSPENSIONS AND EXPULSIONS

Orange County schools seek to minimize the number of expulsions by establishing prevention and early intervention practices. School districts pursue a variety of strategies in an effort to educate students and establish a safe and caring climate to prevent student misconduct. When warranted, disciplinary measures are implemented consistent with district policies and procedures to ensure fair and consistent disciplinary measures. These efforts will continue to prevent any disproportionate representation of minority students recommended for expulsion.

Expulsions occur when student and campus safety is threatened or when other means of correction have not been successful. Districts engage in a number of preventative and proactive strategies including but not limited to the following:

- Adult Mentoring of Students
- After School Programs
- After-school programs that address specific behavioral issues or expose pupils to positive activities and behaviors, including, but not limited to, those operated in collaboration with local parent and community groups.
- Alternate Suspension Classrooms (ATS)
- Annual Notice of Parent Rights and Responsibilities
- Anti-bullying Programs
- Any of the alternatives described in Section 48900.6 related to community service.
- Athletic Drug Testing
- Automated Telephone Notifications
- Behavior Skills Group
- Brief Intervention Counseling (Substance Abuse Counseling)
- Character Counts
- Check-in, check-out
- Come Walk In My Shoes (abilities awareness)

- Community Partnerships
- Conferences between school personnel, the pupil's parent or guardian, and the pupil.
- Conflict Mediators/Conflict Resolution Services
- Crisis Response Network (CRN)
- Enrollment in programs for teaching prosocial behavior or anger management.
- Every 15 Minute Program
- Friday Night Live
- Gang Resistance Intervention Partnership (GRIP)
- Grad Night Activities
- Homework Clubs
- In-school Suspensions
- Juvenile Alcohol and Drug Education (JADE), PRYDE Program, Outreach Concern, Straight Talk, Western Youth Services and Other Community Counseling Partnerships
- Kindness Assemblies
- Link Crew
- Mindfulness practice
- Multi-Tiered System of Support Framework
- Online Classes and Credit Recovery Opportunities
- Parent Meetings and Information Nights
- Peace Week (Anti-bullying week)
- Peer Assistance League (PAL)
- Peer Court
- Police Cadet Programs
- Positive Behavior Intervention and Supports
- Random Acts of Kindness
- Red Ribbon Week
- Referrals for comprehensive psychosocial or psychoeducational assessment, including for purposes of creating an individualized education program, or a plan adopted pursuant to Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794(a)).
- Referrals to the school counselor, psychologist, social worker, child welfare attendance personnel, or other school support service personnel for case management and counseling.
- Restorative Practices
- Safety Task Force
- Saturday School
- School Attendance Review Board (SARB)
- School Attendance Review Team (SART)
- School Signs and Notices
- Social Emotional Learning Curriculum
- Student Behavior Contracts
- Student Clubs and Organizations
- Student Safety Plans
- Study teams, guidance teams, resource panel teams, or other intervention-related teams that assess the behavior, and develop and implement individualized plans to address the behavior in partnership with the pupil and his or her parents.
- Text-A-Tip
- TUPE/DATE activities
- Tutoring

- Universal Design for Learning
- Violence Prevention Curricula
- Violence Prevention Education Services
- WEB (Where Everybody Belongs)



ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE: June 6, 2018
TO: Nina Boyd, Associate Superintendent
FROM: Renee Hendrick, Associate Superintendent, Administrative Services
SUBJECT: Education Protection Account Proposed Expenditures

RECOMMENDATION:

Approve Resolution #13-18 regarding the Education Protection Account Proposed Expenditures

**RESOLUTION OF THE BOARD OF EDUCATION
ORANGE COUNTY, CALIFORNIA**

EDUCATION PROTECTION ACCOUNT

WHEREAS, the voters approved Proposition 30 on November 6, 2012; and

WHEREAS, Proposition 30 added Article XIII, Section 36 to the California Constitution effective November 7, 2012; and

WHEREAS, the provisions of Article XIII, Section 36(e) create in the state General Fund an Education Protection Account (EPA) to receive and disburse the revenues derived from the incremental increases in taxes imposed by Article XIII, Section 36(f); and

WHEREAS, before June 30th of each year, the Director of Finance shall estimate the total amount of additional revenues, less refunds that will be derived from the incremental increases in tax rates made pursuant to Article XIII, Section 36(f) that will be available for transfer into the EPA during the next fiscal year; and

WHEREAS, if the sum determined by the State Controller is positive, the State Controller shall transfer the amount calculated into the EPA within ten days preceding the end of the fiscal year; and

WHEREAS, all monies in the EPA are hereby continuously appropriated for the support of school districts, county offices of education, charter schools and community college districts; and

WHEREAS, monies deposited in the EPA shall not be used to pay any costs incurred by the Legislature, the Governor or any agency of state government; and

WHEREAS, a community college district, county office of education, school district, or charter school shall have sole authority to determine how the monies received from the EPA are spent in the school or schools within its jurisdiction; and

WHEREAS, the governing board of the district shall make the spending determinations with respect to monies received from the EPA in open session of a public meeting of the governing board; and

WHEREAS, the monies received from the EPA shall not be used for salaries or benefits for administrators or any other administrative cost; and

WHEREAS, each community college district, county office of education, school district and charter school shall annually publish on its Internet website an accounting of how much money was received from the EPA and how that money was spent; and

WHEREAS, the annual independent financial and compliance audit required of community college districts, county offices of education, school districts and charter schools shall ascertain and verify whether the funds provided from the EPA have been properly disbursed and expended as required by Article XIII, Section 36 of the California Constitution; and

WHEREAS, expenses incurred by community college districts, county offices of education, school districts and charter schools to comply with the additional audit requirements of Article XIII, Section 36 may be paid with funding from the EPA and shall not be considered administrative costs for purposes of Article XIII, Section 36.

NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. The monies received from the EPA shall be spent as required by Article XIII, Section 36 and the spending determinations on how the money will be spent shall be made in open session of a public meeting of the governing board of the Orange County Department of Education;
2. In compliance with Article XIII, Section 36(e), with the California Constitution, the governing board of the Orange County Department of Education has determined to spend the monies received from the Education Protection Account as attached.

AYES:

NOES:

ABSENT:

STATE OF CALIFORNIA, COUNTY OR ORANGE

I, John W. Bedell, Ph.D., President of the Board of Education of Orange County, California, hereby certify that the foregoing Resolution was duly and regularly adopted by the said Board at a regular meeting thereof held on the sixth day of June 2018 and passed by a vote of _____.

IN WITNESS THEREOF, I have hereunto set my hand and seal this sixth day of June 2018.

John W. Bedell, Ph.D.
Orange County Board of Education

Orange County Department of Education

Expenditures through: June 30, 2018

For Fund 01, Resource 1400 Education Protection Account

Description	Function Codes	Object Codes	Amount
AMOUNT AVAILABLE FOR THIS FISCAL YEAR			
Adjusted Beginning Fund Balance	0000	9791-9795	0.00
Revenue Limit Sources	0000	8010-8099	456,400.00
Federal Revenue	0000	8100-8299	0.00
Other State Revenue	0000	8300-8599	0.00
Other Local Revenue	0000	8600-8799	0.00
All Other Financing Sources and Contributions	0000	8900-8999	0.00
Deferred Revenue	0000	9650	0.00
TOTAL AVAILABLE			456,400.00
EXPENDITURES AND OTHER FINANCING USES			
(Functions 1000-9999)	Function Codes	Object Codes	
Instruction	1000-1999		0.00
Teacher Salary	1000	1110	349,822.00
STRS	1000	3101	34,567.00
PERS	1000	3201	17,127.00
Medicare	1000	3313	5,072.00
Medical	1000	3451	38,486.00
Dental	1000	3453	3,772.00
Vision	1000	3455	824.00
State Unemployment	1000	3501	175.00
Workers Compensation	1000	3601	5,947.00
Life Insurance	1000	3951	188.00
Service Contract Audit	1000	5857	420.00
Instruction-Related Services			
Instructional Supervision and Administration	2100-2150		0.00
AU of a Multidistrict SELPA	2200		0.00
Instructional Library, Media, and Technology	2420		0.00
Other Instructional Resources	2490-2495		0.00
School Administration	2700		0.00
Pupil Services			
Guidance and Counseling Services	3110		0.00
Psychological Services	3120		0.00
Attendance and Social Work Services	3130		0.00
Health Services	3140		0.00
Speech Pathology and Audiology Services	3150		0.00
Pupil Testing Services	3160		0.00
Pupil Transportation	3600		0.00
Food Services	3700		0.00
Other Pupil Services	3900		0.00
Ancillary Services	4000-4999		0.00
Community Services	5000-5999		0.00
Enterprise	6000-6999		0.00
General Administration	7000-7999		0.00
Plant Services	8000-8999		0.00
Other Outgo	9000-9999		0.00
TOTAL EXPENDITURES AND OTHER FINANCING USES			456,400.00
BALANCE (Total Available minus Total Expenditures and Other Financing Uses)			0.00

College and Career Preparatory Academy

Expenditures through: June 30, 2018

For Fund 01, Resource 1400 Education Protection Account

Description	Function Codes	Object Codes	Amount
AMOUNT AVAILABLE FOR THIS FISCAL YEAR			
Adjusted Beginning Fund Balance	0000	9791-9795	0.00
Revenue Limit Sources	0000	8010-8099	27,800.00
Federal Revenue	0000	8100-8299	0.00
Other State Revenue	0000	8300-8599	0.00
Other Local Revenue	0000	8600-8799	0.00
All Other Financing Sources and Contributions	0000	8900-8999	0.00
Deferred Revenue	0000	9650	0.00
TOTAL AVAILABLE			27,800.00
EXPENDITURES AND OTHER FINANCING USES			
(Functions 1000-9999)	Function Codes	Object Codes	
Instruction	1000-1999		0.00
Teacher Salary	1000	1110	20,933.00
STRS	1000	3101	3,021.00
PERS	1000	3201	0.00
Medicare	1000	3313	304.00
Medical	1000	3451	2,884.00
Dental	1000	3453	235.00
Vision	1000	3455	45.00
State Unemployment	1000	3501	10.00
Workers Compensation	1000	3601	356.00
Life Insurance	1000	3951	12.00
Service Contract Audit	1000	5857	0.00
Instruction-Related Services			
Instructional Supervision and Administration	2100-2150		0.00
AU of a Multidistrict SELPA	2200		0.00
Instructional Library, Media, and Technology	2420		0.00
Other Instructional Resources	2490-2495		0.00
School Administration	2700		0.00
Pupil Services			
Guidance and Counseling Services	3110		0.00
Psychological Services	3120		0.00
Attendance and Social Work Services	3130		0.00
Health Services	3140		0.00
Speech Pathology and Audiology Services	3150		0.00
Pupil Testing Services	3160		0.00
Pupil Transportation	3600		0.00
Food Services	3700		0.00
Other Pupil Services	3900		0.00
Ancillary Services	4000-4999		0.00
Community Services	5000-5999		0.00
Enterprise	6000-6999		0.00
General Administration	7000-7999		0.00
Plant Services	8000-8999		0.00
Other Outgo	9000-9999		0.00
TOTAL EXPENDITURES AND OTHER FINANCING USES			27,800.00
BALANCE (Total Available minus Total Expenditures and Other Financing Uses)			0.00

Orange County Department of Education

Expenditures through: June 30, 2019

For Fund 01, Resource 1400 Education Protection Account

Description	Function Codes	Object Codes	Amount
AMOUNT AVAILABLE FOR THIS FISCAL YEAR			
Adjusted Beginning Fund Balance	0000	9791-9795	0.00
Revenue Limit Sources	0000	8010-8099	413,400.00
Federal Revenue	0000	8100-8299	0.00
Other State Revenue	0000	8300-8599	0.00
Other Local Revenue	0000	8600-8799	0.00
All Other Financing Sources and Contributions	0000	8900-8999	0.00
Deferred Revenue	0000	9650	0.00
TOTAL AVAILABLE			413,400.00
EXPENDITURES AND OTHER FINANCING USES			
(Functions 1000-9999)	Function Codes	Object Codes	
Instruction	1000-1999		0.00
Teacher Salary	1000	1110	344,269.00
STRS	1000	3101	42,137.00
PERS	1000	3201	15,465.00
Medicare	1000	3313	4,992.00
Medical	1000	3451	0.00
Dental	1000	3453	0.00
Vision	1000	3455	0.00
State Unemployment	1000	3501	172.00
Workers Compensation	1000	3601	5,853.00
Life Insurance	1000	3951	0.00
Service Contract Audit	1000	5857	512.00
Instruction-Related Services			
Instructional Supervision and Administration	2100-2150		0.00
AU of a Multidistrict SELPA	2200		0.00
Instructional Library, Media, and Technology	2420		0.00
Other Instructional Resources	2490-2495		0.00
School Administration	2700		0.00
Pupil Services			
Guidance and Counseling Services	3110		0.00
Psychological Services	3120		0.00
Attendance and Social Work Services	3130		0.00
Health Services	3140		0.00
Speech Pathology and Audiology Services	3150		0.00
Pupil Testing Services	3160		0.00
Pupil Transportation	3600		0.00
Food Services	3700		0.00
Other Pupil Services	3900		0.00
Ancillary Services	4000-4999		0.00
Community Services	5000-5999		0.00
Enterprise	6000-6999		0.00
General Administration	7000-7999		0.00
Plant Services	8000-8999		0.00
Other Outgo	9000-9999		0.00
TOTAL EXPENDITURES AND OTHER FINANCING USES			413,400.00
BALANCE (Total Available minus Total Expenditures and Other Financing Uses)			0.00

College and Career Preparatory Academy

Expenditures through: June 30, 2019

For Fund 01, Resource 1400 Education Protection Account

Description	Function Codes	Object Codes	Amount
AMOUNT AVAILABLE FOR THIS FISCAL YEAR			
Adjusted Beginning Fund Balance	0000	9791-9795	0.00
Revenue Limit Sources	0000	8010-8099	40,400.00
Federal Revenue	0000	8100-8299	0.00
Other State Revenue	0000	8300-8599	0.00
Other Local Revenue	0000	8600-8799	0.00
All Other Financing Sources and Contributions	0000	8900-8999	0.00
Deferred Revenue	0000	9650	0.00
TOTAL AVAILABLE			40,400.00
EXPENDITURES AND OTHER FINANCING USES			
(Functions 1000-9999)	Function Codes	Object Codes	
Instruction	1000-1999		0.00
Teacher Salary	1000	1110	33,814.00
STRS	1000	3101	5,504.00
PERS	1000	3201	0.00
Medicare	1000	3313	490.00
Medical	1000	3451	0.00
Dental	1000	3453	0.00
Vision	1000	3455	0.00
State Unemployment	1000	3501	17.00
Workers Compensation	1000	3601	575.00
Life Insurance	1000	3951	0.00
Service Contract Audit	1000	5857	0.00
Instruction-Related Services			
Instructional Supervision and Administration	2100-2150		0.00
AU of a Multidistrict SELPA	2200		0.00
Instructional Library, Media, and Technology	2420		0.00
Other Instructional Resources	2490-2495		0.00
School Administration	2700		0.00
Pupil Services			
Guidance and Counseling Services	3110		0.00
Psychological Services	3120		0.00
Attendance and Social Work Services	3130		0.00
Health Services	3140		0.00
Speech Pathology and Audiology Services	3150		0.00
Pupil Testing Services	3160		0.00
Pupil Transportation	3600		0.00
Food Services	3700		0.00
Other Pupil Services	3900		0.00
Ancillary Services	4000-4999		0.00
Community Services	5000-5999		0.00
Enterprise	6000-6999		0.00
General Administration	7000-7999		0.00
Plant Services	8000-8999		0.00
Other Outgo	9000-9999		0.00
TOTAL EXPENDITURES AND OTHER FINANCING USES			40,400.00
BALANCE (Total Available minus Total Expenditures and Other Financing Uses)			0.00



ORANGE COUNTY BOARD OF EDUCATION

BOARD ACTION ITEM

DATE: May 30, 2018
TO: Nina Boyd, Associate Superintendent
FROM: Aracely Chastain, Coordinator, Charter Schools
SUBJECT: Unity Middle College High School – Material Revision Board Vote

DESCRIPTION:

On May 9, 2018, the Orange County Board of Education accepted the submission of a material revision request by the administration of Unity Middle College High School to relocate the school from 815 S. Esplanade Street, Orange, 92869 to 1937 W. Chapman Avenue, Orange, 92868, effective July 1, 2018.

In accordance with Education Code section 47607, the charter must be updated to include reasonably comprehensive descriptions of any new requirements enacted into law after the charter was originally granted or last renewed, and if those changes are material, may be made only with the approval of the authority that granted the charter.

BACKGROUND:

Unity Middle College High School began operations in August 2017 in the city of Orange with a Temporary Use Permit and a one-year facility agreement that expires on June 30, 2018.

RECOMMENDATION:

Orange County Department of Education staff recommend that the board approve the changes to Element J: Suspension and Expulsion Policies in the school's charter to comply with changes in education code.

Orange County Department of Education staff is unable to make a recommendation for approval of the material revision request to relocate to 1937 W. Chapman Ave., Orange, CA 92868 and the changes to the charter regarding student Element H: Student Admissions Policies regarding the order of enrollment preferences for the following reasons:

1. Costs of required tenant improvements to classify the facility to Educational Group E occupancy and obtain required Health Department Permit for Food Service is estimated at \$226,726.34 however, only \$125,000 is accounted for in the budget for 2018-2019.
2. Concerns regarding the safety and security of students due to multiple tenants residing within the same building and shared- use space including entrance to building, hallways leading to classrooms, lunch tables and staff restrooms.

3. Lack of designated space to accommodate pullout services such as Special Education Itinerant Services (SEIS).
4. Lack of designated space to conduct required physical education classes and locker room for students to change clothing before and after physical education classes.
5. High-density parking lot with no designated school parking and peak occupancy times that coincide with student drop-off and pick-up.
6. Email correspondence between the City of Orange and the school states, "As long as Unity is able to document their relationship with Rancho Santiago Canyon College at the 1937 West Chapman Ave. address, the City would recognize the use of the property for the College's purpose and a conditional use permit for educational use is not required." However, the lease for Rancho Santiago Canyon College expires January 2019, and there is no guarantee that the college will be able to extend the lease through the end of the Unity Middle College High School lease, which expires on June 30, 2021.
7. The school's charter regarding the order of enrollment preferences fails to comply with Education Code section 47605(d)(2)(B) because it does not give priority to pupils who reside in the school district when a public random drawing is required.

Enclosures: Final Lease (Submitted 5/22/2018)
Bid Detail Sheet (Submitted 5/25/2018)
Tenant Improvement Plan and Schematic (Submitted 5/25/2018)
Revised charter pages 19 & 123-143 (Submitted 5/29/2018)

###



STANDARD MULTI-TENANT OFFICE LEASE - GROSS

1. Basic Provisions ("Basic Provisions").

1.1 **Parties.** This Lease ("Lease"), dated for reference purposes only April 4, 2018, is made by and between 2000 Chapman, Inc. ("Lessor") and Unity Schools SoCal dba Unity Middle College High School ("Lessee"), (collectively the "Parties", or individually a "Party").

1.2(a) **Premises:** That certain Portion of the Project (as defined below), commonly known as (street address, suite, city, state): 1937 W. Chapman Avenue, Suite 110, Orange, California 92868 ("Premises"). The Premises are located in the County of Orange, and consist of approximately 4,392 rentable square feet and approximately - - - useable square feet. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises ("Building") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project." The Project consists of approximately rentable square feet. (See also Paragraph 2)

1.2(b) **Parking:** ten (10) unreserved and zero (0) reserved vehicle parking spaces at a monthly cost of no charge per unreserved space and per reserved space. (See Paragraph 2.6)

1.3 **Term:** three (3) years and zero (0) months ("Original Term") commencing July 1, 2018 ("Commencement Date") and ending June 30, 2021 ("Expiration Date"). (See also Paragraph 3)

1.4 **Early Possession:** If the Premises are available Lessee may have non-exclusive possession of the Premises commencing June 1, 2018 ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** \$7,905 per month ("Base Rent"), payable on the first day of each month commencing August 1, 2018. (See also Paragraph 4)

☒ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 56.

1.6 **Lessee's Share of Operating Expense Increase:** eighteen percent (18%) ("Lessee's Share"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 Base Rent and Other Monies Paid Upon Execution:

- (a) **Base Rent:** \$7,905 for the period August 2018.
- (b) **Security Deposit:** \$24,000 ("Security Deposit"). (See also Paragraph 5)
- (c) **Parking:** -0- for the period n/a.
- (d) **Other:** for .
- (e) **Total Due Upon Execution of this Lease:** \$31,905.

1.8 **Agreed Use:** school. (See also Paragraph 6)

1.9 **Base Year; Insuring Party.** The Base Year is July 2018 through June 2019. Lessor is the "Insuring Party". (See also Paragraphs 4.2 and 8)

1.10 **Real Estate Brokers.** (See also Paragraph 15 and 25)

(a) **Representation:** The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):

- ☐ represents Lessor exclusively ("Lessor's Broker");
- ☐ represents Lessee exclusively ("Lessee's Broker"); or

☒ Lee & Associates Commercial Real Estate Services, Inc. - Orange (Phil Fridd / Jim Hawkins)

 represents both Lessor and Lessee ("Dual Agency").

(b) **Payment to Brokers.** Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of or % of the total Base Rent) for the brokerage services rendered by the Brokers.

1.11 **Guarantor.** The obligations of the Lessee under this Lease are to be guaranteed by Erin M. Craig ("Guarantor"). (See also Paragraph 37)

1.12 **Business Hours for the Building:** 8 a.m. to 6 p.m., Mondays through Fridays (except Building Holidays) and 8 a.m. to 1 p.m. on Saturdays (except Building Holidays). "Building Holidays" shall mean the dates of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and .

1.13 **Lessor Supplied Services.** Notwithstanding the provisions of Paragraph 11.1, Lessor is NOT obligated to provide the following within the Premises:

- ☒ Janitorial services
- ☒ Electricity
- ☒ Other (specify): Internet and Phone

1.14 **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:

- ☒ an Addendum consisting of Paragraphs 50 through 56;
- ☒ a plot plan depicting the Premises;

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Last Edited: 5/2/2018 2:13 PM

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OFG-21.10, Revised 11-01-2017

- ☒ a current set of the Rules and Regulations;
☐ a Work Letter;
☐ a janitorial schedule;
☐ other (specify): _____.

2. Premises.

2.1 Letting. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **NOTE: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 Condition. Lessor shall deliver the Premises to Lessee in a clean condition on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), and all other items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 Compliance. Lessor warrants that to the best of its knowledge the improvements on the Premises and the Common Areas comply with the building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises ("Capital Expenditure"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 Acknowledgements. Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) Lessee has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 Lessee as Prior Owner/Occupant. The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date, Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 Vehicle Parking. So long as Lessee is not in default, and subject to the Rules and Regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use the number of parking spaces specified in Paragraph 1.2(b) at the rental rate applicable from time to time for monthly parking as set by Lessor and/or its licensee.

(a) If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

(b) The monthly rent per parking space specified in Paragraph 1.2(b) is subject to change upon 30 days prior written notice to Lessee. The rent for the

parking is payable one month in advance prior to the first day of each calendar month.

2.7 Common Areas - Definition. The term "**Common Areas**" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for the general nonexclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 Common Areas - Lessee's Rights. Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 Common Areas - Rules and Regulations. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to adopt, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. The Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 Common Areas - Changes. Lessor shall have the right, in Lessor's sole discretion, from time to time:

- (a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;
- (b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;
- (c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;
- (d) To add additional buildings and improvements to the Common Areas;
- (e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and
- (f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. Term.

3.1 Term. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 Early Possession. Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of the Operating Expense Increase) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 Delay In Possession. Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 Lessee Compliance. Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. Rent.

4.1 Rent Defined. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**").

4.2 Operating Expense Increase. Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "**Operating Expense Increase**", in accordance with the following provisions:

(a) "**Base Year**" is as specified in Paragraph 1.9.

(b) "**Comparison Year**" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first 12 months of the Lease Term (other than such as are mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve (12) months). Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.

(c) The following costs relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, are defined as "**Operating Expenses**":

(i) Costs relating to the operation, repair, and maintenance in neat, clean, safe, good order and condition, but not the replacement (see subparagraph (g)), of the following:

(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and including parking

areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;

(bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, communication systems and other equipment used in common by, or for the benefit of, tenants or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.

(cc) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of trash disposal, janitorial and security services, pest control services, and the costs of any environmental inspections;

(iii) The cost of any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";

(iv) The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 and any deductible portion of an insured loss concerning the Building or the Common Areas;

(v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10;

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;

(vii) Labor, salaries, and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Project and accounting and management fees attributable to the operation of the Project;

(viii) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such Capital Expenditure in any given month;

(ix) The cost to replace equipment or improvements that have a useful life for accounting purposes of 5 years or less.

(x) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(f) Lessee's Share of Operating Expense Increase is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the Operating Expense Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such Year exceed Lessee's Share, Lessee shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such Year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of said statement. Lessor and Lessee shall forthwith adjust between them by cash payment any balance determined to exist with respect to that portion of the last Comparison Year for which Lessee is responsible as to Operating Expense Increases, notwithstanding that the Lease term may have terminated before the end of such Comparison Year.

(g) Operating Expenses shall not include the costs of replacement for equipment or capital components such as the roof, foundations, exterior walls or a Common Area capital improvement, such as the parking lot paving, elevators, fences that have a useful life for accounting purposes of 5 years or more.

(h) Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.

4.3 Payment. Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States on or before the day on which it is due, without offset or deduction (except as specifically permitted in this Lease). All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. 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 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. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease. THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT.

6. Use.

6.1 Use. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. 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 occupants or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals,

birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building, and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 Hazardous Substances.

(a) **Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean 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) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Lessee shall not engage in any activity in or on the Premises which 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. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) 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 (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use such as ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor 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 Premises 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) and/or increasing the Security Deposit.

(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 Premises (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 Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, 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 Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. 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.

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **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 the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Start 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 comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 Inspection; Compliance. Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants authorized by Lessor shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, after reasonable notice, for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see Paragraph 9.1e) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (**MSDS**) to Lessor within 10 days of the receipt of written request therefor. Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for the remainder to the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 Lessee's Obligations. Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable to abuse or misuse. In addition, Lessee rather than the Lessor shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any similar improvements within the Premises. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder."

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, fire alarm and/or smoke detection systems, fire hydrants, and the Common Areas.

7.3 Utility Installations; Trade Fixtures; Alterations.

(a) **Definitions.** The term "**Utility Installations**" refers to all floor and window coverings, air lines, vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, and plumbing 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 Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-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, ceilings, floors or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, do not trigger the requirement for additional modifications and/or improvements to the Premises resulting from Applicable Requirements, such as compliance with Title 24, and the cumulative cost thereof during this Lease as extended does not exceed \$2000. 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. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by 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's: (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) compliance 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. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(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 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. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof 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. Notwithstanding the foregoing, if the Lessee occupies the Premises for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) to the level specified in Applicable 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

Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. Insurance; Indemnity.

8.1 Insurance Premiums. The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 are included as Operating Expenses (see paragraph 4.2 (c)(iv)). Said costs shall include increases in the premiums resulting from additional coverage related to requirements of the holder of a mortgage or deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/or Project, and/or a general premium rate increase. Said costs shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the Project was not insured for the entirety of the Base Year, then the base premium shall be the lowest annual premium reasonably obtainable for the required insurance as of the Start Date, assuming the most nominal use possible of the Building and/or Project. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of \$2,000,000 procured under Paragraph 8.2(b).

8.2 Liability Insurance.

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Building and/or Project. The amount of such insurance shall be equal to the full insurable replacement cost of the Building and/or Project, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$5,000 per occurrence.

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(c) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 10 days prior written notice to Lessor. Lessee shall, at least 30 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 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.

8.7 Indemnity. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and

its agents, Lessor's master or ground lessor, partners 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, a Breach of the Lease by Lessee and/or the use and/or occupancy of the Premises and/or Project by Lessee and/or by Lessee's employees, contractors or invitees. 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.

8.8 Exemption of Lessor and its Agents from Liability. Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) 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, indoor air quality, the presence of mold 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 upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 Failure to Provide Insurance. Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. Damage or Destruction.

9.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"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.

(e) **"Hazardous Substance Condition"** shall mean 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 restoration.

9.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense (subject to reimbursement pursuant to Paragraph 4.2), in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 Damage Near End of Term. If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written

termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 Abatement of Rent; Lessee's Remedies.

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. Real Property Taxes.

10.1 **Definitions.** 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 Project, 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 Project address. "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 **Payment of Taxes.** Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 **Additional Improvements.** Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 **Joint Assessment.** If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 **Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities and Services.

11.1 **Services Provided by Lessor.** Lessor, at Lessee's expense, shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. ~~Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any. Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises.~~

11.2 **Services Exclusive to Lessee.** Notwithstanding the provisions of paragraph 11.1, Lessee shall pay for all water, gas, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2(vi), if a service is deleted by Paragraph 1.13 and such service is not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges for such jointly metered service.

11.3 **Hours of Service.** Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

11.4 **Excess Usage by Lessee.** Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security and trash services, over standard office usage for the Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.5 **Interruptions.** There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. Assignment and Subletting.

12.1 Lessor's Consent Required.

- (a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.
- (b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.
- (c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.
- (d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.
- (e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.
- (f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.
- (g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, ie. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

- (a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.
- (b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.
- (c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.
- (d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.
- (e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)
- (f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.
- (g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

- (a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.
- (b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.
- (c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.
- (d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.
- (e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

13.1 Default; Breach. A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. 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; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential

vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit 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, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's 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.

(f) 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 60 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 30 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 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 Remedies. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), 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 an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, 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:

(a) 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, 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 provision (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 any 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 Paragraph 13.1 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 Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 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, in which event Lessee may sublet or assign, subject only to reasonable limitations. 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 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.

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact

amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("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 the potential late charge provided for in Paragraph 13.4.

13.6 Breach by Lessor.

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided, however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. 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. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. Brokerage Fees.

15.1 Additional Commission. In addition to the payments owed pursuant to Paragraph 1.10 above, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.

15.2 Assumption of Obligations. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue Interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 Representations and Indemnities of Broker Relationships. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. Estoppel Certificates.

(a) Each Party (as "**Responding 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 AIR CRE, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Definition of Lessor. The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. 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.

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

20. Limitation on Liability. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the Project, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. 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.

22. No Prior or Other Agreements; Broker Disclaimer. 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. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. Notices.

23.1 Notice 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 email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 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 72 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 guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. Waivers.

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, 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. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) Lessor's Agent. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) Lessee's Agent. An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) Agent Representing Both Lessor and Lessee. A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. (b) Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the

agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. 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 150% of the Base Rent applicable immediately preceding the expiration or termination. Holdover Base Rent shall be calculated on a monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. 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.

28. 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.

29. 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 in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. Subordination; Attornment; Non-Disturbance.

30.1 Subordination. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), 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 the holders of any such Security Devices (in this Lease together referred to as "**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 and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 Attornment. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, 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 the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 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 receiving a commercially reasonable non-disturbance agreement (a "**Non-Disturbance Agreement**") from the Lender which Non-Disturbance Agreement 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 Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 Self-Executing. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. Attorneys' Fees. If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. Lessor's Access; Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same 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 and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs. Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Lessor may not place any sign on the exterior of the Building that covers any of the windows of the Premises. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents. All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. Guarantor.

37.1 Execution. The Guarantors, if any, shall each execute a guaranty in the form most recently published BY AIR CRE.

37.2 Default. It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. 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.

39. Options. If Lessee is granted any option, as defined below, then the following provisions shall apply.

39.1 Definition. "Option" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 Options Personal To Original Lessee. Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 Multiple Options. In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. Security Measures. Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

41. Reservations.

(a) Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice; provide and install, at Lessee's expense, Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate; grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein; and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on signs in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

(b) Lessor also reserves the right to move Lessee to other space of comparable size in the Building or Project. Lessor must provide at least 45 days prior written notice of such move, and the new space must contain improvements of comparable quality to those contained within the Premises. Lessor shall pay the reasonable out of pocket costs that Lessee incurs with regard to such relocation, including the expenses of moving and necessary stationary revision costs. In no event, however, shall Lessor be required to pay an amount in excess of two months Base Rent. Lessee may not be relocated more than once during the term of this Lease.

(c) Lessee shall not: (i) use a representation (photographic or otherwise) of the Building or Project or their name(s) in connection with Lessee's business;

or (ii) suffer or permit anyone, except in emergency, to go upon the roof of the Building.

42. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. Authority; Multiple Parties; Execution.

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) 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.

44. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. Offer. Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. 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.

47. Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

48. Arbitration of Disputes. An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☒ is not attached to this Lease.

49. Accessibility; Americans with Disabilities Act.

(a) The Premises:

☒ have not undergone an inspection by a Certified Access Specialist (CASp). Note: A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. 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.

☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential.

☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential except as necessary to complete repairs and corrections of violations of construction related accessibility standards.

In the event that the Premises have been issued an inspection report by a CASp the Lessor shall provide a copy of the disability access inspection certificate to Lessee within 7 days of the execution of this Lease.

(b) Since compliance with the Americans with Disabilities Act (ADA) and other state and local accessibility statutes are dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in compliance with ADA or other accessibility statutes, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

- 1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.**
- 2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING AND SIZE OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.**

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH

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OFG-21.10, Revised 11-01-2017

THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

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

Executed at: _____

On: _____

By LESSOR:

2000 Chapman, Inc.

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Address: 1937 W. Chapman Ave., Suite 100,
Orange, CA

Federal ID No.: _____

BROKER

Lee & Associates Commercial Real Estate
Services, Inc. - Orange

Attn: Phil Fridd / Jim Hawkins

Title: Principal / Principal

Address: 1004 W. Taft Ave., Suite 150

Phone: 714-564-7124

Fax: 714-543-5285

Email: pfridd@lee-associates.com
jhawkins@lee-associates.com

Federal ID No.: 33 0264675

Broker/Agent BRE License #: 01011260 / PF 01000952

JH 00833274

Executed at: _____

On: _____

By LESSEE:

Unity Schools SoCal dba Unity Middle
College High School

By: _____

Name Printed: Erin M. Craig

Title: Executive Director

Phone: 714-473-0723

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Address: 960 N. Tustin Avenue, #239, Orange,
CA, 92867

Federal ID No.: _____

BROKER

Lee & Associates Commercial Real Estate
Services, Inc. - Orange

Attn: Phil Fridd / Jim Hawkins

Title: Principal / Principal

Address: 1004 W. Taft Ave., Suite 150

Phone: 714-564-7124

Fax: 714-543-5285

Email: pfridd@lee-associates.com
jhawkins@lee-associates.com

Federal ID No.: 33 0264675

Broker/Agent BRE License #: 01011260 / PF 01000952

JH 00833274

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ADDENDUM

Date: April 4, 2018

By and Between

Lessor: 2000 Chapman, Inc.

Lessee: Unity Schools SoCal dba Unity Middle College High School

Property Address: 1937 W. Chapman Avenue, Suite 110, Orange, California 92868
(street address, city, state, zip)

Paragraph: 50 - 55

50. Shared Space. Lessee agrees to share a portion of the first floor with Rancho Santiago Community College.
51. Confidentiality. Lessor, Lessee and Brokers are hereby prohibited from discussion about any details of this Lease, except that may be required by any Governmental entity.
52. All parking is subject to availability.
53. Condition of Premises. Lessee hereby accepts the Premises in its current as-is clean condition.
54. Electrical Usage. Electricity is calculated by a program designed by the Lessor that calculates Lessee's usage of electricity based upon the following:
1. Number of Lessee's working days per week
 2. Number of Lessee's working hours per day
 3. Space occupied by the Lessee
- Therefore, the electric usage is calculated fairly among all tenants and and will be invoiced by Lessor accordingly.
55. Future Expansion Space: Lessor shall notify Lessee if additional space becomes available. All terms and conditions for the expansion space shall be mutually agreed upon.
56. Base Rent Schedule.
- | Months | Monthly Amount | Rate/Per Foot |
|---------|----------------|---------------|
| 01 - 12 | \$7,905.60 | \$1.80 |
| 13 - 24 | \$8,300.88 | \$1.89 |
| 25 - 36 | \$8,696.16 | \$1.98 |

In the event of any conflict between the provisions of this Addendum and the printed provisions of the Lease, this Addendum shall control.

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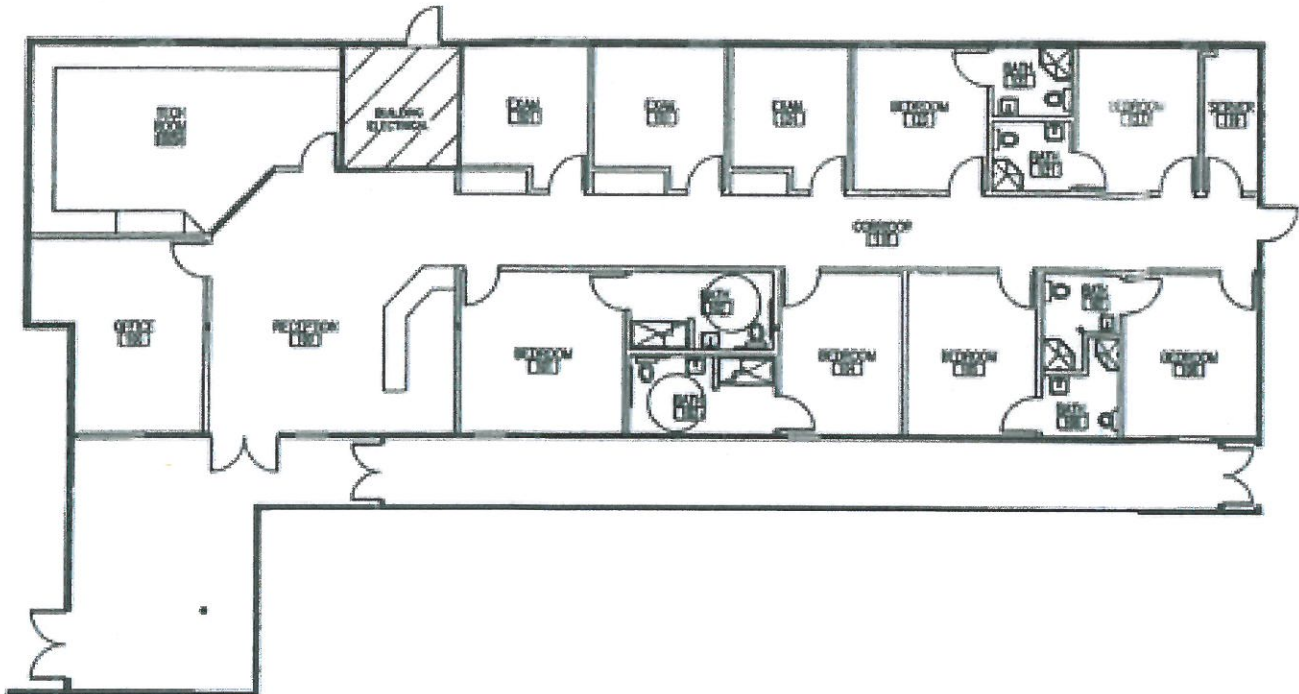
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ADD-1.01, Revised 07-28-2017

STANDARD OFFICE LEASE FLOOR PLAN

Property Address: 1937 W. Chapman Avenue, Suite 110, Orange, California 92868



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OFGFP-2.00, Revised 01-03-2017



RULES AND REGULATIONS FOR STANDARD OFFICE LEASE

Date: April 4, 2018

By and Between

Lessor: 2000 Chapman, Inc.

Lessee: Unity Schools SoCal dba Unity Middle College High School

Property Address: 1937 W. Chapman Avenue, Suite 110, Orange, California 92868
(street address, city, state, zip)

GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety and reputation of the Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Project.
4. Lessee shall not keep animals or birds within the Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the Premises or Project.
9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and Building Holidays, and on other days between the hours of _____ P.M. and _____ A.M. of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades or awnings shall be installed or used by Lessee.
15. No Lessee, employee or invitee shall go upon the roof of the Building.
16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.
4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.
5. Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.
6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
8. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licensee may establish at rates generally applicable to visitor parking.
9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.

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10. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.
12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

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OFGRR-2.00, Revised 01-03-2017



DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

(As required by the Civil Code)

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT ("Seller" includes both a vendor and a lessor)

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT ("Buyer" includes both a purchaser and a lessee)

A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
- (b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. **This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).**

☐ Buyer ☐ Seller ☐ Lessor ☒ Lessee _____ Date: _____

☐ Buyer ☐ Seller ☐ Lessor ☐ Lessee _____ Date: _____

Agent: Lee & Associates Commercial Real Estate Services, Inc. - Orange BRE Lic. #: 01011260
Real Estate Broker (Firm)

By: _____ BRE Lic. #: _____ Date: _____
(Salesperson or Broker-Associate)

NOTE:

* When the listing brokerage company also represents Buyer/Lessee: The Listing Agent shall have one Agency Disclosure form signed by Seller/Lessor and a second Agency Disclosure form signed by Buyer/Lessee.

* When Seller/Lessor and Buyer/Lessee are represented by different brokerage companies: (i) the Listing Agent shall have one Agency Disclosure form signed by Seller/Lessor and (ii) the Buyer's/Lessee's Agent shall have one Agency Disclosure form signed by Buyer/Lessee and either that same or a different Agency Disclosure form presented to Seller/Lessor for signature prior to presentation of the offer. If the same form is used, Seller/Lessor may sign here:

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Date: _____
Seller/Lessor

THIS FORM HAS BEEN PREPARED BY AIR CRE. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF THIS FORM FOR ANY SPECIFIC TRANSACTION. PLEASE SEEK LEGAL COUNSEL AS TO THE APPROPRIATENESS OF THIS FORM.

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AD-2.01, Revised 07-28-2017

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP
CIVIL CODE SECTIONS 2079.13 THROUGH 2079.24 (2079.16 APPEARS ON THE FRONT)

2079.13 As used in Sections 2079.14 to 2079.24, inclusive, the following terms have the following meanings:

(a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. (b) "Associate licensee" means a person who is licensed as a real estate broker or salesperson under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code and who is either licensed under a broker or has entered into a written contract with a broker to act as the broker's agent in connection with acts requiring a real estate license and to function under the broker's supervision in the capacity of an associate licensee. The agent in the real property transaction bears responsibility for his or her associate licensees who perform as agents of the agent. When an associate licensee owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the associate licensee functions. (c) "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee. (d) "Commercial real property" means all real property in the state, except single-family residential real property, dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, mobilehomes, as defined in Section 798.3, or recreational vehicles, as defined in Section 799.29. (e) "Dual agent" means an agent acting, either directly or through an associate licensee, as agent for both the seller and the buyer in a real property transaction. (f) "Listing agreement" means a contract between an owner of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer. (g) "Listing agent" means a person who has obtained a listing of real property to act as an agent for compensation. (h) "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the listing agent. (i) "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (j) "Offer to purchase" means a written contract executed by a buyer acting through a selling agent that becomes the contract for the sale of the real property upon acceptance by the seller. (k) "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property that constitutes or is improved with one to four dwelling units, any commercial real property, any leasehold in these types of property exceeding one year's duration, and mobilehomes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. (l) "Real property transaction" means a transaction for the sale of real property in which an agent is employed by one or more of the principals to act in that transaction, and includes a listing or an offer to purchase. (m) "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer, and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. (n) "Seller" means the transferor in a real property transaction, and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor. (o) "Selling agent" means a listing agent who acts alone, or an agent who acts in cooperation with a listing agent, and who sells or finds and obtains a buyer for the real property, or an agent who locates property for a buyer or who finds a buyer for a property for which no listing exists and presents an offer to purchase to the seller. (p) "Subagent" means a person to whom an agent delegates agency powers as provided in Article 5 (commencing with Section 2349) of Chapter 1 of Title 9. However, "subagent" does not include an associate licensee who is acting under the supervision of an agent in a real property transaction.

2079.14 Listing agents and selling agents shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and, except as provided in subdivision (c), shall obtain a signed acknowledgement of receipt from that seller or buyer, except as provided in this section or Section 2079.15, as follows: (a) The listing agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. (b) The selling agent shall provide the disclosure form to the seller as soon as practicable prior to presenting the seller with an offer to purchase, unless the selling agent previously provided the seller with a copy of the disclosure form pursuant to subdivision (a). (c) Where the selling agent does not deal on a face-to-face basis with the seller, the disclosure form prepared by the selling agent may be furnished to the seller (and acknowledgement of receipt obtained for the selling agent from the seller) by the listing agent, or the selling agent may deliver the disclosure form by certified mail addressed to the seller at his or her last known address, in which case no signed acknowledgement of receipt is required. (d) The selling agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase, except that if the offer to purchase is not prepared by the selling agent, the selling agent shall present the disclosure form to the buyer not later than the next business day after the selling agent receives the offer to purchase from the buyer.

2079.15 In any circumstance in which the seller or buyer refuses to sign an acknowledgement of receipt pursuant to Section 2079.14, the agent, or an associate licensee acting for an agent, shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this form.

2079.17 (a) As soon as practicable, the selling agent shall disclose to the buyer and seller whether the selling agent is acting in the real property transaction exclusively as the buyer's agent, exclusively as the seller's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the selling agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. (b) As soon as practicable, the listing agent shall disclose to the seller whether the listing agent is acting in the real property transaction exclusively as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the listing agent prior to or coincident with the execution of that contract by the seller.

(c) The confirmation required by subdivisions (a) and (b) shall be in the following form.

<div style="border: 1px solid black; padding: 2px; background-color: #f0f0f0;">(DO NOT COMPLETE, SAMPLE ONLY)</div> <div style="border: 1px solid black; padding: 2px; background-color: #f0f0f0;">(Name of Listing Agent)</div>	is the agent of (check one): <input type="checkbox"/> the seller exclusively; or <input type="checkbox"/> both the buyer and seller.
<div style="border: 1px solid black; padding: 2px; background-color: #f0f0f0;">(DO NOT COMPLETE, SAMPLE ONLY)</div> <div style="border: 1px solid black; padding: 2px; background-color: #f0f0f0;">(Name of Selling Agent if not the same as the Listing Agent)</div>	is the agent of (check one): <input type="checkbox"/> the buyer exclusively; or <input type="checkbox"/> the seller exclusively; or <input type="checkbox"/> both the buyer and seller.

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14.

2079.18 No selling agent in a real property transaction may act as an agent for the buyer only, when the selling agent is also acting as the listing agent in the transaction.

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically

prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 A dual agent shall not disclose to the buyer that the seller is willing to sell the property at a price less than the listing price, without the express written consent of the seller. A dual agent shall not disclose to the seller that the buyer is willing to pay a price greater than the offering price, without the express written consent of the buyer. This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a listing agent from also being a selling agent, and the combination of these functions in one agent does not, of itself, make that agent a dual agent.

2079.23 (a) A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

(b) A lender or an auction company retained by a lender to control aspects of a transaction of real property subject to this part, including validating the sales price, shall not require, as a condition of receiving the lender's approval of the transaction, the homeowner or listing agent to defend or indemnify the lender or auction company from any liability alleged to result from the actions of the lender or auction company. Any clause, provision, covenant, or agreement purporting to impose an obligation to defend or indemnify a lender or an auction company in violation of this subdivision is against public policy, void, and unenforceable.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

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AD-2.01, Revised 07-28-2017

2. Community is informed of the dates of the enrollment period and lottery, if required
3. Applications are accepted in the front office during a publicly advertised open enrollment period from December 1st to January 31st for enrollment in the following school year.
4. Following the open enrollment period each year, applications are counted to determine whether any grade level has received more applications than availability. In the event that this happens, Unity MCHS holds a public random drawing no later than March 1 to determine enrollment for the impacted grade level, with the exception of existing students (2nd year forward) who are guaranteed enrollment in the following school year.
5. A neutral party will conduct the lottery in a public space.
6. With the exception of existing students, who are guaranteed admission in the following school year, admission preferences in the case of a lottery shall be given to the following students: (a) Siblings of currently enrolled students admitted to or attending Unity MCHS who reside in the District; (b) Siblings of students admitted to or attending Unity MCHS who reside outside of the District; (bc) Children of Unity MCHS employees who reside in the District; (d) Children of Unity MCHS employees who reside outside of the District; (ee) Students who are currently enrolled in or who reside in the elementary school attendance area of the local public elementary school in which Unity MCHS is located (for purposes of the SB 740 Charter School Facility Grant Program); and (df) District residents. Admission preferences shall not require mandatory parental volunteer hours as a criterion for admission or continued enrollment.
7. Parents who do not attend the lottery receive notification of their acceptance or place on the waiting list via mail. This same mailing indicates the dates of the first parent meeting.
8. Within one month of the lottery, parents whose children have been accepted via lottery are asked to attend a meeting at the school in which they fill out and provide the school with all the necessary paperwork including emergency contact, free and reduced lunch forms, immunization records, transcripts, birth certificate, and other necessary forms. Because Unity MCHS seeks a commitment from both students and parents to the mission and vision of the school's charter, all parents or guardians must sign the Unity MCHS 3-way contract agreement
9. After the first round of parent meetings, the office staff contacts parents who did not attend to ascertain the status of their students. If the parent has not responded to Unity MCHS' request for information after 3 phone calls in the ensuing week, their student will be dis-enrolled and Unity MCHS will contact the next student on the waiting list.

As part of the Fall Information Update, Unity MCHS will notify the County in writing of the application deadline and proposed lottery date. Unity MCHS will ensure that all application materials will reference these dates as well as provide complete information regarding application procedure, key dates, and admission preferences and requirements consistent with approved charter.

ELEMENT J: SUSPENSION AND EXPULSION POLICIES

Governing Law: The procedures by which pupils can be suspended or expelled from the charter school for disciplinary reasons or otherwise involuntarily removed from the charter school for any reason. These procedures, at a minimum, shall include an explanation of how the charter school will comply with federal and state constitutional procedural and substantive due process requirements that is consistent with all of the following:

(i) For suspensions of fewer than 10 days, provide oral or written notice of the charges against the pupil and, if the pupil denies the charges, an explanation of the evidence that supports the charges and an opportunity for the pupil to present his or her side of the story.

(ii) For suspensions of 10 days or more and all other expulsions for disciplinary reasons, both of the following:

(I) Provide timely, written notice of the charges against the pupil and an explanation of the pupil's basic rights.

(II) Provide a hearing adjudicated by a neutral officer within a reasonable number of days at which the pupil has a fair opportunity to present testimony, evidence, and witnesses and confront and cross-examine adverse witnesses, and at which the pupil has the right to bring legal counsel or an advocate.

(iii) Contain a clear statement that no pupil shall be involuntarily removed by the charter school for any reason unless the parent or guardian of the pupil has been provided written notice of intent to remove the pupil no less than five school days before the effective date of the action. The written notice shall be in the native language of the pupil or the pupil's parent or guardian or, if the pupil is a foster child or youth or a homeless child or youth, the pupil's educational rights holder, and shall inform him or her of the right to initiate the procedures specified in clause (ii) before the effective date of the action. If the pupil's parent, guardian, or educational rights holder initiates the procedures specified in clause (ii), the pupil shall remain enrolled and shall not be removed until the charter school issues a final decision. For purposes of this clause, "involuntarily removed" includes disenrolled, dismissed, transferred, or terminated, but does not include suspensions specified in clauses (i) and (ii)—California Education Code Section 47605 (b)(5)(J)

This Pupil Suspension and Expulsion Policy has been established in order to promote learning and protect the safety and well being of all students at the Charter School. In creating this policy, the Charter School has reviewed Education Code Section 48900 *et seq.* which describes the noncharter schools' list of offenses and procedures to establish its list of offenses and procedures for suspensions and expulsions. The language that follows closely mirrors the language of Education Code Section 48900 *et seq.* The Charter School is committed to annual review of policies and procedures surrounding suspensions and expulsions and, as necessary, modification of the lists of offenses for which students are subject to suspension or expulsion.

When the Policy is violated, it may be necessary to suspend or expel a student from

regular classroom instruction. This policy shall serve as the Charter School's policy and procedures for student suspension and expulsion and it may be amended from time to time without the need to amend the charter so long as the amendments comport with legal requirements. Charter School staff shall enforce disciplinary rules and procedures fairly and consistently among all students. This Policy and its Procedures will be printed and distributed as part of the Student Handbook and will clearly describe discipline expectations.

Corporal punishment shall not be used as a disciplinary measure against any student. Corporal punishment includes the willful infliction of or willfully causing the infliction of physical pain on a student. For purposes of the Policy, corporal punishment does not include an employee's use of force that is reasonable and necessary to protect the employee, students, staff or other persons or to prevent damage to school property.

The Charter School administration shall ensure that students and their parents/guardians are notified in writing upon enrollment of all discipline policies and procedures. The notice shall state that this Policy and Procedures are available on request at the Principal's office.

Suspended or expelled students shall be excluded from all school and school-related activities unless otherwise agreed during the period of suspension or expulsion.

A student identified as an individual with disabilities or for whom the Charter School has a basis of knowledge of a suspected disability pursuant to the Individuals with Disabilities Education Improvement Act of 2004 ("IDEA") or who is qualified for services under Section 504 of the Rehabilitation Act of 1973 ("Section 504") is subject to the same grounds for suspension and expulsion and is accorded the same due process procedures applicable to general education students except when federal and state law mandates additional or different procedures. The Charter School will follow all applicable federal and state laws including but not limited to the California Education Code, when imposing any form of discipline on a student identified as an individual with disabilities or for whom the Charter School has a basis of knowledge of a suspected disability or who is otherwise qualified for such services or protections in according due process to such students.

No student shall be involuntarily removed by the Charter School for any reason unless the parent or guardian of the student has been provided written notice of intent to remove the student no less than five schooldays before the effective date of the action. The written notice shall be in the native language of the student or the student's parent or guardian or, if the student is a foster child or youth or a homeless child or youth, the student's educational rights holder, and shall inform him or her of the right to initiate the procedures specified below for suspensions, expulsions, or involuntary removal before the effective date of the action. If the student's parent, guardian, or educational rights holder initiates the procedures specified below for suspensions, expulsions, or involuntary removal the student shall remain enrolled and shall not be removed until the Charter School issues a final decision. As used herein, "involuntarily removed" includes disenrolled, dismissed, transferred, or terminated, but does not include suspensions or expulsions pursuant to

the suspension and expulsion procedures described below.

A. Grounds for Suspension, Expulsion or Involuntary Removal of Students

A student may be suspended or expelled for prohibited misconduct if the act is related to school activity or school attendance occurring at any time including but not limited to: a) while on school grounds; b) while going to or coming from school; c) during the lunch period, whether on or off the school campus; d) during, going to, or coming from a school-sponsored activity.

B. Enumerated Offenses

1. Discretionary Suspension Offenses. Students may be suspended for any of the following acts when it is determined the pupil:

- a) Caused, attempted to cause, or threatened to cause physical injury to another person.
- b) Willfully used force or violence upon the person of another, except self-defense.
- c) Unlawfully possessed, used, sold or otherwise furnished, or was under the influence of any controlled substance, as defined in Health and Safety Code Sections 11053-11058, alcoholic beverage, or intoxicant of any kind.
- d) Unlawfully offered, arranged, or negotiated to sell any controlled substance as defined in Health and Safety Code Sections 11053-11058, alcoholic beverage or intoxicant of any kind, and then sold, delivered or otherwise furnished to any person another liquid substance or material and represented same as controlled substance, alcoholic beverage or intoxicant.
- e) Committed or attempted to commit robbery or extortion.
- f) Caused or attempted to cause damage to school property or private property, which includes but is not limited to, electronic files and databases.
- g) Stole or attempted to steal school property or private property, which includes but is not limited to, electronic files and databases.
- h) Possessed or used tobacco or products containing tobacco or nicotine products, including but not limited to cigars, cigarettes, miniature cigars, clove cigarettes, smokeless tobacco, snuff, chew packets and betel. This section does not prohibit the use of his or her own prescription products by a pupil.

- i) Committed an obscene act or engaged in habitual profanity or vulgarity.
- j) Unlawfully possessed or unlawfully offered, arranged, or negotiated to sell any drug paraphernalia, as defined in Health and Safety Code Section 11014.5.
- k) Disrupted school activities or otherwise willfully defied the valid authority of supervisors, teachers, administrators, other school officials, or other school personnel engaged in the performance of their duties.
- l) Knowingly received stolen school property or private property, which includes but is not limited to, electronic files and databases.
- m) Possessed an imitation firearm, i.e.: a replica of a firearm that is so substantially similar in physical properties to an existing firearm as to lead a reasonable person to conclude that the replica is a firearm.
- n) Committed or attempted to commit a sexual assault as defined in Penal Code Sections 261, 266c, 286, 288, 288a or 289, or committed a sexual battery as defined in Penal Code Section 243.4.
- o) Harassed, threatened, or intimidated a student who is a complaining witness or witness in a school disciplinary proceeding for the purpose of preventing that student from being a witness and/or retaliating against that student for being a witness.
- p) Unlawfully offered, arranged to sell, negotiated to sell, or sold the prescription drug Soma.
- q) Engaged in, or attempted to engage in hazing. For the purposes of this subdivision, "hazing" means a method of initiation or preinitiation into a pupil organization or body, whether or not the organization or body is officially recognized by an educational institution, which is likely to cause serious bodily injury or personal degradation or disgrace resulting in physical or mental harm to a former, current, or prospective pupil. For purposes of this section, "hazing" does not include athletic events or school-sanctioned events.
- r) Made terroristic threats against school officials and/or school property, which includes but is not limited to, electronic files and databases. For purposes of this section, "terroristic threat" shall include any statement, whether written or oral, by a person who willfully threatens to commit a crime which will result in death, great bodily injury to another person, or property damage in excess of one thousand dollars (\$1,000), with the specific intent that the statement is to be taken as a threat, even if there is no intent of actually carrying it out, which, on its face and under the circumstances in

which it is made, is so unequivocal, unconditional, immediate, and specific as to convey to the person threatened, a gravity of purpose and an immediate prospect of execution of the threat, and thereby causes that person reasonably to be in sustained fear for his or her own safety or for his or her immediate family's safety, or for the protection of school property, which includes but is not limited to, electronic files and databases, or the personal property of the person threatened or his or her immediate family.

- s) Committed sexual harassment, as defined in Education Code Section 212.5. For the purposes of this section, the conduct described in Section 212.5 must be considered by a reasonable person of the same gender as the victim to be sufficiently severe or pervasive to have a negative impact upon the individual's academic performance or to create an intimidating, hostile, or offensive educational environment. This section shall apply to pupils in any of grades 4 to 12, inclusive.
- t) Caused, attempted to cause, threatened to cause or participated in an act of hate violence, as defined in subdivision (e) of Section 233 of the Education Code. This section shall apply to pupils in any of grades 4 to 12, inclusive.
- u) Intentionally harassed, threatened or intimidated school personnel or volunteers and/or a student or group of students to the extent of having the actual and reasonably expected effect of materially disrupting class work, creating substantial disorder and invading the rights of either school personnel or volunteers and/or student(s) by creating an intimidating or hostile educational environment. This section shall apply to pupils in any of grades 4 to 12, inclusive.
- v) Engaged in an act of bullying, including, but not limited to, bullying committed by means of an electronic act.
 - 1) "Bullying" means any severe or pervasive physical or verbal act or conduct, including communications made in writing or by means of an electronic act, and including one or more acts committed by a student or group of students which would be deemed hate violence or harassment, threats, or intimidation, which are directed toward one or more students that has or can be reasonably predicted to have the effect of one or more of the following:
 - i. Placing a reasonable student (defined as a student, including, but is not limited to, a student with exceptional needs, who exercises average care, skill, and judgment in conduct for a person of his or her age, or for a person of his or her age with exceptional needs) or students in fear of harm to that student's or those students' person or property.

- ii. Causing a reasonable student to experience a substantially detrimental effect on his or her physical or mental health.
 - iii. Causing a reasonable student to experience substantial interference with his or her academic performance.
 - iv. Causing a reasonable student to experience substantial interference with his or her ability to participate in or benefit from the services, activities, or privileges provided by the Charter School.
- 2) "Electronic Act" means the creation or transmission originated on or off the schoolsite, by means of an electronic device, including, but not limited to, a telephone, wireless telephone, or other wireless communication device, computer, or pager, of a communication, including, but not limited to, any of the following:
 - i. A message, text, sound, video, or image.
 - ii. A post on a social network Internet Web site including, but not limited to:
 - (a) Posting to or creating a burn page. A "burn page" means an Internet Web site created for the purpose of having one or more of the effects as listed in subparagraph (1) above.
 - (b) Creating a credible impersonation of another actual pupil for the purpose of having one or more of the effects listed in subparagraph (1) above. "Credible impersonation" means to knowingly and without consent impersonate a pupil for the purpose of bullying the pupil and such that another pupil would reasonably believe, or has reasonably believed, that the pupil was or is the pupil who was impersonated.
 - (c) Creating a false profile for the purpose of having one or more of the effects listed in subparagraph (1) above. "False profile" means a profile of a fictitious pupil or a profile using the likeness or attributes of an actual pupil other than the pupil who created the false profile.
 - iii. An act of cyber sexual bullying.
 - (a) For purposes of this clause, "cyber sexual bullying" means the dissemination of, or the solicitation or incitement to disseminate, a photograph or other visual recording by a pupil to another pupil or to school personnel by means of an electronic act that has or can be reasonably predicted to have one or more of the effects described in subparagraphs (i) to (iv), inclusive, of paragraph (1). A photograph or other visual recording, as described above, shall include the depiction of a nude, semi-nude, or sexually explicit photograph or other visual recording of a minor where the minor is identifiable from the photograph, visual recording, or other electronic act.
 - (b) For purposes of this clause, "cyber sexual bullying" does not include a depiction, portrayal, or image that has any serious

literary, artistic, educational, political, or scientific value or that involves athletic events or school-sanctioned activities.

3) Notwithstanding subparagraphs (1) and (2) above, an electronic act shall not constitute pervasive conduct solely on the basis that it has been transmitted on the Internet or is currently posted on the Internet.

w) A pupil who aids or abets, as defined in Section 31 of the Penal Code, the infliction or attempted infliction of physical injury to another person may be subject to suspension, but not expulsion, except that a pupil who has been adjudged by a juvenile court to have committed, as an aider and abettor, a crime of physical violence in which the victim suffered great bodily injury or serious bodily injury shall be subject to discipline pursuant to subdivision (1)(a)-(b).

x) Possessed, sold, or otherwise furnished any knife unless, in the case of possession of any object of this type, the student had obtained written permission to possess the item from a certificated school employee, with the Principal or designee's concurrence.

2. Non-Discretionary Suspension Offenses: Students must be suspended and recommended for expulsion for any of the following acts when it is determined the pupil:

a) Possessed, sold, or otherwise furnished any firearm, explosive, or other dangerous object unless, in the case of possession of any object of this type, the student had obtained written permission to possess the item from a certificated school employee, with the Principal or designee's concurrence.

3. Discretionary Expellable Offenses: Students may be recommended for expulsion for any of the following acts when it is determined the pupil:

a) Caused, attempted to cause, or threatened to cause physical injury to another person.

b) Willfully used force or violence upon the person of another, except self-defense.

c) Unlawfully possessed, used, sold or otherwise furnished, or was under the influence of any controlled substance, as defined in Health and Safety Code Sections 11053-11058, alcoholic beverage, or intoxicant of any kind.

d) Unlawfully offered, arranged, or negotiated to sell any controlled substance as defined in Health and Safety Code Sections 11053-11058, alcoholic beverage or intoxicant of any kind, and then sold, delivered or otherwise furnished to any person another liquid substance or material and

represented same as controlled substance, alcoholic beverage or intoxicant.

- e) Committed or attempted to commit robbery or extortion.
- f) Caused or attempted to cause damage to school property or private property, which includes but is not limited to, electronic files and databases.
- g) Stole or attempted to steal school property or private property, which includes but is not limited to, electronic files and databases.
- h) Possessed or used tobacco or products containing tobacco or nicotine products, including but not limited to cigars, cigarettes, miniature cigars, clove cigarettes, smokeless tobacco, snuff, chew packets and betel. This section does not prohibit the use of his or her own prescription products by a pupil.
- i) Committed an obscene act or engaged in habitual profanity or vulgarity.
- j) Unlawfully possessed or unlawfully offered, arranged, or negotiated to sell any drug paraphernalia, as defined in Health and Safety Code Section 11014.5.
- k) Disrupted school activities or otherwise willfully defied the valid authority of supervisors, teachers, administrators, other school officials, or other school personnel engaged in the performance of their duties.
- l) Knowingly received stolen school property or private property, which includes but is not limited to, electronic files and databases.
- m) Possessed an imitation firearm, i.e.: a replica of a firearm that is so substantially similar in physical properties to an existing firearm as to lead a reasonable person to conclude that the replica is a firearm.
- n) Committed or attempted to commit a sexual assault as defined in Penal Code Sections 261, 266c, 286, 288, 288a or 289, or committed a sexual battery as defined in Penal Code Section 243.4.
- o) Harassed, threatened, or intimidated a student who is a complaining witness or witness in a school disciplinary proceeding for the purpose of preventing that student from being a witness and/or retaliating against that student for being a witness.
- p) Unlawfully offered, arranged to sell, negotiated to sell, or sold the prescription drug Soma.

- g) Engaged in, or attempted to engage in hazing. For the purposes of this subdivision, "hazing" means a method of initiation or preinitiation into a pupil organization or body, whether or not the organization or body is officially recognized by an educational institution, which is likely to cause serious bodily injury or personal degradation or disgrace resulting in physical or mental harm to a former, current, or prospective pupil. For purposes of this section, "hazing" does not include athletic events or school-sanctioned events.
- r) Made terroristic threats against school officials and/or school property, which includes but is not limited to, electronic files and databases. For purposes of this section, "terroristic threat" shall include any statement, whether written or oral, by a person who willfully threatens to commit a crime which will result in death, great bodily injury to another person, or property damage in excess of one thousand dollars (\$1,000), with the specific intent that the statement is to be taken as a threat, even if there is no intent of actually carrying it out, which, on its face and under the circumstances in which it is made, is so unequivocal, unconditional, immediate, and specific as to convey to the person threatened, a gravity of purpose and an immediate prospect of execution of the threat, and thereby causes that person reasonably to be in sustained fear for his or her own safety or for his or her immediate family's safety, or for the protection of school property, which includes but is not limited to, electronic files and databases, or the personal property of the person threatened or his or her immediate family.
- s) Committed sexual harassment, as defined in Education Code Section 212.5. For the purposes of this section, the conduct described in Section 212.5 must be considered by a reasonable person of the same gender as the victim to be sufficiently severe or pervasive to have a negative impact upon the individual's academic performance or to create an intimidating, hostile, or offensive educational environment. This section shall apply to pupils in any of grades 4 to 12, inclusive.
- t) Caused, attempted to cause, threatened to cause or participated in an act of hate violence, as defined in subdivision (e) of Section 233 of the Education Code. This section shall apply to pupils in any of grades 4 to 12, inclusive.
- u) Intentionally harassed, threatened or intimidated school personnel or volunteers and/or a student or group of students to the extent of having the actual and reasonably expected effect of materially disrupting class work, creating substantial disorder and invading the rights of either school personnel or volunteers and/or student(s) by creating an intimidating or hostile educational environment. This section shall apply to pupils in any of grades 4 to 12, inclusive.

v) Engaged in an act of bullying, including, but not limited to, bullying committed by means of an electronic act.

1) "Bullying" means any severe or pervasive physical or verbal act or conduct, including communications made in writing or by means of an electronic act, and including one or more acts committed by a student or group of students which would be deemed hate violence or harassment, threats, or intimidation, which are directed toward one or more students that has or can be reasonably predicted to have the effect of one or more of the following:

- i. Placing a reasonable student (defined as a student, including, but is not limited to, a student with exceptional needs, who exercises average care, skill, and judgment in conduct for a person of his or her age, or for a person of his or her age with exceptional needs) or students in fear of harm to that student's or those students' person or property.
- ii. Causing a reasonable student to experience a substantially detrimental effect on his or her physical or mental health.
- iii. Causing a reasonable student to experience substantial interference with his or her academic performance.
- iv. Causing a reasonable student to experience substantial interference with his or her ability to participate in or benefit from the services, activities, or privileges provided by the Charter School.

2) "Electronic Act" means the creation or transmission originated on or off the schoolsite, by means of an electronic device, including, but not limited to, a telephone, wireless telephone, or other wireless communication device, computer, or pager, of a communication, including, but not limited to, any of the following:

- i. A message, text, sound, video, or image.
- ii. A post on a social network Internet Web site including, but not limited to:
 - (a) Posting to or creating a burn page. A "burn page" means an Internet Web site created for the purpose of having one or more of the effects as listed in subparagraph (1) above.
 - (b) Creating a credible impersonation of another actual pupil for the purpose of having one or more of the effects listed in subparagraph (1) above. "Credible impersonation" means to knowingly and without consent impersonate a pupil for the purpose of bullying the pupil and such that another pupil would reasonably believe, or has reasonably believed, that the pupil was or is the pupil who was impersonated.
 - (c) Creating a false profile for the purpose of having one or more of the effects listed in subparagraph (1) above. "False profile" means a profile of a fictitious pupil or a profile using the

likeness or attributes of an actual pupil other than the pupil who created the false profile.

iii. An act of cyber sexual bullying.

(a) For purposes of this clause, "cyber sexual bullying" means the dissemination of, or the solicitation or incitement to disseminate, a photograph or other visual recording by a pupil to another pupil or to school personnel by means of an electronic act that has or can be reasonably predicted to have one or more of the effects described in subparagraphs (i) to (iv), inclusive, of paragraph (1). A photograph or other visual recording, as described above, shall include the depiction of a nude, semi-nude, or sexually explicit photograph or other visual recording of a minor where the minor is identifiable from the photograph, visual recording, or other electronic act.

(b) For purposes of this clause, "cyber sexual bullying" does not include a depiction, portrayal, or image that has any serious literary, artistic, educational, political, or scientific value or that involves athletic events or school-sanctioned activities.

3. Notwithstanding subparagraphs (1) and (2) above, an electronic act shall not constitute pervasive conduct solely on the basis that it has been transmitted on the Internet or is currently posted on the Internet.

w) A pupil who aids or abets, as defined in Section 31 of the Penal Code, the infliction or attempted infliction of physical injury to another person may be subject to suspension, but not expulsion, except that a pupil who has been adjudged by a juvenile court to have committed, as an aider and abettor, a crime of physical violence in which the victim suffered great bodily injury or serious bodily injury shall be subject to discipline pursuant to subdivision (3)(a)-(b).

x) Possessed, sold, or otherwise furnished any knife unless, in the case of possession of any object of this type, the student had obtained written permission to possess the item from a certificated school employee, with the Principal or designee's concurrence.

4. Non-Discretionary Expellable Offenses: Students must be recommended for expulsion for any of the following acts when it is determined pursuant to the procedures below that the pupil:

a) Possessed, sold, or otherwise furnished any firearm, explosive, or other dangerous object unless, in the case of possession of any object of this type, the student had obtained written permission to possess the item from a certificated school employee, with the Principal or designee's concurrence.

If it is determined by the Administrative Panel and/or Board of Directors that a student has brought a firearm or destructive device, as defined in Section 921 of Title 18 of the United States Code, on to campus or to have possessed a firearm or dangerous device on campus, the student shall be expelled for one year, pursuant to the Federal Gun Free Schools Act of 1994. In such instances, the pupil shall be provided due process rights of notice and a hearing as required in this policy.

The term "firearm" means (A) any weapon (including a starter gun) which will or is designed to or may readily be converted to expel a projectile by the action of an explosive; (B) the frame or receiver of any such weapon; (C) any firearm muffler or firearm silencer; or (D) any destructive device. Such term does not include an antique firearm.

The term "destructive device" means (A) any explosive, incendiary, or poison gas, including but not limited to: (i) bomb, (ii) grenade, (iii) rocket having a propellant charge of more than four ounces, (iv) missile having an explosive or incendiary charge of more than one-quarter ounce, (v) mine, or (vi) device similar to any of the devices described in the preceding clauses.

C. Suspension Procedure

Suspensions shall be initiated according to the following procedures:

1. Conference

Suspension shall be preceded, if possible, by a conference conducted by the Principal or the Principal's designee with the student and his or her parent and, whenever practical, the teacher, supervisor or Charter School employee who referred the student to the Principal or designee.

The conference may be omitted if the Principal or designee determines that an emergency situation exists. An "emergency situation" involves a clear and present danger to the lives, safety or health of students or Charter School personnel. If a student is suspended without this conference, both the parent/guardian and student shall be notified of the student's right to return to school for the purpose of a conference.

At the conference, the pupil shall be informed of the reason for the disciplinary action and the evidence against him or her and shall be given the opportunity to present his or her version and evidence in his or her defense, in accordance with Education Code Section 47605(b)(5)(J)(i). This conference shall be held within two (2) school days, unless the pupil waives this right or is physically unable to attend for any reason including, but not limited to, incarceration or hospitalization. No penalties may be imposed on a pupil for failure of the pupil's parent or guardian to attend a conference with Charter School officials. Reinstatement of the suspended pupil shall not be contingent upon attendance by the pupil's parent or guardian at the conference.

2. Notice to Parents/Guardians

At the time of the suspension, an administrator or designee shall make a reasonable effort to contact the parent/guardian by telephone or in person. Whenever a student is suspended, the parent/guardian shall be notified in writing of the suspension and the date of return following suspension. This notice shall state the specific offense committed by the student. In addition, the notice may also state the date and time when the student may return to school. If Charter School officials wish to ask the parent/guardian to confer regarding matters pertinent to the suspension, the notice may request that the parent/guardian respond to such requests without delay.

3. Suspension Time Limits/Recommendation for Expulsion

Suspensions, when not including a recommendation for expulsion, shall not exceed five (5) consecutive school days per suspension. Upon a recommendation of expulsion by the Principal or Principal's designee, the pupil and the pupil's parent/guardian or representative will be invited to a conference to determine if the suspension for the pupil should be extended pending an expulsion hearing. In such instances when the Charter School has determined a suspension period shall be extended, such extension shall be made only after a conference is held with the pupil or the pupil's parents, unless the pupil and the pupil's parents fail to attend the conference.

This determination will be made by the Principal or designee upon either of the following: 1) the pupil's presence will be disruptive to the education process; or 2) the pupil poses a threat or danger to others. Upon either determination, the pupil's suspension will be extended pending the results of an expulsion hearing.

D. Authority to Expel

As required by Education Code Section 47605(b)(5)(J)(ii), students recommended for expulsion are entitled to a hearing adjudicated by a neutral officer to determine whether the student should be expelled. The procedures herein provide for such a hearing and the notice of said hearing, as required by law.

A student may be expelled either by the neutral and impartial Charter School Board of Directors following a hearing before it or by the Charter School Board of Directors upon the recommendation of a neutral and impartial Administrative Panel, to be assigned by the Board of Directors as needed. The Administrative Panel shall consist of at least three members who are certificated and neither a teacher of the pupil nor a member of the Charter School Board of Directors. Each entity shall be presided over by a designated neutral hearing chairperson. The Administrative Panel may recommend expulsion of any student found to have committed an expellable offense, and the Board of Directors shall make the final determination.

E. Expulsion Procedures

Unless postponed for good cause, the hearing shall be held within thirty (30) school days after the Principal or designee determines that the pupil has committed an expellable offense.

In the event an Administrative Panel hears the case, it will make a recommendation to the Board for a final decision whether to expel. The hearing shall be held in closed session (complying with all pupil confidentiality rules under FERPA) unless the pupil makes a written request for a public hearing in open session three (3) days prior to the date of the scheduled hearing.

Written notice of the hearing shall be forwarded to the student and the student's parent/guardian at least ten (10) calendar days before the date of the hearing. Upon mailing the notice, it shall be deemed served upon the pupil. The notice shall include:

1. The date and place of the expulsion hearing;
2. A statement of the specific facts, charges and offenses upon which the proposed expulsion is based;
3. A copy of the Charter School's disciplinary rules which relate to the alleged violation;
4. Notification of the student's or parent/guardian's obligation to provide information about the student's status at the Charter School to any other school district or school to which the student seeks enrollment;
5. The opportunity for the student and/or the student's parent/guardian to appear in person or to employ and be represented by counsel or a non-attorney advisor;
6. The right to inspect and obtain copies of all documents to be used at the hearing;
7. The opportunity to confront and question all witnesses who testify at the hearing;
8. The opportunity to question all evidence presented and to present oral and documentary evidence on the student's behalf including witnesses.

F. Special Procedures for Expulsion Hearings Involving Sexual Assault or Battery Offenses

The Charter School may, upon a finding of good cause, determine that the disclosure of either the identity of the witness or the testimony of that witness at the hearing, or both, would subject the witness to an unreasonable risk of psychological or physical harm. Upon this determination, the testimony of the witness may be presented at the hearing in the form of sworn declarations that shall be examined only by the Charter School or the hearing officer. Copies of these sworn declarations, edited to delete the name and identity of the witness, shall be made available to the pupil.

1. The complaining witness in any sexual assault or battery case must be provided with a copy of the applicable disciplinary rules and advised of his/her right to (a) receive five days notice of his/her scheduled testimony, (b) have up to two (2) adult support persons of his/her choosing present in the hearing at the time he/she testifies, which may include a parent, guardian, or legal counsel, and (c) elect to

have the hearing closed while testifying.

2. The Charter School must also provide the victim a room separate from the hearing room for the complaining witness' use prior to and during breaks in testimony.
3. At the discretion of the entity conducting the expulsion hearing, the complaining witness shall be allowed periods of relief from examination and cross-examination during which he or she may leave the hearing room.
4. The entity conducting the expulsion hearing may also arrange the seating within the hearing room to facilitate a less intimidating environment for the complaining witness.
5. The entity conducting the expulsion hearing may also limit time for taking the testimony of the complaining witness to the hours he/she is normally in school, if there is no good cause to take the testimony during other hours.
6. Prior to a complaining witness testifying, the support persons must be admonished that the hearing is confidential. Nothing in the law precludes the entity presiding over the hearing from removing a support person whom the presiding person finds is disrupting the hearing. The entity conducting the hearing may permit any one of the support persons for the complaining witness to accompany him or her to the witness stand.
7. If one or both of the support persons is also a witness, the Charter School must present evidence that the witness' presence is both desired by the witness and will be helpful to the Charter School. The entity presiding over the hearing shall permit the witness to stay unless it is established that there is a substantial risk that the testimony of the complaining witness would be influenced by the support person, in which case the presiding official shall admonish the support person or persons not to prompt, sway, or influence the witness in any way. Nothing shall preclude the presiding officer from exercising his or her discretion to remove a person from the hearing whom he or she believes is prompting, swaying, or influencing the witness.
8. The testimony of the support person shall be presented before the testimony of the complaining witness and the complaining witness shall be excluded from the courtroom during that testimony.
9. Especially for charges involving sexual assault or battery, if the hearing is to be conducted in public at the request of the pupil being expelled, the complaining witness shall have the right to have his/her testimony heard in a closed session when testifying at a public meeting would threaten serious psychological harm to the complaining witness and there are no alternative procedures to avoid the threatened harm. The alternative procedures may include videotaped depositions or contemporaneous examination in another place communicated to the hearing

room by means of closed-circuit television.

10. Evidence of specific instances of a complaining witness' prior sexual conduct is presumed inadmissible and shall not be heard absent a determination by the entity conducting the hearing that extraordinary circumstances exist requiring the evidence be heard. Before such a determination regarding extraordinary circumstance can be made, the witness shall be provided notice and an opportunity to present opposition to the introduction of the evidence. In the hearing on the admissibility of the evidence, the complaining witness shall be entitled to be represented by a parent, legal counsel, or other support person. Reputation or opinion evidence regarding the sexual behavior of the complaining witness is not admissible for any purpose.

G. Record of Hearing

A record of the hearing shall be made and may be maintained by any means, including electronic recording, as long as a reasonably accurate and complete written transcription of the proceedings can be made.

H. Presentation of Evidence

While technical rules of evidence do not apply to expulsion hearings, evidence may be admitted and used as proof only if it is the kind of evidence on which reasonable persons can rely in the conduct of serious affairs. A recommendation by the Administrative Panel to expel must be supported by substantial evidence that the student committed an expellable offense. Findings of fact shall be based solely on the evidence at the hearing. While hearsay evidence is admissible, no decision to expel shall be based solely on hearsay. Sworn declarations may be admitted as testimony from witnesses of whom the Board or Administrative Panel determines that disclosure of their identity or testimony at the hearing may subject them to an unreasonable risk of physical or psychological harm.

If, due to a written request by the expelled pupil, the hearing is held at a public meeting, and the charge is committing or attempting to commit a sexual assault or committing a sexual battery as defined in Education Code Section 48900, a complaining witness shall have the right to have his or her testimony heard in a session closed to the public.

The decision of the Administrative Panel shall be in the form of written findings of fact and a written recommendation to the Board of Directors, which will make a final determination regarding the expulsion. The final decision by the Board of Directors shall be made within ten (10) school days following the conclusion of the hearing. The decision of the Board of Directors is final.

If the Administrative Panel decides not to recommend expulsion, the pupil shall immediately be returned to his/her educational program.

I. Written Notice to Expel

The Principal or designee, following a decision of the Board of Directors to expel, shall send written notice of the decision to expel, including the Board of Directors' adopted findings of fact, to the student or parent/guardian. This notice shall also include the following: (a) Notice of the specific offense committed by the student; and (b) Notice of the student's or parent/guardian's obligation to inform any new district in which the student seeks to enroll of the student's status with the Charter School.

The Principal or designee shall send a copy of the written notice of the decision to expel to the authorizer. This notice shall include the following: (a) The student's name; and (b) The specific expellable offense committed by the student.

J. Disciplinary Records

The Charter School shall maintain records of all student suspensions and expulsions at the Charter School. Such records shall be made available to the authorizer upon request.

K. No Right to Appeal

The pupil shall have no right of appeal from expulsion from the Charter School as the Charter School Board of Directors' decision to expel shall be final.

L. Expelled Pupils/Alternative Education

Parents/guardians of pupils who are expelled shall be responsible for seeking alternative education programs including, but not limited to, programs within the County or their school district of residence. The Charter School shall work cooperatively with parents/guardians as requested by parents/guardians or by the school district of residence to assist with locating alternative placements during expulsion.

M. Rehabilitation Plans

Students who are expelled from the Charter School shall be given a rehabilitation plan upon expulsion as developed by the Board of Directors at the time of the expulsion order, which may include, but is not limited to, periodic review as well as assessment at the time of review for readmission. The rehabilitation plan should include a date not later than one year from the date of expulsion when the pupil may reapply to the Charter School for readmission.

N. Readmission

The decision to readmit a pupil or to admit a previously expelled pupil from another school district or charter school shall be in the sole discretion of the Board of Directors following a meeting with the Principal or designee and the pupil and parent/guardian or representative to determine whether the pupil has successfully completed the rehabilitation plan and to determine whether the pupil poses a threat to others or will be

disruptive to the school environment. The Principal or designee shall make a recommendation to the Board of Directors following the meeting regarding his or her determination. The Board shall then make a final decision regarding readmission during the closed session of a public meeting, reporting out any action taken during closed session consistent with the requirements of the Brown Act. The pupil's readmission is also contingent upon the Charter School's capacity at the time the student seeks readmission.

O. Special Procedures for the Consideration of Suspension and Expulsion of Students with Disabilities

1. Notification of SELPA

The Charter School shall immediately notify the SELPA and coordinate the procedures in this policy with the SELPA of the discipline of any student with a disability or student that the Charter School or the SELPA would be deemed to have knowledge that the student had a disability.

2. Services During Suspension

Students suspended for more than ten (10) school days in a school year shall continue to receive services so as to enable the student to continue to participate in the general education curriculum, although in another setting (which could constitute a change of placement and the student's IEP would reflect this change), and to progress toward meeting the goals set out in the child's IEP/504 Plan; and receive, as appropriate, a functional behavioral assessment and behavioral intervention services and modifications, that are designed to address the behavior violation so that it does not recur. These services may be provided in an interim alternative educational setting.

3. Procedural Safeguards/Manifestation Determination

Within ten (10) school days of a recommendation for expulsion or any decision to change the placement of a child with a disability because of a violation of a code of student conduct, the Charter School, the parent, and relevant members of the IEP/504 Team shall review all relevant information in the student's file, including the child's IEP/504 Plan, any teacher observations, and any relevant information provided by the parents to determine:

- a. If the conduct in question was caused by, or had a direct and substantial relationship to, the child's disability; or
- b. If the conduct in question was the direct result of the local educational agency's failure to implement the IEP/504 Plan.

If the Charter School, the parent, and relevant members of the IEP/504 Team determine that either of the above is applicable for the child, the conduct shall be determined to be a manifestation of the child's disability.

If the Charter School, the parent, and relevant members of the IEP/504 Team make the determination that the conduct was a manifestation of the child's disability, the IEP/504 Team shall:

- a. Conduct a functional behavioral assessment and implement a behavioral intervention plan for such child, provided that the Charter School had not conducted such assessment prior to such determination before the behavior that resulted in a change in placement;
- b. If a behavioral intervention plan has been developed, review the behavioral intervention plan if the child already has such a behavioral intervention plan, and modify it, as necessary, to address the behavior; and
- c. Return the child to the placement from which the child was removed, unless the parent and the Charter School agree to a change of placement as part of the modification of the behavioral intervention plan.

If the Charter School, the parent, and relevant members of the IEP/504 Team determine that the behavior was not a manifestation of the student's disability and that the conduct in question was not a direct result of the failure to implement the IEP/504 Plan, then the Charter School may apply the relevant disciplinary procedures to children with disabilities in the same manner and for the same duration as the procedures would be applied to students without disabilities.

4. Due Process Appeals

The parent of a child with a disability who disagrees with any decision regarding placement, or the manifestation determination, or the Charter School believes that maintaining the current placement of the child is substantially likely to result in injury to the child or to others, may request an expedited administrative hearing through the Special Education Unit of the Office of Administrative Hearings or by utilizing the dispute provisions of the 504 Policy and Procedures.

When an appeal relating to the placement of the student or the manifestation determination has been requested by either the parent or the Charter School, the student shall remain in the interim alternative educational setting pending the decision of the hearing officer in accordance with state and federal law, including 20 U.S.C. Section 1415(k), until the expiration of the forty-five (45) day time period provided for in an interim alternative educational setting, unless the parent and the Charter School agree otherwise.

In accordance with 20 U.S.C. Section 1415(k)(3), if a parent/guardian disagrees with any decision regarding placement, or the manifestation determination, or if the Charter School believes that maintaining the current placement of the child is substantially likely to result in injury to the child or to others, the parent/guardian or Charter School may request a hearing.

In such an appeal, a hearing officer may: (1) return a child with a disability to the placement from which the child was removed; or (2) order a change in placement of a child with a disability to an appropriate interim alternative educational setting for not more than 45 school days if the hearing officer determines that maintaining the current placement of such child is substantially likely to result in injury to the child or to others.

5. Special Circumstances

Charter School personnel may consider any unique circumstances on a case-by-case basis when determining whether to order a change in placement for a child with a disability who violates a code of student conduct.

The Principal or designee may remove a student to an interim alternative educational setting for not more than forty-five (45) school days without regard to whether the behavior is determined to be a manifestation of the student's disability in cases where a student:

- a. Carries or possesses a weapon, as defined in 18 U.S.C. Section 930, to or at school, on school premises, or to or at a school function;
- b. Knowingly possesses or uses illegal drugs, or sells or solicits the sale of a controlled substance, while at school, on school premises, or at a school function; or
- c. Has inflicted serious bodily injury, as defined by 20 U.S.C. Section 1415(k)(7)(D), upon a person while at school, on school premises, or at a school function.

6. Interim Alternative Educational Setting

The student's interim alternative educational setting shall be determined by the student's IEP/504 Team.

7. Procedures for Students Not Yet Eligible for Special Education Services

A student who has not been identified as an individual with disabilities pursuant to IDEA and who has violated the Charter School's disciplinary procedures may assert the procedural safeguards granted under this administrative regulation only if the Charter School had knowledge that the student was disabled before the behavior occurred.

The Charter School shall be deemed to have knowledge that the student had a disability if one of the following conditions exists:

- a. The parent/guardian has expressed concern in writing, or orally if the parent/guardian does not know how to write or has a disability that prevents a written statement, to Charter School supervisory or administrative

personnel, or to one of the child's teachers, that the student is in need of special education or related services.

b. The parent has requested an evaluation of the child.

c. The child's teacher, or other Charter School personnel, has expressed specific concerns about a pattern of behavior demonstrated by the child, directly to the director of special education or to other Charter School supervisory personnel.

If the Charter School knew or should have known the student had a disability under any of the three (3) circumstances described above, the student may assert any of the protections available to IDEA-eligible children with disabilities, including the right to stay-put.

If the Charter School had no basis for knowledge of the student's disability, it shall proceed with the proposed discipline. The Charter School shall conduct an expedited evaluation if requested by the parents; however the student shall remain in the education placement determined by the Charter School pending the results of the evaluation.

The Charter School shall not be deemed to have knowledge that the student had a disability if the parent has not allowed an evaluation, refused services, or if the student has been evaluated and determined to not be eligible.

~~Unity MCHS considers student safety, the number one priority. To ensure that all Unity MCHS students and staff are safe and learning can occur, student behavior policies exist.~~

~~These policies will be reviewed and amended, if appropriate, annually and by need by the Unity Schools SoCal Board to address student conduct issues that may arise during the charter term that were not contemplated in the drafting of the charter. The board will seek input from staff and the UCC prior to adoption of any revision to the policies. Finally, Unity MCHS Suspension and Expulsion will comply with AB 420.~~

~~Suspension and Expulsion Policies will be printed and distributed as part of the school's student handbook and will clearly describe Unity MCHS' expectations regarding attendance, mutual respect, substance abuse, violence, safety, and work habits. Each student and his or her parent/guardian will receive the student handbook upon enrollment.~~

Suspension and Expulsion Policy and Procedure

~~This Pupil Suspension and Expulsion Policy has been established in order to promote learning and protect the safety and well being of all students at Unity MCHS. In creating this policy, Unity MCHS has reviewed Education Code Section 48900 et seq. which describes the noncharter schools' list of offenses and procedures to establish its list of offenses and procedures for suspensions and expulsions. The language that follows~~

BID DETAIL SHEET

Project: Unity Middle College High School
 Owner: UMCHS
 Address: 1937 W. Chapman Ave., Orange, CA 92868
 Usable Square Footage: 3,570

Item:	GC	
	Cost	Per SF (formula)
Drywall	\$ 16,876.00	6.77
Doors, Frames, Hardware	\$ 5,889.00	2.49
Acoustical	\$ 7,875.00	4.50
Electrical	\$ 35,592.90	9.97
HVAC	\$ 14,354.00	4.59
Plumbing	\$ 23,550.00	8.05
Carpentry	\$ -	0.00
Painting	\$ 2,355.00	1.50
Flooring	\$ 10,660.00	5.78
Fire Sprinklers	\$ 50,000.00	6.15
Wall Covering		0.00
Misc. Metals		0.00
Insulation		0.00
Demolition	\$ 3,555.00	2.37
Concrete	\$ 350.00	0.10
Roofing	\$ -	0.00
Dock Levelers	\$ -	0.00
Glass	\$ 750.00	0.21
Truck Door	\$ -	0.00
Landscaping	\$ -	0.00
Millwork	\$ 11,550.00	3.24
Bathroom Accessories	\$ 3,570.00	1.00
Window Covering	\$ 977.00	0.61
Janitorial	\$ -	0.00
Fire Life Safety	\$ 6,655.00	2.14
Specialties		0.00
Sub-total	\$ 194,558.90	54.50
General Conditions	\$ 15,564.71	
Insurance	\$ 2,201.35	
Profit	\$ 14,401.38	
Total	\$ 226,726.34	63.51
Adjustments:		
Adjusted Total:	\$ 226,726.34	
Alternates:		



ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE: May 22, 2018
TO: Nina Boyd, Associate Superintendent
FROM: Teresa Johnson, Coordinator
SUBJECT: Ednovate, USC College Prep, Santa Ana Campus – First Amended Agreement

DESCRIPTION:

Ednovate, a nonprofit public benefit corporation operating USC College Prep, Santa Ana Campus, has requested a material revision to the petition to change the name of the charter school to Legacy College Prep. Pursuant to Education Code section 47607, a material revision of the provisions of a charter petition may be made only with the approval of the authority that granted the charter. Additionally, the material revision shall include a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.

Should the request for a material revision to the petition be approved by the Orange County Board of Education, it is recommended that the Agreement between the Orange County Board of Education and Ednovate be amended to reflect the school name change and any language necessary to ensure compliance with changes in law since the charter petition approved material revision February 2016.

HISTORY:

On August 20, 2015, the Orange County Board of Education authorized Ednovate to operate Santa Ana College Prep following the appeal of denial from the Santa Ana Unified School District. In February 2016, OCBE approved a material revision for Ednovate to change the charter school's name to USC College Prep, Santa Ana Campus. On April 11, 2018, Ednovate submitted a material revision to change the charter school's name again to Legacy College Prep.

RECOMMENDATION:

Request the Board designate the Associate Superintendent to negotiate an amended Agreement on behalf of OCBE, which will be presented to the Board for approval.