

## LAND AND BUILDING LEASE AGREEMENT

This Land and Building Lease Agreement (this "Lease"), dated for reference purposes only as of June 23, 2008, is made by and between THE LEWIS CARROLL SCHOOL ASSOCIATION, herein known as "LANDLORD" and YUBA ENVIRONMENTAL SCIENCE CHARTER ACADEMY, herein known as "TENANT".

### RECITALS

Landlord is the owner of that certain real property, together with all the improvements and all easements, rights, privileges and appurtenances thereunto belonging, including a building, containing approximately 10,000 square feet suitable for occupancy by not more than 125 public school students attending a public charter school (the "**Building**") and ("**Premises**") and 16 adults. The legal description of the real property is attached hereto and incorporated herein as Exhibit "A."

Landlord desires to lease the Premises to Tenant, and Tenant desires to lease the Premises from Landlord pursuant to the provisions of this Lease.

### 1. PREMISES

#### 1.1 Demising

Landlord hereby leases the Premises to Tenant, and Tenant hereby rents the Premises from Landlord, subject to the terms and conditions herein. Such lease is upon, and subject to, the terms, covenants and conditions herein set forth, and each party covenants, as a material part of the consideration for this Lease, to keep and perform their respective obligations under this Lease.

#### 1.2 Landlord's Premises

Landlord shall provide to Tenant "as-is building" and Tenant shall be responsible in accepting such lease.

#### 1.3 Warranty

Landlord warrants to Tenant that the Building is in compliance with all governmental laws, ordinances and codes (including, without limitation, all building codes and zoning ordinances) applicable to the Building for the use described herein and Landlord has no knowledge that the premises are not sufficient for it use.

Landlord shall be under no obligation to incur additional expense in order to repair the premises.

Landlord shall, upon request by Tenant, use its good faith efforts to pursue its rights under any warranties for the benefit of Tenant. Tenant's acceptance of the Premises shall be subject to delivery of possession by Landlord.

## 2. TERM

### 2.1 Primary Term

This Lease shall be effective (the “**Effective Date**”) as of the date of full execution and delivery of same by Landlord and Tenant. The “**Delivery Date**” shall be July 1, 2008; the date Landlord has delivered possession of the Premises to Tenant. The “**Commencement Date**” shall be the date of issuance of a final certificate of occupancy by the governmental authority having jurisdiction over the Premises. The expiration date of the term (the “**Term**”) shall be the last day of the month Twenty (20) Lease Years following the Commencement Date. If the Commencement Date is other than the first day of the month, then the first Lease Year also will include the partial month in which the Commencement Date occurs.

### 2.2 Surrender of Premises

On the expiration or earlier termination of this Lease, Tenant shall quit and surrender the Premises, together with all alterations, vacant and free of all tenancies and any leasehold rights therein and in good condition and repair, normal wear and tear and depreciation arising from lapse of time without fault or liability of Tenant.

## 3. BASE MONTHLY RENT

### 3.1 Net-Net-Net Lease

This is a net-net-net lease. Except as otherwise specifically set forth in this Lease, it is the intention of Landlord and Tenant that the “**Base Monthly Rent**” and all other sums and charges provided herein shall be absolutely net to Landlord, and that Tenant shall pay, as additional rent, all costs, charges, obligations, assessments, and expenses of every kind and nature against or relating to the Premises or the use, occupancy, area, possession, leasing, operation, management, maintenance or repair thereof, which may arise or become due during the term hereof, or which may pertain to this transaction, whether or not now customary or within the contemplation of the parties hereto, and which, except for the execution and delivery of this Lease, would have been payable by Landlord.

### 3.2 Base Monthly Rent

Tenant shall pay to Landlord as base monthly rent (“**Base Monthly Rent**”) as set forth below. Base Monthly Rent shall be payable by Tenant to Landlord in advance in equal monthly installments commencing upon the Commencement Date and on the first day of each calendar month thereafter, without prior notice, invoice, demand, deduction, or offset whatsoever. Landlord shall have the right to accept all rent and other payments, whether full or partial, and to negotiate checks and payments thereof without any waiver of rights, irrespective of any conditions to the contrary sought to be imposed by Tenant. All rent shall be paid to Landlord at the address to which notices to Landlord are given. Base Monthly Rent for any partial month shall be prorated based upon a thirty (30) day month. Any amounts payable by Tenant to Landlord under this Lease other than Base Monthly Rent shall be designated as “**Additional Rent**”.

<u>Term</u>	<u>Monthly Rent</u>
Commencement Date to the last day of the Twentieth Lease Year shall equal loan payment	Estimated: \$4,500.00
<u>Additional Items</u>	<u>One Time Payment</u>
Existing furniture of the landlord (inventory attached)	\$9,000.00
Supplies of the Landlord (inventory attached)	\$6,000.00

#### 4. USE OF THE PREMISES; COMPLIANCE

##### 4.1 Use of the Premises

Tenant shall use the Premises for the operation of a charter school, as authorized by the Education Code of the State of California and related and general office purposes, and for such uses as may be contemplated under the Civic Center Act. Notwithstanding any provision in this Lease to the contrary, it is expressly acknowledged by Landlord that this Lease contains no implied or express covenant for Tenant to conduct business in the Premises, continuously or otherwise, or to operate during any particular hours or in any particular manner. Furthermore, Landlord represents to Tenant that as of the Commencement Date, the Premises are located within a zoning and land use classification which permits Tenant's intended use of the Premises.

##### 4.2 Compliance

As of the Commencement Date, Landlord represents that the Premises comply in all material respects with all applicable statutes, ordinances, rules, regulations, orders, covenants, restrictions of record, and requirements in effect which regulate the use of the Premises, including without limitation. Subject to Landlord's representation, Tenant, at Tenant's sole expense, promptly shall comply with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the term or any part of the term hereof, regulating the use by Tenant of the Premises, including without limitation all applicable requirements of the State of California regulations.

#### 5. PROPERTY TAXES, OTHER CHARGES, ASSESSMENTS AND UTILITIES

##### 5.1 Tenant's Required Payments

Tenant shall, commencing on the Commencement Date, (i) pay before the date of delinquency and as additional rent, all "**Property Taxes**" and "**Other Charges**" that accrue during or are otherwise allocable to the term of this Lease.

5.1.1 **“Property Taxes”** shall mean all taxes, assessments, excises, levies, fees, and charges (and any tax, assessment, excise, levy, fee, or charge levied wholly or partly in lieu thereof or as a substitute therefore or as an addition thereto) of every kind and description, general or special, ordinary or extraordinary, foreseen or unforeseen, secured or unsecured, whether or not now customary or within the contemplation of Landlord and Tenant, that are levied, assessed, charged, confirmed, or imposed on or against, or otherwise with respect to, the Premises or any part thereof or any personal property used in connection with the Premises. It is the intention of Landlord and Tenant that all new and increased taxes, assessments, levies, fees and charges be included within the definition of Property Taxes for the purpose of this Lease.

5.1.2 **“Other Charges”** shall mean all taxes, assessments, excises, levies, fees, and charges (including common area maintenance charges, charges relating to the cost of providing facilities or services), whether or not now customary or within the contemplation of Landlord and Tenant, that are levied, assessed, charged, confirmed, or imposed upon, or measured by, or reasonably attributable to (a) the Premises; (b) the cost or value of Tenant's furniture, fixtures, equipment, or personal property located in the Premises or the cost or value of any leasehold improvements made in or to the Premises by or for Tenant.

Base Monthly Rent and additional rent payable under the Lease, including, if applicable, Property Taxes, Other Charges, insurance, maintenance, and other costs incurred by Tenant by which Landlord may benefit, including sales and use tax, but excluding any gross income tax or excise tax levied by any public or government authority with respect to the receipt of any such rents and costs; and (d) the possession, leasing, operation, management, maintenance, alteration, repair, use, or occupancy by Tenant of the Premises.

## 5.2 Utility Payments

Tenant shall promptly pay when due all charges for water, gas, electricity, and all other utilities furnished to or used upon the Premises, including all charges for installation, termination, and relocations of such service

## 5.3 Tenant's Right to Contest Utility Charges, Contest Taxes and Seek Reduction of Assessed Valuation of the Premises

Subject to section 5.1, Tenant, at Tenant's sole cost and expense, shall have the right, at any time, to seek a reduction in the assessed valuation of the Premises or to contest any taxes or utility charges that are to be paid by Tenant.

#### 5.4 Landlord Not Required to Join in Proceedings or Contest Brought by Tenant

Subject to section 5.1, Landlord shall not be required to join in any proceeding or contest brought by Tenant unless the provisions of the law require that the proceeding or contest be brought by or in the name of Landlord or the owner of the Premises. In that case, Landlord shall join in the proceeding or contest or permit it to be brought in Landlord's name as long as Landlord is not required to bear any cost.

### 6. FURNITURE, FIXTURES AND EQUIPMENT

#### 6.1 Furniture, Fixtures, and Equipment

During the term Tenant may, at Tenant's expense, place or install such furniture, trade fixtures, equipment, machinery, furnishings, face plates of signage and other articles of movable personal property (collectively, "**Tenant's Personal Property**") on the Premises as may be needed for the conduct of Tenant's business. It is expressly understood that the term Tenant's Personal Property as used herein shall in no event extend to leasehold improvements, fixtures or similar "vanilla shell" items such as light fixtures, HVAC equipment, or other fixtures and equipment which are permanently affixed to the Premises.

#### 6.2 Landlord's Lien Waiver

Landlord acknowledges Tenant's right to finance and to secure under the Uniform Commercial Code, inventory, furnishings, furniture, equipment, machinery, leasehold improvements and other personal property located in or at the Premises, and Landlord agrees to execute waiver forms releasing liens in favor of any purchase money seller, lessor or lender who has financed or may finance in the future such items. Without limiting the effectiveness of the foregoing, provided that no default shall have occurred and be continuing, Landlord shall, upon the request of Tenant, and at the Tenant's sole cost and expense, execute and deliver any instruments necessary or appropriate to confirm any such grant, release, dedication, transfer, annexation or amendment to any person or entity permitted under this paragraph including landlord waivers with respect to any of the foregoing.

#### 6.3 Removal of Tenant's Personal Property at Expiration of Lease

At the expiration or earlier termination of the Lease, providing there is no material uncured Event of Default, Tenant's Personal Property may be removed at the option of Tenant.

#### 6.4 Right to Affix Signs

Tenant shall have the right to decorate the Premises and affix signs customarily used in its business upon the windows, doors, interior and exterior walls of the Premises. Landlord shall install those pylon and/or monument free-standing signs that constitute a portion of Landlord's Work, if any. Upon the expiration or earlier termination of the Lease, Tenant shall remove its signage plates within a reasonable time following receipt of written notice from Landlord. Tenant promptly shall make such repairs and restoration of the Premises as are necessary to repair any damage to the Premises from the removal of the signs.

#### 6.5 Limitation on Landlord

Landlord acknowledges that Tenant shall have exclusive possession and control of the Premises during the term of this Lease.

## 7. MAINTENANCE AND REPAIRS OF THE PREMISES

### 7.1 Maintenance and Repair of the Premises

The Building shall be maintained and repaired to the standard of similar office buildings in the geographical area of the Building and in compliance with all applicable laws and regulations.

7.1.1 Tenant shall, at all times during the Term hereof and at Tenant's sole cost and expense, keep the Building and every part thereof (except as provided in subparagraph (b) below) in good and sanitary condition and repair. Without limiting the generality of the foregoing:

(i) Tenant shall maintain in good condition and to the highest standard of cleanliness its signs (whether within or outside of the Premises), metal work, walls, partitions, floors, doors and the interior and exterior of all windows in the Premises.

(ii) Tenant shall provide its own janitorial service at its sole cost and expense. Tenant shall store all refuse and other waste materials within the Premises in closed containers and shall cause such refuse and waste materials to be removed from the Premises daily to such location in the Building as may be designated from time to time by Landlord. Tenant shall not place or discard waste materials in any part of the Building, except the designated collection area.

### 7.2 Capital Expenditures

Any capital expenditures shall be payable by the Tennant.

## 8. ALTERATIONS AND IMPROVEMENTS

### 8.1 Right to Make Alterations

At all times during the term of this Lease, Tenant shall have the right to make alterations, additions and improvements ("**Alterations**") to the interior or exterior of the Premises and parking areas adjacent to the Premises. All Alterations shall be accomplished by Tenant in a good workmanlike manner, in conformity with applicable laws, regulations and covenants, conditions and restrictions encumbering the Premises, and by a licensed contractor; and with respect to Alterations.

### 8.2 Tenant Shall Not Render Premises Liable For Any Lien

Tenant shall have no right, authority or power to bind Landlord, or any interest of Landlord in the Premises, nor to render the Premises liable for any lien or right of lien for the payment of any claim for labor, material, or for any charge or expense incurred to

maintain, to repair or to make Alterations to the Premises. Tenant shall in no way be considered the agent of Landlord in the construction, erection, modification, repair, or alteration of the Premises.

## 9. INDEMNITY AND INSURANCE

### 9.1 Indemnification

A. Tenant Indemnity. Tenant shall indemnify, defend, and protect Landlord, and hold Landlord harmless from any and all loss, cost, damage, expense and/or liability (including court costs and reasonable attorneys' fees) due to Tenant negligence during the term of this Lease,

Tenant further agrees to indemnify and hold harmless Landlord, Landlord's agents, and the landlord or landlords under all ground or underlying leases, from and against any and all loss, cost, liability, damage, and expense (including reasonable attorneys' fees) incurred in connection with or arising from any claims by any persons by reason of injury to persons or damage to property occasioned by Tenant's referred to in the preceding sentence. The provisions of this Section shall survive the expiration or sooner termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

B. Landlord Indemnity. Except to the extent of any loss or damage resulting from the acts or omissions of Tenant, its agents, contractors, licensees or employees, Landlord shall indemnify, defend, and protect Tenant, and hold Tenant harmless from any and all loss, cost, damage, expense and/or liability (including court costs and reasonable attorneys' fees) incurred in connection with: (i) a breach of this Lease by Landlord; (ii) the negligence, fraudulent or intentional misconduct of Landlord; (iii) the condition of the Premises or any occurrence or happening on the Premises from any cause whatsoever that occurs prior to the Delivery Date. The provisions of this Section shall survive the expiration or sooner termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

### 9.2 Insurance Company Requirement

Insurance required by this Lease shall be issued by companies holding a general policyholder's rating of A or better as set forth in the most current issue of Best's Insurance Guide and authorized to do business in the state in which the Premises are located. If this publication is discontinued, then another insurance rating guide or service generally recognized as authoritative shall be substituted by Landlord.

### 9.3 Insurance Certificate Requirements

9.3.1 Tenant shall deliver to Landlord evidence of the existence and amounts of the insurance with additional insured endorsements and loss payable clauses as required herein. Tenant shall deliver to Landlord certificates of insurance in connection with Tenant's liability policy(ies), and evidence of property insurance in a form reasonably acceptable to Landlord in connection with Tenant's property policy(ies). No policy shall be cancelable except after at least ten (10) days' prior notice to Landlord.

9.3.2 The insurance required to be maintained herein may be carried under blanket policies. The property insurance shall provide for payment of loss jointly to Landlord and Tenant as their interest

may appear.

#### 9.4 Minimum Acceptable Insurance Coverage Requirements

9.4.1 Tenant shall, at Tenant's expense, obtain and keep in full force during the term of this Lease a policy of combined single limit bodily injury and property damage insurance written on an occurrence basis insuring Tenant (with Landlord as an additional insured) against any liability arising out of ownership, use, occupancy, or maintenance of the Premises and all of its appurtenant areas. The insurance shall be in an amount not less than One Million Dollars (\$1,000,000) per occurrence; provided however, following receipt of notice from Landlord the limits of such insurance shall be increased from time to time during the term of the Lease to such amount as may be commercially reasonable. In addition, Tenant shall, at Tenant's expense, obtain and keep in full force during the term of this Lease an umbrella liability policy in an amount not less than Two Million Dollars (\$2,000,000) in excess of primary insurance. The insurance to be maintained by Tenant shall be primary and not contributory to any other insurance maintained by Landlord, unless loss is determined to be due to Landlord's negligence.

9.4.2 Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a "**Special Purpose**" (as such term is used in the insurance industry) policy of insurance covering loss or damage to the Premises. The insurance shall be in an amount not less than one hundred percent (100%) of the full replacement cost of the building(s). The policy shall contain only standard printed exclusions; and an ordinance or law coverage endorsement covering increased costs resulting from changes in laws or codes. In no event shall any deductible payable in connection with such policy, together with any other form of self-insurance, exceed Ten Thousand Dollars (\$10,000.) and it shall be the Landlords sole responsibility to determine replacement costs of the Buildings.

9.4.3 Tenant shall also obtain and keep in force during the term of this Lease worker's compensation coverage, insuring against and satisfying Tenant's obligations and liabilities under the worker's compensation laws of the State of California.

#### 9.5 Additional Insured's

Tenant shall name as additional insured's and loss payees on all insurance, Landlord, and to the extent acceptable to the insurance carrier(s), Landlord's successor(s) and/or, assignee(s) and any lender whose name and contact information has been provided in writing to Tenant.

#### 9.6 Mortgage Endorsement

If requested by Landlord, the policies of insurance required to be maintained hereunder shall bear a standard first mortgage endorsement in favor of any holder or



holders of a first mortgage lien or security interest in the property with loss payable to such holder or holders as their interests may appear.

#### 9.7 Renewals, Lapses or Deficiencies

Tenant shall, at least thirty (30) days prior to the expiration of such policies, furnish Landlord with renewal certificates of insurance or renewal binders. Should Tenant fail to provide to Landlord the renewals or renewal binders, or in the event of a lapse or deficiency of any insurance coverage specified herein for any reason, Landlord may immediately replace the deficient insurance coverage with a policy of insurance covering the Premises of the type and in the limits set forth above. Upon notice from Landlord of the placement of insurance, Tenant shall immediately pay to Landlord, as additional rent, an amount equal to the total cost of premiums and expense of such insurance placement. Tenant shall not do or permit to be done anything which shall invalidate the insurance policies. If Tenant does or permits to be done anything which shall increase the cost of the insurance policies, then upon Landlord's demand Tenant shall immediately pay to Landlord, as additional rent, an amount equal to the additional premiums attributable to any acts or omissions or operations of Tenant causing the increase in the cost of insurance.

### **10. PARTIAL AND TOTAL DESTRUCTION OF THE PREMISES**

#### 10.1 Damage or Destruction of the Premises

If the Premises, or any portion of the Premises, shall be damaged by fire or other casualty that would be covered by the insurance carried by Tenant hereunder or required to be carried by Tenant hereunder (whether or not actually maintained by Tenant), and the cost of repairing such damage is not greater than fifty percent (50%) of the then full replacement cost thereof, Tenant shall repair the Premises (including all leasehold improvements) to substantially the condition prior to the casualty.

If the Premises shall be damaged by fire or other casualty to an extent greater than fifty percent (50%) of the then full replacement cost thereof, then Tenant shall have the option to either (i) repair or reconstruct the same to substantially the same condition as immediately prior to such fire or other casualty, or (ii) terminate this Lease by so notifying Landlord within sixty (60) days after the date of such fire or other casualty, such termination to be effective as of the date of such notice. If this Lease is terminated as provided above, all Base Monthly Rent shall be apportioned and paid up to the termination date. Notwithstanding anything to the contrary in this Section, Tenant shall not have any obligation whatsoever to repair, reconstruct or restore the Premises when the damage resulting from any casualty covered under this Section occurs during the last Two (2) Lease Years of the Term.

#### 10.2 Application of Insurance Proceeds

All insurance proceeds payable under any fire or other casualty insurance policy maintained by Tenant covering the Premises or any leasehold improvements and covering Tenant's personal property at the Premises, shall be payable solely to Tenant and Landlord shall have no interest therein. All insurance proceeds payable under any fire or other casualty insurance policy maintained by Tenant and covering Tenant's personal property, including without limitation Tenant's inventory, furniture, trade fixtures, and equipment, shall be payable solely to Tenant and Landlord shall have no interest therein. All insurance proceeds payable under the Insurance policy maintained by Tenant, leasehold improvements or alterations installed by Tenant at Tenant's expense and not applied to such restoration shall be payable to Landlord and Tenant as their

respective interest in such work, improvements and alterations may exist at such time.

## 11. CONDEMNATION

### 11.1 Condemnation Damages

In the event of the taking or conveyance of the whole or any part of the Premises by reason of condemnation by any public or quasi-public body (“**Condemnation**”), Landlord and Tenant shall represent themselves independently in seeking damages before the condemning body. Each party shall be entitled to the amount awarded respectively to each.

### 11.2 Termination of Lease Due to Condemnation

In the event the Condemnation materially adversely affects the use of the Premises as defined in Section 4, Tenant may terminate the Lease by giving Landlord notice of termination within sixty (60) days of receipt of notice of the Condemnation.

The effective date of the termination shall be the date upon which fee simple interest is vested in the condemning authority. In the event of termination hereunder, Tenant shall be released from further obligations or liabilities arising under the Lease thereafter. In the event of termination, Base Monthly Rent, Property Taxes, Other Charges and any other items of additional rent (collectively, “**Rent and Charges**”) shall be prorated based upon the actual number of days in the period to be prorated.

## 12. DEFAULT AND TERMINATION

### 12.1 Event of Default

The occurrence of any of the following events (each an “**Event of Default**”) shall constitute a default by Tenant:

12.1.1 Failure by Tenant to pay rent within Three (3) business days of written notice from Landlord that such amount is past due; provided, however, for up to two (2) times during any twelve (12) consecutive month period, if any payment of rent is not received when due, Landlord shall notify Tenant in writing (a “**Late Notice**”), and Tenant shall have ten (10) days from the date of receipt of the Late Notice to make full payment of the rent. If the late rent is not paid within the ten (10) day period, or if any subsequent rent during that twelve (12) consecutive month period is not received when due after Landlord has delivered to Tenant the two (2) Late Notices as hereinabove required, then Tenant shall be in default of this Lease.

12.1.2 Failure by Tenant to perform or comply with any provision of this Lease (other than as set forth in Section 12.1.1) if the failure is not cured within sixty (60) days after notice has been given by Landlord to Tenant. If, however, the failure cannot reasonably be cured within the 60 day cure period, Tenant shall not be in default of this Lease if Tenant commences to cure the failure within the cure period and diligently and in good faith continues to cure the failure.

## 12.2 Landlord's Remedies

Landlord shall have any one or more of the following remedies after the occurrence of a default by Tenant. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law, in equity, or otherwise:

12.2.1 Declare the Term of this Lease ended and re-enter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim thereon or hereunder.

12.2.2 Without declaring this Lease ended, re-enter the Premises and occupy the whole or any part thereof for and on account of Tenant and collect the rent and any other rent that may thereafter become payable; or

Should Landlord have re-entered the Premises under the provisions above, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay rent thereafter to accrue, or its liability for damages under any of the provisions hereof, by any such re-entry or by any action in unlawful detainer, or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that it has so elected to terminate this Lease, and Tenant further covenants that the service by Landlord of any notice pursuant to the unlawful detainer statutes of the State of California and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time or at any time subsequent to the serving of such notices and such election be evidenced by a written notice to tenant) be deemed to be a termination of this Lease

Should Landlord elect to terminate this Lease under the provisions of Subsections 12.2.1 or 12.2.2 above, Landlord may recover from Tenant as damages:

(a) the worth at the time of award of any unpaid rent which have been earned at the time of such termination; plus

(b) 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 Tenant proves could have been reasonably avoided; plus

(c) 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 Tenant proves could be reasonably avoided; plus

(d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease

(e) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time under California law.

## 12.3 Late Charge

If Tenant fails to pay when due any payment of rent or other charges which Tenant is obligated to pay to Landlord under this Lease, there shall be a late charge, immediately payable by Tenant as additional rent, in the amount of two percent (2%) of each such obligation. Landlord and Tenant agree that this sum is reasonable to compensate Landlord for accounting and administrative expenses incurred by Landlord.

In addition to the late charge, any and all rent or other charges which Tenant is obligated to pay to Landlord under this Lease

**12.4 Surrender of Premises**

No act or thing done by Landlord or any agent or employee of Landlord during the Lease term shall be deemed to constitute an acceptance by Landlord or a surrender of Premises unless such intent is specifically acknowledged in a writing signed by Landlord.

**12.5 Interest Charges**

Any amount not paid by one party to the other when due to the other party will bear interest from the date of the Late Notice with respect to any Tenant's monetary obligations or with respect to Landlord, from the date due at the lesser of (i) the prime commercial rate being charged by the Bank of America N.A. in effect on the date due per annum; or (ii) the maximum rate permitted by law to be paid by California local public agencies

**12.6 Tenant's Default**

If Tenant is in material default of the Lease beyond all applicable notice and cure periods, then, for so long as Landlord does not terminate Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent, Tenant will have the right to assign or sublet its interest in the Lease, but Tenant will not be released from liability.

**12.7 Default by Landlord**

Landlord shall be in default if Landlord fails to perform any provision of this Lease required of it and the failure is not cured within thirty (30) days after notice has been given to Landlord. If, however, the failure cannot reasonably be cured within the cure period, Landlord shall not be in default of this Lease if Landlord commences to cure the failure within the cure period and diligently and in good faith continues to cure the failure. If Landlord shall at any time default beyond the applicable notice and cure period, Tenant shall have the right to cure such default on Landlord's behalf. Subject to Section 12.5, any sums expended by Tenant in doing so, and all reasonably necessary incidental costs and expenses incurred in connection therewith, shall be payable by Landlord to Tenant within thirty (30) days following demand therefore by Tenant.

**12.8 Notices of Default**

Notices given under this Section 12 shall specify the alleged default or breach, the cure period and the applicable Lease provision(s).

**13. RIGHT OF INSPECTION**

Landlord and Landlord's authorized representatives shall have the right (but not the obligation) after forty-eight (48) hours prior notice to Tenant, to enter upon the Premises at all reasonable hours for the purpose of inspecting the Premises.

**14. WAIVER OF BREACH**

No waiver by either party of any breach of any one or more of the terms, covenants, conditions, or agreements of this Lease shall be deemed to imply or constitute a waiver of any succeeding or other breach. Failure of either party to insist upon the strict performance of any of the terms, conditions, covenants, and agreements of this Lease shall not constitute or be considered as a waiver or relinquishment of the party's rights to subsequently enforce any default, term, condition, covenant, or agreement, which shall all continue in full force and effect. The rights and remedies of the parties

under this Lease shall be cumulative and in addition to any and all other rights and remedies which each party has or may have.

**15. NOTICES**

**15.1 Notice Requirements**

All notices, requests, consents, approvals or demands herein provided to be given or made, or which may be given or made by either party to the other, shall be given or made only in writing and shall be deemed to have been duly given: (i) when delivered personally at the address set forth below, or to any agent of the party to whom notice is being given.

**If to Landlord:**

THE LEWIS CARROLL SCHOOL ASSOCIATION  
Attn: Administrator

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_

**If to Tenant:**

YUBA ENVIRONMENTAL SCIENCE CHARTER ACADEMY  
Attn: Bruce Helft  
Post Office Box 180  
Dobbins, CA 95935-0180  
Phone: (530) 692 2210  
Fax: \_\_\_\_\_

**With a copy to:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**15.2 Payments Under Lease**

Rent and all other payments due to Landlord under this Lease shall be paid in lawful money of the United States of America without offset or deduction except as set forth herein, to the name and at the address set forth in Section 15.1 above or to such other persons or parties or at such other places as Landlord may from time to time designate in writing.

15.3 Transfer by Grant Deed

Landlord shall have the right to Grant Deed the property to the Tenant.

Tenant shall have the exclusive right to have the property Grant Deeded to the Tenant at such time and date selected by the Tenant but no later than six months from the commencement of the lease. Tenant shall have the right to assign the Grant Deed to a new local Community Foundation (501 c 3) and Lease the Premises from such foundation.

ASSIGN ITS RIGHTS TO TAKE TITLE TO A.....

Such documents required for Grand Deeds shall be endorsed at the time of commencement of the lease and be held in escrow whereby either party shall have the right to record the documents and transfer or Grand Deed the property.

The individual parties representing the Tennant entity shall have no personal, or joint and several liabilities regarding the lease or the subsequent Grand Deed in regard to the note and deed of trust or mortgage on the premises.

**16. RELATIONSHIP OF THE PARTIES**

This Lease shall not be deemed or construed by the parties, nor by any third party, as creating the relationship of (i) principal and agent, (ii) partnership, or (iii) joint venture between the parties. Neither the method of computation of rent nor any other provision of this Lease, nor any acts of the parties are other than in the relationship of landlord and tenant.

**17. SUBORDINATION, ATTORNMENT AND ESTOPPEL**

17.1 Subordination and Non-Disturbance

Subject to the provisions of this Section, this Lease and the leasehold estate created hereby shall be, at the option and upon written declaration of Landlord, subject, subordinate, and inferior to the lien and estate of any liens, trust deeds, and encumbrances (“**Mortgages**”), and all renewals, extensions, or replacements thereof, now or hereafter imposed by Landlord upon the Premises; provided, however, that Landlord covenants to obtain from each holder of a Mortgage and this Lease shall not be subordinate to any Mortgage arising after the date of this Lease, or any renewal, extension, or replacement thereof., so long as Tenant is not in default hereunder, Landlord’s and Tenant’s rights and obligations hereunder shall remain in force and Tenant’s right to possession shall be upheld.

17.2 Attornment

In the event of foreclosure of any Mortgage, whether superior or subordinate to this Lease, then (i) this Lease shall continue in force; (ii) Tenant's quiet possession shall not be disturbed if Tenant is not in default hereunder; and (iii) Tenant shall attorn to and recognize the mortgagee or purchaser at foreclosure sale (“**Successor Landlord**”) as Tenant's landlord for the remaining term of this Lease.

17.3 Estoppel Certificate

Landlord and Tenant shall, at any time upon not less than thirty (30) days prior written notice, execute and deliver to a prospective new landlord, lender, or assignee or subtenant of Tenant, or other appropriate third party, as the case may be, a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or if

modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect), (b) the date to which the rent and other charges are paid in advance, if any and (c) acknowledging that there are not, to the party's best knowledge, any uncured defaults or unfulfilled obligations on the part of the other party hereunder, or specifying such defaults or unfulfilled obligations if any are claimed.

## **18. FINANCIAL COVENANTS**

### **18.1 Financial Statements**

Tenant shall furnish to Landlord, annual unqualified financial statements within One Hundred Eighty (180) days of Tenant's fiscal year end. Landlord agrees to maintain the confidentiality of all financial information furnished by Tenant hereunder.

## **19. ATTORNEYS' FEES**

### **19.1 Recovery of Attorneys' Fees and Costs of Suit**

In the event of any legal action or proceeding brought by either party against the other arising out of this Lease, the prevailing party in such action shall be entitled to recover from the non-prevailing party therein reasonable attorneys' fees and costs incurred in such action (including, without limitation, all costs of appeal) and such amount shall be included in any judgment rendered in such proceeding.

## **20. CONSENT**

Except as otherwise expressly set forth in this Lease, any consents or approvals required of either party hereunder shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, in the event a party fails to respond within thirty (30) days of receipt of a request for consent or approval, such failure shall be deemed to be that party's consent or approval of the matter that is the subject of the notice.

## **21. AUTHORITY TO MAKE LEASE; COVENANT OF QUIET ENJOYMENT**

### **21.1 Full Power and Authority to Enter Lease**

The parties covenant and warrant that each has full power and authority to enter into this Lease.

### **21.2 Quiet Enjoyment**

Landlord covenants and warrants that Tenant shall have and enjoy full, quiet, and peaceful possession of the Premises, its appurtenances and all rights and privileges incidental thereto during the term, as against all persons claiming by, through, or under Landlord, subject to the provisions of this Lease and any title exceptions in existence on the Commencement Date. Landlord shall defend, indemnify, and hold harmless Tenant from any costs or expenses incurred from a breach of this covenant.

### **21.3 No Violation of Covenants and Restrictions**

Tenant leases the Premises subject to all encumbrances, covenants, conditions, restrictions, easements, rights of way, and all other matters of record affecting the Premises. Tenant shall not violate, permit a violation, or cause Landlord to violate any recorded covenants and restrictions affecting the Premises. Tenant shall defend, indemnify, and hold harmless Landlord from any costs or expenses incurred from such a violation.

## **22. HAZARDOUS MATERIAL**

### **22.1 Environmental Compliance**

To Landlord's actual knowledge as of the date of this Lease, Landlord represents that there are no Hazardous Materials (as the same is defined under "Laws" defined below) on the Premises. Landlord shall indemnify and hold Tenant harmless from any and all claim, loss or damage incurred by Tenant, due to Landlord's breach of the foregoing representation.

Without limiting the foregoing, if the presence of any Hazardous Material on the Premises is caused or permitted by Tenant and results in any contamination of the Premises, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material. Provided, however, Tenant shall not take any remedial action in response to the presence of any Hazardous Materials in or about the Premises nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials in any way connected with the Premises, without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear, intervene or otherwise appropriately assert and protect Landlord's interest with respect thereto.

As used herein, the term "Laws" means applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Material affecting the Premises, whether in effect as of the date hereof or hereinafter enacted including, without limitation, Proposition 65 of the State of California, and the laws, ordinances, and regulations referred to above.

## **23. GENERAL PROVISIONS**

### **23.1 Gender; Number**

The use of (i) the neuter gender includes the masculine and feminine and (ii) the singular number includes the plural, whenever the context requires.

### **23.2 Captions**

Captions in this Lease are inserted for the convenience of reference only.

### **23.3 Exhibits**

All attached exhibits are a part of this Lease and are incorporated in full by this reference. Except as specifically provided herein, if any provision contained in any exhibit hereto is inconsistent or in conflict with any provisions of this Lease, the provisions of this Lease shall supersede the provisions of such exhibit and shall be paramount and controlling.

### **23.4 Entire Agreement**

This Lease contains the entire agreement between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Lease.

### **23.5 Drafting**

This Lease shall not be construed more strictly against one party than the other



because it may have been drafted by one of the parties or its counsel, each having contributed substantially and materially to the negotiation and drafting hereof. Unless the context clearly requires otherwise, (i) the plural and singular members are each deemed to include the other, (ii) the masculine, feminine and neuter genders are deemed to include the others, (iii) "shall", "will" and "agrees" are mandatory and "may" is permissive, (iv) "or" is not exclusive, and (v) "includes" and "including" are not limiting.

#### 23.6 Modification

No modification, waiver, amendment, discharge, or change of this Lease shall be valid unless it is in writing and signed by the party against which the enforcement of the modification, waiver, amendment, discharge, or change is or may be sought.

#### 23.7 Joint and Several Liability

If any party consists of more than one person or entity, the liability of each such person or entity signing this Lease shall not be joint and several. There shall be no personal liability as to the individuals of the entities that are a party to this lease agreement.

#### 23.8 Governing Law

This Lease shall be construed and enforced in accordance with the laws of the State of California. In the event any provision contained in this Lease is inconsistent or in conflict with local law, custom, or practice, the provisions of this Lease shall supersede and shall be paramount and controlling.

#### 23.9 Time of Essence

Time is of the essence of every provision of this Lease.

#### 23.10 Severability

In the event any term, covenant, condition, or provision of this Lease is held to be invalid, void, or otherwise unenforceable by any court of competent jurisdiction, the fact that such term, covenant, condition, or provision is invalid, void, or otherwise unenforceable shall in no way affect the validity or enforceability of any other term, covenant, condition, or provision of this Lease.

#### 23.11 Successors and Assigns

Except as otherwise provided herein, all terms of this Lease shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective legal representatives, successors, and assigns.

#### 23.12 Limitation of Landlord's Liability

Notwithstanding anything contained in this Lease to the contrary, Landlord shall not incur any liability beyond Landlord's interest in the Premises upon a breach of this Lease, and Tenant shall look exclusively to such interest in the Premises for the payment and discharge of any obligations imposed upon Landlord under this Lease. The provisions of this Section shall not apply (i) in the event of Landlord's gross negligence, fraudulent or willful misconduct, and (ii) prior to the Delivery Date.

#### 23.13 Further Assurances

Each party hereto shall perform all further acts and shall execute and deliver all further documents which may be reasonably necessary or required to accomplish the purposes of this Agreement.

shall be deemed an original. The counterparts shall together constitute but one agreement. Any signature on a copy of this Lease or any document necessary or convenient thereto sent by facsimile shall be binding upon transmission by facsimile and the facsimile copy may be utilized for the purposes of this Lease.

**LANDLORD:**

**TENANT:**

THE LEWIS CARROLL SCHOOL

YUBA ENVIRONMENTAL SCIENCE  
CHARTER ACADEMY  
A California Non-Profit 501 3-C  
Public Benefit Corporation and  
Public Charter School Operator

By: R Thiel  
Name: RICHARD THIEL  
Its: President  
Date: 6-21-08

By: Paul McGovern  
Name: PAUL MCGOVERN  
Its: CFO  
Date: June 19, 2008

By: Nicole McCulloch  
Name: Nicole McCulloch  
Its: secretary  
Date: 6-22-08

By: Kathleen Stavosky  
Name: Kathleen Stavosky  
Its: secretary  
Date: June 19, 2008