

NOTICE OF PUBLIC MEETING
of the
Board of Directors of
SOMERSET ACADEMY OF LAS VEGAS

Notice is hereby given that the Board of Directors of Somerset Academy of Las Vegas, a public charter school, will conduct a public telephonic meeting on November 29, 2017, beginning at 12:00 p.m. The call-in information is as follows:

Call-in Number: 1-866-244-8528

Access Code: 251188#

Anyone who wishes to make public comment is welcome to attend the meeting at 4650 Losee Road, North Las Vegas, NV 89081. The public is invited to attend.

Attached hereto is an agenda of all items scheduled to be considered. Unless otherwise stated, the Board Chairperson may 1) take agenda items out of order; 2) combine two or more items for consideration; or 3) remove an item from the agenda or delay discussion related to an item.

Reasonable efforts will be made to assist and accommodate physically handicapped persons desiring to attend or participate at the meeting. Any persons requiring assistance may contact Jennifer Ellison at (702) 431-6260 or jennifer.elison@academicnv.com two business days in advance so that arrangements may be conveniently made.

Public comment may be limited to three minutes per person at the discretion of the Chairperson.

AGENDA

November 29, 2017 Meeting of the Board of Directors of Somerset Academy of Las Vegas

(Action may be taken on those items denoted “For Possible Action”)

1. Call to order and roll call (For Possible Action)
2. Public Comment and Discussion (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.)
3. Approval of Minutes from the November 2, 2017 Board Meeting (For Possible Action)
4. Review and Approval of the Lease for the Aliante Campus, Subject to Final Changes Approved by Outside Counsel (For Possible Action)
5. Review and Approval of the 2016/2017 Financial Audit (For Possible Action)
6. Member Comment (Information/Discussion)
7. Public Comments and Discussion(Discussion)
8. Adjournment (For Possible Action)

This notice and agenda has been posted on or before 9 a.m. on the third working day before the meeting at the following locations:

- (1) 385 W. Centennial Parkway, North Las Vegas, Nevada 89084
- (2) 7038 Sky Pointe Drive, Las Vegas, Nevada 89131
- (3) 50 N. Stephanie St., Henderson, Nevada 89074
- (4) 4650 Losee Road, North Las Vegas, Nevada 89081
- (5) 4491 N. Rainbow Blvd., Las Vegas, Nevada 89108
- (6) North Las Vegas City Hall, 2250 Las Vegas Blvd. North, North Las Vegas, Nevada.
- (7) Henderson City Hall, 240 South Water Street, Henderson, Nevada.
- (8) Las Vegas City Hall, 495 S. Main St., Las Vegas, Nevada.

SOMERSET ACADEMY OF LAS VEGAS

Supporting Document

Meeting Date: November 29, 2017 Agenda Item: 3 – Approval of Minutes from the November 2, 2017 Board Meeting Number of Enclosures: 1
--

SUBJECT: Approval of Minutes from the November 2, 2017 Board Meeting

<input checked="" type="checkbox"/> Action <input type="checkbox"/> Appointments <input type="checkbox"/> Approval <input type="checkbox"/> Consent Agenda <input type="checkbox"/> Information <input type="checkbox"/> Public Hearing <input type="checkbox"/> Regular Adoption

Presenter (s): Board

Recommendation:

Proposed wording for motion/action: Move to approve the minutes from the November 2, 2017 board meeting.

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 2 minutes
--

Background: A board meeting was held on November 2, 2017. As such, the minutes will need to be approved for this meeting.

Submitted By: Staff

MINUTES
of the meeting of the
BOARD OF DIRECTORS of SOMERSET ACADEMY OF LAS VEGAS
November 2, 2017

The Board of Directors of Somerset Academy of Nevada held a public meeting on November 2, 2017 at 6:00 p.m. at North Rainbow Blvd. Las Vegas, Nevada 89108.

1. Call to order and roll call

Board Chair John Bentham called the meeting to order at 6:05 p.m. with a quorum present. In attendance were Board members Sarah McClellan, Cody Noble, Carrie Boehlecke, and John Bentham.

Board members Will Harty and Travis Mizer were not present.

Also present were Principals Reggie Farmer, Sherry Pendleton, Jenni Martinez; Assistant Principals Michelle Lorig and Ruby Norland, Executive Director John Barlow, and Read by 3 Coach Megan Hoffman; as well as Academica representatives Trevor Goodsell, Ryan Reeves, and Crystal Thiriot.

2. Public Comments and Discussion

Ms. Jenni Sauter addressed the Board and stated the Losee Campus had participated in their first Farmers' Market and that the students had prepared a basket of garden goods for the Board; adding that \$450.00 was raised in donations and purchases.

3. Approval of Minutes from the October 12, 2017 Board Meeting

Member Noble moved to approve the minutes from the October 12, 2017 Board meeting. Member Boehlecke seconded the motion, and the Board voted unanimously to approve.

7. Interview the Top Candidate for the Position of Principal for the Somerset Academy Aliante Campus

Executive Director John Barlow addressed the Board and stated that Principal Reggie Farmer was the only principal that had a desire to transfer to the Aliante Campus; adding his recommendation of Principal Farmer and his desire that the Board consider him for that campus.

Member Bentham asked Principal Farmer why he would want to change campuses, to which Principal Reggie Farmer addressed the board and stated that there were two reasons: the Aliante campus was about eight miles from his home and he would be more available to his family and the school.

Member Bentham asked what he had learned from opening other campuses. Principal Farmer replied that the good thing was that he had the experience and the formula that would assist with the startup process of the new campus, in which it was a wash and repeat method that had worked for three other campuses.

Member Boehlecke asked what kind of programs and climate Principal Farmer would like to bring to the Aliante campus. Principal Farmer replied that the number one thing he would like to bring to the new campus would be relationships; adding that he needs people with the right mindset that were willing to build relationships with the students and their families. Discussion ensued in regards to the effects of Principal Farmer making the transition to Aliante campus, as well as the impact it would have on the Stephanie campus.

8. Selection of Top Candidate for the Position of Principal for the Somerset Academy Aliante Campus

Member Bentham moved to select Principal Farmer as the Principal of the Aliante campus. Member Boehlecke seconded the motion, and the Board voted unanimously to approve.

9. Interview the Top Three Candidates for the Position of Principal for the Somerset Academy Stephanie Campus

Board members asked each candidate identical interview questions in order to qualify the applicant for the position.

Dr. Eve Breier addressed the Board and stated that she had been in education for sixteen years; adding that she started out as a teacher and currently had her Doctorate in Educational Leadership. Dr. Breier further explained her background in detail as reflected on her résumé. In regards to the questions presented by the Board, Dr. Breier stated that she had been Principal at a charter school for four years; adding that the reason she would like to work for Somerset Academy was because of the K-12 structure. Dr. Breier stated that when she was hiring teachers it was a priority that they have a heart for kids; adding that all other items were coachable. Discussion ensued in regards to homework, student achievement strategies, and the roles and responsibilities of the Principal's position.

Assistant Principal Michelle Lorig addressed the Board and stated that she had nineteen years of experience and detailed her background as reflected on her résumé. Dr. Lorig stated that the reason she wanted to work for this school as principal was because of the relationships she currently had in the school, further stating that she loved the school and believed she would be able to carry on the culture and expectations that currently existed. Dr. Lorig stated that she had been successful in working across many grade levels and with different student abilities using her educational and professional experience. Dr. Lorig stated that, in terms of hiring staff, it was important to understand each applicant's educational philosophy and their dedication to student success. Discussion ensued in regards to homework, student achievement strategies, and the roles and responsibilities of the Principal's position.

Assistant Principal Ruby Norland addressed the Board and introduced herself, presenting her background as reflected on her résumé. Assistant Principal Norland stated that she had had success in her former position because she was always seeking to learn; adding that most of her success came from working with teachers and navigating the needs of each individual. Assistant Principal Norland stated that she had experience in interviewing and hiring teachers, and the first item she looks for in an applicant was whether or not they care about students; adding that their words have to line up with their actions and the qualities of who they are as an individual.

Discussion ensued in regards to homework, student achievement strategies and the roles and responsibilities of the Principal's position.

10. Selection of Top Candidate for the Position of Principal for the Somerset Academy Stephanie Campus

Member McClellan stated that all the candidates were wonderful and it would be a very difficult decision. Member Boehlecke concurred with member McClellan; adding that the goal was to make an easy transition with the best candidate. Member Bentham requested that all member state their selection for the Principal of the Somerset Academy Stephanie Campus. All members chose Ms. Norland to fill the principal position.

Member Bentham moved to select Ms. Ruby Norland for the position of Principal for the Somerset Academy Stephanie Campus. Member Noble seconded the motion, and the Board voted unanimously to approve.

4. Discussion and Possible Approval of a Financial Solution for the Deficiency in Funding the Readby 3 Program

Mr. Trevor Goodsell addressed the Board and directed them to page 12 of the support materials regarding the Read by 3 Program; adding that, as a State mandated program, it was expected that the school would receive the same amount in funding that was received the previous year. Mr. Goodsell stated that this did not happen and only two of five Somerset campuses received funding; adding that he had created three different budgets reflecting the grant funding changes and possible solutions.

Mr. Goodsell directed the Board to page 17 of the support materials to further discuss the deficiency in funding by the Read by 3 Program. Mr. Goodsell stated that a Principals' meeting had been held to discuss ways to keep the Read by 3 teachers; adding that Executive Barlow had requested how financials would be affected if class sizes in grades 4 and 5 were increased. Mr. Goodsell stated that if all the seats were filled, the increase would work out to a break even.

Member Boehlecke asked which schools were in consideration for the increase in class size. Mr. Goodsell stated that each elementary campus was included, except Sky Pointe, which was already at 26 students per classroom. Discussion ensued in regards to the budget difference with and without class increase and various bond issuance items.

Member Bentham asked if there had been discussion regarding reallocation of funds at the State level. Mr. Ryan Reeves addressed the Board and stated that to his knowledge, the earliest the legislature could try to put more funding into this program would be in winter of 2019. Member Bentham asked who at the State level gave the indication that the funding would be the same as the previous year. Mr. Reeves replied that it was someone who worked under the Deputy Superintendent who oversaw the categorical funds specific to the Read by 3 grant; adding that this individual did not account for increased applications, which attributed to the deficiency.

Member Bentham asked the Principals to share their thoughts in regards to the classroom size increase. Principal Sherri Pendleton addressed the Board and stated that she was in favor of adding additional students to the classroom in this case, and believed that losing the onsite instructional coach would outweigh the disadvantage of adding a students. Principal Pendleton further added that she was also in favor of matriculating up to 30 students to help feed the 6th grade classes. Principals Martinez and Farmer agreed with Principal Pendleton's statement.

Member Boehlecke stated that it is in the students' best interest to fund the position and that she was not in favor of splitting coaches across campuses.

Ms. Megan Hoffman addressed the Board and stated that the best way to explain the need of this position was to look at the numbers; adding that students were becoming literate and functional readers because they had the additional resources to learn, and the relationship that was built between the student and the teachers. Member Bentham asked Ms. Hoffman how she would respond to handling two campuses. Ms. Hoffman replied that the students would not receive the same quality of service that they were currently receiving. Discussion ensued in regards to the impact of sharing coaches amongst multiple campuses.

Sky Pointe teacher Melanie Smith stated that the increase of class size in her classroom had not had a negative impact in regards to learning; however, it was worth noting that the classrooms were small and student supplies and curriculum were additional items to take into consideration. Discussion ensued in regards to classroom size increase and budget scenarios.

All Board members were in unanimous agreement to keep funding Read by 3 without increasing class sizes.

5. Possible Action to Approve a Revision of the Foundation Director's Salary

Mr. Goodsell directed the Board to page 15 of the support materials and stated that a previous decision had been made where the Foundation would reimburse the school 50 percent of the Foundation Director's salary adding that with benefits totaled about \$ 9,000.00 per month; and that currently the Foundation could not reimburse the school because of insufficient funds. Member Bentham stated that at this time with all items discussed and considering the other items discussed, the school would not be able to fund the Foundation Director's salary. Member Noble and Boehlecke concurred with this statement.

Mr. Reeves stated a possible solution would be for the Foundation Director to add more Board members who would fundraise at least of \$5,000.00 per member to help fund the Foundation. Discussion ensued in regards to possible solutions whether or not the Board could operate without a Foundation Director. Mr. Reeves stated that there were other schools that ran Foundations without a Director; adding that they were very successful.

The Board further discussed the possibility of employing Mr. Hammond through the end of 2017 as an employee of Somerset Academy. Executive Director Barlow stated that he could provide opportunities within the school for that time period.

Member Noble moved to approve employment of the Foundation Director to continue until December 31, 2017; and during that time he would report to Executive Director John Barlow. Member Bentham seconded the motion, and the Board voted unanimously to approve.

6. Review and Approval of the Final Revised Budget for the 2017-2018 School Year

Member Bentham moved to accept the budget as presented with revisions discusses in agenda items #4 and #5 with the actions that had been taken by the Board. Member McClellan seconded the motion, and the Board voted unanimously to approve.

11. Review and Approval of the Revised Somerset Academy Special Education Policies and Procedures Manual

Executive Director Barlow stated that the revisions had been made as voted on and approved by the Board; adding that the specific corrective action was to allow parents of a SPED student to review a report with a signature needed.

Member Bentham moved to approve the revised Somerset Academy Special Education Policies and Procedures Manual. Member Boehlecke seconded the motion, and the Board voted unanimously to approve.

12. Executive Director Update

Executive Director Barlow acknowledged the Principals and commended them on implementing the instruction presented by Ms. Jefferson; adding that the MAP and Read by 3 were accelerating student learning. Executive Director Barlow stated that the Principals would be introduced to better practices for transitions in regards to grade 5th to 6th and 8th to 9th.

13. Member Comment

Member Bentham thanked all individuals who attended the meeting.

14. Public Comments and Discussion

No request for public comment

15. Adjournment

The meeting was adjourned at 10:54 p.m.

Approved on: _____

_____ **of the Board of Directors**
Somerset Academy of Las Vegas

SOMERSET ACADEMY OF LAS VEGAS

Supporting Document

Meeting Date: November 29, 2017 Agenda Item: 4 – Review and Approval of the Lease for the Aliante Campus, Subject to Final Changes Approved by Outside Counsel Number of Enclosures: 1

SUBJECT: Lease Documents for Aliante Campus
--

<input checked="" type="checkbox"/> Action <input type="checkbox"/> Appointments <input type="checkbox"/> Approval <input type="checkbox"/> Consent Agenda <input type="checkbox"/> Information <input type="checkbox"/> Public Hearing <input type="checkbox"/> Regular Adoption

Presenter (s): Arthur Ziev

Recommendation:

Proposed wording for motion/action:

Move to approve the lease agreement for the Aliante campus, subject to final changes approved by outside counsel.

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 5-10 minutes

Background: Attached is the proposed lease agreement for Somerset Aliante. Approval is being sought by the Board with final changes approved by outside counsel.
--

Submitted By: Staff

LEASE AGREEMENT

by and among

TA Las Vegas TC LLC, Landlord

and

Somerset Academy of Las Vegas, Tenant

Dated as of: November ____, 2017

Table of Contents

	<u>Page</u>
ARTICLE I Leased Premises.....	1
ARTICLE II Term	4
ARTICLE III Base Rent, Security Deposit and Guaranty	7
ARTICLE IV Use and Conduct of Business in Premises	9
ARTICLE V Real Estate Taxes	11
ARTICLE VI Landlord’s Work; Delivery of Possession; Commencement Date; Tenant’s Installations	12
ARTICLE VII Compliance with Legal Requirements; Reporting Requirements and Covenants.....	17
ARTICLE VIII Indemnity and Insurance	19
ARTICLE IX Alterations.....	24
ARTICLE X Landlord’s and Tenant’s Removable Property.....	26
ARTICLE XI Repairs and Maintenance.....	27
ARTICLE XII Utilities	29
ARTICLE XIII Landlord’s Services.....	30
ARTICLE XIV Subordination	30
ARTICLE XV Quiet Enjoyment	32
ARTICLE XVI Assignment, Subletting and Mortgaging	32
ARTICLE XVII Signage	35
ARTICLE XVIII Damage or Destruction.....	35
ARTICLE XIX Eminent Domain	37
ARTICLE XX Surrender	38
ARTICLE XXI Default By Tenant; Landlord Remedies; Default by Landlord.....	39
ARTICLE XXII No Waivers	41
ARTICLE XXIII Curing Tenant’s Defaults	42
ARTICLE XXIV Brokerage	42
ARTICLE XXV Notices.....	43
ARTICLE XXVI Estoppel Certificates	44
ARTICLE XXVII Holdover	44
ARTICLE XXVIII Representations and Warranties	45
ARTICLE XXIX Miscellaneous Provisions.....	45

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “**Lease**”) dated November ____, 2017 (the “**Effective Date**”), by and among TA Las Vegas TC LLC, a Delaware limited liability company (“**Landlord**”) and Somerset Academy of Las Vegas, a Nevada public charter school (“**Tenant**”).

ARTICLE I Leased Premises

1.1 Ownership of Premises. Landlord is or will be the fee owner of the parcel of land described in Exhibit 1.1 annexed hereto and made a part hereof.

1.2 Description of Premises. The “**Premises**” shall consist of the real property located in the City of Las Vegas, Clark County, State of Nevada, and more particularly described on the Exhibit 1.1 attached to and made a part of this Lease (the “**Land**”), the building(s) located upon the Land and to be located upon the Land pursuant to this Lease (the “**Building**”), and all fixtures and improvements located therein and thereon. In consideration of Tenant’s payment of the Base Rent and Additional Rent (each as defined below) and Tenant’s performance of the covenants hereinafter set forth, Landlord hereby leases to Tenant and Tenant hereby takes from Landlord said Premises.

1.3 Defined Terms.

“**AAA**” has the meaning set forth in Section 6.11.

“**Acquisition Deadline**” has the meaning set forth in Section 2.3.1.

“**Additional Rent**” has the meaning set forth in Section 3.2.1.

“**Alterations**” has the meaning set forth in Section 9.1.

“**Appraised Value of the Premises**” shall have the meaning set forth in Section 2.4.4.

“**Authorizer**” means the Nevada State Public Charter School Authority, as well as any other charter school authorizer under Nev. Rev. Stat. § 386.509 that is, at any given time during the Term, party to a Charter School Contract (as contemplated under Nev. Admin. Code § 386.050) with Tenant.

“**Base Rent**” has the meaning set forth in Section 3.1.

“**Budget**” means the budget developed and agreed by the Parties, in writing, as provided in Section 6.4.

“**Building**” has the meaning set forth in Section 1.2.

“**Building Systems**” has the meaning set forth in Section 11.1.1.

“**Business Days**” shall mean every calendar day Monday through Friday, inclusive, but excluding legal holidays of the United States of America and of the state where the Premises are located.

“**Capital Repair Costs**” has the meaning set forth in Section 11.2.2.

“**Charter School**” has the meaning set forth in Section 4.1.1.

“**Charter School Contract**” has the meaning set forth in Section 4.1.1.

“**Closing Date**” has the meaning set forth in Section 2.4.1.

“**Commencement Date**” has the meaning set forth in Section 2.1.

“**Commencement Date Certificate**” has the meaning set forth in Section 2.2.

“Confidential Information” has the meaning set forth in Section 29.3.1.

“Control” means the full power and legal authority to direct and control the business, operations, decisions and actions of the subject person or entity.

“Dangerous Condition” has the meaning set forth in Section 4.2.1.

“Department” has the meaning set forth in Section 7.5.1.

“Development Costs” means all costs (including all Pre-Development Costs, as well as the reasonable cost of Landlord's travel in connection with Landlord's efforts under ARTICLE VI) expended toward Landlord's Work, but not unspent contingency funds.

“Effective Date” means November ____, 2017.

“Event of Default” has the meaning set forth in Section 21.1.

“Expiration Date” has the meaning set forth in Section 2.1.

“Governmental Approvals” has the meaning set forth in Section 2.3.2.

“Hazardous Materials” means any material or substance that is regulated from time to time by any local, state or federal law relating to environmental conditions and industrial hygiene, including, without limitation, the Resource Conservation and Recovery Act of 1976, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act, the Federal Water Pollution Control Act, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Safe Drinking Water Act, and all similar federal, state and local environmental statutes, ordinances and the regulations, orders, or decrees now or hereafter promulgated thereunder. **“Hazardous Materials”** includes any and all material or substances that are defined as “hazardous waste,” “extremely hazardous waste,” or a “hazardous material” pursuant to Legal Requirements.

“Insurance Proceeds” has the meaning set forth in Section 18.1.3.

“Insurance Requirements” means the insurance coverages required to be maintained by Tenant pursuant to Section 8.2 and Landlord pursuant to Section 8.3, and all requirements of the insurers issuing the policies containing such coverages.

“Interest Rate” has the meaning set forth in Section 3.3.2.

“Land” has the meaning set forth in Section 1.2.

“Landlord” means TA Las Vegas TC LLC, a Delaware limited liability company.

“Landlord Affiliate” means any person or entity which Controls, is Controlled by, or is under common Control with Landlord.

“Landlord Party” means Landlord and any Landlord Affiliate, and their respective officers, directors, shareholders, constituent partners, members, managers, principals, employees, staff, consultants, contractors, agents and professional advisors.

“Landlord’s Work” has the meaning set forth in Section 6.1.

“Lease” means this Lease Agreement.

“Lease Year” means (i) the period beginning on the Commencement Date and ending on the June 30 that first occurs after the Rent Commencement Date, and (ii) every period of July 1-June 30 thereafter occurring during the Term.

“Legal Requirements” means: all present and future statutes, laws, codes, regulations, ordinances, orders, rules, bylaws, administrative guidelines, requirements, directives and actions of any federal, state or local governmental or quasi-governmental authority that are applicable to the Premises; all recorded easements and licenses, recorded building and use restrictions, and other recorded covenants that are applicable to the Premises; and all other legal requirements of whatever kind or nature that are applicable to the Premises.

“Management Agreement” has the meaning set forth in Section 7.6.

“Manager” shall mean Academica Nevada, LLC, pursuant to the Charter School Services and Support Agreement required under Section 7.6.

“Material Alterations” has the meaning set forth in Section 9.1.2.

“Mortgage” has the meaning set forth in Section 14.1.

“Net Award” has the meaning set forth in Section 19.3.

“Non-Profit Company” has the meaning set forth in Section 2.5.

“Notice of Exercise” has the meaning set forth in Section 2.4.1.

“OFAC” has the meaning set forth in Section 29.7.

“Option” has the meaning set forth in Section 2.4.

“Option Period” has the meaning set forth in Section 2.4.

“Option Purchase Price” has the meaning set forth in Section 2.4.3.

“Option Sale Agreement” has the meaning set forth in Section 2.4.1.

“Party” shall mean either the Landlord or the Tenant.

“Parties” shall mean both the Landlord and the Tenant.

“Permitted Alterations” has the meaning set forth in Section 9.1.1.

“Permitted Use” has the meaning set forth in Section 4.1.2.

“Permitting Deadline” has the meaning set forth in Section 2.3.2.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

“Personal Property Taxes” has the meaning set forth in Section 5.2.2.

“Plans and Specifications” has the meaning set forth in Section 6.1.

“Pre-development Costs” means the sum of \$354,376.94.

“Premises” has the meaning set forth in Section 1.2.

“Premiums” has the meaning set forth in Section 8.3.2.

“Prohibited Person” has the meaning set forth in Section 29.7.

“Project Value of the Premises” has the meaning set forth in Section 2.4.5.

“Punchlist Items” means (i) minor details of construction, mechanical adjustment or any other similar matter, the non-completion of which will not interfere with Tenant’s use and occupancy of the Premises for the Permitted Uses and (ii) items which, in accordance with good construction practice, must be performed after Substantial Completion of Landlord’s Work.

“**Real Estate Taxes**” has the meaning set forth in Section 5.2.1.

“**Rent**” has the meaning set forth in Section 3.2.1.

“**Rent Commencement Date**” has the meaning set forth in Section 2.1.

“**Request**” has the meaning set forth in Section 16.1.1.

“**Specially Designated National and Blocked Person**” has the meaning set forth in Section 29.7.

“**Substantial Completion**” and “**Substantially Complete**” have the meanings set forth in Section 6.3.

“**Substantially Damaged**” has the meaning set forth in Section 18.1.1.

“**Successor Landlord**” has the meaning set forth in Section 14.2.

“**Superior Lease**” has the meaning set forth in Section 14.1.

“**Superior Lessor**” has the meaning set forth in Section 14.1.

“**Superior Mortgage**” has the meaning set forth in Section 14.1.

“**Superior Mortgagee**” has the meaning set forth in Section 14.1.

“**Target Commencement Date**” has the meaning set forth in Section 6.2.

“**Taxes**” has the meaning set forth in Section 5.2.

“**Tenant**” means Somerset Academy of Las Vegas, a Nevada public charter school.

“**Tenant Affiliate**” means any person or entity which Controls, is Controlled by, or is under common Control with Tenant.

“**Tenant Delay**” has the meaning set forth in Section 6.5.

“**Tenant Party**” means Tenant and any Tenant Affiliate, and their respective officers, directors, shareholders, constituent partners, members or principals, employees, staff, students, parents, consultants, contractors, agents and professional advisors.

“**Tenant’s Removable Property**” has the meaning set forth in Section 6.8.

“**Term**” has the meaning set forth in Section 2.1.

“**Transfer Expenses**” has the meaning set forth in Section 16.1.5.

“**Unavoidable Delay**” has the meaning set forth in Section 29.5.

ARTICLE II Term

2.1 Term. The term of this Lease (the “**Term**”) shall commence on the date Landlord’s Work is Substantially Complete in accordance with Section 6.3 (the “**Commencement Date**”), and shall expire at 11:59 p.m. on June 30, 2047. The “**Rent Commencement Date**” of this Lease shall be the later date to occur of (i) the Commencement Date, and (ii) September 1, 2018. The “**Expiration Date**” shall mean the date of expiration of the Term or on such earlier date upon which the Term shall expire or be canceled or terminated pursuant to any of the conditions or covenants of this Lease or pursuant to any Legal Requirements.

2.2 Commencement Date Certificate. Tenant shall, upon the request of Landlord, execute, acknowledge and deliver to Landlord an instrument in the form of the “**Commencement Date Certificate**” attached hereto as Exhibit 2.2 and otherwise in form reasonably satisfactory to Landlord confirming the Commencement Date, the Rent Commencement Date, the Expiration Date, the Base Rent and such other items as Landlord may reasonably request; *provided*, that Tenant’s failure to execute, acknowledge and deliver such an instrument shall not affect the validity of the Commencement Date, the Rent Commencement Date, the Expiration Date, the Base Rent or such other items as set forth in such Commencement Date Certificate.

2.3 Right to Cancel. This Lease is expressly conditioned upon the following:

2.3.1 If, for any reason whatsoever, Landlord fails to acquire fee title to the Premises on or before February 1, 2018 (the “**Acquisition Deadline**”), then unless Landlord and Tenant mutually agree in writing to extend such date, Landlord may elect to terminate this Lease by sending written notice of such termination of this Lease to Tenant within ten (10) Business Days following such Acquisition Deadline, and in such event, this Lease shall terminate and the Parties shall have no further obligations under this Lease, except for those obligations which expressly survive the termination of this Lease.

2.4 Option to Purchase. As of the Commencement Date, Landlord shall be deemed to grant, bargain, sell, and convey to Tenant—and hereby does, as of such Commencement Date, grant, bargain, sell, and convey to Tenant—an option (the “**Option**”) to purchase the Premises for the Option Purchase Price. The Option may only be exercised by Tenant, and only during the period commencing with the thirty-seventh (37th) full calendar month of the Term and ending after completion of the sixtieth (60th) full calendar month of the Term. Accordingly, for purposes of this Lease, the term “**Option Period**” shall mean the portion of the Term that commences at the beginning of the thirty-seventh (37th) full calendar month thereof and ends at the conclusion of the sixtieth (60th) full calendar month thereof.

2.4.1 The Option shall be exercised, if at all, only by Tenant’s delivering to Landlord, during the Option Period, all of the following (when, and only when, timely delivered, collectively, a “**Notice of Exercise**”): (i) written notice expressly stating that Tenant is exercising the Option; (ii) a self-contained and in-depth summary valuation report of the kind commonly known as a “full narrative appraisal” of the Premises, which appraisal shall have been prepared by a third-party appraiser carrying the MAI-designation and currently licensed in the State of Nevada; and which appraisal shall expressly declare the preparing appraiser’s opinion of the full fair market value of the Premises; (iii) two (2) originals of the Sale Agreement attached hereto as Exhibit 2.4.1 (the “**Option Sale Agreement**”), duly executed by Tenant; and (iv) a written statement specifying a closing date for the consummation of the conveyance of the Property to Tenant, which closing date (the “**Closing Date**”) (A) shall be a Business Day occurring no earlier than twenty (20) and no later than one hundred twenty (120) Business Days after Landlord’s receipt of the Notice of Exercise, but (B) shall not in any event be later than the date that is sixty (60) Business Days after the end of the Option Period. Tenant’s delivery of the Notice of Exercise shall be deemed an irrevocable obligation of Tenant to purchase the Property, and of Landlord to sell the Property, pursuant to all other terms and conditions set forth in this Lease and in the Option Sale Agreement.

2.4.2 Notwithstanding anything to the contrary contained in this Lease, this Option shall terminate upon any termination of this Lease. Tenant shall have no right to deliver the Notice of Exercise during the existence of an Event of Default, and Tenant’s inability to deliver the Exercise Notice as a result of an Event of Default shall not extend the Option Period.

2.4.3 The price for Tenant's purchase of the Premises pursuant to the Option (the "**Option Purchase Price**") shall, subject to adjustments under Section 2.4.4 and Section 11.2, equal the greater of (i) the Project Value of the Premises or (ii) the Appraised Value of the Premises.

2.4.4 For purposes of this Lease, the "**Appraised Value of the Premises**" shall mean the fair market value of the Premises as declared by the full narrative appraisal report that Tenant shall be required to deliver pursuant to Section 2.4.1, subject to Landlord's confirmation that the requisite appraisal shall have been duly prepared according to the requirements specified in such Section 2.4.1. Notwithstanding the foregoing, the Parties agree that the Appraised Value of the Premises shall not exceed the following limits: (i) \$17,258,710 if the Closing Date occurs in any of the thirty-seventh (37th) through forty-eighth (48th) full calendar months of the Term, or (ii) \$17,322,513 if the Closing Date occurs in any of the forty-ninth (49th) through sixtieth (60th) full calendar months of the Term; provided that, if the stated Project Values of the Premises determined hereunder for the pertinent time increments are adjusted pursuant to the terms of Section 2.4.5, below, then the maximum amounts of the Appraised Values of the Premises for the same time increments, as indicated in this Section 2.4.4, shall simultaneously be adjusted in direct proportion to such adjustments under Section 2.4.5.

2.4.5 For purposes of this Lease, the "**Project Value of the Premises**" shall mean (i) \$16,395,774 if the Closing Date occurs in any of the thirty-seventh (37th) through forty-eighth (48th) full calendar months of the Term, or (ii) \$16,456,387 if the Closing Date occurs in any of the forty-ninth (49th) through sixtieth (60th) full calendar months of the Term. Notwithstanding the foregoing, however, on or before the forty-fifth (45th) Day after the Rent Commencement Date, Landlord shall notify Tenant of the actual Development Costs. If the actual Development Costs shall differ from the Budget, then the Project Values of the Premises as set forth above shall be increased or decreased to take into account such actual Development Costs. If Tenant disagrees with or disputes the actual Development Costs indicated in the Landlord notice under this Section 2.4.5, the Parties shall use their reasonable best efforts to settle the disagreement or dispute. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both Parties. If, however, the Parties do not reach such resolution as to the Development Costs within a period of ten (10) Business Days after Landlord delivers a notice of actual Development Costs under this Section 2.4.5 then, (i) upon written notice to arbitrate by either Party delivered to the other within five (5) Business Days after the end of the ten (10) Business-Day negotiating period, all such disagreements and disputes as to the actual Development Costs shall be finally settled according to the dispute resolution provisions set forth in Section 6.11, or (ii) if neither Party timely delivers the requisite notice to arbitrate within such five (5) Business Days, then Landlord's notice to Tenant of its actual Development Costs shall be conclusive. No matter how resolved, the Parties shall enter into a written modification to this Lease, as provided under Section 29.4, to record any adjustment(s) to the Project Value of the Premises under this Section 2.4.5 or to the Appraised Values of the Premises under Section 2.4.4.

2.5 Non-Profit Status. Notwithstanding anything herein to the contrary, if Tenant (or any successor or assignee of Tenant) shall at any time during the Term cease to be an organization qualifying for an exemption from federal income taxation either (i) pursuant to Section 501(c)(3) of the Internal Revenue Code or (ii) as a public charter school under Nevada law (in either instance, a "**Non-Profit Company**"), or if this Lease is assigned, transferred or subleased, by operation of law or otherwise, to an entity which is not a Non-Profit Company, Landlord shall have the right to terminate this Lease without further liability or obligation to Tenant by providing Tenant with twenty (20) Business Days prior written notice, provided, however, that in the event of Tenant's failure to qualify as a Non-Profit Company (but not in the event of an assignment or sublease to a Non-Profit Company), if before the effective date of termination of this Lease, Tenant cures such failure and again qualifies as a

Non-Profit Company, Landlord's termination notice shall be revoked and null and void and this Lease shall continue in full force and effect subject to the terms and conditions of this Lease, including Landlord's rights under this Section 2.5. Tenant (or any successor or assignee of Tenant) shall notify Landlord in writing immediately upon learning of the loss of its status as a Non-Profit Company, or upon learning or determining that such status is in jeopardy.

ARTICLE III Base Rent

3.1 Base Rent. The fixed annual rent (the "**Base Rent**") shall be paid commencing on July 1, 2018 and thereafter in monthly installments in advance on the first Business Day of each and every calendar month during the Term.

3.1.1 For the period from July 1, 2018 up to the Rent Commencement Date, Tenant shall pay Landlord Base Rent of \$1.00 per month, which amount is due and payable by Tenant on July 18, 2018 and on the first day of each month thereafter. This obligation of Tenant to pay Base Rent as provided in the foregoing sentence is in addition to, and not in lieu of, any of Tenant's other obligations under this Lease, whether with respect to the payment of Rent or otherwise.

3.1.2 From and after the Rent Commencement Date, Base Rent shall be paid in the amounts set forth on Exhibit 3.1 attached to and made a part of this Lease, subject only (i) to adjustment pursuant to Section 3.6, if applicable, and (ii) to adjustment pursuant to Section 11.2, if applicable.

3.2 Additional Rent.

3.2.1 The Base Rent shall be net to Landlord, except as expressly provided otherwise in this Lease, so that all impositions, insurance premiums, utility charges, maintenance, repair and replacement expenses, payments or charges under covenants, conditions and restrictions now or hereafter of record, all expenses relating to compliance with Legal Requirements, capital replacements, and all other costs, fees, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Premises (excepting only Landlord's obligations expressly set forth in this Lease) which may arise or become due to Landlord or third parties during the Term or by reason of events occurring during the Term shall be paid or discharged by Tenant, at Tenant's sole cost and expense (all charges payable by Tenant other than Base Rent, however denoted, are hereinafter collectively referred to as "**Additional Rent**"). Base Rent and Additional Rent are sometimes hereinafter collectively referred to as "**Rent**" or "**Rents**."

3.2.2 Together with, and in addition to, any payment of Rent or other sum(s) payable to or for the benefit of Landlord under this Lease, Tenant shall pay to Landlord, further as Additional Rent, a sum equal to the aggregate of any excise, sales, occupancy, franchise, privilege, rental, or transaction privilege tax on, or of any similar tax now or in the future levied, assessed, or imposed by any governmental authority upon, Landlord or the Premises as a result (and to the extent) of payments comprising Rent under this Lease, or as a result of Tenant's use or occupancy of the Premises; provided, however, that such amount(s) shall be so payable by Tenant only if (i) duly imposed and (ii) a liability from which Tenant is not exempt.

3.3 Payment of Rent.

3.3.1 Tenant covenants and agrees to pay Base Rent and Additional Rent to, or as directed in writing by, Landlord. Tenant shall pay the Base Rent and Additional Rent promptly when due without notice or demand therefor and without any abatement, deduction or set off for any reason whatsoever unless expressly provided in this Lease; provided further that Base Rent shall be paid in the manner and pursuant to the terms of an Escrow Agreement substantially similar in form and content to

the Escrow Agreement entered into between CA Las Vegas Losee Road LLC and Tenant dated as of April 15, 2015, a duly executed copy of which Tenant shall have delivered to Landlord on Effective Date.

3.3.2 In addition to any other remedies Landlord may have under this Lease, if any Base Rent or Additional Rent payable hereunder to Landlord is not paid within five (5) Business Days after the due date therefor, such overdue payment shall bear interest from the due date thereof until paid at a rate (the “**Interest Rate**”) equal to the lesser of (i) ten percent (10%) per annum or (ii) the maximum interest rate permitted by Legal Requirements, and the amount of such interest shall be Additional Rent.

3.3.3 If the Rent Commencement Date or the Expiration Date occurs on a day other than the first day of a calendar month, the Base Rent and all Additional Rent for the partial calendar month in which the Rent Commencement Date or the Expiration Date occurs shall be prorated and the Base Rent for the partial calendar month in which the Rent Commencement Date occurs shall be paid on the Rent Commencement Date.

3.3.4 No payment by Tenant or receipt or acceptance by Landlord of a lesser amount than the Base Rent or Additional Rent shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord’s right to recover the balance or pursue any other remedy in this Lease or at law provided.

3.3.5 Tenant’s failure to pay Additional Rent shall be considered a failure to pay Base Rent hereunder and Landlord shall be entitled to all rights and remedies provided herein and by law in connection therewith. Landlord may request in writing at any time that Tenant provide Landlord with written evidence reasonably satisfactory to Landlord to document that Tenant has made full, timely payment of any Additional Rent that Tenant may have paid directly to a person or entity other than Landlord. Tenant shall, not less than ten (10) Business Days after Landlord delivers such written request, provide the required written evidence.

3.4 [Reserved.]

3.5 [Reserved.]

3.6 Adjustment of Base Rent Upon Substantial Completion of Landlord’s Work. Landlord and Tenant acknowledge that one factor in determining the fair rental value for the Premises under this Lease is the total Development Costs, and that the Base Rent set forth above has been determined, in part, using the Budget. Accordingly, Landlord shall also provide Tenant with a revised schedule of Base Rent, which shall be determined by increasing or decreasing the Base Rent set forth in Section 3.1 above by such amounts as may be reasonably required, as determined by Landlord in good faith, to ensure that Landlord receives the same rate of return on its capital investment in the Premises as Landlord would have received had the sum of all actual Development Costs noticed by Landlord been equal to the Budget. If Tenant disagrees with or disputes Landlord’s calculation of adjusted Base Rent, Tenant shall provide Landlord with Tenant’s own calculation of adjusted Base Rent (and a revised schedule of the same) within ten (10) Business Days after Landlord delivers its notice under Section 2.4.4. If Tenant’s adjusted calculation (and revised schedule) of Base Rent differs from Landlord’s by less than ten percent (10%), then Landlord’s determination of Base Rent shall be binding upon the Parties. If Tenant’s adjusted calculation (and revised schedule) of Base Rent differs from Landlord’s by ten percent (10%) or more, however, then the Parties shall use their reasonable best efforts to settle the dispute. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both Parties. If, however, the Parties do not reach such solution within a period of ten (10) Business Days after Tenant

delivers to Landlord written notice of Tenant's adjusted calculation (and revised schedule) of Base Rent, then, (i) upon written notice to arbitrate by either Party delivered to the other within five (5) Business Days after the end of the ten (10) Business-Day negotiating period, all such disagreements and disputes shall be finally settled according to the dispute resolution provisions set forth in Section 6.11, or (ii) if neither Party timely delivers the requisite notice to arbitrate within such five (5) Business Days, then the revised scheduled of Base Rent provided in Landlord's initial notice to Tenant under this Section 3.6 shall be conclusive. No matter how resolved, the Parties shall enter into a written modification to this Lease, as provided under Section 29.4, to record any adjustment(s) to the Base Rent under this Section 3.6. All time periods provided in this Section 3.6 shall run concurrently with the time periods provided in Section 2.4.4.

ARTICLE IV Use and Conduct of Business in Premises

4.1 Use.

4.1.1 Tenant shall maintain the charter school contract entered into between Tenant and Authorizer under Nev. Rev. Stat. § 386.527 and dated as of August 19, 2011 (as amended, modified, replaced, renewed, and extended from time to time, the "**Charter School Contract**") for operation, upon the Premises, of the Somerset Academy of Las Vegas Charter School (as operated upon the Premises, the "**Charter School**") in good standing and in full force and effect and shall take all actions necessary to renew such Charter School Contract during the Term.

4.1.2 Tenant shall use and occupy the Premises for the operation of the Charter School, and for associated supporting activities (including but not limited to administration, cafeteria, nurse's office, science laboratories, gymnasium, locker rooms, arts and crafts, ceramics, pre-kindergarten, before-care, after-care, tutoring, enrichment and enhancement programs, and the like) consistent with operation of the Charter School (the "**Permitted Use**"), and for no other purpose whatsoever without the prior written consent of Landlord.

4.1.3 Tenant acknowledges the following: (i) that it has reviewed all zoning ordinances, land use restrictions, and similar limitations affecting the Premises, as well as all agreements entered into under the same; (ii) that all such ordinances, restrictions, limitations and agreements constitute Legal Requirements with which Tenant shall comply according to the terms of this Lease; and (iii) that Tenant's failure or inability at any time to comply with such ordinances, restrictions, limitations and agreements shall not give rise to any right in Tenant to terminate this Lease. Furthermore, if any governmental license, certificate, approval, or permit, including without limitation, the Charter School Contract, shall be required for the proper and lawful conduct of the Permitted Use in the Premises or any part thereof pursuant to any Legal Requirement, Tenant, at its sole cost and expense, shall diligently and duly procure and thereafter maintain such licenses, certificates, approvals, permits and Charter School Contract during the Term hereof, and Tenant shall submit such licenses, certificates, approvals, permits and Charter School Contract (and all applications therefor) to Landlord for inspection promptly upon request. Landlord agrees to cooperate with Tenant, at no cost, expense or liability to Landlord, in connection with Tenant procuring all such licenses certificates, approvals, permits and Charter School Contract. Tenant shall at all times during the Term hereof comply with the terms and conditions of each such license, certificate, approval, permit and Charter School Contract. If Tenant fails, for any or no reason whatsoever, to obtain any or all licenses, certificates, approvals, permits or Charter School Contract necessary for the operation of Tenant's business at the Premises as required by this Lease, such failure shall not affect, reduce or diminish Tenant's obligations under this Lease.

4.1.4 Tenant shall not use or permit the use of the Premises or any part thereof in any way which would violate (i) the Certificate of Occupancy for the Premises or the Building, (ii) the Charter School Contract, (iii) the Governmental Approvals, or (iv) any Legal Requirements, and Tenant shall not suffer or permit the Premises or any part thereof to be used in any manner or anything to be done therein or anything to be brought into or kept therein which would in any way impair the proper and efficient heating, cleaning or other servicing of the Building or the Demised Premises. Neither shall Tenant commit or suffer to be committed any waste at the Premises.

4.2 Hazardous Materials.

4.2.1 Tenant represents, warrants and covenants that during the Term it shall not use nor cause to be used nor store any Hazardous Materials within the Premises or dispose of any Hazardous Materials at or from the Premises. In addition, Tenant shall notify Landlord, within twenty-four (24) hours of obtaining knowledge thereof, of any release of Hazardous Materials on the Premises. Nothing herein, however, shall prohibit Tenant from (i) using cleaning fluid and supplies customarily used in school facilities, (ii) chemicals and other laboratory materials customarily used in science labs, (iii) medical office supplies, medical equipment, pharmaceuticals and first aid kits customarily stored and used in school nurse's offices, and (iv) arts and crafts materials customarily used in school facilities, any of which may constitute Hazardous Materials but which are customarily present in schools; *provided* that such use and storage in the Premises shall at all times be in strict compliance with Legal Requirements, and that all such Hazardous Materials shall be removed from the Premises on or before the expiration or sooner termination of the Lease. Upon request by Landlord, Tenant shall submit to Landlord annual reports regarding Tenant's use, storage, and disposal of any of the Hazardous Materials, such reports to include information regarding continued Hazardous Materials inspections, personal interviews, and federal, state and local agency listings. In addition, Tenant shall execute affidavits, representations and the like from time to time at Landlord's reasonable request concerning Tenant's best knowledge and belief regarding the presence or absence of Hazardous Materials on the Premises. Tenant shall keep the Premises free from mold, mildew, asbestos, lead based paint and any and all other bacteria, fungi, substances and materials in quantities or concentrations that have been found to be harmful to the health or safety of any occupants of the Premises (any of the same being a "**Dangerous Condition**"). If Tenant becomes aware of any Dangerous Condition coming into existence after the Commencement Date of the Term, Tenant shall immediately notify Landlord of such and shall initiate and thereafter diligently prosecute to completion all actions necessary pursuant to Legal Requirements to investigate, assess, respond to, remove, abate, contain, encapsulate, sample, clean up, monitor or remediate such Dangerous Condition. All of the foregoing work shall be performed at Tenant's sole cost and expense, in a first-class, workmanlike manner and in compliance with all Legal Requirements. Tenant shall provide Landlord advance notice of any activities to be undertaken by Tenant pursuant to this paragraph, and shall keep Landlord apprised of the progress and results of same.

4.2.2 Tenant shall, in accordance with all Legal Requirements and to Landlord's reasonable satisfaction remove any and all Hazardous Materials placed in the Premises by Tenant or by its agents, invitees, employees or its contractors, and Tenant shall be responsible for all costs including, but not limited to, those resulting from monitoring, clean-up or compliance in accordance with all Legal Requirements incurred with respect to any Hazardous Materials placed in the Premises during installation of Tenant's Removable Property and after the Commencement Date, and shall be responsible for all such costs incurred with respect to any Hazardous Materials placed in, on or under the Premises by Tenant or its agents, invitees, employees or contractors. Tenant shall indemnify and hold Landlord and each other Landlord Party harmless from and against any and all costs, claims, suits, causes of action, losses, injuries or damage, including without limitation, personal injury damage (including death) as well as damage to property as well as any and all sums paid for settlement of

claims, reasonable attorney's fees, consultant and expert fees arising during the Term as a result of a breach of this ARTICLE IV or resulting from the presence or removal of Hazardous Materials from the Premises. The foregoing indemnities shall survive the expiration or earlier termination of this Lease.

ARTICLE V Real Estate Taxes

5.1 Obligation to Pay Taxes.

5.1.1 For such portion of the Term that the Premises shall be occupied by Tenant and shall be exempt from taxation under Nev. Rev. Stat. § 361.096(1), Landlord shall pay all Taxes directly to the applicable taxing authority. In addition, Landlord shall pay all Taxes (if any) attributable to any period before the Rent Commencement Date and after the expiration or termination of the Lease.

5.1.2 Notwithstanding the foregoing, the Parties acknowledge that, as of the Effective Date, pursuant to Nev. Rev. Stat. § 361.096(1), the Premises will be eligible for exemption from Taxes based on the education exemption granted to public charter schools. Accordingly, the Base Rent hereunder has been reduced by an amount which is at least equal to the amount of tax that would have been imposed if the Premises were not exempt pursuant to Nev. Rev. Stat. § 361.096(1). If any current or future Legal Requirements shall cause the Premises, as occupied by the Tenant, to not be exempt from Taxes, Landlord and Tenant agree that they shall amend this Lease to provide for Tenant to pay Landlord (either as Base Rent or Additional Rent) any such amounts due as a result of such taxation. Tenant shall cooperate with Landlord's reasonable efforts to obtain and maintain, at Landlord's sole expense, such tax exemption under Nev. Rev. Stat. § 361.096(1). In doing so, Tenant shall use its reasonable efforts to assist Landlord in obtaining any and all exemptions from Taxes including, without limitation, by submitting information and executing such documents as may be reasonably requested by Landlord, and otherwise reasonably cooperating with Landlord in obtaining same. In addition, should there come due during the Term any other amount as a tax, excise, exaction, or imposition (whether as a result of a change in Legal Requirements or interpretation or otherwise, and whether or not in lieu of taxes), Tenant shall pay, prior to delinquency, all Taxes then owing as Additional Rent. In such instance, Landlord shall give notice to Tenant of all Taxes payable by Tenant hereunder, of which Landlord at any time has knowledge, within five (5) Business Days after receipt of notice thereof.

5.2 Taxes Defined. For purposes of this Lease, the term "**Taxes**" shall include both Real Estate Taxes and Personal Property Taxes.

5.2.1 The term "**Real Estate Taxes**" shall mean all real estate taxes and assessments, government levies, municipal taxes, county taxes and assessments (whether general or special, ordinary or extraordinary, unforeseen or foreseen), and gross receipts and rental taxes that are incurred in the use, occupancy, ownership, operation, leasing, or possession of the Premises and that are (or that may be) assessed, levied, or imposed, as well as any taxes or assessments or increases in the same as a result of a reassessment of the Premises (or any portion thereof), for any reason (including, without limitation, due to Landlord's acquisition and development of the Premises, and due to any other change in ownership of, or any alteration or modification to, the Premises or any portion thereof). Except as specifically provided under Section 3.2.2, Real Estate Taxes shall not include: (i) any municipal, state, or federal net income or excess profits taxes assessed against Landlord, or any municipal, state, or federal capital levy, estate, capital gain, succession, inheritance, or transfer taxes of Landlord, or corporation franchise taxes imposed upon Landlord or any owner of the fee of the Premises (except that any gross receipts tax and any rental tax shall be considered Real Estate Taxes); (ii) the portion of any correction of or supplement to any tax or assessment attributable solely to the period before the Commencement Date; (iii) penalties incurred as a result of Landlord's negligence, inability, or unwillingness to make Real Estate Tax

payments or to file any tax or informational returns when due (unless such penalties result from Tenant's failure to make timely payment of Real Estate Taxes); (iv) water and sewer fees and utility charges required to be paid by Tenant pursuant to any other provisions of this Lease; or (v) any sums payable with respect to the Premises pursuant to the Special Improvement District Agreement (which sums shall be paid in full by Tenant as Additional Rent pursuant to Section 3.2.1). In the event of a special assessment for any public or private improvement, the life of which extends beyond the Term, the assessment for such improvement, and Tenant's Tax Payment shall only include the amortized portion over the life of the improvement, and Tenant's Tax Payment shall only include the amortized portion of such assessment for each Lease Year during the Term. Tenant agrees to pay any Real Estate Taxes sufficiently in advance to achieve any available discounts or other savings.

5.2.2 The term "**Personal Property Taxes**" shall mean all taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises. Tenant shall be liable for and shall pay, at least five (5) Business Days before delinquency, all taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property, or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property of Tenant, and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof (but under protest only if requested by Tenant), then Tenant shall, within twenty (20) Business Days after receiving notice thereof, repay to Landlord (as Additional Rent) the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

5.3 Apportionment for Partial Year. Landlord and Tenant shall adjust pro rata the Taxes for and with respect to any portion of the Term which does not include an entire fiscal tax year.

5.4 Right to Contest. If, as a result of a change in Legal Requirements (including, without limitation, to Nev. Rev. Stat. § 361.096(1)) or interpretation or otherwise, Tenant shall become liable under this Lease for payment of any Taxes, then Tenant shall have the right, at Tenant's sole cost and expense, to contest the validity or amount of the assessed valuation or Taxes for any fiscal tax year, by appropriate proceedings in the name of Landlord or Tenant, or both, provided that the Premises are not by reason of such contest placed in jeopardy of any tax or similar foreclosure proceeding. Within a reasonable time after demand therefor, Landlord shall execute and deliver to Tenant any documents and other information reasonably required to enable Tenant to prosecute any such proceeding, and Landlord shall use commercially reasonable efforts to provide Tenant, in time to permit Tenant to undertake such contest, with all pertinent data required therefor. Any credit, refund or abatement of Taxes relating to any period subsequent to the Rent Commencement Date and before the expiration of earlier termination of this Lease shall belong to and be paid to Tenant.

ARTICLE VI **Landlord's Work; Delivery of Possession; Commencement Date; Tenant's Installations**

6.1 Landlord's Work. If Landlord shall acquire title to the Land, Landlord shall, at Landlord's sole expense, commence and exercise all reasonable efforts to cause to be completed the improvements described in the Development Summary annexed hereto as Exhibit 6.1-1 and shown in the schematic plans identified on Exhibit 6.1-2 annexed hereto (collectively, the "**Plans and Specifications**"). The acquisition of the Premises and the construction and completion of the improvements described in the Plans and Specifications are referred to herein as "**Landlord's Work**".

6.2 Construction of the Landlord's Work. Landlord's Work shall be constructed (i) in a good and workmanlike manner substantially in accordance with the Plans and Specifications, and (ii) in compliance with all Legal Requirements and Insurance Requirements. Furthermore, Landlord's Work shall include making available at the Premises such utility services (including, without limitation, water, sewer, electricity, natural gas and telephone service) as are required by Tenant. Landlord shall use commercially reasonable efforts to achieve Substantial Completion of Landlord's Work on or before **August 13, 2018** (the "**Target Commencement Date**"). If, for any reason other than Tenant Delay or Unavoidable Delay, Landlord cannot deliver possession of the Premises to Tenant and achieve Substantial Completion on or before the Target Commencement Date, then (i) Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Tenant hereunder or extend the Term, but in such case, Tenant shall not be obligated to pay Rent or perform any other obligation of Tenant under the terms of this Lease, except as may be otherwise provided in this Lease, until the Rent Commencement Date, and (ii) Landlord shall cooperate in good faith with Tenant to provide temporary premises (which may be in the form of modular classrooms), reasonably comparable in capacity and location to the Premises, to accommodate operation of the Charter School until Substantial Completion of Landlord's Work at the Premises. Furthermore, if such temporary premises shall be occupied by Tenant before Tenant occupies the Premises, Landlord shall reimburse Tenant for all reasonable and actual out-of-pocket costs and expenses paid by Tenant to relocate the Charter School from such temporary premises to the Premises upon Substantial Completion.

6.3 Substantial Completion of Landlord's Work. "**Substantial Completion**" of Landlord's Work shall be deemed to have occurred and Landlord's Work shall be deemed "**Substantially Complete**" when (i) all governmental inspections required for the Landlord's Work have been successfully completed and temporary or permanent Certificates of Occupancy (or its equivalent) and other municipal permits or approvals for Premises have been obtained, in each case if and to the extent required for Tenant to occupy and use the Premises for the Permitted Use, and (ii) Landlord's Work is completed in all material respects in accordance with the Plans and Specifications (except for any Punchlist Items) so that Tenant can commence beneficial use and occupancy of the Premises as intended. Landlord shall exercise commercially reasonable efforts to complete the Punchlist Items as soon as conditions reasonably permit, and Tenant shall afford Landlord access to the Premises for such purposes; provided, however, without Tenant's permission, Landlord shall not perform any construction during any time that school is in session and students are on the Premises. Within ten (10) Business Days after Substantial Completion, Landlord and Tenant shall conduct a walkthrough of the Premises and jointly prepare a list of Punchlist Items. Without limitation of the foregoing, if any of Landlord's Work is delayed in order to accommodate the installation of furniture and equipment by Tenant including, without limitation, Tenant's Removable Property or by any other Tenant Delay, then Landlord's Work shall be deemed Substantially Complete on the date on which it would have occurred but for such accommodation or other Tenant Delay. Tenant shall give Landlord notice, not later than two (2) calendar months after the Commencement Date of any respects in which Landlord has not completed the Punchlist Items in accordance with the terms of this Lease. Except as identified in any such notice from Tenant to Landlord, Tenant shall have no right to make any claim that Landlord has failed to complete the Punchlist Items in accordance with the terms of this Lease or to require Landlord to perform any further work.

6.4 Budget. Landlord and Tenant have approved a budget for the Development Costs, including a contingency of 10% of all such Development Costs (the "**Budget**"), a copy of which is attached hereto as Exhibit 6.4. The aggregate amount of the Budget is currently \$14,986,093.

6.4.1 In no event may Landlord be required to incur costs associated or in connection with the Landlord's Work which will cause the Development Costs to exceed the Budget. If at any

point it becomes apparent that any Landlord's Work will cause the Development Costs to exceed the Budget, Landlord shall so notify Tenant in writing, and thereafter Landlord and Tenant shall meet, consult, and negotiate with each other in good faith about either (i) revising the scope of all Landlord's Work so that the Development Costs will not exceed the Budget, and in so doing shall attempt to reach a just and equitable solution satisfactory to both Parties, or (ii) increasing the Budget. If, however, the Parties do not reach such resolution within a period of ten (10) Business Days after Landlord delivers such notice of actual Development Costs then, (i) upon written notice to arbitrate by either Party delivered to the other within five (5) Business Days after the end of the ten (10) Business-Day negotiating period, all such disagreements and disputes shall be finally settled according to the dispute resolution provisions set forth in Section 6.11, or (ii) if neither Party timely delivers the requisite notice to arbitrate within such five (5) Business Days, then Landlord's notice to Tenant of adjusted Development Costs shall be conclusive, and the Budget shall reflect such adjusted Development Costs. If the Parties agree to revise the scope of Landlord's Work, the Parties shall then enter into a written modification to this Lease, as provided under Section 29.4, to replace the Development Summary attached as Exhibit 6.1-1 with a revised Development Summary, and to replace the schematic plans attached as Exhibit 6.1-2 with an updated schematic plan reflecting the revised scope.

6.4.2 If the Budget shall be increased automatically or by agreement of the Parties as provided in Section 6.4.1, or if an arbitration conducted pursuant to Section 6.4.1 results in a determination that the Budget will be increased, then the Parties shall immediately enter into a written modification to this Lease, as provided under Section 29.4. The pertinent modification shall: (i) replace the Budget attached to this Lease as Exhibit 6.4 with a duly modified Budget; (ii) replace Exhibit 3.1 with a duly modified schedule of Base Rent, which schedule shall be determined by increasing the Base Rent then set forth on Exhibit 3.1 by such amounts as may be reasonably required, as determined by Landlord in good faith, to ensure that Landlord shall, using the modified Budget, receive the same rate of return on its capital investment in Landlord's Work as was contemplated by the schedule of Base Rent attached to this Lease as of the Effective Date; and (iii) modify Section 2.4.4 to adjust the schedule of governing Option Purchase Price, which schedule shall be determined by increasing each Option Purchase Price then set forth in Section 2.4.4 by such amounts as may be reasonably required, as determined by Landlord in good faith, to ensure that Landlord shall, using the modified Budget, receive the same rate of return on its capital investment in Landlord's Work as was contemplated by the schedule of governing Option Purchase Price provided under Section 2.4.4 as of the Effective Date.

6.5 Tenant Delay. If the Substantial Completion of Landlord's Work shall be delayed as the result of (i) any request by Tenant that Landlord delay the commencement or completion of Landlord's Work for any reason; (ii) any change in any of the Plans and Specifications requested by Tenant; (iii) any change in scope pursuant to Section 6.4 above; (iv) any interference by Tenant (including, without limitation, any delay associated with Tenant's early access pursuant to the Premises pursuant to Section 6.8 or otherwise) with Landlord's Work; (v) any other act or omission of Tenant or its officers, agents, employees or contractors; (vi) any reasonably necessary displacement of any of Landlord's Work from its place in Landlord's construction schedule resulting from any of the causes for delay referred to in this Section 6.5 and the fitting of such Landlord's Work back into such schedule; or (vii) any delay resulting from any arbitration pursuant to Section 6.4 (each a "**Tenant Delay**"); then the Substantial Completion of Landlord's Work, as determined pursuant to Section 6.3, shall be deemed to have occurred on the date it would have otherwise occurred absent the Tenant Delay. If a delay in Substantial Completion of Landlord's Work under Section 6.3 shall occur as a result of an Unavoidable Delay, and such Unavoidable Delays would not have occurred but for a Tenant Delay, such Unavoidable Delay shall also constitute Tenant Delay.

6.6 As-Built Documents. Landlord shall (or shall cause Landlord's contractor or other agent to) maintain a record of the drawings, specifications, addenda, change orders, change directives and other modifications, and marked currently to record field changes and selections made during construction.

6.7 Possession of Premises. Tenant shall not be liable to Landlord for the payment of Base Rent or Additional Rent or the payment of any other obligation to be paid by Tenant under this Lease until the Rent Commencement Date. The entry by Tenant for the purpose of inspection or installation of Tenant's Removable Property shall not be considered occupancy for purposes of this Lease and shall not trigger Tenant's obligation to pay Rent under this Lease.

6.8 Tenant's Installations. Before the Commencement Date, Landlord shall reasonably cooperate with Tenant, at no cost to Landlord, to facilitate Tenant's installation of any articles of personal property, supplies, business and trade fixtures, machinery, workstations, equipment, furniture and other property or equipment owned or leased by Tenant that Tenant may wish to install or place in the Premises (whether affixed or unaffixed to the Premises) for the Permitted Use (altogether, "**Tenant's Removable Property**"); provided that the following shall be conditions of Tenant's right to enter the Premises as provided herein before the Commencement Date to install Tenant's Removable Property: (i) that such entry shall not interfere with construction of any Landlord's Work; and (ii) that any such entry shall be subject to such rules and regulations as Landlord may reasonably promulgate and Tenant shall fully cooperate with Landlord. Tenant's Removable Property shall remain the property of Tenant, and may be removed by Tenant at any time before the Expiration Date, provided that Tenant shall repair, or pay the cost of repairing, any damage to the Premises resulting from such removal. Tenant's removal of the Tenant's Removable Property on the Expiration Date shall be completed according to the provisions of ARTICLE X.

6.9 Tenant's Insurance for Tenant's Removable Property. Tenant shall secure and maintain, at its own expense, the following insurance coverage in full force and effect with respect to the Premises at all times during the design, construction and installation of Tenant's Removable Property and shall require any and all contractor(s) and all subcontractors to maintain the same at all times during the design, construction and installation of Tenant's Removable Property and Alterations:

6.9.1 Property insurance written on an "all risk" builders risk or equivalent policy form for the full replacement cost of Tenant's Removable Property and Alterations and with deductibles not in excess of commercially reasonable amounts.

6.9.2 Commercial General Liability insurance on an occurrence basis with a combined limit for bodily injury, personal injury and property damage and products and completed operations of at least \$1,000,000 per occurrence. The limit may be provided through a combination of primary and umbrella/excess liability policies. Limits shall apply on a per project basis. The policy shall include the Landlord and, if requested by Landlord, Landlord's lender as additional insureds.

6.9.3 Worker's Compensation insurance to the extent required, and in the amounts required by applicable Legal Requirements covering Tenant and its employees, as well as employer's liability insurance in the amount of \$1,000,000 per accident, \$1,000,000 per illness (per employee), and \$1,000,000 per illness (aggregate). If borrowed employees are used (including employees from a temporary employment agency) to perform services, the insured shall require the primary employer to provide an alternate employer endorsement showing the insured in the schedule as the alternate employer. The Worker's Compensation policies shall contain a waiver of subrogation provision requiring the insurance carriers to waive all rights against Landlord, all other Landlord Parties, and any lender.

6.9.4 Commercial Automobile Liability insurance on all owned, hired or non-owned vehicles used in connection with Tenant and/or its contractors or subcontractors' operations in the amount of \$1,000,000 combined single limit for bodily injury and property damage. The coverages must extend to employees, agents, and volunteers of Tenant and/or its contractors and subcontractors who use personal vehicles within the course and scope of their employment or service.

Landlord shall be named as additional insured of such coverages, which shall be placed with insurers reasonably satisfactory to Landlord. With respect to the Alterations, Tenant shall furnish Landlord with reasonably satisfactory evidence that such insurance is in effect at or before the commencement of Alterations and, on request, at reasonable intervals thereafter during the continuance of Alterations.

6.10 Tenant's Indemnity for Tenant's Installations. Tenant shall indemnify and hold harmless Landlord and all other Landlord Parties from and against all claims, damages, losses and expenses, including reasonable attorneys' fees, arising out of or resulting from the installation of Tenant's Removable Property, to the extent caused by any act or omission of Tenant or Tenant's contractor(s), any subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, and which involves bodily injury, sickness, disease or death, or injury to or destruction of property, including the loss of use resulting therefrom. In any and all claims against Landlord or any other Landlord Party, by any Tenant Party, the indemnification obligation under this Section 6.10 shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant or such Tenant Party under workers' compensation acts, disability benefit acts or other employee benefit acts.

6.11 Dispute Resolution. If the Parties shall disagree with respect to any matter covered in this ARTICLE VI, and the Parties are unable to reach agreement thereon within five (5) Business Days, such dispute may be submitted by either Party to arbitration for expedited proceedings under the Fast Track Procedures provisions (currently, Rules F-1 through F-13) of the Arbitration Rules of the Construction Industry of the American Arbitration Association (the "AAA"), with both Parties agreeing to waive the \$75,000 qualification in such rules. In any case where the Parties utilize such expedited arbitration: (i) the Parties may not object if the arbitrator so appointed was on the list submitted by the AAA and was not objected to in accordance with Rule F-4 (except that any objection shall be made within five (5) Business Days from transmission of the list), (ii) the Notice of Hearing shall be given at least ten (10) Business Days in advance of the hearing, (iii) the first hearing shall be held within ten (10) Business Days after the appointment of the arbitrator, and (iv) each Party in such arbitration shall pay its own attorneys' fees and other costs of such arbitration and the losing Party shall pay the costs charged by the AAA and/or the arbitrator. Judgment upon any award rendered in any arbitration held pursuant to this Section 6.11 may be entered in any court having jurisdiction, and in connection therewith, the arbitrators shall be bound by the provisions of this Lease, and shall not add to, subtract from or otherwise modify such provisions. Prior written notice of application by either Party for arbitration shall be given to the other at least ten (10) Business Days before filing of any demand for arbitration hereunder. Any award of an arbitrator rendered hereunder shall be subject to confirmation and entry of judgment thereon in any court of competent jurisdiction sitting in Clark County, Nevada, and the Parties hereby consent to the jurisdiction and venue of such court. The costs and administration expenses of each arbitration hereunder and their apportionment between the Parties shall be borne equally by the Parties (except as provided above in this Section regarding costs to be paid by the losing Party), and each Party shall be responsible for its own attorneys' fees and expert witness fees. In connection with the foregoing, it is expressly understood and agreed that the Parties shall continue to perform their respective obligations under this Lease during the pendency of any such arbitration proceeding hereunder (with any adjustments or reallocations to be made on account of such continued performance as determined by the arbitrator in his or her award).

ARTICLE VII
**Compliance with Legal Requirements; Reporting
Requirements and Covenants**

7.1 Landlord's Compliance with Legal Requirements; Reporting Requirements and Covenants. As of the Commencement Date, Landlord shall deliver the Premises to Tenant with the Premises and Landlord's Work (to the extent then completed) in compliance in all material respects with applicable Legal Requirements.

7.2 Notices. Each Party shall give prompt notice to the other Party of any notice it receives of the violation of any Legal Requirement with respect to the Premises or the use or occupation thereof.

7.3 Tenant's Compliance with Legal Requirements. Tenant shall throughout the Term, at Tenant's sole cost and expense, promptly comply or cause compliance with or remove or cure any violation of any and all Legal Requirements, doing so as if Tenant were fee titleholder to the Premises. Tenant's obligation to so comply, cause compliance with, and remove or cure any violation of Legal Requirements shall be observed whether or not such compliance requires work which is structural or non-structural, ordinary or extraordinary, foreseen or unforeseen, unless such requirement of compliance arises out of or relates to any action or omission by Landlord, or by its agents, employees, or contractors, or to Landlord's breach of its obligations hereunder. Without limiting the generality of the foregoing, it is specifically agreed that Tenant shall comply with all Legal Requirements and Insurance Requirements that require the installation, modification, addition, change, alteration, repair, replacement or maintenance of any fire-rated partition, gas, smoke, or fire or smoke detectors or heat sensors or alarm or any sprinkler, fire extinguishers or other system to extinguish fires. However, Tenant need not comply with any such Legal Requirements so long as Tenant shall be contesting the validity thereof, or the applicability thereof to the Premises, in accordance with Section 7.4.

7.4 Contest of Legal Requirement. After the Rent Commencement Date, Tenant, at its expense, after notice to Landlord, may (but shall not be required to) contest, by appropriate proceedings prosecuted diligently and in good faith, the validity, or applicability to the Premises, of any Legal Requirement as to which Tenant must comply or cause compliance; *provided* that (i) Landlord shall not be subject to criminal penalty or to prosecution for a crime, or any other fine or charge, nor shall the Premises or the Building, or any part thereof, be subject to being condemned or vacated, nor shall the Building or Premises, or any part thereof, be subjected to any lien or encumbrance, by reason of non-compliance or otherwise by reason of such contest; (ii) before the commencement of such contest, Tenant shall furnish to Landlord security in amount, form and substance satisfactory to Landlord and shall indemnify Landlord against the cost thereof and against all liability for damages, interest, penalties and expenses (including reasonable attorneys' fees and expenses), resulting from or incurred in connection with such contest or non-compliance; (iii) such noncompliance or contest shall not prevent Landlord from obtaining any permits, certificates of occupancy, licenses, amendments or renewals thereof in connection with the operation of or Alterations to the Building; and (iv) Tenant shall keep Landlord advised as to the status of such proceedings.

7.5 Reporting Requirements; Financial Covenants.

7.5.1 Tenant shall during the Term deliver the following documents to Landlord at the times specified therein:

(a) Not later than the Commencement Date, (i) a fully signed and duly authorized copy of the Charter School Contract, (ii) a fully signed and duly authorized copy of a written amendment to the Charter School Contract that shall, as specifically contemplated under Section 1.6.1 and Section 12.7.1.2 of the Charter School Contract, expressly authorize the Charter School to provide

educational or operational services (including delivery of instruction) at the Premises, (iii) a duly executed copy of the Escrow Agreement (together with duly executed and delivered copies of the attachments thereto) set forth on Exhibit 3.3.1 attached to and made a part of this Lease, and (iv) a duly executed copy of an amendment (as prepared by Landlord) to the Intercreditor Agreement entered into by Tenant and dated as of October 15, 2015, which amendment shall add Landlord as a party to such Intercreditor Agreement and shall make this Lease (as the “Valley Lease”) and the Premises (as the “Valley Campus”) subject to the terms, covenants, and conditions of the same;

(b) A signed copy of any subsequent modification or amendment to the Charter School Contract within ten (10) Business Days after the such modification or amendment is executed by the Authorizer and Tenant;

(c) Copies of any material notices received from the Authorizer and concerning, or issued in connection with, the Charter School Contract within ten (10) Business Days after receipt by Tenant;

(d) Copies, not less than three (3) Business Days in advance of the scheduled meeting, of any notice(s) of any meeting(s) that shall be conducted by Tenant, in any part, as an open meeting under governing Legal Requirements;

(e) Copies of all enrollment reports that Tenant may submit to the Authorizer or the Department in connection with payment(s) by the Nevada Department of Education (the “**Department**”) to the Tenant pursuant to the provisions of Nev. Rev. Stat. chapters 386 and 387, or to any similar or successor Legal Requirements, simultaneously with submission thereof to the Authorizer or the Department;

(f) Copies of all audited financial statements, audit reports (including financial, enrollment, participation, eligibility, and other audits of all kinds), and auditor management letters that Tenant must submit to the Authorizer under the Charter School Contract, simultaneously with submission thereof to the Authorizer; and

(g) Copies of all school calendars that Tenant must submit to the Authorizer under the Charter School Contract, simultaneously with submission thereof to the Authorizer.

In addition, Tenant shall promptly provide Landlord with copies of such unaudited financial statements and unaudited enrollment, participation, eligibility, and other reports as Landlord may from time to time request.

7.5.2 During the Term, Tenant:

(a) Shall comply, and cause each of its agents, employees, invitees and contractors to comply, in all material respects, with all terms and provisions of the Charter School Contract;

(b) Shall not, without Landlord’s prior written consent (which may be granted or withheld in Landlord’s sole discretion), voluntarily agree either (i) to any termination of the Charter School Contract or (ii) to any amendment to the Charter School Contract that may have any material effect on Landlord’s interests under this Lease (including, without limitation, under the Option Agreement) or any similar or related agreement. Tenant shall deliver to Landlord a copy of any proposed termination or amendment simultaneously with delivery of the same from or to the Authorizer, shall (at the request of Landlord) promptly meet with Landlord to discuss any reasonable concerns raised by Landlord with respect to such proposed termination or amendment, and shall endeavor in good faith to address all such concerns; and

(c) Shall at all times keep the Charter School Contract and all of Tenant’s obligations thereunder current and fully performed, and accordingly shall not do, or permit or suffer to

be done, any act or omission by Tenant, its agents, employees, contractors or invitees which is prohibited by the Charter School Contract, or which would constitute a violation or default thereunder, or result in a forfeiture, termination or non-renewal of the Charter School Contract or result in Tenant or the Charter School Contract being placed on academic probation by the Authorizer or other charter school governing authority.

7.5.3 Tenant shall be in default of this Lease if any of the following occurs:

- (a) More than 25% of Tenant’s total operating budget is expended on Rent and Additional Rent due under this Lease; or
- (b) Tenant’s total student enrollment at the Charter School is less than eighty percent (80%) of the scheduled enrollments set forth below for the applicable Lease Years:
 - (i) Lease Year 1: 760 students;
 - (ii) Lease Year 2: 930 students;
 - (iii) Lease Year 3: 1050 students;
 - (iv) Lease Year 4: 1110 students; and
 - (v) Lease Year 5 and thereafter: 1110 students.

7.6 Charter School Services and Support Agreement. Tenant and Manager have entered into a Charter School Services and Support Agreement dated June 29, 2013 for a term commencing August 1, 2013 and ending upon expiration of the Charter School Contract (the “**Management Agreement**”), a duly authorized and fully executed copy of which Management Agreement has been delivered to Landlord as of the Effective Date. Tenant shall not terminate the Management Agreement in advance of such expiration without first having entered into a replacement Management Agreement, on substantially similar terms, with another third party provider of charter school management and support services approved by Landlord, which approval shall not be unreasonably withheld or delayed. Further, Tenant shall, throughout the Term, maintain in full force and effect a third-party management and support agreement with the Manager (or with another third-party provider of charter school management and support services reasonably acceptable to Landlord) that shall be in form and content substantially similar to the Management Agreement.

ARTICLE VIII Indemnity and Insurance

8.1 Indemnification. Except to the extent resulting from any Landlord Party’s gross negligence or willful misconduct in connection with Landlord’s performing its obligations under this Lease, or from Landlord’s performance of Landlord’s Work in a manner that does not conform to the requirements of this Lease, Tenant shall (subject to the applicable limitations arising under Nev. Rev. Stat. § 41.035) indemnify, defend, save, and hold harmless all Landlord Parties from and against any and all demands, costs, claims, causes of action, suits, fines, penalties, injuries, damages (including without limitation, personal injury damage (including death), damage to property, and any and all sums paid for settlement of claims), losses, liabilities (including, but not limited to, strict liability), judgments, and expenses (including, without limitation, reasonable attorneys’ fees and expenses, filing and other court costs, consultant fees, and expert fees) incurred in connection with or arising from any of the following: (i) the use, condition, operation or occupancy of the Premises; (ii) any activity, work, or thing done, or permitted or suffered by or through Tenant, in or about the Premises (in which instances the indemnification obligation hereunder shall not be limited in any way by any limitation on the amount or type of insurance, damages, compensation, or benefits payable by or for any Tenant Party under

workers' compensation acts, disability benefit acts, or other employee benefit acts); (iii) any acts, omissions, or negligence of any Tenant Party; (iv) any claim of any students, staff, employees, or other invitees of any Tenant Party, including claims alleging breach or violation of such person's civil or legal rights; (v) any breach, violation, or nonperformance by any Tenant Party, of any term, covenant, or provision of this Lease or any Legal Requirement (expressly including, without limitation, any breach of ARTICLE IV of this Lease, and any breach resulting from the presence or removal of any Dangerous Condition or Hazardous Materials from the Premises); (vi) any harm to the person, property, or business of any Tenant Party or of any other person entering upon the Premises, including (without limitation) any claims of third parties due to theft, burglary, or other criminal activity, or for damages or injuries to persons or property resulting from unauthorized persons gaining access to the Premises; (vii) any contest by Tenant of Real Estate Taxes under Section 5.4; (viii) any contest by Tenant of Legal Requirements under Section 7.4; (ix) any contest by Tenant of any notice of violation(s) under Section 9.4; (x) any Alterations, additions, or improvements by or on behalf of Tenant to the Premises under ARTICLE IX; (xi) any claims that may be made against Landlord by a proposed assignee or subtenant, or by any brokers or other persons claiming a commission or similar compensation in connection with any proposed assignment or subletting; and (xii) any holding over by Tenant at the end of the Term. The foregoing indemnities shall survive the Expiration Date. If any action or proceeding is brought against any Landlord Party by reason of any such indemnified claim as set forth above, Tenant, upon notice from Landlord, will defend the claim at Tenant's sole cost with counsel reasonably satisfactory to Landlord. If Landlord reasonably determines that the interests of any Landlord Party and the interests of Tenant in any such action or proceeding are not substantially the same and that Tenant's counsel cannot adequately represent the interests of any Landlord Party with respect to such indemnified claim as set forth above, Landlord shall have the right to hire separate counsel in any such action or proceeding and the costs and expenses thereof, including all attorneys' fees and expenses, shall be paid for by Tenant. Landlord shall indemnify, defend, and hold harmless Tenant from and against all losses, claims, expenses (including attorneys' fees), liabilities, lawsuits, injuries, and damages of whatever nature occurring at the Premises as a direct result of any Landlord Party's gross negligence or willful misconduct in connection with Landlord's performing its obligations under this Lease. The foregoing indemnities shall survive the Expiration Date.

8.2 Tenant's Insurance.

8.2.1 Tenant covenants and agrees that from and after the Commencement Date and during the Term and thereafter so long as Tenant is in occupancy of any part of the Premises or such longer period as specified herein, Tenant shall carry and maintain, at its sole cost and expense, the following types of insurance, naming Landlord and Landlord's lender as additional insured or loss payee, as applicable, in the amounts specified and in the forms hereinafter provided with insurance companies authorized to do business in the State of Nevada and rated A:IX or better in the most current edition of Best's Insurance Report or a Standard and Poor's rating of "AA" (or the then equivalent of such rating):

(a) Commercial General Liability and Umbrella Liability Insurance. Tenant shall obtain and maintain Commercial General Liability and Umbrella Liability insurance on the broadest forms available for similar risks, written on an "occurrence policy form," against all claims for bodily injury, disease or death, property damage, personal injury, premises operations, products and completed operations, consultants and independent contractors and contractual liability in an amount of not less than \$5,000,000 arising out of any one occurrence and \$5,000,000 in the annual aggregate, per location. Such insurance may be provided under a primary and an umbrella policy or policies. If liability coverage for the Premises is included under any blanket policy written on an aggregate form, then the annual aggregate limit of insurance applying solely to the Premises must not be less than \$5,000,000.

The policy must include coverage for molestation and sexual abuse (unless provided under the professional liability policy required in this Section) and coverage for sports and athletic participation if applicable. The policy must include as insureds the Tenant's employees, volunteers and directors. The policy shall be endorsed to include Landlord, its managers, members, directors, officers, employees, agents, affiliates, successors and assigns and any lender as additional insureds on a primary and non-contributory basis. Tenant shall maintain the commercial general liability coverage as specified herein for a minimum of one year after termination of this Lease.

(b) Worker's Compensation / Employer's Liability. Tenant shall obtain and maintain Worker's Compensation insurance to the extent required, and in the amounts required by applicable Legal Requirements covering Tenant and its employees and employer's liability insurance in the amount of \$1,000,000 per accident, \$1,000,000 per illness (per employee) and \$1,000,000 per illness (aggregate). If Tenant uses borrowed employees (including employees from a temporary employment agency) to perform services, it shall require the primary employer to provide an alternate employer endorsement showing Tenant in the schedule as the alternate employer. The Worker's Compensation policies shall contain a waiver of subrogation provision requiring the insurance carriers to waive all rights against Landlord and all other Landlord Parties and any lender to Landlord.

(c) Commercial Automobile Liability Insurance. Tenant shall obtain and maintain Commercial Automobile Liability insurance on all owned, hired or non-owned vehicles used in connection with Tenant's operations in the amount of \$1,000,000 combined single limit for bodily injury and property damage. The coverages must extend to employees, agents, and volunteers of Tenant who utilize personal vehicles within the course and scope of their employment or service.

(d) Educators Liability Insurance. Tenant shall obtain and maintain Educators Liability insurance (errors and omissions) with limits of insurance no less than \$1,000,000 per claim and \$2,000,000 in the aggregate. Coverage shall include employment practices, student liability, corporal punishment and sexual misconduct. This policy must also provide coverage for third party liability losses, including losses that arise out of local, state, or federal anti-discrimination laws, except that Tenant may instead elect to provide coverage for losses that arise out of local, state, or federal anti-discrimination laws through a separate employment practices liability insurance (EPLI) policy that has limits of not less than \$1,000,000 per claim, \$2,000,000 in the aggregate. Tenant shall maintain the insurance required in this subsection for a minimum of three years after termination of this Lease.

(e) Crime / Employee Theft. Tenant shall obtain and keep in force a Crime / Employee Theft insurance policy covering its employees, volunteers and the acts of any third party vendor or contractor that otherwise might have the opportunity to misappropriate Tenant's property or funds, with limits of not less than \$500,000 per occurrence.

(f) Personal Property Insurance. Tenant shall obtain and maintain insurance coverage on all of Tenant's Removable Property. Such insurance shall be full replacement cost coverage with a deductible not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Tenant for the repair or replacement of Tenant's Removable Property. Tenant shall provide Landlord with written evidence that such insurance is in force no later than three (3) Business Days before the Commencement Date.

(g) Other. In addition, Tenant shall obtain and maintain the following coverages:

(i) Student Accident Insurance in an amount of not less than \$10,000 per occurrence;

(ii) Directors' and Officers' Insurance in an amount of not less than \$1,000,000 per occurrence; and

(iii) Any other commercially reasonable insurance types or amounts that Landlord or any lender requires.

8.2.2 Blanket Policies. Tenant may maintain any of its required insurance coverages under blanket policies of insurance covering said Premises and other premises of Tenant, or companies affiliated with Tenant, provided that any such policy shall in all other respects comply with the requirements of this Lease.

8.2.3 Tenant's Policies and/or Certificates of Insurance. Each policy shall not have more than a \$25,000 deductible or retention for any occurrence, except for mandatory deductibles or retentions where required under local regulations, or when required by insurers for specific catastrophic perils. Tenant shall obtain, before the expiration date of each such policy, original policies (or renewals or extensions of the insurance afforded thereby), certified duplicates thereof or certificates thereof (together with copies of endorsements for each additional insured) acceptable to Landlord. The above mentioned policies, and proof of payment of all premiums therefor, are to be provided to Landlord at least five (5) Business Days before the Commencement Date and at least annually thereafter or as requested by Landlord. Each such policy shall provide that Landlord be given written notice at least five (5) Business Days before the expiration, material alteration, cancellation or non-renewal of any policies, and that any loss otherwise payable to them thereunder shall be paid notwithstanding any act or negligence on their part or that of the Tenant which might, absent such provision, result in a forfeiture of all or part of such insurance payment. If Tenant fails to furnish said notice or policies as provided in this Lease, and at the times herein provided, Landlord may obtain such insurance and the premiums on such insurance shall be deemed to be Additional Rent to be paid to Landlord upon demand. Tenant shall be responsible for the cost of any and all premiums on all such insurance to be carried by the Tenant. Final insurance policies shall be sent to the attention of: Turner-Agassi Charter School Facilities Fund, L.P. c/o Turner-Agassi Realty Advisors LLC, 3000 Olympic Blvd., Suite 2120, Santa Monica, CA 90404, Attn: Bari Cooper Sherman, Esq., Email: bsherman@turnerimpact.com.

8.3 Landlord's Insurance.

8.3.1 Landlord shall obtain and maintain, at Tenant's expense (including, without limitation, deductibles not to exceed \$50,000) all of the following:

(a) Property Insurance. Landlord shall maintain insurance on an "All Risk" basis and for such other insurable hazards as, under good insurance practices, are insured against for other property and buildings similar to the Premises in nature, use, location, height, and type of construction. Such policy shall include all standard perils including wind. The amount of such insurance shall be not less than one hundred percent (100%) of the replacement cost without depreciation of the Premises. Such insurance policy shall contain an agreed amount endorsement and not subject to any form of coinsurance. Such insurance shall cover mechanical breakdown and testing, increased cost of Legal Requirements, insurance, costs of demolition and increased cost of construction as well as rent loss and business interruption coverage, including, business income and extra expense, for an extended period of indemnity of at least twelve (12) months. During the period of any construction, repair, renovation, restoration or replacement of the improvements or the Premises, Landlord shall obtain and maintain, at Tenant's expense (including, without limitation, deductibles), a completed value "All Risk" Builder's Risk Insurance policy for the full replacement cost of the Premises (including upgrades and any leasehold improvements but excluding Tenant's Removable Property and Alterations made by Tenant). The policy is to be written on a non-reporting basis, and in an amount not less than the total value of the Premises (less the value of such uninsurable items as land, site preparation, grading, paving, and parking lots). Such policy shall not contain a permission to occupy limitation. The policy shall contain an agreed amount endorsement and not subject to any form of coinsurance. Such policy shall not have

exclusions for sidewalks, retaining walls or underground property. The policy must not contain any “Protective Safeguard” endorsements limiting coverage. Coverage shall be provided for against the standard perils. Such policy shall include coverage for mechanical breakdown and testing, collapse, expediting expenses, demolition and increased cost of construction (for renovation and/or additions to existing structures), water damage, and permission for partial occupancy.

(b) Pollution and Environmental Impairment Liability Insurance. Landlord shall maintain Pollution and Environmental Liability Insurance, insuring Landlord (with both “first-party” and “third-party” coverages) against pollution-related liabilities arising with respect to the Premises, including (without limitation) bodily injury, property damage, remediation expenses (including investigation, monitoring, removal, and disposal), and defense costs (including costs of adjustment and costs incurred in defending a claim) related to the same.

(c) Commercial General Liability and Umbrella Liability Insurance. Landlord shall maintain Commercial General Liability and Umbrella Liability Insurance on the broadest forms available for similar risks, written on an “occurrence policy form,” and insuring against all claims for bodily injury, disease or death, property damage, personal injury, premises operations, products and completed operations, consultants and independent contractors and contractual liability, and including (without limitation) coverage for molestation and sexual abuse and coverage for sports and athletic participation if applicable. Landlord currently carries liability limits of \$25,000,000 per occurrence and in the aggregate. Landlord shall have no obligation to carry a specific limit, but rather may amend its limits from time to time in its sole discretion.

8.3.2 Tenant shall pay to Landlord, as Additional Rent, an amount equal to the premiums for the insurance coverages which Landlord maintains pursuant to this ARTICLE VIII attributable to each calendar year during the Term (the “**Premiums**”), such amount to be apportioned for any portion of a calendar year in which the Commencement Date falls or the Term expires. Upon a casualty, Tenant shall immediately pay to Landlord the applicable deductible under the insurance which Landlord is to or may obtain pursuant to this ARTICLE VIII.

8.3.3 Estimated payments by Tenant on account of the Premiums shall be made on the first Business Day of each and every calendar month during the Term, in the fashion herein provided for the payment of Base Rent. The monthly amount so to be paid to Landlord shall be sufficient to provide Landlord by the time Premiums are due with a sum equal to Tenant’s required payment, as reasonably estimated by Landlord from time to time, on account of the Premiums for the then current calendar year. Promptly after receipt by Landlord of bills for such Premiums, Landlord shall advise Tenant of the amount thereof and the computation of Tenant’s total payment due on account thereof. If estimated payments theretofore made by Tenant for the calendar year covered by such bills exceed the required payment on account thereof for such calendar year, Landlord shall credit the amount of overpayment against subsequent obligations of Tenant on account of the Premiums (or promptly refund such overpayment if the Term has ended and Tenant has no further obligation to Landlord); but if the required payments on account thereof for such calendar year are greater than estimated payments theretofore made on account thereof for such calendar year, Tenant shall pay the difference to Landlord within twenty (20) Business Days after being so advised by Landlord, and the obligation to make such payment for any period within the Term shall survive expiration of the Term.

8.3.4 Landlord shall have the right to provide insurance coverage which it is obligated to carry pursuant to the terms hereof in a blanket policy, provided such blanket policy expressly affords coverage to the Premises as required by this Lease.

8.4 Waiver of Subrogation. Notwithstanding anything to the contrary contained elsewhere in this Lease, neither Landlord nor Tenant shall be liable to the other Party or to any insurance company

insuring the other Party by way of subrogated rights or otherwise, for any loss or damage caused by fire or any other hazard or peril covered by fire or extended coverage or all risk insurance or required to be covered by the insurance coverages under this Lease, or any resulting loss of income, even though such loss or damage may have been occasioned by the negligence of such Party, its agents or employees.

8.5 Tenant's Risk; Landlord Not Responsible for Acts of Others. Tenant agrees to use and occupy the Premises at Tenant's own risk. Landlord shall not be liable to Tenant or any other Tenant Party for any damage, injury, loss, compensation, or claim (including, but not limited to, claims for the interruption of or loss to Tenant's business) based on, arising out of or resulting from any cause whatsoever, including, but not limited to, repairs or construction to any portion of the Premises. Nor shall Landlord be liable to Tenant or any other Tenant Party for any fire, robbery, theft, mysterious disappearance and/or any other crime or casualty, or any leakage in any part or portion of the Premises, or from water, rain or snow that may leak into, or flow from any part of the Premises, or from drains, pipes or plumbing fixtures at the Premises, or from the roof, street, subsurface or from any other place, or from the breakage, leakage, obstruction, or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures of the Premises. Notwithstanding anything in this Section to the contrary, however, Landlord shall in no event be exonerated from any liability to Tenant or any other Tenant Party, for any injury, loss, damage or liability to the extent such exonerated is prohibited by law or to the extent caused by willful misconduct or intentional violation of Legal Requirements by Landlord. Any goods, property or personal effects stored or placed in or about the Premises shall be at the sole risk and hazard of Tenant, and neither Landlord nor any Landlord Party nor Landlord's insurers shall in any manner be held responsible therefor and in no event shall Landlord, or any other Landlord Party have any liability to Tenant or any Tenant Party based on any loss with respect to or interruption in the operation of Tenant's business. The provisions of this Section 8.5 shall be applicable from and after the execution of this Lease and until the end of the Term, and during such further period as Tenant may use or be in occupancy of any part of the Premises. Landlord shall not be responsible or liable to Tenant, or any Tenant Party for any loss or damage to persons or property resulting from the negligence, acts or omissions of persons occupying space adjoining or adjacent to the Premises, or connected to the Premises, or occupying any other part of the Building, or of any of their respective agents, employees, contractors, invitees or customers, including, without limitation, caused by breaking or falling of electrical cables and wires, or the breaking, bursting, stoppage or leakage of water, gas, sewer or steam pipes.

ARTICLE IX Alterations

9.1 Alterations. Except as hereinafter provided, after completion of Landlord's Work in accordance with the Plans and Specifications, Tenant shall make no additions, installations, improvements, replacements and/or alterations in or to the Premises (hereinafter "**Alterations**") without the prior written consent of Landlord, which shall not be unreasonably withheld or delayed. If Landlord fails to respond to Tenant's written request to approve any Alterations within five (5) Business Days after Tenant shall deliver such written request to Landlord, then Tenant may provide Landlord a second written notice (conspicuously labeled "SECOND NOTICE") requesting Landlord's approval of such Alterations and, if Landlord shall still fail to reply to Tenant within five (5) additional Business Days after receiving Tenant's second notice hereunder, then Landlord shall be deemed to have consented to the Alterations so requested, subject to all other terms and conditions of this Lease.

9.1.1 Notwithstanding the above, Tenant shall have the right to make from time to time, at its expense, non-structural Alterations to the interior of the Premises without obtaining Landlord's consent ("**Permitted Alterations**"); *provided however*, that such Alterations are not Material Alterations, provided further that Tenant notifies Landlord of the intended Alterations to the interior of

the Premises in reasonable detail, together with an estimate of the cost thereof, at least ten (10) Business Days before its commencement of such Permitted Alterations. All Alterations made by or for Tenant shall be done in a good and workmanlike manner and diligently prosecuted to completion, in compliance with applicable Legal Requirements.

9.1.2 Alterations that (i) cost in excess of \$10,000 or (ii) are not in compliance with Legal Requirements or Insurance Requirements, or (iii) in Landlord's sole judgment, affect the Building Systems, the structural integrity of the Building or any part thereof, or the exterior of the Building or other structures on the Premises shall be deemed "**Material Alterations**" and shall not be performed without the prior written consent of Landlord, which consent shall be granted or withheld in Landlord's sole and absolute discretion.

9.1.3 If Landlord requires Tenant to remove a Material Alteration at the expiration of the Lease, Landlord must notify Tenant of this effect simultaneously with Landlord's grant of approval of such Material Alteration. All Alterations, additions and improvements to the Premises (including fixtures and equipment) made by or for Tenant shall be done in a good and workmanlike manner and diligently prosecuted to completion, in compliance with applicable Legal Requirements and Insurance Requirements. Any Alterations in or to the mechanical, electrical, plumbing, sanitary, heating, air conditioning, ventilation, life safety or other systems of the Building or to or affecting the roof or any other structural part of the Building, shall be performed only by contractor(s) approved by Landlord.

9.2 Review and Approval Solely for Landlord's Benefit. Tenant agrees that any review or approval by Landlord of Tenant's Alteration plans is solely for Landlord's benefit, and without any representation or warranty whatsoever to Tenant with respect to the adequacy, correctness or efficiency thereof or otherwise.

9.3 Tenant's Obligation to Furnish Documents to Landlord. Tenant, at its expense, shall obtain (and furnish true and complete copies to Landlord of) all necessary governmental permits and certificates for the performance of Alterations and for final approval thereof upon completion, and shall cause Alterations to be performed in compliance therewith, with all Legal Requirements and Insurance Requirements, and with the plans and specifications submitted to, and approved by Landlord pursuant to Section 9.1 hereof. Alterations shall be performed in such manner as not to impose any additional expense upon Landlord in the construction, maintenance, repair or operation of the Building, and if any such additional expense shall be incurred by Landlord as a result of Tenant's performance of Alterations, Tenant shall pay such additional expense upon demand as Additional Rent.

9.4 Notice of Violations. Tenant, at its expense, and with diligence and dispatch, shall procure the cancellation or discharge of all notices of violation arising from or otherwise connected with Alterations, or any other work, labor, services or materials done for or supplied to Tenant, or any Tenant Parties which shall be issued by any public authority having or asserting jurisdiction. However, nothing herein contained shall prevent Tenant from contesting, in good faith and at its own expense, any notice of violation; *provided* neither Landlord nor the Premises is adversely affected thereby.

9.5 "As-Built" Drawings. Tenant shall promptly upon the completion of a Material Alteration deliver to Landlord final "as-built" drawings certified by Tenant's architect of any Alterations Tenant has performed or caused to be performed in the Premises, and upon Landlord's request Tenant shall furnish updated drawings and specifications, if any, for Alterations in progress.

9.6 Liens. Tenant shall cause all contractors performing, and suppliers supplying materials for, Alterations to be paid in full, so that the Premises and the Building shall at all times be free of liens for labor and materials supplied or claimed to have been supplied. In addition, Landlord shall have the right at all times to post and maintain upon the Premises such notices as may be necessary or desirable

to keep the Premises and Landlord free of lien from any mechanic, laborer, materialman, supplier or vendor.

9.6.1 Any mechanic's lien filed against the Premises for work claimed to have been done for, or for materials claimed to have been furnished to, Tenant shall be discharged by Tenant within fifteen (15) Business Days after such filing, by payment, filing of the bond required by law or otherwise, and Tenant shall provide satisfactory proof of such discharge to Landlord. If Tenant fails to do so, Landlord may, upon ten (10) Business Days prior notice to Tenant (or such shorter notice deemed necessary by Landlord) discharge any such mechanic's lien, by bond or payment, or otherwise, and the cost thereof shall be paid by Tenant to Landlord within ten (10) Business Days after demand. Notice is hereby given that Landlord shall not be liable for any labor or materials furnished or to be furnished to Tenant upon credit, and that no mechanic's lien or other lien for any such labor or materials shall attach to or affect the reversion or other estate or interest of Landlord in and to the Premises. Tenant shall indemnify and hold Landlord and all other Landlord Parties harmless from and against any and all expenses, liens, claims, liabilities and damages based on or arising, directly or indirectly, by reason of the making of any alterations, additions or improvements by or on behalf of Tenant to the Premises under this Section, which obligation shall survive the expiration or termination of this Lease.

9.7 Removal of Rubbish. Tenant, at its sole cost and expense, shall remove and dispose (in accordance with all Legal Requirements and Rules and Regulations) all rubbish arising from Tenant's Alterations.

ARTICLE X Landlord's and Tenant's Removable Property

10.1 Landlord's Property. Other than Tenant's Removable Property, all fixtures, equipment, improvements and appurtenances attached to or built into the Premises at the commencement of or during the Term, including Landlord's Work, whether or not by or at the expense of Tenant, shall be and remain a part of the Premises, shall, upon the expiration or sooner termination of this Lease, be deemed the property of Landlord and shall not be removed by Tenant.

10.2 Tenant's Removable Property. All of Tenant's Removable Property shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided, that if any of Tenant's Removable Property is removed, Tenant shall repair or pay the cost of repairing any damage to the Premises or to the Building resulting from the installation and/or removal thereof.

10.3 Timing of Removal of Tenant's Removable Property. On or before the Expiration Date (or earlier termination of this Lease, as the case may be), Tenant, at its expense, shall remove from the Premises all of Tenant's Removable Property (except such items thereof as Landlord shall have expressly permitted to remain, which property shall become the property of Landlord), and Tenant shall repair any damage to the Premises or the Building resulting from removal of Tenant's Removable Property.

10.4 Abandoned Property. Any other items of Tenant's Removable Property which shall remain in the Premises after the Expiration Date, or within ten (10) Business Days following an earlier termination of this Lease, may at the option of Landlord be deemed abandoned, and in such case such items may either be retained by Landlord as its property or disposed of by Landlord, without accountability, in such manner as Landlord shall determine, at Tenant's expense.

ARTICLE XI
Repairs and Maintenance

11.1 Tenant's Obligations.

11.1.1 Save and except for (i) the completion of Landlord's Work and (ii) as expressly provided in Section 11.2, Tenant shall, at its expense, throughout the Term, maintain the Premises in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements, or the age of such portion of the Premises), including, but not limited to, all mechanical, electrical, plumbing, life safety (including sprinkler systems), sanitary, heating, ventilation, and air conditioning systems of the Building (the "**Building Systems**"), boilers, pressure vessels, fixtures, walls (interior and exterior), ceilings, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, on, or adjacent to the Premises. Tenant is also responsible for keeping the roof and roof drainage clean and free of debris. Tenant, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including (i) the procurement and maintenance of the service contracts required by this Section 11.1 and (ii) the timely observance of all procedures itemized under the Building Maintenance Checklist set forth on the Exhibit 11.1.1 attached to and made a part of this Lease. Tenant's obligations shall include restorations, replacements, or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Tenant shall, during the Term, keep the exterior appearance of the improvements on the Premises in substantially the same condition as on the Commencement Date. Tenant shall be responsible for the cost of repairs that may be made necessary by reason of damage to the Building caused by any act or neglect of any Tenant Party (including any damage by fire or other casualty arising therefrom). Tenant shall not, in the course of its repair, maintenance or construction, invalidate any of the warranties on the Premises, including, but not limited to those that relate to the roof, the stormwater management system, the elevator, and the sprinkler systems. All of such repairs and replacements shall be of good quality sufficient for the proper maintenance and operation of the Premises, and shall be constructed and installed in compliance with Legal Requirements and Insurance Requirements. Repairs or replacements to Building Systems may be performed only by contractors approved in advance by Landlord. Tenant shall not, in the course of its repair, maintenance, or construction, invalidate any of the warranties on the Premises, including, but not limited to those that relate to the roof, the stormwater management system, the elevator, and the sprinkler systems.

11.1.2 Tenant shall not permit the accumulation of waste or refuse matter, nor permit anything to be done upon the Premises that would invalidate or prevent the procurement of any insurance policies or governmental permits, licenses or approvals that may at any time be required pursuant to the provisions hereof. Tenant shall not place a load upon any floor in the Premises exceeding the floor load per square foot of area which such floor was designed to carry and which is allowed by Legal Requirements. Landlord reserves the right to prescribe the weight and position of all business machines and mechanical equipment, including safes, which shall be placed so as to distribute the weight.

11.1.3 Tenant shall, at Tenant's sole expense, obtain and keep in full force and effect during the Term (with copies to Landlord, and in customary form and substance reasonably acceptable to, and with contractors reasonably approved by, Landlord) service contracts for such of the Building Systems as are indicated for a "service agreement" on the attached Exhibit 11.1.1, as well as for any other equipment as to which such contracts shall reasonably be required by Landlord. If Tenant shall fail to obtain or maintain the service contracts required pursuant to this Section 11.1.3, Landlord may,

after ten (10) Business Days' notice to Tenant, obtain and maintain the same, and the reasonable cost thereof shall be collectible by Landlord, upon demand, as Additional Rent.

11.1.4 If repairs, maintenance or other work is required to be made by Tenant pursuant to the terms of this Lease, and Tenant fails to commence the repairs and/or other obligations and diligently prosecute such repairs and/or obligations to completion, upon not less than ten (10) Business Days' prior written notice (except that no notice shall be required in the event of an emergency), Landlord may make or cause such repairs to be made or such obligations to be performed (but shall not be required to do so), and all costs incurred by Landlord in connection therewith shall be paid by Tenant to Landlord on demand and shall be Additional Rent. Landlord shall not be responsible to Tenant for any loss or damage whatsoever that may accrue to Tenant's Removable Property or Tenant's business by reason of Landlord's making such repairs.

11.1.5 Tenant shall be solely responsible for security measures at the Premises. Tenant acknowledges that Landlord has not undertaken any duty whatsoever to provide security for the Premises and, accordingly, Landlord is not responsible for the security of same or the protection of Tenant's Removable Property or Tenant's employees, invitees, students, parents, or contractors from any cause whatsoever, including but not limited to criminal and/or terrorist acts. To the extent Tenant determines that such security or protection services are advisable or necessary, Tenant shall arrange for and pay the costs of providing same. Landlord shall have no responsibility to prevent, and shall not be liable to Tenant for losses due to theft, burglary or other criminal activity, or for damages or injuries to persons or property resulting from persons gaining access to the Premises, and Tenant hereby releases Landlord and all other Landlord Parties from all liabilities for such losses, damages or injury, regardless of the cause thereof.

11.2 Landlord's Obligations.

11.2.1 Landlord, at its sole cost, except as provided in Section 11.1 above, shall maintain, repair and replace the roof of the Building (except Tenant shall be responsible for the payment of all costs of repairs and replacements to the roof required as a result of the installation, use, operation, maintenance, repair or replacement of any equipment or facilities installed by Tenant or any party claiming under Tenant on the roof of the Building, including, without limitation, any mechanical systems in any portion of the Building serving such roof equipment and facilities) and the structural elements (excluding exterior glass) of the Building (i.e. load bearing walls, foundation and slab).

11.2.2 During the first sixty (60) full calendar months of the Term, there shall be added to the estimated Option Purchase Price determined under Section 2.4.3 a sum (altogether, the "**Capital Repair Costs**") equal to (i) the total of Landlord's costs and expenses incurred in maintaining, repairing and replacing the roof and the structural elements of the Building, as required under Section 11.2.1, less (ii) any amounts so incurred that shall have been reimbursed to Landlord by insurance or under any applicable warranty. If Tenant shall not exercise the option to purchase provided under Section 2.4, however, then Landlord shall provide Tenant with an amendment to this Lease setting forth a revised schedule of annual Base Rent, which, beginning with the sixth (6th) Lease Year, shall be determined by increasing the annual Base Rent determined under Section 3.1 above for each Lease Year thereafter during the Term by such amounts as may be reasonably required, as determined by Landlord in good faith, in order to ensure that Landlord receives the same rate of return on the Capital Repair Costs as Landlord shall receive on its capital investment in Landlord's Work.

11.2.3 Landlord shall in no event be responsible to Tenant for any condition in the Premises or the Building caused by any act or neglect of Tenant or any Tenant Party. Nor shall Landlord be responsible to make any improvements or repairs to the Building other than as expressly provided in this Lease.

11.3 Interruption. Landlord shall have no liability to Tenant, nor shall Tenant's covenants and obligations under this Lease be reduced or abated in any manner whatsoever, by reason of any inconvenience, annoyance, interruption or injury arising from Landlord's making any repairs, replacements or changes which Landlord is required or permitted by this Lease, or required by applicable Legal Requirements or Insurance Requirements, to make in or to the fixtures, equipment or appurtenances of the Building or the Premises. Landlord shall not be responsible in any manner for any suspension, interruption or curtailment of any services or utilities to the Premises, regardless of the cause thereof, and no such suspension, interruption or curtailment shall give rise to any claim for abatement of rent or other compensation to Tenant from Landlord, nor shall Tenant claim any direct, indirect or consequential damages or constructive eviction on account thereof, nor shall this Lease or any obligation of Tenant be affected thereby. Tenant hereby expressly waives any and all rights of rent abatement or other remedies on account of any untenantability and Tenant's sole right and remedy for any untenantability shall be as set forth in Section 21.5; provided, however, that, notwithstanding the foregoing provisions of this Section 11.3, if (i) Landlord, its agents, employees or contractors shall cause any suspension, interruption or curtailment of any services or utilities to the Premises and (ii) Tenant shall not be required by this Lease or by the Charter School Contract to maintain any insurance coverage against such suspension, interruption or curtailment, then Tenant shall, as its sole remedy for such suspension, interruption or curtailment, receive an equitable abatement of Base Rent during the time period of such suspension, interruption or curtailment.

ARTICLE XII Utilities

12.1 Procurement and Payment of Utilities. Tenant shall be responsible to procure the supply of any and all utilities necessary for Tenant's use and occupation of the Premises and, subject to the performance of Landlord's Work and Landlord's express obligations under ARTICLE XI, Landlord will have absolutely no responsibility or obligation to provide any utility or other service to the Premises. Tenant shall contract for, in its own name, and shall pay all taxes, assessments, charges/deposits, fees and bills for utilities including, without limitation, charges for water, gas, oil, sanitary and storm sewer, electricity, steam, telephone service, trash collection, internet access, cable television or satellite service, and all other utilities that may be charged against any occupant or user of the Improvements during the Term. Tenant shall at all times maintain that amount of heat necessary to ensure against the freezing of water lines. Tenant shall indemnify, defend, save and hold Landlord harmless of, from and against any and all claims, liability or damages, including, but not limited to, claims based upon Tenant's failure to pay any fees or other charges for utility services supplied to the Premises, or damages to the utility systems and the Premises, that may result from Tenant's failure to maintain sufficient heat in the Premises. All charges for utilities or services at the Premises before the Rent Commencement Date and after the Expiration Date shall be payable by Landlord.

12.2 Capacity. Tenant shall use best efforts such that its use of electric current shall not exceed the capacity of the then existing feeders to the Building or the risers or wiring installations serving the Premises. Any additional electrical capacity and any risers, feeders or other equipment or service proper or necessary to supply Tenant's electrical requirements, shall, upon written request of Tenant, be installed by Landlord at the expense of Tenant, if in Landlord's reasonable judgment any additional capacity required is then available in the Building, the installations are necessary and will not cause permanent damage or injury to the Building or the Premises, or cause or create a dangerous or hazardous condition, or entail excessive or unreasonable alterations, repairs or expense.

12.3 Interruption. Landlord shall not be liable to Tenant for any loss, damage or expense which Tenant may sustain or incur if (i) the supply of electricity or other service or utility to the

Premises is temporarily interrupted, or (ii) the quantity or character of the electric service is changed or is no longer available or suitable for Tenant's requirements.

ARTICLE XIII Landlord's Services

13.1 Landlord's Obligation. Upon the completion of Landlord's Work, save and except for Landlord's obligations pursuant to Section 11.2, Landlord shall have no obligation to furnish to the Premises any cleaning services, electric energy, water, heat, air-conditioning, ventilation, gas or any other service or utility. Tenant shall obtain heat, air-conditioning, ventilation, gas and any other services or utilities required by Tenant at Tenant's sole cost and expense and in compliance with the applicable provisions of (i) all Legal Requirements and Insurance Requirements, (ii) the rules and regulations of any public utility or other company furnishing such service or utility, and (iii) this Lease.

13.2 Triple Net Lease. It is understood and agreed by the Parties that, except for Landlord's obligations under Section 11.2, this Lease is considered and intended to be a "triple net" lease, providing and yielding to the Landlord payment of the Base Rent and Additional Rent (and to third parties, as applicable) as and when due hereunder absolutely free and net of all expenses, costs and charges allocable to the Term which are in any manner associated with the ownership, operation, use, management, repair, maintenance, and insuring of the Premises, and Tenant hereby agrees to be absolutely responsible for all Rent, costs, expenses, taxes and charges relating to its use and occupancy of the Premises during the Term and any period of its use and occupancy thereafter, unless otherwise expressly provided herein.

13.3 Landlord's Rights of Access. After reasonable notice (except in emergencies when no such notice shall be required) which may be by telephone or e-mail, Landlord, its agents and representatives, shall have the right (without any obligation so to do) to enter the Premises (i) to inspect the same, (ii) to exercise such rights as may be permitted hereunder, (iii) to make repairs or Alterations to the Premises to the extent compelled by Legal Requirements or required under this Lease, (iv) to make repairs or perform other obligations if Tenant fails to do so as required hereunder (but the Landlord shall have no duty whatsoever to make any such inspections, repairs, Alterations, additions or improvements except as otherwise expressly provided in this Lease), (v) to deal with emergencies, (vi) to post such notices as may be permitted under Section 9.6, (vii) to exhibit the Premises to prospective tenants during the twenty four (24) months preceding expiration of the Term and at any reasonable time during the Term to show the Premises to prospective purchasers, lessors and mortgagees, or (viii) for any other purpose as Landlord may reasonably deem necessary or desirable; provided, however, Landlord shall use reasonable efforts not to materially interfere with Tenant's use of or access to the Premises and Landlord shall be accompanied by a designated representative of Tenant if and to the extent Tenant makes such representative available during such entry period. Tenant shall not be entitled to any abatement of rent or other charges nor shall Landlord be deemed guilty of an eviction, actual or constructive, or any violation of Tenant's quiet enjoyment of the Premises on account of Landlord's access to the Premises pursuant to the provisions of this Section 13.3 or any other provision of this Lease or applicable Legal Requirements.

ARTICLE XIV Subordination

14.1 Subordination of Lease. Subject to the terms of this ARTICLE XIV, this Lease, and all rights of Tenant hereunder, are and shall be subject and subordinate to any ground lease of the Premises, and all renewals, extensions, modifications and replacements thereof, and to all mortgages, deeds of

trust, security interests and similar encumbrances (collectively, a “**Mortgage**”) which may now or hereafter affect the Premises, whether or not such Mortgage shall also cover other lands and/or buildings and/or leases, to each and every advance made or hereafter to be made under such mortgages, and to all renewals, modifications, replacements and extensions of such leases and such Mortgages and all consolidations of such Mortgages. This Section shall be self operative and no further instrument of subordination shall be required. Nonetheless, in the case of all Superior Mortgages entered into by Landlord, Landlord shall use reasonable efforts to cause the holder of any Superior Mortgage to join with Landlord and Tenant in a subordination, non-disturbance and attornment agreement which, for all purposes, shall govern the subordination of this Lease to a Superior Mortgage, and the relative rights and obligations of Tenant and Mortgagee with respect to this Lease, on such Superior Mortgagee’s standard form, incorporating the comments and revisions of Tenant acceptable to Superior Mortgagee in its reasonable discretion. In confirmation of such subordination, Tenant shall promptly execute, acknowledge and deliver any instrument that Landlord, the lessor under any such lease or the holder of any such Mortgage or any of their respective successors in interest may reasonably request to evidence such subordination. Any ground lease to which this Lease is, at the time referred to, subject and subordinate is herein called “**Superior Lease**” and the lessor of a Superior Lease or its successor in interest at the time referred to, is herein called “**Superior Lessor**”; and any Mortgage to which this Lease is, at the time referred to, subject and subordinate, is herein called “**Superior Mortgage**” and the holder of a Superior Mortgage, or its successor in interest at the time referred to, is herein called “**Superior Mortgagee.**”

14.2 Attornment. If any Superior Lessor or Superior Mortgagee or the nominee or designee of any Superior Lessor or Superior Mortgagee shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or delivery of a new lease or deed, or otherwise, then at the request of such party so succeeding to Landlord’s rights (herein called “**Successor Landlord**”), Tenant shall attorn to and recognize such Successor Landlord as Tenant’s landlord under this Lease and shall promptly execute and deliver any instrument that such Successor Landlord may reasonably request to evidence such attornment. Upon such attornment, this Lease shall continue in full force and effect as a direct lease between the Successor Landlord and Tenant upon all of the terms, conditions and covenants as are set forth in this Lease, except that the Successor Landlord (unless formerly the landlord under this Lease or its nominee or designee) shall not be (i) liable in any way to Tenant for any act or omission, neglect or default on the part of Landlord under this Lease or for any claim against Landlord arising before the date on which the successor succeeded to Landlord’s interest, (ii) responsible for any monies owing by or on deposit with Landlord to the credit of Tenant, (iii) subject to any counterclaim, offset or setoff which theretofore accrued to Tenant against Landlord, excluding express offset rights of Tenant set forth in this Lease, (iv) bound by any modification of this Lease subsequent to such Superior Lease or Mortgage, or by any previous prepayment of Base Rent for more than one (1) month, which was not approved in writing by the Superior Lessor or the Superior Mortgagee thereto, (v) liable to the Tenant beyond the Successor Landlord’s interest in the Premises and the rents, income, receipts, revenues, issues and profits issuing from such Premises, (vi) responsible for the performance of any work to be done by the Landlord under this Lease to render the Premises ready for occupancy by the Tenant, (vii) bound by any amendment or modification of such Lease made without its written consent, or (viii) required to remove any person occupying the Premises or any part thereof, except if such person claims by, through or under the Successor Landlord.

14.3 Notice to Mortgagee. After receiving notice from Landlord of any holder of a Mortgage which includes the Premises, no notice from Tenant to Landlord alleging any default by Landlord shall be effective unless and until a copy of the same is given to such holder (provided Tenant shall have been furnished with the name and address of such holder), and the curing of any of Landlord’s defaults by such holder shall be treated as performance by Landlord.

ARTICLE XV
Quiet Enjoyment

Subject to the terms and conditions of this Lease and subject to the rights of any Superior Mortgagee or Superior Lessor, on payment of the Base Rent and other Additional Rent and observing, keeping and performing all of the other terms and conditions of this Lease on Tenant's part to be observed, kept and performed, Tenant shall lawfully, peaceably and quietly enjoy the Premises during the term hereof, without hindrance or ejection by any persons lawfully claiming under Landlord to have title to the Premises superior to Tenant. The foregoing covenant of quiet enjoyment is in lieu of any other covenant, express or implied.

ARTICLE XVI
Assignment, Subletting and Mortgaging

16.1 Restriction on Transfer. Except as otherwise permitted in this ARTICLE XVI, Tenant covenants and agrees that neither this Lease nor the term and estate hereby granted, nor any interest herein or therein, may be assigned, mortgaged, pledged, encumbered or otherwise transferred, whether voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise, and that neither the Premises nor any part thereof may be encumbered in any manner by reason of any act or omission on the part of Tenant, or used or occupied or permitted to be used or occupied, by anyone other than Tenant, or for any use or purpose other than the Permitted Use, or be sublet (which term, without limitation, shall include granting of concessions, licenses and the like) in whole or in part, or be offered or advertised for assignment or subletting by Tenant or any person acting on behalf of Tenant, without, in each case, the prior written consent of Landlord, which consent, except as otherwise expressly provided in this Lease, may be withheld by Landlord in its sole and absolute discretion. Without limitation, the provisions of this Section 16.1 shall apply to a transfer (by one or more transfers) of a controlling portion of or interest in the stock or partnership or membership interests or other evidences of equity interests of Tenant as if such transfer were an assignment of this Lease. If this Lease is assigned, or if the Premises or any part thereof is sublet or occupied by anyone other than Tenant, whether or not in violation of the terms and conditions of the Lease, Landlord may, at any time and from time to time, collect rent and other charges from the assignee, subtenant or occupant, and apply the net amount collected to the rent and other charges herein reserved, but no such assignment, subletting, occupancy, collection or modification of any provisions of this Lease shall be deemed a waiver of the provisions of this ARTICLE XVI, or the acceptance of the assignee, subtenant or occupant as a tenant or a release of Tenant from the further performance of covenants on the part of Tenant to be performed hereunder. Any consent by Landlord to a particular assignment, subletting or occupancy or other act for which Landlord's consent is required under this Section 16.1 shall not in any way diminish the prohibition stated in this Section 16.1 as to any further such assignment, subletting or occupancy or other act or the continuing liability of the original named Tenant. No assignment or subletting hereunder shall relieve Tenant from its obligations hereunder. Accordingly, Tenant shall remain fully and primarily liable for all such obligations unless Landlord, at its sole discretion, shall expressly and in writing release Tenant from the same.

16.1.1 If Tenant shall desire to sublet all or any portion of the Premises or assign this Lease, Tenant shall submit to Landlord a written request for Landlord's consent to such sublet or assignment, which request (the "**Request**") shall contain or be accompanied by the following information:

- (a) The name and address of proposed subtenant or assignee;

- (b) A duplicate original or photocopy of the sublease agreement or assignment and assumption agreement;
- (c) The nature and character of the business of the proposed subtenant or assignee and its proposed use of the Premises;
- (d) Banking, financial and other credit information with respect to the proposed subtenant or assignee reasonably sufficient in the judgment of Landlord to enable Landlord to determine the financial responsibility of the proposed subtenant or assignee; and
- (e) A certification from the Tenant and the proposed assignee or subtenant that the proposed assignee or subtenant is a Non-Profit Company.

16.1.2 The form of the proposed sublease or instrument of assignment (i) shall be in form reasonably satisfactory to Landlord, and, without limitation, (A) shall not provide for a rental or other payment for the, occupancy or utilization of the space demised thereby based in whole or in part on the income or profits derived by any person from the property so leased, used, occupied or utilized other than an amount based on a fixed percentage or percentages of gross receipts or sales, and (B) shall provide that no person having an interest in the possession, use, occupancy or utilization of the space demised thereby shall enter into any lease, sublease, license, concession or other agreement for use, occupancy or utilization of such space which provides for a rental or other payment for such use, occupancy or utilization based in whole or in part on the income or profits derived by any person from the property so leased, used, occupies or utilized other than an amount based on a fixed percentage or percentages of gross receipts or sales, and that any such purported lease, sublease, concession or other agreements shall be absolutely void and ineffective *ab initio*, (ii) shall provide that the proposed sublease or instrument of assignment may not be modified by Tenant and its sublessee or assignee without Landlord's prior, written consent, which consent may be withheld by Landlord in its sole and absolute discretion; and (iii) shall comply with the applicable provisions of this ARTICLE XVI.

16.1.3 Tenant shall reimburse Landlord on demand (and in no event later than the effective date of any assignment or sublease) for any reasonable costs incurred by Landlord in connection with any proposed assignment or subletting including, without limitation, the reasonable costs of making investigations as to the acceptability of the proposed assignee or subtenant and reasonable costs incurred in connection with the granting of the requested consent, including, without limitation, any legal, appraisal, recording, title, document preparation or closing fees and any mortgage recording taxes. Notwithstanding the provisions of the above, Tenant shall remain liable to Landlord for any such costs that may be incurred by Landlord after the effective date of any assignment consented to in accordance with the terms of this paragraph.

16.1.4 In no event shall any assignment or subletting to which Landlord may have or may not have consented, release Tenant or any guarantor from its obligations under this Lease, or constitute consent to any further assignment or subletting. Anything contained in this Lease to the contrary notwithstanding, Tenant shall not (i) sublet the Premises or assign this Lease on any basis such that the rental or other amounts to be paid by the sublessee or assignee thereunder would be based, in whole or in part, on the income or profits derived by any person from the Premises or by the business activities of the sublessee or assignee; (ii) sublet the Premises or assign this Lease to any person, directly or indirectly, in which Landlord owns (by applying constructive ownership rules set forth in Section 856(d)(5) of the Internal Revenue Code) a ten percent (10%) or greater interest as defined by Section 856(d)(2)(B) of the Internal Revenue Code; or (iii) sublet the Premises or assign this Lease in any other manner or otherwise derive any income which could cause any portion of the amounts received by Landlord pursuant to this Lease or any sublease to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Internal Revenue Code, or which could cause any other income

received by Landlord to fail to qualify as income described in Section 856(c) (2) of the Internal Revenue Code. The requirements of this Section 16.1.4 shall likewise apply to any further subleasing by any subtenant.

16.1.5 Tenant shall pay to Landlord an amount equal to fifty percent (50%) of any net profit derived from any assignment of this Lease or subletting of the Premises to any person or entity that is not a Tenant Affiliate. Net profit shall mean any consideration paid by any assignee in connection with its acquisition of this Lease or the rent by any subtenant in connection with its subletting of the Premises and, in the event of a subletting, the amount of minimum rent and additional rent paid by any subtenant over the amount of minimum rent and additional rent paid by Tenant under this Lease, less only any Transfer Expenses (hereinafter defined). Such net profit shall be calculated on an annualized basis but shall be paid to Landlord, as Additional Rent, within ten (10) Business Days after receipt thereof by Tenant. “**Transfer Expenses**” shall mean (i) the reasonable out-of-pocket costs and expenses of Tenant in making such sublease or assignment, as the case may be, such as brokers’ fees and commissions, attorneys’ fees and advertising fees, (ii) any fees paid to Landlord pursuant to the terms of this Lease, and (iii) the cost of improvements or alterations made by Tenant expressly for the purpose of preparing the Premises for such subtenant or assignee or improvement allowances. In determining Transfer Expenses, the costs shall be amortized on a straight-line basis over the term of the sublease, or (in the case of an assignment) over the remainder of the Term.

16.1.6 Except with respect to any transfer permitted under Section 16.2, Landlord at its option shall have the right to cancel this Lease (with the same force and effect as if the entire Term had expired by lapse of time) by written notice given to Tenant at any time within twenty (20) Business Days of Tenant’s Request with respect to an assignment of this Lease to any person or entity that is not a Tenant Affiliate, or with respect to subletting of more than fifty percent (50%) of the Premises (whether through any individual instance of subletting or by aggregating all previous and current subletting) to any person or entity that is not a Tenant Affiliate, and if Landlord elects to cancel this Lease, the Term shall fully cease and expire on a date selected by Landlord in its notice of cancellation (which date shall not be less than ten (10) nor more than forty (40) Business Days after the date of such cancellation notice).

16.1.7 In no event shall Tenant be entitled to make, nor shall Tenant make any claim, and Tenant hereby waives any claim, for money damages, nor shall Tenant claim any money damages by way of set-off, counterclaim or defense, based upon any claim or assertion by Tenant that Landlord has unreasonably withheld or unreasonably delayed any consent or approval to a proposed assignment or subletting as provided for above, but Tenant’s sole remedy shall be an action or proceeding to enforce any such provisions, or for specific performance, injunction or declaratory judgment.

16.2 Permitted Transfers. Provided that no Event of Default then exists under this Lease, Tenant shall have the right, subject to all of the other terms and conditions of this ARTICLE XVI, and upon not less than five (5) Business Days’ prior written notice to Landlord but without Landlord’s prior written consent, to assign this Lease or to sublet all or any part of the Premises (i) to any Tenant Affiliate or (ii) to any Nevada public charter school that shall (A) possess a current and duly authorized written charter contract pursuant to subsection 5 of Nev. Rev. Stat. § 386.527 and (B) be substantially operated by the Manager.

16.3 Licensing for Occasional Use. Provided that no Event of Default then exists under this Lease, Tenant shall have the right, subject to all of the other terms and conditions of this ARTICLE XVI, to grant from time to time, in writing, certain personal and revocable licenses to use discrete portions of the Premises to support pre-kindergarten and before- and after-school care programming. No licensed use permitted under this Section 16.3 shall interfere in any manner with the Permitted Use. Neither shall any licensed use extend for a period of more than six (6) hours in any twenty-four (24)

hour period, nor rise to any level of right, intensity, duration, or repetition that may be deemed to constitute a conveyance of a possessory interest in land. All licensees of Tenant shall assume, by a written instrument substantially in the form attached hereto as Exhibit 16.3, and with other terms and conditions only as reasonably satisfactory to Landlord, the due performance of all of the pertinent covenants and obligations under this Lease. Each license permitted under this Section 16.3 shall contain provisions to the effect (i) that such license is only for actual use of the licensee, and (ii) that, notwithstanding the terms of such written instrument, Tenant shall remain fully liable for all performance under this Lease.

ARTICLE XVII **Signage**

Tenant may erect interior signs on the Premises without Landlord's prior written consent provided such signs comply with applicable Legal Requirements and Insurance Requirements. Landlord shall, as part of Landlord's Work, place Tenant's name on the Building, in a manner reasonably acceptable to Tenant. Tenant shall not place any other signs on the Land or Building visible from the exterior of the Building without Tenant obtaining Landlord's consent, which consent shall not be unreasonably withheld or delayed, and the consent of any applicable governmental or municipal authorities. Such signs shall conform to the reasonable sign standards for the Premises adopted by Landlord and all Legal Requirements and, before installation of Tenant's signs, Tenant must submit to Landlord a plan or sketch in reasonable detail (showing, without limitation, size, color, location, materials and method of affixation) of the sign.

ARTICLE XVIII **Damage or Destruction**

18.1 Fire or Other Damage. Tenant must give Landlord immediate notice in case the Premises are damaged by fire or other casualty.

18.1.1 If the Premises are Substantially Damaged by fire or other casualty (the term "**Substantially Damaged**" meaning damage of such a character that (i) the Premises are rendered unusable for the Permitted Use and (ii) the same cannot, in the ordinary course, reasonably be expected to be repaired within two hundred (200) Business Days from the time that repair work would commence, as determined by a contractor mutually satisfactory to the Parties), then Tenant or Landlord shall have the right to terminate this Lease by giving notice of such election within forty-five (45) Business Days after the occurrence of such casualty, which termination shall be effective as of the date of such notice.

18.1.2 If the Premises are Substantially Damaged by fire or other casualty and this Lease is terminated pursuant to Section 18.1.1, the Term shall be over on the specified cancellation date with the same force and effect as if such date were the date originally established as the Expiration Date. Tenant shall have no obligation to pay Rent after the termination date of the Lease. Tenant will look only to its own insurance as required by this Lease, whether or not obtained, to recover any damages or losses suffered as a result of the damage including but not limited to early termination of the Lease, loss of business, damage to Tenant's Removable Property, trade fixtures, etc. Tenant releases Landlord from liability and waives right of recovery against Landlord for all losses or damages resulting from the casualty to the extent that it would have been compensated by insurance required to be carried by Tenant under this Lease. Tenant shall retain the proceeds of all insurance maintained by Tenant and allocable to Tenant's Removable Property, without claim by Landlord.

18.1.3 If the Premises are Substantially Damaged by fire or other casualty and this Lease is not terminated pursuant to Section 18.1.1, Landlord shall thereafter promptly restore the

Premises (excluding Tenant's Removable Property and any Alterations performed by or on behalf of Tenant) to substantially the condition they were in immediately prior to such casualty; provided, however, that Landlord's obligation shall be limited to the proceeds of insurance carried pursuant to ARTICLE VIII ("**Insurance Proceeds**") available therefor, and that Landlord shall not be obligated to commence restoration until Landlord has received the Insurance Proceeds and Tenant has paid the applicable deductible to Landlord. If the total cost of restoring the Premises, as provided in this Article, is less than the amount of the Insurance Proceeds applicable to such restoration work, the balance of the Insurance Proceeds shall be paid to the Party responsible for maintaining such insurance upon delivery of final waivers of lien and such other documentation as may be reasonably requested by the other party in order to confirm that such restoration work has been completed in substantial accordance with the terms hereof. If this Lease is terminated by either Party pursuant to the terms and provisions of this Article, all Rent shall be prorated to the date of such damage or destruction and all Insurance Proceeds shall be retained (i) by Tenant if the policy yielding such Insurance Proceeds was obtained pursuant to Section 8.2 and (ii) by Landlord if the policy yielding such Insurance Proceeds was obtained pursuant to Section 8.3. If the total cost of restoring the Premises, as provided in this Article, shall exceed the amount of Insurance Proceeds available for such restoration (as determined by a contractor mutually satisfactory to the Parties), then Tenant may (but shall not be required to) provide its own funds to supplement such Insurance Proceeds, as necessary to restore the Premises. If Tenant shall not provide such funds, however, within twenty (20) Business Days after the pertinent determination by the contractor selected by the Parties, then Landlord may elect to terminate this Lease by giving notice of such election at any time within forty (40) Business Days thereafter, which termination shall be effective as of the date of such notice.

18.2 Partial Damage. If the Premises are damaged by fire or other casualty under this ARTICLE XVIII but are not Substantially Damaged, Landlord shall thereafter promptly restore the Premises (excluding Tenant's Removable Property and any Alterations performed by or on behalf of Tenant) to substantially the condition they were in immediately prior to such casualty; provided, however, that Landlord's obligation shall be limited to the amount of Insurance Proceeds available therefor, and that Landlord shall not be obligated to commence restoration until Landlord has received the Insurance Proceeds and Tenant has paid the applicable deductible to Landlord. After any such damage or destruction, Tenant shall cooperate with Landlord by removing from the Premises in a reasonable time all of Tenant's Removable Property located within the damaged or destroyed area, and from such or areas of the Premises as Landlord deems necessary to timely complete repair or restoration.

18.3 Abatement. If the damage or destruction to the Premises is a direct result of Tenant's negligent or intentional actions or omissions, then Tenant shall be responsible in full for payment of all Base Rent and Additional Rent unabated. In all other cases, if after damage or destruction to the Premises Tenant is unable to continue to use the Premises for the Permitted Use or if Tenant is only able to use a portion of the Premises for the Permitted Use, then Base Rent and Additional Rent shall be abated or a pro rata portion of the Base Rent and Additional Rent shall be abated, as applicable, from the date of such damage or destruction and shall resume five (5) Business Days after written notice from Landlord that Landlord's restoration is complete. The end date of the Term shall not change.

18.4 Tolling. Notwithstanding anything to the contrary contained in this Lease, the Parties' respective rights to terminate this Lease pursuant to Section 18.1 shall be tolled during the period between Tenant's exercise of its option to purchase the Premises pursuant to the Option Agreement and the Closing Date (as defined in the Option Agreement).

18.5 Restoration Near End of Term. If the Premises are damaged or destroyed to such an extent as to render them untenable within twenty-four (24) months of the expiration of the Term,

then, at Tenant's or Landlord's option and upon notice to the other given within twenty (20) Business Days after the date of the casualty, this Lease shall terminate as of the date of such damage or destruction.

ARTICLE XIX Eminent Domain

19.1 Condemnation. Except as provided in Section 19.2, if the entire Premises are taken or condemned by a legal authority, then the Term and Tenant's rights shall end as of the date the authority takes title to the Premises. If the Lease is terminated, Tenant must deliver the Premises to Landlord on the termination date together with all Base Rent and Additional Rent then due.

19.2 Partial Condemnation/Continuation of Lease. If less than the entire Premises is taken or condemned by a legal authority, the obligations of the Parties under this Lease shall be unaffected unless the effect of the taking or condemnation is to render the Premises unsuitable for the Permitted Use. From and after the date of delivery of possession to the condemning authority, a just and proportionate part of the Base Rent, according to the extent and nature of such taking, shall abate for the remainder of the Term. The Premises shall be deemed "unsuitable for the Permitted Use" if the state or condition of the Premises has been so affected by the taking or condemnation that, in the good faith judgment of Tenant, reasonably exercised, the Premises cannot be operated on a commercially practicable basis as a charter school. If a taking or condemnation renders the Premises unsuitable for the Permitted Use, Tenant may terminate the Lease as of the date of the taking, or as of the date of loss of occupancy of the condemned portion (if the date for vacating the Premises is different from the date of taking), or within twenty (20) Business Days following either the date of taking or the date of loss of occupancy of the condemned portion. If all or any part of the Premises is temporarily condemned for a period of six (6) months or less, the Parties shall be relieved from their obligations under the Lease only to the extent performance is rendered impracticable or impossible and Tenant shall remain obligated to pay Rent and other charges due under the Lease to Landlord for the period of such temporary taking. In the event of such a temporary taking, the entire amount of compensation payable for the temporary taking, whether paid by the condemning authority as damages, rent or otherwise, shall be payable to Tenant, subject to Tenant having paid to Landlord all Rent and other charges payable under the Lease for the period of such temporary taking.

19.3 Condemnation Award. In the event of a taking or condemnation which results in a termination of this Lease, if there is a single award, the condemnation proceeds, after deduction of the reasonable costs, expenses (including costs of experts) and attorneys' fees incurred in collection thereof ("**Net Award**") shall be divided between Landlord and Tenant as follows: (i) first, Landlord shall be paid out of the Net Award an amount equal to the value of the Premises (including Land and Building(s)) so taken, but subject to any lien, covenant, declaration, easement, cross-easement, operating agreement, right of way, encumbrance, restriction or similar right or title encumbrance with respect to the Premises, as may then be in full force and effect, and subject to this Lease; and (ii) second, Tenant shall be paid out of the balance of the Net Award an amount equal to the lesser of (A) the then remaining balance of the Net Award, or (B) the unamortized cost of Permitted Alterations constructed by Tenant; and (iii) the balance of the Net Award, if any, remaining after payments described above have been made shall be paid equally to Landlord and Tenant. In addition, Tenant shall always be entitled to claim and receive an award of damages for its losses including any separate damages which are considered "special damages" to Tenant, it being understood and agreed that the term "special damages" as used herein shall include any damages or award (a) payable for Tenant's Removable Property installed by Tenant or anybody claiming under Tenant, at its or their own cost and expense, (b) representing compensation for loss of, or injury to, the business carried on upon the Premises, (c) for

Tenant's relocation expenses, (d) for Tenant's damages for the loss of its leasehold estate suffered by it by reason of such taking or condemnation, and (e) any other damages compensable separately to Tenant; provided, however, that no such award to Tenant of special damages shall reduce the amount of the Net Award. In the event of a taking or condemnation of all or part of the Premises under circumstances where there will be a shared, unified award, Landlord and Tenant shall cooperate and join together in making all claims for damages, bringing any suit or action, appealing from any award or judgment, and settling and compromising all such claims, suits or actions, except for those claims which are prosecuted as part of an action for a separate award (e.g. a tenant's claim for "special damages") and, except for those claims for separate awards, neither party shall make or enter into such settlement or compromise without first obtaining the prior consent of the other thereto in writing, which consent shall not be unreasonably withheld, delayed or conditioned, and each party shall cooperate with the other in the prosecution of such claims, suits or actions, giving each other reasonable notice of the time and place of any negotiations for settlement or compromise. No pleading shall be filed in any suit or action without the consent of the other in writing, which consent shall not be unreasonably withheld, delayed or conditioned.

ARTICLE XX Surrender

20.1 Condition of Premises. On the Expiration Date or upon any earlier termination of this Lease, or upon any reentry by Landlord upon the Premises pursuant to Section 21.2.2, Tenant shall quit and surrender the Premises, together with all Alterations (except those Alterations required to be removed pursuant to Section 9.1.3) which may have been made or installed in, on or to the Premises before or during the Term, to Landlord free and clear of Tenant's Removable Property, all occupants, subtenants and licensees, and "broom-clean" and in good order, condition and repair and as Tenant is obligated to maintain the same under this Lease, excepting only (i) ordinary wear and use (subject to Tenant's compliance with Section 12.1) and (ii) those instances of damage by fire or other casualty for which, under other provisions of this Lease, Tenant has no responsibility of repair or restoration.

20.1.1 On the Expiration Date, Tenant shall remove all of Tenant's Removable Property (other than Tenant's Removable Property which Landlord has expressly agreed may remain pursuant to Section 10.3) and, to the extent specified by Landlord pursuant to Section 9.1.3, all Alterations made by or on behalf of Tenant; and shall repair any damages to the Premises or the Building caused by such removal.

20.1.2 On the Expiration Date, Tenant shall also, in accordance with all Legal Requirements, at Tenant's sole cost and expense, and to Landlord's reasonable satisfaction, remove any and all Hazardous Materials placed in the Premises by Tenant or by its agents, invitees, employees or contractors, and Tenant shall be responsible for all costs (including, but not limited to, those resulting from monitoring, clean-up or compliance in accordance with all Legal Requirements) incurred with respect to any Hazardous Materials placed upon the Premises by Tenant or by its agents, invitees, employees or contractors, after the Commencement Date.

20.2 Acceptance by Landlord. Except as expressly required by this Lease on or with respect to the Expiration Date, no act or thing done by Landlord or its agents shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord.

ARTICLE XXI

Default By Tenant; Landlord Remedies; Default by Landlord

21.1 Default by Tenant. The following occurrences are each an “**Event of Default**”:

(a) Tenant fails to pay when due any installment of Base Rent or payment of Additional Rent to Landlord and such failure continues for five (5) Business Days after Tenant’s receipt of written notice or demand from Landlord;

(b) Tenant fails to pay when due any Additional Rent to a third party and such failure continues for five (5) Business Days after Tenant’s receipt of written notice or demand from such third party or Landlord;

(c) This Lease or Tenant’s interest herein is taken upon execution or by other process of law directed against Tenant, or is taken upon or subjected to any attachments by any creditor of Tenant or claimant against Tenant and the attachment is not discharged within ten (10) Business Days after its levy;

(d) Tenant files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or is dissolved, or makes an assignment for the benefit of creditors;

(e) Involuntary proceedings under any bankruptcy laws or insolvency act or for the dissolution of Tenant are instituted against Tenant or a receiver or trustee is appointed for all or substantially all of Tenant’s Removable Property and assets and the proceeding is not dismissed or the receivership or trusteeship is not vacated within thirty (30) Business Days after institution or appointment;

(f) During any of the Lease Years specified in Section 7.5.3(b), Tenant fails to perform or comply with the agreements, terms, covenants, or conditions set forth in such Section 7.5.3(b), and such failure continues until the first student attendance date of the Lease Year next beginning after Landlord delivers notice of such failure to Tenant;

(g) Tenant defaults under Tenant’s Charter School Contract, or Tenant’s Charter School Contract shall be revoked or not renewed by the Authorizer or by any other entity that shall have the authority to revoke, terminate or renew such Charter School Contract, or such Charter School Contract shall otherwise cease to be in full force and effect;

(h) Tenant fails timely or fully to perform or comply with any of the terms, covenants, or conditions of any of (i) the Custodial Account and Control Agreement dated as of April 16, 2015 and entered into by and among Tenant, Zions First National Bank (as custodian), and Nevada State Bank (as custodian), or (ii) the Intercreditor Agreement dated as of April 16, 2015 and entered into by Tenant and Landlord (among others) , as amended pursuant to Section 7.5.1(a); or

(i) Tenant fails to perform or comply with any of the other agreements, terms, covenants, or conditions of this Lease and such failure continues for a period of twenty (20) Business Days (or such other period as may be expressly provided under this Lease) after notice of such failure from Landlord to Tenant, or if such failure is of such a nature that Tenant cannot reasonably remedy the same within such twenty (20) Business Day period, Tenant shall fail to commence promptly to remedy the same and to diligently and continuously prosecute such remedy to completion.

21.2 Landlord’s Remedies. If any one or more Events of Default set forth above occur, then Landlord may, at Landlord’s election, give notice to Tenant of Landlord’s intention to take the following actions:

21.2.1 To terminate this Lease on a date not less than ten (10) Business Days after the giving of such notice or any later date specified in the notice, and, on such date specified in the notice, Tenant's right to possession of the Premises shall cease and the Lease shall be terminated, except as to Tenant's liability set forth in this Section 21.2.1, as if the date fixed in the notice were the end of the Term. If the Lease is terminated pursuant to the provisions of this Section 21.2.1, Tenant shall be liable to Landlord for and shall pay to Landlord on demand damages in an amount equal to the Base Rent and Additional Rent that would have been owing by Tenant under this Lease for the balance of the Term if this Lease had not been terminated, less the net proceeds, if any, of reletting of the Premises by Landlord subsequent to the termination, after deducting all Landlord's expenses in connection with reletting, including without limitation the expenses set forth below; or

21.2.2 To re-enter and take possession of the Premises or any part of the Premises, repossess the Premises as of the Landlord's former estate; expel Tenant and those claiming through or under Tenant from the Premises; and remove the effects of both or either, without being deemed guilty in any manner or trespass and without prejudice to any remedies for arrears of rent or preceding breach of covenants or conditions. (Landlord hereby acknowledges the provisions of Nev. Admin. Code § 386.342.) If Landlord elects to re-enter as provided in this Section 21.2.2, or if Landlord takes possession of the Premises pursuant to legal proceedings or pursuant to any notice provided by law, Landlord may, from time to time without terminating this Lease, relet the Premises or any part thereof, in Landlord's or Tenant's name but for the account of Tenant, for the term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term and on such terms and conditions (which may include concessions of free rent and the alteration and repair of the Premises) as Landlord, in Landlord's discretion, may determine. Landlord may collect and receive the rents for the Premises. Landlord agrees to exercise reasonable efforts to re-rent the Premises to mitigate Landlord's damages; provided, however, that Landlord shall not be responsible or liable for any failure to relet the Premises, or any part thereof, though Landlord shall exercise reasonable efforts to collect any rent due upon the reletting. No re-entry or taking possession of the Premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice or the specific intention is given to Tenant. Landlord reserves the right following any re-entry or reletting, or both, to exercise Landlord's right to terminate this Lease by giving Tenant written notice and in that event the Lease shall terminate as specified in the notice. If Landlord elects to take possession of the Premises according to this subparagraph without terminating the Lease, Tenant shall pay Landlord the rent and other sums which would be payable under this Lease as and when due through only the end of the current Term if the repossession had not occurred, less the net proceeds, if any, of any reletting of the Premises after deducting all of Landlord's expenses incurred in connection with the reletting, including without limitation all reasonable repossession costs, brokerage commissions, legal expenses, attorney's fees, expenses of employees, alteration, remodeling and repair costs and expenses of preparation for the reletting. If, in connection with any reletting, the new lease term extends beyond the existing Term, a fair apportionment of the rent received from the reletting and the expenses incurred in connection with the reletting shall be made in determining the net proceeds received from reletting. In addition, in determining the net proceeds from reletting, any rent concessions shall be apportioned over the term of the new lease.

21.3 Termination Upon Bankruptcy. If any Event of Default set forth in Sections 21.1(d) or 21.1(e) above occurs, then, anything elsewhere in this Lease to the contrary notwithstanding, this Lease may be canceled by Landlord by the sending of a written notice to Tenant within a reasonable time after the happening of such event. Neither Tenant nor any person claiming through or under Tenant, or by reason of any statute or order of court, shall thereafter be entitled to possession of the Premises but shall forthwith quit and surrender the Premises. In the event of the termination of this Lease pursuant to this Section 21.3, Landlord shall forthwith, notwithstanding any other provisions of this Lease to the

contrary, be entitled to recover from Tenant as and for liquidated damages in lieu of damages under Section 21.2, an amount equal to the difference between the Base Rent and Additional Rent reserved hereunder for the unexpired portion of the term demised and the fair reasonable rental value of the Premises for the same period. In the computation of such damages the difference between any installment rent becoming due hereunder after the date of termination and the fair and reasonable rental value of the Premises for the period of which such installment was payable shall be discounted to the date of termination at the rate of 4% per annum. If the Premises or any part thereof be relet by Landlord for the unexpired term of this Lease, or any part thereof, before presentation of proof of such liquidated damages to any court, commission or tribunal, the amount of Base Rent and Additional Rent reserved upon such reletting shall be deemed to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting. Nothing herein shall limit or prejudice the right of Landlord to prove for and obtain as liquidated damages by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to or less than the amount of the difference referred to above.

21.4 Remedies Cumulative; Enforcement Costs. No remedy in this Lease or otherwise conferred upon or reserved to Landlord shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder, now or hereafter existing at law or in equity or by statute and every power and remedy given by this Lease to Landlord may be exercised from time to time and as often as occasion may arise or as may be deemed expedient. No delay or omission of Landlord to exercise any right, remedy or power arising from any default shall impair any such right, remedy or power or shall be construed to be a waiver of any such default. Tenant shall pay all reasonable costs and expenses (including, without limitation, attorneys' fees and expenses at both the trial and appellate levels) incurred by or on behalf of Landlord in connection with the successful enforcement of any rights of Landlord or obligations of Tenant hereunder, whether or not occasioned by an Event of Default.

21.5 Default by Landlord. Landlord shall in no event be in default under this Lease unless Landlord shall neglect or fail to perform any of its obligations hereunder and shall fail to remedy the same within twenty (20) Business Days after notice to Landlord specifying such neglect or failure, or if such failure is of such a nature that Landlord cannot reasonably remedy the same within such twenty (20) Business Day period, Landlord shall fail to commence promptly (and in any event within such twenty (20) Business Day period) to remedy the same and to prosecute such remedy to completion with diligence and continuity. Tenant expressly and knowingly waives the right to terminate this Lease on account of Landlord's default under this Lease. Except as expressly set forth below, Tenant's sole remedy on Landlord's default is an action for damages or injunctive or declaratory relief.

21.6 Attorneys' Fees. The non-prevailing party shall pay all reasonable costs and expenses (including, without limitation, attorneys' fees and expenses at both the trial and appellate levels) incurred by or on behalf of the prevailing party in connection with the successful enforcement of any rights or obligations hereunder following an Event of Default.

ARTICLE XXII No Waivers

22.1 Failure to Require Strict Performance. The failure of either Party to insist in any one or more instances upon the strict performance of any one or more of the obligations of this Lease, or to exercise any election herein contained, shall not be construed as a waiver or relinquishment for the future of the performance of such one or more obligations of this Lease or of the right to exercise such election, and such right to insist upon strict performance shall continue and remain in full force and

effect with respect to any subsequent breach, act or omission. The receipt by Landlord of Base Rent or partial payments thereof or Additional Rent or partial payments thereof with knowledge of breach by Tenant of any obligation of this Lease shall not be deemed a waiver of such breach. Failure on the part of Landlord or Tenant to complain of any action or non-action on the part of the other, no matter how long the same may continue, shall never be a waiver by Tenant or Landlord, respectively, of any of the other's rights hereunder. The consent or approval of Landlord or Tenant to or of any action by the other requiring such consent or approval shall not be construed to waive or render unnecessary Landlord's or Tenant's consent or approval to or of any subsequent similar act by the other.

22.2 Partial Payments. No payment by Tenant, or acceptance by Landlord, of a lesser amount than shall be due from Tenant to Landlord shall be treated otherwise than as a payment on account of the earliest installment of any payment due from Tenant under the provisions hereof. The acceptance by Landlord of a check for a lesser amount with an endorsement or statement thereon, or upon any letter accompanying such check, that such lesser amount is payment in full, shall be given no effect, and Landlord may accept such check without prejudice to any other rights or remedies which Landlord may have against Tenant.

ARTICLE XXIII Curing Tenant's Defaults

23.1 Landlord's Right to Perform. If Tenant shall default in the performance of any of Tenant's obligations under this Lease, Landlord, without thereby waiving such default, may (but shall not be obligated to) perform the same for the account and at the expense of Tenant, without notice in a case of emergency, and in any other case only if such default continues after the expiration of any applicable notice and cure periods.

23.2 Landlord's Costs. Bills for any reasonable, out-of-pocket expenses incurred by Landlord in connection with any such performance by it for the account of Tenant, and bills for all costs, expenses and disbursements of every kind and nature whatsoever, including reasonable counsel fees and disbursements, involved in collecting or endeavoring to collect the Base Rent or Additional Rent or any part thereof or enforcing or endeavoring to enforce any rights against Tenant or Tenant's obligations hereunder, under or in connection with this Lease or pursuant to law, including any such cost, expense and disbursement involved in instituting and prosecuting summary proceedings or in recovering possession of the Premises after default by Tenant or upon the expiration or sooner termination of this Lease, and interest on all sums advanced by Landlord (at the Interest Rate or the maximum rate permitted by law, whichever is less) may be sent by Landlord to Tenant monthly, or immediately, at its option, and such amounts shall be due and payable as Additional Rent in accordance with the terms of such bills.

ARTICLE XXIV Brokerage

Landlord and Tenant each represents and acknowledges to the other that it has not dealt with any real estate broker in consummating this Lease, and that no conversation or prior negotiations were had with any broker concerning the renting of the Premises. Landlord and Tenant each hereby holds the other harmless against any claim for brokerage commission(s) arising out of any dealings, conversations or negotiations had by either with any broker claiming to have dealt the indemnifying Party.

ARTICLE XXV
Notices

Any notices under this Lease must be in writing and must be sent (i) by personal delivery, (ii) by United States registered or certified mail (postage prepaid), (iii) by electronic mail, or (iv) by an independent overnight courier service, addressed to the addresses specified below or at such other place as a Party may designate to the other Parties by written notice given in accordance with this Section. Notices given by registered or certified mail are deemed effective three (3) Business Days after the Party sending the notice deposits the notice with the United States Post Office. Notices given by electronic mail are deemed effective on the Business Day transmitted (or, if transmitted on a day that is not a Business Day, then on the next occurring Business Day). Notices delivered by overnight courier are deemed effective on the next Business Day after the day the Party delivering the notice timely deposits the notice with the courier for overnight (next day) delivery.

If to Landlord: TA Las Vegas TC LLC
c/o Turner-Agassi Charter School Facilities Fund, L.P.
3000 Olympic Blvd.
Building 5, Suite 2120
Santa Monica, CA 90404
Attention: Glenn Pierce
Email: gpierce@turnerimpact.com

With Copies to: TA Las Vegas TC LLC
c/o Turner-Agassi Charter School Facilities Fund, L.P.
3000 Olympic Blvd.
Building 5, Suite 2120
Santa Monica, CA 90404
Attention: Bari Cooper Sherman, Esq.
Email: bsherman@turnerimpact.com

And to: TA Las Vegas TC LLC
c/o Turner-Agassi Charter School Facilities Fund, L.P.
3000 Olympic Blvd.
Building 5, Suite 2120
Santa Monica, CA 90404
Attention: Aarthi Sowrirajan
Email: asowrirajan@turnerimpact.com

And to: Polsinelli PC
150 N Riverside Plaza
Suite 3000
Chicago, IL 60606
Attn: Michael J. Ostermeyer
Email: mostermeyer@polsinelli.com

If to Tenant: Somerset Academy of Las Vegas
c/o Academica Nevada
1378 Paseo Verde Parkway
Suite 200
Henderson, NV 89012
Email: rreeves@academicanv.com

With Copy to: Somerset Academy of Las Vegas
c/o Academica Nevada
1378 Paseo Verde Parkway
Suite 200
Henderson, NV 89012
Attn: Colin Bringham, Esq., General Counsel
Email: colin.bringhurst@academicanv.com

And to: Kolesar & Leatham
400 S Rampart Boulevard
Suite 400
Las Vegas, NV 89145
Attn: Alan J. Lefebvre
Email: alefebvre@klnvada.com

Any notice by either Party hereto, whether required or permissible hereunder, may be given by such Party's then current attorney, which notice, when given by such attorney, shall be deemed equally as effective as if given by such Party directly.

**ARTICLE XXVI
Estoppel Certificates**

Within ten (10) Business Days following any written request which Landlord may make from time to time, Tenant shall execute and deliver to Landlord, any mortgagee or prospective mortgagee, any purchaser or prospective purchaser of Landlord or the Premises, a sworn statement certifying: (i) the Commencement Date and the Rent Commencement Date of this Lease; (ii) the fact that this Lease is unmodified and in full force and effect (or, if there have been modifications to this Lease, that this lease is in full force and effect, as modified, and stating the date and nature of such modifications); (iii) the date to which the rent and other sums payable under this Lease have been paid; (iv) the fact that there are no current defaults under this Lease by either Landlord or Tenant except as specified in Tenant's statement; and (v) such other matters as may be reasonably requested by Landlord. Landlord and Tenant intend that any statement delivered pursuant to this ARTICLE XXVI may be relied upon by any mortgagee, beneficiary or purchaser, and Tenant shall be liable for all loss, cost or expense resulting from the failure of any sale or funding of any loan caused by any material misstatement contained in such estoppel certificate. Tenant irrevocably agrees that if Tenant fails to execute and deliver such certificate within such ten (10) Business Day period Landlord or Landlord's beneficiary or agent may execute and deliver such certificate on Tenant's behalf, and that such certificate shall be fully binding on Tenant.

**ARTICLE XXVII
Holdover**

If Tenant, with Landlord's written consent, holds over at the end of the Term, Tenant shall become a tenant at will and any such holding over shall not constitute an extension of this Lease. During such holding over, Tenant shall pay rent and other charges at the highest monthly rate provided for herein and shall be subject to all conditions, provisions and obligations of this Lease in effect on the last day of the Term. If Tenant holds over at the end of the term without Landlord's written consent, such holding over shall be treated as a daily tenancy at sufferance at a rate equal to the greater of (i) two (2) times the Base Rent then in effect and (ii) the fair market rent plus Additional Rent and other additional charges herein provided (prorated on a daily basis) and shall otherwise be on the terms and conditions set forth in this Lease as far as applicable. Without limiting the foregoing, Tenant shall also

be responsible for, and indemnify and hold Landlord harmless from and against, all loss, cost and damage suffered by Landlord (including without limitation loss of rental or loss of a tenant) as a result of any such holding over.

ARTICLE XXVIII **Representations and Warranties**

28.1 Tenant. Tenant represents and warrants as follows:

28.1.1 There are no actions, suits or proceedings pending or, to the knowledge of Tenant, threatened against or affecting Tenant, at law or in equity or before any federal, state, municipal or governmental department, commission, board, bureau, agency or instrumentality which would impair Tenant's ability to perform its obligations under this Lease.

28.1.2 This Lease has been duly approved by the Authorizer as required under applicable Legal Requirements (including, without limitation, under the terms of the *Nevada Charter School Operation Manual* (January 2014), as currently in effect).

28.1.3 This Lease has been duly authorized, executed and delivered by Tenant and constitutes the legal, valid and binding obligation of Tenant.

28.1.4 The consummation of the transactions hereby contemplated and the performance of this Lease shall not result in any breach or violation of, or constitute a default under any lease, bank loan or credit agreement to which Tenant is a party.

28.2 Landlord. Landlord represents and warrants as follows:

28.2.1 There are no actions, suits or proceedings pending or, to the knowledge of Landlord, threatened against or affecting Landlord, at law or in equity or before any federal, state, municipal or governmental department, commission, board, bureau, agency or instrumentality which would impair Landlord's ability to perform its obligations under this Lease.

28.2.2 This Lease has been duly authorized, executed and delivered by Landlord and constitutes the legal, valid and binding obligation of Landlord.

28.2.3 The consummation of the transactions hereby contemplated and the performance of this Lease shall not result in any breach or violation of, or constitute a default under any lease, bank loan or credit agreement to which Landlord is a party.

28.2.4 Landlord has no actual knowledge of any Hazardous Materials existing on or under the Premises.

ARTICLE XXIX **Miscellaneous Provisions**

29.1 Liability of Landlord; Transfer of Landlord's Interest.

29.1.1 Tenant agrees to look solely to Landlord's equity interest in the Premises at the time of recovery for recovery of any judgment against Landlord, and agrees that none of the following shall be personally liable for any such judgment, or for the payment of any monetary obligation to Tenant: Landlord; any member or constituent partner of Landlord; any successor to Landlord; or any successor to any member or constituent partner of Landlord. The provision contained in the foregoing sentence is not intended to, and shall not, limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or any successor of Landlord, or to take any action not involving the

personal liability of Landlord or any successor of Landlord to respond in monetary damages from Landlord's assets other than Landlord's equity interest in the Premises.

29.1.2 Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Premises and in this Lease. Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease, and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder accruing after the date of transfer. Such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord, including the return of any Security Deposit, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to any lender as security. Tenant agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder unless and until Landlord's lender succeeds to Landlord's interest under this Lease.

29.1.3 Notwithstanding any contrary provision herein, neither Landlord nor any Landlord Party shall be liable to Tenant or any Person claiming under Tenant under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring, or for any indirect or consequential damages.

29.1.4 Any repairs or restoration required or permitted to be made by Landlord under this Lease may be made during normal business hours, and Landlord shall have no liability for damages to Tenant for inconvenience, annoyance or interruption of business arising therefrom.

29.2 Recording. Landlord and Tenant agree not to record the within Lease, but shall, simultaneously with their execution and delivery of this Lease, execute, deliver, and record a Memorandum of Lease, which Memorandum shall be in recordable form and in content substantially conforming to the form attached hereto as Exhibit 29.2. In no event shall such document set forth rent or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

29.3 Confidentiality and Publicity.

29.3.1 Tenant agrees that (i) this Lease and the terms contained herein, (ii) all information regarding the Premises of whatever nature made available to Tenant or any Tenant Party by Landlord or any Landlord Party, and (iii) the results of all tests and studies of the Premises (altogether, collectively, the "**Confidential Information**") shall be treated by Tenant as strictly confidential. Accordingly, Tenant shall not disclose, and Tenant shall not permit any Tenant Party to disclose, the same to any third party without the written consent of Landlord; provided, however, that, Tenant shall not hereby be precluded from disclosure of Confidential Information (including, without limitation, this Lease) that may be compelled by Legal Requirements, or from disclosing this Lease (and the terms contained herein) to its attorneys, accountants, auditors, lenders, and other professionals who may be bound to Tenant by duties of confidence. Tenant acknowledges that the terms of this provision shall not limit Landlord from making Confidential Information available to its investors, members, constituent partners, attorneys, accountants, auditors, lenders, and other professionals who may be bound to Landlord by duties of confidence, as well as to brokers, lenders, principals, agents, employees, and others involved in any sale, financing, or other transfer of Landlord's interest in the Property.

29.3.2 If Tenant or any Tenant Party is required by Legal Requirements to provide this Lease or disclose any of its terms, or otherwise disclose any Confidential Information, Tenant shall give Landlord prompt notice of such requirement before making disclosure (provided that Legal

Requirements allow such notice prior to disclosure) so that Landlord may seek an appropriate protective order. If Landlord does not seek or is not successful in obtaining a protective order, or if Tenant or such Tenant Party is compelled to make disclosure without waiting for Landlord to act, Tenant shall only disclose, and shall only permit the Tenant Party to disclose, portions of the Confidential Information that are required to be disclosed, and Tenant and such Tenant Party shall exercise reasonable efforts to obtain assurance that confidential treatment shall be accorded to the Confidential Information so disclosed.

29.3.3 Tenant shall not, and Tenant shall not permit any Tenant Party to, at any time issue a press release or otherwise communicate with media representatives regarding this Lease, the Premises or any other Confidential Information unless such release or communication has received the prior written approval of Landlord, which may be granted or withheld in Landlord's sole discretion.

29.4 When Lease Becomes Binding; Entire Agreement. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises, and this document shall become effective and binding only upon the execution and delivery hereof by both Landlord and Tenant. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and this Lease expressly supersedes any proposals or other written documents relating hereto. The entire agreement between the Parties respecting the Lease of the Premises and all matters covered or mentioned in the Lease is contained in this Lease, which expressly incorporates all of the following:

- Exhibit 1.1: Legal Description of the Premises
- Exhibit 2.2: Commencement Date Certificate
- Exhibit 2.4.1: Option Sale Agreement
- Exhibit 3.1: Base Rent Schedule
- Exhibit 6.1-1: Development Summary
- Exhibit 6.1-2: Schematic Plans
- Exhibit 6.4: Budget
- Exhibit 11.1.1: Building Maintenance Checklist
- Exhibit 16.3: Form of License Agreement
- Exhibit 29.2: Memorandum of Lease

This Lease may not be altered, changed or amended except by an instrument in writing signed by both Parties. This Lease may be modified or altered only by written agreement between Landlord and Tenant, and no act or omission of any employee or agent of Landlord shall alter, change or modify any of the provisions hereof.

29.5 Unavoidable Delay. Except as expressly provided in this Lease, if Landlord or Tenant is delayed or prevented from performing any of its respective obligations because of strikes, lockouts, labor troubles, inability to procure materials, failure of power, governmental restrictions, litigation which results in an injunction prohibiting or otherwise delaying the continuity of such construction or other acts, or other reasons not within the reasonable control of the Party delayed in performing such obligation (each an “**Unavoidable Delay**”), then the period of such delays shall be deemed added to the time herein provided for the performance of any such obligation and the defaulting Party shall not be liable for losses or damages caused by such delays; *provided, however*, that this Section shall not (i) affect Tenant’s obligation to pay Base Rent or any obligation of Landlord or Tenant that can be satisfied by the payment of money, or (ii) extend any date(s) for giving notice pursuant to Section 2.3.

29.6 Consent. If Tenant shall request Landlord’s consent and Landlord shall fail or refuse to give such consent, Tenant shall not be entitled to any damages for any withholding by Landlord of its consent, it being intended that Tenant’s sole remedy shall be an action for specific performance or

injunction, and such remedy shall be available only in those cases where Landlord has expressly agreed in writing not to unreasonably withhold or delay its consent or where as a matter of law Landlord may not unreasonably withhold or delay its consent. Furthermore, whenever Tenant requests Landlord's consent or approval (whether or not provided for herein), Tenant shall pay to Landlord, on demand, as Additional Rent, any reasonable expenses incurred by Landlord (including without limitation reasonable attorneys' fees and costs, if any) in connection therewith.

29.7 PATRIOT Act. As an inducement to Landlord to enter into this Lease, Tenant hereby represents and warrants that: (i) Tenant is not, nor is it owned or controlled directly or indirectly by, any person, group, entity or nation named on any list issued by the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") pursuant to Executive Order 13224 or any similar list or any law, order, rule or regulation or any Executive Order of the President of the United States as a terrorist, "**Specially Designated National and Blocked Person**" or other banned or blocked person (any such person, group, entity or nation being hereinafter referred to as a "**Prohibited Person**"); (ii) Tenant is not (nor is it owned, controlled, directly or indirectly, by any person, group, entity or nation which is) acting directly or indirectly for or on behalf of any Prohibited Person; and (iii) from and after the effective date of the above-referenced Executive Order, Tenant (and any person, group, or entity which Tenant controls, directly or indirectly) has not knowingly conducted and may not knowingly conduct business, nor has or may Tenant knowingly engage in any transaction or dealing with any Prohibited Person in violation of the U.S. PATRIOT Act or any OFAC rule or regulation, including without limitation any assignment of this Lease or any subletting of all or any portion of the Premises or the making or receiving of any contribution of funds, goods or services to or for the benefit of a Prohibited Person in violation of the U.S. Patriot Act or any OFAC rule or regulation. In connection with the foregoing, it is expressly understood and agreed that (x) any breach by Tenant of the foregoing representations and warranties shall be deemed an immediate Event of Default by Tenant under Section 21.1 (without the benefit of notice or grace) and shall be covered by the indemnity provisions of Section 8.1, and (y) the representations and warranties contained in this subsection shall be continuing in nature and shall survive the expiration or earlier termination of this Lease.

29.8 No Partnership. The relationship of the Parties is that of landlord and tenant and no partnership, joint venture or participation is hereby created.

29.9 Excavation. If an excavation shall be made upon land adjacent to or under the Building, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter the Premises for the purpose of performing such work as said person shall deem necessary or desirable to preserve and protect the Building from injury or damage to support the same by proper foundations, without any claim for damages or liability against Landlord and without reducing or otherwise affecting Tenant's obligations under this Lease.

29.10 Choice of Law. This Lease shall be governed by and construed in accordance with the laws of the State of Nevada. Landlord and Tenant hereby consent and submit irrevocably to the jurisdiction of the state and federal courts located in the State of Nevada with respect to the provisions of this Lease.

29.11 Waiver of Jury Trial. Each Party hereby voluntarily and knowingly waives trial by jury, to the extent permitted by Legal Requirements, in any action, proceeding, or counterclaim by either Party against the other Party on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, any emergency or statutory remedy, or any act or omission of any Party with respect to this Lease or the Premises. In the event of litigation, this Lease may be filed as a written consent to a trial by the court without a jury.

29.12 Independent Covenants. This Lease shall be construed as though the covenants herein (including, without limitation, Tenant's obligation to pay Rent) between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to perform any such obligations at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

29.13 Successors and Assigns. Except as herein otherwise provided, the terms hereof shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of Landlord and Tenant (except in the case of Tenant, however, only such assigns as may be permitted hereunder) and, if Tenant shall be an individual, upon and to his heirs, executors, administrators, successors and permitted assigns. Each term and each provision of this Lease to be performed by Tenant shall be construed to be both a covenant and a condition. The reference contained to successors and assigns of Tenant is not intended to constitute a consent to assignment by Tenant.

29.14 Joint and Several Liability. If there is more than one (1) person or entity named as Tenant hereunder, the obligations of Tenants hereunder shall be joint and several obligations of each of Tenant. In accordance with the terms of this Lease, Landlord may proceed against any or all Tenants in the event of a default hereunder subject to any defenses as may be available to any Tenant.

29.15 Obligation of Tenant. As required under the Charter School Contract, Landlord hereby acknowledges the following: (i) that the provisions of this Lease are enforceable only to the extent that such provisions comply with applicable Legal Requirements; and (ii) that the Authorizer shall not be contractually bound to Landlord on the Tenant's account for any obligation arising under this Lease.

29.16 Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original. Executed counterparts of this Lease may be delivered by electronic mail, and such documents shall be effective as original executed instruments.

29.17 Application, Construction, and Interpretation. If any provisions of this Lease or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Lease and the application of that provision to other persons or circumstances shall not be affected but rather shall be enforced to the extent permitted by law. The captions, headings and titles in this Lease are solely for convenience of reference and shall not affect its interpretation. This Lease shall be construed without regard to any presumption or other rule requiring construction against the Party causing this Lease to be drafted. All terms and words used in this Lease, shall be deemed to include any other number and any other gender as the context may require.

[Signatures begin on next page.]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year first above written.

TENANT:

Somerset Academy of Las Vegas,
a Nevada public charter school

By: _____
Name:
Title:

LANDLORD:

TA Las Vegas TC LLC,
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT 1.1
Legal Description of the Premises

EXHIBIT 2.2
Commencement Date Certificate

This Agreement, made this ___ day of _____, 2018 between TA LAS VEGAS TC LLC (“**Landlord**”) and SOMERSET ACADEMY OF LAS VEGAS (“**Tenant**”).

WITNESSETH :

WHEREAS, by a certain Lease (hereinafter called “the **Lease**”), dated as of November ____, 2017, Landlord leased to Tenant the parcel of land located in the City of Las Vegas, Clark County, State of Nevada, more particularly described on Exhibit 1.1 of the Lease, together with all buildings existing and to be constructed by Landlord thereupon (altogether, the “**Premises**”); and

WHEREAS, Tenant is now in possession of the Premises; and

WHEREAS, under the provisions of the Lease, Landlord and Tenant agreed to execute, acknowledge and deliver to each other an agreement setting forth the Rent Commencement Date.

NOW, THEREFORE, Landlord and Tenant agree as follows:

1. The Commencement Date of the Lease was _____, 2018.
2. The Rent Commencement Date of the Lease was _____, 2018.
3. The Expiration Date of the Term is the 30th day of June, 2047.
4. The Base Rent as of the date hereof is \$ _____.
5. The Lease is in full force and effect and has not been modified, supplemented or amended in any way.
6. That all terms and conditions to be performed by the Landlord and Tenant under the terms of the Lease have been satisfied unless noted in an appendix to this Agreement; that as of the date hereof, there are no existing defenses or offsets against the Landlord or Tenant under the Lease terms; and that no rent has been paid in advance, except as may be provided for in the Lease and the rent has continued to be paid in accordance with said lease since the Rent Commencement Date.
7. Tenant is in occupancy of the leased Premises.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the day and year first above written.

LANDLORD:

WITNESS:

TA Las Vegas TC LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

TENANT:

WITNESS:

Somerset Academy of Las Vegas,
a Nevada public charter school

By: _____

Name: _____

Title: _____

EXHIBIT 2.4.1
Option Sale Agreement

THIS SALE AGREEMENT (this “**Agreement**”), effective as of _____, 20__ (the “**Purchase Option Date**”), by and between TA LAS VEGAS TC LLC (“**Seller**”), and SOMERSET ACADEMY OF LAS VEGAS (“**Buyer**”). For purposes of this Agreement, Seller and Buyer shall together be known as the “**Parties**,” and each shall be known as a “**Party**.”

W I T N E S S E S:

For other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties do hereby agree as follows:

ARTICLE 1
SALE OF PROPERTY

Seller agrees to sell, transfer and assign and Buyer agrees to purchase, accept and assume, subject to the terms and conditions set forth in this Agreement, all of Seller’s right, title and interest in and to that certain real property, located in the City of Las Vegas, Clark County, State of Nevada, that is more particularly described on the Addendum A attached to and made a part of this Agreement, together with the building(s) thereon that have been constructed by Seller, and all fixtures and improvements located therein and thereon that are owned by Seller as of the Closing Date (altogether, the “**Property**”).

ARTICLE 2
PURCHASE PRICE

2.1 Purchase Price. The purchase price for the Property shall be \$ _____ (the “**Purchase Price**”). The Purchase Price shall be payable as provided in Section 2.2. [Note: Purchase Price to be established in accordance with Section 2.4.3 of that certain Lease Agreement entered into between the Parties and dated as of November ____, 2017.]

2.2 Payment of Purchase Price. Upon the complete execution and delivery of this Agreement, Buyer shall remit to the Title Company (as defined below) (the “**Escrow Agent**”) a sum equal to three percent (3%) of the Purchase Price (together with all interest earned thereon, the “**Deposit**”), which Deposit shall be held in escrow for application and disbursement as the Deposit under the terms of this Agreement. At the consummation of the transactions contemplated hereby (the “**Closing**”), the balance of the Purchase Price in excess of the Deposit, plus or minus any prorations, shall be payable by Buyer to Seller in immediately available funds. This sale shall be closed through Escrow Agent on terms reasonably acceptable to Buyer and Seller.

The Deposit shall be held by the Escrow Agent in an interest-bearing account in a financial institution mutually satisfactory to the Parties. Buyer and Seller hereby acknowledge and agree that the Deposit is, as of the Effective Date, fully-earned by the Seller and is non-refundable in all circumstances (although applicable to the Purchase Price at Closing), except as expressly provided in Section 9.2 hereof. If the sale of the Property shall be consummated, the Deposit at Closing shall be paid to Seller and credited against the Purchase Price.

ARTICLE 3
AS-IS SALE

3.1 As-Is Sale. Buyer is the lessee of the Property and is intimately familiar with all aspects of the Property. Buyer acknowledges and agrees as follows: (i) the Property shall be sold, and Buyer shall accept possession of the Property on the Closing Date, “AS IS, WHERE IS, WITH ALL FAULTS”, with no right of setoff or reduction in the Purchase Price, (ii) except as set forth in Section 7.2, none of the Seller or its agents, advisors, officers, directors employees, affiliates, members, constituent partners, managers or representatives (collectively, “**Seller Parties**”) have or shall be deemed to have made any verbal or written representations, warranties, promises or guarantees (whether express, implied, statutory or otherwise) to Buyer with respect to the Property, (iii) Buyer has independently confirmed to its satisfaction all information that it considers material to its purchase of the Property, and (iv) Buyer expressly understands and acknowledges that it is possible that unknown problems, conditions, losses, costs, damages, claims, liabilities, expenses, demands and obligations may exist with respect to the Property (clauses (i), (ii), (iii) and (iv), the “**Liabilities**”) and that Buyer explicitly took that possibility into account in determining and agreeing to the Purchase Price, and that a portion of such consideration, having been bargained for between the Parties with the knowledge of the possibility of such unknown Liabilities, shall be given in exchange for a full accord and satisfaction and discharge of all such Liabilities.

3.2 Release. BUYER HEREBY RELEASES EACH OF THE SELLER PARTIES FROM, AND WAIVES ANY AND ALL LIABILITIES AGAINST EACH OF THE SELLER PARTIES, WHETHER ARISING OR ACCRUING BEFORE, ON OR AFTER THE DATE HEREOF AND WHETHER ATTRIBUTABLE TO EVENTS OR CIRCUMSTANCES WHICH HAVE HERETOFORE OR MAY HEREAFTER OCCUR. WITHOUT LIMITATION ON THE GENERALITY OF THE FOREGOING, THE FOREGOING RELEASE INCLUDES, WITHOUT LIMITATION, A RELEASE OF ANY AND ALL LIABILITIES WITH RESPECT TO (AND LIABILITIES INCLUDE, WITHOUT LIMITATION) THE STRUCTURAL, PHYSICAL, OR ENVIRONMENTAL CONDITION OF THE PROPERTY; AND ANY AND ALL LIABILITIES RELATING TO THE RELEASE OF OR THE PRESENCE, DISCOVERY OR REMOVAL OF ANY SUBSTANCE, CHEMICAL, WASTE OR MATERIAL THAT IS OR BECOMES REGULATED BY ANY FEDERAL, STATE OR LOCAL GOVERNMENTAL AUTHORITY BECAUSE OF ITS TOXICITY, INFECTIOUSNESS, RADIOACTIVITY, EXPLOSIVENESS, IGNITABILITY, CORROSIVENESS OR REACTIVITY, INCLUDING, WITHOUT LIMITATION, ASBESTOS OR ANY SUBSTANCE CONTAINING MORE THAN 0.1 PERCENT ASBESTOS, THE GROUP OF COMPOUNDS KNOWN AS POLYCHLORINATED BIPHENYLS, FLAMMABLE EXPLOSIVES, OIL, PETROLEUM OR ANY REFINED PETROLEUM PRODUCT (COLLECTIVELY, “**HAZARDOUS MATERIALS**”) IN, AT, ABOUT OR UNDER THE PROPERTY, OR FOR, CONNECTED WITH OR ARISING OUT OF ANY AND ALL CLAIMS OR CAUSES OF ACTION BASED UPON CERCLA (COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, 42 U.S.C. §§9601 *ET SEQ.*, AS AMENDED BY SARA (SUPERFUND AMENDMENT AND REAUTHORIZATION ACT OF 1986) AND AS MAY BE FURTHER AMENDED FROM TIME TO TIME), THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, 42 U.S.C. §§6901 *ET SEQ.*, OR ANY RELATED CLAIMS OR CAUSES OF ACTION OR ANY OTHER FEDERAL, STATE OR MUNICIPAL BASED STATUTORY OR REGULATORY CAUSES OF ACTION FOR ENVIRONMENTAL CONTAMINATION AT, IN, ABOUT OR UNDER THE PROPERTY. EXCEPT WITH RESPECT TO THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 7.2 BELOW, WITHOUT LIMITATION ON THE GENERALITY OF

THE FOREGOING, NEITHER BUYER NOR ANY OF BUYER'S AFFILIATES NOR ANY OF THEIR REPRESENTATIVES, EMPLOYEES, OFFICERS, DIRECTORS, EMPLOYEES, PARTNERS, AGENTS, CONTRACTORS, SUCCESSORS, ASSIGNS OR INVITEES (COLLECTIVELY, THE "BUYER PARTIES") SHALL HAVE ANY CLAIM, RIGHT OR DEFENSE AGAINST SELLER OR ANY OF THE SELLER PARTIES WITH RESPECT TO, IN CONNECTION WITH OR ARISING OUT OF THE PROPERTY, AND BUYER WAIVES, ON BEHALF OF BUYER AND THE BUYER PARTIES, ANY AND ALL SUCH CLAIMS, RIGHTS AND DEFENSES OF BUYER AND THE BUYER PARTIES AND AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND SELLER AND THE SELLER PARTIES FROM AND AGAINST ANY AND ALL SUCH CLAIMS, RIGHTS AND DEFENSES OF BUYER AND THE BUYER PARTIES.

Seller's Initials

Buyer's Initials

ARTICLE 4 CLOSING COSTS

Buyer shall pay the following costs and expenses associated with the transactions contemplated hereby (the "**Transaction**"): (i) all recording and filing charges in connection with the instrument by which Seller conveys the Property; (ii) all escrow or closing charges; (iii) all premiums and charges of the Title Company for the Title Policy (as hereinafter defined); (iv) all charges for any current survey of the Property required for issuance of the Title Policy; (v) all transfer taxes, sales taxes, and similar charges, if any, applicable to the transfer of the Property to Buyer; (vi) all fees due Buyer's attorneys in connection with the Transaction; (vii) all fees due Seller's attorneys in connection with the Transaction, up to a maximum of \$25,000; and (viii) all lenders' fees related to any financing to be obtained by Buyer. The obligations of the Parties under this Article 4 shall survive the Closing (and not be merged therein) or any earlier termination of this Agreement.

ARTICLE 5 CLOSING

5.1 Closing Date. Closing shall occur on a date mutually agreed by the Parties (the "**Closing Date**"), which Closing Date shall be _____ [SPECIFY DATE established by Notice of Exercise delivered in conformity with Section 2.4.1 of that certain Lease Agreement entered into between the Parties and dated as of November ____, 2017]. The Parties shall conduct an escrow-style closing through the Title Company (acting as the Escrow Agent), so that it will not be necessary for any Party to attend the closing of the Transaction.

5.2 Title Transfer and Payment of Purchase Price. Provided all conditions precedent to Seller's obligations hereunder have been satisfied, Seller agrees to convey the Property to Buyer upon confirmation of receipt of the Purchase Price by the Escrow Agent as set forth below. Notwithstanding the foregoing, in addition to its other rights and remedies, Seller shall have the right to terminate this Agreement at any time if such payment is not received in Seller's designated account by 5:00 p.m. local time at the Property on the Closing Date.

5.3 Seller's Closing Deliveries. No later than 5:00 p.m. local time at the Property on the last Business Day (defined as every calendar day Monday through Friday, inclusive, but excluding legal holidays of the United States and the State of Nevada) before the Closing Date, Seller shall deliver or cause to be delivered the following:

(a) Deed. A Grant, Bargain and Sale Deed in the form of Addendum B attached hereto and incorporated herein by this reference (“**Deed**”) executed and acknowledged by Seller, conveying title to the Property in fee simple absolute free and clear of liens and encumbrances except only the following: recorded easements for utilities and for the distribution of municipal services of every kind serving the Property; recorded building and use restrictions; agreements entered into under any municipal, zoning, or building codes or regulations; taxes and assessments, general and special, levied in the year of the Closing and thereafter, not yet due; and the Original Encumbrances (as defined in Section 6.2(c) below).

(b) Bill of Sale. A bill of sale in the form of Addendum C attached hereto and incorporated herein by this reference (“**Bill of Sale**”) executed and acknowledged by Seller.

(c) Non-Foreign Status Affidavit. A non-foreign status affidavit substantially in the form of Addendum D attached hereto and incorporated herein by this reference, as required by Section 1445 of the Internal Revenue Code executed by Seller.

(d) Drawings. To the extent not already obtained by or delivered to Buyer, copies of any survey of the Property and any architectural or engineering drawings of the Property and utilities layout plans in Seller’s possession or under its control; provided, however, that Seller makes no representation or warranty with respect to the same.

(e) Warranties. Copies of all assignable warranties and guaranties of the equipment or improvements located at the Property to the extent in Seller’s possession or control; provided, however, that Seller makes no representation or warranty with respect to the same.

(f) Title Company Documents. An owner’s affidavit, a so-called “gap” affidavit, undertaking or indemnity, as applicable, and a broker lien affidavit, as may be customarily supplied to the Title Company to enable the Title Company to issue the Title Policy; provided, however, that such affidavits, undertakings and/or indemnities shall reflect that Buyer has leased all of the Property before the Closing Date pursuant to that certain Lease Agreement dated as of November __, 2017 pursuant to which Seller, as Landlord, leased the Property to Buyer, as Tenant (the “**Lease**”).

(g) Evidence of Authority. Documentation to establish to Buyer’s reasonable satisfaction the due authorization of Seller’s disposition of the Property and Seller’s execution of this Agreement and the documents required to be delivered by Seller and the consummation of the Transaction.

(h) Other Documents. Such other documents as may be reasonably required by the Title Company or may be agreed upon by Seller and Buyer to consummate the Transaction.

5.4 Buyer’s Closing Deliveries. No later than 5:00 p.m. local time at the Property on the last Business Day before the Closing Date, Buyer shall deliver or cause to be delivered the following:

(a) Purchase Price. The Purchase Price, plus any other amounts required to be paid by Buyer at Closing.

(b) Bill of Sale. The Bill of Sale executed by Buyer.

(c) Evidence of Authority. Documentation to establish to Seller’s reasonable satisfaction the due authorization of Buyer’s acquisition of the Property and Buyer’s

execution of this Agreement and the documents required to be delivered by Buyer and the consummation of the Transaction.

(d) Other Documents. Such other documents as may be reasonably required by the Title Company or may be agreed upon by Seller and Buyer to consummate the Transaction.

ARTICLE 6 CONDITIONS TO CLOSING

6.1 Conditions to Seller's Obligations. Seller's obligation to close the Transaction is conditioned on all of the following, any or all of which may be waived by Seller by an express written waiver, at its sole option:

(a) Representations True. All representations and warranties made by Buyer in this Agreement shall be true and correct in all material respects on and as of the Closing Date, as if made on and as of such date except to the extent they expressly relate to an earlier date;

(b) Buyer's Financial Condition. No petition has been filed by or against Buyer under the Federal Bankruptcy Code or any similar state or federal law, whether now or hereafter existing; and

(c) Buyer's Deliveries Complete. Buyer shall have delivered the funds required hereunder and all of the documents to be executed by Buyer set forth in Section 5.4 and shall have performed all other covenants, undertakings and obligations, and complied with all conditions required by this Agreement, to be performed or complied with by Buyer at or before the Closing Date.

6.2 Conditions to Buyer's Obligations. Buyer's obligation to close the Transaction is conditioned on all of the following, any or all of which may be expressly waived by Buyer in writing, at its sole option:

(a) Representations True. The representations made by Seller in Section 7.2 shall be true and correct in all material respects on and as of the Closing Date, as if made on and as of such.

(b) Seller's Deliveries Complete. Seller shall have delivered all of the documents and other items required pursuant to Section 5.3 and shall have performed all other covenants, undertakings and obligations, and complied with all conditions required by this Agreement, to be performed or complied with by Seller at or before the Closing Date.

(c) Title Policy. At Closing, First American Title Insurance Company or its successor (the "**Title Company**") shall issue to Buyer an owner's title insurance policy, with customary extended coverage endorsements, in the amount of Buyer's purchase financing, showing title to the Property to be vested in Buyer subject only to (i) taxes and assessments, general and special, not yet due and payable, (ii) any exceptions created by Buyer or any of Buyer's agents, representatives, invitees, employees, contractors or affiliates or anyone claiming by or through any of the foregoing, (iii) exceptions shown on that certain Commitment for Title Insurance number NCS-798505-HHLV (Fourth Amended) issued by First American Title Insurance Company and dated July 5, 2017 (as later amended by the Title Company) (iv) agreements entered into under any municipal, zoning, or building codes or regulations, and (v) exceptions necessary to permit the use of the Property for the uses

permitted under the Lease ((i)-(v) altogether being known as the “**Original Encumbrances**”) (the “**Title Policy**”).

6.3 Waiver of Failure of Conditions Precedent. At any time or times on or before the date specified for the satisfaction of any condition, Seller or Buyer may elect in writing to waive the benefit of any such condition set forth in Section 6.1 or Section 6.2, respectively. By closing the Transaction, Seller and Buyer shall be conclusively deemed to have waived the benefit of any remaining unfulfilled conditions set forth in Section 6.1 and Section 6.2, respectively. If any of the conditions set forth in Sections 6.1 or 6.2 are neither waived nor fulfilled, Seller or Buyer (as appropriate) may exercise such rights and remedies, if any, that such Party may have pursuant to the terms of Article 9 hereof.

6.4 Waiver of Tender of Deed and Purchase Monies. The tender of an executed Deed by Seller and the tender by Buyer of the portion of the Purchase Price payable at Closing are mutually waived, but nothing in this Agreement shall be construed as a waiver of Seller's obligation to deliver the Deed and/or of the concurrent obligation of Buyer to pay the portion of the Purchase Price payable at Closing.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES

7.1 Buyer's Representations. Buyer represents and warrants to, and covenants with, Seller as follows:

7.1.1 Buyer's Authorization. Buyer (i) is duly organized (or formed), validly existing and in good standing under the laws of its State of organization and, to the extent required by law, the State in which the Property is located, (ii) is authorized to consummate the Transaction and fulfill all of its obligations hereunder, and (iii) has all necessary power to execute and deliver this Agreement and all documents contemplated hereby to be executed by Buyer, and to perform all of Buyer's obligations hereunder and thereunder. This Agreement and all Closing documents to be executed by Buyer have been duly authorized by all requisite partnership, corporate or other required action on the part of Buyer and are the valid and legally binding obligation of Buyer, enforceable in accordance with their respective terms. Neither the execution and delivery of this Agreement or any other document to be executed by Buyer, nor the performance of the obligations of Buyer hereunder or thereunder will result in the violation of any law or any provision of the organizational documents of Buyer or will conflict with any order or decree of any court or governmental instrumentality of any nature by which Buyer is bound.

7.1.2 Buyer's Financial Condition. No petition has been filed by or against Buyer under the Federal Bankruptcy Code or any similar state or federal law.

7.1.3 PATRIOT Act Compliance. Neither Buyer nor, to Buyer's actual knowledge, any person, group, entity or nation that Buyer is acting, directly or indirectly for, or on behalf of, is named by any Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, “Specially Designated National and Blocked Person,” or is otherwise a banned or blocked person, group, entity, or nation pursuant to any law that is enforced or administered by the Office of Foreign Assets Control, and Buyer is not engaging in this Transaction, directly or, to Buyer's actual knowledge, indirectly, on behalf of, or instigating or facilitating this Transaction, directly or, to Buyer's actual knowledge, indirectly, on behalf of, any such person, group, entity or nation. Buyer is not engaging in this

Transaction, directly or indirectly, in violation of any laws relating to drug trafficking, money laundering or predicate crimes to money laundering. None of the funds of Buyer have been or will be derived from any unlawful activity with the result that the investment of direct or indirect equity owners in Buyer is prohibited by law or that the Transaction or this Agreement is or will be in violation of law. Buyer has and shall continue to implement procedures, and has consistently and shall continue to consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times before Closing.

7.2 Seller's Representations.

7.2.1 Seller's Authorization. Seller represents and warrants to Buyer that Seller (i) is duly organized (or formed), validly existing and in good standing under the laws of its State of organization and, to the extent required by law, the State in which the Property is located, (ii) is authorized to consummate the Transaction and fulfill all of its obligations hereunder and under all documents to be executed by Seller pursuant hereto, and (iii) has all necessary power to execute and deliver this Agreement and such other documents to be executed by Seller, and to perform all of Seller's obligations hereunder and thereunder. This Agreement and all documents to be executed by Seller pursuant hereto have been duly authorized by all requisite partnership, corporate or other required action on the part of Seller and are the valid and legally binding obligation of Seller, enforceable in accordance with their respective terms. Neither the execution and delivery of this Agreement or the other documents to be executed by Seller pursuant hereto, nor the performance of the obligations of Seller hereunder or thereunder will result in the violation of any law or any provision of the organizational documents of Seller or will conflict with any order or decree of any court or governmental instrumentality of any nature by which Seller is bound.

7.2.2 Seller's Financial Condition. No petition has been filed by or against Seller under the Federal Bankruptcy Code or any similar state or federal law.

7.2.3 PATRIOT Act Compliance. Neither Seller nor to Seller's actual knowledge, any person, group, entity or nation that Seller is acting, directly or indirectly for, or on behalf of, is named by any Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or is otherwise a banned or blocked person, group, entity, or nation pursuant to any law that is enforced or administered by the Office of Foreign Assets Control, and Seller is not engaging in this Transaction, directly or, to Seller's actual knowledge, indirectly, on behalf of, or instigating or facilitating this Transaction, directly or, to Seller's actual knowledge, indirectly, on behalf of, any such person, group, entity or nation. Seller is not engaging in this Transaction, directly or indirectly, in violation of any laws relating to drug trafficking, money laundering or predicate crimes to money laundering. Seller has and shall continue to implement procedures, and has consistently and shall continue to consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times before Closing.

7.3 Survival. The representations set forth in this Article 7 shall survive the Closing or any termination of this Agreement.

7.4 Maximum Liability. In the event of a breach of Section 7.2.1 before Closing, Buyer's sole remedy shall be to terminate this Agreement; provided, however, that Seller shall have the right to cure such breach and to extend the Closing Date to do so.

ARTICLE 8 BROKERS

Each Party represents to the other that it has not dealt with any broker in connection with the Transaction to whom a commission or fee is or may be owing as a result of the Transaction. Seller agrees to hold Buyer harmless and indemnify Buyer from and against any and all fees, commissions, costs, claims or expenses (including reasonable attorneys' fees, expenses and disbursements) suffered or incurred by Buyer as a result of any claims by any party claiming to have represented Seller as broker in connection with the Transaction. Buyer agrees to hold Seller harmless and indemnify Seller from and against any and all fees, commissions, costs, claims or expenses (including reasonable attorneys' fees, expenses and disbursements) suffered or incurred by Seller as a result of any claims by any other party claiming to have represented Buyer as broker in connection with the Transaction. This Article 8 shall survive the Closing or any termination of this Agreement.

ARTICLE 9 DEFAULT

9.1 By Buyer. If, on or before the Closing Date, (i) Buyer is in default of any of its obligations hereunder, or (ii) any of Buyer's representations or warranties herein are, in the aggregate, untrue, inaccurate or incorrect, in any material respect, or (iii) the Closing otherwise fails to occur by reason of Buyer's failure or refusal to perform its obligations hereunder, then Seller may elect to (a) terminate this Agreement by written notice to Buyer and receive immediate payment of the Deposit as liquidated damages for Buyer's default; (b) waive the condition and proceed to close the Transaction; or (c) exercise any and all remedies allowed at law, in equity, or otherwise, and recover damages. If this Agreement is so terminated, then neither Party shall have any further rights or obligations hereunder other than any arising under any section herein which expressly provides that it survives the termination of this Agreement.

9.2 By Seller. If, at the Closing, (i) Seller is in default of any of its obligations hereunder, or (ii) any of Seller's representations or warranties herein are, in the aggregate, untrue, inaccurate or incorrect in any material respect, or (iii) the Closing otherwise fails to occur by reason of Seller's failure or refusal to perform its obligations hereunder, then Buyer shall have the right, to elect, as its sole and exclusive remedy, to (a) terminate this Agreement by written notice to Seller and receive an immediate refund of the Deposit, and thereafter, the Parties shall have no further rights or obligations hereunder except for obligations which expressly survive the termination of this Agreement, (b) waive the condition and proceed to close the Transaction, or (c) if the Closing fails to occur, seek specific performance of this Agreement by Seller. As a condition precedent to Buyer exercising any right it may have to bring an action for specific performance hereunder, Buyer must commence such an action within thirty (30) Business Days after the occurrence of Seller's default. Buyer agrees that its failure to timely commence such an action for specific performance within such thirty (30) Business Day period shall be deemed a waiver by it of its right to commence an action for specific performance as well as a waiver by it of any right it may have to file or record a notice of *lis pendens* or notice of pendency of action or similar notice against any portion of the Property.

ARTICLE 10 CONDEMNATION/CASUALTY

10.1 Allocation of Proceeds and Awards. If a condemnation or casualty occurs, except for a condemnation of the entire Property or complete destruction of all of the building(s) and improvements on the Property in which case either Buyer or Seller may elect to terminate this Agreement, this Agreement shall remain in full force and effect, Buyer shall acquire the remainder of the Property upon the terms and conditions set forth herein and at the Closing and, if Seller has

received such awards or proceeds, after deducting any costs of collection, Seller shall pay the same to Buyer, and if Seller has not received such awards or proceeds, Seller shall assign to Buyer at the Closing (without recourse to Seller) the rights of Seller to, and Buyer shall be entitled to receive and retain, such awards or proceeds.

10.2 Waiver. The provisions of this Article 10 supersede the provisions of any applicable laws with respect to the subject matter of this Article 10.

ARTICLE 11 MISCELLANEOUS

11.1 Buyer's Assignment. Buyer may not assign this Agreement or its rights hereunder to any individual or entity without the prior written consent of Seller, which consent Seller may grant or withhold in its reasonable discretion, and any such assignment without such consent shall be null and void ab initio. Any transfer, directly or indirectly, of any stock, partnership interest or other ownership interest in Buyer shall constitute an assignment of this Agreement.

11.2 Survival/Merger. Except for the provisions of this Agreement, and of the Lease, that are explicitly stated to survive the Closing, (i) none of the terms of this Agreement shall survive the Closing, and (ii) the delivery of the Purchase Price, the Deed and the other documents to be delivered in connection herewith and the acceptance thereof shall effect a merger, and be deemed the full performance and discharge of every obligation on the part of Buyer and Seller to be performed hereunder.

11.3 Integration; Waiver. This Agreement, together with the Exhibits hereto, embodies and constitutes the entire understanding between the Parties with respect to the Transaction and all prior agreements, understandings, representations and statements, oral or written, are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument signed by the Party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument. No waiver by either Party of any failure or refusal by the other Party to comply with its obligations hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply.

11.4 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State in which the Property is located, without reference to any choice of law provisions or principles.

11.5 Captions Not Binding; Exhibits. The captions in this Agreement are inserted for reference only and in no way define, describe or limit the scope or intent of this Agreement or of any of the provisions hereof. All Exhibits attached hereto shall be incorporated by reference as if set out herein in full.

11.6 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

11.7 Severability. If any term or provision of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

11.8 Notices. Any notices under this Agreement must be in writing and must be sent (i)

by personal delivery, (ii) by United States registered or certified mail (postage prepaid), (iii) by electronic mail, or (iv) by an independent overnight courier service, addressed to the addresses specified below or at such other place as a Party may designate to the other Parties by written notice given in accordance with this Section. Notices given by registered or certified mail are deemed effective three (3) Business Days after the Party sending the notice deposits the notice with the United States Post Office. Notices given by electronic mail are deemed effective on the Business Day transmitted (or, if transmitted on a day that is not a Business Day, then on the next occurring Business Day). Notices delivered by overnight courier are deemed effective on the next Business Day after the day the Party delivering the notice timely deposits the notice with the courier for overnight (next day) delivery.

If to Seller: TA Las Vegas TC LLC
c/o Turner-Agassi Charter School Facilities Fund, L.P.
3000 Olympic Blvd.
Santa Monica, CA 90404
Attention: Glenn Pierce
Email: gpierce@turnerimpact.com

With Copies to: TA Las Vegas TC LLC
c/o Turner-Agassi Charter School Facilities Fund, L.P.
3000 Olympic Blvd.
Santa Monica, CA 90404
Attention: Bari Cooper Sherman, Esq.
Email: bsherman@turnerimpact.com

And to: TA Las Vegas TC LLC
c/o Turner-Agassi Charter School Facilities Fund, L.P.
3000 Olympic Blvd.
Santa Monica, CA 90404
Attention: Aarthi Sowrirajan
Email: asowrirajan@turnerimpact.com

And to: Polsinelli PC
150 N Riverside Plaza
Suite 3000
Chicago, IL 60606
Attn: Michael J. Ostermeyer
Email: mostermeyer@polsinelli.com

If to Buyer: Somerset Academy of Las Vegas
c/o Academica Nevada
1378 Paseo Verde Parkway
Suite 200
Henderson, NV 89012
Email: rreeves@academicanv.com

With Copy to: Somerset Academy of Las Vegas
c/o Academica Nevada
1378 Paseo Verde Parkway
Suite 200
Henderson, NV 89012

Attn: Colin Bringhurst, Esq., General Counsel
Email: colin.bringhurst@academicanv.com

And to: Kolesar & Leatham
400 S Rampart Boulevard
Suite 400
Las Vegas, NV 89145
Attn: Alan J. Lefebvre
Email: alefebvre@klnevada.com

Any notice by either Party, whether required or permissible hereunder, may be given by such Party's then current attorney, which notice, when given by such attorney, shall be deemed equally as effective as if given by such Party directly.

11.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which counterparts taken together shall constitute one and the same agreement.

11.10 No Recordation. Seller and Buyer each agrees that neither this Agreement nor any memorandum or notice hereof shall be recorded and Buyer agrees (i) not to file any notice of pendency or other instrument (other than a judgment) against the Property or any portion thereof in connection herewith and (ii) to indemnify Seller against all Liabilities (including reasonable attorneys' fees, expenses and disbursements) incurred by Seller by reason of the filing by Buyer of such notice of pendency or other instrument. Notwithstanding the foregoing, if the same is permitted pursuant to applicable law, Buyer shall be entitled to record a notice of *lis pendens* if Buyer is entitled to seek (and is actually seeking) specific performance of this Agreement by Seller in accordance with the terms of Section 9.2 hereof.

11.11 Additional Agreements; Further Assurances. Subject to the terms and conditions herein provided, each of the Parties shall execute and deliver such documents as the other Party shall reasonably request in order to consummate and make effective the Transaction; provided, however, that the execution and delivery of such documents by such Party shall not result in any additional liability or cost to such Party.

11.12 Construction. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, any amendment or modification hereof or any of the Closing documents.

11.13 Time of Essence. Time is of the essence with respect to this Agreement.

11.14 Waiver of Jury Trial. Each of the Parties hereby agrees to waive its respective rights to a jury trial of any claim or cause of action based on or arising out of: this Agreement or any other document or instrument between the Parties relating to this Agreement; the Property; or any dealings between the Parties relating to the subject matter of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court without a jury.

11.15 Email Signatures. Signatures to this Agreement transmitted by electronic mail shall be valid and effective to bind the Party so signing. Each Party agrees to promptly deliver an executed original of this Agreement with its actual signature to the other Party, but a failure to do so shall not affect the enforceability of this Agreement, it being expressly agreed that each Party shall be bound by its own emailed signature and shall accept the emailed signature of the other Party.

11.16 Attorneys' Fees. Should any action or other proceeding be necessary to enforce any of the provisions of this Agreement or the various obligations or transactions contemplated hereto, or in the event of any dispute between the Parties relating to this Agreement, the prevailing Party shall be entitled to recover, in addition to any other relief to which such Party may be entitled, its actual attorneys' fees and costs, and all referee and reference proceeding fees, costs and expenses, incurred in connection with the prosecution or defense, as the case may be, of such action.

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed as of the Purchase Option Date.

SELLER:

TA Las Vegas TC LLC,
a Delaware limited liability company

By: _____
Name:
Title:

BUYER:

Somerset Academy of Las Vegas,
a Nevada public charter school

By: _____
Name:
Title:

ADDENDUM A
to Exhibit 2.4.1
LEGAL DESCRIPTION

ADDENDUM B
to Exhibit 2.4.1
FORM OF DEED

APN:

When Recorded Mail To:

Mail Tax Bills to:

Name
Address
City, State, Zip

RPTT:

GRANT, BARGAIN, SALE DEED

THIS INDENTURE WITNESSETH: That TA Las Vegas TC LLC, a Delaware limited liability company (“Grantor”), having an office at _____, in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby Grant, Bargain, Sell and Convey to _____, a _____ (“Grantee”), its successors and assigns, all right, title and interest in, to and under the tracts, pieces or parcels of real property situated in the County of Clark, State of Nevada, more particularly described on Exhibit A attached hereto and incorporated herein by reference.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

SUBJECT TO current taxes and assessments and existing liens, encumbrances, right-of-way, easements, restrictions, reservations and other matters of record.

Dated as of the _____ day of _____, 20__ .

TA Las Vegas TC LLC,
a Delaware limited liability company

By:

Print Name:

Title:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }
County of _____ }

On _____ before me, [_____] , personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

ADDENDUM C

Exhibit 2.4.1

FORM OF BILL OF SALE

THIS BILL OF SALE (this “**Bill of Sale**”), is made as of _____, 20__ by and between TA LAS VEGAS TC LLC (“**Seller**”) and SOMERSET ACADEMY OF LAS VEGAS (“**Buyer**”).

WITNESSES:

WHEREAS, pursuant to the terms of that certain Sale Agreement, dated as of _____, 20__, by and between Seller and Buyer (as the same may be amended or modified, the “**Sale Agreement**”), Seller agreed to sell to Buyer, *inter alia*, certain real property, the improvements located thereon and certain rights appurtenant thereto, all as more particularly described in the Sale Agreement (collectively, the “**Real Property**”). Initially capitalized terms not otherwise defined herein shall have the respective meanings ascribed to such terms in the Sale Agreement; and

WHEREAS, in connection with the above described conveyance Seller desires to sell, transfer and convey to Buyer certain items of tangible personal property as hereinafter described.

NOW, THEREFORE, in consideration of the receipt of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration paid in hand by Buyer to Seller, the receipt and sufficiency of which are hereby acknowledged, Seller has GRANTED, CONVEYED, SOLD, TRANSFERRED, SET OVER and DELIVERED and by these presents does hereby GRANT, SELL, TRANSFER, SET OVER and DELIVER to Buyer, its legal representatives, successors and assigns, and Buyer hereby accepts (i) all right, title and interest in and to all tangible personal property owned by Seller that is located on the Real Property and used in the ownership, operation and maintenance of the Real Property, (ii) a non-exclusive interest in any assignable warranties and guaranties of the equipment or improvements located at the Real Property, and (iii) a non-exclusive interest in any assignable representations which Seller received from its seller when it acquired the Real Property.

This Bill of Sale is made without any covenant, warranty or representation by, or recourse against, Seller as more expressly set forth in the Sale Agreement and without limitation on the foregoing is subject to the terms and provisions of Article 3 of the Sale Agreement, which is incorporated herein by reference.

This Bill of Sale may be executed in counterparts, each of which shall be an original and all of which counterparts taken together shall constitute one and the same agreement.

If any term or provision of this Bill of Sale or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Bill of Sale or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Bill of Sale shall be valid and enforced to the fullest extent permitted by law.

Signatures to this Bill of Sale transmitted by electronic mail shall be valid and effective to bind the party so signing. Each party agrees to promptly deliver an execution original to this Bill of Sale with its actual signature to the other party, but a failure to do so shall not affect the enforceability of this Bill of Sale, it being expressly agreed that each party to this Bill of Sale shall be bound by its own emailed signature and shall accept the emailed signature of the other party to this Bill of Sale.

IN WITNESS WHEREOF, the undersigned have executed this Bill of Sale to be effective as of the date first set forth hereinabove.

SELLER:

TA Las Vegas TC LLC,
a Delaware limited liability company

By: _____
Name:
Title:

BUYER:

Somerset Academy of Las Vegas,
a Nevada public charter school

By: _____
Name:
Title:

ADDENDUM D
to Exhibit 2.4.1

FORM OF FIRPTA AFFIDAVIT

Section 1445 of the Internal Revenue Code (the “Code”) provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a United States real property interest by TA LAS VEGAS TC LLC (“Seller”), the undersigned hereby certifies the following on behalf of Seller:

1. Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations); and
2. Seller is not a disregarded entity as defined in §1.1445-2(b)(2)(iii) of the Code; and
3. Seller’s U.S. employer taxpayer identification number is _____; and
4. Seller’s office address is _____.

Seller understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under the penalties of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Seller.

Dated: _____, 20__

SELLER:

TA Las Vegas TC LLC,
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT 3.1
Base Rent Schedule

Lease Year	Period	Base Rent	Monthly Installments
1	Rent Commencement Date-June 30, 2019	\$836,000	\$69,667
2	July 1, 2019-June 30, 2020	\$1,023,000	\$85,250
3	July 1, 2020-June 30, 2021	\$1,233,750	\$102,813
4	July 1, 2021-June 30, 2022	\$1,359,750	\$113,313
5	July 1, 2022-June 30, 2023	\$1,348,748	\$112,396
6	July 1, 2023-June 30, 2024	\$1,390,521	\$115,877
7	July 1, 2024-June 30, 2025	\$1,421,113	\$118,426
8	July 1, 2025-June 30, 2026	\$1,452,377	\$121,031
9	July 1, 2026-June 30, 2027	\$1,484,330	\$123,694
10	July 1, 2027-June 30, 2028	\$1,516,985	\$126,415
11	July 1, 2028-June 30, 2029	\$1,550,358	\$129,197
12	July 1, 2029-June 30, 2030	\$1,584,466	\$132,039
13	July 1, 2030-June 30, 2031	\$1,619,325	\$134,944
14	July 1, 2031-June 30, 2032	\$1,654,950	\$137,912
15	July 1, 2032-June 30, 2033	\$1,691,359	\$140,947
16	July 1, 2033-June 30, 2034	\$1,728,569	\$144,047
17	July 1, 2034-June 30, 2035	\$1,766,597	\$147,216
18	July 1, 2035-June 30, 2036	\$1,805,462	\$150,455
19	July 1, 2036-June 30, 2037	\$1,845,182	\$153,765
20	July 1, 2037-June 30, 2038	\$1,885,776	\$157,148
21	July 1, 2038-June 30, 2039	\$1,927,263	\$160,605
22	July 1, 2039-June 30, 2040	\$1,969,663	\$164,139
23	July 1, 2040-June 30, 2041	\$2,012,996	\$167,750
24	July 1, 2041-June 30, 2042	\$2,057,282	\$171,440
25	July 1, 2042-June 30, 2043	\$2,102,542	\$175,212
26	July 1, 2043-June 30, 2044	\$2,148,798	\$179,066
27	July 1, 2044-June 30, 2045	\$2,196,071	\$183,006
28	July 1, 2045-June 30, 2046	\$2,244,385	\$187,032
29	July 1, 2046-June 30, 2047	\$2,293,761	\$191,147

EXHIBIT 6.1-1
Development Summary

EXHIBIT 6.1-2
Schematic Plans

EXHIBIT 6.4

Budget

Tenant: Somerset Academy of Las Vegas
 Name: TA Las Vegas TC LLC
 Address: Turkey Court and Valley Drive
 City/State/Zip: North Las Vegas, NV

DEVELOPMENT BUDGET	
	TOTAL
Acres	
Land Space Sq. Ft.	272,250 sqf
New Construction	66,500 sqf
GYM MPR	0 sqf
TOTAL SQUARE FOOTAGE	66,500 sqf
BUDGET	
ACQUISITION	
Purchase Price	\$ 1,800,000
Credit for Lift Station	\$ (125,000)
Owner Relocation Expenses	\$ -
Other Acquisition Costs #1	\$ -
Other Acquisition Costs #2	\$ -
SUBTOTAL: ACQUISITIONS	\$ 1,775,000
HARD COSTS	
New Construction	\$ 9,950,000
Building 1 TI	\$ -
Building 2 TI	\$ -
GYM MPR	\$ -
Signage	\$ -
Sitework	\$ -
Other Hard Costs: Data & Security	\$ -
SUBTOTAL: HARD COSTS	\$ 9,950,000
Hard Cost Contingency	\$ 995,000
TOTAL: HARD COSTS	\$ 10,945,000
SOFT COSTS	
Legal Costs	
Acquisition Legal Fees	\$ 50,000
Lease Legal Fees	\$ 15,000
Construction Legal Fees	\$ 7,500
Construction Loan - Borrower Legal Fees	\$ 35,000
SUBTOTAL: Legal Costs	\$ 107,500
Property Diligence Costs	
ACM/LSP Report	\$ -
Survey - ALTA/Topographic Update	\$ 10,150
Environmental: Air Quality Study	\$ -
Environmental: Noise Study	\$ -
Environmental: Phase I Site Assessment	\$ 2,900
Environmental: Phase II Site Assessment	\$ -
Environmental: Real Deralment Study	\$ -
Environmental: Soils Report	\$ 8,900
Environmental: Traffic Study	\$ 17,500
Environmental Remediation	\$ -
SUBTOTAL: Property Diligence Costs	\$ 39,050
Consultant Fees	
Land Use/Planning Consultant	\$ 30,000
LEED/CHPS Commissioner	\$ -
LEED/CHPS Consultant	\$ -
Other Consultants	\$ -
Misc Soft Cost 1	\$ -
Misc Soft Cost 2	\$ -
Misc Soft Cost 3	\$ -
SUBTOTAL: Consultant Fees	\$ 30,000
Insurance Costs	
Insurance - Builder's Risk	\$ 24,875
Insurance - Construction Liability - General Liability	\$ 23,375
Insurance - Construction Liability - Umbrella	\$ 94,745
Insurance - Environmental	\$ 36,230
Insurance - Property / Hazard	\$ -
Insurance - Engineering Fee	\$ 1,300
SUBTOTAL: Insurance Costs	\$ 120,540
Construction and Design	
Architecture / Engineering	\$ 435,000
Civil Engineering	\$ -
Local Permit Fees	\$ 675,000
Dep. Inspection & Geotech	\$ 90,000
Testing: Concrete, Steel	\$ 20,000
Security - Site	\$ -
Utilities	\$ -
P&P Bond	\$ -
SUBTOTAL: Construction and Design	\$ 1,220,000
Owners Costs	
Development Fee	\$ 300,000
Holding Costs - Miscellaneous	\$ -
LLC Holding Costs	\$ 2,000
Taxes - Real Property	\$ 25,000
Title Policy	\$ 30,000
Transfer Taxes (Mortgage and Acquisition)	\$ -
Mortgage Recording Tax	\$ -
Travel and Admin	\$ 10,000
SUBTOTAL: Owners Costs	\$ 367,000
Financing Costs	
Appraisal - As-Is	\$ 6,000
Construction Loan - Construction Inspector	\$ 5,000
Construction Loan - Lender Legal	\$ 45,000
Capitalized Origination Fee	\$ 100,000
Capitalized Loan Closing Costs	\$ 36,000
Capitalized Interest Expense	\$ -
SUBTOTAL: Financing Costs	\$ 192,000
Soft Cost Contingency	\$ 190,000
TOTAL: SOFT COSTS	\$ 2,266,090
TOTAL PROJECT COSTS	\$ 14,986,090

EXHIBIT 11.1.1
Building Maintenance Checklist

Building Maintenance Checklist

PROPERTY ADDRESS: _____

DATE: _____

PERSON: _____

SITE		FREQUENCY					NOTES	
√	INSPECTION/MAINTENANCE PROCEDURES	WEEKLY	MONTHLY	QUARTERLY	SEMI-ANNUAL	ANNUAL	UNDER SERVICE CONTRACT	COMMENTS
	Remove and dispose of all fallen tree limbs, dead shrubs, etc.	X						
	Remove brush and weed growth adjacent to building walls and electrical equipment.		X					
	Reseed worn lawn areas.			X				
	Fertilize lawn.			X				
	Trim and prune shrubs and trees.		X					
	Repair irrigation system.	X						
	Clean all site drains.			X				
	Repair potholes in parking lots and driveways. Restripe if necessary.				X			
	Check and service playground equipment and insure its safety.			X				
	Patch and repair walkway surfaces.							IMMEDIATELY FOR SAFETY
	Paint walkway markings.					X		
	Repair and paint fences and gates.			X				

BUILDING EXTERIOR		FREQUENCY					NOTES	
√	INSPECTION/MAINTENANCE PROCEDURES	WEEKLY	MONTHLY	QUARTERLY	SEMI-ANNUAL	ANNUAL	UNDER SERVICE CONTRACT	COMMENTS
	Wash windows.				X			
	Check and repair windows and doors.					X		
	Replace broken window glass as needed.							IMMEDIATELY FOR SAFETY
	Scrape and paint building exterior and trim.			Every 7 years				
	Wash accumulated dirt on building surfaces.					X		
	Touch up paint on building exterior.					X		
	Lubricate exterior door hinges and hardware.					X		
	Inspect and repair exterior walls for structural cracks.					X		

ROOF		FREQUENCY					NOTES	
√	INSPECTION/MAINTENANCE PROCEDURES	WEEKLY	MONTHLY	QUARTERLY	SEMI-ANNUAL	ANNUAL	UNDER SERVICE CONTRACT	COMMENTS
	Clean roof valleys.					X		
	Clean and test roof drains.					X		
	Clean and secure gutters.					X		
	Clean and secure downspouts.					X		
	Inspect skylights for leaks.					X		
	Inspect and repair metal flashings.					X		
	Inspect and recaulk stone or clay tile copings.					X		

BUILDING INTERIOR		FREQUENCY					NOTES	
√	INSPECTION/MAINTENANCE PROCEDURES	WEEKLY	MONTHLY	QUARTERLY	SEMI-ANNUAL	ANNUAL	UNDER SERVICE CONTRACT	COMMENTS
	Clean windows, blinds, draperies, etc.			X				
	Check floors for broken tiles or torn carpet.		X					
	Remove all rubbish, boxes, debris and combustibles from:							
	Paths of exit	X						
	Doorways	X						
	Stairs	X						
	Under stairs	X						
	Utility rooms	X						
	Around flue and chimneys	X						
	Around heat-producing equipment	X						
	Electrical panel areas	X						

MECHANICAL EQUIPMENT		FREQUENCY					NOTES	
√	INSPECTION/MAINTENANCE PROCEDURES	WEEKLY	MONTHLY	QUARTERLY	SEMI-ANNUAL	ANNUAL	UNDER SERVICE CONTRACT	COMMENTS
	Service all pumps per manufacturer's instruction manuals.							Per service agreement
	Service all air-conditioning equipment.							Per service agreement
	Service all ventilating equipment.					X		
	Check /hot water heater for any fuel or water leaks.		X					
	Check openings or motorized dampers which provide combustion air to hot water heaters.			X				
	Check cleanout openings, doors, etc., for air leakage and corrosion.			X				

ELECTRICAL EQUIPMENT		FREQUENCY					NOTES	
√	INSPECTION/MAINTENANCE PROCEDURES	WEEKLY	MONTHLY	QUARTERLY	SEMI-ANNUAL	ANNUAL	UNDER SERVICE CONTRACT	COMMENTS
	Replace burned out light bulbs.	X						ALWAYS INSTALL ENERGY EFFICIENT LIGHT BULBS
	Test emergency lighting system.			X				
	Test all exit lights.			X				
	Insure space in front of electrical panels is clear.			X				
	Repair or replace non-functioning switches, receptacles and outlets immediately.	X						
	Replace frayed wiring immediately.							IMMEDIATELY FOR SAFETY
	Inspect elevator and mechanical room.	Per service agreement						
	Inspect overhead roll up doors.			X				
	Fire Alarm System, Extinguishers, Hoses, Sprinklers, Heat and Smoke Detectors	Per service agreement						
	Emergency Generators		X					

PLUMBING		FREQUENCY					NOTES	
√	INSPECTION/MAINTENANCE PROCEDURES	WEEKLY	MONTHLY	QUARTERLY	SEMI-ANNUAL	ANNUAL	UNDER SERVICE CONTRACT	COMMENTS
	Repair or replace broken fixtures.							IMMEDIATELY
	Replace washers or packing on leaking faucets, etc.	X						
	Inspect water heater(s)		X					
	Inspect drinking faucets	X						
	Inspect Back-Flow devices					X		
	Inspect hose bibs		X					

EXHIBIT 16.3
Form of License Agreement

SUMMARY STATEMENT

This Summary Statement is hereby made a part of that certain License Agreement (“**Agreement**”) by and between the Tenant and Licensee referenced below. Each reference in this Agreement to any of the following terms or phrases shall have the meaning set forth below:

Effective Date: _____

Termination Date: The first to occur of (i) _____ or (ii) the Expiration Date of the Lease

Landlord: TA Las Vegas TC LLC, a Delaware limited liability company

Tenant: Somerset Academy of Las Vegas, a Nevada public charter school

Licensee: _____

Property: The Land and the Building demised to Tenant pursuant to the terms and conditions of the Lease, which Property is commonly known as:

Licensed Premises: That specific portion of the Property described or depicted as the “Licensed Premises” on the Attachment 1 attached to and made a part of this Agreement, together with certain tangible personal property owned by Tenant and located within and upon that portion of the Property described or depicted as the “Licensed Premises” on the attached Attachment 1

Licensed Use: _____

Lease: The Lease Agreement dated as of November ____, 2017 and entered into between Landlord and Tenant

Use Fee: USD _____.00 per full calendar month or any part thereof

NOTE to all Parties: Initially capitalized terms not expressly defined in this Agreement shall have the respective meaning ascribed to such terms in the Lease.

License Agreement

This Agreement is made as of the Effective Date by and between Tenant and Licensee. Tenant and Licensee are known for purposes of this Agreement individually as “**Party**,” and together as the “**Parties**.”

A. Pursuant to the Lease, Landlord let the Property to Tenant, and Tenant leased the Property from Landlord.

B. Tenant owns certain tangible personal property located upon the Property, and within that portion of the Property described or depicted as the “Licensed Premises” on the attached Exhibit A.

C. Tenant wishes to grant a license to Licensee for, and Licensee to take a license from Tenant for, the Licensed Premises.

Now, therefore, in consideration of the mutual covenants contained in this Agreement, and of other good and valuable consideration, the receipt and sufficiency of all of which the Parties hereby acknowledge, Tenant and Licensee hereby agree as follows:

1. Tenant hereby grants a license to Licensee for the non-exclusive use by Licensee of the Licensed Premises on the terms and conditions of this License. This License is for the Licensed Premises only.

2. The term of this License shall commence on the Effective Date and shall end on the Termination Date, the period between the Effective Date and the Termination Date being known for purposes of this Agreement as the “**Term**.” In the event of any default by Licensee of any term or condition of this License, Tenant shall have the right to revoke this License upon two (2) days’ written notice to Licensee.

3. Licensee shall be responsible for enforcing compliance—by all users of the Licensed Premises—with (i) all terms contained in this License and (ii) all non-monetary terms, covenants, and conditions of the Lease. Notwithstanding Licensee’s enforcement obligations hereunder, and further notwithstanding the two (2) days’ notice otherwise required under Section 2, above, Tenant shall have the right immediately to revoke this License, without notice in advance, for any violation by Licensee of this Agreement that is also a default of any term, covenant, or condition of the Lease.

4. The Use Fee shall be paid to Tenant commencing on the Effective Date, and shall be paid thereafter in monthly installments in advance on the first Business Day of each and every calendar month during the Term. The Use Fee shall be paid without the need for Tenant’s demand, and without setoff or reduction of any kind.

5. The Licensed Premises shall be used by Licensee for the Licensed Use and for no other purpose whatsoever. Use of the Licensed Premises shall be subject to all of the following: (i) all terms, covenants, and conditions of the Lease; and (ii) all rules and regulations reasonably enacted by Tenant from time to time, provided that such rules and regulations shall not be inconsistent with the terms of the Lease. Licensee agrees to provide Tenant from time to time, upon Tenant’s request, a written listing of all designated users who may be present upon the Licensed Premises or the Improvements pursuant to this License. Designated users of the Licensed Premises shall exercise due care for all others present at any time upon, within, or with respect to the same.

6. Licensee covenants not to suffer or commit any waste, damage, disfigurement, or injury to the Licensed Premises. Further, Licensee shall keep the Licensed Premises at all times clean, in good

operating condition, fully in compliance with all Legal Requirements, and otherwise in the same condition as the Licensed Premises shall be found on the Effective Date, normal wear and tear alone excepted.

7. Licensee shall, upon written demand from Tenant, promptly reimburse Tenant for any reasonable cost, charge, or expense incurred by Tenant in providing to the Licensed Premises any of the following (altogether, the “**Utility Services**”): heating, ventilating, or air conditioning; hot and cold running water; sanitary and storm sewer services; natural gas; electricity; telephone; and data services. Licensee’s obligation to reimburse Tenant for the cost, charge, or expense of so providing Utility Services shall survive the expiration or earlier termination of this License. Tenant shall not, however, be liable for any interruption of Utility Services provided to the Licensed Premises, or for any damages to or loss (by theft or otherwise) of any property belonging to Licensee or any of its employees or invitees.

8. Licensee, as a material part of the consideration to be rendered to Tenant under this License, and except as expressly prohibited by Legal Requirements, hereby agrees that neither Tenant nor Landlord, nor any of their respective affiliates, officers, directors, employees, volunteers, contractors, servants, or agents of any kind, shall be liable for, and thus that Licensee hereby waives all claims (except claims caused by or resulting from the gross negligence of Tenant) that Licensee (including, without limitation, Licensee’s officers, directors, employees, volunteers, contractors, servants, students, frequenters, licensees, and invitees of every kind) may have for loss, theft, or damage to property, and for injuries to persons in, upon, or about the Licensed Premises from any cause whatsoever. Further, Licensee shall indemnify and hold Tenant and Landlord, and all of their affiliates, officers, directors, employees, volunteers, contractors, servants, and agents of every kind, exempt and harmless from and against any and all claims, liabilities, damages, or injuries to any person (including to the property, goods, wares, or merchandise of any person) that may arise in connection with use of the Licensed Premises by Licensee or Licensee’s officers, directors, employees, volunteers, contractors, servants, students, frequenters, licensees, and invitees of every kind, excepting only (i) claims caused by or resulting from Tenant’s gross negligence or that of its contractors, servants or employees or (ii) claims of Landlord asserting that this License (A) violates the terms of the Lease or (B) requires Landlord’s prior consent. In case of any action or proceeding brought against Tenant by reason of any obligation on Licensee’s part to be performed under the terms of this License, or arising from any act or negligence of Licensee, or Licensee’s contractors, agents, servants, employees, contractors, invitees or licensees, Licensee shall, upon notice from Tenant, defend the same at Licensee’s expense by counsel reasonably satisfactory to Tenant.

9. Licensee shall at all times hereunder, and at its sole expense, maintain in full force and effect, as if “Tenant” under the Lease, policies of insurance of the kinds, and with the limits, required of Tenant under the Lease (the “**Required Coverages**”), which Required Coverages shall insure against bodily injury and property damage occurring on or to the Licensed Premises, and which Required Coverages shall include both blanket contractual liability and broad form property damage coverages, with only such exclusions as are reasonably acceptable to Tenant.

9.01. The Required Coverages shall protect and include the interests of Tenant and Landlord, and all of their respective officers, directors, employees, volunteers, contractors, servants, and agents of every kind, and hence shall name all of the same as named additional insureds. All insurance coverage(s) required to name additional insureds shall be on a primary and noncontributory basis and shall provide that any insurance maintained by the named additional insureds is excess and

noncontributing with any insurance required hereunder. Insurance coverage required for the named additional insureds shall be at least as broad as that provided by the Additional Insured–Designated Person or Organization Endorsement (ISO Commercial Risk Services Form #CG 20 26 1185) or the most recent version of the same approved by the state in which the Property is located.

9.02. The Required Coverages shall be placed with insurers who have a Best’s Insurance Reports rating of no less than A- and a financial size of no less than Class VIII, and who are authorized to do business in the state where the Property is located. Such policies shall further be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced, in coverage or limits, except after twenty (20) Business Days’ prior written notice to both Tenant and Landlord.

9.03. Licensee shall, upon Tenant’s request, provide Tenant and Landlord with suitable certificates of insurance (including, without limitation, ACORD forms as specified by Tenant) evidencing the Required Coverages. In addition, if any of the insurance coverages required under this License should be poised to expire at any time during Licensee’s occupancy under this License, Licensee shall, no less than ten (10) Business Days before expiration of such insurance, provide suitable certificates of insurance evidencing renewal or continuation of the required insurance policies. In the event of a claim, the Licensee shall also provide the Tenant and Landlord with certified copies of the pertinent insurance policies within ten (10) Business Days after having been requested in writing to do so.

10. Any notices under this Agreement must be in writing and must be sent (i) by personal delivery, (ii) by United States registered or certified mail (postage prepaid), (iii) by electronic mail or facsimile (with a copy sent the same day by one of the other prescribed methods of delivery unless by a reply electronic mail transmission the recipient confirms receipt of the notice and waives the additional delivery requirement) or (iv) by an independent overnight courier service, addressed to the addresses specified below or at such other place as a Party may designate to the other Parties by written notice given in accordance with this Section 10. Notices given by registered or certified mail are deemed effective three (3) Business Days after the Party sending the notice deposits the notice with the United States Post Office. Notices given by electronic mail or facsimile are deemed effective on the Business Day transmitted (or, if transmitted on a day that is not a Business Day, then on the next occurring Business Day). Notices delivered by overnight courier are deemed effective on the next Business Day after the day the Party delivering the notice timely deposits the notice with the courier for overnight (next day) delivery.

If to Tenant: Somerset Academy of Las Vegas
c/o Academica Nevada
1378 Paseo Verde Parkway
Suite 200
Henderson, NV 89012
Email: rreeves@academicanv.com

With Copy to: Somerset Academy of Las Vegas
c/o Academica Nevada
1378 Paseo Verde Parkway
Suite 200
Henderson, NV 89012
Attn: Colin Bringhurst, Esq., General Counsel

Email: colin.bringhurst@academicnv.com

And to: Kolesar & Leatham
400 S Rampart Boulevard
Suite 400
Las Vegas, NV 89145
Attn: Alan J. Lefebvre
Email: alefebvre@klnevada.com

If to Licensee: _____

Attention: _____
Email: _____

With Copy to: _____

Attention: _____
Email: _____

If to Landlord: TA Las Vegas TC LLC
c/o Turner-Agassi Charter School Facilities Fund, L.P.
3000 Olympic Blvd.
Suite 2120
Santa Monica, CA 90404
Attention: Glenn Pierce
Email: gpierce@turnerimpact.com

With Copies to: TA Las Vegas TC LLC
c/o Turner-Agassi Charter School Facilities Fund, L.P.
3000 Olympic Blvd.
Suite 2120
Santa Monica, CA 90404
Attention: Bari Cooper Sherman, Esq.
Email: bsherman@turnerimpact.com

And to: TA Las Vegas TC LLC
c/o Turner-Agassi Charter School Facilities Fund, L.P.
3000 Olympic Blvd.
Suite 2120
Santa Monica, CA 90404
Attention: Aarthi Sowrirajan
Email: asowrirajan@turnerimpact.com

And to: Polsinelli PC
150 N Riverside Plaza
Suite 3000
Chicago, IL 60606

Attn: Michael J. Ostermeyer
Email: mostermeyer@polsinelli.com

Any notice by either Party hereto, whether required or permissible hereunder, may be given by such Party's then current attorney, which notice, when given by such attorney, shall be deemed equally as effective as if given by such Party directly.

11. If the Property is damaged by fire or other casualty rendering the Licensed Premises unusable by Licensee for the Licensed Use, this License shall immediately terminate. Further, if all or any part of the Property is taken by eminent domain proceedings, Tenant may terminate this License at any time in connection therewith upon reasonable notice to Licensee.

12. This Agreement and the legal relations between the Parties hereto shall be governed by and construed in accordance with the Legal Requirements of the state in which the Property is located. For purposes of this Agreement, the term "**Legal Requirements**" means all present and future statutes, laws, codes, regulations, ordinances, orders, rules, bylaws, administrative guidelines, requirements, directives and actions of any federal, state or local governmental or quasi-governmental authority, and other legal requirements of whatever kind or nature that are applicable to the Property.

13. This Agreement does not and shall not be deemed to (i) constitute a lease or a conveyance of personal or real property by Tenant, (ii) confer upon Licensee any right, title, estate, or interest in the Property or the Licensed Premises, (iii) give rise to any bailment, or (iv) create any relationship between Licensee and Tenant other than as licensee and licensor (including, without limitation, either the relationship of landlord and tenant or the relationship of bailor and bailee). This Agreement grants to Licensee only a personal privilege to use and occupy the Licensed Premises during the Term, revocable on the terms set forth herein. Licensee shall have no right to assign, sublet, transfer, or convey its interest in this License, and any attempt to do so shall make this License immediately null and void. This Agreement may not be recorded in any governmental recording office.

14. This Agreement may not be waived or modified except by a written instrument signed by the Parties.

15. Time is of the essence in the performance of all obligations of any Party.

[Signatures begin on next page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

Tenant:

Somerset Academy of Las Vegas,

a _____

By: _____

Name: _____

Title: _____

Licensee:

[Entity to be Determined],

a _____

By: _____

Name: _____

Title: _____

Landlord's Consent

Subject (i) to Tenant's continued due and timely performance of all terms, covenants, conditions, and obligations arising under the Lease and (ii) to Tenant's remaining fully liable for such due and timely performance, Landlord hereby delivers to Tenant the consent of Landlord that is required under Section 16.3 of the Lease.

Landlord:

TA Las Vegas TC LLC,

a Delaware limited liability company

By: _____

Name: _____

Title: _____

1
2

Attachment 1 to Exhibit 16.3
Legal Description of the Property

3

.

EXHIBIT 29.2
Form of Memorandum of Lease

WHEN RECORDED RETURN TO:

THIS MEMORANDUM OF LEASE (the “**Memorandum**”) is entered into this ____ day of November, 2017 (the “**Effective Date**”), by and between SOMERSET ACADEMY OF LAS VEGAS (“**Tenant**”) and TA LAS VEGAS TC LLC (“**Landlord**”).

WITNESSETH:

WHEREAS, pursuant to a Lease Agreement (the “**Lease**”) dated as of the Effective Date between Landlord and Tenant: Landlord has let to Tenant, and Tenant has leased from Landlord, a certain parcel of real property located in the City of Las Vegas, Clark County, State of Nevada, which parcel is legally described on Attachment 1 attached to and made a part of this Memorandum; and

WHEREAS, likewise pursuant to the Lease, Landlord has granted to Tenant an Option to Purchase the Property (the “**Option**”), on terms and conditions set forth in the Lease.

WHEREAS, Landlord and Tenant wish to make the existence of the Lease a matter of public record.

NOW THEREFORE, for value received, Landlord and Tenant agree that this Memorandum shall be recorded in the public land records of Clark County, Nevada, and that this Memorandum shall put all persons on notice of the following with respect to the Lease:

LANDLORD: TA Las Vegas TC LLC,
a Delaware limited liability company

TENANT: Somerset Academy of Las Vegas,
a Nevada public charter school

DATE OF EXECUTION: November ____, 2017

RENT COMMENCEMENT DATE: As determined under Section 2.1 of the Lease

DESCRIPTION OF LEASED PREMISES: Land, building(s) and improvements located in the City of Las Vegas, Clark County, State of Nevada, as more particularly shown on Exhibit 1.1 to the Lease.

TERM: 29 Lease Years (including the potential partial Lease Year) occurring between the Commencement Date (as that term is defined in the Lease) and June 30, 2047.

OPTION: Option to purchase the property during a defined period specified in

the Lease, for a Purchase Price calculated according to the terms of
the Lease

This Memorandum is not a complete summary of the Lease or the Option, and the provisions of this Memorandum shall not be used in interpreting the Lease or the Option, nor to vary the terms and conditions of the Lease or the Option. In the event of conflict between this Memorandum and the unrecorded Lease or the unrecorded Option, the unrecorded Lease and the unrecorded Option shall control.

[Signatures continue on next page.]

IN WITNESS OF WHICH Landlord and Tenant have duly executed this Memorandum as of the Effective Date.

TENANT:
Somerset Academy of Las Vegas,
a Nevada public charter school

By: _____
Print Name: _____
Title: _____

STATE OF _____)
) ss.
COUNTY OF _____)

This Memorandum of Lease dated November __, 2017, consisting of _____ () pages (including all signature pages, exhibits, schedules and other pages appended or attached to the aforesaid document), was acknowledged before me this _____ day of _____, 20____, by _____, the _____ of Somerset Academy of Las Vegas, who personally appeared before me and is known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My Commission Expires:

LANDLORD:
TA Las Vegas TC LLC,
a Delaware limited liability company

By: _____
Print Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }
County of _____ }

On _____ before me, [_____], personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

Description of Attached Document

Title or Type of Document: MEMORANDUM OF LEASE
Document Date: _____
Number of Pages: _____

SOMERSET ACADEMY OF LAS VEGAS

Supporting Document

Meeting Date: November 29, 2017 Agenda Item: 5 – Review and Approval of the 2016/2017 School Year Financial Audit Number of Enclosures: 1

SUBJECT: 2016/2017 School Year Financial Audit

<input checked="" type="checkbox"/> Action <input type="checkbox"/> Appointments <input type="checkbox"/> Approval <input type="checkbox"/> Consent Agenda <input type="checkbox"/> Information <input type="checkbox"/> Public Hearing <input type="checkbox"/> Regular Adoption

Presenter (s): Trevor Goodsell

Recommendation:

Proposed wording for motion/action:

Move to approve the financial audit for the 2016/2017 school year.
--

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 2 minutes
--

Background: Review and approval of the 2016/2017 school year financial audit, which must be submitted to the State by December 1 st . A draft of the audit has already been reviewed by the Treasurer Travis Mizer and Vice Chair Will Harty.
--

Submitted By: Staff

Somerset Academy of Las Vegas

Basic Financial Statements

As of and for the Year Ended June 30, 2017

Somerset Academy of Las Vegas

Basic Financial Statements
As of and For the Year Ended
June 30, 2017

Somerset Academy of Las Vegas

TABLE OF CONTENTS

	Page
Independent Auditor's Report	4-5
Management's Discussion and Analysis	6-9
Basic Financial Statements:	
School-Wide Financial Statements (Governmental Activities):	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet Governmental Funds	14
Reconciliation of Fund Balance of Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balance	16
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual	18
Notes to Financial Statements	19-35
Required Supplementary Information:	
Schedule of the School's Proportionate Share of the Net Pension Liability	37
Schedule of the School's Contributions	38
Notes to Required Supplementary Information	39
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	40-41
Summary of Auditor's Results and Schedule of Findings and Questioned Costs	42



Independent Auditor's Report

Board of Directors
Somerset Academy of Las Vegas
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Somerset Academy of Las Vegas (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Somerset Academy of Las Vegas, as of June 30, 2017, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 9 and the Schedule of the School's Proportionate Share of the Net Pension Liability and Schedule of the School's Contributions on pages 36 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 201X on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

_____, 201X

Somerset Academy of Las Vegas

Management's Discussion and Analysis

This section of the annual financial report for Somerset Academy of Las Vegas (the School) provides an overview of the School's financial activities as of and for the fiscal year ended June 30, 2017. It should be read in conjunction with the financial statements, which immediately follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's annual report. This report has three components: 1) management's discussion and analysis (this section) financial statements, 2) the basic financial statements, and 3) required supplementary information. The basic financial statements include two types of statements presenting different views of the School:

School-Wide Financial Statements

The School-Wide financial statements are designed to provide readers with a broad overview of the School's finance, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference is reported as net position. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance related legal requirements.

All funds of the School are governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the school-wide financial statements. Governmental fund financial statements, however, focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget.

Somerset Academy of Las Vegas

Management's Discussion and Analysis

School-Wide Financial Analysis

The Statement of Net Position provides the perspective of the School as a whole. The table below provides a summary of the School's net position as of June 30:

	2017	2016
Current assets	\$ 15,666,689	\$ 18,817,850
Capital assets, net	39,409,597	34,828,815
Total Assets	55,076,286	53,646,665
Deferred Outflows of Resources	19,036,393	8,843,443
Liabilities - current	5,979,923	4,552,047
Liabilities - long term	73,904,866	62,872,574
Total Liabilities	79,884,789	67,474,621
Deferred Inflows of Resources	3,284,058	3,170,230
Net position:		
Net investment in capital assets	(5,232,910)	(10,838,183)
Restricted assets	4,452,489	9,375,969
Unrestricted	(8,275,747)	(6,642,529)
Total Net (Deficit) Position	\$ (9,056,168)	\$ (8,104,743)

The unrestricted net position of governmental activities represent the accumulated results of life-to-date operation. These assets can be used to finance day-to-day operations without constraints, such as legislative or legal requirements. The results of the current-year operations for the School as a whole are reported in the Statement of Activities, which shows changes in net position. The decrease in the net position was due to the adoption of GASB No. 68, pension liability. The deferred outflows/inflows were also a result of the GASB No. 68.

Somerset Academy of Las Vegas

Management's Discussion and Analysis

The results of operations for the operations for the School as a whole are reported in the summarized Statements of Activities (below) which show the changes in net position for the fiscal years ended June 30:

	2017	2016
Revenues		
Operating grants	\$ 3,308,063	478,884
General revenue:		
State unrestricted	40,712,957	36,979,116
Student generated funds	2,207,269	1,689,498
Other	787,360	518,220
Total Revenues	47,015,649	39,665,718
Expenses		
Instruction	20,189,426	22,147,710
Support services	27,777,648	17,235,028
Total Expenses	47,967,074	39,382,738
Change in Net Position	\$ (951,425)	\$ 282,980

A reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities appear on page 17.

Capital Assets

Pursuant to the Nevada Department of Education, the capitalization threshold for assets purchased by the School is established at a value of \$5,000. At this time, the School has equipment net of accumulated depreciation of \$39,409,597.

Somerset Academy of Las Vegas

Management's Discussion and Analysis

Governmental Fund Budget Analysis and Highlights

The Board of Directors of Somerset Academy of Las Vegas adopted an annual budget for the School. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	Final Budget	Actual
Revenues		
State DSA	\$ 38,755,026	\$ 43,283,613
Special education	1,943,500	1,487,074
Student generated funds	-	2,207,269
Other	849,736	37,693
Total revenues	41,548,262	47,015,649
Expenditures		
Instruction	26,378,259	23,202,146
Support services	9,188,189	29,186,554
Total expenditures	35,566,448	52,388,700
Excess (deficiency) of revenues over expenditures	\$ 5,981,814	\$ (5,373,051)

Requests for Information

This financial report is intended to provide a general overview of the finances of the School. Request for additional information to the Chief Financial Officer of Academica Nevada, LLC, 6630 Surrey St. Las Vegas, NV 89119.

Basic Financial Statements

School-Wide

Somerset Academy of Las Vegas
School-Wide Financial Statements
Statement of Net Position

<i>June 30,</i>	2017
Assets	
Current Assets:	
Cash	\$ 6,797,555
Restricted cash	4,452,489
Accounts receivable	4,256,213
Prepaid expenses and other assets	160,432
Total Current Assets	15,666,689
Non-Current Assets:	
Capital assets, net	39,409,597
Total Assets	\$ 55,076,286
Deferred Outflows of Resources	\$ 19,036,393
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 4,138,571
Current portion of bond payable	750,000
Current portion of capital leases	1,091,352
Total Current Liabilities	5,979,923
Long-Term Liabilities:	
Capital leases	1,205,133
Net pension liability	31,242,233
Bonds payable	41,457,500
Total Long-Term Liabilities	73,904,866
Total Liabilities	79,884,789
Deferred Inflows of Resources	3,284,058
Net Position (Deficit)	
Net Investment in capital assets	(5,232,910)
Restricted assets	4,452,489
Unrestricted	(8,275,747)
Net Position (Deficit)	\$ (9,056,168)

See accompanying independent auditor's report and notes to financial statements.

Somerset Academy of Las Vegas
School-Wide Financial Statements
Statement of Activities

<i>Year Ended June 30, 2017</i>	Expenses	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs Governmental activities			
Instruction	\$ (20,189,426)	\$ 4,086,333	\$ (16,103,093)
Support services	(27,777,648)	-	(27,777,648)
Total Governmental Activities	\$ (47,967,074)	\$ 4,086,333	(43,880,741)
General Revenues:			
State unrestricted revenues			40,712,957
Student generated funds			2,201,269
Other revenues			9,090
Total General Revenues			42,929,316
Change in Net Position			(951,425)
Net Deficit, beginning of year			(8,104,743)
Net Deficit, End of Year			\$ (9,056,168)

See accompanying independent auditor's report and notes to financial statements.

Somerset Academy of Las Vegas

Balance Sheet Governmental Funds

<i>June 30, 2017</i>	General	Student Activities	Total Governmental Funds
Assets			
Current Assets:			
Cash	\$ 6,075,635	\$ 721,920	\$ 6,797,555
Restricted cash	4,452,489	-	4,452,489
Accounts receivable	4,228,969	27,244	4,256,213
Other assets	160,432	-	160,432
Total Assets	\$ 14,917,525	\$ 749,164	\$ 15,666,689
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and accrued expenses	\$ 4,135,669	\$ 2,902	\$ 4,138,571
Total Liabilities	4,135,669	2,902	4,138,571
Total Fund Balance	10,781,856	746,262	11,528,118
Total Liabilities and Fund Balance	\$ 14,917,525	\$ 749,164	\$ 15,666,689

See accompanying independent auditor's report and notes to financial statements.

Somerset Academy of Las Vegas

Reconciliation of Fund Balance of Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position

Year Ended June 30,	2017
Fund Balance - Total Governmental Funds	\$ 11,528,118
Amount reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The net capital assets consist of:	
Capital assets, at cost	\$ 45,165,105
Accumulated depreciation	(5,755,508)
Net capital assets	39,409,597
Other long-term assets not available to pay for current period expenditures and, therefore are unearned in the funds. These assets consist of:	
Deferred outflow of pension plan changes	19,036,393
Long-term liabilities, including note payable, are not due and payable in the current period and therefore are not reported in the funds. These consist of:	
Capital Lease	(2,296,485)
Bonds payable	(42,207,500)
Pension liability	(31,242,233)
Deferred inflow of pension plan changes	(3,145,536)
Deferred inflow of bond premium	(138,522)
	(79,030,276)
Net Position of Governmental Activities	\$ (9,056,168)

See accompanying independent auditor's report and notes to financial statements.

Somerset Academy of Las Vegas

Statement of Revenues, Expenditures, and Changes in Fund Balance

<i>Year Ended June 30, 2017</i>	General	Student Activities	Total Governmental Funds
Revenues			
State sources	\$ 44,808,380	\$ -	\$ 44,808,380
Other Sources	-	2,207,269	2,207,269
Total Revenues	44,808,380	2,207,269	47,015,649
Expenditures			
Instruction			
Salaries	15,847,822	-	15,847,822
Supplies	238,024	-	238,024
Benefits	5,478,745	-	5,478,745
Purchased services	884,558	-	884,558
Other	752,997	-	752,997
Total instruction expenditures	23,202,146	-	23,202,146
Support services			
Operations	7,296,829	-	7,296,829
Salaries	4,385,676	-	4,385,676
Purchased services	4,018,359	-	4,018,359
Benefits	1,342,570	-	1,342,570
Other	1,281,229	-	1,281,229
Student Activities	-	2,033,611	2,033,611
Supplies	87,431	-	87,431
Capital outlay	6,567,587	-	6,567,587
Debt Service	2,713,262	-	2,713,262
Total support services expenditures	27,152,943	2,033,611	29,186,554
Total Expenditures	50,355,089	2,033,611	52,388,700
Excess (deficiency) of Revenues over Expenditures	(5,546,709)	173,658	(5,373,051)
Other financing Sources:			
Capital Lease	922,789	-	922,789
Changes in Fund Balances	(4,623,920)	173,658	(4,450,262)
Fund balance, beginning of year	15,402,371	576,009	15,978,380
Fund balance, end of year	\$ 10,778,451	\$ 749,667	\$ 11,528,118

See accompanying independent auditor's report and notes to financial statements.

Somerset Academy of Las Vegas

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities

Year ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds (from Page 16)	\$ (4,450,262)
---	----------------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful live as depreciation expense.

Capital outlay	6,567,587
Depreciation expense	(1,986,804)

Net effect of capital asset activity	4,580,783
--------------------------------------	-----------

Issuance of bond and note obligations provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond note principal or accrued interest is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Lease payments	1,213,305
Bond payments	812,500
Financing lease	(922,789)

Net effect of debt issuance and repayment	1,163,016
---	-----------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.

Bond Premium Amortization	14,842
Accrued Interest	87,453
Pension expense, net	(2,347,257)

Net effect	(2,244,962)
------------	-------------

Change in Net Position of Governmental Activities (from Page 13)	\$ (951,425)
--	--------------

See accompanying independent auditor's report and notes to financial statements.

Somerset Academy of Las Vegas

Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual

	Final and Amended Budget	Actual	Variance Over (Under)
Revenues:			
State DSA	\$ 38,755,026	\$ 43,283,613	\$ 4,528,587
Special education	1,943,500	1,487,074	(456,426)
Student generated funds	-	2,207,269	2,207,269
Other	849,736	37,693	(812,043)
Total revenues	41,548,262	47,015,649	5,467,387
Expenditures			
Instruction	26,378,259	23,202,146	(3,176,113)
Support services	15,350,627	29,186,554	13,835,927
Total expenditures	41,728,886	52,388,700	10,659,814
Excess (deficiency) of Revenues over Expenditures	(180,624)	(5,373,051)	(5,192,427)
Other financing Sources:			
Capital Lease	-	922,789	922,789
Changes in Fund Balances	\$ (180,624)	\$ (4,450,262)	\$ (4,269,638)

See accompanying independent auditor's report and notes to financial statements.

Somerset Academy of Las Vegas

Notes to Financial Statements

1. Description of Business and Summary of Significant Accounting Policies

Description of Activity

Somerset Academy of Las Vegas (the "School"), is a charter school established in 2011 under Nevada Revised Statute 386.500. The School's major operation is to offer an educational environment integrated with the arts where learning is maximized through individual instruction, interdisciplinary projects and access to a full spectrum of technological resources for kindergarten through twelfth grade in Southern Nevada. In 2016 - 2017 school year the School operated seven campuses.

The School receives funding from the state and government sources and must comply with the requirements of these funding sources. However, the School is not included in any other governmental reporting entity as defined in Governmental Accounting Standards Board (GASB) pronouncements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. It is reasonably possible actual results could differ materially from those estimates and that a change in estimate may occur in the near term.

Basis of Accounting

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. GASB is the accepted standard-setting body for established governmental accounting and financial reporting principles.

Basis of Presentation

The School-wide financial statements report information on all of the nonfiduciary activities of the School. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to significant extent on fees and charges for support. All the School's school-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (a) charges to recipients who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported instead as general revenue.

Somerset Academy of Las Vegas

Notes to Financial Statements

The effect of inter-fund activity has been eliminated from the School-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net position, and fund balance are available, the School's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School's policy to spend funds in this order: committed, assigned, and unassigned.

Fund Based Statements

Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue not meeting this definition is classified as a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Classification

The financial activities of the School are organized on the basis of funds. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Cash and Cash Equivalents

Cash and cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments having maturities of three months or less when purchased. The Federal Deposit Insurance Corporation (FDIC) general deposit insurance rules provide \$250,000 of insurance per account. The School's cash balances may at times exceed federally insured limits. The Organization has never experienced any losses related to these balances. At June 30, 2017 the School's bank balances exceeded this limit by \$11,000,044.

Receivables

At times, the School has amounts receivable from various sources. As of June 30, 2017, the School had accounts receivable of \$4,256,213.

The School makes judgements about its ability to collect outstanding accounts receivable. If necessary, the School establishes an allowance if collection becomes doubtful, based primarily on the aging of the specific invoice. The School has not recorded any allowance against outstanding accounts receivable for the school year ending June 30, 2017.

Somerset Academy of Las Vegas

Notes to Financial Statements

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets, which are generally 3 to 30 years. The cost of repairs and maintenance is charged to expense as incurred. It is the policy of the School to capitalize all capital assets costing more than \$5,000 with an estimated useful life of three or more years. This policy is also in line with the Nevada Department of Education mandated threshold for capitalization. Improvements are capitalized and depreciated over the remaining useful lives of related capital assets. All depreciable assets are depreciated using straight-line method of depreciation over the assets useful life. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Expenditures for property betterments and renewals are capitalized. Upon sale or other disposition of depreciable asset, cost and accumulated depreciation are removed from the accounts and any gain or loss is recorded upon disposal.

Management reviews the recoverability of its capital assets in accordance with the provisions of *GASB Statement 42, Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*. GASB 42 requires recognition of impairment of long-lived assets in the event the asset's service utility has declined significantly and unexpectedly. Accordingly, management evaluates assets' utility annually or when an event occurs that may impair recoverability of the asset. No impairments were identified as of June 30, 2017.

Restricted Assets

Assets, which are restricted for specified uses by bond debt requirements, grant provisions, or other external requirements are classified as restricted assets.

Deferred Outflows/Inflows of Resources

Deferred Outflows - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School has three items that qualify for reporting in this category. They are the pension contributions, change in pension actuarial assumptions, and the change in proportionate share of pension contribution, reported in the School-wide statement of net position. A deferred outflow is recognized for pension contributions made after the plans measurement date, but before the fiscal year end and future expenditures yet to be recognized in relation to the pension actuarial calculation. The amount is amortized in the plan year in which it applies.

Deferred Inflows - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category. It is the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a five year period.

Somerset Academy of Las Vegas

Notes to Financial Statements

Revenue Recognition and Contributions

State funding - The School receives funding from the State of Nevada as administered by the Nevada Department of Education based on the number of students enrolled in its schools. The State provides unrestricted funding for normal school operations.

Federal grants - The School has received federal grants, which are paid through the Nevada Department of Education. Funds are generally received on a reimbursement basis and, accordingly, revenues related to these federal grants are recognized when qualifying expenses have been incurred and when all other grant requirements have been met.

Revenues from auxiliary services are recognized as services are provided. Other revenues are recognized as earned.

Income Taxes

The School is exempt from taxation as a governmental entity pursuant to Internal Revenue Code Section 115. The School qualifies for public charity status by meeting the requirements of Internal Revenue Code Sections 509(1) and 170(b)(1)(A)(ii).

Long-term Obligations

In the School-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds issued are unearned and amortized over the life of the related bonds. Bond issue costs are expensed.

In the fund financial statements, governmental fund types recognize the face amount of debt as other financing sources. Premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

Compensated Absences

The School allows licensed instructional staff ("Teachers") eleven days of paid time off ("PTO") per year. Teachers who return the following school year will be able to rollover all unused PTO up to a total of 30 days. In addition, Teachers who use five days or less of PTO during the previous year may cash out up to eleven days at 80% of the teachers daily rate of pay. No more than eleven days may be cashed out per year. PTO benefits are accrued as a liability in the School-wide financial statements.

Net Position and Fund Balance

The difference between assets and liabilities is "net position" on the school-wide, and "fund balance" on governmental fund statements. Net position/Fund balance is classified in the following three categories:

Net Investment in Capital Assets — Consist of capital assets, net of accumulated depreciation and reduced by outstanding balances for notes, and other debt that are attributed to the acquisition, construction or improvements of those assets.

Somerset Academy of Las Vegas

Notes to Financial Statements

Restricted Net Position/Restricted Fund Balance – Restricted net position results when constraints placed on an asset’s use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

Operating Net Position/Unassigned Fund Balance—Unrestricted (deficit) net position/fund balance consists of net position that does not meet the definition of the two preceding categories.

Contributions

Contributions are recognized when the donor makes a written promise to give to the School that is, in substance, unconditional. All contributions received are recognized as revenue upon being pledged. Contributions received are recorded as unrestricted, temporarily or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net position if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net position or permanently restricted net position, depending on the nature of the restriction. The expiration of the donor imposed restriction on a contribution is recognized in the period in which the restriction expires and the related resources are classified as unrestricted net position.

Selected Financial Data

Certain amounts from prior year within these financial statements have been reclassified to conform to current year presentation.

Subsequent events

Management has evaluated subsequent events through _____, 2017, the date the financial statements were available to be issued. Based on that evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

Recent Accounting Pronouncements

The GASB has recently issued the following statements, which the School is assessing the impact of the implementation, if any, on its financial statements:

Statement No. 82, Pension Issue, addresses three issues that arose during implementation of GASB 67 and 68. a)The first relates to the definition of covered payroll included in Required Supplementary Information. Covered payroll is compensation paid to employees on which contributions are based. b) The pronouncement also clarifies that a deviation from actuarial standards is not considered to be in conformity with the requirements of GASB 67 or 68 for selection of assumptions in determining the total pension liability. c) The last issue relates to employer-paid member contributions, commonly referred to as employer “pick-up”. When an employer pays contributions on behalf of members they should be classified as member contributions for GASB 67 plan statements and as employee contributions for GASB 68 reporting and included in salary expense. The School is required to implement this Statement for fiscal year ending June 30, 2018.

Statement No. 86, Certain Debt Extinguishment Issues, provides guidance for reporting in-substance defeasance of debt for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable

Somerset Academy of Las Vegas

Notes to Financial Statements

trust for the sole purpose of extinguishing debt. This Statement also enhances consistency in financial reporting of prepaid insurance related to debt that has been extinguished. The Statement also enhances information in notes to financial statements regarding debt that has been defeased in substance. The School is required to implement this Statement for fiscal year ending June 30, 2018.

Statement No. 87, Leases, requires that a government recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement enhances the consistency and relevance of a governments' leasing activities by requiring a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by required notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The School is required to implement this Statement for fiscal year ending June 30, 2020.

The remainder of this page intentionally left blank

Somerset Academy of Las Vegas

Notes to Financial Statements

2. Capital Assets

Capital assets consist of the following as of June 30, 2017:

	June 30, 2016	Additions	Deletions	June 30, 2017
Capital assets being depreciated:				
Buildings and improvements	\$ 27,743,578	\$ 5,644,798	\$ -	\$ 33,388,376
Land and improvements	5,450,000	-	-	5,450,000
Furniture, equipment and other	5,403,940	922,789	-	6,326,729
Totals at historical cost	38,597,518	6,567,587	-	45,165,105
Less accumulated depreciation for:				
Buildings and improvements	1,043,366	842,090	-	1,885,456
Land and improvements	-	-	-	-
Furniture, equipment and other	2,725,337	1,144,715	-	3,870,052
Total accumulated depreciation	3,768,703	1,986,805	-	5,755,508
Net Capital Assets	\$ 34,828,815	\$ 4,580,782	\$ -	\$ 39,409,597

Depreciation expense was \$1,986,805 for the year ended June 30, 2017.

Somerset Academy of Las Vegas

Notes to Financial Statements

3. Long-Term Obligations

Long-term obligations consist of the following as of June 30, 2017:

	Balance June 30, 2016	Additions	Deductions	Balance, June 30, 2017	Due Within One Year
Somerset Academy Revenue Bonds, Series 2015AB	\$ 43,080,000	\$ -	\$ 872,500	\$ 42,207,500	\$ 750,000
Deferred inflow-Bond premium	148,416	-	9,894	138,522	4,947
Capital leases	2,586,998	922,789	1,213,305	2,296,482	1,091,352
	\$ 45,815,414	\$ 922,789	\$ 2,095,699	\$ 44,642,504	\$ 1,846,299

In April 2015, the School obtained financing of \$43,080,000 through the issuance of Series 2015A and 2015B bonds (the "Bonds"). These Bonds were sold at a premium of \$148,416 and have interest rates of 4.0% to 5.125%, which are collateralized with pledged gross revenues. The proceeds of the Bonds were used to: (i) purchase the land and building of the Sky Pointe campus, along with financing the last phase of construction; (ii) purchase the land and building of the North Las Vegas I campus; (iii) pay the cost of issuing the 2015A and 2015B bonds. As of June 30, 2017, the School was compliant with all covenants of the Bonds. As of June 30, 2017, minimum future payments under the bonds are as follows:

<i>Year ending June 30,</i>	Principal	Interest	Total
2018	\$ 750,000	\$ 2,063,213	\$ 2,813,213
2019	780,000	2,033,213	2,813,213
2020	812,500	2,002,013	2,814,513
2021	845,000	1,969,513	2,814,513
2022-2046	39,020,000	29,944,538	68,964,538
	\$ 42,207,500	\$ 38,012,488	\$ 80,219,988

Somerset Academy of Las Vegas

Notes to Financial Statements

Capital Leases

The School also entered into several financing lease agreements since 2013 with a financial institution for the use of furniture, equipment, textbooks, software and computers. As of June 30, 2017, minimum future payments under the capital lease agreements are as follows:

<i>Years ending June 30,</i>	Principal	Interest	Total
2018	\$ 1,091,352	\$ 42,006	\$ 1,133,358
2019	755,454	18,089	773,543
2020	356,322	5,023	361,345
2021 Thereafter	93,354	524	93,878
Total minimum lease payments	\$ 2,296,482	\$ 65,642	\$ 2,362,124

4. Operating Leases

The School entered into a lease agreement in August 2011 to lease classroom and office space for the North Las Vegas Campus for a twenty-nine year term, starting on the later of September 1, 2012 or the commencement date, which is the date work is substantially complete, and expiring on June 30, 2041. Monthly payments are \$58,333 for the commencement year increasing annually on July 1st incrementally to a monthly payment of \$125,801 in the twenty-ninth year.

The School entered into a lease agreement in November 2013, to lease classroom and office space for the Losee Campus for a twenty-nine year term, starting on the later of September 1, 2014 or the commencement date, which is the date work is substantially complete, and expiring on June 30, 2043. Monthly payments are \$75,375 for the commencement year increasing annually on July 1st incrementally to a monthly payment of \$285,434 in the twenty-ninth year.

The School entered into a lease agreement in December 2013, to lease classroom and office space for the Stephanie Campus for a twenty-nine year term, starting on the later of September 1, 2014 or the commencement date, which is the date work is substantially complete, and expiring on June 30, 2043. Monthly payments are \$53,250 for the commencement year increasing annually on July 1st incrementally to a monthly payment of \$143,524 in the twenty-ninth year.

The School entered into a lease agreement for the Loan Mountain campus in August 2014, to lease classroom and office space for the School for a twenty-nine year term, starting on the later of September 1, 2015 or the commencement date, and expiring on June 30, 2044. Monthly payments are \$53,250 for the commencement year increasing annually on July 1st incrementally to a monthly payment of \$146,730 in the twenty-ninth year.

Somerset Academy of Las Vegas

Notes to Financial Statements

Future classroom and office rent payments are as follows:

For they Year ended June 30,

2018	\$	3,717,516
2019		4,385,347
2020		4,685,676
2021		4,826,988
2022		4,937,745
2023 and thereafter		123,733,836

	\$	146,287,108
--	----	-------------

The school leases various office equipment under an operating lease. Lease expense for office equipment in 2017 totalled \$331,327.

Total operating lease expense for the period ended June 30, 2017 was \$3,803,456.

5. Unrestricted Net Position

The unrestricted net position on the statement of net position consists of two parts, normal school operations and pension related expenses. The normal school operations resulted in an excess of revenue over expenses of \$473,218, while the pension related expenses totaled \$(2,106,436). The unrestricted net position reconciles as follows:

	Normal School Operations	Pension related Expenditures	Total
Beginning balance, as restated	\$ 6,602,411	\$ (13,244,940)	\$ (6,642,29)
Excess (deficiency) of revenues over expenditures	473,218	(2,106,436)	(1,633,218)
Ending balance	\$ 7,075,629	\$ (15,351,376)	\$ (8,275,747)

6. Public Employees' Retirement System of Nevada (PERS)

For purpose of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees Retirement System of Nevada (PERS) and additions to/ deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Somerset Academy of Las Vegas

Notes to Financial Statements

Basis of Accounting

Employers participating in PERS cost sharing multiple-employer defined benefit plans are required to report pension information in their financial statement for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. The Schedule of Employer Allocations and Schedule of Pension Amount by Employer provide employers with the required information for financial reporting.

The underlying financial information used to prepare the pension allocation schedules is based on PERS financial statements. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds.

Contributions for employer pay dates that fall with PERS fiscal year ending June 30, 2016, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations. The Schools employer allocation percentage for the fiscal year ending June 30, 2017, was 0.23216%.

The total pension liability is calculated by PERS actuary. The plan's fiduciary net position in PERS financial statements and net pension liability is disclosed in PERS notes to the financial statements.

Plan Description

PERS administers a cost-sharing, multi-employer defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The system is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any thirty-six consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit Payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Somerset Academy of Las Vegas

Notes to Financial Statements

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

The normal ceiling limitation on monthly benefits allowance is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The Systems basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient position to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2017, the Statutory Employer/employee matching rate was 14.5% for Regular employees. The Employer-pay contribution (EPC) rate was 28% for Regular employees.

Somerset Academy of Las Vegas

Notes to Financial Statements

Investment Policy

The System policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the Board adopted policy target asset allocation as of June 30, 2016:

<i>Investment Category</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return*</i>
Domestic Equity Pools	42.00%	5.50%
International Equity	18.00%	5.75%
Domestic Fixed Income Pools	30.00%	0.25%
Private Markets	10.00%	6.80%
Total	100.0%	

*As of June 30, 2016, PERS long-term inflation assumption was 3.5%

Net Pension Liability

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2016.

Pension Liability Discount Rate Sensitivity

The following presents the School's net pension liability of the PERS as of June 30, 2017, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current discount rate:

	<i>1% Lower (7.00%)</i>	<i>Discount Rate (8.00%)</i>	<i>1% Higher (9.00%)</i>
School's proportionate share of the net pension liability	\$ 45,794,785	\$ 31,242,233	\$ 19,134,407

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Somerset Academy of Las Vegas

Notes to Financial Statements

Actuarial Assumptions

The PERS net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Productivity pay increase	0.75%
Projected salary increase	Regular 4.60% to 9.75%, depending on service rates including inflation and productivity increases
Consumer price index	3.50%
Other assumptions	Same as those used in the June 30, 2016 funding of actuarial valuation

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

Somerset Academy of Las Vegas

Notes to Financial Statements

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

As of June 30, 2017, the total employer pension expense is \$6,227,017. At June 30, 2017, the measurement date, PERS reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and differences between employers contributions and proportionate share of contributions	\$ 12,160,282	\$ 1,053,475
Differences between expected and actual experience	-	2,092,061
Net difference between projected and actual earnings on pension plan investments	2,904,354	-
Contributions subsequent to the measurement date	3,871,757	-
Total	\$ 19,036,393	\$ 3,145,536

Average expected remaining service lives: 6.48 years.

Deferred outflows and inflows of resources related to pension will be recognized as follows:

Year ended June 30,

2018	\$	(240,758)
2019		(240,758)
2020		1,029,762
2021		498,079
2022 and thereafter		(191,761)
	\$	854,563

Somerset Academy of Las Vegas

Notes to Financial Statements

7. Related Parties

Management Agreement

The School entered into an agreement with Academica Nevada, LLC (the Management Company), a professional charter school management company to provide management and administrative services to the School. Services include, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of books and records, bookkeeping, budgeting and financial reporting. Under the terms of the management agreement, the School agrees to pay a fee of \$450 per full time equivalent (FTE) student per year.

Management fees incurred under this agreement for the year ended June 30, 2017, was \$2,766,198.

8. Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past year. In addition, there were no reductions in insurance coverage from those in the prior year.

9. Contingencies

The School has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that the required refund will be immaterial. No provision has been made in the accompanying financial statements for the refund of grants monies.

Required Supplementary Information

Somerset Academy of Las Vegas

Schedule of the School's Proportionate Share of the Net Pension Liability Last 10 Fiscal Years (Amounts Were Determined as of June 30, of Each Fiscal Year)

	2017
School's proportion of net pension liability (%)	0.023216%
School's proportionate share of net pension liability	\$ 31,242,233
School's covered-employee payroll	\$ 13,605,645
School's proportionate share of net pension liability as a percentage of its covered-employee payroll	229.6270%
Plan fiduciary net position as a percentage of total pension liability	75.23%
<hr/>	
	2016
School's proportion of net pension liability (%)	0.16428%
School's proportionate share of net pension liability	\$ 18,825,748
School's covered-employee payroll	\$ 16,749,551
School's proportionate share of net pension liability as a percentage of its covered-employee payroll	1.1240%
Plan fiduciary net position as a percentage of total pension liability	75.1%

Ultimately, 10 fiscal years will be displayed (which may be built prospectively starting from 2016).

Somerset Academy of Las Vegas

Schedule of the School's Contributions Last 10 Fiscal Years (Amounts Were Determined as of June 30, of Each Fiscal Year)

		2017
Statutorily required contributions	\$	3,871,757
Contributions in relation to statutorily required contributions		3,871,757
Contribution deficiency (excess)	\$	-
School's covered-employee payroll	\$	13,605,645
Contribution as a percentage of covered employee payroll		28.46%
		2016
Statutorily required contributions	\$	3,034,141
Contributions in relation to statutorily required contributions		2,950,734
Contribution deficiency (excess)	\$	83,407
School's covered-employee payroll	\$	16,749,551
Contribution as a percentage of covered employee payroll		17.62%

Ultimately, 10 fiscal years will be displayed (which may be built prospectively starting from 2016).

Somerset Academy of Las Vegas

Notes to Required Supplementary Information

Changes of benefit terms - There were no changes of benefit terms in 2017.

Changes of assumptions - There were no changes of benefit assumptions in 2017.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Somerset Academy of Las Vegas
Las Vegas, Nevada

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Somerset Academy of Las Vegas (the "School") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report therein dated _____, 201X.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

_____, 201X

Somerset Academy of Las Vegas

Summary of Auditor's Results and Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:
Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Section II: Financial Statement Findings

No matters were reported.