

BLUE OAK CHARTER LEASE

BASIC TERMS

Lessor. Nels Leen and Jerry Leen, 460 West East Avenue, Suite 100, Chico, CA 95926;

Lessee. Blue Oak Charter School, a non-profit corporation, 450 W. East Avenue, Chico, California.

Premises. In consideration of the rents, payments, covenants and agreements on the part of Lessee to be paid and performed, the Lessor leases to the Lessee, and Lessee leases from Lessor, for the Term, at the rental and upon the conditions of this lease, that certain premises (referred to herein as the “Premises”) located at 450 W. East Avenue, in Chico, Butte County, California. Said Premises being agreed for purposes of this Lease to have an area of approximately 48,000 square feet.

Term. The term of this Lease shall be for a period of thirty-six (36) months, commencing on the 15th day of July 2019, and shall terminate at the end of the 36th month.

Permitted Uses. The Premises shall be used and occupied only for the purposes of a School and for no other use or purpose.

Rent. Lessee agrees to pay rent in the amount of \$47,379.05 per month, through September 4, 2019. On September 5, 2019, the monthly rent payment shall increase by the annual cost of living adjustment (COLA) as promulgated by the California State Legislature and shall be fixed for the term of this lease.

The terms of this agreement are conditioned upon and subject to Lessee receiving grant funds in the amount of forty thousand dollars (\$40,000) and subsequently using said funds to replace three (3) HVAC units with two (2) new 4-ton and one (1) new 7.5-ton HVAC units plus any duct work and other accessories to complete the job. In the event Lessee does not receive said funds, therefore not completing said job, the terms of this agreement shall be as follows:

On September 5th of each year through the term of this agreement the monthly rent shall increase by the annual cost of living adjustment (COLA) as promulgated by the California State Legislature.

Initial Security Deposit. Lessee shall make payable to Lessor a Lease security deposit in the amount of six thousand dollars (\$6,000.00) on the Commencement date of the lease. Thereafter, Lessee will make a further Lease security deposit of twenty-two thousand dollars (\$22,000.00) within seven hundred thirty (730) days of the issuance of the Certificate of Occupancy by the City of Chico, County of Butte, State of California.

(a) Lessor agrees that the deposit set forth above shall, upon commencement of the Lease, constitute the deposit which shall be held during the term of the Lease by Lessor as security for the performance by Lessee of its obligations under the Lease.

(b) Said deposit shall be held by Lessor, without obligation for interest, as security for the performance of Lessee's rents, covenants, and agreements under the Lease. It is expressly understood and agreed between Lessor and Lessee that the deposit is not an advance rental deposit except to the extent Lessor applies it as such after the giving of notice as required by Section 1.12 (d) below and further agree that the deposit does not set forth the measure of Lessors damages in the event of Lessees default.

(c) The deposit shall not be considered liquidated damages. In the event of Lessee's default, and if the provable damages of Lessor exceed the deposit, Lessee shall remain liable for the balance of the provable damages.

(d) In the event of Lessee's default, and after the time for cure has elapsed without a cure by Lessee, Lessor may, from time to time, without prejudice to any other remedy provided in this lease, or by law, give five (5) days prior written notice to Lessee of Lessor's intent to do so, and specifying the cause and amount therefore, use a portion of the deposit to make good any arrears of rent and any other damage, injury, expense or liability caused by the default giving rise to the notice.

(e) If any portion of the deposit is used or applied as set forth in paragraph described as Initial Security Deposit, (d), Lessee shall within five (5) days of written demand from Lessor deposit cash with Lessor in an amount sufficient to restore the security deposit to its original amount. Lessee's failure to replenish said deposit as described here shall constitute a default of the Lease.

(f) If Lessee is not then in default under this lease, any remaining balance of the deposit shall be returned to Lessee within thirty (30) days after the termination of the Lease.

Late Charges. A late charge in the amount of five percent (5%) of the monthly rent shall be paid as additional rent in the event the rent is received more than five (5) days late.

Notice. Wherever in the Lease it is required or permitted that notice or demand be given or served by either party or the other, such notice or demand shall be deemed given or served when written and hand delivered, or after five (5) days if deposited in the United States Mail, certified, return receipt requested, postage prepaid, addressed as follows:

To Lessor: 460 W. East Ave., Ste 100, Chico, CA 95926

To Lessee: 450 W. East Ave., Chico, CA 95926

Time. Time is of the essence in this lease.

Holding Over. Any holding over after the expiration of the term of this lease shall be deemed to constitute a tenancy from month to month only and shall be on the same terms and conditions as specified in the Lease and at a monthly rental equal to twice the rentals and other charges stated in the Lease for the primary term of the lease.

Surrender of Premises. Upon the termination of this lease, Lessee shall surrender the Premises to Lessor in good condition.

CHARGES PAYABLE BY LESSEE

Insurance. Lessee shall pay all building and liability insurance. In the event Lessor pays for building and/or liability insurance under an umbrella policy Lessee will reimburse Lessor the amount of the premium allocated to building and/or liability insurance for the Premises.

Utilities. Lessee shall pay all water, garbage or refuse collection, gas, and electric service fees.

Maintenance. Lessee shall pay for all interior building maintenance, custodial services, repairs, pest control, and glass. Lessee shall pay for all construction,

landscaping and ground maintenance for the play area to be constructed by Lessee on the north side of the Premises.

Tenant Improvements. Lessee shall pay for any Tenant Improvements whether by new construction or modification of existing improvements to the Premises. Lessee is permitted to change any and all floor coverings in the Premises to Lessee's satisfaction. Prior to commencing work on Tenant Improvements Lessee will obtain Lessors written permission to conduct such Tenant Improvements. Lessor's approval shall not be unreasonably withheld. Lessee may perform tenant improvements on the building and tenant-maintained areas as identified in "Exhibit A". It is agreed tenant has the right to do any of the above improvements at any time during the tenancy. Lessee is not required to make any of the lease improvements at any particular time, but we obtain the right and option to do so at any time during the tenancy.

Lessor Changes. Lessor agrees to maintain premises in good condition, but also agrees not to change the premises' building, trees, or parking lot in any way without Lessee's written permission.

Taxes. Lessee shall pay any and all property taxes assessed on the premises.

LESSOR'S EXPENSES

Exterior Maintenance. Lessor shall pay at Lessor's expense all expenses for maintenance, repair, or replacement with regard to the exterior of the Premises and the grounds adjacent thereto

- (a) The Premises exterior building;
- (b) The Premises landscaping;
- (c) The Premises roof;
- (d) The Premises parking area;
- (e) The trees on the Premises;
- (f) All asphalt on the Premises;
- (g) All Heating Ventilation and Air Conditioning systems, excepting those areas identified in paragraph entitled Maintenance.

Repair or Replacement. Lessor shall maintain the parking area, the Parcel on which the Premises are located, and each and every part of them, in good condition, except that Lessee shall make any repairs or replacements necessitated by damage beyond normal wear and tear cause by Lessee, its employees, agents, students, invitees, or visitors. Provided, however, if Lessee fails to make any such repairs or replacements within a reasonable time, Lessor may, at its sole option, make the repairs or replacements after fifteen (15) days written notice to Lessee. In that event Lessee shall repay the cost of repairs or replacements to Lessor on after such repairs are completed.

USE OF PREMISES

Permitted Uses. The premises shall be used and occupied only for the purposes of a school and for no other use or purpose.

Lessors Access. Lessor or their agents may enter the Premises at all reasonable time and upon reasonable notice for the purpose of inspecting the Premises. Lessee agrees to permit Lessor to place upon the premises any usual “to let” or “for sale” signs within sixty (60) days prior to the expiration of the Lease. Lessee, upon reasonable notice by Lessor, will allow persons desiring to lease or purchase the premises to enter and inspect the Premises within the sixty (60) day period set forth above.

Compliance with Laws. Lessee agrees to observe all laws and governmental regulations applicable to its use of the Premises.

Compliance with Lessor’s Rules. Lessee agrees to comply with all reasonable rules and regulations established by Lessor for the use of the Premises.

Quiet Possession. If Lessee pays the rent and complies with all other terms of this Lease, Lessee may occupy and enjoy the Premises for the full Lease Term subject to the provisions of this Lease.

Waste. Lessee shall not commit any waste upon the Premises.

Tree Removal. Lessor grants Lessee permission to remove certain Bradford Pear trees from the area to the North of the building. Lessee and Lessor shall agree in writing those trees to be removed prior to any removal of said trees.

Lessee’s Signage. Lessee may place signs on the Premises to identify itself as a

Charter School. Lessor shall have the right of approval of any such signs, which shall not be unreasonably withheld, prior to their placement.

HAZARDS

Insurance. Lessee shall not use the Premises, nor permit them to be used, for any purpose which shall increase the existing rate of insurance upon the Premises, or cause the cancellation of any insurance policy covering the Premises. Lessee shall not sell, keep, use, or permit the sale, keeping, or use of any article that may be prohibited by Lessors policies of insurance on the Premises.

Instructional Materials. Lessee is permitted, with reasonable safeguards, to keep and use on the Premises any and all Instructional Materials.

Custodial and Maintenance Materials. Lessee is permitted, with reasonable safeguards, to keep and use on the Premises any and all Custodial and Maintenance Materials.

PARKING

Designated Parking. Lessee, its agents, servants, employees, guests, and invitees, shall have the right to park vehicles adjacent to the Premises, as set forth in “Exhibit A” hereto, without charge, throughout the term of the Lease, and any renewal term of the Lease. Lessee, its agents, servants, employees, guests, and invitees, shall not use any other parking spaces on the Premises other than those identified in “Exhibit A” hereto. Lessor grants Lessee permission to park on the lot described as 440 W. East Ave., Chico CA. Lessee agrees to immediately relinquish any and all parking rights to 440 W. East Ave., Chico, CA upon written notice by Lessor to Lessee and at the request of Lessor anytime throughout the term of this lease.

DAMAGE OR DESTRUCTION

Partial Damage to Premises. In the event of damage to the Premises, and if the damage is only partial (meaning the cost to repair would not exceed twenty five percent (25%) of replacement value), the Lease shall remain in effect and Lessor shall repair the damage as soon as reasonably possible.

Total or Substantial Destruction. If the Premises is totally or substantially destroyed (meaning the cost to repair would exceed twenty five percent (25%) of

replacement value) this Lease shall, at the election of Lessee, terminate on the date of destruction.

Temporary Reduction of Rent. If the premises are damaged (see Partial Damage to Premises), and the Premises are repaired in a reasonable time, any rent payable during the period of such damage and repair shall be reduced by the percent of the premises which are damaged and or under repair.

CONDEMNATION

Eminent Domain. As used in the Article, the word “condemned” shall include:

- (a) Receipt of written notice of the intent to condemn from an entity having the power of eminent domain;
- (b) The filing of any action or proceeding for condemnation by any such entity, and;
- (c) The conveyance of any interest in the Premises by the Lessor or the Lessee to a public or quasi-public authority having the power of eminent domain with respect to the Premises as a result of the authority’s express written intent to condemn.

Termination. In the event any part of, or interest in, the Premises is condemned, this Lease shall terminate at the option of either Lessor or Lessee as of the date title or actual possession vests in the condemner, whichever occurs first. Rent under this Lease shall be payable only until such date. Lessor shall return to Lessee any rent paid beyond that date.

Notice. Lessor shall give lessee written notice within ten (10) days of any contemplated condemnation. After such notice Lessee shall have thirty (30) days to give notice of its intent to terminate this Lease.

ASSIGNMENT AND SUBLETTING

Subletting and Assignment. Lessee shall not have the right to sublet or assign any portion of the Premises during the term of this lease.

DEFAULTS AND REMEDIES

Covenants and Conditions. Performance by Lessor and Lessee of their respective

obligations under this Lease are a condition as well as a covenant. Lessee's right to continue in possession of the Premises is conditioned upon such performance. Lessors right to Lessee's continued performance is condition upon the performance of Lessors obligations.

Default by Lessee. Lessee shall be in material breach of the Lease:

- (a) Lessee abandons or vacates the premises;
- (b) Lessee fails to pay rent or any other charge required to be paid by Lessor within thirty (30) days after written notice from Lessor;
- (c) Lessee is in default in the performance of any obligation under this Lease for thirty (30) days after written notice from Lessor specifying the particulars of the default;
- (d) Lessee makes any general assignment for the benefit of creditors;
- (e) A petition or other proceeding is instituted by or against Lessee for the appointment of a trustee, receiver, or liquidator of Lessee or of any of Lessee's property for the benefit of creditors;
- (f) A proceeding instituted against Lessee by any governmental authority for the dissolution or liquidation of Lessee.

Default by Lessor. Lessor shall be in material breach of the lease if it fails to perform any obligation under the Lease within a reasonable time, but in any event, no later than thirty (30) days after written notice from Lessee to Lessor specifying the obligation and the failure to perform.

Lessor's Remedies. In addition to any other rights and remedies available to Lessor in the event of default it shall have the right of entry to the Premises after fifteen (15) days written notice to Lessee. Lessor, upon reentry, shall have the right to remove all persons and property from the Premises. Any property removed from the Premises shall be stored in a secure location at the cost of, and for the account of, Lessee. Should Lessor reenter, the Lease shall be deemed terminated and Lessors rights to damages provided by law shall be preserved. Should Lessor re-enter, Lessor shall have no obligation to re-let the Premises.

Lessee's Remedies. In addition to any other rights and remedies available to Lessee

in the event of default it shall have the right to immediately terminate the Lease upon the expiration of the thirty (30) day period set forth in paragraph entitled Default by Lessor.

INSURANCE

Maintenance of Insurance. Lessee shall furnish to Lessor a certificate of public liability insurance and a certificate of renewal of such insurance from time to time throughout the term of this Lease, insuring Lessees against liability for personal injury in the amount of at least one million dollars (\$1,000,000.00) per person and two million dollars (\$2,000,000.00) per occurrence. Lessee shall also furnish evidence of insurance as set forth above for property damage in the amount of seven million dollars (\$7,000,000) per occurrence.

Additional Insureds. Nels Leen and Jerry Leen shall be named as additional insureds on any policy of insurance procured

Notices. Lessor shall be entitled, during the term of the lease to post any notice of non-liability required by its insurance carrier or mortgagee in a space that complies with any ordinance or insurance policy approved by the State Board of Insurance.

DISPUTES

Arbitration. Any dispute, claim or controversy arising out of or relating to this Lease or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in Chico, Butte County, California before one neutral arbitrator selected by the parties. If the parties are not able to agree on an arbitrator, then the matter shall proceed before three arbitrators. In that event each party shall choose an arbitrator and the two arbitrators will select the third arbitrator. Any arbitration will proceed according to the Rules of the American Arbitration Association. Judgment on the arbitration award may be entered in Butte County Superior Court. This clause shall not preclude the parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

Mediation. The parties agree that any and all disputes claims or controversies arising out of or relating to this Lease shall be submitted for mediation, and if the matter is not resolved through mediation, then it shall be submitted for final and

binding arbitration pursuant to above paragraph. Either party may commence mediation by providing the other party a written request for mediation setting forth the subject of the dispute and the relief requested. If the parties cannot agree on a mediator within ten (10) days of the written request for mediation, then they shall apply to the Butte County Superior Court for the appointment of a mediator. Either party may initiate arbitration with respect to the matters submitted to mediation by filing a written demand for arbitration at any time following the initial mediation session or forty-five (45) days after the date of filing the written demand for mediation, whichever occurs first. The mediation may continue after the commencement of arbitration if the parties so desire. Unless otherwise agreed by the parties the mediator shall be disqualified from serving as an arbitrator in the case. The provisions of this clause may be enforced by any Court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees, and expenses, including attorneys' fees, to be paid by the party against whom enforcement is ordered.

Attorney's Fees and Costs. The prevailing party in any arbitration proceeding commenced pursuant to this Article or any enforcement thereof shall be entitled to recover Attorney's Fees costs from the adverse party.

Mediation Costs. The costs of mediation, including the mediator's fees, shall be borne equally between the parties.

MISCELLANEOUS

Severability. A determination by a court of competent jurisdiction that any provision of this Lease, or any part thereof, is illegal, or unenforceable shall not cancel or invalidate the remainder of this Lease, which shall remain in full force and effect.

Interpretation. The captions of the Articles or Sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms and provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine, and neutral genders shall each include the other. In any provision relating to the conduct, acts, or omissions to act of either party it is understood and agreed that there is Mutuality of Obligation between the parties with regard to the terms of the Lease.

Entire Agreement. This Lease and Exhibits, if any, attached hereto and forming a part hereof set forth all the covenants, terms, provisions, warranties (if any), obligations, limitations promises, representations, agreements, conditions and understandings, either oral, or written between Lessor and Lessee concerning the Premises and there are no covenants, terms, provisions, warranties (if any), obligations, limitations, promises, representations, agreements, conditions and understandings, either oral, or written, between them other than are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Lessor or Lessee unless reduced to writing and signed by the party to be charged with their performance.

Notices. All Notices required or permitted under this Lease shall be effective upon personal delivery or three (3) days after deposit in the U.S. Mail.

Liability. Lessee agrees that Lessor shall not be liable for any damage or injury to persons or property arising out of the use of the Premises by Lessee, its agents and employees, invitees, students, or visitors except that occasioned by the negligence or act of Lessor its agents, employees, servants, contractors, or subcontractors. Lessee will indemnify and save Lessor harmless from all liability and loss on account of any such damage or injury save any such loss or injury occasioned by any failure of Lessor to comply with its obligations under this Lease or by reason of the negligence of Lessor, its agents, servants, employees, contractors, or subcontractors.

Fixtures and Personal Property. Any trade fixtures, equipment, or personal property permanently installed in, or permanently affixed to the Premises by or at the expense of Lessee shall be and remain the property of Lessee. Lessor agrees that Lessee shall have the right to remove any and all such property prior to the expiration or termination of this Lease, so long as no default exists under the Lease. Lessee agrees that it will, at its expense, repair any damage occasioned to the Premises by reason of the removal of any of the items set forth above.

Interruption of Utilities. In the event of any interruption or malfunction for any reason of any utility or services to the Premises, Lessor shall use reasonable diligence to restore the utility or service. However, any such interruption or malfunction, if restored within a reasonable time, shall not entitle Lessee to be relieved from any of its obligations under this Lease, or grant Lessee the right of set-off or recoupment of rent, or be considered a breach by Lessor, or entitle Lessee

to any damages. Should any of the equipment or machinery break down, or for any cause beyond the reasonable control of Lessor cease to function properly, Lessor shall use reasonable diligence to repair the machinery or equipment promptly. Lessee shall have no claim for rebate of rent or damages on account of any interruptions in service occasioned by or resulting from any such breakdown or cessation for the length of time reasonably required for repair.

Reasonability Standard. Wherever the words “reasonable,” “reasonability” or similar terms are used in this Lease as a standard for a measure of time for an act to be completed, or a thing done, the parties expressly agree that those terms are subject to resolution by resort to section entitled Disputes.

Real Estate Commission. Lessee acknowledges that Lessee contacted Lessor directly, and that no real estate commission is due or payable from Lessor. Lessee will hold Lessor and owners harmless from any claim made for a real estate commission. Lessor agrees that this covenant and indemnity shall be mutual. Lessee acknowledges that Lessor, Nels Leen, is a licensed California Real Estate Broker.

Subordination. This Lease is subject and subordinate to all mortgages and deeds of trust which may now or hereafter encumber the Premises, or any appurtenances thereto, or any leases, renewal, or modifications related thereto. This clause shall be self-operative, and no further instruments of subordination shall be required in order for this clause to be effective. Within ten (10) days of the written presentation thereof, Lessee hereby agrees to execute any and all reasonable instruments in writing required by Lessor or any lender to subordinate Lessee’s rights acquired by this Lease in accordance with this clause.

Transfer by Lessor. The term “Lessor” shall mean only the current owner of the Premises. In the event of a transfer by that owner of its interest in the Premises, the owner shall be released and discharged from all covenants and obligations of the Lessor accruing thereafter. Such covenants and obligations shall be binding during the lease term on each new owner and their successors and assigns for the Term of the Lease.

Lessor’s Lien. Lessor shall, at all times, have a valid lien for all rentals and other sums of money becoming due under this Lease from Lessee, subject to any purchase money liens or security interests, outstanding from time to time to third parties, on all goods, wares, equipment, fixtures, furniture, and other personal

property of Lessee, other than Lessee's sign. If Notice of Default is given by Lessor, Lessee shall not thereafter remove any such property from the premises without the consent of lessor until all arrearages in rent as well as any and all other sums of money then due to Lessor under this Lease shall first have been paid and discharged. Lessee grants a security interest, subject to any purchase money liens or security interests executed by Lessee outstanding from time to time to third parties in that personal property and the lien hereby granted may be foreclosed in the manner and in the form provided by law for foreclosure of a security interest under the California Uniform Commercial Code, or in any other manner and for provided by law. The statutory lien for rent is not waived by this provision. The express contractual lien granted herein is in addition to and supplemental to the statutory lien.

Lessor

Date

Lessor

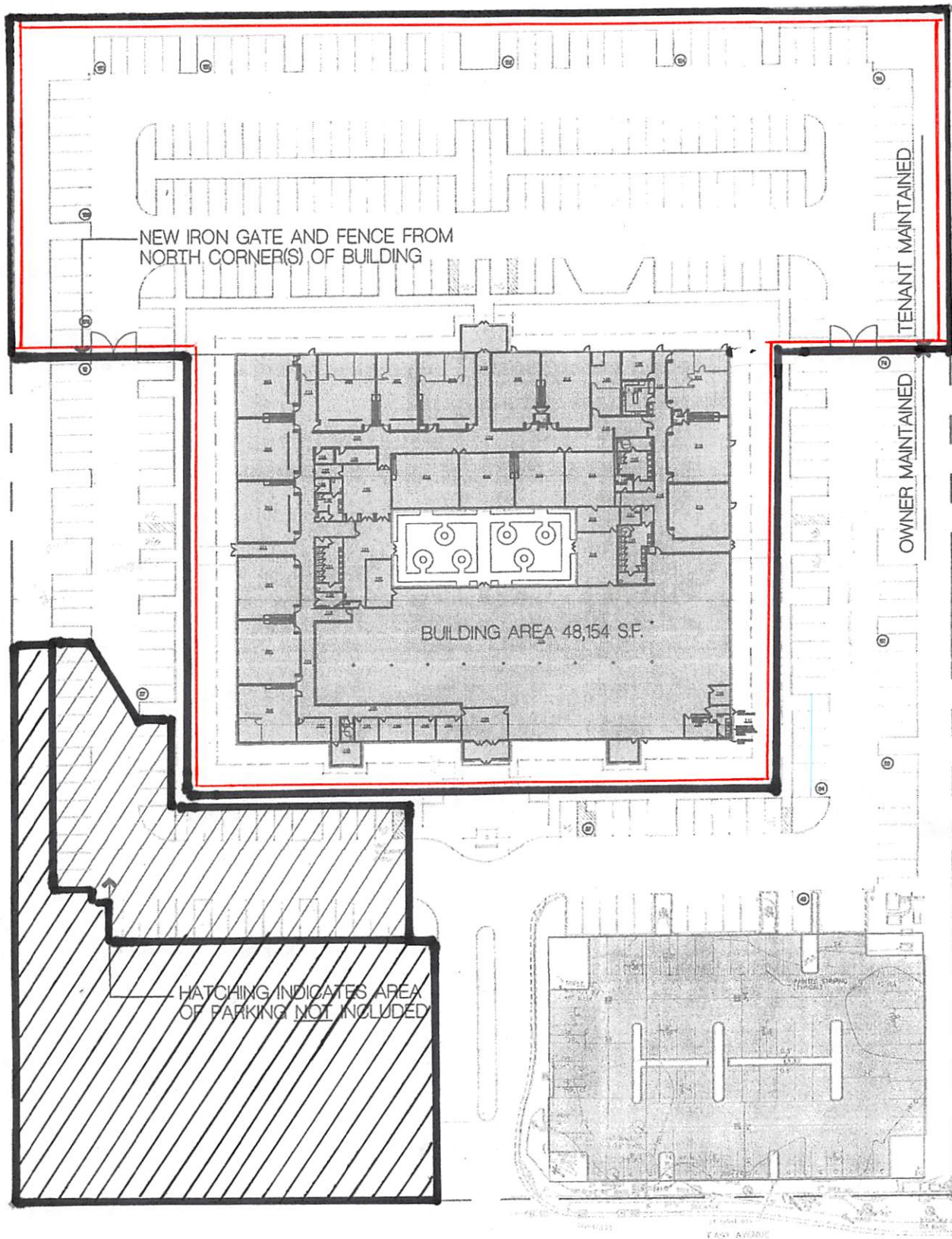
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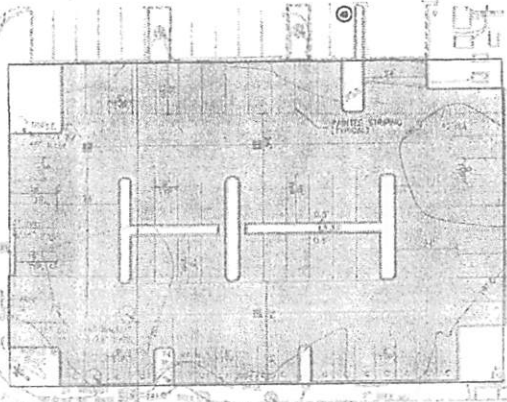
NEW IRON GATE AND FENCE FROM NORTH CORNER(S) OF BUILDING

TENANT MAINTAINED

OWNER MAINTAINED

BUILDING AREA 48,154 S.F.

HATCHING INDICATES AREA OF PARKING NOT INCLUDED



sheet

SITE PLAN EXHIBIT

EX 'A'

LEASE EXHIBIT DOCUMENT FOR:

BLUE OAK CHARTER

450 W. EAST AVENUE
CHICO, CA 95926

DRAWN	GALLAWAY
CHECKED	FGA
DATE	5/26/09
SCALE	NO SCALE
PROJ. #	08-093

from the design desk of...



i.g.a.