Harding Charter Preparatory School District

Special Session of Governance Board

Published on September 17, 2026 at 2:05 PM CDT

Date and Time

Tuesday September 22, 2026 at 6:00 PM CDT

Location

Harding Charter Preparatory High School
Media Center
1301 NE 101st Street
Oklahoma City, Oklahoma, 73099

Agenda

		Purpose	Presenter	Time
I.	**Opening Items**			**6:00 PM**
A.	Call the Meeting to Order			
B.	Record Attendance			1 m
II.	**Action Items**			**6:01 PM**
A.	Discussion and action on approving lease agreement with KLS Leasing II, LLC at 6100 N. Francis Avenue, Oklahoma City, OK 73118, for the purpose of a second elementary school.	Vote	Steven Stefanick	20 m

	Purpose	Presenter	Time
III. New Business			
IV. Closing Items			
A. Adjourn Meeting	Vote		

Coversheet

Discussion and action on approving lease agreement with KLS Leasing II, LLC at 6100 N. Francis Avenue, Oklahoma City, OK 73118, for the purpose of a second elementary school.

Section: II. Action Items
Item: A. Discussion and action on approving lease agreement with KLS Leasing II, LLC at 6100 N. Francis Avenue, Oklahoma City, OK 73118, for the purpose of a second elementary school.
Purpose: Vote
Submitted by: Steven Stefanick
Related Material: KLS II_HCP_Lease Agreement (09172026) bk to HCP cmts (2).pdf
KLS II_HCP_Lease Agreement (09172026).pdf

BACKGROUND:

Harding Charter Preparatory School District has identified the development of a second elementary school as a strategic priority to support continued enrollment growth and expand access to the District's college-preparatory educational model.

Administration has worked with KLS Leasing II, LLC to identify a facility located at **6100 N. Francis Avenue, Oklahoma City, Oklahoma 73118** for the development and operation of a second HCP elementary school. Under the proposed agreement, KLS Leasing II, LLC would lease the property to Harding Charter Preparatory School District for the exclusive operation of an open-enrollment charter school.

The proposed lease has an initial term ending on the fifth anniversary of the Rent Commencement Date. Rent does not begin until KLS has substantially completed the agreed-upon improvements to the facility and a certificate of occupancy has been issued.

A significant component of the agreement is KLS's charitable facility model. KLS will acquire, develop, and improve the property, with qualifying rental payments providing credits toward the purchase price should the District exercise its option to purchase the facility. Costs associated with acquisition, design, construction, renovation, and other development expenses will ultimately be incorporated into the purchase price.

The lease establishes **Year 1 rent at $50,000 annually**, payable in quarterly installments of $12,500. Beginning in Lease Year 2, annual rent is calculated at **12% of applicable state and local governmental funding attributable to the school's operations during the preceding lease year**.

The agreement also establishes academic, financial, enrollment, operational, facility-maintenance, and reporting expectations that the District must maintain throughout the term of the lease.

Approval of this agreement represents the next major step toward developing Harding Charter Preparatory School District's second elementary school and expanding the District's PK–12 capacity.

FINANCIAL IMPACT

No additional financial impact to the current fiscal year budget. The Year 1 lease expense of $50,000 has already been incorporated into and approved as part of the District's FY27 budget.

Future lease obligations will be incorporated into the District's annual budgeting process in accordance with the terms of the lease agreement.

RECOMMENDATION:

The Superintendent recommends approval of the lease agreement with KLS Leasing II, LLC for the property located at 6100 N. Francis Avenue, Oklahoma City, Oklahoma 73118, for the development and operation of Harding Charter Preparatory School District's second elementary school.

LEASE AGREEMENT

THIS LEASE AGREEMENT ("**Lease**") is made as of ________________ (the "**Effective Date**"), by and between **KLS LEASING II, LLC,** a Delaware limited liability company, whose principal address for notice is P.O. Box 2030, Bentonville, Arkansas 72712, Attn: Laura Fiemann ("**Landlord**") and **HARDING CHARTER PREPARATORY SCHOOL DISTRICT, INC**, an Oklahoma nonprofit corporation, whose principal address for notice is ~~1301 NE 101st Street~~12600 N. Kelley Avenue, Oklahoma City, Oklahoma 73131 Attn: ~~______________~~Steven Stefanik ("**Tenant**").

Commented [SS1]: Our primary address is 12600 N. Kelley Avenue, Oklahoma City, 73131

<u>RECITALS</u>

WHEREAS, Landlord is a Delaware limited liability company organized and operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is committed to supporting access to quality public education through charter schools;

WHEREAS, Tenant is a nonprofit corporation operating, or intending to operate, an open enrollment charter school pursuant to the Oklahoma Charter Schools Act, 70 Okla. St. Ann. § 3-130 et seq., and is dedicated to providing high-quality educational opportunities to students in the community;

WHEREAS, Landlord recognizes that charter schools such as Tenant face significant barriers to obtaining suitable facilities due to limited access to capital, difficulty securing traditional financing, and the high cost of acquiring, developing, and improving real property for use as school facilities;

WHEREAS, Landlord has established a charitable program to assist qualified charter schools in obtaining and eventually owning suitable school facilities that such schools would not otherwise be able to afford or acquire;

WHEREAS, as part of its charitable mission and program, Landlord is willing to acquire, develop, and improve the Premises, lease the Premises to Tenant on below-market terms that include rent credits toward the purchase price, and provide Tenant with an option to purchase the Premises, thereby enabling Tenant to operate its charter school and ultimately acquire ownership of a facility that Tenant could not otherwise afford through conventional financing or market-rate lease arrangements;

WHEREAS, this Lease is structured as a rent-credit lease under which a portion of Tenant's rental payments will be credited toward the purchase price if Tenant exercises its option to purchase, with the rent credits and below-market rental structure constituting a charitable benefit provided by Landlord to further its exempt charitable and educational purposes;

WHEREAS, the parties intend that this Lease and the transactions contemplated hereby shall constitute a charitable program operated by Landlord for the benefit of Tenant and the students and community served by Tenant's charter school, and not a commercial real estate transaction;

WHEREAS, in consideration of the substantial charitable benefit being provided by Landlord, Tenant agrees to operate the Premises exclusively as an open enrollment charter school, maintain high standards of academic, financial, and operational performance, and comply with all terms and conditions of this Lease, including the performance standards set forth herein; and

WHEREAS, Landlord and Tenant desire to enter into this Lease upon the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

Article I
GRANT AND TERM

SECTION 1.01. Premises. In consideration of the rents, covenants, and agreements hereinafter contained, Landlord leases to Tenant, and Tenant, subject to the terms and conditions contained in this Lease, leases and rents from Landlord, that property with an address of 6100 N. Francis Avenue, Oklahoma City, Oklahoma 73118 and legally described on **Exhibit A** attached hereto together with all improvements located thereon and all improvements to be constructed by Landlord pursuant to the Landlord Work Letter attached hereto as **Exhibit B** (hereinafter the "**Premises**").

SECTION 1.02. Commencement and Ending Date of Term. The term of this Lease (the "**Term**") shall commence on the Effective Date and shall end on the fifth (5^{th}) anniversary of the Rent Commencement Date (as defined below) (the "**Expiration Date**"), unless sooner terminated or extended as provided herein. The "**Rent Commencement Date**" shall be the date established by a written memorandum executed by Landlord and Tenant following Landlord's Substantial Completion (as defined in **Exhibit** B, Section 4) of the Landlord's Work and issuance of a certificate of occupancy for the Premises, which memorandum shall be attached to this Lease as **Exhibit C**. Concurrently with the execution of **Exhibit C**, the parties shall finalize and attach the Rent Schedule (as defined in Section 2.01(a)) as **Exhibit D**, setting forth the specific lease year periods, annual Base Rent amounts, and quarterly installment amounts calculated from the Rent Commencement Date. Tenant's obligation to pay rent hereunder shall commence on the Rent Commencement Date. At or prior to the end of the Term of the Lease, Landlord and Tenant may agree to extend the term of the Lease upon such terms and conditions (including, without limitation, base rent and other economic terms) as may be negotiated and mutually agreed upon in writing, in their sole discretion.

SECTION 1.03. Permitted Use. Unless otherwise approved by Landlord, in Landlord's sole discretion, the Premises shall be used solely for the operation of an open enrollment charter school under charters granted pursuant to the Oklahoma Charter Schools Act, 70 Okla. St. Ann. § 3-130 et. seq. Tenant acknowledges that Landlord's rent is based on Tenant's use and operation of the Premises, and, as such, this Lease shall be deemed to include and incorporate an express obligation for Tenant to at all times throughout the term of this Lease be continuously open and operating as an open enrollment charter school. As used in this Lease: (a) "**Open Enrollment Charter School**" means a public charter school operating pursuant to the Oklahoma Charter Schools Act, 70 Okla. St. Ann. § 3-130 et seq., that is open to all students on a space-available basis without discriminatory enrollment requirements; (b) "**Charter School Authorizing Agency**" or "**Authorizing Agency**" means the entity or entities responsible for granting, overseeing, renewing, or revoking Tenant's charter pursuant to applicable Oklahoma law, which may include but is not limited to the Oklahoma Statewide Charter School Board or a local school district board of education; (c) "**Good Standing**" means that Tenant is in full compliance with all applicable requirements of its Charter School Authorizing Agency, including academic, financial, and operational standards, is not subject to probation, corrective action, or any similar status of concern, and has not had its charter modified, conditioned, or threatened with non-renewal or revocation; (d) "**Projected Full Enrollment**" means the enrollment target set forth in the Compliance Agreement for the final year of the initial Term, representing the school's planned maximum student capacity; (e) "**Commercially Reasonable Efforts**" means efforts that are reasonable in light of the circumstances, consistent with industry standards and practices for similar charter school facilities, but that do not require the expenditure of amounts that are disproportionate to the benefit to be achieved or the assumption of material financial risk; (f) "**Material**" means, when used to describe a breach, default, violation, failure, condition, or other matter under this Lease, something that is significant and substantial in nature and effect, including without limitation: (i) any breach or failure that results in, or is reasonably likely to result in, significant financial harm to Landlord, impairment of Landlord's rights under this Lease, or diminution in the value or condition of the Premises; (ii) any breach or failure that substantially interferes with Tenant's ability to operate the Premises as an Open Enrollment Charter School; (iii) any Core Default as defined in Section 4.02(a); (iv) any failure to pay rent or other monetary obligations exceeding $10,000 in the aggregate; or (v) any other breach or failure that, under the circumstances and considering the purposes of this Lease, would be considered significant by a reasonable landlord or tenant. Whether a matter is "Material" shall be determined based on the totality of the circumstances, and Landlord's good faith determination that a matter is Material shall be given deference absent clear error and (g) "**Public Charity Status**" means Tenant's status as a public charity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or any successor provision(s)), as such status exists on the Effective Date of this Lease.

SECTION 1.04. Landlord's Work.

(a) *Landlord's Obligations*. Landlord agrees to construct, or cause to be constructed, certain improvements to the Premises as more particularly described in the Landlord Work Letter attached hereto as **Exhibit B** and incorporated herein by this reference (the "**Landlord's Work**"). The scope, specifications, schedule, and other terms and conditions governing Landlord's Work shall be as set forth in **Exhibit B**. Landlord shall use Commercially Reasonable Efforts to achieve Substantial Completion (as defined in **Exhibit B**, Section 4) of the Landlord's Work on or before the Target Completion Date (as defined in **Exhibit B**, Section 3) set forth in **Exhibit B**, subject to Force Majeure Delays and Tenant Delays (each as defined in **Exhibit B**, Sections 7 and 6).

(b) *Tenant's Cooperation*. Tenant shall cooperate with Landlord in connection with Landlord's Work, including without limitation: (i) timely reviewing and approving (or disapproving with specific comments) all plans, specifications, and other submissions requiring Tenant's approval under **Exhibit B**; (ii) providing Landlord with timely access to any information, documentation, or decisions necessary for Landlord to complete the Landlord's Work; (iii) refraining from interfering with Landlord's Work or Landlord's contractors; and (iv) performing any obligations specifically assigned to Tenant under **Exhibit B**. Tenant acknowledges that any delay in Tenant's performance of its obligations under this subsection or **Exhibit B** may result in a Tenant Delay (as defined in **Exhibit B**, Section 6), which may extend the Target Completion Date and the Rent Commencement Date.

(c) *Substantial Completion and Punchlist*. Upon Substantial Completion of the Landlord's Work and issuance of a certificate of occupancy for the Premises, Landlord shall provide Tenant with written notice of such Substantial Completion, and the parties shall conduct a walk-through inspection of the Premises to identify any punchlist items ("**Punchlist Items**" means incomplete, corrective, or deficient items of work that do not materially interfere with Tenant's ability to operate the charter school but that remain to be completed or corrected after Substantial Completion). Landlord shall use Commercially Reasonable Efforts to complete all Punchlist Items within sixty (60) days after Substantial Completion, but the existence of Punchlist Items shall not delay the Rent Commencement Date, provided that such Punchlist Items do not materially interfere with Tenant's ability to operate the charter school. The procedures for determining Substantial Completion, conducting the walk-through, and completing Punchlist Items shall be as set forth in **Exhibit B**.

(d) *Cost and Inclusion in Purchase Price*. All costs incurred by Landlord in completing the Landlord's Work, including without limitation design, engineering, permitting, construction, project management, and all other hard and soft costs, shall be included in the calculation of the Purchase Price pursuant to Section 16.02(a) and **Exhibit F**. Tenant shall have no obligation to pay separately for Landlord's Work, but acknowledges that such costs will be reflected in the final Purchase Price and will be amortized through the Base Rent payments over the Term.

(e) *No Landlord Warranty*. Except as expressly provided in **Exhibit B** with respect to the warranty period for Landlord's Work, Landlord makes no representation or warranty concerning the condition, suitability, or fitness for any purpose of the Landlord's Work or the Premises. Following the expiration of any warranty period set forth in **Exhibit B**, Tenant shall be solely responsible for all maintenance, repair, and replacement of all improvements comprising the Landlord's Work, in accordance with Article V of this Lease.

(f) *Changes to Landlord's Work*. Any changes, modifications, or additions to the scope of Landlord's Work as described in **Exhibit B** shall be subject to Landlord's prior written approval and shall be governed by the change order procedures set forth in **Exhibit B**. Any additional costs resulting from Tenant-requested changes shall be added to the Purchase Price as provided in Section 16.02(a) and **Exhibit F**.

Article II
RENT

SECTION 2.01. Base Rent.

(a) *Payment of Base Rent*. Commencing on the Rent Commencement Date, Tenant agrees to pay to Landlord, without any prior demand therefor and without any deduction or set-off whatsoever, fixed base rent ("**Base Rent**") in the amounts set forth on **Exhibit D** attached hereto and incorporated herein by this reference (the "**Rent Schedule**"). Base Rent shall be due and payable in arrears, quarterly on the first (1st) day of August, November, February and May during the Term, in equal quarterly installments corresponding to the annual amounts set forth on the Rent Schedule and shall be paid by wire transfer or ACH to such account as Landlord may designate from time to time. If the Rent Commencement Date does not fall on the first day of a calendar quarter, Base Rent for the initial partial quarter shall be prorated and paid in accordance with Section 2.01(c). If Landlord issues an invoice, such invoice shall be for the parties' administrative convenience only and shall not be a condition to Tenant's obligation to timely pay Base Rent as required herein.

(b) *Late Charges and Interest*. If any Base Rent payment is not received within ten (10) days after the date when due, Tenant shall pay Landlord a late charge equal to four percent (4%) of the overdue amount. Additionally, all overdue Base Rent and other amounts due under this Lease shall bear interest at the rate of ten percent (10%) per annum (or the maximum rate permitted by applicable law, if less) from the due date until paid.

(c) *Proration*. Base Rent for any partial quarter at the beginning or end of the Term shall be prorated on a per diem basis and shall be due and payable on the first (1st) day of such partial quarter (or, if later, on the Rent Commencement Date). If the Rent Commencement Date occurs on a day other than the first (1st) day of a calendar quarter, or if this Lease terminates on a day other than the last day of a calendar quarter, then Base Rent for such partial quarter shall be prorated as provided in this subsection and shall be due and payable as part of the first or last, as applicable, installment of Base Rent.

(d) *Security Deposit*. No security deposit is required.

(e) *Operating Expense Charges*. "**Operating Expense Charges**" means all costs and expenses relating to the Premises that Tenant is required to reimburse to Landlord under this Lease, including: (a) property insurance premiums paid by Landlord pursuant to Section 7.02(a) and reimbursed by Tenant pursuant to Section 7.02(c); and (b) at Landlord's election, real estate taxes and assessments paid by Landlord with respect to the Premises pursuant to Section 2.02(b) (to the extent not paid directly by Tenant or separately invoiced by Landlord under Section 2.02). Operating Expense Charges shall be invoiced and paid in accordance with the procedures set forth in the applicable sections of this Lease. Landlord may invoice Tenant for Operating Expense Charges on a monthly estimated basis with annual reconciliation, or may invoice the full annual amount upon renewal or payment, at Landlord's option. Tenant shall pay all Operating Expense Charges invoices within thirty (30) days after receipt. Tenant's obligation to pay Operating Expense Charges is absolute and unconditional, without right of setoff, counterclaim, or deduction. For the avoidance of doubt, Operating Expense Charges do not include costs incurred by Landlord for Landlord's Maintenance Items under Section 5.01(a), which costs are instead added to the Purchase Price pursuant to Section 5.01(d).

SECTION 2.02. Taxes. It is the belief and intent of both Landlord and Tenant that so long as the Premises are used for the purposes enumerated in this Lease, no ad valorem, special assessment or any other taxes (singularly, "**Tax**" and collectively, "**Taxes**") are to be levied or assessed against the Premises or Tenant's personal property located thereon or any part thereof by any Oklahoma taxing authority pursuant to Article 10, Section 6 of the Oklahoma Constitution. Notwithstanding the foregoing, in the event an Oklahoma taxing authority levies a Tax or Taxes on such real or personal property, Tenant shall be responsible for the payment of all such Taxes attributable to the Premises during the Term as follows:

(a) *Direct Payment by Tenant*. If Tenant is named as the payor on the tax bill, Tenant shall pay such Taxes directly to the applicable taxing authority on or before the due date.

(b) *Reimbursement to Landlord*. If Landlord is named as the payor on the tax bill, Landlord may either (i) pay such Taxes and invoice Tenant for reimbursement, or (ii) include such Taxes in the Operating Expense Charges. If Landlord invoices Tenant directly for reimbursement, Tenant shall reimburse Landlord within thirty (30) days after receipt of Landlord's invoice, which invoice shall be accompanied by a copy of the tax bill or assessment. Landlord may endeavor to provide such invoice to Tenant prior to the tax payment due date to allow Tenant reasonable time to reimburse Landlord before such due date, but Landlord shall have no obligation to do so, and any failure to provide advance notice shall not relieve Tenant of its reimbursement obligation. Alternatively, and unless otherwise instructed in writing by Landlord, Landlord may direct Tenant to pay such Taxes directly to the taxing authority, in which case Tenant shall make such payment on or before the due date.

(c) *Proration*. Taxes for any partial year at the beginning or end of the Term shall be prorated on a daily basis, with Tenant responsible for Taxes attributable to the portion of the tax year falling within the Term and Landlord responsible for Taxes attributable to the portion of the tax year falling outside the Term. Notwithstanding such proration, as between Landlord and Tenant, Tenant shall be responsible for the payment of all Taxes assessed with respect to the Premises for any period during which Tenant is in possession of the Premises.

(d) *Personal Property Taxes*. Tenant shall be solely responsible for and shall pay when due any and all taxes assessed against Tenant's personal property, furniture, fixtures, equipment, and inventory located on or about the Premises.

(e) *Contest Rights*. Upon at least ten (10) days prior written notice to Landlord and prior to the delinquency of any such Tax, Tenant may contest the levy, assessment, valuation, or amount of any Tax, or the denial of any exemption related thereto, at Tenant's sole expense and in Tenant's name or, if necessary, in Landlord's name with Landlord's prior written consent (which consent shall not be unreasonably withheld). If Tenant exercises such right of contest, Tenant shall, unless excused in writing by Landlord, continue to pay when due all contested Taxes (either directly to the taxing authority or by reimbursing Landlord, as applicable) or, if permitted by applicable law, post a bond or other security acceptable to Landlord and the taxing authority sufficient to prevent any lien from attaching to the Premises.

Landlord shall reasonably cooperate with Tenant in any such contest, and Tenant shall indemnify, defend, and hold Landlord harmless from any and all costs, expenses, liabilities, penalties, and attorney's fees arising from such contest. Landlord shall also have the right, without the consent of Tenant, to contest any Tax, levy, assessment, or the denial by a taxing authority of any exemption related thereto; provided, however, that Tenant shall remain responsible, as between Landlord and Tenant, for the payment of all such Taxes assessed with respect to the Premises during the Term. If both Landlord and Tenant desire to contest the same Tax or assessment, the parties shall cooperate and coordinate their efforts to avoid duplicative proceedings or conflicting positions with the taxing authority, and Landlord's contest shall take precedence unless otherwise agreed in writing.

Article III
ACCEPTANCE OF PREMISES/ALTERATIONS

SECTION 3.01. Landlord's Obligations. Tenant acknowledges that, except for Landlord's obligation to complete the Landlord's Work in accordance with Section 1.04 and **Exhibit B**, Tenant has inspected or had full opportunity to inspect the Premises prior to execution of this Lease. Upon Substantial Completion of the Landlord's Work and Tenant's occupancy of the Premises, Tenant accepts the Premises in their then-current condition, subject to the warranty provisions set forth in **Exhibit B**. Except for (i) Landlord's obligations under Section 1.04 and **Exhibit B** with respect to the Landlord's Work, and (ii) any warranties provided in **Exhibit B** during the applicable warranty period, Tenant hereby agrees and acknowledges that Landlord is delivering the Premises in an "**AS-IS, WHERE-IS**" condition **WITH ALL FAULTS**, and Landlord shall have no responsibility for the condition, suitability, safety, or fitness for any purpose of the Premises. Following the expiration of any warranty period set forth in **Exhibit B**, Tenant expressly waives any and all claims relating to the condition of the Premises, whether known or unknown, patent or latent. EXCEPT AS EXPRESSLY PROVIDED IN SECTION 1.04 AND **EXHIBIT B**, LANDLORD MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE PREMISES, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY, CODE COMPLIANCE, OR SUITABILITY FOR USE AS A CHARTER SCHOOL. Tenant assumes all risk associated with the condition and use of the Premises after expiration of the warranty period. Except as expressly set forth in this Lease (including Section 1.04 and **Exhibit B**), Landlord shall have no responsibility or obligation for any repairs, maintenance, alterations, improvements, or compliance with any laws, codes, or regulations relating to the Premises. Landlord does not assume, and Tenant hereby expressly disclaims, any obligation by Landlord to provide for the security, safety, or habitability of the Premises, except as may be required during the warranty period under **Exhibit B**. Nothing in this Lease shall be construed to impose any duty on Landlord to maintain, repair, or improve the Premises in any manner whatsoever, except for Landlord's completion of the Landlord's Work and correction of any defects during the warranty period as provided in Section 1.04 and **Exhibit B**.

SECTION 3.02. Alterations. Tenant shall be entitled to make alterations, additions, and improvements to the Premises upon the prior written consent of Landlord, which consent shall not be unreasonably withheld. Tenant shall advise Landlord of any such alterations, additions, or improvements and shall make periodic reports to Landlord on the status of construction. Tenant, or its duly authorized agents, shall furnish Landlord with all plans, specifications, architectural renderings, or other information used or useful in the construction of alterations, additions, and improvements to the Premises. Except in the event Tenant purchases the Premises or as otherwise may be required by law, any alterations, additions, or improvement to the Premises shall be the sole property of Landlord upon the termination of this Lease. **TENANT AGREES TO INDEMNIFY LANDLORD AND HOLD LANDLORD HARMLESS AGAINST ANY LOSS, LIABILITY, OR DAMAGE RESULTING FROM SUCH WORK, AND TENANT SHALL, IF REQUESTED BY LANDLORD, FURNISH A BOND OR OTHER SECURITY SATISFACTORY TO LANDLORD AGAINST ANY SUCH LOSS, LIABILITY, OR DAMAGE**.

SECTION 3.03. Liens. Tenant will indemnify, defend, and hold Landlord harmless from all expenses, liens, or claims of any contractors, subcontractors, materialmen, or other party arising out of, or resulting from, the undertaking or making of any alterations, additions, improvements, or other work on or at the Premises. Whenever any mechanics', materialmen's or other lien shall have been filed against the Premises based upon any act or interest of Tenant or of any one claiming through Tenant, or if any security agreement shall have been filed for or attached to any materials, machinery or fixtures used in the construction, repair or operation thereof or annexed thereto by Tenant, Tenant shall immediately make payment or deposit or post bond to remove the lien or security agreement, whether or not the claim is valid. If Tenant has not removed the lien within ten (10) days after the assertion thereof, Landlord may pay the amount of such lien or security agreement or discharge the same by deposit, and the amount so paid or deposited shall be paid on demand by Tenant to Landlord with interest at the maximum legal rate from the date paid by Landlord to the date reimbursed by Tenant. Tenant shall also reimburse Landlord on demand for any and all reasonable attorneys' fees incurred by Landlord in connection therewith.

SECTION 3.04. Signs. Tenant may, at its expense, erect a sign or signs on the Premises, provided, however, that the design or drawing portraying any such signage erected must be approved by Landlord, which approval will not be unreasonably withheld, and any and all governmental authorities having jurisdiction over the same. Tenant may remove such signage at the termination of this Lease, but any damage to the Premises as a result of removal of such signage shall be repaired at the expense of Tenant.

Article IV
PERFORMANCE STANDARDS

SECTION 4.01. Tenant Obligations. As used in this Lease, the "Compliance Agreement" means that certain Compliance Agreement of even date herewith, attached hereto and incorporated herein as **Exhibit E**, between Landlord and Tenant, setting forth the specific operational, financial, and reporting requirements applicable to Tenant's operations on the Premises, which is incorporated into this Lease by this reference as if set forth in full herein. Tenant covenants and agrees that during the Term or any extension of this Lease:

(a) *Charter Good Standing*. Tenant shall at all times remain in good standing in all respects, including academic, financial, and operational areas, with the Charter School Authorizing Agency(ies). Tenant shall not be placed on probation, corrective action, or any similar status of concern, and shall not have its charter modified, conditioned, non-renewed, or revoked for any reason. Tenant shall meet or exceed all performance standards and requirements set forth in the Compliance Agreement, which standards and requirements are incorporated herein and made a material part of this Lease.

(b) *Information Delivery*. Tenant shall promptly provide to Landlord, in the form and by the deadlines specified in the Compliance Agreement or as otherwise reasonably requested by Landlord from time to time: (i) all financial, operational, academic performance, and governance information; (ii) any and all information, reports, or documents submitted to the Oklahoma State Department of Education, any Authorizing Agency, or any other governmental or accrediting body; (iii) copies of all correspondence with any such agencies regarding compliance, performance concerns, or corrective action; and (iv) such other information as Landlord may reasonably request to monitor Tenant's performance under this Lease. Landlord shall have the right, in its sole discretion, to review and rely upon any such information in determining whether Tenant is in compliance with this Lease.

(c) *Tax-Exempt Status*. Tenant shall at all times maintain its Public Charity Status. Tenant shall immediately notify Landlord in writing of any challenge to, modification of, or loss of its Public Charity Status, and shall provide Landlord with copies of any correspondence with the Internal Revenue Service or any state taxing authority regarding such status. In the event Tenant loses its Public Charity Status for any reason, Landlord may, in its sole and absolute discretion, terminate this Lease by providing written notice to Tenant, effective ten (10) days after such notice is delivered, provided that if such loss of status is remediable and Tenant demonstrates to Landlord's sole satisfaction within such ten (10) day period that Tenant has cured the loss or obtained reinstatement of its Public Charity Status (by providing written confirmation from the Internal Revenue Service or other competent authority), then Landlord's termination notice shall be void and of no effect. If the loss of Public Charity Status is not remediable or is not cured within such ten (10) day period, this Lease shall automatically terminate on the date specified in Landlord's notice, and Tenant shall immediately vacate and surrender the Premises as provided in Section 6.01. Upon any such termination due to loss of Public Charity Status, the treatment of rent credits shall be governed by Section 12.05(a) (forfeiture for serious defaults), and Tenant's purchase option under Article XVI shall immediately terminate and be of no further force or effect.

(d) *Mission and Purpose*. Tenant shall not make, adopt, or permit any material changes to its corporate purpose, mission, charter, or scope of operations without the prior written consent of Landlord, which ~~consent may~~shall not be unreasonably withheld~~ in Landlord's sole and absolute discretion~~.

Commented [SS2]: We are requesting language be added that such can't be unreasonably withheld by Landlord.

(e) *Insurance Obligations*. Tenant shall at all times during the Term maintain all insurance required under Article VII of this Lease, provide Landlord with timely proof of such insurance as required by Article VII, and timely reimburse Landlord for all property insurance premiums as required by Section 7.02(c). Failure to maintain required insurance, provide proof of insurance, or reimburse insurance premiums shall be categorized and subject to remedies as set forth in Sections 4.02 and 4.03.

(f) *Prohibition on Adverse Actions*. Tenant shall not take (or fail to take) any action that is reasonably likely to: (i) negatively impact the Lease, the Premises, or Landlord's interests hereunder; (ii) impair Tenant's ability to achieve and satisfy the standards and requirements set forth in the Compliance Agreement; (iii) jeopardize Tenant's charter, good standing, or tax-exempt status; or (iv) result in a lien, encumbrance, or claim against the Premises.

(g) *Reporting and Compliance Software*. Tenant shall use, implement, and maintain any reporting, compliance, or performance monitoring software or platform designated by Landlord from time to time ("Designated Software"), including, without limitation, any software used for financial reporting, academic performance tracking, enrollment reporting, facility management, or regulatory compliance. Landlord may designate, change, or supplement the Designated Software upon written notice to Tenant, and Tenant shall implement any newly designated software within sixty (60) days after receipt of such notice (or such shorter period as Landlord may reasonably require). Tenant shall: (i) ensure that all required data, reports, and documentation are entered, uploaded, or transmitted through the Designated Software in the format and on the schedule required by Landlord or the Compliance Agreement; (ii) maintain user accounts, access credentials, and system integrations as required by Landlord; (iii) provide Landlord and Landlord's designees with administrative or read-only access to all Tenant accounts within the Designated Software, as specified by Landlord; (iv) pay all licensing, subscription, or usage fees associated with the Designated Software, unless Landlord otherwise agrees in writing; and (v) train Tenant's staff as necessary to ensure full and accurate use of the Designated Software. Tenant's failure to implement or maintain the Designated Software, to enter required data on a timely basis, or to provide Landlord with the required access shall constitute a Reporting Item failure subject to the remedies set forth in Sections 4.02(c) and 4.03(c), and persistent non-compliance may be declared an Event of Default under Section 12.01(d) at Landlord's sole discretion.

(h) *Materiality*. Tenant acknowledges and agrees that each of the covenants, obligations, and requirements set forth in this Section 4.01 is a material inducement to Landlord's entering into this Lease and is of the essence of this Lease. Any breach of this Section 4.01 shall be deemed a material breach of this Lease and shall be subject to the remedies set forth in Section 4.02 and Article XII hereof.

SECTION 4.02. Categories of Performance Violations. The performance standards and reporting requirements set forth in Section 4.01 are grouped into three categories based on the severity and nature of any violation: (a) Core Defaults; (b) Covenant Violations; and (c) Reporting Items. Each such violation shall constitute an Event of Default under Article XII of this Lease, subject to the notice and cure provisions (if any) specified in this Article IV.

(a) *Core Defaults*. A "Core Default" is any failure by Tenant to satisfy a performance standard or requirement designated in the Compliance Agreement or elsewhere as a "Core Default," and shall constitute a material breach of this Lease and an immediate Event of Default under Section 12.01(b). Core Defaults are violations that fundamentally jeopardize Tenant's charter status, academic viability, or ability to operate the Premises as intended under this Lease. Examples of Core Defaults include, without limitation, the school being categorized as Level 5 support under the state ESSA plan or receiving a state school report grade of "F" (or any successor standard). Core Defaults are not subject to any cure period, and Landlord shall have the immediate right to exercise any and all remedies set forth in Section 4.03(a) below and Article XII.

(b) *Covenant Violations*. A "**Covenant Violation**" is any failure by Tenant to satisfy a performance standard or requirement designated in the Compliance Agreement or elsewhere as a "Covenant Violation" and shall constitute an Event of Default under Section 12.01(c) subject to the cure and escalation procedures set forth in Section 4.03(b). Covenant Violations are serious performance failures that, while not immediately jeopardizing the charter or Lease, require correction and may be subject to escalating remedies if not timely cured or improved. Examples include, without limitation, falling below enrollment projections by specified thresholds, failing to maintain required days cash on hand, or receiving a "D" grade on the state school report. Covenant Violations are subject to the cure and escalation procedures set forth in Section 4.03(b) below.

(c) *Reporting Items*. A "**Reporting Item**" is any report, documentation, or information that Tenant is required to provide to Landlord under Section 4.01(b) or as designated in the Compliance Agreement or elsewhere as a "Reporting Item". While failure to timely provide Reporting Items shall not, standing alone, constitute a material breach or Event of Default under this Lease, Tenant's persistent failure to provide such items, or any failure to provide such items within ten (10) business days after written notice from Landlord, may be declared an Event of Default under Section 12.01(d) at Landlord's sole discretion. Notwithstanding the foregoing, any underlying performance failure or noncompliance revealed by (or concealed due to the absence of) such reports shall be evaluated and enforced in accordance with subsections (a) or (b) above, as applicable.

SECTION 4.03. Landlord's Remedies for Performance Violations. Upon the occurrence of any violation described in Section 4.02, Landlord shall have the following rights and remedies, which rights and remedies are in addition to any other rights or remedies available under this Lease (including Article XII), at law, or in equity:

(a) *Remedies for Core Defaults*. Upon the occurrence of any Core Default, Landlord may, with the approval of the authorizing agency(ies) where required by applicable law, immediately terminate this Lease or transfer the Premises to a different charter school operator, in Landlord's sole discretion, without any obligation to provide Tenant with an opportunity to cure. Landlord may pursue any other remedy available under this Lease, including, without limitation, those set forth in Sections 12.02 and 12.03, acceleration of all rent due under the Lease, recovery of damages, and specific performance.

(b) *Remedies for Covenant Violations*. Upon the occurrence of any Covenant Violation, Landlord shall have the following remedies, which may be exercised in Landlord's sole discretion, individually, sequentially, or concurrently:

(i) Improvement Plan. Landlord may require that Tenant submit a written improvement plan addressing such poor performance within the time period specified in the Compliance Agreement (or by Landlord in its written notice to Tenant, which time period shall be determined by Landlord in its sole discretion based on the severity of the violation and Landlord's level of concern (and if no time period is specified in Landlord's notice, within thirty (30) days after written notice from Landlord). The improvement plan must be in form and substance reasonably satisfactory to Landlord and, if applicable, the authorizing agency(ies), and must include specific, measurable corrective actions and timelines. Landlord's approval of any improvement plan shall not constitute a waiver of Landlord's right to require additional corrective measures or to exercise any other remedy. Tenant's failure to timely submit any required improvement plan, or to diligently and in good faith implement any improvement plan approved by Landlord and, if applicable, the authorizing agency(ies), shall constitute a breach of this Lease and shall be an Event of Default under Section 12.01(c) without any additional notice or cure period.

(ii) Non-Reducing Rent Payments. In addition to or in lieu of requiring an improvement plan, Landlord may, in its sole discretion and upon written notice to Tenant, declare that Non-Reducing Rent Payments are in effect for the applicable period, as further described in Section 16.02. During any period of Non-Reducing Rent Payments, all Base Rent paid by Tenant shall not reduce or be credited against the Purchase Price set forth in Article XVI.

(iii) Termination or Transfer. If Tenant's performance does not improve to Landlord's reasonable satisfaction within the timeframe specified in any improvement plan (or within such other timeframe as Landlord may specify in its sole discretion), Landlord may, with the approval of the authorizing agency(ies) where required by applicable law, terminate this Lease or transfer the Premises to a different charter school operator. Landlord may also pursue any other remedy available under this Lease (including Article XII), at law, or in equity.

(c) *Remedies for Reporting Failures*. Landlord may declare Tenant's failure to timely provide any Reporting Item to be an Event of Default under Section 12.01(d) if Tenant fails to provide the required report or documentation within ten (10) business days after receiving written notice from Landlord of such failure. Upon such declaration, Landlord may exercise any and all remedies available for an Event of Default under Article XII.

(d) *Cumulative and Non-Exclusive Rights*. Landlord's rights and remedies under this Section 4.03 are cumulative and in addition to any other rights or remedies available to Landlord under this Lease (including, without limitation, those set forth in Article XII), at law, or in equity. The exercise of any one remedy shall not preclude the exercise of any other remedy. Landlord may pursue multiple remedies simultaneously or sequentially in its sole discretion.

(e) *No Waiver*. Landlord's election to require an improvement plan, to impose Non-Reducing Rent Payments, or to exercise any other remedy short of termination shall not waive or limit Landlord's right to thereafter terminate this Lease, pursue any other remedy, or declare any subsequent or continuing violation to be an immediate Event of Default. Landlord's acceptance of rent or failure to immediately exercise any remedy shall not constitute a waiver of any breach or default.

(f) *Surrender Upon Termination*. In the event Landlord terminates this Lease pursuant to this Section 4.03, Article XII, or any other provision of this Lease, Tenant shall immediately vacate and surrender possession of the Premises as provided in Section 6.01, and shall remain liable for all rent, damages, and other amounts due under this Lease.

Article V
TRIPLE NET LEASE; MAINTENANCE, UTILITIES, AND RESTORATION

SECTION 5.01. Modified Net Lease; Division of Maintenance Responsibilities. This Lease is a "modified net" lease with the following division of maintenance responsibilities between Landlord and Tenant:

(a) *Landlord's Maintenance Obligations*. Landlord shall be responsible, at Landlord's sole cost and expense (subject to subsection (d) below regarding inclusion in Purchase Price), for maintenance, repair, and replacement of the following major building components ("**Landlord's Maintenance Items**"): (i) structural components of the building, including foundation, load-bearing walls, structural frame, and building envelope; (ii) the roof, including roof membrane, decking, structural supports, and waterproofing (but excluding routine drainage maintenance and gutter cleaning, which shall be Tenant's responsibility); (iii) exterior walls and building envelope (but excluding interior finishes, which shall be Tenant's responsibility); (iv) major mechanical systems, including the central HVAC systems, boilers, chillers, and main distribution systems; and (v) other major building systems as may be reasonably necessary to maintain the structural integrity and major mechanical functionality of the building. Notwithstanding the foregoing, Tenant shall be responsible for: (A) any damage to Landlord's Maintenance Items caused by Tenant's negligence, misuse, or failure to maintain items under Tenant's responsibility; (B) routine HVAC maintenance and service as provided in subsection (b) below; and (C) any additions, modifications, or upgrades to major systems requested or installed by Tenant. Landlord's obligation to perform any maintenance, repair, or replacement under this subsection (a) shall not arise unless and until: (1) Tenant has provided Landlord with written notice specifically identifying the condition requiring attention and the applicable Landlord Maintenance Item (the "Maintenance Notice"); (2) at least thirty (30) days have elapsed following Landlord's receipt of such Maintenance Notice (or such shorter period as may be reasonably necessary in the event of an emergency posing an imminent threat to life safety or structural integrity, as determined by Landlord in its sole discretion); and (3) Tenant has provided Landlord and Landlord's contractors with reasonable access to the Premises to assess and perform the required work. Landlord shall have no obligation to perform any maintenance, repair, or replacement under this subsection (a) for any condition of which Landlord has not received a proper Maintenance Notice from Tenant, and Tenant's failure to provide timely written notice as required herein may result in Tenant bearing responsibility for any additional damage or costs resulting from such failure to notify, as provided in Section 5.02(e). For the avoidance of doubt, Landlord shall be responsible for replacement of major HVAC systems and core components, while Tenant shall be responsible for routine maintenance, service, and minor repairs.

(b) *Tenant's Maintenance Obligations*. Tenant shall be responsible, at Tenant's sole cost and expense, for maintenance, repair, and replacement of all aspects of the Premises not expressly designated as Landlord's Maintenance Items in subsection (a), including without limitation: (i) HVAC service contracts - Tenant shall maintain a comprehensive preventive maintenance service contract with a qualified HVAC contractor for all HVAC systems serving the Premises, including routine maintenance, filter changes, inspections, and minor repairs, and shall provide Landlord with annual proof of such service contract and maintenance records; (ii) all interior fixtures, equipment, and finishes, including toilets, sinks, faucets, light fixtures, ballasts, bulbs, ceiling tiles, flooring, interior doors, interior paint and finishes, window treatments, and all other interior components; (iii) all additions, improvements, or systems installed by or at the request of Tenant, including without limitation solar panels, generators, security systems beyond base building systems, specialty equipment, and any other tenant improvements; (iv) all damage to any part of the Premises (including Landlord's Maintenance Items) caused by Tenant's negligence, misuse, abuse, vandalism by third parties invited by Tenant, or failure to properly maintain items under Tenant's responsibility; (v) parking areas, driveways, sidewalks, landscaping, irrigation, grounds maintenance, and site improvements; (vi) all plumbing systems and components not part of the main building structure; (vii) all electrical systems and components beyond the main service and distribution panels; (viii) all doors, windows, locks, and hardware; (ix) pest control, janitorial services, and trash removal; (x) all safety and security systems, fire alarms, sprinkler system testing and maintenance, elevator systems (if any), and all monitoring services for such systems; (xi) all signage; and (xii) all other aspects of the Premises not expressly designated as Landlord's Maintenance Items.

(c) *Tenant's Continuing Triple Net Obligations*. Except as modified by subsections (a) and (b) above with respect to physical maintenance of certain building components, Tenant shall remain responsible for all other costs and expenses relating to the Premises on a "triple net" basis, including without limitation: (i) all real estate taxes, personal property taxes, assessments, and governmental charges as provided in Section 2.02; (ii) all insurance premiums for property and liability insurance as provided in Article VII; (iii) all utilities and municipal services as provided in Section 5.04; (iv) all inspections, monitoring services, and compliance costs; and (v) any and all other operating expenses, charges, or costs relating to the ownership, operation, or use of the Premises (other than Landlord's costs to perform Landlord's Maintenance Items as provided in subsection (a)). Tenant's obligation to pay or reimburse all such costs shall be absolute and unconditional, without right of setoff, counterclaim, or deduction, and shall continue throughout the Term.

(d) *Landlord's Maintenance Costs; Inclusion in Purchase Price*. All costs incurred by Landlord in performing Landlord's maintenance, repair, and replacement obligations under subsection (a) shall not be charged to Tenant as Operating Expense Charges or additional sums and reimbursements during the Term. Instead, all such costs incurred by Landlord shall be added to and included in the Purchase Price pursuant to Section 16.02(a) and **Exhibit F** as additional development and improvement costs. Landlord shall maintain records of all such costs and shall include them in any Final Purchase Price Statement or Purchase Price Ledger (as defined in **Exhibit F**, Section IV) update provided to Tenant. Tenant acknowledges and agrees that by this arrangement, Tenant is effectively financing Landlord's maintenance costs through the purchase price mechanism and the rent credit structure, and such costs will be reflected in the final amount due if and when Tenant exercises the purchase option under Article XVI.

SECTION 5.02. Tenant's Maintenance, Repair, and Replacement Obligations.

(a) *General Obligation*. Subject to Landlord's maintenance obligations under Section 5.01(a) and subject to Landlord's warranty obligations under Section 1.04 and **Exhibit B** during the applicable warranty period, Tenant shall, at Tenant's sole cost and expense, maintain, repair, and replace all portions of the Premises for which Tenant is responsible under Section 5.01(b) in good order, condition, and repair. As used in this Lease, "Business Day" means any day other than Saturday, Sunday, or a day on which banks in Oklahoma are authorized or required to be closed. Tenant's obligations hereunder include, without limitation: (i) HVAC service contract - Tenant shall obtain and maintain throughout the Term a comprehensive preventive maintenance service contract with a licensed and qualified HVAC contractor covering all HVAC systems, equipment, and components serving the Premises, which contract shall provide for no less than quarterly inspections and maintenance, filter changes, cleaning, testing, and minor repairs, and Tenant shall provide Landlord with a copy of such service contract annually and proof of all completed maintenance visits; (ii) all interior fixtures and finishes, including all plumbing fixtures (toilets, sinks, faucets, drains), all electrical fixtures (light fixtures, ballasts, bulbs, switches, outlets, interior wiring and panels), ceiling tiles, flooring, carpeting, interior doors and hardware, interior paint and wall coverings, window treatments, and all other interior components; (iii) any and all additions, improvements, systems, or equipment installed by or at the request of Tenant or for Tenant's specific use, including without limitation solar panels, generators, backup power systems, security systems beyond the base building systems provided by Landlord, specialty HVAC or ventilation for specific rooms, tenant improvement work, and any other alterations or additions made by Tenant; (iv) all damage to any part of the Premises or building (including damage to any of Landlord's Maintenance Items under Section 5.01(a)) caused by or resulting from: (A) Tenant's negligence or willful misconduct; (B) misuse or abuse of any building systems or components by Tenant or its employees, agents, contractors, students, or invitees; (C) Tenant's failure to properly maintain items under Tenant's responsibility; (D) vandalism or damage caused by third parties present on the Premises at Tenant's invitation or in connection with Tenant's operations; or (E) any other act or omission of Tenant, its employees, agents, contractors, students, or invitees - for any such damage, Tenant shall be responsible for the full cost of repair or replacement regardless of whether the damaged item would otherwise be a Landlord Maintenance Item, and Tenant shall promptly reimburse Landlord for any such costs incurred by Landlord within ten (10) days after invoice; (v) parking areas, driveways, sidewalks, and paving, including striping, sealing, and resurfacing; (vi) landscaping, irrigation systems, lawn care, and grounds maintenance; (vii) pest control; (viii) trash removal and janitorial services; (ix) painting, decorating, and cosmetic maintenance of interior and exterior surfaces (other than structural exterior walls); (x) all safety and security systems, including fire alarms, sprinkler systems (testing and maintenance), security alarms, cameras, and access control systems, and all required monitoring services for such systems; (xi) elevator systems, if any; (xii) all signage; and (xiii) all other improvements, systems, and components located on or forming a part of the Premises except as expressly designated as Landlord's Maintenance Items in Section 5.01(a). During any warranty period applicable to Landlord's Work under **Exhibit B**, Tenant shall promptly notify Landlord of any defects or issues covered by such warranty, and Landlord shall be responsible for the correction of such warranty items in accordance with **Exhibit B**. Tenant shall remain responsible for routine maintenance and non-warranty repairs even during the warranty period. Notwithstanding anything to the contrary in this Section 5.02(a) or elsewhere in this Lease, no obligation of Landlord to correct warranty items or otherwise act with respect to any condition identified under this subsection shall arise unless and until: (1) Tenant has provided Landlord with written notice specifically identifying the defect, condition, or warranty item requiring attention, including a description of the item, its location, and the basis for Tenant's belief that the condition is covered by Landlord's warranty obligations under **Exhibit B** (the "**Warranty Notice**"); (2) at least fifteen (15) business days have elapsed following Landlord's receipt of such Warranty Notice (or such shorter period as may be reasonably necessary in the event of an emergency posing an imminent threat to life safety, as determined by Landlord in its sole discretion); and (3) Tenant has provided Landlord and Landlord's contractors with reasonable access to the Premises to inspect and assess the reported condition. Landlord shall have no obligation to correct any warranty item or otherwise respond to any condition under this subsection for which Landlord has not received a proper Warranty Notice from Tenant. Tenant's failure to provide timely written notice as required herein shall constitute a waiver of any warranty claim with respect to the applicable condition and may result in Tenant bearing sole responsibility for any additional damage or costs resulting from such failure to notify, as provided in Section 5.02(e).

(b) *Inspections and Monitoring*. Tenant agrees to complete and pay for all required building and/or system inspections as required by national, state, and local governing agencies having jurisdiction, as further set forth in the Compliance Agreement. No later than October 1st annually, Tenant shall provide to Landlord proof of all required inspections and evidence of transmittal to the governing national and state agencies, together with all other evidence of facility maintenance compliance required by the Compliance Agreement, including copies of all signed maintenance agreements, signed monitoring agreements, and maintenance work-order system records. Tenant shall maintain all required monitoring services for fire alarm systems, elevator systems, security systems, and other building systems requiring monitoring. Tenant shall also participate in one to three annual Premises walk-throughs with Landlord as required by the Compliance Agreement.

(c) *Maintenance Plan and CMMS*. Prior to the Rent Commencement Date (or within thirty (30) days after the Rent Commencement Date if the Rent Commencement Date occurs sooner than anticipated) and on each anniversary date thereafter, Tenant shall provide to Landlord a plan for the maintenance and upkeep of the Premises, such plan to be reasonably approved by Landlord. Upon such approval, Tenant shall comply with the provisions of the plan. Tenant shall implement a mutually agreed upon Computerized Maintenance Management System ("**CMMS**"), such as Dude Solutions or Operations HERO, to schedule and track Tenant's maintenance and inspection activities. Tenant shall provide Landlord electronic access to the CMMS and no later than October 1st annually shall provide proof, via copies of required maintenance and inspection reports, of completed preventative maintenance work as further set forth in the Compliance Agreement. Failure to complete the required maintenance and inspections or to provide the required documentation shall be categorized and treated in accordance with the performance violation framework set forth in Article IV and as designated in the Compliance Agreement and may constitute an Event of Default per Section 12.01.

(d) *Standard of Performance*. All maintenance, repairs, and replacements shall be performed in a good and workmanlike manner, using materials and equipment of quality equal to or better than the original installations, and in compliance with all applicable laws, codes, regulations, and manufacturer specifications. Tenant shall use only properly licensed and insured contractors for all work requiring specialized licenses or expertise.

(e) *Notification to Landlord*. Tenant shall promptly notify Landlord of any conditions, defects, or maintenance needs that affect or may affect any of Landlord's Maintenance Items under Section 5.01(a), including any issues with the roof, structure, foundation, or major HVAC systems. Tenant's failure to provide timely notice of such conditions may result in Tenant being held responsible for any damage that results from such failure to notify, even if the underlying item is a Landlord Maintenance Item. Tenant shall cooperate with Landlord and provide access to Landlord's contractors as reasonably necessary to allow Landlord to perform Landlord's maintenance obligations.

(f) *Categorization of Maintenance Violations*. Tenant acknowledges and agrees that maintenance, repair, and replacement obligations under this Article V are performance obligations subject to the categorization and remedy framework established in Section 4.02 and Section 4.03, as further designated in the Compliance Agreement.

(g) *Landlord Consent for Major Expenditures*. Notwithstanding any other provision of this Lease, Tenant shall obtain Landlord's prior written consent before undertaking any single maintenance, repair, replacement, improvement, modification, or capital expenditure project (or series of related projects) with an estimated cost exceeding One Hundred Thousand Dollars ($100,000.00) in the aggregate. Landlord's consent ~~may~~shall not be ~~granted or~~unreasonably withheld~~ in Landlord's sole and absolute discretion~~. Tenant shall provide Landlord with written notice describing the proposed work, estimated cost, scope, timeline, and contractor information at least thirty (30) days prior to commencing any such work. Any work undertaken without Landlord's required consent shall be deemed unauthorized and shall constitute a breach of this Lease. Tenant shall remain solely responsible for all costs of any such work, whether or not Landlord's consent is obtained, except as may be otherwise expressly provided in Section 5.01(d) with respect to Landlord's Maintenance Items. Landlord may condition its consent upon Tenant's agreement to remove the modification, alteration, or improvement and restore the Premises to its prior condition at the expiration or earlier termination of this Lease, at Tenant's sole cost and expense. If Landlord so conditions its consent, Tenant's obligation to remove and restore shall survive the termination of this Lease and shall be enforceable as provided in Section 6.01.

Commented [SS3]: We are requesting language be added that such can't be unreasonably withheld by Landlord.

SECTION 5.03. Landlord's Inspection Rights and Remedies.

(a) *Inspection Rights*. Landlord and Landlord's agents may inspect or examine the Premises at any reasonable time upon reasonable prior notice (except in emergencies, when no notice shall be required) to: (i) determine Tenant's compliance with the approved maintenance plan and Tenant's obligations under Section 5.02; (ii) inspect for any maintenance items affecting Landlord's Maintenance Items under Section

5.01(a); (iii) perform Landlord's maintenance obligations under Section 5.01(a); and (iv) inspect for any other purpose permitted under this Lease.

(b) *Tenant Maintenance Defaults*. In the event Landlord reasonably determines that Tenant has failed to perform any maintenance, repair, or replacement required under Section 5.02, Landlord may provide written notice to Tenant specifying the deficiency. Unless such deficiency constitutes a Core Default under Section 4.02(a) (in which case no cure period shall apply), if Tenant does not commence to cure such deficiency within thirty (30) days from the receipt of such notice (or such shorter period as may be required in the event of an emergency), then Landlord may, at its option, make such repairs and charge Tenant the cost thereof plus ten percent (10%) for management and oversight expenses, which amount shall be due and payable within ten (10) days after invoice. Landlord's right to perform such work and charge Tenant shall not waive any other rights or remedies Landlord may have under this Lease, including the right to declare an Event of Default under Section 12.01 and Article IV, and pursue remedies under Article XII and Section 4.03.

(c) *Tenant-Caused Damage to Landlord Maintenance Items*. If Landlord incurs costs to repair or replace any Landlord Maintenance Items under Section 5.01(a) as a result of damage caused by Tenant as described in Section 5.02(a)(iv), Landlord may invoice Tenant for the full cost of such repair or replacement plus management and oversight expenses. Such invoice shall be due and payable within ten (10) days after receipt. If Tenant disputes that it caused the damage, Tenant must provide written notice of the dispute within ten (10) days after receiving the invoice, together with a detailed explanation and any supporting evidence. If Tenant does not timely dispute the invoice, Tenant shall be deemed to have accepted responsibility for the damage.

SECTION 5.04. Utilities. Tenant shall be solely responsible for the payment of all utility and municipal services, including gas, water, electricity, telephone service, internet service, cable service, waste disposal, recycling, and municipal sanitary sewers. Tenant shall have utilities transferred to Tenant's name, and at Tenant's expense, shall pay for any connection fees or deposits charged by any utility and shall pay all customary utility charges for utility services to the Premises, including sanitary sewer service if separately metered or separately billed on the basis of Tenant's water consumption. Landlord shall not be liable for any interruption or failure in the supply of utilities to the Premises. In the event any utilities are in Landlord's name, Tenant agrees to promptly pay the same directly to the utility provider upon presentation of the invoice by Landlord or promptly reimburse Landlord for any payments made by Landlord on Tenant's behalf.

SECTION 5.05. Casualty Restoration. Notwithstanding the modified net structure of this Lease and the division of maintenance responsibilities under Sections 5.01 and 5.02, in the event of damage or destruction to the Premises by fire, casualty, or other insured peril, the restoration and repair of the Premises shall be governed by Article X of this Lease. As provided in Article X, Landlord (not Tenant) shall be responsible for restoration of the Premises using the insurance proceeds received under the property insurance policy maintained pursuant to Section 7.02, subject to the termination rights set forth in Article X.

Article VI
EXPIRATION AND SURRENDER

SECTION 6.01. Surrender Upon Termination.

(a) *Condition of Premises*. Upon the termination of this Lease for any reason, Tenant covenants and agrees to deliver up and surrender to Landlord the possession of the Premises in as good condition and repair as the same shall be at the Commencement Date of this Lease (as may be improved during the Term), except for damage caused by fire or other casualty (provided the Lease was not terminated pursuant to Article X), except for causes not within the control of Tenant, and except for ordinary wear and tear.

(b) *Removal of Property*. Tenant shall remove all of its trade fixtures, movable furniture, equipment, inventory, and personal property from the Premises prior to surrender. Any alterations, additions, or improvements to the Premises shall remain and become the property of Landlord upon termination, except as otherwise expressly permitted to be removed pursuant to Section 3.02 or as otherwise agreed in writing by Landlord. Tenant shall repair any damage to the Premises caused by the removal of any property, fixtures, or improvements.

(c) *Final Cleaning and Restoration*. Tenant shall, at Tenant's expense, leave the Premises in a clean and sanitary condition, remove all trash and debris, and repair any damage beyond ordinary wear and tear. All HVAC, plumbing, electrical, security, and other building systems shall be left in good working order.

(d) *Return of Keys and Access Devices*. Upon surrender, Tenant shall deliver to Landlord all keys, access cards, security codes, and other access devices to the Premises, and shall provide Landlord with any passwords or codes necessary to operate building systems, security systems, or other equipment remaining at the Premises.

(e) *Final Inspection*. Landlord may conduct a final walk-through inspection of the Premises with Tenant prior to the end of the Term (or as soon as practicable after an earlier termination). If Landlord elects to conduct such inspection and provides Tenant with a written list of any deficiencies, Tenant shall have the opportunity to cure such deficiencies prior to final surrender, or Landlord may, at its option, cure such deficiencies and charge Tenant the cost thereof plus ten percent (10%) for oversight and management.

(f) *Survival of Obligations*. Tenant's obligations under this Lease that by their nature would survive the termination or expiration of this Lease shall so survive, including without limitation: (i) the obligation to pay rent and other monetary amounts accrued prior to termination; (ii) all indemnification obligations under Article VII and elsewhere in this Lease; (iii) obligations with respect to the condition and surrender of the Premises under this Section 6.01; (iv) confidentiality obligations; and (v) any other obligations expressly stated to survive or which by their nature are intended to survive termination.

SECTION 6.02. Holdover.

(a) *Holdover Tenancy and Rent*. If Tenant shall remain in possession of all or any part of the Premises after the expiration of the Term of this Lease without executing a new lease or extension agreement, such holdover shall create a quarter-to-quarter tenancy only, governed by all of the other terms and provisions of this Lease. During any holdover period, Tenant shall pay quarterly Base Rent equal to one hundred fifty percent (150%) of the quarterly Base Rent payable during the last quarter of the Term. Such holdover rent shall be due and payable in advance on the first day of each quarter of the holdover period.

(b) *Non-Reducing Rent Payments*. Any rent paid during a holdover period shall constitute Non-Reducing Rent Payments (as defined in Section 16.02(d)).

(c) *No Waiver of Landlord's Rights*. No acceptance of rent or other action by Landlord during any holdover period shall be construed as Landlord's consent to Tenant's continued occupancy or as a waiver of Landlord's right to recover possession of the Premises or to recover damages. Tenant shall indemnify and hold Landlord harmless from any and all claims, losses, or damages (including claims by a prospective new tenant) resulting from Tenant's failure to timely surrender the Premises.

(d) *Advance Notice of Intent to Vacate or Extend*. Tenant shall provide Landlord with written notice of Tenant's intent to vacate the Premises or to exercise any option to extend the Term (if applicable) no later than one hundred eighty (180) days prior to the expiration of the then-current Term. Failure to provide such notice shall not constitute a waiver of Tenant's right to vacate or extend, but Landlord may rely on such notice (or the absence thereof) for planning purposes.

SECTION 6.03. Final Reconciliation.

(a) *Final Accounting*. Within sixty (60) days following the termination or expiration of this Lease, Landlord may (but shall have no obligation to) provide Tenant with a final accounting and reconciliation of: (i) Base Rent and any prorated amounts for partial quarters; (ii) Operating Expense Charges, including any year-end true-up for the final Lease year; (iii) utility charges, if paid by Landlord and reimbursable by Tenant; (iv) property taxes reimbursable by Tenant under Section 2.02; (v) any costs incurred by Landlord to cure deficiencies in the condition of the Premises or to repair damage caused by Tenant; and (vi) any other amounts due from Tenant to Landlord or vice versa.

(b) *Payment of Final Amounts*. Any amounts owed by Tenant to Landlord as reflected in the final accounting shall be paid within thirty (30) days after receipt of Landlord's invoice, together with supporting documentation. Any amounts owed by Landlord to Tenant shall be paid within thirty (30) days after delivery of the final accounting.

(c) *Disputes*. If Tenant disputes any item in the final accounting, Tenant shall notify Landlord in writing within thirty (30) days after receipt, specifying the basis for the dispute. The parties shall work in good faith to resolve any such dispute. Tenant's obligation to pay undisputed amounts shall not be deferred pending resolution of disputed items.

Article VII
INSURANCE AND INDEMNITY

SECTION 7.01. Liability Insurance.

(a) *Coverage Requirements*. Tenant shall, at Tenant's sole expense and during the entire Term hereof and any holdover period, keep in full force and effect a policy or policies of Commercial General Liability insurance with respect to the Premises and Tenant's operations thereon, in form and substance satisfactory to Landlord, in which the limits of liability shall be not less than U.S. $5,000,000 per occurrence and $5,000,000 general aggregate (which coverage may be provided through a combination of primary and umbrella/excess liability policies). Such insurance shall cover premises and operations liability, products and completed operations liability, contractual liability (covering Tenant's indemnity obligations under this Lease), personal and advertising injury liability, and independent contractors liability. The policy or policies shall be written on an occurrence basis (not claims-made) and shall have a deductible or self-insured retention not to exceed $25,000 per occurrence without Landlord's prior written consent.

(b) *Additional Insured and Primary Coverage*. Landlord, its members, managers, officers, directors, employees, agents, and lenders (and such other parties as Landlord may designate from time to time) shall be named as additional insureds on all such policies using ISO Additional Insured Endorsement CG 20 10 11 85 or its equivalent or better, or such other endorsement form as may be acceptable to Landlord in its reasonable discretion. The insurance required hereunder shall be primary and non-contributory with respect to any insurance or self-insurance programs maintained by Landlord, and any insurance maintained by Landlord shall be excess of and shall not contribute with Tenant's insurance. The policy or policies shall contain a waiver of subrogation in favor of Landlord and all additional insureds.

(c) *Insurer Requirements and Cancellation Notice*. The insurance shall be carried with an insurance company or companies licensed and qualified to transact business in the State of Oklahoma and reasonably satisfactory to Landlord, with a rating of A-, VII or better (or A-, Financial Size Category VII or better) in the current Best's Insurance Reports (Key Rating Guide), published by A.M. Best Company, or such higher rating as Landlord may reasonably require. The policy or policies shall contain a clause that the insurer will not cancel, materially change, or fail to renew the insurance without first giving Landlord and any lender designated by Landlord at least thirty (30) days' prior written notice (ten (10) days for nonpayment of premium).

(d) *Proof of Insurance*. Prior to Tenant's commencement of business in the Premises, and thereafter at least fifteen (15) days prior to the expiration of each policy term, Tenant shall deliver to Landlord: (i) a certificate of insurance in form satisfactory to Landlord (ACORD 25 or equivalent) evidencing all required coverages, limits, additional insured status, primary and non-contributory language, and waiver of subrogation; (ii) a copy of the additional insured endorsement(s); and (iii) if requested by Landlord, a certified copy of the full insurance policy or policies. Tenant shall provide updated certificates, endorsements, and policies (if previously required) to Landlord upon any renewal, replacement, or material change in coverage. Failure to provide timely proof of insurance shall be subject to the remedies set forth in subsection (i) below.

(e) *No Limitation on Liability*. Tenant's maintenance of insurance as required by this Section 7.01 shall not be construed to limit Tenant's liability or obligations under this Lease, including without limitation Tenant's indemnification obligations under Section 7.03. If the minimum limits specified above are not sufficient to fully protect Landlord, Tenant shall be responsible for any deficiency.

(f) *Workers' Compensation Insurance*. Tenant shall, at Tenant's sole expense and during the entire Term hereof and any holdover period, maintain Workers' Compensation insurance as required by the laws of the State of Oklahoma, covering all of Tenant's employees working on or about the Premises, with limits not less than the statutory limits required by Oklahoma law. Such policy shall include Employers' Liability coverage with limits of not less than $1,000,000 each accident, $1,000,000 disease policy limit, and $1,000,000 disease each employee. The policy shall contain a waiver of subrogation in favor of Landlord and shall be issued by an insurance company licensed and qualified to transact business in the State of Oklahoma with a rating of A-, VII or better in the current A.M. Best Rating Guide. Tenant shall provide Landlord with a certificate of insurance evidencing such coverage prior to the Rent Commencement Date and thereafter in accordance with subsection (d) above. Failure to maintain or provide proof of workers' compensation insurance as required herein shall be subject to the remedies set forth in subsection (i) below.

(g) *Automotive Liability Insurance*. Tenant shall, at Tenant's sole expense and during the entire Term hereof and any holdover period, maintain Business Automobile Liability insurance covering all owned, non-owned, and hired vehicles used in connection with the Premises or Tenant's operations, with combined single limits of not less than $1,000,000 per accident for bodily injury and property damage. The policy shall name Landlord, its members, managers, officers, directors, employees, agents, and lenders as additional insureds. The policy shall be primary and non-contributory with respect to any insurance maintained by Landlord and shall contain a waiver of subrogation in favor of Landlord and all additional insureds. The policy shall be issued by an insurance company licensed and qualified to transact business in the State of Oklahoma with a rating of A-, VII or better in the current A.M. Best Rating Guide. Tenant shall provide Landlord with a certificate of insurance evidencing such coverage prior to the Rent Commencement Date and thereafter in accordance with subsection (d) above. Failure to maintain or provide proof of automotive liability insurance as required herein shall be subject to the remedies set forth in subsection (i) below.

(h) *Categorization of Insurance Obligations as Performance Standards*. Tenant's obligations to maintain all insurance required under this Section 7.01, provide Landlord with timely proof of such insurance, and timely reimburse Landlord for property insurance premiums under Section 7.02(c) are subject to the performance violation framework established in Article IV. Failure to maintain required insurance, provide proof of insurance, or reimburse insurance premiums shall be categorized in accordance with Section 4.02 and subject to the remedies set forth in Section 4.03.

(i) *Remedies for Failure to Maintain or Provide Proof of Insurance*. The following remedies shall apply to any failure by Tenant to maintain any insurance required under this Section 7.01 or Section 7.02, or to provide timely proof of such insurance as required:

(i) <u>Performance Violation and Event of Default</u>. Such failure shall constitute a material breach and Event of Default under this Lease, subject to categorization and remedies under Section 4.02 and Section 4.03.

(ii) <u>Landlord's Right to Procure</u>. In the event that Tenant fails to provide evidence of insurance required under this Article VII, or if any such insurance lapses or is cancelled, and if Tenant has not cured such failure within five (5) business days following written notice from Landlord (or immediately if no insurance is in effect), Landlord shall be authorized (but not required) to procure such coverage in commercially reasonable amounts. All costs thereof (including any broker fees or administrative costs) shall be immediately due and payable by Tenant as additional sums and reimbursements, plus an administrative fee equal to fifteen percent (15%) of the premium cost.

(iii) <u>No Waiver</u>. Landlord's right to procure insurance on Tenant's behalf shall not waive any other rights or remedies Landlord may have under this Lease, including the right to declare an Event of Default in accordance with Section 4.02, Section 4.03, Article IV, and Section 12.01, and pursue all remedies under Article XII and Section 4.03.

(iv) <u>Interest on Unpaid Amounts</u>. Any unpaid insurance costs or reimbursements shall bear interest at the rate of ten percent (10%) per annum (or the maximum rate permitted by law, if less) from the due date until paid.

SECTION 7.02. Property Insurance.

(a) *Landlord's Property Insurance*. Landlord may, at Landlord's expense but subject to full reimbursement by Tenant as provided below, obtain and maintain special form ("all risk") property insurance covering the Premises and all improvements forming a part thereof, for and during the entire Lease Term, upon a basis as determined by Landlord in its reasonable discretion, with a responsible insurance company qualified to transact insurance business in the State of Oklahoma. Landlord shall have sole discretion to select the insurance carrier, coverage amounts (provided the minimum replacement value requirement is met), policy terms, deductibles, and all other aspects of such insurance. The policy shall name Landlord as the named insured and loss payee and may name Tenant as an additional insured as Tenant's leasehold interest may appear, in Landlord's discretion. The policy shall contain a clause that the insurer will not cancel or materially change such policy without first giving Landlord at least thirty (30) days' prior written notice (ten (10) days for nonpayment of premium).

(b) *Control of Proceeds*. Landlord shall be the sole loss payee under the property insurance policy and shall receive and control all insurance proceeds related to the building and improvements. Tenant shall have no right to receive, control, or direct the application of any such insurance proceeds, except as expressly provided in Article X with respect to casualty restoration.

(c) *Tenant Reimbursement of Premiums*. Tenant shall reimburse Landlord for the direct cost of all property insurance premiums paid by Landlord with respect to the Premises through the Operating Expense Charges. Such reimbursement shall be at Landlord's actual, direct cost with no administrative markup or overhead charged by Landlord. Landlord may invoice Tenant for such premiums on a monthly estimated basis (with annual reconciliation) or may invoice the full annual premium amount upon renewal, at Landlord's option. Tenant's obligation to reimburse Landlord for property insurance premiums is absolute and unconditional, and Tenant shall have no right to object to the carrier selected, the coverage amounts (provided the minimum requirements are met), the policy terms, or the premium cost, except that Tenant may request that Landlord obtain quotes from alternative carriers if Tenant believes the premium is commercially unreasonable, and Landlord shall consider such request in good faith but shall have no obligation to change carriers.

(d) *Tenant's Personal Property Insurance*. Tenant shall be solely responsible, at Tenant's own expense, for obtaining and maintaining property insurance covering Tenant's personal property, furniture, fixtures, equipment, inventory, trade fixtures, improvements made by Tenant, and all other contents located on or about the Premises ("**Tenant's Personal Property**"). Such insurance shall be in an amount equal to the full replacement value of Tenant's Personal Property and shall be maintained with a carrier licensed to do business in Oklahoma with a rating of A-, VII or better in the current A.M. Best Rating Guide. Tenant shall provide Landlord with a certificate of insurance evidencing such coverage prior to the Rent Commencement Date and annually thereafter at least fifteen (15) days prior to each policy expiration. Landlord shall have no obligation to insure, and expressly disclaims any obligation to insure, any of Tenant's Personal Property.

(e) *Default for Failure to Reimburse or Provide Proof*. Tenant's failure to timely reimburse Landlord for property insurance premiums as invoiced, or Tenant's failure to maintain or provide proof of insurance covering Tenant's Personal Property as required herein, shall constitute a material breach and Event of Default under this Lease. In the event Tenant fails to reimburse Landlord for any property insurance premium invoice within ten (10) days after the due date, such unpaid amount shall bear interest at the rate of ten percent (10%) per annum (or the maximum rate permitted by law, if less) from the due date until paid, and Landlord may exercise any and all remedies available under Article XII. In the event Tenant fails to maintain or provide proof of insurance covering Tenant's Personal Property, Landlord may (but shall not be obligated to) procure such insurance on Tenant's behalf, and all costs thereof (including premiums and any broker or administrative fees) shall be immediately due and payable by Tenant as additional sums and reimbursements, plus an administrative fee equal to fifteen percent (15%) of the premium cost.

(f) *No Obligation to Maintain Coverage if Tenant Defaults*. Notwithstanding subsection (a) above, in the event Tenant is in default under this Lease beyond any applicable cure period, or, if applicable, in the event Tenant fails to reimburse Landlord for property insurance premiums for more than thirty (30) days after invoice, Landlord may (but shall not be obligated to) elect to discontinue maintaining property insurance on the Premises or require Tenant to directly carry such property insurance until such default is cured or such reimbursement is received. Tenant acknowledges and agrees that Landlord's election to discontinue insurance in such circumstances shall not constitute a breach of this Lease or relieve Tenant of any of its obligations hereunder, and Tenant shall bear all risk of loss or damage to the Premises during any period when insurance is not maintained due to Tenant's default or failure to reimburse. Upon cure of the default or receipt of the overdue reimbursement, Landlord shall use commercially reasonable efforts to reinstate the property insurance.

(g) *Annual Documentation*. Landlord may, within thirty (30) days after the renewal or placement of property insurance each year, provide Tenant with a certificate of insurance or other documentation evidencing the property insurance maintained by Landlord, the annual premium amount, and the carrier information. Upon Tenant's reasonable request (not more than once per policy year), Landlord shall provide Tenant with a copy of the declarations page or other summary of coverage, but Landlord shall have no obligation to provide the full insurance policy unless required by Tenant's lender in connection with Tenant's financing.

SECTION 7.03. Indemnification~~ of Landlord~~. ~~Tenant~~. Each party (the "Indemnifying Party") will indemnify, defend, and hold harmless ~~Landlord,~~the other party and its members, managers, officers, directors, employees, agents, lenders, and assigns (collectively, the "Indemnified Parties") from and against any and all claims, actions, damages, ~~liability and expense~~liabilities, losses, costs, and expenses (including reasonable attorneys' fees and costs of defense) arising from or in connection with loss of life, personal injury and/or damage to property ~~arising from or out of any occurrence in, upon or at the Premises, or the occupancy or use by Tenant of the Premises or any part thereof, or~~ occasioned wholly or in part by any negligent act or omission ~~of Tenant,~~or willful misconduct of the Indemnifying Party or its agents, contractors, employees, servants, ~~lessees~~subtenants, licensees, invitees, or concessionaires~~. Tenant~~, or arising out of any breach or default by the Indemnifying Party in the performance of its obligations under this Lease; provided, however, that Tenant will additionally indemnify, defend, and hold harmless Landlord and the other Landlord Indemnified Parties from and against any and all such claims, actions, damages, liabilities, losses, costs, and expenses arising from or out of Tenant's occupancy, use, or operation of the Premises or any part thereof, except to the extent caused by the gross negligence or willful misconduct of Landlord or its agents or employees. The Indemnifying Party shall, upon ~~Landlord's~~the Indemnified Party's request, defend any such claim or action with counsel reasonably satisfactory to ~~Landlord.~~the Indemnified Party. In case ~~Landlord~~either party shall be made a party to any litigation commenced by or against ~~Tenant, then Tenant~~the other party arising from a matter for which the other party has an indemnification obligation under this Section, the Indemnifying Party shall protect and hold ~~Landlord~~the Indemnified Party harmless and shall pay all ~~costs, expenses, and~~ reasonable ~~attorney's~~costs, expenses, and attorneys' fees incurred by ~~Landlord~~the Indemnified Party in connection with such litigation. ~~Tenant~~Each party shall promptly notify ~~Landlord~~the other party of any incident, claim, or lawsuit that could give rise to a claim under this indemnification; provided, however, that failure to provide such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent materially prejudiced by such failure. LANDLORD SHALL NOT BE LIABLE TO TENANT OR TO TENANT'S EMPLOYEES, AGENTS, OR VISITORS, OR TO ANY OTHER PERSON WHOMSOEVER, FOR ANY INJURY TO PERSON OR DAMAGE TO PROPERTY ON OR ABOUT THE PREMISES CAUSED BY THE NEGLIGENCE OR MISCONDUCT OF TENANT, ITS EMPLOYEES, SUBTENANTS, LICENSEES OR CONCESSIONAIRES, OR OF ANY OTHER PERSON ENTERING THE PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT, OR ARISING OUT OF THE USE OF THE PREMISES BY TENANT AND THE CONDUCT OF ITS BUSINESS AND ACTIVITIES THEREIN, OR ARISING OUT OF ANY BREACH OR DEFAULT BY TENANT IN THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS LEASE; AND TENANT HEREBY AGREES TO INDEMNIFY LANDLORD AND HOLD LANDLORD HARMLESS FROM ANY LOSS, EXPENSE OR CLAIMS ARISING OUT OF SUCH DAMAGE OR INJURY. THE INDEMNITY CONTAINED IN THIS SECTION: (a) IS INDEPENDENT OF TENANT'S INSURANCE, (b) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER WORKERS' COMPENSATION OR SIMILAR EMPLOYEE BENEFIT ACTS, (c) WILL SURVIVE THE END OF THE TERM, AND (d) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF LANDLORD, BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD.

Formatted: Font color: Auto

Formatted: Font color: Auto

Formatted: Font color: Auto

Formatted: Font color: Auto

Formatted: Font color: Auto

Formatted: Font color: Auto

Formatted: Font color: Auto

Formatted: Font color: Auto

Commented [SS4]: We are requesting this language be directed both ways, to Tenant and Landlord.

SECTION 7.04. Notice of Incidents.

(a) *Immediate Notice*. Tenant shall give Landlord immediate oral or electronic notice (by telephone or email), followed by written notice within two (2) business days, in case of: (i) fire, casualty, or other damage to the Premises; (ii) any personal injury requiring medical treatment or any fatality occurring at the Premises; (iii) any structural damage or defects in the roof, foundation, or building systems; (iv) any release or spill of Hazardous Materials; (v) any governmental notice, citation, or violation affecting the Premises; or (vi) any loss of certificate of occupancy or closure/evacuation order.

(b) *Prompt Notice*. Tenant shall give Landlord written notice within five (5) business days of: (i) any other defects in fixtures or equipment located at the Premises; (ii) any property damage with an estimated repair cost exceeding $2,500; (iii) any claim, lawsuit, or legal proceeding relating to the Premises; or (iv) any incident that could reasonably give rise to a material claim against Landlord or Tenant with respect to the Premises.

(c) *Content and Insurance*. Each notice shall include a description of the incident, the date and location, the extent of any damage or injury, estimated repair costs (if applicable), and confirmation that Tenant has notified (or will promptly notify) its insurance carrier as required by the applicable policy. Tenant shall provide Landlord with copies of any incident reports, governmental notices, or correspondence with insurers upon request.

(d) *Failure to Notify*. Tenant's failure to provide timely notice as required by this Section 7.05 shall constitute a breach of this Lease and may constitute an Event of Default under Section 12.01(f) if such failure continues for more than five (5) business days after Tenant knew or should have known of the event, or if the failure to notify results in material prejudice to Landlord (including loss of insurance coverage or inability to mitigate damages). Tenant's failure to notify does not relieve Tenant of any of its obligations under this Lease, including its indemnification obligations under Section 7.04.

Article VIII
ESTOPPEL STATEMENT, ASSIGNMENT, AND SUBLETTING

SECTION 8.01. Estoppel Certificate. Within ten (10) days after request therefor by Landlord, or in the event of a sale, assignment, or hypothecation of the Premises by Landlord, an estoppel certificate shall be required from Tenant. Tenant agrees to deliver in recordable form a certificate to any proposed mortgagee or purchaser, or to Landlord, certifying (if such be the case) that this Lease is in full force and effect, that there are no defenses or offsets thereto, and such other matters as Landlord may reasonably request.

SECTION 8.02. Attornment. In the event any proceedings are brought for the foreclosure of any mortgage, or in the event of exercise of the power of sale under any mortgage is made by any lender of Landlord, Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease.

SECTION 8.03. Subordination. Upon request of Landlord, Tenant will subordinate its rights hereunder to the lien of any mortgage or mortgages, or the lien resulting from any other method of financing or refinancing, now or hereafter in force against the Premises, provided that the mortgagee shall not disturb Tenant's possession if the obligations of Tenant under this Lease are being performed.

SECTION 8.04. Assignment and Subletting. ~~Tenant shall have no right to assign or sublet all or any portion of this Lease or the Premises without Landlord's~~Tenant shall be permitted, without Landlord's prior written consent, to sublease up to fifteen percent (15%) of the Premises to a non-profit day care organization whose operations are consistent with the charitable and permitted-use requirements of this Lease, in each case for purposes consistent with the terms of this Lease (each, a "Permitted Sublease"), provided that

Tenant gives Landlord prior written notice of any Permitted Sublease and furnishes Landlord with a copy of the applicable sublease, together with such information regarding the subtenant, including insurance and other requirements, as Landlord may reasonably request. Notwithstanding any Permitted Sublease, Tenant shall remain fully responsible for the performance of all of Tenant's obligations under this Lease with respect to the portion of the Premises subject to such Permitted Sublease throughout the term thereof. Tenant shall have no right to assign this Lease or sublet all or any portion of the Premises in excess of the foregoing Permitted Sublease allowance without Landlord's prior written consent, it being understood that, among other reasons, any change of use of the Premises shall be a reason for withholding consent. Any modification, amendment, or waiver in connection with any sublease or assignment shall be subject to ~~Landlord's~~Landlord's prior written approval and consent~~. Tenant will furnish Landlord with a copy of any sublease, assignment, or amendment thereto of the Premises including insurance and other requirements~~.

Commented [SS5]: We don't recognize any option to partner with Sunbeam in this lease as we have discussed. Please advise.

Article IX
WASTE AND GOVERNMENTAL REGULATIONS

SECTION 9.01. Waste or Nuisance. Tenant shall not commit or suffer to be committed any waste upon the Premises.

SECTION 9.02. Governmental Regulations. Tenant shall comply with all of the requirements of all county, municipal, state, federal, and other applicable governmental authorities, now in force, or which may hereafter be in force, pertaining to the Premises, including compliance with the Americans with Disabilities Act.

SECTION 9.03. Hazardous Materials. After the Rent Commencement Date of this Lease and during the Term of this Lease: Tenant shall be solely responsible for and shall indemnify and hold harmless Landlord its directors, officers, employees, agents, successors and assigns from and against, any loss, damage, cost, expense or liability arising out of or attributable to the use, generation, storage, release, discharge, disposal, or presence of Hazardous Materials on or about the Premises (but only to the extent caused by Tenant or its employees, agents, contractors, or sub-contractors or by third persons at any time occupying or present on the Premises under rights granted by Tenant), including without limitations: (a) All foreseeable consequential damages; (b) The cost of any required or necessary repair, cleanup or detoxification of the Premises, including the soil and ground water thereof, and the preparation and implication of any closure, remedial or any other required plans; (c) Damages to any natural resources; (d) All reasonable costs and expenses incurred by Landlord in connection with (a), (b) and (c), including but not limited to reasonable attorneys' and consultants' fees. For purposes hereof, "**Hazardous Materials**" means and includes any hazardous, toxic or dangerous waste, substance or material defined as such in or for purposes of the Comprehensive Environmental Response, Compensation, and Liability Act, any so-called "Superfund" or "Superlien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulations, or decree regulating, relating to or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, or material, now or any time hereinafter in effect.

Article X
DESTRUCTION OF PREMISES

SECTION 10.01. Damage or Destruction. If the Premises shall be damaged or destroyed in whole or in part by fire, casualty, or other insured peril during the Term, the following provisions shall apply:

(a) *Notice and Assessment*. Tenant shall immediately notify Landlord of any damage or destruction as required by Section 7.05. Within thirty (30) days after the date of such casualty, Landlord may (but shall have no obligation to) obtain a written estimate from a qualified contractor or insurance adjuster as to: (i) the extent of the damage; (ii) the estimated cost to repair and restore the Premises to substantially the same condition as existed immediately prior to the casualty; and (iii) the estimated time required to complete such restoration. Landlord's failure to obtain or provide such estimate shall not limit or waive any of Landlord's rights under this Article X.

(b) *Insurance Proceeds and Control*. As provided in Section 7.02(b), Landlord is the sole loss payee under the property insurance policy and shall receive and control all insurance proceeds related to the building and improvements. Tenant shall have no right to receive, control, or direct the application of such insurance proceeds, except as expressly provided in this Article X. Tenant shall cooperate fully with Landlord and the insurance carrier in the adjustment and settlement of any casualty claim, including providing access to the Premises for inspection and providing documentation as reasonably requested.

(c) *Landlord's Sole Discretion to Restore or Terminate*. Notwithstanding any other provision of this Lease, upon the occurrence of any casualty to the Premises (whether partial or total, minor or substantial), Landlord shall have the absolute and sole right, exercisable in Landlord's sole and absolute discretion, to elect either (i) to restore the Premises using the available insurance proceeds as provided in subsection (d) below, or (ii) to terminate this Lease and retain all insurance proceeds. Landlord may exercise this termination right by providing written notice to Tenant at any time within sixty (60) days after the date of the casualty (or, if later, within sixty (60) days after Landlord becomes aware of the full extent of the damage). Landlord shall have no obligation to justify, explain, or provide any reason for its decision to terminate, and may elect to terminate for any reason or for no reason, including without limitation based on: the extent of damage; estimated restoration costs and timeline; availability of insurance proceeds; Tenant's performance history; the remaining Term; market conditions; Landlord's strategic objectives; or any other factor Landlord deems relevant in its sole discretion. If Landlord timely elects to terminate, this Lease shall terminate as of the date specified in Landlord's notice (which may be the date of the casualty or any later date), rent shall be apportioned and adjusted as of such termination date, all insurance proceeds shall be retained by Landlord, Tenant's purchase option under Article XVI shall immediately terminate and be of no further force or effect, and neither party shall have any further obligation to the other under this Lease except for obligations that expressly survive termination. Tenant shall have no right to elect termination of this Lease due to any casualty and shall have no right to compel Landlord to restore.

Commented [SS6]: We are requesting this be changed that this should be only if the property cannot be restored to prior condition of use with the insurance payments.

(d) *Landlord's Conditional Obligation to Restore Using Insurance Proceeds*. If, and only if, Landlord does not elect to terminate this Lease pursuant to subsection (c) within the time period specified therein, then Landlord may, in its sole discretion, elect to restore the Premises, but only if all of the following conditions are satisfied: (i) the Premises are not rendered wholly untenantable; (ii) the estimated cost of restoration does not exceed the available insurance proceeds (after deduction of deductible and any amounts Landlord reasonably deems necessary to reserve for project management, oversight, contingencies, and Landlord's costs and expenses); (iii) the estimated restoration period does not exceed one hundred twenty (120) days; (iv) Tenant is not in default under this Lease; (v) Tenant has been in compliance with all performance standards and reporting requirements under Article IV and the Compliance Agreement for at least the preceding twelve (12) months; and (vi) Landlord determines, in its sole discretion, that restoration is in Landlord's best interest. If any of the foregoing conditions is not satisfied, Landlord shall have no obligation to restore and may elect to terminate this Lease at any time by providing written notice to Tenant, in which case all insurance proceeds shall be retained by Landlord. If Landlord elects to restore, Landlord shall use the available insurance proceeds (after deduction of deductible and Landlord's reasonable reserves as described above) to restore the Premises. Landlord's obligation to restore shall be limited to: (A) the building shell, structure, and base building systems only (and shall not include Tenant's Personal Property, trade fixtures, or any alterations or improvements made by Tenant, which shall be Tenant's sole responsibility to restore at Tenant's expense); (B) restoration using the available insurance proceeds, with no obligation on Landlord's part to contribute any additional funds beyond the insurance proceeds; and (C) restoration to a condition that is substantially similar (but not necessarily identical) to the condition immediately prior to the casualty, as determined by Landlord in its reasonable discretion.

Commented [SS7]: We are requesting this be changed to mandatory if points are met, not conditional.

(e) *Landlord's Right to Terminate During Restoration for Insufficient Proceeds*. Even if Landlord initially elects to restore the Premises pursuant to subsection (d), Landlord shall retain the absolute right to terminate this Lease at any time during the restoration process if Landlord determines in its sole discretion that the insurance proceeds are insufficient or are likely to be insufficient to fully restore the Premises. Without limiting the foregoing, Landlord may also terminate at any time during restoration, without liability to Tenant, upon written notice to Tenant, if Landlord determines in its sole discretion that: (i) restoration is taking longer than anticipated or is not economically feasible; (ii) restoration costs are exceeding or are likely to exceed the available insurance proceeds; (iii) unforeseen conditions, code requirements, or other issues have arisen that make restoration impractical or that would require Landlord to contribute funds beyond the insurance proceeds; (iv) Tenant has committed any default or breach under this Lease; (v) Tenant's financial condition, enrollment, academic performance, or operational status has materially deteriorated; or (vi) for any other reason or for no reason, in Landlord's sole and absolute discretion. Upon any such termination, Landlord shall retain all insurance proceeds (including any amounts not yet applied to restoration work), Tenant's purchase option under Article XVI shall immediately terminate, and neither party shall have further obligations except those that survive termination. Landlord shall have no obligation to refund or credit Tenant for any portion of insurance proceeds applied to partial restoration work prior to termination, and Tenant shall have no claim for damages, reimbursement, or compensation of any kind.

Commented [SS8]: We are requesting an option for Tenant to cover the costs if it can with secondary coverage or philanthropical support.

(f) *No Obligation to Complete Restoration; No Obligation to Contribute Funds*. Landlord's election to commence restoration (if any) shall not constitute a guaranty or commitment that restoration will be completed. Landlord shall have no obligation to contribute any funds beyond the available insurance proceeds to complete restoration. If at any time Landlord determines in its sole discretion that the insurance proceeds are insufficient to fully restore the Premises, or that the projected final cost of restoration will exceed the available insurance proceeds, or that additional circumstances make restoration undesirable, Landlord may, in its sole discretion, either (i) elect to contribute additional funds necessary to complete the restoration (but Landlord shall have no obligation whatsoever to do so), or (ii) immediately terminate this Lease upon written notice to Tenant, in which case Landlord shall retain all insurance proceeds (including amounts already spent on restoration), Tenant's purchase option under Article XVI shall immediately terminate and be of no further force or effect, and neither party shall have further obligations except those that survive termination. If Landlord elects to proceed with restoration (whether pursuant to subsection (d) or otherwise), Landlord shall proceed subject to delays caused by force majeure, insurance adjustments, governmental approvals, and any other events or circumstances beyond Landlord's control or that Landlord deems to cause delay, and Tenant shall have no right to terminate or claim damages due to any such delay except as expressly provided in subsection (j) below.

Commented [SS9]: We request for the Tenant to have the option of providing funds to complete the restoration.

(g) *Rent Abatement Limited*. If the Premises are rendered wholly or partially untenantable due to a casualty covered by this Article X, and if this Lease is not terminated, and if Landlord elects to restore, then Base Rent shall be abated proportionately based on the portion of the Premises rendered untenantable and not reasonably usable by Tenant, for the period commencing on the date of the casualty and ending on the earlier of (i) the date Landlord notifies Tenant that restoration is substantially complete and the Premises are available for re-occupancy, or (ii) the date Tenant actually recommences any business operations in any portion of the Premises. Notwithstanding the foregoing, Tenant's obligation to pay all Operating Expense Charges (including property insurance premiums, taxes, and other charges under Section 2.01(e) and Section 2.02) shall continue without abatement during any casualty or restoration period. Tenant shall have no claim against Landlord for any loss of use, business interruption, or consequential damages resulting from any casualty or the restoration process. Tenant is encouraged to maintain business interruption insurance at Tenant's own expense. Landlord's provision of any rent abatement shall not limit or waive Landlord's right to terminate this Lease at any time pursuant to subsections (c), (e), or (f).

(h) *Tenant's Obligations During Restoration*. During any restoration period, Tenant shall: (i) continue to maintain all insurance required under Article VII; (ii) continue to pay all Operating Expense Charges without abatement; (iii) cooperate with Landlord and Landlord's contractors to facilitate restoration; (iv) not interfere with restoration work; (v) maintain security of the Premises and Tenant's Personal Property; (vi) restore any of Tenant's Personal Property, alterations, or improvements at Tenant's sole expense; and (vii) perform all other obligations under this Lease. Tenant's failure to perform any of the foregoing obligations shall constitute an Event of Default and shall entitle Landlord to immediately terminate this Lease pursuant to Article XII in addition to all other remedies.

(i) *Uninsured Casualties and Tenant Fault*. Notwithstanding the foregoing, if the casualty is not covered by the property insurance maintained pursuant to Section 7.02 (whether due to policy exclusions, Tenant's failure to reimburse premiums resulting in lapse of coverage pursuant to Section 7.02(f), Tenant's failure to maintain required insurance, or any other reason), or if the casualty is caused in whole or in part by the negligence, willful misconduct, or breach of this Lease by Tenant, its agents, employees, contractors, students, or invitees, then: (i) Landlord shall have the absolute right to terminate this Lease immediately upon written notice to Tenant without any obligation to restore, and Tenant's purchase option under Article XVI shall immediately terminate; (ii) if Landlord elects to restore, Tenant shall reimburse Landlord for the full cost of restoration (including all hard costs, soft costs, and an overhead and management fee) within thirty (30) days after invoice, and all such amounts shall bear interest at ten percent (10%) per annum if not timely paid; (iii) there shall be no abatement of rent or other charges; and (iv) Tenant shall remain liable for all of its obligations under this Lease and shall indemnify Landlord for all losses, costs, expenses, diminution in value, and damages of any kind related to such casualty pursuant to Section 7.04, including Landlord's lost rent, lost opportunity costs, and consequential damages.

(j) *No Tenant Termination Rights*. Tenant shall have no right to terminate this Lease due to any casualty, any delay in restoration, or Landlord's election not to restore, except that if (i) Landlord has elected to restore pursuant to subsection (d), and (ii) Landlord has not substantially completed restoration within eighteen (18) months after the casualty (excluding delays caused by force majeure, Tenant's interference, governmental actions, or any other events beyond Landlord's control), and (iii) the Premises remain wholly untenantable, and (iv) Tenant is not in default under this Lease, then Tenant may terminate this Lease by providing ninety (90) days' written notice to Landlord, provided that if Landlord substantially completes the restoration or elects to terminate the Lease during such ninety (90) day notice period, Tenant's termination notice shall be void and of no effect.

(k) *Casualty Near End of Term*. If a casualty occurs at any time during the last eighteen (18) months of the Term, Landlord shall have the sole and absolute right to elect whether to restore or to terminate this Lease by written notice to Tenant within sixty (60) days after the date of the casualty (or such longer period as Landlord may require to assess the damage), regardless of the extent of damage, availability of insurance proceeds, or estimated restoration period. Tenant shall have no termination right under this subsection (k). If Landlord elects to terminate, Tenant's purchase option under Article XVI shall immediately terminate.

(l) *Effect on Purchase Option*. Any termination of this Lease pursuant to this Article X shall automatically terminate Tenant's purchase option under Article XVI as of the date of termination, and Tenant shall have no right to purchase the Premises or to receive any credit or refund for rent payments previously made, except as may be expressly provided in Section 12.05 if applicable. The treatment of rent credits upon casualty termination shall be governed by Section 12.05(c). Tenant expressly acknowledges and agrees that Landlord's casualty termination rights under this Article X are absolute and may be exercised in Landlord's sole and absolute discretion for any reason or for no reason, and that Landlord shall have no liability to Tenant for any election to terminate rather than restore.

Article XI
CONDEMNATION

SECTION 11.01. Total Taking. If the whole of the Premises, or such portion thereof as to render the remainder unusable for the operation of a charter school, shall be taken by condemnation or in any other manner for any public or quasi-public purpose, this Lease shall terminate as of the date of taking, and rent shall be apportioned and paid to such date. In the event of such total taking, all awards and compensation shall be paid to and be the sole property of Landlord, and Tenant hereby assigns to Landlord any and all right, title, and interest it may have in or to any such award. Notwithstanding the foregoing, Tenant shall have the right to make a separate claim against the condemning authority (but not against Landlord or out of Landlord's award) for Tenant's relocation expenses, loss of business, and Tenant's Personal Property, to the extent such claim does not reduce the award payable to Landlord.

SECTION 11.02. Partial Taking. If a portion of the Premises shall be taken by condemnation or in any other manner for any public or quasi-public purpose, and the remaining portion of the Premises is reasonably suitable for continued operation as a charter school, this Lease shall continue in full force and effect, but the Base Rent shall be reduced in proportion to the area of the Premises taken, effective as of the date of taking. Landlord shall have the right, but not the obligation, to restore the remaining portion of the Premises to a condition reasonably suitable for Tenant's continued use, using such portion of the condemnation award as Landlord deems appropriate. All condemnation awards for a partial taking shall be the sole property of Landlord. Tenant shall have the right to make a separate claim against the condemning authority (but not against Landlord or out of Landlord's award) for Tenant's relocation expenses, business interruption, and Tenant's Personal Property, to the extent such claim does not reduce the award payable to Landlord. If the remaining portion of the Premises is not reasonably suitable for continued operation as a charter school, either Landlord or Tenant may elect to terminate this Lease by providing written notice to the other party within thirty (30) days after the date of taking.

SECTION 11.03. Temporary Taking. If the Premises or any part thereof shall be taken for temporary use, this Lease shall continue in full force and effect, and Tenant shall continue to pay rent without abatement. Tenant shall be entitled to receive that portion of any award for such temporary taking that represents compensation for the use and occupancy of the Premises for the period of the taking up to the end of the Term, and Landlord shall be entitled to receive the balance of such award.

SECTION 11.04. Effect on Purchase Option. In the event of a total taking pursuant to Section 11.01, Tenant's purchase option under Article XVI shall terminate as of the date of taking. In the event of a partial taking pursuant to Section 11.02 where this Lease continues, the Purchase Price shall be reduced by the proportion of the Premises taken, and all rent paid prior to the taking shall continue to be credited toward the reduced Purchase Price (unless such rent was designated as Non-Reducing Rent Payments). Landlord and Tenant shall execute an amendment to this Lease and **Exhibit F** reflecting the adjusted Purchase Price and rent credit schedule.

Article XII
EVENTS OF DEFAULT AND REMEDIES

SECTION 12.01. Events of Default. The following shall constitute "**Events of Default**" under this Lease:

(a) *Non-Payment of Rent*. Any failure of Tenant to pay any Base Rent, additional sums and reimbursements, or other monetary obligation due hereunder within ten (10) days after the same shall be due;

(b) *Core Defaults*. Any Core Default as defined and described in Section 4.02(a) and designated as such in the Compliance Agreement. Core Defaults shall constitute immediate Events of Default with no cure period, and Landlord shall have the immediate right to exercise any and all remedies set forth in Section 4.03(a) and Article XII;

(c) *Covenant Violations*. Any Covenant Violation as defined and described in Section 4.02(b) and designated as such in the Compliance Agreement. Covenant Violations shall be subject to the cure and escalation procedures set forth in Section 4.03(b), and shall constitute an Event of Default hereunder if Tenant fails to timely cure such violation in accordance with such procedures or if Landlord exercises its right to terminate pursuant to Section 4.03(b)(iii);

(d) *Reporting Failures*. Any persistent failure to provide Reporting Items as described in Section 4.02(c) and designated as such in the Compliance Agreement, or any failure to provide such items within ten (10) business days after written notice from Landlord, if Landlord elects to declare such failure an Event of Default pursuant to Section 4.03(c);

(e) *Breach of Article IV Obligations*. Any failure to perform or comply with any of the covenants, obligations, or requirements set forth in Section 4.01, including without limitation the obligations to maintain charter good standing, Public Charity Status, and mission integrity, which failure is not otherwise addressed in subsections (b), (c), or (d) above and which does not fall within the categories established by Section 4.02 and in the Compliance Agreement, and which failure continues for more than thirty (30) days after written notice of such default shall have been given to Tenant (or, if such failure cannot reasonably be cured within thirty (30) days, if Tenant fails to commence such cure within thirty (30) days and diligently prosecute the same to completion); provided, however, that any loss, revocation, modification, or suspension of Tenant's Public Charity Status shall be subject to Landlord's termination right under Section 4.01(c) with only ten (10) days to cure as provided therein, and if not cured or remedied within such ten (10) day period, such loss shall constitute an immediate Event of Default hereunder;

(f) *Breach of Other Lease Covenants*. Any failure to perform any other term, condition, or covenant of this Lease not addressed in subsections (a) through (e) above, which failure continues for more than thirty (30) days after written notice of such default shall have been given to Tenant (or, if such failure cannot reasonably be cured within thirty (30) days, if Tenant fails to commence such cure within thirty (30) days and diligently prosecute the same to completion);

(g) *False Reporting*. If Tenant or an agent of Tenant shall knowingly or recklessly falsify any material report, document, or information required to be furnished to Landlord, any charter school Authorizing Agency, accrediting agency, or other governmental body;

(h) *Bankruptcy and Insolvency*. If Tenant shall become bankrupt or insolvent or file any debtor proceedings or take or have taken against Tenant in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property;

(i) *Assignment for Benefit of Creditors*. If Tenant makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement; or

(j) *Abandonment*. If Tenant shall abandon said Premises or suffer this Lease to be taken under any writ of execution.

Upon the occurrence of any Event of Default described above, Landlord, in addition to any other rights or remedies it may have at law or in equity, shall have the immediate right of re-entry and may remove all persons and property and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby. The rights and remedies available to Landlord for Events of Default under Article IV shall be as set forth in Section 4.03, and such rights and remedies shall be cumulative with and in addition to the rights and remedies set forth in this Article XII.

SECTION 12.02. Right to Relet. Should Landlord elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may, in its sole discretion, provide Tenant with thirty (30) days' written notice before reletting or selling the Premises, during which time Tenant may (i) cure any curable Event of Default, or (ii) with Landlord's reasonable consent, arrange for assignment of this Lease to a qualified successor charter school operator approved by the Authorizing Agency. Landlord has no obligation to provide such notice, and Landlord's election not to provide such notice shall not limit any of Landlord's rights or remedies under this Lease. If Landlord elects to provide such notice and Tenant does not cure or arrange an approved assignment within such thirty (30) day period, Landlord may either terminate this Lease or, from time to time without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Premises, and relet said Premises or any part thereof for such Term or terms (which may be for a term extending beyond the Term of this Lease) and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable; upon each such reletting all rentals received by Landlord from such reletting shall be applied, first, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord, second, to the payment of any costs and expenses of such reletting, including brokerage fees and attorney's fees and of costs of such alterations and repairs; third, to the payment of rent due and unpaid hereunder, and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. If such rentals, received from such reletting during any quarter be less than that to be paid during that quarter by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid quarterly. No such re-entry or taking possession of said Premises by Landlord shall be construed as an election on its part to terminate this lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a Court of competent jurisdiction. Notwithstanding any such re-letting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous breach. For the avoidance of doubt, the thirty (30) day notice opportunity set forth in this Section shall not apply to Events of Default under Section 12.01(b) (Core Defaults), Section 12.01(h) (bankruptcy), Section 12.01(i) (assignment for benefit of creditors), or Section 12.01(j) (abandonment), for which Landlord may exercise immediate remedies without any notice.

SECTION 12.03. Waiver of Rights or Redemption. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed (a) for an Event of Default under Section 12.01(a) (non-payment of rent) that remains uncured for more than thirty (30) days after the due date, (b) for any Core Default under Section 12.01(b), (c) for false reporting under Section 12.01(g), (d) for bankruptcy or insolvency under Section 12.01(h), (e) for assignment for the benefit of creditors under Section 12.01(i), or (f) for abandonment under Section 12.01(j). For Events of Default under Section 12.01(c) (Covenant Violations), Section 12.01(d) (Reporting Failures), Section 12.01(e) (other Article IV breaches), and Section 12.01(f) (other Lease breaches), Tenant retains all statutory rights of redemption to the extent provided by applicable law, provided that Tenant timely exercises such rights and cures all defaults.

SECTION 12.04. Breach by Landlord. Tenant shall have no claim for breach of this Lease by Landlord unless (a) Tenant provides Landlord with written notice specifically describing the alleged breach, (b) such breach is material and substantially interferes with Tenant's ability to operate the Premises as a charter school, and (c) Landlord fails to cure such breach within thirty (30) days after receipt of such notice (or, if not curable within thirty (30) days, Landlord fails to commence cure within thirty (30) days and diligently pursue such cure). Tenant's sole remedies for any breach by Landlord shall be limited to: (i) specific performance (not available for any breach relating to the condition of the Premises as accepted "as-is" pursuant to Section 3.01); or (ii) monetary damages not to exceed Base Rent paid during the twelve (12) months immediately preceding the breach. Tenant expressly waives all other remedies, including without limitation the right to terminate this Lease (except if Tenant is completely prevented from operating the charter school for ninety (90) consecutive days due to Landlord's uncured breach), consequential damages of any kind, and any right to abate, reduce, withhold, or offset rent. Tenant's obligation to pay all rent and perform all obligations under this Lease shall continue during any dispute with Landlord, and Tenant's failure to do so shall constitute an Event of Default under Section 12.01.

SECTION 12.05. Treatment of Rent Credits Upon Default.

(a) *General Rule on Rent Credits*. Upon the occurrence of any Event of Default, or upon termination of this Lease for any reason:

(i) All Base Rent payments previously designated as Reducing Rent Payments and credited toward the Purchase Price under Article XVI through the date of the default or termination shall be preserved and shall not be revoked, clawed back, or forfeited; and

(ii) All Base Rent payments made by Tenant from and after the date of the default or termination shall constitute Non-Reducing Rent Payments and shall not be credited toward the Purchase Price.

(b) *Landlord's Setoff Right*. Notwithstanding subsection (a)(i), Landlord may set off against any accumulated rent credits all amounts owed by Tenant to Landlord under this Lease. Such setoff amounts may include, without limitation, unpaid rent, late charges, and interest, as well as costs incurred by Landlord to repair, restore, or remediate the Premises, attorneys' fees and legal costs, brokerage commissions, and any diminution in the fair market value of the Premises caused by Tenant's use, alterations, or failure to maintain the Premises in accordance with this Lease.

(c) *Casualty and Condemnation*. If Landlord terminates this Lease pursuant to Article X (Destruction of Premises) or Article XI (Condemnation), Tenant shall not be entitled to any refund or credit of rent previously paid. Landlord shall retain all insurance proceeds and condemnation awards as provided in Articles X and XI, and all rent paid prior to termination shall be deemed fully earned as consideration for Tenant's use and occupancy of the Premises.

(d) *Landlord's Accounting*. Following any termination of this Lease, Landlord shall provide Tenant with a written accounting of: (i) the total Reducing Rent Payments accumulated through the date of default or termination; (ii) any amounts Landlord is entitled to set off pursuant to subsection (b); and (iii) the net credit balance after application of any setoff. Tenant shall have thirty (30) days to dispute any item by written notice specifying the basis for the dispute, and the parties shall work in good faith to resolve any such dispute.

(e) *No Independent Value of Credits*. Accumulated rent credits represent only a reduction in the Purchase Price payable upon Tenant's exercise of the purchase option under Article XVI and have no independent monetary value. If the purchase option is not exercised or is terminated for any reason, Landlord shall have no obligation to pay, refund, or otherwise compensate Tenant for any accumulated rent credits.

(f) *Preservation of Rights During Default and Forbearance Discussions*. Landlord's acceptance of any rent payment (whether full, partial, or late) after the occurrence of an Event of Default, or during any cure period, shall not constitute a waiver of such Event of Default or Landlord's right to pursue any remedy under this Lease or applicable law. Landlord's engagement in discussions, negotiations, or communications with Tenant regarding any Event of Default, potential cure, payment arrangement, forbearance, or workout shall not: (i) waive or cure any Event of Default; (ii) restart or extend any cure period; (iii) create any obligation on Landlord's part to forbear from exercising remedies; (iv) estop Landlord from exercising any remedy at any time; or (v) constitute any agreement, representation, or commitment by Landlord unless and until a written forbearance agreement is fully executed by both parties. Time spent in negotiations or discussions shall not toll, extend, or otherwise affect any of Landlord's rights or remedies. Landlord may, in its sole and absolute discretion, discontinue any discussions or negotiations and immediately pursue any and all remedies available under this Lease or applicable law at any time, with or without notice to Tenant. Any statements, proposals, term sheets, or draft agreements exchanged during negotiations shall be deemed offers to compromise within the meaning of applicable evidence rules and shall not be admissible as evidence of any waiver, agreement, or admission by Landlord.

(g) *Survival*. The provisions of this Section 12.05 shall survive the expiration or earlier termination of this Lease.

Article XIII
TAXES ON LEASEHOLD

SECTION 13.01. Tenant's Obligation. Tenant shall be responsible for and shall pay before delinquency all municipal, county, or state taxes, if any, assessed during the Term of this Lease against any leasehold interest or personal property of any kind owned by or placed in, upon, or about the Premises by Tenant.

SECTION 13.02. Landlord's Right to Pay and Seek Reimbursement. If Tenant fails to pay any taxes described in Section 13.01 when due, Landlord may, at its option but without obligation, pay such taxes on Tenant's behalf. In such event, Landlord may, in its sole discretion, either (a) include such paid taxes in the Operating Expense Charges, or (b) invoice Tenant directly for immediate payment as additional sums and reimbursements. Any such amounts paid by Landlord and not timely reimbursed by Tenant shall: (i) bear interest at the rate of ten percent (10%) per annum (or the maximum rate permitted by law, if less) from the date paid by Landlord until reimbursed by Tenant; (ii) include any penalties, late fees, or interest charges assessed by the taxing authority as a result of Tenant's failure to timely pay; and (iii) include an administrative fee equal to fifteen percent (15%) of the total tax amount paid by Landlord. Tenant shall reimburse Landlord within ten (10) days after receipt of Landlord's invoice, together with supporting documentation. Landlord's payment of such taxes on Tenant's behalf shall not waive Tenant's default or limit any other remedies available to Landlord under this Lease, and such failure to pay when due may constitute an Event of Default under Section 12.01(f).

SECTION 13.03. Proof of Payment. Upon Landlord's request, Tenant shall provide Landlord with proof of payment of all taxes required to be paid by Tenant under this Article XIII, including receipts or tax statements marked "Paid," within fifteen (15) days after such request.

Article XIV
SUCCESSORS

All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective successors, and assigns of the said parties, and if there shall be more than one tenant, they shall all be bound jointly and severally by the terms, covenants, and agreements herein.

Article XV
QUIET ENJOYMENT

Upon payment by Tenant of the rents herein provided, upon the observance and performance of all the covenants, terms, and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the Premises for the term hereby demised without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through, or under Landlord, subject, nevertheless, to the terms and conditions of this Lease, including but not limited to Landlord’s rights under Article X (Destruction of Premises) and Article XI (Condemnation), and subject to all matters of record.

Article XVI
OPTION TO PURCHASE

SECTION 16.01. Tenant's Option to Purchase. For and in consideration of the Lease, and provided that (a) Tenant is not in default in the performance of this Lease beyond any applicable cure period with respect to the payment of Base Rent or other monetary obligations, and (b) Tenant is not subject to any Core Default under Article IV, Landlord grants to Tenant a right and option to purchase at any time during the initial five (5) year Term of this Lease the Premises for use as an Open Enrollment Charter School. In the event Tenant elects to purchase the Premises, Tenant shall give written notice to Landlord of such election to purchase at least ninety (90) days prior to the proposed date of such purchase (the "**Tenant Purchase Notice**"). Closing shall occur on the date proposed in the Tenant Purchase Notice, which shall be on or before the last day of the Term of this Lease, or on such other date as the parties may mutually agree in writing. Tenant's option to purchase under this Section shall automatically terminate and be of no further force or effect upon the occurrence of any Event of Default under Section 12.01(a) (non-payment of rent for more than thirty (30) days), Section 12.01(b) (Core Default), Section 12.01(h) (bankruptcy or insolvency), Section 12.01(i) (assignment for benefit of creditors), or Section 12.01(j) (abandonment). If this Lease is terminated for any reason prior to Tenant's exercise of this option, the option shall immediately terminate.

SECTION 16.02. Purchase Price; Rent Credits; Final Determination.

(a) *Purchase Price Components*. The purchase price for the Premises (the "**Purchase Price**") shall be a sum equal to all of Landlord's costs of making the Premises available for Tenant's use as an open enrollment charter school, including without limitation: (i) all costs of acquiring the Premises, including purchase price, closing costs, title insurance, survey costs, transfer taxes, and legal fees; (ii) all costs of designing, engineering, permitting, planning, and architectural services for improvements to the Premises; (iii) all hard costs of constructing, remodeling, renovating, and improving the Premises, including labor, materials, equipment, and contractor fees; (iv) all soft costs associated with the development and construction of improvements, including construction management fees, project management, inspection fees, testing, commissioning, financing costs, interest carry during construction, insurance, and other development expenses; and (v) reasonable overhead and administrative costs directly allocable to the project. The Purchase Price shall also include all costs incurred during the Term as provided in subsection (b) below. The "Baseline Purchase Price" means the Purchase Price as finally determined pursuant to subsection (b) below based on actual acquisition, development, and construction costs incurred through the certificate of occupancy date, before any additions made during the Term pursuant to subsection (b).

(b) *Baseline Purchase Price and Ongoing Additions During the Term*. The Purchase Price set forth in subsection (a) is an estimate based on projected costs. Within thirty (30) days following the issuance of a final certificate of occupancy for the Premises and Landlord's receipt of final invoices, lien releases, and accounting for all initial project costs, Landlord may (but shall have no obligation to) prepare and deliver to Tenant a Baseline Purchase Price Statement setting forth Landlord's actual costs in each of the categories described in subsection (a)(i) through (v) and calculating the Baseline Purchase Price based on acquisition, development, and construction costs incurred through the certificate of occupancy date. Tenant shall have thirty (30) days after receipt of the Baseline Purchase Price Statement to review and approve the same, which approval shall not be unreasonably withheld, conditioned, or delayed. If Tenant disputes any item, Tenant shall notify Landlord in writing within such thirty (30) day period, specifying the basis for the dispute and providing supporting documentation. The parties shall work in good faith to resolve any such dispute within thirty (30) days. Upon agreement or resolution of any disputes, Landlord and Tenant shall execute an amendment to **Exhibit F** confirming the Baseline Purchase Price as of the certificate of occupancy date. If Tenant fails to object within thirty (30) days after receiving a Baseline Purchase Price Statement from Landlord, the Baseline Purchase Price Statement shall be deemed approved. The Baseline Purchase Price established under this subsection (b) is not the final Purchase Price. Throughout the Term, the Purchase Price shall be increased to include: (i) all costs incurred by Landlord in performing Landlord's maintenance, repair, and replacement obligations under Section 5.01(a), as provided in Section 5.01(d); (ii) any costs resulting from Tenant-requested changes to Landlord's Work under Section 1.04(f) and **Exhibit B**; and (iii) any other costs properly includable under subsection (a) above that are incurred after the certificate of occupancy date. Landlord shall document all such additions to the Purchase Price in the Purchase Price Ledger maintained pursuant to subsection (e) and **Exhibit F**. The Final Purchase Price for purposes of closing on any purchase transaction under this Article XVI shall be the Baseline Purchase Price established under this subsection (b) plus all additions documented in the Purchase Price Ledger through the date of closing.

(c) *Rent Credits (Reducing Rent Payments)*. The Purchase Price determined under subsections (a) and (b) shall be reduced by the total amount of all Reducing Rent Payments made by Tenant to Landlord from the Rent Commencement Date through the date of closing on the purchase of the Premises. "**Reducing Rent Payments**" means all Base Rent payments made by Tenant during the Term of this Lease, except for those payments designated as Non-Reducing Rent Payments under subsection (d) below. The net amount due from Tenant to Landlord at closing shall be the Purchase Price (including all additions through the closing date) less the total amount of Reducing Rent Payments. For avoidance of doubt, Operating Expense Charges as defined in Section 2.01(e) shall not reduce or be credited against the Purchase Price.

(d) *Non-Reducing Rent Payments*. "**Non-Reducing Rent Payments**" means Base Rent payments made by Tenant to Landlord that do not reduce or count toward the Purchase Price, and which are comprised of the following: (i) any and all rent payments made by Tenant during any holdover period or other period of occupancy by Tenant after the Expiration Date (as defined in Section 1.02), whether pursuant to Section 6.02 or otherwise; (ii) any and all rent payments made by Tenant during any period within which Landlord has elected to impose Non-Reducing Rent Payments as a remedy for a Covenant Violation pursuant to Section 4.03(b)(ii), including without limitation any period during which Tenant has failed to meet the performance goals relating to enrollment, academics, or financial health as set forth in the Compliance Agreement, with such period commencing and terminating as specified in Landlord's written notice pursuant to Section 4.03(b)(ii); and (iii) any other rent payments, including without limitation Operating Expense Charges, that are expressly designated in this Lease or in a written notice from Landlord to Tenant as Non-Reducing Rent Payments. Tenant acknowledges and agrees that if Tenant does not purchase the Premises by the Expiration Date and, with Landlord's consent, extends or continues occupancy beyond the Expiration Date (whether pursuant to a formal extension agreement, a month-to-month holdover, or otherwise), no further rental payments made after the Expiration Date will be applied toward reducing the Purchase Price.

(e) *Purchase Price Ledger and Reporting*. Landlord may (but shall have no obligation to) maintain a ledger (the "**Purchase Price Ledger**") documenting: (i) the Final Purchase Price as determined under subsection (b); (ii) each Base Rent payment received from Tenant, with the date and amount; (iii) the designation of each such payment as either a Reducing Rent Payment or a Non-Reducing Rent Payment; (iv) the running total of Reducing Rent Payments applied as a credit toward the Purchase Price; and (v) the net Purchase Price remaining after application of all Reducing Rent Payments (the "**Net Purchase Price Due at Closing**"). Landlord may provide Tenant with an updated statement reflecting the information in the Purchase Price Ledger on an annual basis, within sixty (60) days after each anniversary of the Rent Commencement Date, and upon request in connection with Tenant's exercise of the purchase option under Section 16.01. Tenant shall have thirty (30) days after receipt of each annual statement to review and dispute any categorization of a payment as a Reducing Rent Payment or Non-Reducing Rent Payment by providing written notice to Landlord specifying the basis for the dispute and providing supporting documentation. If Landlord has imposed a Non-Reducing Rent Payment period pursuant to Section 4.03(b)(ii), and if Tenant believes that: (A) the underlying Covenant Violation has been cured and Tenant has achieved sustained compliance with the applicable performance standard(s), or (B) where Landlord's notice specified performance-based termination criteria under Section 4.03(b)(ii), Tenant has satisfied such criteria, or (C) where no specific end date or performance criteria were specified, Tenant has demonstrated material and sustained performance improvement, then Tenant may submit a written request to Landlord requesting that subsequent rent payments be restored to Reducing Rent Payment status. Such request shall include: (1) identification of the specific Covenant Violation and the date of Landlord's notice imposing Non-Reducing Rent Payments; (2) detailed documentation demonstrating that the violation has been cured or the specified performance criteria have been met, including supporting data covering a reasonable period of sustained performance (generally not less than two (2) consecutive quarters or one (1) semester, as applicable); (3) Tenant's current performance status with respect to all performance standards in the Compliance Agreement; and (4) any other information reasonably demonstrating sustained compliance and improvement. Landlord may review any such request and respond in writing within thirty (30) days after receipt, either: (i) approving the request and confirming the date on which subsequent rent payments will be restored to Reducing Rent Payment status; (ii) denying the request with a brief explanation of the basis for denial (which may include insufficient evidence of sustained improvement, concerns about other performance metrics, or Landlord's reasonable judgment that additional time is needed to confirm sustained performance); or (iii) requesting additional information or documentation, in which case Landlord shall have an additional thirty (30) days after receipt of such additional information to respond. If Landlord fails to respond within the applicable time period, Tenant may send a second written notice referencing the original request and requesting a response. If Landlord fails to respond within fifteen (15) days after receipt of such second notice, the request shall be deemed approved and rent payments shall be restored to Reducing Rent Payment status effective as of the first day of the month following the expiration of such fifteen (15) day period. Notwithstanding the foregoing deemed approval provision, Landlord may, upon discovering a continued or new performance deficiency, reimpose Non-Reducing Rent Payments prospectively upon written notice in accordance with Section 4.03(b)(ii). Landlord's determination to approve or deny any restoration request shall be made in good faith based on the information provided and Landlord's reasonable assessment of Tenant's sustained performance and compliance but shall not be subject to challenge except in the case of fraud, intentional misrepresentation of facts by Landlord, or Landlord's failure to consider the information actually provided by Tenant.

SECTION 16.03. Closing Procedures.

(a) *AS IS Conveyance*. Tenant acknowledges and agrees that the conveyance of the Premises pursuant to this Article XVI shall be made on an "AS IS, WHERE IS" basis, with all faults, and subject to all matters of record, all easements, covenants, conditions, and restrictions of record, all applicable zoning ordinances and regulations, all building and use restrictions, and all other matters affecting title to the Premises. LANDLORD MAKES NO REPRESENTATIONS OR WARRANTIES CONCERNING TITLE TO THE PREMISES, THE CONDITION OF TITLE, OR THE ABSENCE OF LIENS, ENCUMBRANCES, OR OTHER DEFECTS, AND TENANT SHALL ACCEPT TITLE IN ITS CONDITION AT CLOSING, SUBJECT TO ALL MATTERS OF RECORD AND ALL EXCEPTIONS SHOWN IN THE TITLE COMMITMENT.

(b) *Title Commitment for Informational Purposes Only*. Within fifteen (15) days after Tenant's exercise of the purchase option under Section 16.01, Landlord may, at Tenant's expense, order a commitment for an owner's policy of title insurance showing the state of title to the Premises as of the date of the commitment. If obtained, the title commitment shall be delivered to Tenant for informational purposes only, and Tenant shall have fifteen (15) business days after receipt to review the same. Tenant acknowledges and agrees that Landlord shall have no obligation to cure, remove, or otherwise address any liens, encumbrances, exceptions, or defects shown in the title commitment or otherwise affecting title to the Premises. If Tenant determines, in its sole discretion, that any matter shown in the title commitment or otherwise affecting title renders the Premises unsuitable for Tenant's intended use or otherwise unacceptable to Tenant, Tenant's sole remedy shall be to terminate the purchase transaction by providing written notice to Landlord within such fifteen (15) business day review period, in which case this Lease shall continue in full force and effect and neither party shall have any further obligation with respect to the purchase transaction. If Tenant fails to timely terminate the purchase transaction as provided herein, Tenant shall be deemed to have accepted title in its then-current condition, subject to all matters shown in the title commitment and all other matters of record, and Tenant shall have no further right to object to title or to terminate the purchase transaction on account of any title matter.

(c) *Form of Deed; No Warranties*. Conveyance shall be by special warranty deed in recordable form, which deed shall convey title subject to: (i) all matters shown in the title commitment; (ii) all easements, covenants, conditions, restrictions, and encumbrances of record; (iii) real estate taxes and assessments not yet due and payable; (iv) all applicable zoning ordinances, building codes, and governmental regulations; (v) all matters that would be disclosed by an accurate ALTA/NSPS survey and physical inspection of the Premises; and (vi) the restrictive covenants set forth in Section 16.04. Landlord shall convey only such title as Landlord has, by special warranty deed, and Landlord makes no representation or warranty as to the state of title, the absence of encumbrances, the accuracy of the legal description, the condition of the Premises, compliance with any laws or regulations, or the suitability of the Premises for any purpose. The special warranty deed shall contain only such covenants and warranties as are customary in a special warranty deed under Oklahoma law, and Landlord expressly disclaims all other warranties, express or implied.

(d) *Closing Costs and Expenses*. All costs of the title commitment, title insurance policy, survey (if any), recording fees, transfer taxes, and other closing costs and expenses shall be allocated between Landlord and Tenant as follows: (i) Tenant shall pay for the owner's title insurance policy premium, the cost of the title commitment, any endorsements requested by Tenant or Tenant's lender, any survey costs, all recording fees for documents in Tenant's chain of title (including the deed and any mortgage), and one-half of any escrow or closing fees charged by the title company or closing agent; (ii)

Landlord shall pay for recording fees for documents required to clear Landlord's title (if any), and one-half of any escrow or closing fees; and (iii) all other closing costs shall be allocated in accordance with local custom in the county where the Premises are located, unless otherwise agreed by the parties in writing. Notwithstanding the foregoing, under no circumstances shall Landlord be required to incur any cost or expense to cure, remove, or address any title defect, lien, or encumbrance.

(e) *Closing Statement and Prorations*. The parties shall execute a standard form closing statement prepared by the title company or closing agent, reflecting all prorations and adjustments as of the closing date. Real estate taxes and assessments for the year of closing shall be prorated as of the closing date based on the most recent available tax bill, with any subsequent adjustment to be made between the parties after receipt of the actual tax bill for the year of closing. Rent paid by Tenant for the month in which closing occurs shall be prorated on a per diem basis and credited to Tenant at closing. All utilities, assessments, and other operating expenses for the Premises shall be prorated as of the closing date. Tenant shall be responsible for all costs and expenses associated with the operation, maintenance, and ownership of the Premises from and after the closing date.

(f) *Tenant's Due Diligence and Closing Conditions*. Tenant acknowledges that it has had full opportunity prior to the execution of this Lease and will have opportunity during the period between exercise of the purchase option and closing, to conduct such inspections, tests, and investigations of the Premises as Tenant deems necessary or appropriate, including without limitation inspections of the physical condition of the improvements, environmental assessments, surveys, and review of all matters affecting title. Tenant's obligation to close on the purchase of the Premises is conditioned solely upon: (i) Tenant's approval of title (or Tenant's election to accept title as provided in subsection (b) above); and (ii) Landlord's delivery of the special warranty deed and other closing documents in accordance with this Section 16.03. Tenant shall have no other closing conditions, including, without limitation, any conditions relating to the physical condition of the Premises, compliance with laws, environmental matters, survey matters, or financing. Tenant waives any and all implied or statutory closing conditions and acknowledges that the purchase shall be consummated on an AS IS, WHERE IS basis.

(g) *Casualty or Condemnation Prior to Closing*. If the Premises are damaged by fire, casualty, or other insured or uninsured peril, or subjected to a condemnation or eminent domain proceeding, between the date of Tenant's Purchase Notice under Section 16.01 and the scheduled closing date, the provisions of Article X or Article XI (as applicable) shall govern the parties' rights and obligations, including any termination rights. If the casualty or condemnation does not result in termination of this Lease under Article X or Article XI, then the purchase transaction shall proceed to closing, with Tenant taking the Premises in its then-current condition (subject to any restoration in progress by Landlord under Article X), and Landlord shall assign to Tenant at closing all of Landlord's right, title, and interest in and to any insurance proceeds or condemnation awards related to such casualty or taking (to the extent not already applied to restoration), without any reduction in the Purchase Price except as may be expressly provided in Article XI.

(h) *Survival*. The provisions of this Section 16.03 shall survive the closing of the purchase and sale transaction. Tenant's acceptance of the special warranty deed shall be deemed to be full satisfaction and discharge of all of Landlord's obligations under this Article XVI with respect to title and the condition of the Premises, except for those obligations that expressly survive closing as set forth in Section 16.04.

Notwithstanding any amount of the rent payments being taken into account in the calculation of the Purchase Price under Section 16.02 of this Lease, the parties agree and acknowledge that by making such rental payments Tenant is acquiring no present ownership, lien, or equity interest in the Premises prior to closing in the Premises, that such payments constitute rent for Tenant's use and occupancy of the Premises during the Term, and that the below-market aspect of the Base Rent (reflecting the rent credit feature) is granted in consideration of Tenant's obligations under this Lease and Tenant's commitment to operate an open enrollment charter school at the Premises. Tenant further acknowledges and agrees that Landlord's right to terminate this Lease pursuant to Article X (Destruction of Premises) or Article XI (Condemnation) is absolute and may be exercised in Landlord's sole discretion as provided in such Articles, and that any such termination by Landlord shall immediately terminate Tenant's purchase option under this Article XVI, with the treatment of any rent credits to be determined in accordance with Section 12.05(c).

SECTION 16.04. Post-Purchase Use Restrictions and Landlord's Rights.

(a) *Charter School Use Requirement*. The special warranty deed conveying the Premises to Tenant pursuant to this Article XVI shall contain a restrictive covenant running with the land and binding upon Tenant, its successors and assigns, requiring that the Premises be used solely and exclusively for the operation of an open enrollment charter school for a period of ten (10) years following the date of closing (the "**Restriction Period**"). During the Restriction Period, Tenant shall not, without Landlord's prior written consent (which consent may be granted or withheld in Landlord's sole and absolute discretion): (i) use or permit the use of the Premises for any purpose other than the operation of an open enrollment charter school; (ii) cease operating a charter school at the Premises for more than one hundred eighty (180) consecutive days (except due to force majeure or casualty covered by Article X); (iii) permit the charter school's charter to be revoked, non-renewed, or terminated; or (iv) sell, transfer, convey, lease, or encumber the Premises except as expressly permitted in subsection (c) below.

(b) *Remedies for Violation*. If Tenant violates the restrictive covenant set forth in subsection (a) at any time during the Restriction Period, Landlord shall have the following rights and remedies, which shall be cumulative and in addition to any other rights or remedies available at law or in equity: (i) Landlord may seek specific performance and injunctive relief to compel Tenant's compliance with the charter school use requirement; (ii) Tenant shall pay to Landlord, as liquidated damages and not as a penalty (the parties acknowledging that Landlord's actual damages would be difficult to ascertain), an amount equal to the greater of: (A) fifty percent (50%) of the Total Purchase Price as set forth in **Exhibit F** (before reduction for any Reducing Rent Payments); or (B) fifty percent (50%) of the total amount of all Reducing Rent Payments credited to Tenant through the date of closing, together with interest at ten percent (10%) per annum from the date of closing to the date of payment; and (iii) Landlord shall have a right of first refusal as set forth in subsection (c) to repurchase the Premises. The restrictive covenant and remedies set forth in this Section 16.04 shall be enforceable by Landlord, its successors and assigns, and shall be deemed to run with the land and bind all subsequent owners of the Premises during the Restriction Period.

(c) *Right of First Refusal*. If at any time during the Restriction Period Tenant desires to sell, convey, or otherwise transfer the Premises (or any interest therein) to a third party, Tenant shall first offer the Premises to Landlord on the following terms: (i) Tenant shall deliver to Landlord a written notice (the "**Offer Notice**") containing the material terms and conditions of the proposed sale, including the proposed purchase price, the identity of the proposed purchaser, the proposed closing date, and copies of any purchase agreement or letter of intent; (ii) Landlord shall have sixty (60) days after receipt of the Offer Notice to elect, in writing, to purchase the Premises on the same terms and conditions set forth in the Offer Notice (or on such other terms as Landlord and Tenant may negotiate); (iii) if Landlord timely elects to purchase, the parties shall close the transaction within ninety (90) days after Landlord's election (or such other date as the parties agree), and Tenant shall convey the Premises to Landlord by special warranty deed, free and clear of all liens and encumbrances (other than those existing at the time Tenant originally purchased the Premises from Landlord, and other than purchase money mortgages or deeds of trust approved by Landlord under subsection (d)); (iv) if Landlord does not timely elect to purchase, or if Landlord and Tenant are unable to reach agreement on terms, Tenant may proceed to sell the Premises to the third party identified in the Offer Notice, on terms no more favorable to the purchaser than those offered to Landlord, and such sale must close within one hundred eighty (180) days after the expiration of Landlord's election period, failing which Tenant must re-offer the Premises to Landlord pursuant to this subsection (c); and (v) any sale or transfer in violation of this right of first refusal shall be voidable at Landlord's election and shall be deemed a breach of the restrictive covenant set forth in subsection (a), subject to the remedies in subsection (b).

(d) *Permitted Encumbrances*. Notwithstanding subsection (a), Tenant may, without Landlord's consent, grant a purchase money mortgage or deed of trust on the Premises to a qualified institutional lender to secure financing for Tenant's purchase of the Premises, provided that: (i) Tenant provides Landlord with copies of all loan documents at least ten (10) business days prior to closing; (ii) the loan documents do not permit the lender to use the Premises for any purpose other than an open enrollment charter school without Landlord's consent; and (iii) Tenant provides Landlord with a subordination, non-disturbance, and attornment agreement in form reasonably acceptable to Landlord, pursuant to which the lender agrees to recognize and honor the restrictive covenants set forth in this Section 16.04. Any refinancing or replacement of such permitted purchase money financing shall be subject to the same requirements.

(e) *Survival and Recording*. The covenants, restrictions, and agreements set forth in this Section 16.04 shall survive the closing of the purchase and sale transaction and the termination of this Lease. The special warranty deed delivered at closing shall include the full text of the restrictive covenant set forth in subsection (a) and a reference to this Lease and this Section 16.04, and Landlord shall have the right (but not the obligation) to record a memorandum of this Lease or a separate declaration of restrictive covenants in the land records of the county where the Premises are located to provide notice of the restrictions herein.

(f) *Release of Restriction*. Upon the expiration of the ten (10) year Restriction Period, the restrictive covenant and Landlord's rights under this Section 16.04 shall automatically terminate and be of no further force or effect, and Landlord shall, upon Tenant's request and at Tenant's expense, execute and deliver a release or termination of restrictive covenant in recordable form evidencing such termination. Alternatively, Landlord may, in its sole discretion, elect to release the restrictive covenant prior to the expiration of the Restriction Period by executing and delivering a written release to Tenant, but Landlord shall have no obligation to do so.

Article XVII
MISCELLANEOUS

SECTION 17.01. Waiver. The waiver by Landlord or Tenant of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term, or condition of this Lease shall be deemed to have been waived by Landlord or Tenant unless such waiver is in writing and signed by Landlord and Tenant.

SECTION 17.02. Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than on account of the earlier stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, except to the extent stated therein, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease as provided herein.

SECTION 17.03. Entire Agreement. This Lease sets forth all the covenants, promises, agreements, conditions, and understandings between Landlord and Tenant concerning the Premises, and there are no covenants, promises, agreements, conditions, or 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 Landlord or Tenant unless reduced to writing and signed by them.

SECTION 17.04. No Partnership. Nothing contained in this Lease shall be deemed to create a partnership, joint venture, or association between Landlord and Tenant.

SECTION 17.05. Notices. Any notice, demand, request, or other instrument which may be or are required to be given under this Lease shall be delivered in person or sent by United States certified mail postage pre-paid and shall be addressed: (a) if to Landlord at the address first herein above given or at such other address Landlord may designate by written notice; and (b) if to Tenant, at the Premises or at such other address as Tenant shall designate by written notice.

SECTION 17.06. Captions and Section Numbers. The captions, section numbers, and article numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

SECTION 17.07. Partial Invalidity. If any term, covenant, or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant, or condition to persons or unenforceable, shall not be affected thereby and each term, covenant, or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

SECTION 17.08. Governing Law. This Lease shall be governed, construed, and interpreted by the laws of the State of Oklahoma without giving effect to the choice of law principles thereof that would result in the application of the laws of any other jurisdiction.

SECTION 17.09. Jury Trial Waiver. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LANDLORD AND TENANT EACH HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER (OR AGAINST ANY AFFILIATE, OFFICER, DIRECTOR, MEMBER, MANAGER, EMPLOYEE, OR AGENT OF THE OTHER PARTY) ON ANY MATTER 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 CLAIM OF INJURY OR DAMAGE, ANY EMERGENCY OR STATUTORY REMEDY, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, OR REGULATION. THIS WAIVER OF JURY TRIAL IS SEPARATELY BARGAINED FOR AND IS AN ESSENTIAL ELEMENT OF THE AGREEMENT BETWEEN THE PARTIES. Each party certifies that no representative, agent, or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce this jury trial waiver.

SECTION 17.10. Limitation of Landlord's Liability. Tenant shall look solely to Landlord's interest in the Premises (including insurance proceeds and condemnation awards, if any) for the recovery of any judgment or award against Landlord arising out of or in connection with this Lease or the relationship of Landlord and Tenant hereunder. No other property or assets of Landlord or any of Landlord's members, managers, officers, directors, shareholders, partners, employees, agents, affiliates, or any of their respective successors or assigns (collectively, "**Landlord Parties**"), shall be subject to levy, execution, attachment, or other enforcement procedure for the satisfaction of any such judgment or award, and in no event shall any Landlord Party be personally liable for any such judgment or award or for the performance of any term, covenant, or condition of this Lease or any other obligation of Landlord hereunder. This Section shall not limit Tenant's right to name Landlord as a party defendant in any action and to obtain a judgment against Landlord that may be satisfied solely out of Landlord's interest in the Premises as provided above, and, subject to such limitation, this Section shall not limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or to take any other action that does not involve the personal liability of any Landlord Party to respond in monetary damages from assets other than Landlord's interest in the Premises. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

SECTION 17.11. Attorneys' Fees. In the event of any litigation, arbitration, or other dispute resolution proceeding arising out of or related to this Lease, the prevailing party (as determined by the court, arbitrator, or other decision-maker) shall be entitled to recover from the non-prevailing party all reasonable attorneys' fees, paralegal fees, expert witness fees, court costs, and other costs and expenses incurred in connection with such proceeding, including without limitation costs incurred in any bankruptcy proceeding, appeal, or post-judgment enforcement action. ~~Notwithstanding the foregoing, if Landlord is required to employ an attorney to enforce any of Tenant's obligations under this Lease (whether or not litigation is actually commenced), Tenant shall reimburse Landlord for all reasonable attorneys' fees and costs incurred by Landlord in connection therewith, regardless of whether Landlord is deemed the "prevailing party."~~ For purposes of this Section, "prevailing party" shall include, without limitation, a party who dismisses an action in exchange for substantially the relief sought in the action or who obtains substantially the relief sought, whether by settlement, judgment, or otherwise.

Commented [SS10]: We request that Tenant shouldn't be liable for Landlord's fees if Tenant prevails on obligations.

SECTION 17.12. Time is of the Essence. Time is of the essence with respect to the performance of each and every obligation and covenant to be performed by Landlord or Tenant under this Lease, including, without limitation, all obligations related to payment of rent, delivery of reports and documentation, compliance with performance standards, exercise of options, and provision of notices.

SECTION 17.13. Counterparts; Electronic Signatures. This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution and delivery of this Lease may be evidenced by facsimile, email (including PDF or other electronic image), or other electronic transmission (including DocuSign, Adobe Sign, or other electronic signature platform), and such facsimile, email, or electronic transmission shall have the same force and effect as delivery of an original manually executed document. The parties agree that this Lease and any amendments hereto may be electronically signed, and that any electronic signatures appearing on this Lease or any amendments hereto are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

SECTION 17.14. Recording; Memorandum of Lease. Tenant shall not record this Lease without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. Upon Landlord's request, the parties shall execute and Tenant shall record (at Tenant's expense) a memorandum of this Lease (or a short form lease) in form and content acceptable to Landlord, which memorandum shall set forth the existence of this Lease, the parties hereto, the Premises, the Term, and such other provisions as Landlord may require, but shall not set forth the rental amounts or other economic terms. Upon expiration or earlier termination of this Lease, Tenant shall, at Tenant's expense, promptly execute, acknowledge, and record a termination of any such memorandum or short form lease.

SECTION 17.15. Construction of Lease; Legal Representation. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted. Each party acknowledges that it has been represented by legal counsel in connection with this Lease (or has had the opportunity to be so represented and has voluntarily declined such representation) and that this Lease has been negotiated by the parties and their respective counsel and shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either party. Landlord and Tenant each acknowledges that it has read this Lease in its entirety, that it understands all of the terms and provisions hereof, and that it has had the opportunity to consult with counsel of its choice regarding the meaning and effect of this Lease.

SECTION 17.16. Survival of Obligations. Any obligations of Landlord or Tenant occurring or accruing prior to the expiration or earlier termination of this Lease shall survive such expiration or termination, including without limitation: (a) Tenant's obligation to pay rent and other monetary amounts due for any period prior to termination; (b) all indemnification obligations under this Lease, including those set forth in Sections 3.02, 3.03, 7.04, and 9.03; (c) Tenant's obligations with respect to the condition and surrender of the Premises under Section 6.01; (d) Landlord's obligations with respect to any refund or credit of rent payments under Section 12.05, if applicable; (e) the post-purchase use restrictions and Landlord's rights under Section 16.04; (f) the limitation of Landlord's liability under Section 17.10; (g) the jury trial waiver under Section 17.09; (h) the attorneys' fees provision under Section 17.11; (i) confidentiality obligations under Section 17.18; (j) Tenant's obligation to remove or terminate any liens, memoranda of lease, or other encumbrances; and (k) any other obligations that by their nature are intended to survive or continue after the expiration or termination of this Lease.

SECTION 17.17. Landlord's Consent. Except where this Lease expressly provides that Landlord's consent shall not be unreasonably withheld, conditioned, or delayed, wherever in this Lease Landlord's consent, approval, judgment, determination, acceptance, satisfaction, or similar action or decision is required or permitted, Landlord shall have the absolute and sole right to grant or withhold such consent or approval, exercise such judgment or make such determination, grant or withhold such acceptance or satisfaction, or take or decline to take such action or make such decision, in each case in Landlord's sole and absolute discretion and for any reason or for no reason. No consent or approval by Landlord shall constitute a waiver of the requirement to obtain Landlord's consent or approval for any subsequent or similar action or matter. Tenant acknowledges that in entering into this Lease, Tenant is not relying on any expectation that Landlord will grant any consent, approval, or waiver in the future, and Tenant assumes the risk that Landlord may exercise its sole and absolute discretion in any manner permitted by this Lease.

SECTION 17.18. Confidentiality. Each party agrees to keep confidential the terms of this Lease, including all financial terms, rent amounts, the Purchase Price, rent credits, and any other non-public information disclosed by the other party in connection with this Lease. Neither party shall disclose such information to third parties except: (a) to its attorneys, accountants, lenders, and other professional advisors; (b) to its officers, directors, board members, and employees with a need to know; (c) as required by law, court order, or governmental authority; (d) in connection with litigation between the parties; (e) with respect to Tenant, to its Charter School Authorizing Agency as required by law; or (f) with respect to Landlord, disclosures required by reason of Landlord's status as a public charity, including without limitation disclosures required under Section 6033 of the Internal Revenue Code, state charitable solicitation or registration laws, or other applicable laws governing public charities. Neither party shall issue any press release or public announcement regarding this Lease without the prior written consent of the other party. The obligations under this Section shall survive termination of this Lease for five (5) years, except the obligation to maintain confidentiality of the financial terms shall survive indefinitely. Breach of this Section may be remedied by injunctive relief in addition to monetary damages.

[SIGNATURE PAGE FOLLOWS]

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

TENANT:

HARDING CHARTER PREPARATORY SCHOOL DISTRICT, INC, an Oklahoma nonprofit corporation

By: ______________________________
Name: ______________________________
Title: ______________________________

LANDLORD:

KLS LEASING II, LLC, a Delaware limited liability company

By: ______________________________

Laura Fiemann, Vice President

EXHIBIT A

LEGAL DESCRIPTION AND PREMISES IDENTIFICATION

Property Address:

6100 N. Francis Avenue, Oklahoma City, Oklahoma 73118

Legal Description:

Lots 1 through 30 in Block 118, and Lots 1 through 30 in Block 119, of AMENDED PLAT OF NORTH OKLAHOMA CITY ADDITION to Oklahoma City, Oklahoma County, Oklahoma, according to the plat recorded in Book 7 of Plats, Page 85

Parcel Number(s):

EXHIBIT B

LANDLORD'S WORK LETTER

Capitalized terms not defined in this Exhibit shall have the meanings assigned in the Lease. This Exhibit governs the scope, construction process, schedule, cost treatment, warranty, and all other aspects of the Landlord's Work referenced in Section 1.04 of the Lease. The completion of Landlord's Work, issuance of the certificate of occupancy, and Substantial Completion will trigger the Rent Commencement Date to be memorialized in **Exhibit C**, and all costs incurred will be documented in the Baseline Purchase Price Statement incorporated into **Exhibit F**. Tenant acknowledges that Landlord retains sole and absolute control over all aspects of the Landlord's Work, and Tenant's rights to review or comment on any matter are strictly limited to those expressly set forth herein and do not create any right of approval unless specifically stated.

1. **Scope of Landlord's Work**. Landlord shall construct or cause to be constructed the improvements described on **Exhibit B-1** attached hereto (the "**Landlord's Work**"). **Exhibit B-1** shall include a description of the scope of work, including identification of major building systems, square footage, site work, and any items specifically excluded from Landlord's Work. Except as expressly set forth on **Exhibit B-1**, Landlord shall have no obligation to perform any construction, installation, or improvement to the Premises. Landlord shall control the design development, contractor selection, sequencing, construction means and methods, and overall project management of the Landlord's Work.

2. **Plans and Approvals**. Capitalized terms used in this Exhibit and not otherwise defined in the Lease shall have the meanings assigned to them in this Exhibit. Landlord shall prepare or cause to be prepared final architectural and engineering plans and specifications (the "**Plans**") consistent with **Exhibit B-1**. Landlord shall provide Tenant with one opportunity to review the Plans for informational purposes. Tenant shall provide written comments, if any, within three (3) Business Days after receipt. Any comments must be specific and in writing. Failure to respond within such three (3) Business Day period shall constitute Tenant's irrevocable approval and acceptance of the Plans. Landlord shall have sole and absolute discretion to accept, reject, or modify any comments provided by Tenant. Landlord shall retain final and exclusive authority over all matters relating to the Plans, including without limitation: code compliance, constructability, structural integrity, building systems, cost control, aesthetic choices, materials selection, and construction scheduling. Tenant's review and comment rights are advisory only and do not constitute approval rights. Landlord may proceed with construction based on the Plans at any time after the earlier of (i) Tenant's written approval, (ii) the expiration of the three (3) Business Day review period, or (iii) Landlord's determination in its sole discretion that the Plans are final.

3. **Target Completion Date**. Landlord shall use commercially reasonable efforts to achieve Substantial Completion of the Landlord's Work on or before ____________, 20__ (the "**Target Completion Date**"), subject to Force Majeure Delays and Tenant Delays. The Target Completion Date is an estimate only and is not a guaranteed completion date. Time is not of the essence with respect to Landlord's completion of the Landlord's Work. Failure to achieve Substantial Completion by the Target Completion Date shall not constitute a default by Landlord or breach of this Lease under any circumstances, including if caused by Landlord's contractors, subcontractors, or suppliers. Tenant expressly waives and releases any and all claims for damages, compensation, rent abatement, lease termination, or other remedy arising from or related to any delay in achieving Substantial Completion, including, without limitation, any claims for consequential damages, lost profits, business interruption, or delay damages of any kind, regardless of the cause of such delay. The Target Completion Date shall be automatically extended day-for-day for any Force Majeure Delays or Tenant Delays, and Landlord shall provide written notice to Tenant of any such extension, which notice may be provided at any time during or after the delay.

4. **Substantial Completion**. "**Substantial Completion**" shall occur upon: (i) completion of the Landlord's Work in substantial accordance with the Plans such that the Premises are suitable for Tenant's occupancy and use as a charter school, subject only to minor punchlist items that do not materially interfere with Tenant's ability to open and operate the charter school; and (ii) issuance of a temporary or permanent certificate of occupancy for the Premises permitting lawful occupancy for use as a school. Minor incomplete, corrective, cosmetic, or aesthetic items, landscaping punch items, or non-material deficiencies shall not prevent Substantial Completion. Substantial Completion shall be deemed to have occurred, regardless of whether all punchlist items are complete, upon the earliest of: (a) Tenant's occupancy of any portion of the Premises for the conduct of business or the operation of a charter school; (b) Tenant's acceptance of the keys or access to the Premises; (c) Tenant's installation of any furniture, fixtures, equipment, or other personal property in the Premises; or (d) the opening of the charter school to students. Upon Substantial Completion (whether actual or deemed), Landlord may deliver written notice to Tenant. Within three (3) business days after receiving any such notice or after deemed Substantial Completion occurs, the parties may conduct a joint walk-through inspection if Tenant so requests. Tenant shall deliver a written punchlist within two (2) business days after the walk-through, or if Tenant does not request a walk-through, within two (2) business days after Landlord's notice of Substantial Completion or deemed Substantial Completion. Any item, condition, or deficiency not specifically identified in writing on the punchlist shall be conclusively deemed accepted by Tenant and forever waived. Tenant shall have no right to withhold, offset, or reduce rent due to any punchlist item or any other aspect of the Landlord's Work. Punchlist items shall be limited to: (i) items specifically shown on the Plans that are incomplete or not installed; (ii) building systems or equipment that are not functional or operational; and (iii) life safety systems that are not operational. Punchlist items shall not include aesthetic preferences, design changes, cosmetic imperfections, or any matter that does not materially impair the functionality of the Premises for operation as a charter school.

5. **Completion of Punchlist Items**. Landlord shall use commercially reasonable efforts to complete bona fide punchlist items within sixty (60) days after Substantial Completion, but shall have no obligation to complete any punchlist item that: (i) was not timely included in Tenant's written punchlist delivered within three (3) business days after the walk-through; (ii) is aesthetic, cosmetic, or decorative in nature; (iii) does not materially impair the functionality of the building systems or the Premises; (iv) relates to materials, finishes, or design elements that are substantially equivalent to or reasonably similar to those shown on the Plans, even if not identical; or (v) was caused by Tenant, Tenant's agents, contractors, employees, or invitees. The existence or non-completion of any punchlist items shall not delay or excuse Tenant's obligation to pay rent commencing on the Rent Commencement Date, shall not constitute a default by Landlord, and shall not give Tenant any right to terminate this Lease, withhold or offset rent, or pursue any other remedy. Tenant's sole remedy for Landlord's failure to complete any valid punchlist item shall be to complete such item itself at its own cost and expense, and Tenant shall have no right to reimbursement or offset against rent. Landlord may, in its sole discretion, elect to pay Tenant a credit or allowance in lieu of completing any punchlist item, which credit or allowance shall be determined by Landlord in its reasonable discretion based on the estimated cost to complete such item.

6. **Tenant Delays**. "**Tenant Delay**" means any delay in the design, permitting, or construction of the Landlord's Work caused in whole or in part by: (i) failure to timely review, comment on, or approve (or be deemed to have approved) Plans, specifications, or other submissions; (ii) any requested changes, revisions, or modifications to the Plans or Landlord's Work; (iii) failure to provide required information, documentation, decisions, or access within the timeframes specified herein or as reasonably requested by Landlord; (iv) any interference with construction, including visiting the site, communicating with contractors or suppliers, or requesting information or updates; (v) failure to perform any obligations assigned to Tenant under this Exhibit or the Lease; (vi) Tenant-requested materials, equipment, finishes, long-lead items, specialty equipment, or any other request that extends the schedule; (vii) any act, omission, delay, or request by Tenant or its board members, officers, employees, agents, contractors, consultants, or

representatives; (viii) any requirement imposed by Tenant's lender or any other third party at Tenant's request; (ix) any governmental requirement, approval, or inspection triggered by Tenant's specific use requirements (as opposed to building code requirements for a school generally); or (x) Tenant's early access to or occupancy of the Premises prior to Substantial Completion. Each day of Tenant Delay shall extend the Target Completion Date and the Rent Commencement Date on a day-for-day basis. Landlord's determination of the occurrence and duration of any Tenant Delay shall be final and binding absent manifest error. Tenant shall reimburse Landlord within ten (10) days after invoice for any additional costs incurred by Landlord as a result of any Tenant Delay, including extended general conditions, additional fees charged by contractors, storage costs, and financing carry costs.

7. **Force Majeure Delays**. "**Force Majeure Delay**" means any delay in the design, permitting, or construction of the Landlord's Work resulting from events or circumstances beyond Landlord's reasonable control, including without limitation: labor shortages or disputes, supply chain disruptions, material shortages or allocation, unavailability of materials or equipment, weather events (including conditions that delay outdoor work or deliveries), soil or subsurface conditions, governmental restrictions or requirements, permit or plan review delays, utility delays or unavailability, strikes, pandemics, epidemics, public health emergencies, acts of God, fire, casualty, civil unrest, terrorism, war, changes in law, environmental issues or contamination discovered at the site, unavailability of contractors or subcontractors, contractor or subcontractor defaults or delays, design errors or omissions, requests for information (RFIs) requiring resolution, unforeseen conditions, or any other force majeure events. The Target Completion Date and the Rent Commencement Date shall be automatically extended for the duration of any Force Majeure Delay. Landlord shall have no liability to Tenant for any Force Majeure Delay, and Tenant waives any and all claims arising from or related to any such delay.

8. **Cost of Landlord's Work; Inclusion in Purchase Price**. All costs incurred by Landlord in completing the Landlord's Work shall be included in the calculation of the Purchase Price pursuant to Section 16.02(a) of the Lease and **Exhibit F**. Such costs include, without limitation: (i) architectural, engineering, and design fees; (ii) permits, plan review fees, impact fees, and governmental charges; (iii) utility connection and extension costs; (iv) contractor and subcontractor costs; (v) materials and equipment; (vi) testing and inspection costs; (vii) insurance and bonding; (viii) construction management and project management fees; (ix) construction period interest and carrying costs; (x) reasonable overhead and administrative costs directly allocable to the project; (xi) any costs resulting from Tenant Delays; (xii) any costs resulting from unforeseen conditions, changes in law, or Force Majeure events; and (xiii) any other hard or soft cost related to the Landlord's Work. Tenant acknowledges that it has no obligation to pay separately for the Landlord's Work, but that such costs shall be reflected in the final Purchase Price and amortized through Base Rent payments during the Term. Tenant further acknowledges and agrees that: (a) the cost estimate for Landlord's Work provided in **Exhibit F** is an estimate only and is not a guaranteed maximum price; (b) actual costs may exceed the estimate for any reason; (c) Landlord has no obligation to limit costs to any particular amount; (d) all actual costs incurred shall be included in the Purchase Price regardless of the amount; and (e) if at any time Landlord reasonably determines that the cost of Landlord's Work will materially exceed the estimate (by more than ten percent (10%)), Landlord may, in its sole discretion, elect to: (i) suspend or stop work and require Tenant to either approve the increased Purchase Price or accept a reduced scope of work; (ii) proceed with the work and increase the Purchase Price accordingly; or (iii) terminate this Lease upon sixty (60) days' written notice to Tenant, in which case neither party shall have any further obligation to the other except for obligations that expressly survive termination.

9. **Changes to Landlord's Work**. No change, modification, addition, or revision to the Landlord's Work or the Plans shall be made without Landlord's prior written approval, which approval may be granted or withheld in Landlord's sole and absolute discretion. If Tenant requests any change: (i) the request must be in writing and must specify in detail the requested change; (ii) Landlord shall have no obligation to respond to or consider the request; (iii) if Landlord elects to consider the request, Landlord

shall provide an estimate of cost and schedule impact in Landlord's sole discretion; (iv) Tenant must approve the cost and schedule impact in writing and pre-pay the estimated cost increase before Landlord is obligated to proceed; (v) all additional costs (including the estimated cost plus any actual cost overruns) shall be included in the Purchase Price pursuant to Section 16.02(a) and **Exhibit F**; (vi) any resulting delay shall constitute a Tenant Delay and shall extend the Target Completion Date and Rent Commencement Date accordingly; and (vii) Tenant shall have no right to rescind or cancel any change order once approved and work has commenced. Landlord shall not be obligated to approve or implement any change that: (a) materially affects structural systems, building systems, code compliance, or the building envelope; (b) increases costs or extends the schedule; (c) affects Landlord's financing requirements, lender approvals, or budget; (d) requires redesign or re-permitting; or (e) is not consistent with the intended use of the Premises as a charter school. Landlord may make any changes to the Plans or Landlord's Work that Landlord deems necessary or appropriate without Tenant's consent, including without limitation changes required for code compliance, constructability, cost control, or to address unforeseen conditions, provided such changes do not materially and adversely alter the overall functionality of the Premises for use as a charter school.

10. **Limited Warranty; Post-Warranty Responsibility**. Landlord shall use commercially reasonable efforts to cause the general contractor and major subcontractors to provide standard warranties against defects in workmanship and materials for a period of one (1) year after Substantial Completion (the "**Warranty Period**"). Landlord makes no representation that any particular warranty will be provided or that any warranty will cover any particular item, system, or component. Landlord's sole obligation with respect to any contractor or supplier warranties shall be to assign or pass through such warranties to Tenant, if and to the extent assignable, upon Tenant's written request. Tenant acknowledges and agrees that: (i) any warranty provided by a contractor, subcontractor, supplier, or manufacturer is provided by such third party, not by Landlord; (ii) Landlord makes no representation or warranty concerning the validity, enforceability, scope, or adequacy of any third-party warranty; (iii) Tenant's sole remedy for any defect or deficiency in the Landlord's Work during the Warranty Period is to pursue a claim directly against the contractor, subcontractor, supplier, or manufacturer under any applicable warranty, and Landlord shall have no obligation to enforce, prosecute, or facilitate any such warranty claim on Tenant's behalf (although Landlord may elect to do so in its sole discretion); (iv) Landlord shall have no liability for any failure of a contractor, subcontractor, supplier, or manufacturer to honor or perform under any warranty; and (v) routine maintenance, normal wear and tear, consumables, and any damage caused by Tenant or Tenant's use of the Premises are excluded from any warranty and are Tenant's sole responsibility from and after Substantial Completion. EXCEPT FOR THE FOREGOING LIMITED WARRANTY PASSTHROUGH, AND EXCEPT AS EXPRESSLY PROVIDED IN THIS EXHIBIT OR THE LEASE, LANDLORD MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, REGARDING THE CONDITION, QUALITY, SUITABILITY, FITNESS FOR ANY PURPOSE, DESIGN, CONSTRUCTION, WORKMANSHIP, MATERIALS, OR COMPLIANCE WITH LAWS OF THE LANDLORD'S WORK OR THE PREMISES. LANDLORD EXPRESSLY DISCLAIMS ALL WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR HABITABILITY. Upon expiration of the Warranty Period (as referenced in Section 3.01 of the Lease), Tenant shall be solely and exclusively responsible for all maintenance, repair, replacement, and capital improvements relating to the Landlord's Work and the Premises in accordance with Article V of the Lease, without any right of contribution, indemnity, or reimbursement from Landlord.

11. **No Separate Agreement; Lease Controls**; Final Acceptance. This Exhibit is part of the Lease and is not a separate construction or design agreement. In the event of a conflict between this Exhibit and the Lease, the Lease shall control unless expressly stated otherwise. Tenant acknowledges and agrees that: (i) Tenant has no right to participate in, supervise, direct, or control the construction of the Landlord's Work; (ii) Tenant has no right of access to the Premises or the construction site at any time prior to Substantial Completion without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion; (iii) Landlord owes no duty to Tenant with respect to the means, methods,

techniques, sequences, or procedures of construction; (iv) Tenant has no privity of contract with any contractor, subcontractor, supplier, or design professional engaged by Landlord; and (v) Tenant's rights with respect to the Landlord's Work are strictly and exclusively limited to those expressly set forth in this Exhibit and the Lease. Upon the earlier of (a) Tenant's occupancy of the Premises, (b) the Rent Commencement Date, or (c) Tenant's execution of the Rent Commencement Date Memorandum (**Exhibit C**), Tenant shall be deemed to have accepted the Premises and the Landlord's Work in their then-current condition (subject only to valid punchlist items timely submitted in accordance with Section 4 above), and such acceptance shall constitute Tenant's acknowledgment that the Landlord's Work has been completed in accordance with this Exhibit and the Lease and that Landlord has satisfied all of its obligations with respect to the Landlord's Work, except for completion of valid punchlist items. From and after such acceptance, Tenant waives and releases any and all claims against Landlord relating to the Landlord's Work, the design or construction of the improvements, or the condition of the Premises, except for claims arising from Landlord's failure to complete valid punchlist items during the Warranty Period.

EXHIBIT B-1

DESCRIPTION OF THE LANDLORD'S WORK

[To Be Attached]

EXHIBIT C

[TO BE COMPLETED BY LANDLORD AND TENANT PURSUANT TO SECTION 1.02]

RENT COMMENCEMENT DATE MEMORANDUM

This Rent Commencement Date Memorandum ("**Memorandum**") is executed pursuant to Section 1.02 of that certain Lease Agreement dated _________________, 2026 (the "**Lease**"), by and between **KLS LEASING II, LLC**, a Delaware limited liability company ("**Landlord**"), and **HARDING CHARTER PREPARATORY SCHOOL DISTRICT, INC**, an Oklahoma nonprofit corporation ("**Tenant**"), concerning the Premises located at 6100 N. Francis Avenue, Oklahoma City, Oklahoma 73118 and legally described in **Exhibit A**. The parties hereby confirm and agree as follows:

1. **Rent Commencement Date**. The Rent Commencement Date is: _________________________, 2026. Tenant's obligation to pay Base Rent under the Lease commences on the Rent Commencement Date.

2. **Lease Term Dates**.

a. *Effective Date* (Lease execution): _________________________, 2026.
b. *Rent Commencement Date*: _________________________, 2026.
c. *Expiration Date*: _________________________, 2031. Unless sooner terminated or extended as provided in the Lease, the Term shall expire on the Expiration Date.

3. **Certificate of Occupancy**. The certificate of occupancy for the Premises was issued on _________________________, 2026.

4. **First Rent Payment**. The first Base Rent payment is due on: _________________________, 2026.

5. **Rent Schedule**. The parties hereby confirm and finalize the Rent Schedule, which is attached hereto and shall hereafter constitute and serve as **Exhibit D**.

6. **Incorporation by Reference**. All capitalized terms used but not defined herein have the meanings set forth in the Lease. This Memorandum is attached to and made a part of the Lease.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Memorandum as of ____________________________, 2026.

TENANT:

HARDING CHARTER PREPARATORY SCHOOL DISTRICT, INC, an Oklahoma nonprofit corporation

By: ______________________________
Name: ______________________________
Title: ______________________________

LANDLORD:

KLS LEASING II, LLC, a Delaware limited liability company

By: ______________________________
Laura Fiemann, Vice President

EXHIBIT D

BASE RENT SCHEDULE

Year 1 Base Rent is fixed while Years 2-5 Base Rent is variable as described below.

Year 1 Base Rent shall be a fixed annual amount of $50,000.00 ("**Year 1 Fixed Rent**"), payable in equal quarterly installments of $12,500.00 payable quarterly during Lease Year 1.

Commencing with Lease Year 2 and continuing through the remainder of the Term, Base Rent for each Lease Year shall equal twelve percent (12%) of the total annual amount received by Tenant from state and local government sources to fund Tenant's operations during the immediately preceding Lease Year ("**Government Funding Receipts**"), as determined and documented in accordance with the following provisions:

1. Determination of Government Funding Receipts. "Government Funding Receipts" means all funds received by Tenant from state and local governmental sources during a Lease Year to fund Tenant's educational operations at the Premises, including, without limitation, per-pupil state aid, local district pass-through funding, state categorical funding, and any other recurring governmental appropriations or allocations attributable to Tenant's student enrollment and operations. Government Funding Receipts shall exclude: (a) federal grant funds; (b) private grants or donations; (c) one-time or non-recurring governmental grants; and (d) capital funding not allocated to operations.

2. Annual Certification. No later than September 1st of each Lease Year (beginning with Lease Year 2), Tenant shall deliver to Landlord a written certification, signed by an authorized officer of Tenant and accompanied by supporting documentation (including audited financials or official government funding statements), setting forth the total Government Funding Receipts for the immediately preceding Lease Year and the resulting Base Rent calculation for the current Lease Year.

3. Quarterly Installments. Base Rent for Lease Years 2 through 5 shall be payable in equal quarterly installments, calculated based on the certified Government Funding Receipts for the preceding Lease Year. Pending delivery of Tenant's annual certification, Tenant shall continue to pay quarterly installments at the prior Lease Year's rate, with a true-up payment (or credit) due within thirty (30) days after the certification is delivered.

4. Landlord Audit Right. Landlord shall have the right, upon reasonable prior written notice, to audit or review Tenant's books, records, and governmental funding documentation to verify the accuracy of any Government Funding Receipts certification. If an audit reveals an underpayment of Base Rent, Tenant shall pay the deficiency within fifteen (15) days after written demand, together with interest at the rate of ten percent (10%) per annum from the date such amount was due. The cost of any audit revealing an underpayment of five percent (5%) or more shall be borne by Tenant.

[NOTE: The Rent Commencement Date shall be established pursuant to Section 1.02 by written memorandum attached as **Exhibit C**. The Base Rent Schedule periods shown above shall be calculated from the Rent Commencement Date established in **Exhibit C**.]

The Base Rent amounts set forth above are established for the Term of the Lease. Base Rent is due and payable in advance on the first day of each calendar quarter during the Term, as provided in Section 2.01.

EXHIBIT E

[COMPLIANCE AGREEMENT]

EXHIBIT F

PURCHASE PRICE AND RENT CREDIT LEDGER

This Exhibit provides the templates and ledger format for tracking the Purchase Price and Rent Credits as defined in Section 16.02 of the Lease. All capitalized terms used herein have the meanings set forth in Section 16.02 unless otherwise defined. For the substantive rules governing Purchase Price calculation, Rent Credits, Reducing Rent Payments, Non-Reducing Rent Payments, and related matters, refer to Section 16.02 of the Lease, which controls in the event of any conflict.

This Exhibit sets forth the estimated and final Purchase Price for the Premises, the rent credit schedule, and the net purchase price due at closing. This Exhibit shall be updated and amended periodically as provided herein.

I. BASELINE PURCHASE PRICE (Post-Certificate of Occupancy)

The following is the initial estimated Purchase Price based on projected costs as of the Effective Date:

TOTAL PURCHASE PRICE: $__________

II. ONGOING PURCHASE PRICE ADJUSTMENTS DURING THE TERM

Pursuant to Section 16.02(b) and Section 5.01(d) of the Lease, the Purchase Price shall be adjusted during the Term to account for all costs incurred by Landlord after the certificate of occupancy date and Reducing Rent Payments.

[TO BE UPDATED ANNUALLY DURING THE TERM]

Date of Update: __________

Cumulative Post-Certificate of Occupancy Costs Added to Purchase Price:

(a) Tenant-Requested Changes (Section 1.04(f)): $__________

(b) Other Costs Incurred After Certificate of Occupancy: $__________

TOTAL POST-CERTIFICATE OF OCCUPANCY ADDITIONS
(excluding Landlord Maintenance - see Section V): $__________

CURRENT PURCHASE PRICE CALCULATION:

Baseline Purchase Price (from Section I):	$__________
Plus: Post-Certificate of Occupancy Additions (Section II):	$__________
Plus: Landlord Maintenance Costs:	$__________
CURRENT TOTAL PURCHASE PRICE (before rent credits):	$__________
Less: Total Reducing Rent Payments (cumulative):	($__________)
NET PURCHASE PRICE DUE AT CLOSING (current):	$__________

For informational Purposes: Total Non-Reducing Rent Payments (not credited): $__________

LEASE AGREEMENT

THIS LEASE AGREEMENT ("**Lease**") is made as of ________________ (the "**Effective Date**"), by and between **KLS LEASING II, LLC,** a Delaware limited liability company, whose principal address for notice is P.O. Box 2030, Bentonville, Arkansas 72712, Attn: Laura Fiemann ("**Landlord**") and **HARDING CHARTER PREPARATORY SCHOOL DISTRICT, INC**, an Oklahoma nonprofit corporation, whose principal address for notice is 12600 N. Kelley Avenue, Oklahoma City, Oklahoma 73131 Attn: Steven Stefanik ("**Tenant**").

RECITALS

WHEREAS, Landlord is a Delaware limited liability company organized and operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is committed to supporting access to quality public education through charter schools;

WHEREAS, Tenant is a nonprofit corporation operating, or intending to operate, an open enrollment charter school pursuant to the Oklahoma Charter Schools Act, 70 Okla. St. Ann. § 3-130 et seq., and is dedicated to providing high-quality educational opportunities to students in the community;

WHEREAS, Landlord recognizes that charter schools such as Tenant face significant barriers to obtaining suitable facilities due to limited access to capital, difficulty securing traditional financing, and the high cost of acquiring, developing, and improving real property for use as school facilities;

WHEREAS, Landlord has established a charitable program to assist qualified charter schools in obtaining and eventually owning suitable school facilities that such schools would not otherwise be able to afford or acquire;

WHEREAS, as part of its charitable mission and program, Landlord is willing to acquire, develop, and improve the Premises, lease the Premises to Tenant on below-market terms that include rent credits toward the purchase price, and provide Tenant with an option to purchase the Premises, thereby enabling Tenant to operate its charter school and ultimately acquire ownership of a facility that Tenant could not otherwise afford through conventional financing or market-rate lease arrangements;

WHEREAS, this Lease is structured as a rent-credit lease under which a portion of Tenant's rental payments will be credited toward the purchase price if Tenant exercises its option to purchase, with the rent credits and below-market rental structure constituting a charitable benefit provided by Landlord to further its exempt charitable and educational purposes;

WHEREAS, the parties intend that this Lease and the transactions contemplated hereby shall constitute a charitable program operated by Landlord for the benefit of Tenant and the students and community served by Tenant's charter school, and not a commercial real estate transaction;

WHEREAS, in consideration of the substantial charitable benefit being provided by Landlord, Tenant agrees to operate the Premises exclusively as an open enrollment charter school, maintain high standards of academic, financial, and operational performance, and comply with all terms and conditions of this Lease, including the performance standards set forth herein; and

WHEREAS, Landlord and Tenant desire to enter into this Lease upon the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

Article I
GRANT AND TERM

SECTION 1.01. Premises. In consideration of the rents, covenants, and agreements hereinafter contained, Landlord leases to Tenant, and Tenant, subject to the terms and conditions contained in this Lease, leases and rents from Landlord, that property with an address of 6100 N. Francis Avenue, Oklahoma City, Oklahoma 73118 and legally described on **Exhibit A** attached hereto together with all improvements located thereon and all improvements to be constructed by Landlord pursuant to the Landlord Work Letter attached hereto as **Exhibit B** (hereinafter the "**Premises**").

SECTION 1.02. Commencement and Ending Date of Term. The term of this Lease (the "**Term**") shall commence on the Effective Date and shall end on the fifth (5^{th}) anniversary of the Rent Commencement Date (as defined below) (the "**Expiration Date**"), unless sooner terminated or extended as provided herein. The "**Rent Commencement Date**" shall be the date established by a written memorandum executed by Landlord and Tenant following Landlord's Substantial Completion (as defined in **Exhibit** B, Section 4) of the Landlord's Work and issuance of a certificate of occupancy for the Premises, which memorandum shall be attached to this Lease as **Exhibit C**. Concurrently with the execution of **Exhibit C**, the parties shall finalize and attach the Rent Schedule (as defined in Section 2.01(a)) as **Exhibit D**, setting forth the specific lease year periods, annual Base Rent amounts, and quarterly installment amounts calculated from the Rent Commencement Date. Tenant's obligation to pay rent hereunder shall commence on the Rent Commencement Date. At or prior to the end of the Term of the Lease, Landlord and Tenant may agree to extend the term of the Lease upon such terms and conditions (including, without limitation, base rent and other economic terms) as may be negotiated and mutually agreed upon in writing, in their sole discretion.

SECTION 1.03. Permitted Use. Unless otherwise approved by Landlord, in Landlord's sole discretion, the Premises shall be used solely for the operation of an open enrollment charter school under charters granted pursuant to the Oklahoma Charter Schools Act, 70 Okla. St. Ann. § 3-130 et. seq. Tenant acknowledges that Landlord's rent is based on Tenant's use and operation of the Premises, and, as such, this Lease shall be deemed to include and incorporate an express obligation for Tenant to at all times throughout the term of this Lease be continuously open and operating as an open enrollment charter school. As used in this Lease: (a) "**Open Enrollment Charter School**" means a public charter school operating pursuant to the Oklahoma Charter Schools Act, 70 Okla. St. Ann. § 3-130 et seq., that is open to all students on a space-available basis without discriminatory enrollment requirements; (b) "**Charter School Authorizing Agency**" or "**Authorizing Agency**" means the entity or entities responsible for granting, overseeing, renewing, or revoking Tenant's charter pursuant to applicable Oklahoma law, which may include but is not limited to the Oklahoma Statewide Charter School Board or a local school district board of education; (c) "**Good Standing**" means that Tenant is in full compliance with all applicable requirements of its Charter School Authorizing Agency, including academic, financial, and operational standards, is not subject to probation, corrective action, or any similar status of concern, and has not had its charter modified, conditioned, or threatened with non-renewal or revocation; (d) "**Projected Full Enrollment**" means the enrollment target set forth in the Compliance Agreement for the final year of the initial Term, representing the school's planned maximum student capacity; (e) "**Commercially Reasonable Efforts**" means efforts that are reasonable in light of the circumstances, consistent with industry standards and practices for similar charter school facilities, but that do not require the expenditure of amounts that are disproportionate to the benefit to be achieved or the assumption of material financial risk; (f) "**Material**" means, when used to describe a breach, default, violation, failure, condition, or other matter under this Lease, something that is significant and substantial in nature and effect, including without limitation: (i) any breach or failure that results in, or is reasonably likely to result in, significant financial harm to Landlord, impairment of Landlord's rights under this Lease, or diminution in the value or condition of the Premises; (ii) any breach or failure that substantially interferes with Tenant's ability to operate the Premises as an Open Enrollment Charter School; (iii) any Core Default as defined in Section 4.02(a); (iv) any failure to pay rent or other monetary obligations exceeding $10,000 in the aggregate; or (v) any other breach or failure that, under the circumstances and considering the purposes of this Lease, would be considered significant by a reasonable landlord or tenant. Whether a matter is "Material" shall be determined based on the totality of the circumstances, and Landlord's good faith determination that a matter is Material shall be given deference absent clear error and (g) "**Public Charity Status**" means Tenant's status as a public charity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or any successor provision(s)), as such status exists on the Effective Date of this Lease.

SECTION 1.04. Landlord's Work.

(a) *Landlord's Obligations*. Landlord agrees to construct, or cause to be constructed, certain improvements to the Premises as more particularly described in the Landlord Work Letter attached hereto as **Exhibit B** and incorporated herein by this reference (the "**Landlord's Work**"). The scope, specifications, schedule, and other terms and conditions governing Landlord's Work shall be as set forth in **Exhibit B**. Landlord shall use Commercially Reasonable Efforts to achieve Substantial Completion (as defined in **Exhibit B**, Section 4) of the Landlord's Work on or before the Target Completion Date (as defined in **Exhibit B**, Section 3) set forth in **Exhibit B**, subject to Force Majeure Delays and Tenant Delays (each as defined in **Exhibit B**, Sections 7 and 6).

(b) *Tenant's Cooperation*. Tenant shall cooperate with Landlord in connection with Landlord's Work, including without limitation: (i) timely reviewing and approving (or disapproving with specific comments) all plans, specifications, and other submissions requiring Tenant's approval under **Exhibit B**; (ii) providing Landlord with timely access to any information, documentation, or decisions necessary for Landlord to complete the Landlord's Work; (iii) refraining from interfering with Landlord's Work or Landlord's contractors; and (iv) performing any obligations specifically assigned to Tenant under **Exhibit B**. Tenant acknowledges that any delay in Tenant's performance of its obligations under this subsection or **Exhibit B** may result in a Tenant Delay (as defined in **Exhibit B**, Section 6), which may extend the Target Completion Date and the Rent Commencement Date.

(c) *Substantial Completion and Punchlist*. Upon Substantial Completion of the Landlord's Work and issuance of a certificate of occupancy for the Premises, Landlord shall provide Tenant with written notice of such Substantial Completion, and the parties shall conduct a walk-through inspection of the Premises to identify any punchlist items ("**Punchlist Items**" means incomplete, corrective, or deficient items of work that do not materially interfere with Tenant's ability to operate the charter school but that remain to be completed or corrected after Substantial Completion). Landlord shall use Commercially Reasonable Efforts to complete all Punchlist Items within sixty (60) days after Substantial Completion, but the existence of Punchlist Items shall not delay the Rent Commencement Date, provided that such Punchlist Items do not materially interfere with Tenant's ability to operate the charter school. The procedures for determining Substantial Completion, conducting the walk-through, and completing Punchlist Items shall be as set forth in **Exhibit B**.

(d) *Cost and Inclusion in Purchase Price*. All costs incurred by Landlord in completing the Landlord's Work, including without limitation design, engineering, permitting, construction, project management, and all other hard and soft costs, shall be included in the calculation of the Purchase Price pursuant to Section 16.02(a) and **Exhibit F**. Tenant shall have no obligation to pay separately for Landlord's Work, but acknowledges that such costs will be reflected in the final Purchase Price and will be amortized through the Base Rent payments over the Term.

(e) *No Landlord Warranty*. Except as expressly provided in **Exhibit B** with respect to the warranty period for Landlord's Work, Landlord makes no representation or warranty concerning the condition, suitability, or fitness for any purpose of the Landlord's Work or the Premises. Following the expiration of any warranty period set forth in **Exhibit B**, Tenant shall be solely responsible for all maintenance, repair, and replacement of all improvements comprising the Landlord's Work, in accordance with Article V of this Lease.

(f) *Changes to Landlord's Work*. Any changes, modifications, or additions to the scope of Landlord's Work as described in **Exhibit B** shall be subject to Landlord's prior written approval and shall be governed by the change order procedures set forth in **Exhibit B**. Any additional costs resulting from Tenant-requested changes shall be added to the Purchase Price as provided in Section 16.02(a) and **Exhibit F**.

Article II
RENT

SECTION 2.01. Base Rent.

(a) *Payment of Base Rent*. Commencing on the Rent Commencement Date, Tenant agrees to pay to Landlord, without any prior demand therefor and without any deduction or set-off whatsoever, fixed base rent ("**Base Rent**") in the amounts set forth on **Exhibit D** attached hereto and incorporated herein by this reference (the "**Rent Schedule**"). Base Rent shall be due and payable in arrears, quarterly on the first (1st) day of August, November, February and May during the Term, in equal quarterly installments corresponding to the annual amounts set forth on the Rent Schedule and shall be paid by wire transfer or ACH to such account as Landlord may designate from time to time. If the Rent Commencement Date does not fall on the first day of a calendar quarter, Base Rent for the initial partial quarter shall be prorated and paid in accordance with Section 2.01(c). If Landlord issues an invoice, such invoice shall be for the parties' administrative convenience only and shall not be a condition to Tenant's obligation to timely pay Base Rent as required herein.

(b) *Late Charges and Interest*. If any Base Rent payment is not received within ten (10) days after the date when due, Tenant shall pay Landlord a late charge equal to four percent (4%) of the overdue amount. Additionally, all overdue Base Rent and other amounts due under this Lease shall bear interest at the rate of ten percent (10%) per annum (or the maximum rate permitted by applicable law, if less) from the due date until paid.

(c) *Proration*. Base Rent for any partial quarter at the beginning or end of the Term shall be prorated on a per diem basis and shall be due and payable on the first (1st) day of such partial quarter (or, if later, on the Rent Commencement Date). If the Rent Commencement Date occurs on a day other than the first (1st) day of a calendar quarter, or if this Lease terminates on a day other than the last day of a calendar quarter, then Base Rent for such partial quarter shall be prorated as provided in this subsection and shall be due and payable as part of the first or last, as applicable, installment of Base Rent.

(d) *Security Deposit*. No security deposit is required.

(e) *Operating Expense Charges*. "**Operating Expense Charges**" means all costs and expenses relating to the Premises that Tenant is required to reimburse to Landlord under this Lease, including: (a) property insurance premiums paid by Landlord pursuant to Section 7.02(a) and reimbursed by Tenant pursuant to Section 7.02(c); and (b) at Landlord's election, real estate taxes and assessments paid by Landlord with respect to the Premises pursuant to Section 2.02(b) (to the extent not paid directly by Tenant or separately invoiced by Landlord under Section 2.02). Operating Expense Charges shall be invoiced and paid in accordance with the procedures set forth in the applicable sections of this Lease. Landlord may invoice Tenant for Operating Expense Charges on a monthly estimated basis with annual reconciliation, or may invoice the full annual amount upon renewal or payment, at Landlord's option. Tenant shall pay all Operating Expense Charges invoices within thirty (30) days after receipt. Tenant's obligation to pay Operating Expense Charges is absolute and unconditional, without right of setoff, counterclaim, or deduction. For the avoidance of doubt, Operating Expense Charges do not include costs incurred by Landlord for Landlord's Maintenance Items under Section 5.01(a), which costs are instead added to the Purchase Price pursuant to Section 5.01(d).

SECTION 2.02. Taxes. It is the belief and intent of both Landlord and Tenant that so long as the Premises are used for the purposes enumerated in this Lease, no ad valorem, special assessment or any other taxes (singularly, "**Tax**" and collectively, "**Taxes**") are to be levied or assessed against the Premises or Tenant's personal property located thereon or any part thereof by any Oklahoma taxing authority pursuant to Article 10, Section 6 of the Oklahoma Constitution. Notwithstanding the foregoing, in the event an Oklahoma taxing authority levies a Tax or Taxes on such real or personal property, Tenant shall be responsible for the payment of all such Taxes attributable to the Premises during the Term as follows:

(a) *Direct Payment by Tenant*. If Tenant is named as the payor on the tax bill, Tenant shall pay such Taxes directly to the applicable taxing authority on or before the due date.

(b) *Reimbursement to Landlord*. If Landlord is named as the payor on the tax bill, Landlord may either (i) pay such Taxes and invoice Tenant for reimbursement, or (ii) include such Taxes in the Operating Expense Charges. If Landlord invoices Tenant directly for reimbursement, Tenant shall reimburse Landlord within thirty (30) days after receipt of Landlord's invoice, which invoice shall be accompanied by a copy of the tax bill or assessment. Landlord may endeavor to provide such invoice to Tenant prior to the tax payment due date to allow Tenant reasonable time to reimburse Landlord before such due date, but Landlord shall have no obligation to do so, and any failure to provide advance notice shall not relieve Tenant of its reimbursement obligation. Alternatively, and unless otherwise instructed in writing by Landlord, Landlord may direct Tenant to pay such Taxes directly to the taxing authority, in which case Tenant shall make such payment on or before the due date.

(c) *Proration*. Taxes for any partial year at the beginning or end of the Term shall be prorated on a daily basis, with Tenant responsible for Taxes attributable to the portion of the tax year falling within the Term and Landlord responsible for Taxes attributable to the portion of the tax year falling outside the Term. Notwithstanding such proration, as between Landlord and Tenant, Tenant shall be responsible for the payment of all Taxes assessed with respect to the Premises for any period during which Tenant is in possession of the Premises.

(d) *Personal Property Taxes*. Tenant shall be solely responsible for and shall pay when due any and all taxes assessed against Tenant's personal property, furniture, fixtures, equipment, and inventory located on or about the Premises.

(e) *Contest Rights*. Upon at least ten (10) days prior written notice to Landlord and prior to the delinquency of any such Tax, Tenant may contest the levy, assessment, valuation, or amount of any Tax, or the denial of any exemption related thereto, at Tenant's sole expense and in Tenant's name or, if necessary, in Landlord's name with Landlord's prior written consent (which consent shall not be unreasonably withheld). If Tenant exercises such right of contest, Tenant shall, unless excused in writing by Landlord, continue to pay when due all contested Taxes (either directly to the taxing authority or by reimbursing Landlord, as applicable) or, if permitted by applicable law, post a bond or other security acceptable to Landlord and the taxing authority sufficient to prevent any lien from attaching to the Premises.

Landlord shall reasonably cooperate with Tenant in any such contest, and Tenant shall indemnify, defend, and hold Landlord harmless from any and all costs, expenses, liabilities, penalties, and attorney's fees arising from such contest. Landlord shall also have the right, without the consent of Tenant, to contest any Tax, levy, assessment, or the denial by a taxing authority of any exemption related thereto; provided, however, that Tenant shall remain responsible, as between Landlord and Tenant, for the payment of all such Taxes assessed with respect to the Premises during the Term. If both Landlord and Tenant desire to contest the same Tax or assessment, the parties shall cooperate and coordinate their efforts to avoid duplicative proceedings or conflicting positions with the taxing authority, and Landlord's contest shall take precedence unless otherwise agreed in writing.

Article III
ACCEPTANCE OF PREMISES/ALTERATIONS

SECTION 3.01. Landlord's Obligations. Tenant acknowledges that, except for Landlord's obligation to complete the Landlord's Work in accordance with Section 1.04 and **Exhibit B**, Tenant has inspected or had full opportunity to inspect the Premises prior to execution of this Lease. Upon Substantial Completion of the Landlord's Work and Tenant's occupancy of the Premises, Tenant accepts the Premises in their then-current condition, subject to the warranty provisions set forth in **Exhibit B**. Except for (i) Landlord's obligations under Section 1.04 and **Exhibit B** with respect to the Landlord's Work, and (ii) any warranties provided in **Exhibit B** during the applicable warranty period, Tenant hereby agrees and acknowledges that Landlord is delivering the Premises in an "**AS-IS, WHERE-IS**" condition **WITH ALL FAULTS**, and Landlord shall have no responsibility for the condition, suitability, safety, or fitness for any purpose of the Premises. Following the expiration of any warranty period set forth in **Exhibit B**, Tenant expressly waives any and all claims relating to the condition of the Premises, whether known or unknown, patent or latent. EXCEPT AS EXPRESSLY PROVIDED IN SECTION 1.04 AND **EXHIBIT B**, LANDLORD MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE PREMISES, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY, CODE COMPLIANCE, OR SUITABILITY FOR USE AS A CHARTER SCHOOL. Tenant assumes all risk associated with the condition and use of the Premises after expiration of the warranty period. Except as expressly set forth in this Lease (including Section 1.04 and **Exhibit B**), Landlord shall have no responsibility or obligation for any repairs, maintenance, alterations, improvements, or compliance with any laws, codes, or regulations relating to the Premises. Landlord does not assume, and Tenant hereby expressly disclaims, any obligation by Landlord to provide for the security, safety, or habitability of the Premises, except as may be required during the warranty period under **Exhibit B**. Nothing in this Lease shall be construed to impose any duty on Landlord to maintain, repair, or improve the Premises in any manner whatsoever, except for Landlord's completion of the Landlord's Work and correction of any defects during the warranty period as provided in Section 1.04 and **Exhibit B**.

SECTION 3.02. Alterations. Tenant shall be entitled to make alterations, additions, and improvements to the Premises upon the prior written consent of Landlord, which consent shall not be unreasonably withheld. Tenant shall advise Landlord of any such alterations, additions, or improvements and shall make periodic reports to Landlord on the status of construction. Tenant, or its duly authorized agents, shall furnish Landlord with all plans, specifications, architectural renderings, or other information used or useful in the construction of alterations, additions, and improvements to the Premises. Except in the event Tenant purchases the Premises or as otherwise may be required by law, any alterations, additions, or improvement to the Premises shall be the sole property of Landlord upon the termination of this Lease. **TENANT AGREES TO INDEMNIFY LANDLORD AND HOLD LANDLORD HARMLESS AGAINST ANY LOSS, LIABILITY, OR DAMAGE RESULTING FROM SUCH WORK, AND TENANT SHALL, IF REQUESTED BY LANDLORD, FURNISH A BOND OR OTHER SECURITY SATISFACTORY TO LANDLORD AGAINST ANY SUCH LOSS, LIABILITY, OR DAMAGE**.

SECTION 3.03. Liens. Tenant will indemnify, defend, and hold Landlord harmless from all expenses, liens, or claims of any contractors, subcontractors, materialmen, or other party arising out of, or resulting from, the undertaking or making of any alterations, additions, improvements, or other work on or at the Premises. Whenever any mechanics', materialmen's or other lien shall have been filed against the Premises based upon any act or interest of Tenant or of any one claiming through Tenant, or if any security agreement shall have been filed for or attached to any materials, machinery or fixtures used in the construction, repair or operation thereof or annexed thereto by Tenant, Tenant shall immediately make payment or deposit or post bond to remove the lien or security agreement, whether or not the claim is valid. If Tenant has not removed the lien within ten (10) days after the assertion thereof, Landlord may pay the amount of such lien or security agreement or discharge the same by deposit, and the amount so paid or deposited shall be paid on demand by Tenant to Landlord with interest at the maximum legal rate from the date paid by Landlord to the date reimbursed by Tenant. Tenant shall also reimburse Landlord on demand for any and all reasonable attorneys' fees incurred by Landlord in connection therewith.

SECTION 3.04. Signs. Tenant may, at its expense, erect a sign or signs on the Premises, provided, however, that the design or drawing portraying any such signage erected must be approved by Landlord, which approval will not be unreasonably withheld, and any and all governmental authorities having jurisdiction over the same. Tenant may remove such signage at the termination of this Lease, but any damage to the Premises as a result of removal of such signage shall be repaired at the expense of Tenant.

Article IV
PERFORMANCE STANDARDS

SECTION 4.01. Tenant Obligations. As used in this Lease, the "Compliance Agreement" means that certain Compliance Agreement of even date herewith, attached hereto and incorporated herein as **Exhibit E**, between Landlord and Tenant, setting forth the specific operational, financial, and reporting requirements applicable to Tenant's operations on the Premises, which is incorporated into this Lease by this reference as if set forth in full herein. Tenant covenants and agrees that during the Term or any extension of this Lease:

(a) *Charter Good Standing*. Tenant shall at all times remain in good standing in all respects, including academic, financial, and operational areas, with the Charter School Authorizing Agency(ies). Tenant shall not be placed on probation, corrective action, or any similar status of concern, and shall not have its charter modified, conditioned, non-renewed, or revoked for any reason. Tenant shall meet or exceed all performance standards and requirements set forth in the Compliance Agreement, which standards and requirements are incorporated herein and made a material part of this Lease.

(b) *Information Delivery*. Tenant shall promptly provide to Landlord, in the form and by the deadlines specified in the Compliance Agreement or as otherwise reasonably requested by Landlord from time to time: (i) all financial, operational, academic performance, and governance information; (ii) any and all information, reports, or documents submitted to the Oklahoma State Department of Education, any Authorizing Agency, or any other governmental or accrediting body; (iii) copies of all correspondence with any such agencies regarding compliance, performance concerns, or corrective action; and (iv) such other information as Landlord may reasonably request to monitor Tenant's performance under this Lease. Landlord shall have the right, in its sole discretion, to review and rely upon any such information in determining whether Tenant is in compliance with this Lease.

(c) *Tax-Exempt Status*. Tenant shall at all times maintain its Public Charity Status. Tenant shall immediately notify Landlord in writing of any challenge to, modification of, or loss of its Public Charity Status, and shall provide Landlord with copies of any correspondence with the Internal Revenue Service or any state taxing authority regarding such status. In the event Tenant loses its Public Charity Status for any reason, Landlord may, in its sole and absolute discretion, terminate this Lease by providing written notice to Tenant, effective ten (10) days after such notice is delivered, provided that if such loss of status is remediable and Tenant demonstrates to Landlord's sole satisfaction within such ten (10) day period that Tenant has cured the loss or obtained reinstatement of its Public Charity Status (by providing written confirmation from the Internal Revenue Service or other competent authority), then Landlord's termination notice shall be void and of no effect. If the loss of Public Charity Status is not remediable or is not cured within such ten (10) day period, this Lease shall automatically terminate on the date specified in Landlord's notice, and Tenant shall immediately vacate and surrender the Premises as provided in Section 6.01. Upon any such termination due to loss of Public Charity Status, the treatment of rent credits shall be governed by Section 12.05(a) (forfeiture for serious defaults), and Tenant's purchase option under Article XVI shall immediately terminate and be of no further force or effect.

(d) *Mission and Purpose*. Tenant shall not make, adopt, or permit any material changes to its corporate purpose, mission, charter, or scope of operations without the prior written consent of Landlord, which shall not be unreasonably withheld.

(e) *Insurance Obligations*. Tenant shall at all times during the Term maintain all insurance required under Article VII of this Lease, provide Landlord with timely proof of such insurance as required by Article VII, and timely reimburse Landlord for all property insurance premiums as required by Section 7.02(c). Failure to maintain required insurance, provide proof of insurance, or reimburse insurance premiums shall be categorized and subject to remedies as set forth in Sections 4.02 and 4.03.

(f) *Prohibition on Adverse Actions*. Tenant shall not take (or fail to take) any action that is reasonably likely to: (i) negatively impact the Lease, the Premises, or Landlord's interests hereunder; (ii) impair Tenant's ability to achieve and satisfy the standards and requirements set forth in the Compliance Agreement; (iii) jeopardize Tenant's charter, good standing, or tax-exempt status; or (iv) result in a lien, encumbrance, or claim against the Premises.

(g) *Reporting and Compliance Software*. Tenant shall use, implement, and maintain any reporting, compliance, or performance monitoring software or platform designated by Landlord from time to time ("Designated Software"), including, without limitation, any software used for financial reporting, academic performance tracking, enrollment reporting, facility management, or regulatory compliance. Landlord may designate, change, or supplement the Designated Software upon written notice to Tenant, and Tenant shall implement any newly designated software within sixty (60) days after receipt of such notice (or such shorter period as Landlord may reasonably require). Tenant shall: (i) ensure that all required data, reports, and documentation are entered, uploaded, or transmitted through the Designated Software in the format and on the schedule required by Landlord or the Compliance Agreement; (ii) maintain user accounts, access credentials, and system integrations as required by Landlord; (iii) provide Landlord and Landlord's designees with administrative or read-only access to all Tenant accounts within the Designated Software, as specified by Landlord; (iv) pay all licensing, subscription, or usage fees associated with the Designated Software, unless Landlord otherwise agrees in writing; and (v) train Tenant's staff as necessary to ensure full and accurate use of the Designated Software. Tenant's failure to implement or maintain the Designated Software, to enter required data on a timely basis, or to provide Landlord with the required access shall constitute a Reporting Item failure subject to the remedies set forth in Sections 4.02(c) and 4.03(c), and persistent non-compliance may be declared an Event of Default under Section 12.01(d) at Landlord's sole discretion.

(h) *Materiality*. Tenant acknowledges and agrees that each of the covenants, obligations, and requirements set forth in this Section 4.01 is a material inducement to Landlord's entering into this Lease and is of the essence of this Lease. Any breach of this Section 4.01 shall be deemed a material breach of this Lease and shall be subject to the remedies set forth in Section 4.02 and Article XII hereof.

SECTION 4.02. Categories of Performance Violations. The performance standards and reporting requirements set forth in Section 4.01 are grouped into three categories based on the severity and nature of any violation: (a) Core Defaults; (b) Covenant Violations; and (c) Reporting Items. Each such violation shall constitute an Event of Default under Article XII of this Lease, subject to the notice and cure provisions (if any) specified in this Article IV.

(a) *Core Defaults*. A "Core Default" is any failure by Tenant to satisfy a performance standard or requirement designated in the Compliance Agreement or elsewhere as a "Core Default," and shall constitute a material breach of this Lease and an immediate Event of Default under Section 12.01(b). Core Defaults are violations that fundamentally jeopardize Tenant's charter status, academic viability, or ability to operate the Premises as intended under this Lease. Examples of Core Defaults include, without limitation, the school being categorized as Level 5 support under the state ESSA plan or receiving a state school report grade of "F" (or any successor standard). Core Defaults are not subject to any cure period, and Landlord shall have the immediate right to exercise any and all remedies set forth in Section 4.03(a) below and Article XII.

(b) *Covenant Violations*. A "**Covenant Violation**" is any failure by Tenant to satisfy a performance standard or requirement designated in the Compliance Agreement or elsewhere as a "Covenant Violation" and shall constitute an Event of Default under Section 12.01(c) subject to the cure and escalation procedures set forth in Section 4.03(b). Covenant Violations are serious performance failures that, while not immediately jeopardizing the charter or Lease, require correction and may be subject to escalating remedies if not timely cured or improved. Examples include, without limitation, falling below enrollment projections by specified thresholds, failing to maintain required days cash on hand, or receiving a "D" grade on the state school report. Covenant Violations are subject to the cure and escalation procedures set forth in Section 4.03(b) below.

(c) *Reporting Items*. A "**Reporting Item**" is any report, documentation, or information that Tenant is required to provide to Landlord under Section 4.01(b) or as designated in the Compliance Agreement or elsewhere as a "Reporting Item". While failure to timely provide Reporting Items shall not, standing alone, constitute a material breach or Event of Default under this Lease, Tenant's persistent failure to provide such items, or any failure to provide such items within ten (10) business days after written notice from Landlord, may be declared an Event of Default under Section 12.01(d) at Landlord's sole discretion. Notwithstanding the foregoing, any underlying performance failure or noncompliance revealed by (or concealed due to the absence of) such reports shall be evaluated and enforced in accordance with subsections (a) or (b) above, as applicable.

SECTION 4.03. Landlord's Remedies for Performance Violations. Upon the occurrence of any violation described in Section 4.02, Landlord shall have the following rights and remedies, which rights and remedies are in addition to any other rights or remedies available under this Lease (including Article XII), at law, or in equity:

(a) *Remedies for Core Defaults*. Upon the occurrence of any Core Default, Landlord may, with the approval of the authorizing agency(ies) where required by applicable law, immediately terminate this Lease or transfer the Premises to a different charter school operator, in Landlord's sole discretion, without any obligation to provide Tenant with an opportunity to cure. Landlord may pursue any other remedy available under this Lease, including, without limitation, those set forth in Sections 12.02 and 12.03, acceleration of all rent due under the Lease, recovery of damages, and specific performance.

(b) *Remedies for Covenant Violations*. Upon the occurrence of any Covenant Violation, Landlord shall have the following remedies, which may be exercised in Landlord's sole discretion, individually, sequentially, or concurrently:

(i) Improvement Plan. Landlord may require that Tenant submit a written improvement plan addressing such poor performance within the time period specified in the Compliance Agreement (or by Landlord in its written notice to Tenant, which time period shall be determined by Landlord in its sole discretion based on the severity of the violation and Landlord's level of concern (and if no time period is specified in Landlord's notice, within thirty (30) days after written notice from Landlord). The improvement plan must be in form and substance reasonably satisfactory to Landlord and, if applicable, the authorizing agency(ies), and must include specific, measurable corrective actions and timelines. Landlord's approval of any improvement plan shall not constitute a waiver of Landlord's right to require additional corrective measures or to exercise any other remedy. Tenant's failure to timely submit any required improvement plan, or to diligently and in good faith implement any improvement plan approved by Landlord and, if applicable, the authorizing agency(ies), shall constitute a breach of this Lease and shall be an Event of Default under Section 12.01(c) without any additional notice or cure period.

(ii) Non-Reducing Rent Payments. In addition to or in lieu of requiring an improvement plan, Landlord may, in its sole discretion and upon written notice to Tenant, declare that Non-Reducing Rent Payments are in effect for the applicable period, as further described in Section 16.02. During any period of Non-Reducing Rent Payments, all Base Rent paid by Tenant shall not reduce or be credited against the Purchase Price set forth in Article XVI.

(iii) Termination or Transfer. If Tenant's performance does not improve to Landlord's reasonable satisfaction within the timeframe specified in any improvement plan (or within such other timeframe as Landlord may specify in its sole discretion), Landlord may, with the approval of the authorizing agency(ies) where required by applicable law, terminate this Lease or transfer the Premises to a different charter school operator. Landlord may also pursue any other remedy available under this Lease (including Article XII), at law, or in equity.

(c) *Remedies for Reporting Failures*. Landlord may declare Tenant's failure to timely provide any Reporting Item to be an Event of Default under Section 12.01(d) if Tenant fails to provide the required report or documentation within ten (10) business days after receiving written notice from Landlord of such failure. Upon such declaration, Landlord may exercise any and all remedies available for an Event of Default under Article XII.

(d) *Cumulative and Non-Exclusive Rights*. Landlord's rights and remedies under this Section 4.03 are cumulative and in addition to any other rights or remedies available to Landlord under this Lease (including, without limitation, those set forth in Article XII), at law, or in equity. The exercise of any one remedy shall not preclude the exercise of any other remedy. Landlord may pursue multiple remedies simultaneously or sequentially in its sole discretion.

(e) *No Waiver*. Landlord's election to require an improvement plan, to impose Non-Reducing Rent Payments, or to exercise any other remedy short of termination shall not waive or limit Landlord's right to thereafter terminate this Lease, pursue any other remedy, or declare any subsequent or continuing violation to be an immediate Event of Default. Landlord's acceptance of rent or failure to immediately exercise any remedy shall not constitute a waiver of any breach or default.

(f) *Surrender Upon Termination*. In the event Landlord terminates this Lease pursuant to this Section 4.03, Article XII, or any other provision of this Lease, Tenant shall immediately vacate and surrender possession of the Premises as provided in Section 6.01, and shall remain liable for all rent, damages, and other amounts due under this Lease.

Article V
TRIPLE NET LEASE; MAINTENANCE, UTILITIES, AND RESTORATION

SECTION 5.01. Modified Net Lease; Division of Maintenance Responsibilities. This Lease is a "modified net" lease with the following division of maintenance responsibilities between Landlord and Tenant:

(a) *Landlord's Maintenance Obligations*. Landlord shall be responsible, at Landlord's sole cost and expense (subject to subsection (d) below regarding inclusion in Purchase Price), for maintenance, repair, and replacement of the following major building components ("**Landlord's Maintenance Items**"): (i) structural components of the building, including foundation, load-bearing walls, structural frame, and building envelope; (ii) the roof, including roof membrane, decking, structural supports, and waterproofing (but excluding routine drainage maintenance and gutter cleaning, which shall be Tenant's responsibility); (iii) exterior walls and building envelope (but excluding interior finishes, which shall be Tenant's responsibility); (iv) major mechanical systems, including the central HVAC systems, boilers, chillers, and main distribution systems; and (v) other major building systems as may be reasonably necessary to maintain the structural integrity and major mechanical functionality of the building. Notwithstanding the foregoing, Tenant shall be responsible for: (A) any damage to Landlord's Maintenance Items caused by Tenant's negligence, misuse, or failure to maintain items under Tenant's responsibility; (B) routine HVAC maintenance and service as provided in subsection (b) below; and (C) any additions, modifications, or upgrades to major systems requested or installed by Tenant. Landlord's obligation to perform any maintenance, repair, or replacement under this subsection (a) shall not arise unless and until: (1) Tenant has provided Landlord with written notice specifically identifying the condition requiring attention and the applicable Landlord Maintenance Item (the "Maintenance Notice"); (2) at least thirty (30) days have elapsed following Landlord's receipt of such Maintenance Notice (or such shorter period as may be reasonably necessary in the event of an emergency posing an imminent threat to life safety or structural integrity, as determined by Landlord in its sole discretion); and (3) Tenant has provided Landlord and Landlord's contractors with reasonable access to the Premises to assess and perform the required work. Landlord shall have no obligation to perform any maintenance, repair, or replacement under this subsection (a) for any condition of which Landlord has not received a proper Maintenance Notice from Tenant, and Tenant's failure to provide timely written notice as required herein may result in Tenant bearing responsibility for any additional damage or costs resulting from such failure to notify, as provided in Section 5.02(e). For the avoidance of doubt, Landlord shall be responsible for replacement of major HVAC systems and core components, while Tenant shall be responsible for routine maintenance, service, and minor repairs.

(b) *Tenant's Maintenance Obligations*. Tenant shall be responsible, at Tenant's sole cost and expense, for maintenance, repair, and replacement of all aspects of the Premises not expressly designated as Landlord's Maintenance Items in subsection (a), including without limitation: (i) HVAC service contracts - Tenant shall maintain a comprehensive preventive maintenance service contract with a qualified HVAC contractor for all HVAC systems serving the Premises, including routine maintenance, filter changes, inspections, and minor repairs, and shall provide Landlord with annual proof of such service contract and maintenance records; (ii) all interior fixtures, equipment, and finishes, including toilets, sinks, faucets, light fixtures, ballasts, bulbs, ceiling tiles, flooring, interior doors, interior paint and finishes, window treatments, and all other interior components; (iii) all additions, improvements, or systems installed by or at the request of Tenant, including without limitation solar panels, generators, security systems beyond base building systems, specialty equipment, and any other tenant improvements; (iv) all damage to any part of the Premises (including Landlord's Maintenance Items) caused by Tenant's negligence, misuse, abuse, vandalism by third parties invited by Tenant, or failure to properly maintain items under Tenant's responsibility; (v) parking areas, driveways, sidewalks, landscaping, irrigation, grounds maintenance, and site improvements; (vi) all plumbing systems and components not part of the main building structure; (vii) all electrical systems and components beyond the main service and distribution panels; (viii) all doors, windows, locks, and hardware; (ix) pest control, janitorial services, and trash removal; (x) all safety and security systems, fire alarms, sprinkler system testing and maintenance, elevator systems (if any), and all monitoring services for such systems; (xi) all signage; and (xii) all other aspects of the Premises not expressly designated as Landlord's Maintenance Items.

(c) *Tenant's Continuing Triple Net Obligations*. Except as modified by subsections (a) and (b) above with respect to physical maintenance of certain building components, Tenant shall remain responsible for all other costs and expenses relating to the Premises on a "triple net" basis, including without limitation: (i) all real estate taxes, personal property taxes, assessments, and governmental charges as provided in Section 2.02; (ii) all insurance premiums for property and liability insurance as provided in Article VII; (iii) all utilities and municipal services as provided in Section 5.04; (iv) all inspections, monitoring services, and compliance costs; and (v) any and all other operating expenses, charges, or costs relating to the ownership, operation, or use of the Premises (other than Landlord's costs to perform Landlord's Maintenance Items as provided in subsection (a)). Tenant's obligation to pay or reimburse all such costs shall be absolute and unconditional, without right of setoff, counterclaim, or deduction, and shall continue throughout the Term.

(d) *Landlord's Maintenance Costs; Inclusion in Purchase Price*. All costs incurred by Landlord in performing Landlord's maintenance, repair, and replacement obligations under subsection (a) shall not be charged to Tenant as Operating Expense Charges or additional sums and reimbursements during the Term. Instead, all such costs incurred by Landlord shall be added to and included in the Purchase Price pursuant to Section 16.02(a) and **Exhibit F** as additional development and improvement costs. Landlord shall maintain records of all such costs and shall include them in any Final Purchase Price Statement or Purchase Price Ledger (as defined in **Exhibit F**, Section IV) update provided to Tenant. Tenant acknowledges and agrees that by this arrangement, Tenant is effectively financing Landlord's maintenance costs through the purchase price mechanism and the rent credit structure, and such costs will be reflected in the final amount due if and when Tenant exercises the purchase option under Article XVI.

SECTION 5.02. Tenant's Maintenance, Repair, and Replacement Obligations.

(a) *General Obligation*. Subject to Landlord's maintenance obligations under Section 5.01(a) and subject to Landlord's warranty obligations under Section 1.04 and **Exhibit B** during the applicable warranty period, Tenant shall, at Tenant's sole cost and expense, maintain, repair, and replace all portions of the Premises for which Tenant is responsible under Section 5.01(b) in good order, condition, and repair. As used in this Lease, "Business Day" means any day other than Saturday, Sunday, or a day on which banks in Oklahoma are authorized or required to be closed. Tenant's obligations hereunder include, without limitation: (i) HVAC service contract - Tenant shall obtain and maintain throughout the Term a comprehensive preventive maintenance service contract with a licensed and qualified HVAC contractor covering all HVAC systems, equipment, and components serving the Premises, which contract shall provide for no less than quarterly inspections and maintenance, filter changes, cleaning, testing, and minor repairs, and Tenant shall provide Landlord with a copy of such service contract annually and proof of all completed maintenance visits; (ii) all interior fixtures and finishes, including all plumbing fixtures (toilets, sinks, faucets, drains), all electrical fixtures (light fixtures, ballasts, bulbs, switches, outlets, interior wiring and panels), ceiling tiles, flooring, carpeting, interior doors and hardware, interior paint and wall coverings, window treatments, and all other interior components; (iii) any and all additions, improvements, systems, or equipment installed by or at the request of Tenant or for Tenant's specific use, including without limitation solar panels, generators, backup power systems, security systems beyond the base building systems provided by Landlord, specialty HVAC or ventilation for specific rooms, tenant improvement work, and any other alterations or additions made by Tenant; (iv) all damage to any part of the Premises or building (including damage to any of Landlord's Maintenance Items under Section 5.01(a)) caused by or resulting from: (A) Tenant's negligence or willful misconduct; (B) misuse or abuse of any building systems or components by Tenant or its employees, agents, contractors, students, or invitees; (C) Tenant's failure to properly maintain items under Tenant's responsibility; (D) vandalism or damage caused by third parties present on the Premises at Tenant's invitation or in connection with Tenant's operations; or (E) any other act or omission of Tenant, its employees, agents, contractors, students, or invitees - for any such damage, Tenant shall be responsible for the full cost of repair or replacement regardless of whether the damaged item would otherwise be a Landlord Maintenance Item, and Tenant shall promptly reimburse Landlord for any such costs incurred by Landlord within ten (10) days after invoice; (v) parking areas, driveways, sidewalks, and paving, including striping, sealing, and resurfacing; (vi) landscaping, irrigation systems, lawn care, and grounds maintenance; (vii) pest control; (viii) trash removal and janitorial services; (ix) painting, decorating, and cosmetic maintenance of interior and exterior surfaces (other than structural exterior walls); (x) all safety and security systems, including fire alarms, sprinkler systems (testing and maintenance), security alarms, cameras, and access control systems, and all required monitoring services for such systems; (xi) elevator systems, if any; (xii) all signage; and (xiii) all other improvements, systems, and components located on or forming a part of the Premises except as expressly designated as Landlord's Maintenance Items in Section 5.01(a). During any warranty period applicable to Landlord's Work under **Exhibit B**, Tenant shall promptly notify Landlord of any defects or issues covered by such warranty, and Landlord shall be responsible for the correction of such warranty items in accordance with **Exhibit B**. Tenant shall remain responsible for routine maintenance and non-warranty repairs even during the warranty period. Notwithstanding anything to the contrary in this Section 5.02(a) or elsewhere in this Lease, no obligation of Landlord to correct warranty items or otherwise act with respect to any condition identified under this subsection shall arise unless and until: (1) Tenant has provided Landlord with written notice specifically identifying the defect, condition, or warranty item requiring attention, including a description of the item, its location, and the basis for Tenant's belief that the condition is covered by Landlord's warranty obligations under **Exhibit B** (the "**Warranty Notice**"); (2) at least fifteen (15) business days have elapsed following Landlord's receipt of such Warranty Notice (or such shorter period as may be reasonably necessary in the event of an emergency posing an imminent threat to life safety, as determined by Landlord in its sole discretion); and (3) Tenant has provided Landlord and Landlord's contractors with reasonable access to the Premises to inspect and assess the reported condition. Landlord shall have no obligation to correct any warranty item or otherwise respond to any condition under this subsection for which Landlord has not received a proper Warranty Notice from Tenant. Tenant's failure to provide timely written notice as required herein shall constitute a waiver of any warranty claim with respect to the applicable condition and may result in Tenant bearing sole responsibility for any additional damage or costs resulting from such failure to notify, as provided in Section 5.02(e).

(b) *Inspections and Monitoring*. Tenant agrees to complete and pay for all required building and/or system inspections as required by national, state, and local governing agencies having jurisdiction, as further set forth in the Compliance Agreement. No later than October 1st annually, Tenant shall provide to Landlord proof of all required inspections and evidence of transmittal to the governing national and state agencies, together with all other evidence of facility maintenance compliance required by the Compliance Agreement, including copies of all signed maintenance agreements, signed monitoring agreements, and maintenance work-order system records. Tenant shall maintain all required monitoring services for fire alarm systems, elevator systems, security systems, and other building systems requiring monitoring. Tenant shall also participate in one to three annual Premises walk-throughs with Landlord as required by the Compliance Agreement.

(c) *Maintenance Plan and CMMS*. Prior to the Rent Commencement Date (or within thirty (30) days after the Rent Commencement Date if the Rent Commencement Date occurs sooner than anticipated) and on each anniversary date thereafter, Tenant shall provide to Landlord a plan for the maintenance and upkeep of the Premises, such plan to be reasonably approved by Landlord. Upon such approval, Tenant shall comply with the provisions of the plan. Tenant shall implement a mutually agreed upon Computerized Maintenance Management System ("**CMMS**"), such as Dude Solutions or Operations HERO, to schedule and track Tenant's maintenance and inspection activities. Tenant shall provide Landlord electronic access to the CMMS and no later than October 1st annually shall provide proof, via copies of required maintenance and inspection reports, of completed preventative maintenance work as further set forth in the Compliance Agreement. Failure to complete the required maintenance and inspections or to provide the required documentation shall be categorized and treated in accordance with the performance violation framework set forth in Article IV and as designated in the Compliance Agreement and may constitute an Event of Default per Section 12.01.

(d) *Standard of Performance*. All maintenance, repairs, and replacements shall be performed in a good and workmanlike manner, using materials and equipment of quality equal to or better than the original installations, and in compliance with all applicable laws, codes, regulations, and manufacturer specifications. Tenant shall use only properly licensed and insured contractors for all work requiring specialized licenses or expertise.

(e) *Notification to Landlord*. Tenant shall promptly notify Landlord of any conditions, defects, or maintenance needs that affect or may affect any of Landlord's Maintenance Items under Section 5.01(a), including any issues with the roof, structure, foundation, or major HVAC systems. Tenant's failure to provide timely notice of such conditions may result in Tenant being held responsible for any damage that results from such failure to notify, even if the underlying item is a Landlord Maintenance Item. Tenant shall cooperate with Landlord and provide access to Landlord's contractors as reasonably necessary to allow Landlord to perform Landlord's maintenance obligations.

(f) *Categorization of Maintenance Violations*. Tenant acknowledges and agrees that maintenance, repair, and replacement obligations under this Article V are performance obligations subject to the categorization and remedy framework established in Section 4.02 and Section 4.03, as further designated in the Compliance Agreement.

(g) *Landlord Consent for Major Expenditures*. Notwithstanding any other provision of this Lease, Tenant shall obtain Landlord's prior written consent before undertaking any single maintenance, repair, replacement, improvement, modification, or capital expenditure project (or series of related projects) with an estimated cost exceeding One Hundred Thousand Dollars ($100,000.00) in the aggregate. Landlord's consent shall not be unreasonably withheld. Tenant shall provide Landlord with written notice describing the proposed work, estimated cost, scope, timeline, and contractor information at least thirty (30) days prior to commencing any such work. Any work undertaken without Landlord's required consent shall be deemed unauthorized and shall constitute a breach of this Lease. Tenant shall remain solely responsible for all costs of any such work, whether or not Landlord's consent is obtained, except as may be otherwise expressly provided in Section 5.01(d) with respect to Landlord's Maintenance Items. Landlord may condition its consent upon Tenant's agreement to remove the modification, alteration, or improvement and restore the Premises to its prior condition at the expiration or earlier termination of this Lease, at Tenant's sole cost and expense. If Landlord so conditions its consent, Tenant's obligation to remove and restore shall survive the termination of this Lease and shall be enforceable as provided in Section 6.01.

SECTION 5.03. Landlord's Inspection Rights and Remedies.

(a) *Inspection Rights*. Landlord and Landlord's agents may inspect or examine the Premises at any reasonable time upon reasonable prior notice (except in emergencies, when no notice shall be required) to: (i) determine Tenant's compliance with the approved maintenance plan and Tenant's obligations under Section 5.02; (ii) inspect for any maintenance items affecting Landlord's Maintenance Items under Section

5.01(a); (iii) perform Landlord's maintenance obligations under Section 5.01(a); and (iv) inspect for any other purpose permitted under this Lease.

(b) *Tenant Maintenance Defaults*. In the event Landlord reasonably determines that Tenant has failed to perform any maintenance, repair, or replacement required under Section 5.02, Landlord may provide written notice to Tenant specifying the deficiency. Unless such deficiency constitutes a Core Default under Section 4.02(a) (in which case no cure period shall apply), if Tenant does not commence to cure such deficiency within thirty (30) days from the receipt of such notice (or such shorter period as may be required in the event of an emergency), then Landlord may, at its option, make such repairs and charge Tenant the cost thereof plus ten percent (10%) for management and oversight expenses, which amount shall be due and payable within ten (10) days after invoice. Landlord's right to perform such work and charge Tenant shall not waive any other rights or remedies Landlord may have under this Lease, including the right to declare an Event of Default under Section 12.01 and Article IV, and pursue remedies under Article XII and Section 4.03.

(c) *Tenant-Caused Damage to Landlord Maintenance Items*. If Landlord incurs costs to repair or replace any Landlord Maintenance Items under Section 5.01(a) as a result of damage caused by Tenant as described in Section 5.02(a)(iv), Landlord may invoice Tenant for the full cost of such repair or replacement plus management and oversight expenses. Such invoice shall be due and payable within ten (10) days after receipt. If Tenant disputes that it caused the damage, Tenant must provide written notice of the dispute within ten (10) days after receiving the invoice, together with a detailed explanation and any supporting evidence. If Tenant does not timely dispute the invoice, Tenant shall be deemed to have accepted responsibility for the damage.

SECTION 5.04. Utilities. Tenant shall be solely responsible for the payment of all utility and municipal services, including gas, water, electricity, telephone service, internet service, cable service, waste disposal, recycling, and municipal sanitary sewers. Tenant shall have utilities transferred to Tenant's name, and at Tenant's expense, shall pay for any connection fees or deposits charged by any utility and shall pay all customary utility charges for utility services to the Premises, including sanitary sewer service if separately metered or separately billed on the basis of Tenant's water consumption. Landlord shall not be liable for any interruption or failure in the supply of utilities to the Premises. In the event any utilities are in Landlord's name, Tenant agrees to promptly pay the same directly to the utility provider upon presentation of the invoice by Landlord or promptly reimburse Landlord for any payments made by Landlord on Tenant's behalf.

SECTION 5.05. Casualty Restoration. Notwithstanding the modified net structure of this Lease and the division of maintenance responsibilities under Sections 5.01 and 5.02, in the event of damage or destruction to the Premises by fire, casualty, or other insured peril, the restoration and repair of the Premises shall be governed by Article X of this Lease. As provided in Article X, Landlord (not Tenant) shall be responsible for restoration of the Premises using the insurance proceeds received under the property insurance policy maintained pursuant to Section 7.02, subject to the termination rights set forth in Article X.

Article VI
EXPIRATION AND SURRENDER

SECTION 6.01. Surrender Upon Termination.

(a) *Condition of Premises*. Upon the termination of this Lease for any reason, Tenant covenants and agrees to deliver up and surrender to Landlord the possession of the Premises in as good condition and repair as the same shall be at the Commencement Date of this Lease (as may be improved during the Term), except for damage caused by fire or other casualty (provided the Lease was not terminated pursuant to Article X), except for causes not within the control of Tenant, and except for ordinary wear and tear.

(b) *Removal of Property*. Tenant shall remove all of its trade fixtures, movable furniture, equipment, inventory, and personal property from the Premises prior to surrender. Any alterations, additions, or improvements to the Premises shall remain and become the property of Landlord upon termination, except as otherwise expressly permitted to be removed pursuant to Section 3.02 or as otherwise agreed in writing by Landlord. Tenant shall repair any damage to the Premises caused by the removal of any property, fixtures, or improvements.

(c) *Final Cleaning and Restoration*. Tenant shall, at Tenant's expense, leave the Premises in a clean and sanitary condition, remove all trash and debris, and repair any damage beyond ordinary wear and tear. All HVAC, plumbing, electrical, security, and other building systems shall be left in good working order.

(d) *Return of Keys and Access Devices*. Upon surrender, Tenant shall deliver to Landlord all keys, access cards, security codes, and other access devices to the Premises, and shall provide Landlord with any passwords or codes necessary to operate building systems, security systems, or other equipment remaining at the Premises.

(e) *Final Inspection*. Landlord may conduct a final walk-through inspection of the Premises with Tenant prior to the end of the Term (or as soon as practicable after an earlier termination). If Landlord elects to conduct such inspection and provides Tenant with a written list of any deficiencies, Tenant shall have the opportunity to cure such deficiencies prior to final surrender, or Landlord may, at its option, cure such deficiencies and charge Tenant the cost thereof plus ten percent (10%) for oversight and management.

(f) *Survival of Obligations*. Tenant's obligations under this Lease that by their nature would survive the termination or expiration of this Lease shall so survive, including without limitation: (i) the obligation to pay rent and other monetary amounts accrued prior to termination; (ii) all indemnification obligations under Article VII and elsewhere in this Lease; (iii) obligations with respect to the condition and surrender of the Premises under this Section 6.01; (iv) confidentiality obligations; and (v) any other obligations expressly stated to survive or which by their nature are intended to survive termination.

SECTION 6.02. Holdover.

(a) *Holdover Tenancy and Rent*. If Tenant shall remain in possession of all or any part of the Premises after the expiration of the Term of this Lease without executing a new lease or extension agreement, such holdover shall create a quarter-to-quarter tenancy only, governed by all of the other terms and provisions of this Lease. During any holdover period, Tenant shall pay quarterly Base Rent equal to one hundred fifty percent (150%) of the quarterly Base Rent payable during the last quarter of the Term. Such holdover rent shall be due and payable in advance on the first day of each quarter of the holdover period.

(b) *Non-Reducing Rent Payments*. Any rent paid during a holdover period shall constitute Non-Reducing Rent Payments (as defined in Section 16.02(d)).

(c) *No Waiver of Landlord's Rights*. No acceptance of rent or other action by Landlord during any holdover period shall be construed as Landlord's consent to Tenant's continued occupancy or as a waiver of Landlord's right to recover possession of the Premises or to recover damages. Tenant shall indemnify and hold Landlord harmless from any and all claims, losses, or damages (including claims by a prospective new tenant) resulting from Tenant's failure to timely surrender the Premises.

(d) *Advance Notice of Intent to Vacate or Extend*. Tenant shall provide Landlord with written notice of Tenant's intent to vacate the Premises or to exercise any option to extend the Term (if applicable) no later than one hundred eighty (180) days prior to the expiration of the then-current Term. Failure to provide such notice shall not constitute a waiver of Tenant's right to vacate or extend, but Landlord may rely on such notice (or the absence thereof) for planning purposes.

SECTION 6.03. Final Reconciliation.

(a) *Final Accounting*. Within sixty (60) days following the termination or expiration of this Lease, Landlord may (but shall have no obligation to) provide Tenant with a final accounting and reconciliation of: (i) Base Rent and any prorated amounts for partial quarters; (ii) Operating Expense Charges, including any year-end true-up for the final Lease year; (iii) utility charges, if paid by Landlord and reimbursable by Tenant; (iv) property taxes reimbursable by Tenant under Section 2.02; (v) any costs incurred by Landlord to cure deficiencies in the condition of the Premises or to repair damage caused by Tenant; and (vi) any other amounts due from Tenant to Landlord or vice versa.

(b) *Payment of Final Amounts*. Any amounts owed by Tenant to Landlord as reflected in the final accounting shall be paid within thirty (30) days after receipt of Landlord's invoice, together with supporting documentation. Any amounts owed by Landlord to Tenant shall be paid within thirty (30) days after delivery of the final accounting.

(c) *Disputes*. If Tenant disputes any item in the final accounting, Tenant shall notify Landlord in writing within thirty (30) days after receipt, specifying the basis for the dispute. The parties shall work in good faith to resolve any such dispute. Tenant's obligation to pay undisputed amounts shall not be deferred pending resolution of disputed items.

Article VII
INSURANCE AND INDEMNITY

SECTION 7.01. Liability Insurance.

(a) *Coverage Requirements*. Tenant shall, at Tenant's sole expense and during the entire Term hereof and any holdover period, keep in full force and effect a policy or policies of Commercial General Liability insurance with respect to the Premises and Tenant's operations thereon, in form and substance satisfactory to Landlord, in which the limits of liability shall be not less than U.S. $5,000,000 per occurrence and $5,000,000 general aggregate (which coverage may be provided through a combination of primary and umbrella/excess liability policies). Such insurance shall cover premises and operations liability, products and completed operations liability, contractual liability (covering Tenant's indemnity obligations under this Lease), personal and advertising injury liability, and independent contractors liability. The policy or policies shall be written on an occurrence basis (not claims-made) and shall have a deductible or self-insured retention not to exceed $25,000 per occurrence without Landlord's prior written consent.

(b) *Additional Insured and Primary Coverage*. Landlord, its members, managers, officers, directors, employees, agents, and lenders (and such other parties as Landlord may designate from time to time) shall be named as additional insureds on all such policies using ISO Additional Insured Endorsement CG 20 10 11 85 or its equivalent or better, or such other endorsement form as may be acceptable to Landlord in its reasonable discretion. The insurance required hereunder shall be primary and non-contributory with respect to any insurance or self-insurance programs maintained by Landlord, and any insurance maintained by Landlord shall be excess of and shall not contribute with Tenant's insurance. The policy or policies shall contain a waiver of subrogation in favor of Landlord and all additional insureds.

(c) *Insurer Requirements and Cancellation Notice*. The insurance shall be carried with an insurance company or companies licensed and qualified to transact business in the State of Oklahoma and reasonably satisfactory to Landlord, with a rating of A-, VII or better (or A-, Financial Size Category VII or better) in the current Best's Insurance Reports (Key Rating Guide), published by A.M. Best Company, or such higher rating as Landlord may reasonably require. The policy or policies shall contain a clause that the insurer will not cancel, materially change, or fail to renew the insurance without first giving Landlord and any lender designated by Landlord at least thirty (30) days' prior written notice (ten (10) days for nonpayment of premium).

(d) *Proof of Insurance*. Prior to Tenant's commencement of business in the Premises, and thereafter at least fifteen (15) days prior to the expiration of each policy term, Tenant shall deliver to Landlord: (i) a certificate of insurance in form satisfactory to Landlord (ACORD 25 or equivalent) evidencing all required coverages, limits, additional insured status, primary and non-contributory language, and waiver of subrogation; (ii) a copy of the additional insured endorsement(s); and (iii) if requested by Landlord, a certified copy of the full insurance policy or policies. Tenant shall provide updated certificates, endorsements, and policies (if previously required) to Landlord upon any renewal, replacement, or material change in coverage. Failure to provide timely proof of insurance shall be subject to the remedies set forth in subsection (i) below.

(e) *No Limitation on Liability*. Tenant's maintenance of insurance as required by this Section 7.01 shall not be construed to limit Tenant's liability or obligations under this Lease, including without limitation Tenant's indemnification obligations under Section 7.03. If the minimum limits specified above are not sufficient to fully protect Landlord, Tenant shall be responsible for any deficiency.

(f) *Workers' Compensation Insurance*. Tenant shall, at Tenant's sole expense and during the entire Term hereof and any holdover period, maintain Workers' Compensation insurance as required by the laws of the State of Oklahoma, covering all of Tenant's employees working on or about the Premises, with limits not less than the statutory limits required by Oklahoma law. Such policy shall include Employers' Liability coverage with limits of not less than $1,000,000 each accident, $1,000,000 disease policy limit, and $1,000,000 disease each employee. The policy shall contain a waiver of subrogation in favor of Landlord and shall be issued by an insurance company licensed and qualified to transact business in the State of Oklahoma with a rating of A-, VII or better in the current A.M. Best Rating Guide. Tenant shall provide Landlord with a certificate of insurance evidencing such coverage prior to the Rent Commencement Date and thereafter in accordance with subsection (d) above. Failure to maintain or provide proof of workers' compensation insurance as required herein shall be subject to the remedies set forth in subsection (i) below.

(g) *Automotive Liability Insurance*. Tenant shall, at Tenant's sole expense and during the entire Term hereof and any holdover period, maintain Business Automobile Liability insurance covering all owned, non-owned, and hired vehicles used in connection with the Premises or Tenant's operations, with combined single limits of not less than $1,000,000 per accident for bodily injury and property damage. The policy shall name Landlord, its members, managers, officers, directors, employees, agents, and lenders as additional insureds. The policy shall be primary and non-contributory with respect to any insurance maintained by Landlord and shall contain a waiver of subrogation in favor of Landlord and all additional insureds. The policy shall be issued by an insurance company licensed and qualified to transact business in the State of Oklahoma with a rating of A-, VII or better in the current A.M. Best Rating Guide. Tenant shall provide Landlord with a certificate of insurance evidencing such coverage prior to the Rent Commencement Date and thereafter in accordance with subsection (d) above. Failure to maintain or provide proof of automotive liability insurance as required herein shall be subject to the remedies set forth in subsection (i) below.

(h) *Categorization of Insurance Obligations as Performance Standards*. Tenant's obligations to maintain all insurance required under this Section 7.01, provide Landlord with timely proof of such insurance, and timely reimburse Landlord for property insurance premiums under Section 7.02(c) are subject to the performance violation framework established in Article IV. Failure to maintain required insurance, provide proof of insurance, or reimburse insurance premiums shall be categorized in accordance with Section 4.02 and subject to the remedies set forth in Section 4.03.

(i) *Remedies for Failure to Maintain or Provide Proof of Insurance*. The following remedies shall apply to any failure by Tenant to maintain any insurance required under this Section 7.01 or Section 7.02, or to provide timely proof of such insurance as required:

(i) Performance Violation and Event of Default. Such failure shall constitute a material breach and Event of Default under this Lease, subject to categorization and remedies under Section 4.02 and Section 4.03.

(ii) Landlord's Right to Procure. In the event that Tenant fails to provide evidence of insurance required under this Article VII, or if any such insurance lapses or is cancelled, and if Tenant has not cured such failure within five (5) business days following written notice from Landlord (or immediately if no insurance is in effect), Landlord shall be authorized (but not required) to procure such coverage in commercially reasonable amounts. All costs thereof (including any broker fees or administrative costs) shall be immediately due and payable by Tenant as additional sums and reimbursements, plus an administrative fee equal to fifteen percent (15%) of the premium cost.

(iii) No Waiver. Landlord's right to procure insurance on Tenant's behalf shall not waive any other rights or remedies Landlord may have under this Lease, including the right to declare an Event of Default in accordance with Section 4.02, Section 4.03, Article IV, and Section 12.01, and pursue all remedies under Article XII and Section 4.03.

(iv) Interest on Unpaid Amounts. Any unpaid insurance costs or reimbursements shall bear interest at the rate of ten percent (10%) per annum (or the maximum rate permitted by law, if less) from the due date until paid.

SECTION 7.02. Property Insurance.

(a) *Landlord's Property Insurance*. Landlord may, at Landlord's expense but subject to full reimbursement by Tenant as provided below, obtain and maintain special form ("all risk") property insurance covering the Premises and all improvements forming a part thereof, for and during the entire Lease Term, upon a basis as determined by Landlord in its reasonable discretion, with a responsible insurance company qualified to transact insurance business in the State of Oklahoma. Landlord shall have sole discretion to select the insurance carrier, coverage amounts (provided the minimum replacement value requirement is met), policy terms, deductibles, and all other aspects of such insurance. The policy shall name Landlord as the named insured and loss payee and may name Tenant as an additional insured as Tenant's leasehold interest may appear, in Landlord's discretion. The policy shall contain a clause that the insurer will not cancel or materially change such policy without first giving Landlord at least thirty (30) days' prior written notice (ten (10) days for nonpayment of premium).

(b) *Control of Proceeds*. Landlord shall be the sole loss payee under the property insurance policy and shall receive and control all insurance proceeds related to the building and improvements. Tenant shall have no right to receive, control, or direct the application of any such insurance proceeds, except as expressly provided in Article X with respect to casualty restoration.

(c) *Tenant Reimbursement of Premiums*. Tenant shall reimburse Landlord for the direct cost of all property insurance premiums paid by Landlord with respect to the Premises through the Operating Expense Charges. Such reimbursement shall be at Landlord's actual, direct cost with no administrative markup or overhead charged by Landlord. Landlord may invoice Tenant for such premiums on a monthly estimated basis (with annual reconciliation) or may invoice the full annual premium amount upon renewal, at Landlord's option. Tenant's obligation to reimburse Landlord for property insurance premiums is absolute and unconditional, and Tenant shall have no right to object to the carrier selected, the coverage amounts (provided the minimum requirements are met), the policy terms, or the premium cost, except that Tenant may request that Landlord obtain quotes from alternative carriers if Tenant believes the premium is commercially unreasonable, and Landlord shall consider such request in good faith but shall have no obligation to change carriers.

(d) *Tenant's Personal Property Insurance*. Tenant shall be solely responsible, at Tenant's own expense, for obtaining and maintaining property insurance covering Tenant's personal property, furniture, fixtures, equipment, inventory, trade fixtures, improvements made by Tenant, and all other contents located on or about the Premises ("**Tenant's Personal Property**"). Such insurance shall be in an amount equal to the full replacement value of Tenant's Personal Property and shall be maintained with a carrier licensed to do business in Oklahoma with a rating of A-, VII or better in the current A.M. Best Rating Guide. Tenant shall provide Landlord with a certificate of insurance evidencing such coverage prior to the Rent Commencement Date and annually thereafter at least fifteen (15) days prior to each policy expiration. Landlord shall have no obligation to insure, and expressly disclaims any obligation to insure, any of Tenant's Personal Property.

(e) *Default for Failure to Reimburse or Provide Proof*. Tenant's failure to timely reimburse Landlord for property insurance premiums as invoiced, or Tenant's failure to maintain or provide proof of insurance covering Tenant's Personal Property as required herein, shall constitute a material breach and Event of Default under this Lease. In the event Tenant fails to reimburse Landlord for any property insurance premium invoice within ten (10) days after the due date, such unpaid amount shall bear interest at the rate of ten percent (10%) per annum (or the maximum rate permitted by law, if less) from the due date until paid, and Landlord may exercise any and all remedies available under Article XII. In the event Tenant fails to maintain or provide proof of insurance covering Tenant's Personal Property, Landlord may (but shall not be obligated to) procure such insurance on Tenant's behalf, and all costs thereof (including premiums and any broker or administrative fees) shall be immediately due and payable by Tenant as additional sums and reimbursements, plus an administrative fee equal to fifteen percent (15%) of the premium cost.

(f) *No Obligation to Maintain Coverage if Tenant Defaults*. Notwithstanding subsection (a) above, in the event Tenant is in default under this Lease beyond any applicable cure period, or, if applicable, in the event Tenant fails to reimburse Landlord for property insurance premiums for more than thirty (30) days after invoice, Landlord may (but shall not be obligated to) elect to discontinue maintaining property insurance on the Premises or require Tenant to directly carry such property insurance until such default is cured or such reimbursement is received. Tenant acknowledges and agrees that Landlord's election to discontinue insurance in such circumstances shall not constitute a breach of this Lease or relieve Tenant of any of its obligations hereunder, and Tenant shall bear all risk of loss or damage to the Premises during any period when insurance is not maintained due to Tenant's default or failure to reimburse. Upon cure of the default or receipt of the overdue reimbursement, Landlord shall use commercially reasonable efforts to reinstate the property insurance.

(g) *Annual Documentation*. Landlord may, within thirty (30) days after the renewal or placement of property insurance each year, provide Tenant with a certificate of insurance or other documentation evidencing the property insurance maintained by Landlord, the annual premium amount, and the carrier information. Upon Tenant's reasonable request (not more than once per policy year), Landlord shall provide Tenant with a copy of the declarations page or other summary of coverage, but Landlord shall have no obligation to provide the full insurance policy unless required by Tenant's lender in connection with Tenant's financing.

SECTION 7.03. Indemnification. Each party (the "Indemnifying Party") will indemnify, defend, and hold harmless the other party and its members, managers, officers, directors, employees, agents, lenders, and assigns (collectively, the "Indemnified Parties") from and against any and all claims, actions, damages, liabilities, losses, costs, and expenses (including reasonable attorneys' fees and costs of defense) arising from or in connection with loss of life, personal injury and/or damage to property occasioned wholly or in part by any negligent act or omission or willful misconduct of the Indemnifying Party or its agents, contractors, employees, servants, subtenants, licensees, invitees, or concessionaires, or arising out of any breach or default by the Indemnifying Party in the performance of its obligations under this Lease; provided, however, that Tenant will additionally indemnify, defend, and hold harmless Landlord and the other Landlord Indemnified Parties from and against any and all such claims, actions, damages, liabilities, losses, costs, and expenses arising from or out of Tenant's occupancy, use, or operation of the Premises or any part thereof, except to the extent caused by the gross negligence or willful misconduct of Landlord or its agents or employees. The Indemnifying Party shall, upon the Indemnified Party's request, defend any such claim or action with counsel reasonably satisfactory to the Indemnified Party. In case either party shall be made a party to any litigation commenced by or against the other party arising from a matter for which the other party has an indemnification obligation under this Section, the Indemnifying Party shall protect and hold the Indemnified Party harmless and shall pay all reasonable costs, expenses, and attorneys' fees incurred by the Indemnified Party in connection with such litigation. Each party shall promptly notify the other party of any incident, claim, or lawsuit that could give rise to a claim under this indemnification; provided, however, that failure to provide such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent materially prejudiced by such failure. LANDLORD SHALL NOT BE LIABLE TO TENANT OR TO TENANT'S EMPLOYEES, AGENTS, OR VISITORS, OR TO ANY OTHER PERSON WHOMSOEVER, FOR ANY INJURY TO PERSON OR DAMAGE TO PROPERTY ON OR ABOUT THE PREMISES CAUSED BY THE NEGLIGENCE OR MISCONDUCT OF TENANT, ITS EMPLOYEES, SUBTENANTS, LICENSEES OR CONCESSIONAIRES, OR OF ANY OTHER PERSON ENTERING THE PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT, OR ARISING OUT OF THE USE OF THE PREMISES BY TENANT AND THE CONDUCT OF ITS BUSINESS AND ACTIVITIES THEREIN, OR ARISING OUT OF ANY BREACH OR DEFAULT BY TENANT IN THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS LEASE; AND TENANT HEREBY AGREES TO INDEMNIFY LANDLORD AND HOLD LANDLORD HARMLESS FROM ANY LOSS, EXPENSE OR CLAIMS ARISING OUT OF SUCH DAMAGE OR INJURY. THE INDEMNITY CONTAINED IN THIS SECTION: (a) IS INDEPENDENT OF TENANT'S INSURANCE, (b) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER WORKERS' COMPENSATION OR SIMILAR EMPLOYEE BENEFIT ACTS, (c) WILL SURVIVE THE END OF THE TERM, AND (d) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF LANDLORD, BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD.

SECTION 7.04. Notice of Incidents.

(a) *Immediate Notice*. Tenant shall give Landlord immediate oral or electronic notice (by telephone or email), followed by written notice within two (2) business days, in case of: (i) fire, casualty, or other damage to the Premises; (ii) any personal injury requiring medical treatment or any fatality occurring at the Premises; (iii) any structural damage or defects in the roof, foundation, or building systems; (iv) any release or spill of Hazardous Materials; (v) any governmental notice, citation, or violation affecting the Premises; or (vi) any loss of certificate of occupancy or closure/evacuation order.

(b) *Prompt Notice*. Tenant shall give Landlord written notice within five (5) business days of: (i) any other defects in fixtures or equipment located at the Premises; (ii) any property damage with an estimated repair cost exceeding $2,500; (iii) any claim, lawsuit, or legal proceeding relating to the Premises; or (iv) any incident that could reasonably give rise to a material claim against Landlord or Tenant with respect to the Premises.

(c) *Content and Insurance*. Each notice shall include a description of the incident, the date and location, the extent of any damage or injury, estimated repair costs (if applicable), and confirmation that Tenant has notified (or will promptly notify) its insurance carrier as required by the applicable policy. Tenant shall provide Landlord with copies of any incident reports, governmental notices, or correspondence with insurers upon request.

(d) *Failure to Notify*. Tenant's failure to provide timely notice as required by this Section 7.05 shall constitute a breach of this Lease and may constitute an Event of Default under Section 12.01(f) if such failure continues for more than five (5) business days after Tenant knew or should have known of the event, or if the failure to notify results in material prejudice to Landlord (including loss of insurance coverage or inability to mitigate damages). Tenant's failure to notify does not relieve Tenant of any of its obligations under this Lease, including its indemnification obligations under Section 7.04.

Article VIII
ESTOPPEL STATEMENT, ASSIGNMENT, AND SUBLETTING

SECTION 8.01. Estoppel Certificate. Within ten (10) days after request therefor by Landlord, or in the event of a sale, assignment, or hypothecation of the Premises by Landlord, an estoppel certificate shall be required from Tenant. Tenant agrees to deliver in recordable form a certificate to any proposed mortgagee or purchaser, or to Landlord, certifying (if such be the case) that this Lease is in full force and effect, that there are no defenses or offsets thereto, and such other matters as Landlord may reasonably request.

SECTION 8.02. Attornment. In the event any proceedings are brought for the foreclosure of any mortgage, or in the event of exercise of the power of sale under any mortgage is made by any lender of Landlord, Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease.

SECTION 8.03. Subordination. Upon request of Landlord, Tenant will subordinate its rights hereunder to the lien of any mortgage or mortgages, or the lien resulting from any other method of financing or refinancing, now or hereafter in force against the Premises, provided that the mortgagee shall not disturb Tenant's possession if the obligations of Tenant under this Lease are being performed.

SECTION 8.04. Assignment and Subletting. Tenant shall be permitted, without Landlord’s prior written consent, to sublease up to fifteen percent (15%) of the Premises to a non-profit day care organization whose operations are consistent with the charitable and permitted-use requirements of this Lease, in each case for purposes consistent with the terms of this Lease (each, a “Permitted Sublease”), provided that Tenant gives Landlord prior written notice of any Permitted Sublease and furnishes Landlord with a copy of the applicable sublease, together with such information regarding the subtenant, including insurance and other requirements, as Landlord may reasonably request. Notwithstanding any Permitted Sublease, Tenant shall remain fully responsible for the performance of all of Tenant’s obligations under this Lease with respect to the portion of the Premises subject to such Permitted Sublease throughout the term thereof. Tenant shall have no right to assign this Lease or sublet all or any portion of the Premises in excess of the foregoing Permitted Sublease allowance without Landlord's prior written consent, it being understood that, among other reasons, any change of use of the Premises shall be a reason for withholding consent. Any modification, amendment, or waiver in connection with any sublease or assignment shall be subject to Landlord's prior written approval and consent.

Article IX
WASTE AND GOVERNMENTAL REGULATIONS

SECTION 9.01. Waste or Nuisance. Tenant shall not commit or suffer to be committed any waste upon the Premises.

SECTION 9.02. Governmental Regulations. Tenant shall comply with all of the requirements of all county, municipal, state, federal, and other applicable governmental authorities, now in force, or which may hereafter be in force, pertaining to the Premises, including compliance with the Americans with Disabilities Act.

SECTION 9.03. Hazardous Materials. After the Rent Commencement Date of this Lease and during the Term of this Lease: Tenant shall be solely responsible for and shall indemnify and hold harmless Landlord its directors, officers, employees, agents, successors and assigns from and against, any loss, damage, cost, expense or liability arising out of or attributable to the use, generation, storage, release, discharge, disposal, or presence of Hazardous Materials on or about the Premises (but only to the extent caused by Tenant or its employees, agents, contractors, or sub-contractors or by third persons at any time occupying or present on the Premises under rights granted by Tenant), including without limitations: (a) All foreseeable consequential damages; (b) The cost of any required or necessary repair, cleanup or detoxification of the Premises, including the soil and ground water thereof, and the preparation and implication of any closure, remedial or any other required plans; (c) Damages to any natural resources; (d) All reasonable costs and expenses incurred by Landlord in connection with (a), (b) and (c), including but not limited to reasonable attorneys' and consultants' fees. For purposes hereof, "**Hazardous Materials**" means and includes any hazardous, toxic or dangerous waste, substance or material defined as such in or for purposes of the Comprehensive Environmental Response, Compensation, and Liability Act, any so-called "Superfund" or "Superlien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulations, or decree regulating, relating to or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, or material, now or any time hereinafter in effect.

Article X
DESTRUCTION OF PREMISES

SECTION 10.01. Damage or Destruction. If the Premises shall be damaged or destroyed in whole or in part by fire, casualty, or other insured peril during the Term, the following provisions shall apply:

(a) *Notice and Assessment*. Tenant shall immediately notify Landlord of any damage or destruction as required by Section 7.05. Within thirty (30) days after the date of such casualty, Landlord may (but shall have no obligation to) obtain a written estimate from a qualified contractor or insurance adjuster as to: (i) the extent of the damage; (ii) the estimated cost to repair and restore the Premises to substantially the same condition as existed immediately prior to the casualty; and (iii) the estimated time required to complete such restoration. Landlord's failure to obtain or provide such estimate shall not limit or waive any of Landlord's rights under this Article X.

(b) *Insurance Proceeds and Control*. As provided in Section 7.02(b), Landlord is the sole loss payee under the property insurance policy and shall receive and control all insurance proceeds related to the building and improvements. Tenant shall have no right to receive, control, or direct the application of such insurance proceeds, except as expressly provided in this Article X. Tenant shall cooperate fully with Landlord and the insurance carrier in the adjustment and settlement of any casualty claim, including providing access to the Premises for inspection and providing documentation as reasonably requested.

(c) *Landlord's Sole Discretion to Restore or Terminate*. Notwithstanding any other provision of this Lease, upon the occurrence of any casualty to the Premises (whether partial or total, minor or substantial), Landlord shall have the absolute and sole right, exercisable in Landlord's sole and absolute discretion, to elect either (i) to restore the Premises using the available insurance proceeds as provided in subsection (d) below, or (ii) to terminate this Lease and retain all insurance proceeds. Landlord may exercise this termination right by providing written notice to Tenant at any time within sixty (60) days after the date of the casualty (or, if later, within sixty (60) days after Landlord becomes aware of the full extent of the damage). Landlord shall have no obligation to justify, explain, or provide any reason for its decision to terminate, and may elect to terminate for any reason or for no reason, including without limitation based on: the extent of damage; estimated restoration costs and timeline; availability of insurance proceeds; Tenant's performance history; the remaining Term; market conditions; Landlord's strategic objectives; or any other factor Landlord deems relevant in its sole discretion. If Landlord timely elects to terminate, this Lease shall terminate as of the date specified in Landlord's notice (which may be the date of the casualty or any later date), rent shall be apportioned and adjusted as of such termination date, all insurance proceeds shall be retained by Landlord, Tenant's purchase option under Article XVI shall immediately terminate and be of no further force or effect, and neither party shall have any further obligation to the other under this Lease except for obligations that expressly survive termination. Tenant shall have no right to elect termination of this Lease due to any casualty and shall have no right to compel Landlord to restore.

(d) *Landlord's Conditional Obligation to Restore Using Insurance Proceeds*. If, and only if, Landlord does not elect to terminate this Lease pursuant to subsection (c) within the time period specified therein, then Landlord may, in its sole discretion, elect to restore the Premises, but only if all of the following conditions are satisfied: (i) the Premises are not rendered wholly untenantable; (ii) the estimated cost of restoration does not exceed the available insurance proceeds (after deduction of deductible and any amounts Landlord reasonably deems necessary to reserve for project management, oversight, contingencies, and Landlord's costs and expenses); (iii) the estimated restoration period does not exceed one hundred twenty (120) days; (iv) Tenant is not in default under this Lease; (v) Tenant has been in compliance with all performance standards and reporting requirements under Article IV and the Compliance Agreement for at least the preceding twelve (12) months; and (vi) Landlord determines, in its sole discretion, that restoration is in Landlord's best interest. If any of the foregoing conditions is not satisfied, Landlord shall have no obligation to restore and may elect to terminate this Lease at any time by providing written notice to Tenant, in which case all insurance proceeds shall be retained by Landlord. If Landlord elects to restore, Landlord shall use the available insurance proceeds (after deduction of deductible and Landlord's reasonable reserves as described above) to restore the Premises. Landlord's obligation to restore shall be limited to: (A) the building shell, structure, and base building systems only (and shall not include Tenant's Personal Property, trade fixtures, or any alterations or improvements made by Tenant, which shall be Tenant's sole responsibility to restore at Tenant's expense); (B) restoration using the available insurance proceeds, with no obligation on Landlord's part to contribute any additional funds beyond the insurance proceeds; and (C) restoration to a condition that is substantially similar (but not necessarily identical) to the condition immediately prior to the casualty, as determined by Landlord in its reasonable discretion.

(e) *Landlord's Right to Terminate During Restoration for Insufficient Proceeds*. Even if Landlord initially elects to restore the Premises pursuant to subsection (d), Landlord shall retain the absolute right to terminate this Lease at any time during the restoration process if Landlord determines in its sole discretion that the insurance proceeds are insufficient or are likely to be insufficient to fully restore the Premises. Without limiting the foregoing, Landlord may also terminate at any time during restoration, without liability to Tenant, upon written notice to Tenant, if Landlord determines in its sole discretion that: (i) restoration is taking longer than anticipated or is not economically feasible; (ii) restoration costs are exceeding or are likely to exceed the available insurance proceeds; (iii) unforeseen conditions, code requirements, or other issues have arisen that make restoration impractical or that would require Landlord to contribute funds beyond the insurance proceeds; (iv) Tenant has committed any default or breach under this Lease; (v) Tenant's financial condition, enrollment, academic performance, or operational status has materially deteriorated; or (vi) for any other reason or for no reason, in Landlord's sole and absolute discretion. Upon any such termination, Landlord shall retain all insurance proceeds (including any amounts not yet applied to restoration work), Tenant's purchase option under Article XVI shall immediately terminate, and neither party shall have further obligations except those that survive termination. Landlord shall have no obligation to refund or credit Tenant for any portion of insurance proceeds applied to partial restoration work prior to termination, and Tenant shall have no claim for damages, reimbursement, or compensation of any kind.

(f) *No Obligation to Complete Restoration; No Obligation to Contribute Funds*. Landlord's election to commence restoration (if any) shall not constitute a guaranty or commitment that restoration will be completed. Landlord shall have no obligation to contribute any funds beyond the available insurance proceeds to complete restoration. If at any time Landlord determines in its sole discretion that the insurance proceeds are insufficient to fully restore the Premises, or that the projected final cost of restoration will exceed the available insurance proceeds, or that additional circumstances make restoration undesirable, Landlord may, in its sole discretion, either (i) elect to contribute additional funds necessary to complete the restoration (but Landlord shall have no obligation whatsoever to do so), or (ii) immediately terminate this Lease upon written notice to Tenant, in which case Landlord shall retain all insurance proceeds (including amounts already spent on restoration), Tenant's purchase option under Article XVI shall immediately terminate and be of no further force or effect, and neither party shall have further obligations except those that survive termination. If Landlord elects to proceed with restoration (whether pursuant to subsection (d) or otherwise), Landlord shall proceed subject to delays caused by force majeure, insurance adjustments, governmental approvals, and any other events or circumstances beyond Landlord's control or that Landlord deems to cause delay, and Tenant shall have no right to terminate or claim damages due to any such delay except as expressly provided in subsection (j) below.

(g) *Rent Abatement Limited*. If the Premises are rendered wholly or partially untenantable due to a casualty covered by this Article X, and if this Lease is not terminated, and if Landlord elects to restore, then Base Rent shall be abated proportionately based on the portion of the Premises rendered untenantable and not reasonably usable by Tenant, for the period commencing on the date of the casualty and ending on the earlier of (i) the date Landlord notifies Tenant that restoration is substantially complete and the Premises are available for re-occupancy, or (ii) the date Tenant actually recommences any business operations in any portion of the Premises. Notwithstanding the foregoing, Tenant's obligation to pay all Operating Expense Charges (including property insurance premiums, taxes, and other charges under Section 2.01(e) and Section 2.02) shall continue without abatement during any casualty or restoration period. Tenant shall have no claim against Landlord for any loss of use, business interruption, or consequential damages resulting from any casualty or the restoration process. Tenant is encouraged to maintain business interruption insurance at Tenant's own expense. Landlord's provision of any rent abatement shall not limit or waive Landlord's right to terminate this Lease at any time pursuant to subsections (c), (e), or (f).

(h) *Tenant's Obligations During Restoration*. During any restoration period, Tenant shall: (i) continue to maintain all insurance required under Article VII; (ii) continue to pay all Operating Expense Charges without abatement; (iii) cooperate with Landlord and Landlord's contractors to facilitate restoration; (iv) not interfere with restoration work; (v) maintain security of the Premises and Tenant's Personal Property; (vi) restore any of Tenant's Personal Property, alterations, or improvements at Tenant's sole expense; and (vii) perform all other obligations under this Lease. Tenant's failure to perform any of the foregoing obligations shall constitute an Event of Default and shall entitle Landlord to immediately terminate this Lease pursuant to Article XII in addition to all other remedies.

(i) *Uninsured Casualties and Tenant Fault*. Notwithstanding the foregoing, if the casualty is not covered by the property insurance maintained pursuant to Section 7.02 (whether due to policy exclusions, Tenant's failure to reimburse premiums resulting in lapse of coverage pursuant to Section 7.02(f), Tenant's failure to maintain required insurance, or any other reason), or if the casualty is caused in whole or in part by the negligence, willful misconduct, or breach of this Lease by Tenant, its agents, employees, contractors, students, or invitees, then: (i) Landlord shall have the absolute right to terminate this Lease immediately upon written notice to Tenant without any obligation to restore, and Tenant's purchase option under Article XVI shall immediately terminate; (ii) if Landlord elects to restore, Tenant shall reimburse Landlord for the full cost of restoration (including all hard costs, soft costs, and an overhead and management fee) within thirty (30) days after invoice, and all such amounts shall bear interest at ten percent (10%) per annum if not timely paid; (iii) there shall be no abatement of rent or other charges; and (iv) Tenant shall remain liable for all of its obligations under this Lease and shall indemnify Landlord for all losses, costs, expenses, diminution in value, and damages of any kind related to such casualty pursuant to Section 7.04, including Landlord's lost rent, lost opportunity costs, and consequential damages.

(j) *No Tenant Termination Rights*. Tenant shall have no right to terminate this Lease due to any casualty, any delay in restoration, or Landlord's election not to restore, except that if (i) Landlord has elected to restore pursuant to subsection (d), and (ii) Landlord has not substantially completed restoration within eighteen (18) months after the casualty (excluding delays caused by force majeure, Tenant's interference, governmental actions, or any other events beyond Landlord's control), and (iii) the Premises remain wholly untenantable, and (iv) Tenant is not in default under this Lease, then Tenant may terminate this Lease by providing ninety (90) days' written notice to Landlord, provided that if Landlord substantially completes the restoration or elects to terminate the Lease during such ninety (90) day notice period, Tenant's termination notice shall be void and of no effect.

(k) *Casualty Near End of Term*. If a casualty occurs at any time during the last eighteen (18) months of the Term, Landlord shall have the sole and absolute right to elect whether to restore or to terminate this Lease by written notice to Tenant within sixty (60) days after the date of the casualty (or such longer period as Landlord may require to assess the damage), regardless of the extent of damage, availability of insurance proceeds, or estimated restoration period. Tenant shall have no termination right under this subsection (k). If Landlord elects to terminate, Tenant's purchase option under Article XVI shall immediately terminate.

(l) *Effect on Purchase Option*. Any termination of this Lease pursuant to this Article X shall automatically terminate Tenant's purchase option under Article XVI as of the date of termination, and Tenant shall have no right to purchase the Premises or to receive any credit or refund for rent payments previously made, except as may be expressly provided in Section 12.05 if applicable. The treatment of rent credits upon casualty termination shall be governed by Section 12.05(c). Tenant expressly acknowledges and agrees that Landlord's casualty termination rights under this Article X are absolute and may be exercised in Landlord's sole and absolute discretion for any reason or for no reason, and that Landlord shall have no liability to Tenant for any election to terminate rather than restore.

Article XI
CONDEMNATION

SECTION 11.01. Total Taking. If the whole of the Premises, or such portion thereof as to render the remainder unusable for the operation of a charter school, shall be taken by condemnation or in any other manner for any public or quasi-public purpose, this Lease shall terminate as of the date of taking, and rent shall be apportioned and paid to such date. In the event of such total taking, all awards and compensation shall be paid to and be the sole property of Landlord, and Tenant hereby assigns to Landlord any and all right, title, and interest it may have in or to any such award. Notwithstanding the foregoing, Tenant shall have the right to make a separate claim against the condemning authority (but not against Landlord or out of Landlord's award) for Tenant's relocation expenses, loss of business, and Tenant's Personal Property, to the extent such claim does not reduce the award payable to Landlord.

SECTION 11.02. Partial Taking. If a portion of the Premises shall be taken by condemnation or in any other manner for any public or quasi-public purpose, and the remaining portion of the Premises is reasonably suitable for continued operation as a charter school, this Lease shall continue in full force and effect, but the Base Rent shall be reduced in proportion to the area of the Premises taken, effective as of the date of taking. Landlord shall have the right, but not the obligation, to restore the remaining portion of the Premises to a condition reasonably suitable for Tenant's continued use, using such portion of the condemnation award as Landlord deems appropriate. All condemnation awards for a partial taking shall be the sole property of Landlord. Tenant shall have the right to make a separate claim against the condemning authority (but not against Landlord or out of Landlord's award) for Tenant's relocation expenses, business interruption, and Tenant's Personal Property, to the extent such claim does not reduce the award payable to Landlord. If the remaining portion of the Premises is not reasonably suitable for continued operation as a charter school, either Landlord or Tenant may elect to terminate this Lease by providing written notice to the other party within thirty (30) days after the date of taking.

SECTION 11.03. Temporary Taking. If the Premises or any part thereof shall be taken for temporary use, this Lease shall continue in full force and effect, and Tenant shall continue to pay rent without abatement. Tenant shall be entitled to receive that portion of any award for such temporary taking that represents compensation for the use and occupancy of the Premises for the period of the taking up to the end of the Term, and Landlord shall be entitled to receive the balance of such award.

SECTION 11.04. Effect on Purchase Option. In the event of a total taking pursuant to Section 11.01, Tenant's purchase option under Article XVI shall terminate as of the date of taking. In the event of a partial taking pursuant to Section 11.02 where this Lease continues, the Purchase Price shall be reduced by the proportion of the Premises taken, and all rent paid prior to the taking shall continue to be credited toward the reduced Purchase Price (unless such rent was designated as Non-Reducing Rent Payments). Landlord and Tenant shall execute an amendment to this Lease and **Exhibit F** reflecting the adjusted Purchase Price and rent credit schedule.

Article XII
EVENTS OF DEFAULT AND REMEDIES

SECTION 12.01. Events of Default. The following shall constitute "**Events of Default**" under this Lease:

(a) *Non-Payment of Rent*. Any failure of Tenant to pay any Base Rent, additional sums and reimbursements, or other monetary obligation due hereunder within ten (10) days after the same shall be due;

(b) *Core Defaults*. Any Core Default as defined and described in Section 4.02(a) and designated as such in the Compliance Agreement. Core Defaults shall constitute immediate Events of Default with no cure period, and Landlord shall have the immediate right to exercise any and all remedies set forth in Section 4.03(a) and Article XII;

(c) *Covenant Violations*. Any Covenant Violation as defined and described in Section 4.02(b) and designated as such in the Compliance Agreement. Covenant Violations shall be subject to the cure and escalation procedures set forth in Section 4.03(b), and shall constitute an Event of Default hereunder if Tenant fails to timely cure such violation in accordance with such procedures or if Landlord exercises its right to terminate pursuant to Section 4.03(b)(iii);

(d) *Reporting Failures*. Any persistent failure to provide Reporting Items as described in Section 4.02(c) and designated as such in the Compliance Agreement, or any failure to provide such items within ten (10) business days after written notice from Landlord, if Landlord elects to declare such failure an Event of Default pursuant to Section 4.03(c);

(e) *Breach of Article IV Obligations*. Any failure to perform or comply with any of the covenants, obligations, or requirements set forth in Section 4.01, including without limitation the obligations to maintain charter good standing, Public Charity Status, and mission integrity, which failure is not otherwise addressed in subsections (b), (c), or (d) above and which does not fall within the categories established by Section 4.02 and in the Compliance Agreement, and which failure continues for more than thirty (30) days after written notice of such default shall have been given to Tenant (or, if such failure cannot reasonably be cured within thirty (30) days, if Tenant fails to commence such cure within thirty (30) days and diligently prosecute the same to completion); provided, however, that any loss, revocation, modification, or suspension of Tenant's Public Charity Status shall be subject to Landlord's termination right under Section 4.01(c) with only ten (10) days to cure as provided therein, and if not cured or remedied within such ten (10) day period, such loss shall constitute an immediate Event of Default hereunder;

(f) *Breach of Other Lease Covenants*. Any failure to perform any other term, condition, or covenant of this Lease not addressed in subsections (a) through (e) above, which failure continues for more than thirty (30) days after written notice of such default shall have been given to Tenant (or, if such failure cannot reasonably be cured within thirty (30) days, if Tenant fails to commence such cure within thirty (30) days and diligently prosecute the same to completion);

(g) *False Reporting*. If Tenant or an agent of Tenant shall knowingly or recklessly falsify any material report, document, or information required to be furnished to Landlord, any charter school Authorizing Agency, accrediting agency, or other governmental body;

(h) *Bankruptcy and Insolvency*. If Tenant shall become bankrupt or insolvent or file any debtor proceedings or take or have taken against Tenant in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property;

(i) *Assignment for Benefit of Creditors*. If Tenant makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement; or

(j) *Abandonment*. If Tenant shall abandon said Premises or suffer this Lease to be taken under any writ of execution.

Upon the occurrence of any Event of Default described above, Landlord, in addition to any other rights or remedies it may have at law or in equity, shall have the immediate right of re-entry and may remove all persons and property and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby. The rights and remedies available to Landlord for Events of Default under Article IV shall be as set forth in Section 4.03, and such rights and remedies shall be cumulative with and in addition to the rights and remedies set forth in this Article XII.

SECTION 12.02. Right to Relet. Should Landlord elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may, in its sole discretion, provide Tenant with thirty (30) days' written notice before reletting or selling the Premises, during which time Tenant may (i) cure any curable Event of Default, or (ii) with Landlord's reasonable consent, arrange for assignment of this Lease to a qualified successor charter school operator approved by the Authorizing Agency. Landlord has no obligation to provide such notice, and Landlord's election not to provide such notice shall not limit any of Landlord's rights or remedies under this Lease. If Landlord elects to provide such notice and Tenant does not cure or arrange an approved assignment within such thirty (30) day period, Landlord may either terminate this Lease or, from time to time without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Premises, and relet said Premises or any part thereof for such Term or terms (which may be for a term extending beyond the Term of this Lease) and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable; upon each such reletting all rentals received by Landlord from such reletting shall be applied, first, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord, second, to the payment of any costs and expenses of such reletting, including brokerage fees and attorney's fees and of costs of such alterations and repairs; third, to the payment of rent due and unpaid hereunder, and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. If such rentals, received from such reletting during any quarter be less than that to be paid during that quarter by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid quarterly. No such re-entry or taking possession of said Premises by Landlord shall be construed as an election on its part to terminate this lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a Court of competent jurisdiction. Notwithstanding any such re-letting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous breach. For the avoidance of doubt, the thirty (30) day notice opportunity set forth in this Section shall not apply to Events of Default under Section 12.01(b) (Core Defaults), Section 12.01(h) (bankruptcy), Section 12.01(i) (assignment for benefit of creditors), or Section 12.01(j) (abandonment), for which Landlord may exercise immediate remedies without any notice.

SECTION 12.03. Waiver of Rights or Redemption. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed (a) for an Event of Default under Section 12.01(a) (non-payment of rent) that remains uncured for more than thirty (30) days after the due date, (b) for any Core Default under Section 12.01(b), (c) for false reporting under Section 12.01(g), (d) for bankruptcy or insolvency under Section 12.01(h), (e) for assignment for the benefit of creditors under Section 12.01(i), or (f) for abandonment under Section 12.01(j). For Events of Default under Section 12.01(c) (Covenant Violations), Section 12.01(d) (Reporting Failures), Section 12.01(e) (other Article IV breaches), and Section 12.01(f) (other Lease breaches), Tenant retains all statutory rights of redemption to the extent provided by applicable law, provided that Tenant timely exercises such rights and cures all defaults.

SECTION 12.04. Breach by Landlord. Tenant shall have no claim for breach of this Lease by Landlord unless (a) Tenant provides Landlord with written notice specifically describing the alleged breach, (b) such breach is material and substantially interferes with Tenant's ability to operate the Premises as a charter school, and (c) Landlord fails to cure such breach within thirty (30) days after receipt of such notice (or, if not curable within thirty (30) days, Landlord fails to commence cure within thirty (30) days and diligently pursue such cure). Tenant's sole remedies for any breach by Landlord shall be limited to: (i) specific performance (not available for any breach relating to the condition of the Premises as accepted "as-is" pursuant to Section 3.01); or (ii) monetary damages not to exceed Base Rent paid during the twelve (12) months immediately preceding the breach. Tenant expressly waives all other remedies, including without limitation the right to terminate this Lease (except if Tenant is completely prevented from operating the charter school for ninety (90) consecutive days due to Landlord's uncured breach), consequential damages of any kind, and any right to abate, reduce, withhold, or offset rent. Tenant's obligation to pay all rent and perform all obligations under this Lease shall continue during any dispute with Landlord, and Tenant's failure to do so shall constitute an Event of Default under Section 12.01.

SECTION 12.05. Treatment of Rent Credits Upon Default.

(a) *General Rule on Rent Credits*. Upon the occurrence of any Event of Default, or upon termination of this Lease for any reason:

(i) All Base Rent payments previously designated as Reducing Rent Payments and credited toward the Purchase Price under Article XVI through the date of the default or termination shall be preserved and shall not be revoked, clawed back, or forfeited; and

(ii) All Base Rent payments made by Tenant from and after the date of the default or termination shall constitute Non-Reducing Rent Payments and shall not be credited toward the Purchase Price.

(b) *Landlord's Setoff Right*. Notwithstanding subsection (a)(i), Landlord may set off against any accumulated rent credits all amounts owed by Tenant to Landlord under this Lease. Such setoff amounts may include, without limitation, unpaid rent, late charges, and interest, as well as costs incurred by Landlord to repair, restore, or remediate the Premises, attorneys' fees and legal costs, brokerage commissions, and any diminution in the fair market value of the Premises caused by Tenant's use, alterations, or failure to maintain the Premises in accordance with this Lease.

(c) *Casualty and Condemnation*. If Landlord terminates this Lease pursuant to Article X (Destruction of Premises) or Article XI (Condemnation), Tenant shall not be entitled to any refund or credit of rent previously paid. Landlord shall retain all insurance proceeds and condemnation awards as provided in Articles X and XI, and all rent paid prior to termination shall be deemed fully earned as consideration for Tenant's use and occupancy of the Premises.

(d) *Landlord's Accounting*. Following any termination of this Lease, Landlord shall provide Tenant with a written accounting of: (i) the total Reducing Rent Payments accumulated through the date of default or termination; (ii) any amounts Landlord is entitled to set off pursuant to subsection (b); and (iii) the net credit balance after application of any setoff. Tenant shall have thirty (30) days to dispute any item by written notice specifying the basis for the dispute, and the parties shall work in good faith to resolve any such dispute.

(e) *No Independent Value of Credits*. Accumulated rent credits represent only a reduction in the Purchase Price payable upon Tenant's exercise of the purchase option under Article XVI and have no independent monetary value. If the purchase option is not exercised or is terminated for any reason, Landlord shall have no obligation to pay, refund, or otherwise compensate Tenant for any accumulated rent credits.

(f) *Preservation of Rights During Default and Forbearance Discussions*. Landlord's acceptance of any rent payment (whether full, partial, or late) after the occurrence of an Event of Default, or during any cure period, shall not constitute a waiver of such Event of Default or Landlord's right to pursue any remedy under this Lease or applicable law. Landlord's engagement in discussions, negotiations, or communications with Tenant regarding any Event of Default, potential cure, payment arrangement, forbearance, or workout shall not: (i) waive or cure any Event of Default; (ii) restart or extend any cure period; (iii) create any obligation on Landlord's part to forbear from exercising remedies; (iv) estop Landlord from exercising any remedy at any time; or (v) constitute any agreement, representation, or commitment by Landlord unless and until a written forbearance agreement is fully executed by both parties. Time spent in negotiations or discussions shall not toll, extend, or otherwise affect any of Landlord's rights or remedies. Landlord may, in its sole and absolute discretion, discontinue any discussions or negotiations and immediately pursue any and all remedies available under this Lease or applicable law at any time, with or without notice to Tenant. Any statements, proposals, term sheets, or draft agreements exchanged during negotiations shall be deemed offers to compromise within the meaning of applicable evidence rules and shall not be admissible as evidence of any waiver, agreement, or admission by Landlord.

(g) *Survival*. The provisions of this Section 12.05 shall survive the expiration or earlier termination of this Lease.

Article XIII
TAXES ON LEASEHOLD

SECTION 13.01. Tenant's Obligation. Tenant shall be responsible for and shall pay before delinquency all municipal, county, or state taxes, if any, assessed during the Term of this Lease against any leasehold interest or personal property of any kind owned by or placed in, upon, or about the Premises by Tenant.

SECTION 13.02. Landlord's Right to Pay and Seek Reimbursement. If Tenant fails to pay any taxes described in Section 13.01 when due, Landlord may, at its option but without obligation, pay such taxes on Tenant's behalf. In such event, Landlord may, in its sole discretion, either (a) include such paid taxes in the Operating Expense Charges, or (b) invoice Tenant directly for immediate payment as additional sums and reimbursements. Any such amounts paid by Landlord and not timely reimbursed by Tenant shall: (i) bear interest at the rate of ten percent (10%) per annum (or the maximum rate permitted by law, if less) from the date paid by Landlord until reimbursed by Tenant; (ii) include any penalties, late fees, or interest charges assessed by the taxing authority as a result of Tenant's failure to timely pay; and (iii) include an administrative fee equal to fifteen percent (15%) of the total tax amount paid by Landlord. Tenant shall reimburse Landlord within ten (10) days after receipt of Landlord's invoice, together with supporting documentation. Landlord's payment of such taxes on Tenant's behalf shall not waive Tenant's default or limit any other remedies available to Landlord under this Lease, and such failure to pay when due may constitute an Event of Default under Section 12.01(f).

SECTION 13.03. Proof of Payment. Upon Landlord's request, Tenant shall provide Landlord with proof of payment of all taxes required to be paid by Tenant under this Article XIII, including receipts or tax statements marked "Paid," within fifteen (15) days after such request.

Article XIV
SUCCESSORS

All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective successors, and assigns of the said parties, and if there shall be more than one tenant, they shall all be bound jointly and severally by the terms, covenants, and agreements herein.

Article XV
QUIET ENJOYMENT

Upon payment by Tenant of the rents herein provided, upon the observance and performance of all the covenants, terms, and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the Premises for the term hereby demised without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through, or under Landlord, subject, nevertheless, to the terms and conditions of this Lease, including but not limited to Landlord's rights under Article X (Destruction of Premises) and Article XI (Condemnation), and subject to all matters of record.

Article XVI
OPTION TO PURCHASE

SECTION 16.01. Tenant's Option to Purchase. For and in consideration of the Lease, and provided that (a) Tenant is not in default in the performance of this Lease beyond any applicable cure period with respect to the payment of Base Rent or other monetary obligations, and (b) Tenant is not subject to any Core Default under Article IV, Landlord grants to Tenant a right and option to purchase at any time during the initial five (5) year Term of this Lease the Premises for use as an Open Enrollment Charter School. In the event Tenant elects to purchase the Premises, Tenant shall give written notice to Landlord of such election to purchase at least ninety (90) days prior to the proposed date of such purchase (the "**Tenant Purchase Notice**"). Closing shall occur on the date proposed in the Tenant Purchase Notice, which shall be on or before the last day of the Term of this Lease, or on such other date as the parties may mutually agree in writing. Tenant's option to purchase under this Section shall automatically terminate and be of no further force or effect upon the occurrence of any Event of Default under Section 12.01(a) (non-payment of rent for more than thirty (30) days), Section 12.01(b) (Core Default), Section 12.01(h) (bankruptcy or insolvency), Section 12.01(i) (assignment for benefit of creditors), or Section 12.01(j) (abandonment). If this Lease is terminated for any reason prior to Tenant's exercise of this option, the option shall immediately terminate.

SECTION 16.02. Purchase Price; Rent Credits; Final Determination.

(a) *Purchase Price Components*. The purchase price for the Premises (the "**Purchase Price**") shall be a sum equal to all of Landlord's costs of making the Premises available for Tenant's use as an open enrollment charter school, including without limitation: (i) all costs of acquiring the Premises, including purchase price, closing costs, title insurance, survey costs, transfer taxes, and legal fees; (ii) all costs of designing, engineering, permitting, planning, and architectural services for improvements to the Premises; (iii) all hard costs of constructing, remodeling, renovating, and improving the Premises, including labor, materials, equipment, and contractor fees; (iv) all soft costs associated with the development and construction of improvements, including construction management fees, project management, inspection fees, testing, commissioning, financing costs, interest carry during construction, insurance, and other development expenses; and (v) reasonable overhead and administrative costs directly allocable to the project. The Purchase Price shall also include all costs incurred during the Term as provided in subsection (b) below. The "Baseline Purchase Price" means the Purchase Price as finally determined pursuant to subsection (b) below based on actual acquisition, development, and construction costs incurred through the certificate of occupancy date, before any additions made during the Term pursuant to subsection (b).

(b) *Baseline Purchase Price and Ongoing Additions During the Term*. The Purchase Price set forth in subsection (a) is an estimate based on projected costs. Within thirty (30) days following the issuance of a final certificate of occupancy for the Premises and Landlord's receipt of final invoices, lien releases, and accounting for all initial project costs, Landlord may (but shall have no obligation to) prepare and deliver to Tenant a Baseline Purchase Price Statement setting forth Landlord's actual costs in each of the categories described in subsection (a)(i) through (v) and calculating the Baseline Purchase Price based on acquisition, development, and construction costs incurred through the certificate of occupancy date. Tenant shall have thirty (30) days after receipt of the Baseline Purchase Price Statement to review and approve the same, which approval shall not be unreasonably withheld, conditioned, or delayed. If Tenant disputes any item, Tenant shall notify Landlord in writing within such thirty (30) day period, specifying the basis for the dispute and providing supporting documentation. The parties shall work in good faith to resolve any such dispute within thirty (30) days. Upon agreement or resolution of any disputes, Landlord and Tenant shall execute an amendment to **Exhibit F** confirming the Baseline Purchase Price as of the certificate of occupancy date. If Tenant fails to object within thirty (30) days after receiving a Baseline Purchase Price Statement from Landlord, the Baseline Purchase Price Statement shall be deemed approved. The Baseline Purchase Price established under this subsection (b) is not the final Purchase Price. Throughout the Term, the Purchase Price shall be increased to include: (i) all costs incurred by Landlord in performing Landlord's maintenance, repair, and replacement obligations under Section 5.01(a), as provided in Section 5.01(d); (ii) any costs resulting from Tenant-requested changes to Landlord's Work under Section 1.04(f) and **Exhibit B**; and (iii) any other costs properly includable under subsection (a) above that are incurred after the certificate of occupancy date. Landlord shall document all such additions to the Purchase Price in the Purchase Price Ledger maintained pursuant to subsection (e) and **Exhibit F**. The Final Purchase Price for purposes of closing on any purchase transaction under this Article XVI shall be the Baseline Purchase Price established under this subsection (b) plus all additions documented in the Purchase Price Ledger through the date of closing.

(c) *Rent Credits (Reducing Rent Payments)*. The Purchase Price determined under subsections (a) and (b) shall be reduced by the total amount of all Reducing Rent Payments made by Tenant to Landlord from the Rent Commencement Date through the date of closing on the purchase of the Premises. "**Reducing Rent Payments**" means all Base Rent payments made by Tenant during the Term of this Lease, except for those payments designated as Non-Reducing Rent Payments under subsection (d) below. The net amount due from Tenant to Landlord at closing shall be the Purchase Price (including all additions through the closing date) less the total amount of Reducing Rent Payments. For avoidance of doubt, Operating Expense Charges as defined in Section 2.01(e) shall not reduce or be credited against the Purchase Price.

(d) *Non-Reducing Rent Payments*. "**Non-Reducing Rent Payments**" means Base Rent payments made by Tenant to Landlord that do not reduce or count toward the Purchase Price, and which are comprised of the following: (i) any and all rent payments made by Tenant during any holdover period or other period of occupancy by Tenant after the Expiration Date (as defined in Section 1.02), whether pursuant to Section 6.02 or otherwise; (ii) any and all rent payments made by Tenant during any period within which Landlord has elected to impose Non-Reducing Rent Payments as a remedy for a Covenant Violation pursuant to Section 4.03(b)(ii), including without limitation any period during which Tenant has failed to meet the performance goals relating to enrollment, academics, or financial health as set forth in the Compliance Agreement, with such period commencing and terminating as specified in Landlord's written notice pursuant to Section 4.03(b)(ii); and (iii) any other rent payments, including without limitation Operating Expense Charges, that are expressly designated in this Lease or in a written notice from Landlord to Tenant as Non-Reducing Rent Payments. Tenant acknowledges and agrees that if

Tenant does not purchase the Premises by the Expiration Date and, with Landlord's consent, extends or continues occupancy beyond the Expiration Date (whether pursuant to a formal extension agreement, a month-to-month holdover, or otherwise), no further rental payments made after the Expiration Date will be applied toward reducing the Purchase Price.

(e) *Purchase Price Ledger and Reporting*. Landlord may (but shall have no obligation to) maintain a ledger (the "**Purchase Price Ledger**") documenting: (i) the Final Purchase Price as determined under subsection (b); (ii) each Base Rent payment received from Tenant, with the date and amount; (iii) the designation of each such payment as either a Reducing Rent Payment or a Non-Reducing Rent Payment; (iv) the running total of Reducing Rent Payments applied as a credit toward the Purchase Price; and (v) the net Purchase Price remaining after application of all Reducing Rent Payments (the "**Net Purchase Price Due at Closing**"). Landlord may provide Tenant with an updated statement reflecting the information in the Purchase Price Ledger on an annual basis, within sixty (60) days after each anniversary of the Rent Commencement Date, and upon request in connection with Tenant's exercise of the purchase option under Section 16.01. Tenant shall have thirty (30) days after receipt of each annual statement to review and dispute any categorization of a payment as a Reducing Rent Payment or Non-Reducing Rent Payment by providing written notice to Landlord specifying the basis for the dispute and providing supporting documentation. If Landlord has imposed a Non-Reducing Rent Payment period pursuant to Section 4.03(b)(ii), and if Tenant believes that: (A) the underlying Covenant Violation has been cured and Tenant has achieved sustained compliance with the applicable performance standard(s), or (B) where Landlord's notice specified performance-based termination criteria under Section 4.03(b)(ii), Tenant has satisfied such criteria, or (C) where no specific end date or performance criteria were specified, Tenant has demonstrated material and sustained performance improvement, then Tenant may submit a written request to Landlord requesting that subsequent rent payments be restored to Reducing Rent Payment status. Such request shall include: (1) identification of the specific Covenant Violation and the date of Landlord's notice imposing Non-Reducing Rent Payments; (2) detailed documentation demonstrating that the violation has been cured or the specified performance criteria have been met, including supporting data covering a reasonable period of sustained performance (generally not less than two (2) consecutive quarters or one (1) semester, as applicable); (3) Tenant's current performance status with respect to all performance standards in the Compliance Agreement; and (4) any other information reasonably demonstrating sustained compliance and improvement. Landlord may review any such request and respond in writing within thirty (30) days after receipt, either: (i) approving the request and confirming the date on which subsequent rent payments will be restored to Reducing Rent Payment status; (ii) denying the request with a brief explanation of the basis for denial (which may include insufficient evidence of sustained improvement, concerns about other performance metrics, or Landlord's reasonable judgment that additional time is needed to confirm sustained performance); or (iii) requesting additional information or documentation, in which case Landlord shall have an additional thirty (30) days after receipt of such additional information to respond. If Landlord fails to respond within the applicable time period, Tenant may send a second written notice referencing the original request and requesting a response. If Landlord fails to respond within fifteen (15) days after receipt of such second notice, the request shall be deemed approved and rent payments shall be restored to Reducing Rent Payment status effective as of the first day of the month following the expiration of such fifteen (15) day period. Notwithstanding the foregoing deemed approval provision, Landlord may, upon discovering a continued or new performance deficiency, reimpose Non-Reducing Rent Payments prospectively upon written notice in accordance with Section 4.03(b)(ii). Landlord's determination to approve or deny any restoration request shall be made in good faith based on the information provided and Landlord's reasonable assessment of Tenant's sustained performance and compliance but shall not be subject to challenge except in the case of fraud, intentional misrepresentation of facts by Landlord, or Landlord's failure to consider the information actually provided by Tenant.

SECTION 16.03. Closing Procedures.

(a) *AS IS Conveyance*. Tenant acknowledges and agrees that the conveyance of the Premises pursuant to this Article XVI shall be made on an "AS IS, WHERE IS" basis, with all faults, and subject to all matters of record, all easements, covenants, conditions, and restrictions of record, all applicable zoning ordinances and regulations, all building and use restrictions, and all other matters affecting title to the Premises. LANDLORD MAKES NO REPRESENTATIONS OR WARRANTIES CONCERNING TITLE TO THE PREMISES, THE CONDITION OF TITLE, OR THE ABSENCE OF LIENS, ENCUMBRANCES, OR OTHER DEFECTS, AND TENANT SHALL ACCEPT TITLE IN ITS CONDITION AT CLOSING, SUBJECT TO ALL MATTERS OF RECORD AND ALL EXCEPTIONS SHOWN IN THE TITLE COMMITMENT.

(b) *Title Commitment for Informational Purposes Only*. Within fifteen (15) days after Tenant's exercise of the purchase option under Section 16.01, Landlord may, at Tenant's expense, order a commitment for an owner's policy of title insurance showing the state of title to the Premises as of the date of the commitment. If obtained, the title commitment shall be delivered to Tenant for informational purposes only, and Tenant shall have fifteen (15) business days after receipt to review the same. Tenant acknowledges and agrees that Landlord shall have no obligation to cure, remove, or otherwise address any liens, encumbrances, exceptions, or defects shown in the title commitment or otherwise affecting title to the Premises. If Tenant determines, in its sole discretion, that any matter shown in the title commitment or otherwise affecting title renders the Premises unsuitable for Tenant's intended use or otherwise unacceptable to Tenant, Tenant's sole remedy shall be to terminate the purchase transaction by providing written notice to Landlord within such fifteen (15) business day review period, in which case this Lease shall continue in full force and effect and neither party shall have any further obligation with respect to the purchase transaction. If Tenant fails to timely terminate the purchase transaction as provided herein, Tenant shall be deemed to have accepted title in its then-current condition, subject to all matters shown in the title commitment and all other matters of record, and Tenant shall have no further right to object to title or to terminate the purchase transaction on account of any title matter.

(c) *Form of Deed; No Warranties*. Conveyance shall be by special warranty deed in recordable form, which deed shall convey title subject to: (i) all matters shown in the title commitment; (ii) all easements, covenants, conditions, restrictions, and encumbrances of record; (iii) real estate taxes and assessments not yet due and payable; (iv) all applicable zoning ordinances, building codes, and governmental regulations; (v) all matters that would be disclosed by an accurate ALTA/NSPS survey and physical inspection of the Premises; and (vi) the restrictive covenants set forth in Section 16.04. Landlord shall convey only such title as Landlord has, by special warranty deed, and Landlord makes no representation or warranty as to the state of title, the absence of encumbrances, the accuracy of the legal description, the condition of the Premises, compliance with any laws or regulations, or the suitability of the Premises for any purpose. The special warranty deed shall contain only such covenants and warranties as are customary in a special warranty deed under Oklahoma law, and Landlord expressly disclaims all other warranties, express or implied.

(d) *Closing Costs and Expenses*. All costs of the title commitment, title insurance policy, survey (if any), recording fees, transfer taxes, and other closing costs and expenses shall be allocated between Landlord and Tenant as follows: (i) Tenant shall pay for the owner's title insurance policy premium, the cost of the title commitment, any endorsements requested by Tenant or Tenant's lender, any survey costs, all recording fees for documents in Tenant's chain of title (including the deed and any mortgage), and one-half of any escrow or closing fees charged by the title company or closing agent; (ii)

Landlord shall pay for recording fees for documents required to clear Landlord's title (if any), and one-half of any escrow or closing fees; and (iii) all other closing costs shall be allocated in accordance with local custom in the county where the Premises are located, unless otherwise agreed by the parties in writing. Notwithstanding the foregoing, under no circumstances shall Landlord be required to incur any cost or expense to cure, remove, or address any title defect, lien, or encumbrance.

(e) *Closing Statement and Prorations*. The parties shall execute a standard form closing statement prepared by the title company or closing agent, reflecting all prorations and adjustments as of the closing date. Real estate taxes and assessments for the year of closing shall be prorated as of the closing date based on the most recent available tax bill, with any subsequent adjustment to be made between the parties after receipt of the actual tax bill for the year of closing. Rent paid by Tenant for the month in which closing occurs shall be prorated on a per diem basis and credited to Tenant at closing. All utilities, assessments, and other operating expenses for the Premises shall be prorated as of the closing date. Tenant shall be responsible for all costs and expenses associated with the operation, maintenance, and ownership of the Premises from and after the closing date.

(f) *Tenant's Due Diligence and Closing Conditions*. Tenant acknowledges that it has had full opportunity prior to the execution of this Lease and will have opportunity during the period between exercise of the purchase option and closing, to conduct such inspections, tests, and investigations of the Premises as Tenant deems necessary or appropriate, including without limitation inspections of the physical condition of the improvements, environmental assessments, surveys, and review of all matters affecting title. Tenant's obligation to close on the purchase of the Premises is conditioned solely upon: (i) Tenant's approval of title (or Tenant's election to accept title as provided in subsection (b) above); and (ii) Landlord's delivery of the special warranty deed and other closing documents in accordance with this Section 16.03. Tenant shall have no other closing conditions, including, without limitation, any conditions relating to the physical condition of the Premises, compliance with laws, environmental matters, survey matters, or financing. Tenant waives any and all implied or statutory closing conditions and acknowledges that the purchase shall be consummated on an AS IS, WHERE IS basis.

(g) *Casualty or Condemnation Prior to Closing*. If the Premises are damaged by fire, casualty, or other insured or uninsured peril, or subjected to a condemnation or eminent domain proceeding, between the date of Tenant's Purchase Notice under Section 16.01 and the scheduled closing date, the provisions of Article X or Article XI (as applicable) shall govern the parties' rights and obligations, including any termination rights. If the casualty or condemnation does not result in termination of this Lease under Article X or Article XI, then the purchase transaction shall proceed to closing, with Tenant taking the Premises in its then-current condition (subject to any restoration in progress by Landlord under Article X), and Landlord shall assign to Tenant at closing all of Landlord's right, title, and interest in and to any insurance proceeds or condemnation awards related to such casualty or taking (to the extent not already applied to restoration), without any reduction in the Purchase Price except as may be expressly provided in Article XI.

(h) *Survival*. The provisions of this Section 16.03 shall survive the closing of the purchase and sale transaction. Tenant's acceptance of the special warranty deed shall be deemed to be full satisfaction and discharge of all of Landlord's obligations under this Article XVI with respect to title and the condition of the Premises, except for those obligations that expressly survive closing as set forth in Section 16.04.

Notwithstanding any amount of the rent payments being taken into account in the calculation of the Purchase Price under Section 16.02 of this Lease, the parties agree and acknowledge that by making such rental payments Tenant is acquiring no present ownership, lien, or equity interest in the Premises prior to closing in the Premises, that such payments constitute rent for Tenant's use and occupancy of the Premises during the Term, and that the below-market aspect of the Base Rent (reflecting the rent credit feature) is granted in consideration of Tenant's obligations under this Lease and Tenant's commitment to operate an open enrollment charter school at the Premises. Tenant further acknowledges and agrees that Landlord's right to terminate this Lease pursuant to Article X (Destruction of Premises) or Article XI (Condemnation) is absolute and may be exercised in Landlord's sole discretion as provided in such Articles, and that any such termination by Landlord shall immediately terminate Tenant's purchase option under this Article XVI, with the treatment of any rent credits to be determined in accordance with Section 12.05(c).

SECTION 16.04. Post-Purchase Use Restrictions and Landlord's Rights.

(a) *Charter School Use Requirement*. The special warranty deed conveying the Premises to Tenant pursuant to this Article XVI shall contain a restrictive covenant running with the land and binding upon Tenant, its successors and assigns, requiring that the Premises be used solely and exclusively for the operation of an open enrollment charter school for a period of ten (10) years following the date of closing (the "**Restriction Period**"). During the Restriction Period, Tenant shall not, without Landlord's prior written consent (which consent may be granted or withheld in Landlord's sole and absolute discretion): (i) use or permit the use of the Premises for any purpose other than the operation of an open enrollment charter school; (ii) cease operating a charter school at the Premises for more than one hundred eighty (180) consecutive days (except due to force majeure or casualty covered by Article X); (iii) permit the charter school's charter to be revoked, non-renewed, or terminated; or (iv) sell, transfer, convey, lease, or encumber the Premises except as expressly permitted in subsection (c) below.

(b) *Remedies for Violation*. If Tenant violates the restrictive covenant set forth in subsection (a) at any time during the Restriction Period, Landlord shall have the following rights and remedies, which shall be cumulative and in addition to any other rights or remedies available at law or in equity: (i) Landlord may seek specific performance and injunctive relief to compel Tenant's compliance with the charter school use requirement; (ii) Tenant shall pay to Landlord, as liquidated damages and not as a penalty (the parties acknowledging that Landlord's actual damages would be difficult to ascertain), an amount equal to the greater of: (A) fifty percent (50%) of the Total Purchase Price as set forth in **Exhibit F** (before reduction for any Reducing Rent Payments); or (B) fifty percent (50%) of the total amount of all Reducing Rent Payments credited to Tenant through the date of closing, together with interest at ten percent (10%) per annum from the date of closing to the date of payment; and (iii) Landlord shall have a right of first refusal as set forth in subsection (c) to repurchase the Premises. The restrictive covenant and remedies set forth in this Section 16.04 shall be enforceable by Landlord, its successors and assigns, and shall be deemed to run with the land and bind all subsequent owners of the Premises during the Restriction Period.

(c) *Right of First Refusal*. If at any time during the Restriction Period Tenant desires to sell, convey, or otherwise transfer the Premises (or any interest therein) to a third party, Tenant shall first offer the Premises to Landlord on the following terms: (i) Tenant shall deliver to Landlord a written notice (the "**Offer Notice**") containing the material terms and conditions of the proposed sale, including the proposed purchase price, the identity of the proposed purchaser, the proposed closing date, and copies of any purchase agreement or letter of intent; (ii) Landlord shall have sixty (60) days after receipt of the Offer Notice to elect, in writing, to purchase the Premises on the same terms and conditions set forth in the Offer Notice (or on such other terms as Landlord and Tenant may negotiate); (iii) if Landlord timely elects to purchase, the parties shall close the transaction within ninety (90) days after Landlord's election (or such other date as the parties agree), and Tenant shall convey the Premises to Landlord by special warranty deed, free and clear of all liens and encumbrances (other than those existing at the time Tenant originally purchased the Premises from Landlord, and other than purchase money mortgages or deeds of trust approved by Landlord under subsection (d)); (iv) if Landlord does not timely elect to purchase, or if Landlord and Tenant are unable to reach agreement on terms, Tenant may proceed to sell the Premises to the third party identified in the Offer Notice, on terms no more favorable to the purchaser than those offered to Landlord, and such sale must close within one hundred eighty (180) days after the expiration of Landlord's election period, failing which Tenant must re-offer the Premises to Landlord pursuant to this subsection (c); and (v) any sale or transfer in violation of this right of first refusal shall be voidable at Landlord's election and shall be deemed a breach of the restrictive covenant set forth in subsection (a), subject to the remedies in subsection (b).

(d) *Permitted Encumbrances*. Notwithstanding subsection (a), Tenant may, without Landlord's consent, grant a purchase money mortgage or deed of trust on the Premises to a qualified institutional lender to secure financing for Tenant's purchase of the Premises, provided that: (i) Tenant provides Landlord with copies of all loan documents at least ten (10) business days prior to closing; (ii) the loan documents do not permit the lender to use the Premises for any purpose other than an open enrollment charter school without Landlord's consent; and (iii) Tenant provides Landlord with a subordination, non-disturbance, and attornment agreement in form reasonably acceptable to Landlord, pursuant to which the lender agrees to recognize and honor the restrictive covenants set forth in this Section 16.04. Any refinancing or replacement of such permitted purchase money financing shall be subject to the same requirements.

(e) *Survival and Recording*. The covenants, restrictions, and agreements set forth in this Section 16.04 shall survive the closing of the purchase and sale transaction and the termination of this Lease. The special warranty deed delivered at closing shall include the full text of the restrictive covenant set forth in subsection (a) and a reference to this Lease and this Section 16.04, and Landlord shall have the right (but not the obligation) to record a memorandum of this Lease or a separate declaration of restrictive covenants in the land records of the county where the Premises are located to provide notice of the restrictions herein.

(f) *Release of Restriction*. Upon the expiration of the ten (10) year Restriction Period, the restrictive covenant and Landlord's rights under this Section 16.04 shall automatically terminate and be of no further force or effect, and Landlord shall, upon Tenant's request and at Tenant's expense, execute and deliver a release or termination of restrictive covenant in recordable form evidencing such termination. Alternatively, Landlord may, in its sole discretion, elect to release the restrictive covenant prior to the expiration of the Restriction Period by executing and delivering a written release to Tenant, but Landlord shall have no obligation to do so.

Article XVII
MISCELLANEOUS

SECTION 17.01. Waiver. The waiver by Landlord or Tenant of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term, or condition of this Lease shall be deemed to have been waived by Landlord or Tenant unless such waiver is in writing and signed by Landlord and Tenant.

SECTION 17.02. Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than on account of the earlier stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, except to the extent stated therein, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease as provided herein.

SECTION 17.03. Entire Agreement. This Lease sets forth all the covenants, promises, agreements, conditions, and understandings between Landlord and Tenant concerning the Premises, and there are no covenants, promises, agreements, conditions, or 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 Landlord or Tenant unless reduced to writing and signed by them.

SECTION 17.04. No Partnership. Nothing contained in this Lease shall be deemed to create a partnership, joint venture, or association between Landlord and Tenant.

SECTION 17.05. Notices. Any notice, demand, request, or other instrument which may be or are required to be given under this Lease shall be delivered in person or sent by United States certified mail postage pre-paid and shall be addressed: (a) if to Landlord at the address first herein above given or at such other address Landlord may designate by written notice; and (b) if to Tenant, at the Premises or at such other address as Tenant shall designate by written notice.

SECTION 17.06. Captions and Section Numbers. The captions, section numbers, and article numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

SECTION 17.07. Partial Invalidity. If any term, covenant, or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant, or condition to persons or unenforceable, shall not be affected thereby and each term, covenant, or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

SECTION 17.08. Governing Law. This Lease shall be governed, construed, and interpreted by the laws of the State of Oklahoma without giving effect to the choice of law principles thereof that would result in the application of the laws of any other jurisdiction.

SECTION 17.09. Jury Trial Waiver. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LANDLORD AND TENANT EACH HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER (OR AGAINST ANY AFFILIATE, OFFICER, DIRECTOR, MEMBER, MANAGER, EMPLOYEE, OR AGENT OF THE OTHER PARTY) ON ANY MATTER 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 CLAIM OF INJURY OR DAMAGE, ANY EMERGENCY OR STATUTORY REMEDY, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, OR REGULATION. THIS WAIVER OF JURY TRIAL IS SEPARATELY BARGAINED FOR AND IS AN ESSENTIAL ELEMENT OF THE AGREEMENT BETWEEN THE PARTIES. Each party certifies that no representative, agent, or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce this jury trial waiver.

SECTION 17.10. Limitation of Landlord's Liability. Tenant shall look solely to Landlord's interest in the Premises (including insurance proceeds and condemnation awards, if any) for the recovery of any judgment or award against Landlord arising out of or in connection with this Lease or the relationship of Landlord and Tenant hereunder. No other property or assets of Landlord or any of Landlord's members, managers, officers, directors, shareholders, partners, employees, agents, affiliates, or any of their respective successors or assigns (collectively, "**Landlord Parties**"), shall be subject to levy, execution, attachment, or other enforcement procedure for the satisfaction of any such judgment or award, and in no event shall any Landlord Party be personally liable for any such judgment or award or for the performance of any term, covenant, or condition of this Lease or any other obligation of Landlord hereunder. This Section shall not limit Tenant's right to name Landlord as a party defendant in any action and to obtain a judgment against Landlord that may be satisfied solely out of Landlord's interest in the Premises as provided above, and, subject to such limitation, this Section shall not limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or to take any other action that does not involve the personal liability of any Landlord Party to respond in monetary damages from assets other than Landlord's interest in the Premises. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

SECTION 17.11. Attorneys' Fees. In the event of any litigation, arbitration, or other dispute resolution proceeding arising out of or related to this Lease, the prevailing party (as determined by the court, arbitrator, or other decision-maker) shall be entitled to recover from the non-prevailing party all reasonable attorneys' fees, paralegal fees, expert witness fees, court costs, and other costs and expenses incurred in connection with such proceeding, including without limitation costs incurred in any bankruptcy proceeding, appeal, or post-judgment enforcement action. For purposes of this Section, "prevailing party" shall include, without limitation, a party who dismisses an action in exchange for substantially the relief sought in the action or who obtains substantially the relief sought, whether by settlement, judgment, or otherwise.

SECTION 17.12. Time is of the Essence. Time is of the essence with respect to the performance of each and every obligation and covenant to be performed by Landlord or Tenant under this Lease, including, without limitation, all obligations related to payment of rent, delivery of reports and documentation, compliance with performance standards, exercise of options, and provision of notices.

SECTION 17.13. Counterparts; Electronic Signatures. This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution and delivery of this Lease may be evidenced by facsimile, email (including PDF or other electronic image), or other electronic transmission (including DocuSign, Adobe Sign, or other electronic signature platform), and such facsimile, email, or electronic transmission shall have the same force and effect as delivery of an original manually executed document. The parties agree that this Lease and any amendments hereto may be electronically signed, and that any electronic signatures appearing on this Lease or any amendments hereto are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

SECTION 17.14. Recording; Memorandum of Lease. Tenant shall not record this Lease without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. Upon Landlord's request, the parties shall execute and Tenant shall record (at Tenant's expense) a memorandum of this Lease (or a short form lease) in form and content acceptable to Landlord, which memorandum shall set forth the existence of this Lease, the parties hereto, the Premises, the Term, and such other provisions as Landlord may require, but shall not set forth the rental amounts or other economic terms. Upon expiration or earlier termination of this Lease, Tenant shall, at Tenant's expense, promptly execute, acknowledge, and record a termination of any such memorandum or short form lease.

SECTION 17.15. Construction of Lease; Legal Representation. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted. Each party acknowledges that it has been represented by legal counsel in connection with this Lease (or has had the opportunity to be so represented and has voluntarily declined such representation) and that this Lease has been negotiated by the parties and their respective counsel and shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either party. Landlord and Tenant each acknowledges that it has read this Lease in its entirety, that it understands all of the terms and provisions hereof, and that it has had the opportunity to consult with counsel of its choice regarding the meaning and effect of this Lease.

SECTION 17.16. Survival of Obligations. Any obligations of Landlord or Tenant occurring or accruing prior to the expiration or earlier termination of this Lease shall survive such expiration or termination, including without limitation: (a) Tenant's obligation to pay rent and other monetary amounts due for any period prior to termination; (b) all indemnification obligations under this Lease, including those set forth in Sections 3.02, 3.03, 7.04, and 9.03; (c) Tenant's obligations with respect to the condition and surrender of the Premises under Section 6.01; (d) Landlord's obligations with respect to any refund or credit of rent payments under Section 12.05, if applicable; (e) the post-purchase use restrictions and Landlord's rights under Section 16.04; (f) the limitation of Landlord's liability under Section 17.10; (g) the jury trial waiver under Section 17.09; (h) the attorneys' fees provision under Section 17.11; (i) confidentiality obligations under Section 17.18; (j) Tenant's obligation to remove or terminate any liens, memoranda of lease, or other encumbrances; and (k) any other obligations that by their nature are intended to survive or continue after the expiration or termination of this Lease.

SECTION 17.17. Landlord's Consent. Except where this Lease expressly provides that Landlord's consent shall not be unreasonably withheld, conditioned, or delayed, wherever in this Lease Landlord's consent, approval, judgment, determination, acceptance, satisfaction, or similar action or decision is required or permitted, Landlord shall have the absolute and sole right to grant or withhold such consent or approval, exercise such judgment or make such determination, grant or withhold such acceptance or satisfaction, or take or decline to take such action or make such decision, in each case in Landlord's sole and absolute discretion and for any reason or for no reason. No consent or approval by Landlord shall constitute a waiver of the requirement to obtain Landlord's consent or approval for any subsequent or similar action or matter. Tenant acknowledges that in entering into this Lease, Tenant is not relying on any expectation that Landlord will grant any consent, approval, or waiver in the future, and Tenant assumes the risk that Landlord may exercise its sole and absolute discretion in any manner permitted by this Lease.

SECTION 17.18. Confidentiality. Each party agrees to keep confidential the terms of this Lease, including all financial terms, rent amounts, the Purchase Price, rent credits, and any other non-public information disclosed by the other party in connection with this Lease. Neither party shall disclose such information to third parties except: (a) to its attorneys, accountants, lenders, and other professional advisors; (b) to its officers, directors, board members, and employees with a need to know; (c) as required by law, court order, or governmental authority; (d) in connection with litigation between the parties; (e) with respect to Tenant, to its Charter School Authorizing Agency as required by law; or (f) with respect to Landlord, disclosures required by reason of Landlord's status as a public charity, including without limitation disclosures required under Section 6033 of the Internal Revenue Code, state charitable solicitation or registration laws, or other applicable laws governing public charities. Neither party shall issue any press release or public announcement regarding this Lease without the prior written consent of the other party. The obligations under this Section shall survive termination of this Lease for five (5) years, except the obligation to maintain confidentiality of the financial terms shall survive indefinitely. Breach of this Section may be remedied by injunctive relief in addition to monetary damages.

[SIGNATURE PAGE FOLLOWS]

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

TENANT:

HARDING CHARTER PREPARATORY SCHOOL DISTRICT, INC, an Oklahoma nonprofit corporation

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

LANDLORD:

KLS LEASING II, LLC, a Delaware limited liability company

By: ____
Laura Fiemann, Vice President

EXHIBIT A

LEGAL DESCRIPTION AND PREMISES IDENTIFICATION

Property Address:

6100 N. Francis Avenue, Oklahoma City, Oklahoma 73118

Legal Description:

Lots 1 through 30 in Block 118, and Lots 1 through 30 in Block 119, of AMENDED PLAT OF NORTH OKLAHOMA CITY ADDITION to Oklahoma City, Oklahoma County, Oklahoma, according to the plat recorded in Book 7 of Plats, Page 85

Parcel Number(s):

EXHIBIT B

LANDLORD'S WORK LETTER

Capitalized terms not defined in this Exhibit shall have the meanings assigned in the Lease. This Exhibit governs the scope, construction process, schedule, cost treatment, warranty, and all other aspects of the Landlord's Work referenced in Section 1.04 of the Lease. The completion of Landlord's Work, issuance of the certificate of occupancy, and Substantial Completion will trigger the Rent Commencement Date to be memorialized in **Exhibit C**, and all costs incurred will be documented in the Baseline Purchase Price Statement incorporated into **Exhibit F**. Tenant acknowledges that Landlord retains sole and absolute control over all aspects of the Landlord's Work, and Tenant's rights to review or comment on any matter are strictly limited to those expressly set forth herein and do not create any right of approval unless specifically stated.

1. **Scope of Landlord's Work**. Landlord shall construct or cause to be constructed the improvements described on **Exhibit B-1** attached hereto (the "**Landlord's Work**"). **Exhibit B-1** shall include a description of the scope of work, including identification of major building systems, square footage, site work, and any items specifically excluded from Landlord's Work. Except as expressly set forth on **Exhibit B-1**, Landlord shall have no obligation to perform any construction, installation, or improvement to the Premises. Landlord shall control the design development, contractor selection, sequencing, construction means and methods, and overall project management of the Landlord's Work.

2. **Plans and Approvals**. Capitalized terms used in this Exhibit and not otherwise defined in the Lease shall have the meanings assigned to them in this Exhibit. Landlord shall prepare or cause to be prepared final architectural and engineering plans and specifications (the "**Plans**") consistent with **Exhibit B-1**. Landlord shall provide Tenant with one opportunity to review the Plans for informational purposes. Tenant shall provide written comments, if any, within three (3) Business Days after receipt. Any comments must be specific and in writing. Failure to respond within such three (3) Business Day period shall constitute Tenant's irrevocable approval and acceptance of the Plans. Landlord shall have sole and absolute discretion to accept, reject, or modify any comments provided by Tenant. Landlord shall retain final and exclusive authority over all matters relating to the Plans, including without limitation: code compliance, constructability, structural integrity, building systems, cost control, aesthetic choices, materials selection, and construction scheduling. Tenant's review and comment rights are advisory only and do not constitute approval rights. Landlord may proceed with construction based on the Plans at any time after the earlier of (i) Tenant's written approval, (ii) the expiration of the three (3) Business Day review period, or (iii) Landlord's determination in its sole discretion that the Plans are final.

3. **Target Completion Date**. Landlord shall use commercially reasonable efforts to achieve Substantial Completion of the Landlord's Work on or before ____________, 20__ (the "**Target Completion Date**"), subject to Force Majeure Delays and Tenant Delays. The Target Completion Date is an estimate only and is not a guaranteed completion date. Time is not of the essence with respect to Landlord's completion of the Landlord's Work. Failure to achieve Substantial Completion by the Target Completion Date shall not constitute a default by Landlord or breach of this Lease under any circumstances, including if caused by Landlord's contractors, subcontractors, or suppliers. Tenant expressly waives and releases any and all claims for damages, compensation, rent abatement, lease termination, or other remedy arising from or related to any delay in achieving Substantial Completion, including, without limitation, any claims for consequential damages, lost profits, business interruption, or delay damages of any kind, regardless of the cause of such delay. The Target Completion Date shall be automatically extended day-for-day for any Force Majeure Delays or Tenant Delays, and Landlord shall provide written notice to Tenant of any such extension, which notice may be provided at any time during or after the delay.

4. **Substantial Completion**. "**Substantial Completion**" shall occur upon: (i) completion of the Landlord's Work in substantial accordance with the Plans such that the Premises are suitable for Tenant's occupancy and use as a charter school, subject only to minor punchlist items that do not materially interfere with Tenant's ability to open and operate the charter school; and (ii) issuance of a temporary or permanent certificate of occupancy for the Premises permitting lawful occupancy for use as a school. Minor incomplete, corrective, cosmetic, or aesthetic items, landscaping punch items, or non-material deficiencies shall not prevent Substantial Completion. Substantial Completion shall be deemed to have occurred, regardless of whether all punchlist items are complete, upon the earliest of: (a) Tenant's occupancy of any portion of the Premises for the conduct of business or the operation of a charter school; (b) Tenant's acceptance of the keys or access to the Premises; (c) Tenant's installation of any furniture, fixtures, equipment, or other personal property in the Premises; or (d) the opening of the charter school to students. Upon Substantial Completion (whether actual or deemed), Landlord may deliver written notice to Tenant. Within three (3) business days after receiving any such notice or after deemed Substantial Completion occurs, the parties may conduct a joint walk-through inspection if Tenant so requests. Tenant shall deliver a written punchlist within two (2) business days after the walk-through, or if Tenant does not request a walk-through, within two (2) business days after Landlord's notice of Substantial Completion or deemed Substantial Completion. Any item, condition, or deficiency not specifically identified in writing on the punchlist shall be conclusively deemed accepted by Tenant and forever waived. Tenant shall have no right to withhold, offset, or reduce rent due to any punchlist item or any other aspect of the Landlord's Work. Punchlist items shall be limited to: (i) items specifically shown on the Plans that are incomplete or not installed; (ii) building systems or equipment that are not functional or operational; and (iii) life safety systems that are not operational. Punchlist items shall not include aesthetic preferences, design changes, cosmetic imperfections, or any matter that does not materially impair the functionality of the Premises for operation as a charter school.

5. **Completion of Punchlist Items**. Landlord shall use commercially reasonable efforts to complete bona fide punchlist items within sixty (60) days after Substantial Completion, but shall have no obligation to complete any punchlist item that: (i) was not timely included in Tenant's written punchlist delivered within three (3) business days after the walk-through; (ii) is aesthetic, cosmetic, or decorative in nature; (iii) does not materially impair the functionality of the building systems or the Premises; (iv) relates to materials, finishes, or design elements that are substantially equivalent to or reasonably similar to those shown on the Plans, even if not identical; or (v) was caused by Tenant, Tenant's agents, contractors, employees, or invitees. The existence or non-completion of any punchlist items shall not delay or excuse Tenant's obligation to pay rent commencing on the Rent Commencement Date, shall not constitute a default by Landlord, and shall not give Tenant any right to terminate this Lease, withhold or offset rent, or pursue any other remedy. Tenant's sole remedy for Landlord's failure to complete any valid punchlist item shall be to complete such item itself at its own cost and expense, and Tenant shall have no right to reimbursement or offset against rent. Landlord may, in its sole discretion, elect to pay Tenant a credit or allowance in lieu of completing any punchlist item, which credit or allowance shall be determined by Landlord in its reasonable discretion based on the estimated cost to complete such item.

6. **Tenant Delays**. "**Tenant Delay**" means any delay in the design, permitting, or construction of the Landlord's Work caused in whole or in part by: (i) failure to timely review, comment on, or approve (or be deemed to have approved) Plans, specifications, or other submissions; (ii) any requested changes, revisions, or modifications to the Plans or Landlord's Work; (iii) failure to provide required information, documentation, decisions, or access within the timeframes specified herein or as reasonably requested by Landlord; (iv) any interference with construction, including visiting the site, communicating with contractors or suppliers, or requesting information or updates; (v) failure to perform any obligations assigned to Tenant under this Exhibit or the Lease; (vi) Tenant-requested materials, equipment, finishes, long-lead items, specialty equipment, or any other request that extends the schedule; (vii) any act, omission, delay, or request by Tenant or its board members, officers, employees, agents, contractors, consultants, or

representatives; (viii) any requirement imposed by Tenant's lender or any other third party at Tenant's request; (ix) any governmental requirement, approval, or inspection triggered by Tenant's specific use requirements (as opposed to building code requirements for a school generally); or (x) Tenant's early access to or occupancy of the Premises prior to Substantial Completion. Each day of Tenant Delay shall extend the Target Completion Date and the Rent Commencement Date on a day-for-day basis. Landlord's determination of the occurrence and duration of any Tenant Delay shall be final and binding absent manifest error. Tenant shall reimburse Landlord within ten (10) days after invoice for any additional costs incurred by Landlord as a result of any Tenant Delay, including extended general conditions, additional fees charged by contractors, storage costs, and financing carry costs.

7. **Force Majeure Delays**. "**Force Majeure Delay**" means any delay in the design, permitting, or construction of the Landlord's Work resulting from events or circumstances beyond Landlord's reasonable control, including without limitation: labor shortages or disputes, supply chain disruptions, material shortages or allocation, unavailability of materials or equipment, weather events (including conditions that delay outdoor work or deliveries), soil or subsurface conditions, governmental restrictions or requirements, permit or plan review delays, utility delays or unavailability, strikes, pandemics, epidemics, public health emergencies, acts of God, fire, casualty, civil unrest, terrorism, war, changes in law, environmental issues or contamination discovered at the site, unavailability of contractors or subcontractors, contractor or subcontractor defaults or delays, design errors or omissions, requests for information (RFIs) requiring resolution, unforeseen conditions, or any other force majeure events. The Target Completion Date and the Rent Commencement Date shall be automatically extended for the duration of any Force Majeure Delay. Landlord shall have no liability to Tenant for any Force Majeure Delay, and Tenant waives any and all claims arising from or related to any such delay.

8. **Cost of Landlord's Work; Inclusion in Purchase Price**. All costs incurred by Landlord in completing the Landlord's Work shall be included in the calculation of the Purchase Price pursuant to Section 16.02(a) of the Lease and **Exhibit F**. Such costs include, without limitation: (i) architectural, engineering, and design fees; (ii) permits, plan review fees, impact fees, and governmental charges; (iii) utility connection and extension costs; (iv) contractor and subcontractor costs; (v) materials and equipment; (vi) testing and inspection costs; (vii) insurance and bonding; (viii) construction management and project management fees; (ix) construction period interest and carrying costs; (x) reasonable overhead and administrative costs directly allocable to the project; (xi) any costs resulting from Tenant Delays; (xii) any costs resulting from unforeseen conditions, changes in law, or Force Majeure events; and (xiii) any other hard or soft cost related to the Landlord's Work. Tenant acknowledges that it has no obligation to pay separately for the Landlord's Work, but that such costs shall be reflected in the final Purchase Price and amortized through Base Rent payments during the Term. Tenant further acknowledges and agrees that: (a) the cost estimate for Landlord's Work provided in **Exhibit F** is an estimate only and is not a guaranteed maximum price; (b) actual costs may exceed the estimate for any reason; (c) Landlord has no obligation to limit costs to any particular amount; (d) all actual costs incurred shall be included in the Purchase Price regardless of the amount; and (e) if at any time Landlord reasonably determines that the cost of Landlord's Work will materially exceed the estimate (by more than ten percent (10%)), Landlord may, in its sole discretion, elect to: (i) suspend or stop work and require Tenant to either approve the increased Purchase Price or accept a reduced scope of work; (ii) proceed with the work and increase the Purchase Price accordingly; or (iii) terminate this Lease upon sixty (60) days' written notice to Tenant, in which case neither party shall have any further obligation to the other except for obligations that expressly survive termination.

9. **Changes to Landlord's Work**. No change, modification, addition, or revision to the Landlord's Work or the Plans shall be made without Landlord's prior written approval, which approval may be granted or withheld in Landlord's sole and absolute discretion. If Tenant requests any change: (i) the request must be in writing and must specify in detail the requested change; (ii) Landlord shall have no obligation to respond to or consider the request; (iii) if Landlord elects to consider the request, Landlord

shall provide an estimate of cost and schedule impact in Landlord's sole discretion; (iv) Tenant must approve the cost and schedule impact in writing and pre-pay the estimated cost increase before Landlord is obligated to proceed; (v) all additional costs (including the estimated cost plus any actual cost overruns) shall be included in the Purchase Price pursuant to Section 16.02(a) and **Exhibit F**; (vi) any resulting delay shall constitute a Tenant Delay and shall extend the Target Completion Date and Rent Commencement Date accordingly; and (vii) Tenant shall have no right to rescind or cancel any change order once approved and work has commenced. Landlord shall not be obligated to approve or implement any change that: (a) materially affects structural systems, building systems, code compliance, or the building envelope; (b) increases costs or extends the schedule; (c) affects Landlord's financing requirements, lender approvals, or budget; (d) requires redesign or re-permitting; or (e) is not consistent with the intended use of the Premises as a charter school. Landlord may make any changes to the Plans or Landlord's Work that Landlord deems necessary or appropriate without Tenant's consent, including without limitation changes required for code compliance, constructability, cost control, or to address unforeseen conditions, provided such changes do not materially and adversely alter the overall functionality of the Premises for use as a charter school.

10. **Limited Warranty; Post-Warranty Responsibility**. Landlord shall use commercially reasonable efforts to cause the general contractor and major subcontractors to provide standard warranties against defects in workmanship and materials for a period of one (1) year after Substantial Completion (the "**Warranty Period**"). Landlord makes no representation that any particular warranty will be provided or that any warranty will cover any particular item, system, or component. Landlord's sole obligation with respect to any contractor or supplier warranties shall be to assign or pass through such warranties to Tenant, if and to the extent assignable, upon Tenant's written request. Tenant acknowledges and agrees that: (i) any warranty provided by a contractor, subcontractor, supplier, or manufacturer is provided by such third party, not by Landlord; (ii) Landlord makes no representation or warranty concerning the validity, enforceability, scope, or adequacy of any third-party warranty; (iii) Tenant's sole remedy for any defect or deficiency in the Landlord's Work during the Warranty Period is to pursue a claim directly against the contractor, subcontractor, supplier, or manufacturer under any applicable warranty, and Landlord shall have no obligation to enforce, prosecute, or facilitate any such warranty claim on Tenant's behalf (although Landlord may elect to do so in its sole discretion); (iv) Landlord shall have no liability for any failure of a contractor, subcontractor, supplier, or manufacturer to honor or perform under any warranty; and (v) routine maintenance, normal wear and tear, consumables, and any damage caused by Tenant or Tenant's use of the Premises are excluded from any warranty and are Tenant's sole responsibility from and after Substantial Completion. EXCEPT FOR THE FOREGOING LIMITED WARRANTY PASSTHROUGH, AND EXCEPT AS EXPRESSLY PROVIDED IN THIS EXHIBIT OR THE LEASE, LANDLORD MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, REGARDING THE CONDITION, QUALITY, SUITABILITY, FITNESS FOR ANY PURPOSE, DESIGN, CONSTRUCTION, WORKMANSHIP, MATERIALS, OR COMPLIANCE WITH LAWS OF THE LANDLORD'S WORK OR THE PREMISES. LANDLORD EXPRESSLY DISCLAIMS ALL WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR HABITABILITY. Upon expiration of the Warranty Period (as referenced in Section 3.01 of the Lease), Tenant shall be solely and exclusively responsible for all maintenance, repair, replacement, and capital improvements relating to the Landlord's Work and the Premises in accordance with Article V of the Lease, without any right of contribution, indemnity, or reimbursement from Landlord.

11. **No Separate Agreement; Lease Controls**; Final Acceptance. This Exhibit is part of the Lease and is not a separate construction or design agreement. In the event of a conflict between this Exhibit and the Lease, the Lease shall control unless expressly stated otherwise. Tenant acknowledges and agrees that: (i) Tenant has no right to participate in, supervise, direct, or control the construction of the Landlord's Work; (ii) Tenant has no right of access to the Premises or the construction site at any time prior to Substantial Completion without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion; (iii) Landlord owes no duty to Tenant with respect to the means, methods,

techniques, sequences, or procedures of construction; (iv) Tenant has no privity of contract with any contractor, subcontractor, supplier, or design professional engaged by Landlord; and (v) Tenant's rights with respect to the Landlord's Work are strictly and exclusively limited to those expressly set forth in this Exhibit and the Lease. Upon the earlier of (a) Tenant's occupancy of the Premises, (b) the Rent Commencement Date, or (c) Tenant's execution of the Rent Commencement Date Memorandum (**Exhibit C**), Tenant shall be deemed to have accepted the Premises and the Landlord's Work in their then-current condition (subject only to valid punchlist items timely submitted in accordance with Section 4 above), and such acceptance shall constitute Tenant's acknowledgment that the Landlord's Work has been completed in accordance with this Exhibit and the Lease and that Landlord has satisfied all of its obligations with respect to the Landlord's Work, except for completion of valid punchlist items. From and after such acceptance, Tenant waives and releases any and all claims against Landlord relating to the Landlord's Work, the design or construction of the improvements, or the condition of the Premises, except for claims arising from Landlord's failure to complete valid punchlist items during the Warranty Period.

EXHIBIT B-1

DESCRIPTION OF THE LANDLORD'S WORK

[To Be Attached]

EXHIBIT C

[TO BE COMPLETED BY LANDLORD AND TENANT PURSUANT TO SECTION 1.02]

RENT COMMENCEMENT DATE MEMORANDUM

This Rent Commencement Date Memorandum ("**Memorandum**") is executed pursuant to Section 1.02 of that certain Lease Agreement dated ________________, 2026 (the "**Lease**"), by and between **KLS LEASING II, LLC**, a Delaware limited liability company ("**Landlord**"), and **HARDING CHARTER PREPARATORY SCHOOL DISTRICT, INC**, an Oklahoma nonprofit corporation ("**Tenant**"), concerning the Premises located at 6100 N. Francis Avenue, Oklahoma City, Oklahoma 73118 and legally described in **Exhibit A**. The parties hereby confirm and agree as follows:

1. **Rent Commencement Date**. The Rent Commencement Date is: ________________________, 2026. Tenant's obligation to pay Base Rent under the Lease commences on the Rent Commencement Date.

2. **Lease Term Dates**.

a. *Effective Date* (Lease execution): ________________________, 2026.
b. *Rent Commencement Date*: ________________________, 2026.
c. *Expiration Date*: ________________________, 2031. Unless sooner terminated or extended as provided in the Lease, the Term shall expire on the Expiration Date.

3. **Certificate of Occupancy**. The certificate of occupancy for the Premises was issued on ________________________, 2026.

4. **First Rent Payment**. The first Base Rent payment is due on: ________________________, 2026.

5. **Rent Schedule**. The parties hereby confirm and finalize the Rent Schedule, which is attached hereto and shall hereafter constitute and serve as **Exhibit D**.

6. **Incorporation by Reference**. All capitalized terms used but not defined herein have the meanings set forth in the Lease. This Memorandum is attached to and made a part of the Lease.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Memorandum as of ___________________________, 2026.

TENANT:

HARDING CHARTER PREPARATORY SCHOOL DISTRICT, INC, an Oklahoma nonprofit corporation

By: ____
Name: ____
Title: ____

LANDLORD:

KLS LEASING II, LLC, a Delaware limited liability company

By: ____
Laura Fiemann, Vice President

EXHIBIT D

BASE RENT SCHEDULE

Year 1 Base Rent is fixed while Years 2-5 Base Rent is variable as described below.

Year 1 Base Rent shall be a fixed annual amount of $50,000.00 ("**Year 1 Fixed Rent**"), payable in equal quarterly installments of $12,500.00 payable quarterly during Lease Year 1.

Commencing with Lease Year 2 and continuing through the remainder of the Term, Base Rent for each Lease Year shall equal twelve percent (12%) of the total annual amount received by Tenant from state and local government sources to fund Tenant's operations during the immediately preceding Lease Year ("**Government Funding Receipts**"), as determined and documented in accordance with the following provisions:

1. Determination of Government Funding Receipts. "Government Funding Receipts" means all funds received by Tenant from state and local governmental sources during a Lease Year to fund Tenant's educational operations at the Premises, including, without limitation, per-pupil state aid, local district pass-through funding, state categorical funding, and any other recurring governmental appropriations or allocations attributable to Tenant's student enrollment and operations. Government Funding Receipts shall exclude: (a) federal grant funds; (b) private grants or donations; (c) one-time or non-recurring governmental grants; and (d) capital funding not allocated to operations.

2. Annual Certification. No later than September 1st of each Lease Year (beginning with Lease Year 2), Tenant shall deliver to Landlord a written certification, signed by an authorized officer of Tenant and accompanied by supporting documentation (including audited financials or official government funding statements), setting forth the total Government Funding Receipts for the immediately preceding Lease Year and the resulting Base Rent calculation for the current Lease Year.

3. Quarterly Installments. Base Rent for Lease Years 2 through 5 shall be payable in equal quarterly installments, calculated based on the certified Government Funding Receipts for the preceding Lease Year. Pending delivery of Tenant's annual certification, Tenant shall continue to pay quarterly installments at the prior Lease Year's rate, with a true-up payment (or credit) due within thirty (30) days after the certification is delivered.

4. Landlord Audit Right. Landlord shall have the right, upon reasonable prior written notice, to audit or review Tenant's books, records, and governmental funding documentation to verify the accuracy of any Government Funding Receipts certification. If an audit reveals an underpayment of Base Rent, Tenant shall pay the deficiency within fifteen (15) days after written demand, together with interest at the rate of ten percent (10%) per annum from the date such amount was due. The cost of any audit revealing an underpayment of five percent (5%) or more shall be borne by Tenant.

[NOTE: The Rent Commencement Date shall be established pursuant to Section 1.02 by written memorandum attached as **Exhibit C**. The Base Rent Schedule periods shown above shall be calculated from the Rent Commencement Date established in **Exhibit C**.]

The Base Rent amounts set forth above are established for the Term of the Lease. Base Rent is due and payable in advance on the first day of each calendar quarter during the Term, as provided in Section 2.01.

EXHIBIT E

[COMPLIANCE AGREEMENT]

EXHIBIT F

PURCHASE PRICE AND RENT CREDIT LEDGER

This Exhibit provides the templates and ledger format for tracking the Purchase Price and Rent Credits as defined in Section 16.02 of the Lease. All capitalized terms used herein have the meanings set forth in Section 16.02 unless otherwise defined. For the substantive rules governing Purchase Price calculation, Rent Credits, Reducing Rent Payments, Non-Reducing Rent Payments, and related matters, refer to Section 16.02 of the Lease, which controls in the event of any conflict.

This Exhibit sets forth the estimated and final Purchase Price for the Premises, the rent credit schedule, and the net purchase price due at closing. This Exhibit shall be updated and amended periodically as provided herein.

I. BASELINE PURCHASE PRICE (Post-Certificate of Occupancy)

The following is the initial estimated Purchase Price based on projected costs as of the Effective Date:

TOTAL PURCHASE PRICE: $__________

II. ONGOING PURCHASE PRICE ADJUSTMENTS DURING THE TERM

Pursuant to Section 16.02(b) and Section 5.01(d) of the Lease, the Purchase Price shall be adjusted during the Term to account for all costs incurred by Landlord after the certificate of occupancy date and Reducing Rent Payments.

[TO BE UPDATED ANNUALLY DURING THE TERM]

Date of Update: __________

Cumulative Post-Certificate of Occupancy Costs Added to Purchase Price:

(a) Tenant-Requested Changes (Section 1.04(f)): $__________

(b) Other Costs Incurred After Certificate of Occupancy: $__________

TOTAL POST-CERTIFICATE OF OCCUPANCY ADDITIONS
(excluding Landlord Maintenance - see Section V): $__________

CURRENT PURCHASE PRICE CALCULATION:

Baseline Purchase Price (from Section I):	$__________
Plus: Post-Certificate of Occupancy Additions (Section II):	$__________
Plus: Landlord Maintenance Costs:	$__________
CURRENT TOTAL PURCHASE PRICE (before rent credits):	$__________
Less: Total Reducing Rent Payments (cumulative):	($__________)
NET PURCHASE PRICE DUE AT CLOSING (current):	$__________

For informational Purposes: Total Non-Reducing Rent Payments (not credited): $__________

9914\35404