LEASE AGREEMENT

BETWEEN

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

AND

PAUL JUNIOR HIGH PUBLIC CHARTER SCHOOL, INC.

FOR
THE PREMISES COMMONLY KNOWN AS
EDWARD A. PAUL JUNIOR HIGH SCHOOL
5901 9th STREET, NW
WASHINGTON, D.C.

LEASE AGREEMENT

THIS LEASE is made and entered into this 11 day of hand 2003, by and between the DISTRICT OF COLUMBIA PUBLIC SCHOOLS ("DCPS") and PAUL JUNIOR HIGH PUBLIC CHARTER SCHOOL, INC., a non-profit corporation incorporated in the District of Columbia ("Tenant"), with an address at 5901 9th Street, NW, Washington, D.C.

WITNESSETH:

DCPS hereby leases to Tenant and Tenant hereby leases from the DCPS the Leased Premises hereinafter referred to on the following stated terms and conditions, to all of which the parties hereto do hereby agree:

1. Leased Premises

The leased premises are located at 5901 9th Street, N.W., Washington, D.C., as more fully shown on Exhibit A attached hereto and made a part hereof. The leased premises consists of that portion of such property that is outlined in red on Exhibit A (the "Land") and the entire Building located on the Land ("Building"), which contains approximately 128,400 square feet of space ("Leased Premises"). The Leased Premises include the fixtures, improvements, and other property (personal or otherwise) belonging to DCPS now located in the Leased Premises, and any improvements constructed by Tenant pursuant to this Lease.

2. Term

- (a). The initial term of this Lease ("Term") shall begin on the September 1, 2003 (the "Commencement Date") and, except as otherwise provided for herein, shall expire at midnight on August 31, 2018 (the "Expiration Date") or such earlier date as the Lease is terminated in accordance with its terms.
- (b). Tenant shall have and is hereby granted the option to extend the Term ("Option") for three (3) consecutive periods of five (5) additional years (each, an "Extension Period") provided (i) Tenant gives written notice to Landlord of its election to exercise such Option no later than nine (9) months prior to the expiration of the Term, as such may have been extended; and (ii) no Event of Default shall then remain uncured. All terms and conditions of this Lease shall remain in full force and effect during each Extension Period, except that Basic Rent payable monthly during such Extension Period shall be equal to the Basic Rent payable on the month immediately prior to the Expiration Date (as such may have been extended) multiplied by one hundred three percent (103%).

3. Rent

(a). Basic Rent. Tenant shall pay the sum \$41,922.50 ("Basic Rent") on the first day of each calendar month in advance, during the Term of this Lease. Rent shall accrue from the Commencement Date.

- (b). Rent for Partial Periods. Any rent for partial periods at the beginning and end of the term of this Lease shall be pro rated on a per diem basis.
- (c). Payment of Rent. For the purpose of this Lease, the term "Lease Year" shall be defined as the consecutive 12 month period commencing on the Commencement Date (or each annual anniversary of the Commencement Date, as the case may be) and ending at midnight on the first anniversary or each subsequent annual anniversary of the Commencement Date. All rent and all other payments fixed herein as to the amount and time of payment shall be paid without prior demand, notice, offset, abatement, or deduction of any kind whatsoever. Payments shall be sent to DCPS at the following address: the District of Columbia Public Schools and sent to the District of Columbia Public Schools Real Estate Office, 825 N. Capitol Street, N.E., Washington, D.C. 20002. DCPS' acceptance of any partial payment shall not be deemed an accord and satisfaction and shall be without prejudice to DCPS' rights to pursue any other remedies. Tenant further agrees to be bound by all of the other terms and conditions of this Lease.
- 4. Utilities; Taxes. Tenant shall be responsible for all charges for water, sewer, electricity, heating oil, gas, telephone, and trash removal pertaining to the Leased Premises. DCPS shall reasonably cooperate with Tenant to cause such utilities and services to be transferred to the Tenant. Tenant shall, (1) to the extent feasible, pay for the cost of having the relevant utility services separately metered or submetered, (2) establish separate accounts with each utility, and (3) be responsible for making timely payment for utility services directly to each utility. In addition, Tenant shall pay any taxes assessed during the Term on (i) the Land and the Building, (ii) the Improvements, (iii) Tenant's personal property, and (iv) Tenant's use of the Leased Premises. Tenant shall also have the right to contest any such taxes or other assessments in good faith.

5. Use of Leased Premises

Tenant agrees that it shall use the Leased Premises solely for (i) a public charter school established pursuant to D.C. Code §§ 31-2853.11 through 31-2853.25, to include pre-school through secondary and post-secondary certificate and associate level degree programs, and related administrative uses, (ii) other educational programs, and (iii) other related uses. Tenant shall not permit any other use thereof, either by change of use or additional use, without the prior written consent of DCPS. Tenant shall comply with all applicable laws including, but not limited to, Environmental Laws, as hereinafter defined; rules and regulations of governmental authorities; and restrictive covenants (collectively, "Applicable Laws") and all orders and decrees of any court of competent jurisdiction, and shall not directly or indirectly make any use of the Leased Premises which may thereby be prohibited.

- 6. Maintenance and Repair. Tenant, at Tenant's sole cost and expense, shall deliver, maintain, and repair the Leased Premises in substantially the same condition and manner as other operating public schools in the District of Columbia.
- 7. Surrender of Leased Premises. Upon the expiration or earlier termination of this Lease, Tenant covenants to deliver to DCPS the Leased Premises in the same condition as

at the beginning of the Lease Term, casualty in the last year of the Lease (in which event Lessee shall assign the insurance proceeds from such casualty to the DCPS), ordinary wear and tear, and Improvements and Alterations (as hereinafter defined) excepted. The Tenant shall have the right to remove its personal property and trade fixtures, and the Tenant shall repair any damage caused by such removal. DCPS may, at its option, require that the Tenant remove any Alterations or Improvements capable of removal and which do not conform with the use of the Leased Premises as a school, and the Tenant shall repair any damage caused by such removal. Any items not removed by the Tenant prior to the expiration or earlier termination of this Lease shall be deemed abandoned and may be disposed of by DCPS. Tenant shall surrender the Leased Premises free and clear of all liens, charges, or encumbrances thereon.

8. Assignment and Subletting

- (a). Required Approval. The Tenant shall not transfer, mortgage, encumber, or assign this Lease or the Leased Premises covered by this Lease. The Tenant shall not sublease the Leased Premises without Landlord's consent, which consent shall not be unreasonably withheld, conditioned or delayed. All subleases shall be for educational purposes only and must terminate with this lease.
- (b). Reasonableness. DCPS' consent shall not be deemed unreasonably withheld if:
- (i). The proposed subtenant's financial responsibility is not reasonably satisfactory;
- (ii). The proposed subtenant's business is not suitable for the Building considering the business of the other users or tenants and the Building's prestige; or
- (iii). The proposed use is inconsistent with the uses permitted by this Lease.
 - (c). Procedure.
 - (i). The Tenant shall provide DCPS in writing with the following:
 - (A). The name and address of the proposed subtenant;
- (B). The nature of the business such subtenant proposes to do in the Leased Premises; and
- (C). Reasonable financial information so that DCPS can evaluate the proposed subtenant.
- (ii). DCPS shall, within a reasonable time after receiving the information, give notice to the Tenant allowing or denying the proposed sublease. If DCPS denies consent, it shall set forth in writing the reasons for such denial.

- (d). Conditions. Subleases by the Tenant are also subject to the terms of this Lease. In the event of a sublease, the Tenant shall remain liable for the payment of rent and additional sums due hereunder. Consent to one sublease shall not operate as a waiver of the requirement for DCPS' consent to future subleases.
- (e). Consent to Leasehold Mortgaging. Notwithstanding anything to the contrary in this Lease, Tenant, with DCPS' reasonable consent, may mortgage its leasehold estate under this Lease under a "Leasehold Mortgage" at any time and from time to time, without limitation as to amount and on any terms Tenant may deem desirable, and in connection therewith may assign the leasehold estate to the holder of such Leasehold Mortgage. DCPS may join in any Leasehold Mortgage or subordinate the Lease or DCPS' interest in the Land to the lien of any Leasehold Mortgage. Any such Leasehold Mortgage shall be a lien only on the Leased Premises and shall not constitute a lien on DCPS' interest therein; but the holder of a Leasehold Mortgage (a "Leasehold Mortgagee") shall have the rights set forth in Section 8(f) hereof and elsewhere herein.
- (f) Rights of Leasehold Mortgagee. A Leasehold Mortgagee shall, after either Tenant or such Leasehold Mortgagee has notified DCPS of such Leasehold Mortgagee's interest in the Leased Premises and of its mailing address, have the following rights:
- A Leasehold Mortgagee shall have thirty (30) days from the date of mailing of any notice of default hereunder to cure such defaults as may be cured by the payment of money. Any such notice of default to the Leasehold Mortgagee shall be valid if given in accordance with Section 21 of this Lease at the address provided to DCPS in writing by Tenant or Leasehold Mortgagee. With respect for all other defaults, the Leasehold Mortgagee shall have the same rights as Tenant to cure as those provided for in this Lease except that the Leasehold Mortgagee shall be given an additional cure period of twenty (20) days prior to the date that the applicable cure period expired hereunder, and such cure rights shall be subject to all the provisions applicable to Tenant. The fact that a Leasehold Mortgagee has cured or is trying to cure a default shall not create in such Leasehold Mortgagee any rights under this Lease other than those rights to notice and cure provided for in this Lease. If the Leasehold Mortgagee fails to cure any default within the allotted period, the Leasehold Mortgagee shall have no further rights under this Lease with respect to the cure of such default. DCPS shall accept performance on the part of the Leasehold Mortgagee of any defaulted obligation as though the same had been done or performed by Tenant including, without limitation, tendering a new valid charter for school to occupy the Leased Premises in the event of a final unappealable revocation of the Tenant's charter.
- (ii) After receipt of notice of the execution by Tenant of a Leasehold Mortgage in accordance with the provisions of this Section 8 and for so long as such Leasehold Mortgage is in effect, DCPS agrees that no alteration, amendment or modification of this Lease shall be made without the prior consent of such Leasehold Mortgagee, and DCPS shall not accept an offer from Tenant of a surrender of the Leased

Premises or a cancellation of this Lease prior to the expiration of this Lease without first receiving a document evidencing the prior consent of such Leasehold Mortgagee.

- (iii) No Leasehold Mortgagee or other person who takes an interest in the Leased Premises by, through or under Tenant shall succeed to Tenant's interest in this Lease except upon compliance with the provisions of Section 8(f)(iv) hereof.
- DCPS shall give prompt notice (including notice to any Leasehold (iv) Mortgagees) of the termination of this Lease by reason of any Event of Default. DCPS shall, on request of any such Leasehold Mortgagee, made at any time within thirty (30) days after the giving of such notice by DCPS, enter into a new lease of the Leased Premises for the purpose of continuing to operate a Charter School with such Leasehold Mortgagee or its designee within thirty (30) days after receipt of such request, provided that such new Charter School shall be subject to the prior written consent of DCPS (not to be unreasonably withheld provided such Charter School has a valid charter approved by all necessary public and private bodies), which new lease shall be effective as of the date of such termination of this Lease for the remainder of the Term of this Lease, at the rent provided for herein, and upon the same terms, covenants, conditions and agreements as are herein contained (including the requirements of Section 8) if such Leasehold Mortgagee shall pay to DCPS at the time of the execution and delivery of said new lease any and all sums of rent and other charged payable by Tenant hereunder to and including the date thereof, together with all expenses, including reasonable attorney's fees, incurred by DCPS in connection with the termination of this Lease and with the execution and delivery of such new lease, less the net amount of all sums received by DCPS form any subtenants up to the date of commencement of such new lease; and (C) on or prior to the execution and delivery of said new lease, agree in writing that promptly following the delivery of such new lease, such Leasehold Mortgagee or its designee will perform or cause to be performed all of the other covenants and agreements herein contained to the extent that Tenant shall have failed to perform the same to the date of delivery of such new lease, except such covenants and agreements which are not susceptible of performance by such Leasehold Mortgagee or designee. DCPS shall however have the option, instead of entering into a new lease; to pay the remaining balance due to the Leasehold Mortgagees, terminate this Lease, and take possession of the Leased Premises. But, DCPS-shall have no obligation to pay where the Leasehold Mortgagee fails to request to enter into a new lease pursuant to this section, or Leasehold Mortgagee, or successor Leasehold Mortgagee or its designee is unable to fulfill the terms, covenants, conditions and agreements required under the Lease.

If more than one Leasehold Mortgagee shall make request upon DCPS for a new lease in accordance with the provisions of this paragraph, then such new lease shall be entered into pursuant to the request of the Leasehold Mortgagee whose mortgage shall be junior in lien, if (1) all Leasehold Mortgagees senior in lien shall have been paid all installments of interest and amortization of principal then due and owing to such Leasehold Mortgagees plus all expenses, including reasonable attorney's fees, incurred by such senior Leasehold Mortgagees in connection with the termination of this Lease and with the execution and delivery of such new lease, (2) the new tenant will assume, in

writing, all of the covenants, agreements and obligations on the part of the mortgagor under such senior Leasehold Mortgages to be kept, observed and performed on the part of such mortgagor, subject nevertheless to the terms and conditions of such senior Leasehold Mortgage (which may contain exculpatory provisions which shall inure to the benefit of such new tenants), (3) such new lease shall contain all of the same provisions and rights in favor of and for the benefit of Leasehold Mortgages as are contained in this Lease, including, but not limited to, the right to obtain a new lease in the event of the termination of said lease, and the right to receive notices of default, and to cure the same, in the same manner as provided in this Lease, and (4) Leasehold Mortgagees senior in lien (at no expense to such holders) shall have received from the respective title insurance companies insuring the respective Leasehold Mortgages senior in lien assurances satisfactory to such senior Leasehold Mortgages that said Leasehold Mortgages senior in lien and any assignment of rents and other security instruments executed in connection therewith will continue, with respect to such new lease, in the same manner and order of priority of lien as was in existence with respect to this Lease; and thereupon the leasehold estate of the new tenant created by such new lease shall be subject to the lien of the senior Leasehold Mortgages in the same manner and order of priority of lien as was in existence with respect to this Lease. In the event fewer than all of the foregoing provisos shall have been satisfied by or with respect to any such Leasehold Mortgagees junior in lien, each Leasehold Mortgagee in the inverse order of the seniority of their respective liens may exercise such rights subject to the provisions of this Lease, including the provisions respecting the holders of Leasehold Mortgages senior in lien, if any. In the event of any dispute as to the respective senior and junior priorities of any such Leasehold Mortgages, the certification of such priorities by a title company doing business in the District of Columbia, satisfactory of DCPS, shall be conclusively binding on all parties concerned. DCPS obligation to enter into a new lease with any junior Leasehold Mortgagee shall be subject to the receipt by DCPS of evidence reasonably satisfactory to it that the conditions and clauses (1), (2), (3) and (4) of this Section 8(f)(iv) above have been satisfied with respect to each holder of a Leasehold Mortgage senior in lien thereto.

The right of the Leasehold Mortgage under this Section 8(f) to request a new lease may, notwithstanding any limitation of time set forth above in this Lease, be exercised by the holder of the senior Leasehold Mortgage within fifteen (15) days following the failure of the holder of a junior Leasehold Mortgage to have exercised such right, but not more than forty-five (45) days after the notice of termination of this Lease to the senior Leasehold Mortgagee.

Should there be a dispute among Leasehold Mortgages as to who is entitled to the new lease, the Leasehold Mortgage junior in lien shall petition the District of Columbia Superior Court for a determination as to the identity of the tenant under the new lease, and DCPS' costs incurred in such proceeding shall be paid by the tenant under the new lease.

After the termination of this Lease and during the period thereafter during which a Leasehold Mortgagee shall be entitled to enter into a new lease of the Leased Premises, the Leasehold Mortgagee junior in lien shall receive all rent and additional rent and other

payments due from any subtenants of the Leased Premises and shall deposit such rents and payments in a separate and segregated account in trust for the Leased Premises, but may withdraw such sums, from time to time, to pay necessary operating expenses and, to the extent available, the rent, utilities, real estate taxes (if any) or other taxes, improvement allowances or payments directly to contractors for the buildout of space in the Improvements which is leased to subtenants, leasing commissions incurred in connection with the sublease of portions of the Improvements to subtenants, and other amounts due and payable under this Lease; and, upon the execution and delivery of such new lease, shall account to the tenant under the said new lease for the balance, if any (after application as aforesaid) of the rents, additional rents and other payments made under any subleases, and said tenant shall thereupon assign the basic rent, additional rents, and other payments due under the subleases to DCPS and any Leasehold Mortgagees of the new lease in the same manner of such rentals and other payments had been assigned to DCPS and the Leasehold Mortgagees under this Lease. Such new lease shall provide that the tenant thereunder shall recognize all subleases in existence immediately prior to the termination of the Term pursuant to the terms, as though they had never terminated but had continued in the full force and effect after the termination of the Lease. The tenant under the new lease shall assume all obligations under such Subleases accruing from and after the termination of the Term, including any covenant of quiet enjoyment contained in such subleases. It is further understood and agreed that upon execution and delivery of said new lease with a Leasehold Mortgagee, DCPS will instruct all subtenants who have not theretofore terminated their subleases to attorn to and pay their rent to such Leasehold Mortgagee.

- 9. Estoppel Certificate. Within thirty (30) days after a written request is made by DCPS or Tenant, the other party shall deliver a signed and acknowledged statement in writing setting forth:
- (e). That this Lease is unmodified, in full force and effect, free of existing defaults, and free of defenses against enforceability (or, if there have been modifications or defaults, or if such party claims defenses against enforceability hereof, then stating the modifications, defaults, and/or defenses);
- (f). The dates to which rent and additional rent have been paid, and the amount of any advance rents paid;
 - (g). The commencement and expiration dates of the Term;
- (h). That party executing the estoppel has no outstanding claims against the other party (or if there are any claims, then stating the nature and amount of such claims); and
- (i). The status of any other obligation of either party under or with respect to this Lease,

it being intended that any such statement may be relied upon by the receiving party, any potential lender, or successor to such party's interest in the Leased Premises.

9. [Intentionally Deleted]

10. Right of Entry

Tenant agrees that DCPS, its agents, or other representatives shall have the right upon delivery of reasonable advance notice (to enter into and upon such Leased Premises, or any part thereof, at all normal business hours for the purpose of examining, showing, or making repairs to same, and, at any time, during an emergency as determined by DCPS.

11. Alterations

- (a). Definition. "Alterations" means additions, substitutions, installations, changes and improvements to the Leased Premises, if any, made by Tenant pursuant to this Lease.
- (b). Tenant shall make no alterations, additions, or improvements (collectively, the "Alterations") in or to the Leased Premises that cost more than \$50,000 or are capital improvements in nature (i.e., affect the structural items or base building systems) without DCPS' prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. As a condition precedent to DCPS' consent, Tenant shall deliver to DCPS written plans and specifications certified to be in compliance with all applicable fire, life safety and other building codes ("Legal Requirement(s)") by a licensed professional for all such work. Tenant shall not be entitled to rely on any approval by DCPS as being a representation by DCPS that such Alteration is permitted by, or being undertaken in accordance with, any Legal Requirement. In the event that DCPS fails to respond to Tenant's request within forty-five (45) days after receipt of all required items, DCPS shall be deemed to have approved such Alterations. In addition, in the event that any Alteration is of an emergency nature (such that the school could not operate without such Alteration - for example, a complete lack of heat that requires replacement of a boiler unit), then Tenant shall have the right to make such Alterations provided that Tenant shall keep DCPS fully informed of all details relating to the performance of such Alterations.

12. Indemnification

(a). In General. Except for the gross negligence or willful misconduct of DCPS, its officers, agents or servants, the Tenant hereby indemnifies and agrees to defend and hold DCPS and all its officers, agents and servants harmless (i) from claims for personal injury, death, or property damage caused by the negligence or willful misconduct of Tenant, its agents, employees, contractors, subcontractors, or invitees, regardless of whether or not such injury, death or damage resulting from Tenant's acts or omissions or defaults was caused in part by DCPS; and (ii) from all claims, demands, fines, penalties, charges and orders, judgments and enforcement actions of any kind, and all costs and expenses incurred in connection therewith, including remediation costs, attorneys' fees and defense costs, arising directly or indirectly, in whole or in part, out of (a) the presence on the Leased Premises of any Hazardous Substances (as hereinafter defined) or

any spilling, leaking, pumping, or other release into the environment (collectively, a "Discharge") of any Hazardous Substance on, under, or from the Leased Premises in violation of any Environmental Laws (as hereinafter defined) which is caused by the acts or omissions of Tenant, its agents or employees, but not any pre-existing conditions, or (b) any activity by any third persons occupying or present on the Leased Premises regarding the handling of Hazardous Substances in the Leased Premises, except that with respect to any handling or abatement of Hazardous Substances (including, without limitation, any pre-existing conditions) by DCPS, its agents, contractors or employees, DCPS shall indemnify and hold Tenant harmless from all claims, demands, fines, penalties, charges and orders, judgments and enforcement actions of any kind, and all costs and expenses incurred in connection therewith, including remediation costs, attorneys' fees and defense costs, arising directly or indirectly, in whole or in part, out of such actions or omissions by the District, its agents, contractors or employees.

- (b). Hazardous Substances Defined. As used in this Lease, the term "Hazardous Substances" means any substance, material, condition, mixture or waste which is now or hereafter (i) defined as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "oil," "pollutant," or "contaminant" under any provision of District, federal, or other Applicable Law; (ii) classified as radioactive material; (iii) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. §1321 or listed pursuant to Section 307 of the Clean Water Act, 33 U.S.C. §1317 ("Clean Water Act")' (iv) defined as a "hazardous waste" pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. ("RCRA"); (v) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §9601 et seq. ("CERCLA"); (vi) determined to be a "hazardous chemical substance or mixture" pursuant to the Toxic Substances Control Act, 15 U.S.C. §2601 et seq. ("TOSCA"); (vii) identified for remediation, storage, containment, removal, disposal, or treatment in any District plan for the Building; or (viii) determined by DCPS or federal authorities to pose or be capable of posing a risk of injury to human health, safety or property (such substances to include petroleum and petroleum by products, asbestos, polychlorinated biphenyls, polynuclear aromatic hydrocarbons, cyanide, lead, mercury, acetone, styrene and "hazardous air pollutants" listed pursuant to the Clean Air Act, 42 U.S.C. §7412 et seq. ("Clean Air Act"); provided, however, that Hazardous Substance shall not include any office supplies or cleaning materials commonly used in the operations of a school and offices.
- (c). Environmental Laws Defined. As used in this Lease, "Environmental Laws" means every law, ordinance, regulation, judicial or administrative order or decree, permit, license, approval, authorization and similar requirement of every federal and District governmental agency or other governmental authority relating to any Hazardous Substances, including the Clean Water Act, the Clean Air Act, TOSCA, CERCLA, RCRA, the Hazardous Materials Transportation Act (49 U.S.C. §1501 et seq.), the Hazardous Substances Account Act, the Federal Hazardous Substances Act (15 U.S.C. §1261 et seq.), the Underground Storage Tank Act of 1984 (42 U.S.C. §991 et seq.), and the District of Columbia Underground Storage Tank Management Act of 1990 (D.C. Code §6-995.1 et seq.).

- (d). No Hazardous Substances. To the best of DCPS' actual knowledge, there are no Hazardous Substances on the Leased Premises, nor has there been any Discharge on the Leased Premises prior to the Commencement Date other than those of which Tenant has been notified in writing. During the Term, DCPS shall not introduce any Hazardous Substances onto, or cause any Discharge on or about, the Leased Premises.
- (e). Personal Property. Tenant shall bear the risk of all loss, destruction or damage to any personal property placed by Tenant on the Leased Premises and DCPS shall not be liable for any damage to said personal property of the Tenant for any cause whatsoever, except for any loss, destruction or damage caused by negligence or willful misconduct of DCPS, its agents or employees.
- 13. Insurance. Tenant shall, at Tenant's own cost and expense, provide, maintain and keep in force at all times during the Term (and any renewals or extensions hereof) insurance covering the Leased Premises with not less than the following initial maximum limits of liability:

<u>Public Liability Insurance</u> - for bodily injuries or death sustained by one person \$3,000,000, with a total limit of liability for bodily injuries or death sustained by more than one person in any one accident, \$5,000,000.

<u>Property Damage Insurance</u> - for any one occurrence \$1,000,000 and \$5,000,000 aggregate.

<u>Increase in Limits</u> - in order to adjust for inflation during the term of this Lease, DCPS may require Tenant to increase these insurance limits.

Tenant shall not in any manner do, permit or suffer any act or thing in or upon the Leased Premises which may make void or voidable, any insurance required under the terms of this Lease, and Tenant shall deliver to DCPS copies of all policies or certificates of insurance required by the provisions of this Lease, and Tenant shall also furnish evidence to DCPS, from time to time, whenever DCPS may request the same, that such insurance is in full force and effect, and of the dates to which premiums therefore have been paid and, further, all insurance policies shall contain a provision that the policies may not be changed or cancelled for any reason until thirty (30) days after written notice of such proposed change or cancellation has been received by the Chief Operating Officer of DCPS at DCPS' notice address, unless DCPS shall expressly consent thereto or request the same.

In the event of cancellation of any of the aforesaid insurance required to be maintained by Tenant and if Tenant has not obtained new insurance within 10 days thereafter, then Tenant shall be in default under the terms of this Lease.

14. Event of Casualty

- (a). Restoration of Leased Premises. In the event the Leased Premises are damaged in whole or part by fire or other casualty, and DCPS and Tenant jointly determine that the Leased Premises can be substantially repaired and restored within one hundred and eighty (180) days after the date of the damage using standard working methods and procedures, DCPS shall promptly and diligently repair and restore the Leased Premises to substantially the same condition as existed before the casualty. Such repair and restoration shall be substantially complete within a reasonable time after the date of the casualty. Tenant shall have the right to terminate this lease within 30 days, if not satisfied with the timeliness of repairs or restoration. Notwithstanding the foregoing, the time period set forth above may be extended for such time as may be necessary for DCPS to (1) obtain insurance proceeds and/or (2) obtain necessary permits to repair and restore the Leased Premises, provided that DCPS is diligently pursuing the insurance proceeds and/or the necessary permits. If Tenant shall terminate this Lease as herein provided, Tenant may pursue whatever rights it may have at law or in equity. If DCPS undertakes the repair and restoration of the Leased Premises as provided hereunder, the Tenant shall direct its insurer to pay all insurance proceeds to DCPS for the repair and restoration. If Tenant reasonably determines that the Leased Premises cannot be repaired within the 180 day period, then Tenant may, within ten (10) business days after such determination is made, cancel this Lease by giving notice to DCPS. In the event the Lease is cancelled, DCPS shall be entitled to receive all Fire and Casualty Insurance proceeds that are directly related to the full replacement value of the building. (less the value of tenant's Improvements and the depreciated value of Tenant's personality that was located in the Leased Premises.)
- (b). Abatement of Rent. Unless the damage is caused by Tenant's gross negligence or willful misconduct, rent and other payments shall abate in proportion to the part of the Leased Premises that are unfit for use by the Tenant, from the date of damage until the repairs are substantially complete.

15. Default

- (a). Monetary Default. In the event the Tenant shall fail to pay any rent when due or any other monetary obligation in accordance with the terms of this Lease, and such default shall continue for a period of fourteen (14) days after written notice from DCPS, DCPS, then such failure shall constitute an "Event of Default", and DCPS shall have the right to terminate this Lease, whereupon the Tenant shall promptly surrender the Leased Premises to DCPS. Notwithstanding the foregoing, DCPS hereby agrees to extend the fourteen (14) day cure period to a period not to exceed sixty (60) days if the Tenant's failure to pay is due to the non-receipt of facilities allotment by the Tenant for reasons outside of the Tenant's reasonable control.
- (b). Non-Monetary Default. In the event Tenant shall neglect to keep or perform any other covenant, agreement, or condition of this Lease, DCPS shall give written notice of such default to Tenant. In the event that such default is not rectified within thirty (30) days from the date of such notice or, with the written approval of DCPS, within such diligently prosecuting the curing thereof, then such failure to perform shall constitute an "Event of Default." If an Event of Default occurs, Tenant agrees to voluntarily vacate the

Leased Premises, and DCPS shall take possession of the Leased Premises. Should DCPS take possession pursuant to the preceding sentence, DCPS, without prejudice to any other rights or remedies that it may have under this Lease or that are available at law or in equity, may either terminate this Lease or may, from time to time without terminating this Lease, re-let the Leased Premises or any part thereof on Tenant's account for such time or times and at such rental or rentals and upon such other terms and conditions as DCPS in its reasonable discretion may deem advisable, with the right to make alterations (the cost of which shall be paid by Tenant to DCPS), and Tenant shall pay the amount of rent due under this Lease to the date of the beginning of payment of rent pursuant to any such reletting, together with the cost of such re-letting including the cost of any repairs to the Leased Premises, and tenant will thereafter pay monthly, during the remainder of the term of this Lease the difference, if any, between the rent collected from such re-letting and the rent reserved in this Lease if such rent collected is less than that reserved in the Lease. No such taking of possession of the Leased Premises by DCPS shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to the Tenant.

- (c). If Tenant's charter to operate a charter school is revoked by a final and unappelable order, then this Lease shall immediately terminate.
- (d). Waiver of Notice to Quit. Tenant hereby waives any rights it may have to receive a written notice to quit from DCPS under the provisions of D.C. Code, section 45-1401 et seq. and any amendments thereto.
- (e). No Waiver of Default. No default of this Lease by Tenant, either prior to or subsequent to the filing of a bankruptcy or insolvency petition, shall be deemed to have been waived unless expressly done so in writing by DCPS.

16. Legal Fees and Interest

- (a). Legal Fees. In addition to the foregoing, if after an Event of Default, a Tenant agrees to pay promptly all costs incurred by DCPS with respect to collection or enforcement including reasonable attorney's fees and court costs. except to the extent such non-payment is due to non-receipt of facilities allotment.
- (b). Late Charge. Tenant agrees to pay to DCPS a One Hundred Dollar (\$100) late charge, plus interest at the annual rate of eighteen percent (18%) compounded annually, on all monetary obligations under this Lease more than fourteen (14) days past due. Interest will be charged back to the due date. This late charge will be due and payable immediately and shall apply to all monetary obligations of Tenant to include, but not limited to, rent for the Leased Premises.

17. Signs

Tenant agrees not to affix, exhibit, attach, or allow any commercial signs, sign boards, writing or printed matter on the interior or exterior of the Leased Premises, in the surrounding area, or on the exterior of the Building, except as provided under Applicable Law. The cost for all signs shall be borne by the Tenant.

18. Holding Over

In the event the Tenant occupies the Leased Premises after the Expiration Date of this Lease with the consent of DCPS, express or implied, such possession shall be considered to be a tenancy from month to month, terminable on thirty (30) days advance written notice by either party. The Tenant shall continue to pay to DCPS the monthly rent, additional rent, if applicable, and other charges as provided in this Lease, and shall be bound by all of the other terms and conditions of this Lease as if it were still in full force and effect.

19. Condemnation

If the whole or any part of the Leased Premises is taken or condemned by any competent authority for any public use or purpose (it being agreed that no instrumentality of DCPS shall be deemed an authority for the purposes of this Lease), this Lease shall, at the option of DCPS or Tenant, be terminated as of the date title vests in the condemning authority. DCPS shall be entitled to receive the entire condemnation award, except that Tenant shall have the right to institute a claim for the value of the remaining Term and except any personal property of Tenant. Rent shall be prorated as of the date of Tenant's vacating as the result of said termination. If both parties elect not to terminate this Lease and part of Tenant's Leased Premises has been taken, then this Lease shall end as to the part taken and Basic Rent and other charges shall abate in proportion to the part of the Leased Premises taken, all as of the date title vests in the condemning authority.

20. Notices. Any notices required or permitted hereunder shall, be given either by: (i) hand delivery, or (ii) deposit in the United States Mail, postage prepaid, by registered or certified mail, return receipt requested, or (iii) reliable overnight courier for next business day delivery, addressed as follows (or addressed in such other manner as the party being notified shall have requested by written notice to the other party in the manner herein described):

If to DCPS, to:

D.C Public Schools Real Estate Office

825 N. Capitol Street, N.E. Washington, D.C. 20002

ATTN: Director, Realty Office

If to Tenant, to:

Paul Junior High Public Charter School, Inc.

5901 9th Street, N.W. Washington, D.C. 20011 ATTN: Head of School

With a copy to:

(which shall not constitute

notice

Arnold & Porter 555 12th Street, NW Washington, D.C. 20004 ATTN: Pelayo Coll, Esquire All notices shall be deemed effective upon receipt or refusal to accept receipt.

21. Authority of Parties

- (a). Authority of DCPS. By executing this Lease DCPS represents to Tenant that: (i) it is authorized to enter into, execute, and deliver this Lease and perform the obligations hereunder; (ii) this Lease is effective and enforceable against DCPS in accordance with its terms; (iii) the person signing on DCPS' behalf is duly authorized to execute this Lease; and (iv) no other signatures or approvals are necessary in order to make all of the representations of DCPS contained in this paragraph true and correct.
- (b). Tenant's Representations. By executing this Lease Tenant represents to DCPS that: (i) it is authorized to enter into, execute and deliver this Lease and perform its obligations hereunder; (ii) this Lease is effective and enforceable against Tenant in accordance with its terms; (iii) the person signing on behalf of Tenant is duly authorized to execute this Lease; and (iv) no other signatures or approvals are necessary in order to make all of the representations of Tenant contained in this paragraph true and correct. Tenant represents, if it is a business organization, that it is in good standing in its place of organization and will remain so for so long as it is Tenant hereunder and that, if it is a foreign corporation or entity, it has, and will remain so for so long as it is Tenant hereunder, qualified to do business in the District of Columbia. Tenant further represents that it has received no notice of default or deficiency with respect to any other obligation to DCPS, whether or not arising under this Lease. Neither Tenant, nor any of its officers, directors, principals, or stockholders is a defendant in any pending action instituted by DCPS.

22. Brokers

The parties represent to each other than neither party has dealt with a broker concerning this Lease, and each party releases the other from any responsibility or liability for a broker's commission or compensation arising out of this Lease.

23. No Option on Review of Lease

The submission of this Lease for examination or consideration by Tenant or discussions between DCPS and Tenant does not constitute a reservation of or option for the Leased Premises or any other space in the Building, and this Lease shall be and become effective as a Lease Agreement only upon legal execution and delivery hereof by DCPS and Tenant.

24. Relationship of the Parties

Nothing herein contained shall be deemed or construed by the parties or by any third party as creating the relationship of principal and agent, partnership, joint venture, or any association between the parties hereto other than the relationship of landlord and

tenant. This Lease is made for the benefit of the parties hereto and not for the benefit of any third party.

25. Provisions Severable

If any provision of this Lease or the application thereof to any person or circumstance is ruled invalid or unenforceable by a court of competent jurisdiction, the remainder of this Lease or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall continue in effect and be enforceable to the fullest extent permitted by law; provided that, in the event that Tenant's obligation to pay rent is ever severed from this Lease, the term of this Lease shall automatically cease and terminate.

26. Remedies Cumulative; No Waiver

The rights and remedies granted herein or by law or equity are separate and no one of them, whether or not exercised, shall be deemed to exclude other rights or remedies. No failure of a party to exercise, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of any right or remedy granted hereunder. Receipt by DCPS of any rent or other amount due hereunder with knowledge of the breach by the Tenant of any provision hereof shall not constitute a waiver of such breach or an accord and satisfaction. To be valid, any waiver shall be in writing and signed by the party waiving its rights, and no waiver of any breach shall be deemed to be a wavier of any subsequent breach.

27. Interpretation

The captions, table of contents, and headings appearing in the Lease are inserted only as a matter of reference and in no way amplify, restrict, define, or modify the scope or intent of any provisions of the Lease. The neuter, feminine, and masculine pronouns when used in the Lease shall each include each of the other genders. The parties hereto agree that all of the provisions of this Lease are to be construed as covenants and agreements as though the words imparting such covenants and agreements were used in each separate provision hereof. Although the provisions of the Lease were drafted by DCPS, the terms of the Lease were fully negotiated by the parties and shall not be construed for or against DCPS or Tenant, but the Lease shall be interpreted in accordance with the general meaning of the language herein contained in an effort to reach the intended result.

28. Counterparts

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.

29. Governing Law and Waiver of Jury Trial

- (a). The Lease and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of the District of Columbia.
- (b). The Tenant hereby waives trial by jury in any action, proceeding, or counterclaim on any matters whatsoever, arising out of or in any way connected with this Lease, the relationship of landlord and Tenant, Tenant's use or occupancy of the Leased Premises and/or any claim of injury or damage.

30. Time of the Essence

Time is of the essence with respect to the performance of all obligations by either party under this Lease.

31. Recording

At the request of either party, the parties shall promptly execute, acknowledge and record, at the cost of the requesting party, a short form memorandum describing the Leased Premises and stating the Term, the Commencement Date, the Expiration Date, and other information the parties agree to include.

32. Survival of Remedies

Each party's remedies shall survive the termination of this Lease whether such termination is caused by the default of the other party or otherwise.

33. Security Deposit

Concurrent with the Tenant's execution of this Lease, Tenant shall deliver to DCPS by certified check, the sum Thirty Thousand and No/100 Dollars (\$30,000.00), to be held by DCPS as security for the payment of rent and the performance of Tenant's other obligations under this Lease. Said deposit shall be retained by DCPS and shall constitute the rent payment for the final month of the Lease. Said deposit shall be returned to Tenant without interest in the event this Lease is not executed by DCPS. If there is an Event of Default, DCPS may apply the deposit to payment of the rent in default or other money arrearage and/or to the damages and costs incurred by DCPS as a result of any default, and/or to costs incurred by DCPS in rectifying any Event of Default, and/or to the prepayment of rent for any subsequent period of the term and/or to any other amount to which DCPS may be entitled under this Lease, and Tenant shall within thirty (30) days thereafter restore the security deposit to the original amount above specified. The right of DCPS to apply the security deposit as above specified shall not be construed as a limitation upon DCPS' right to invoke any other remedy available under this Lease or at law or equity for breach of this Lease, or to collect the full amount of damages owing by Tenant on account of such breach. If, by reason of Tenant's default under this Lease, DCPS terminates this Lease either before or after the Commencement Date, DCPS may retain the security deposit (applying it against the damages which it suffers but without waiving its rights to recovery of additional damages to which it may be entitled) or apply it to the monthly installments of rent hereunder in inverse order of accrual.

34. Force Majeure

DCPS and the Tenant shall be excused from performing an obligation or undertaking provided for in this Lease so long as the performance is prevented or delayed, retarded, or hindered by an act of God. fire, earthquake, flood, explosion, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure or a general shortage or labor, equipment, facilities, materials or supplies in the open market, failure or unavailability of transportation, strike, lockout, actions of labor unions, a taking by eminent domain, requisition, laws, orders of government or of civil, military, or naval authorities (but only such orders of a general nature pertaining to the Building and comparable properties in the District of Columbia), or any other cause, whether similar or dissimilar to the foregoing not within the reasonable control of DCPS or the Tenant, as the case may be, specifically excluding, however, (a) delays for adjustments of insurance and delays due to shortage or (b) except as specifically set forth in Section 16(a) above, unavailability of funds (collectively, "Force Majeure").

35. Nondiscrimination in Facilities

- (a). Definition. As used in this Section, "facility" means the Leased Premises.
- (b). No Discrimination. Tenant shall not discriminate by segregation or otherwise against any person because of race, color, religion, sex, national origin, age, marital status, personal appearance, sexual orientation, family status, family responsibilities, disability, matriculation, political affiliation, source of income or place of residence or business in furnishing or by refusing to furnish to such person or persons the use of any facility, including any and all services, privileges, accommodations and activities provided under this Lease.
- (c). Noncompliance. Tenant's noncompliance with the provisions of this section shall constitute a material breach of this Lease. In the event of such noncompliance, DCPS may take appropriate action to enforce compliance, may terminate this Lease or may pursue such other remedies as may be provided by law or in equity.
- (d). Concession Agreements. Tenant shall include, or require the inclusion of, the foregoing provisions of this Section (with the terms "Tenant" and "DCPS" appropriately modified) in every agreement or concession agreement pursuant to which any persons other than Tenant operates or has the right to operate any facility. Tenant shall take such action with respect to any such agreement as DCPS may direct as a means of enforcing this Section 36, including without limitation the termination of such agreement or concession.

36. Nondiscrimination in Employment

(a). Nondiscrimination. In connection with Tenant's performance of its obligations hereunder, Tenant shall not discriminate against any employee or applicant

for employment because of race, color, religion, national origin, sex, age, marital status, personal appearance, sexual orientation, family responsibilities, disability, matriculation or political affiliation. Tenant shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to any of the aforementioned categories of discrimination. Such action shall include without limitation the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeships. Tenant shall post inconspicuous places available to employees and applicants for employment notices to be provided by DCPS setting forth the provisions of this non-discrimination clause.

- (b). Advertisements. In all solicitations or advertisements for employees placed by or on behalf of Tenant, Tenant shall state that all qualified persons will receive consideration for employment without regard to race, color, religion, national origin, sex, age, marital status, personal appearance, sexual orientation, family responsibilities, disability, matriculation or political affiliation.
- (c). Labor Unions. Tenant shall send to each labor union or representative of workers with which Tenant has a collective bargaining agreement or other contract with respect to the furnishing of labor a notice to be provided by DCPS advising such labor unions or workers' representatives of Tenant's commitments under this section and Tenant shall post copies of such notice in conspicuous places available to employees and applicants for employment.
- (d). Books and Records. Tenant shall permit DCPS and its agents to have access to Tenant's books, records and accounts for purposes of investigation to ascertain compliance with the provisions of this section.
- (e). Noncompliance. In the event of Tenant's noncompliance with the nondiscrimination provisions of this Lease, DCPS may cancel this Lease and declare Tenant ineligible for further leases with DCPS.
- (f). Contracts. Tenant shall insert the foregoing nondiscrimination in employment provisions in all contracts for procurement of goods and services relating to the performance of Tenant's obligations hereunder, except contracts for standard commercial supplies or raw materials, unless exempted by rules, regulations or orders of DCPS, so that such provisions will be binding upon each contractor or vendor. Tenant shall take such action with respect to any contractor or vendor as DCPS may direct as a means of enforcing such provisions, including without limitation sanctions for noncompliance; provided, however, that in the event Tenant becomes involved in or is threatened with litigation with a contractor or vendor as a result of such direction by DCPS, Tenant shall give notice thereof to DCPS and Tenant may request DCPS to enter into such litigation to protect the interests of DCPS.
- 38. Quiet Enjoyment. As long as Tenant pays all of the rent as due under this Lease, and otherwise performs and observes all of the obligations, terms and conditions contained herein and in this Lease, Tenant shall peaceably and quietly have, hold and

enjoy the Leased Premises without hindrance, ejection, molestation, or interruption by or from DCPS or anyone claiming through DCPS.

39. [Intentionally Deleted]

[Rest of the Page Left Intentionally Blank]

Tenant has on this __//_ day of _August__, 2003, caused these presents to be signed by Harold Bardonille, President of Board of Trustees, and properly attested, and its corporate seal to be affixed and does hereby appoint Harold Bardonille as its true and lawful attorneys-in-fact to acknowledge and deliver these presents as its act and deed.

ATTEST:

Eunice Henderson

Secretary

PAUL JUNIOR HIGH PUBLIC CHARTER SCHOOL, INC., a non-profit corporation incorporated in the District of Columbia

Harold Bardonille

President of the Board of Trustees

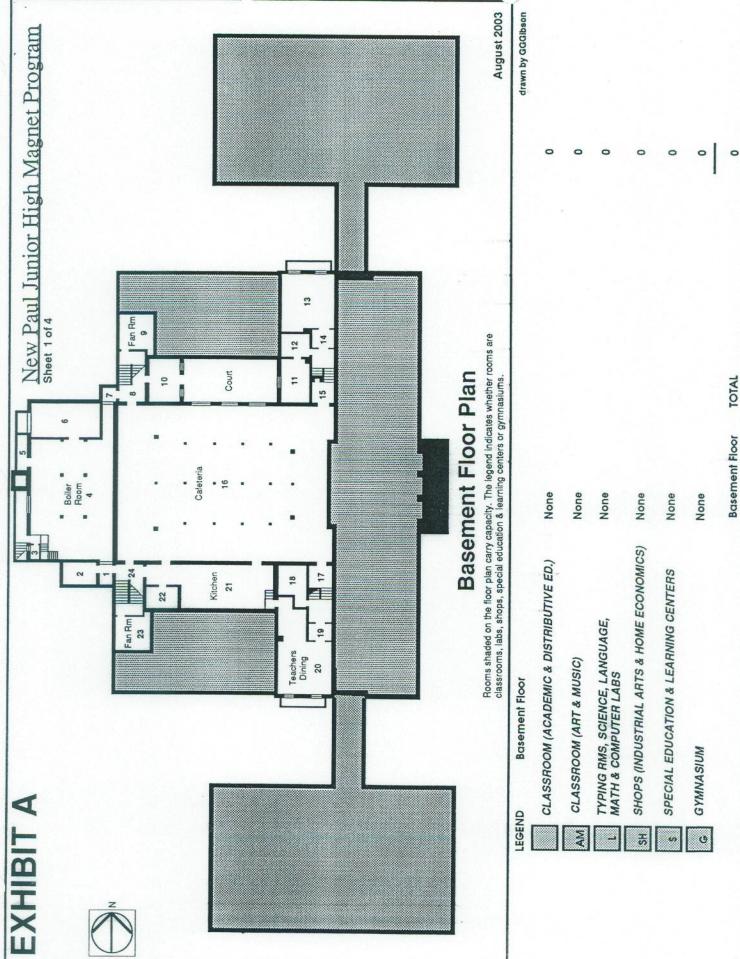
Date: 11 August 2003

IN WITNESS WHEREOF:

<u>Quart</u> 13, 2003

in withess whereor.	
Operating Officer and properly attested,	presents to be signed by Louis Erste, its Chie and its corporate seal to be affixed and does d lawful attorney-in-fact to acknowledge and
	DISTRICT OF COLUMBIA PUBLIC
	SCHOOLS
	By: Jal liste
	Name: Louis Erste
	Title: Chief Operating Officer
	Date: 8-13-03
Approved as to Legal Sufficiency:	The state of the s
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EXHIBIT A [INSERT]



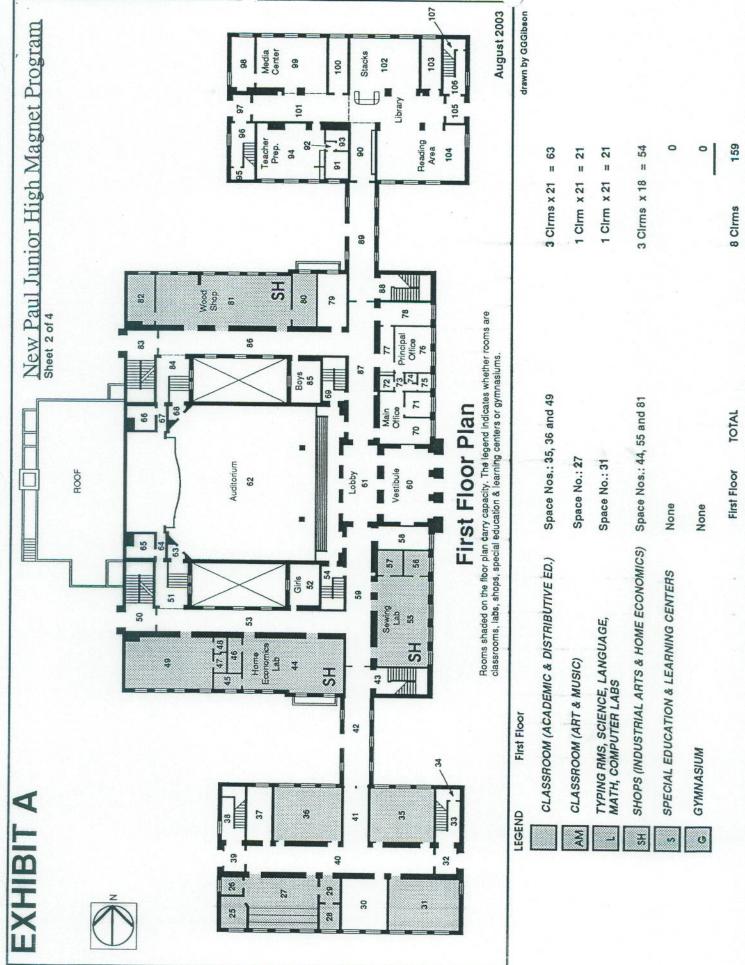
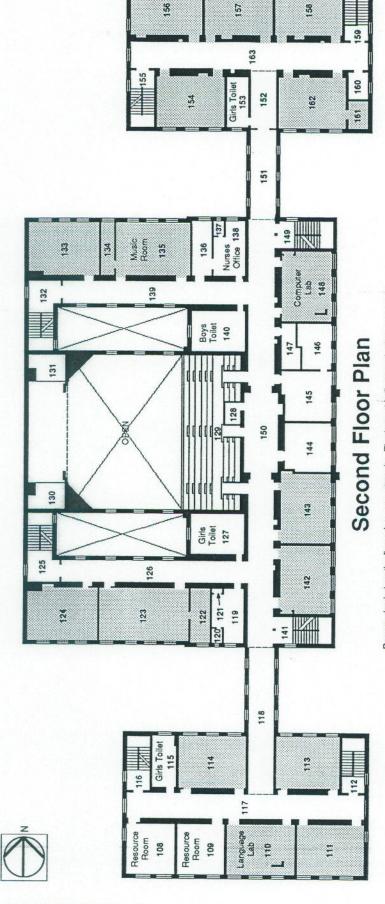


EXHIBIT A

New Paul Junior High Magnet Program sheet 3 of 4



Rooms shaded on the floor plan carry capacity. The legend indicates whether rooms are classrooms, labs, shops, special education & learning centers or gymnasiums.

EGEND	Second Floor			drawn by GGGibson
CLAS	CLASSROOM (ACADEMIC & DISTRIBUTIVE ED.)	Space Nos.: 111, 113, 114, 123, 124, 133, 142, 142, 156, 157, 158 and 162	13 Clrms x 21 = 273	
M CLAS	CLASSROOM (ART & MUSIC)	Space No.: 135	$1 \text{ Clrm } \times 21 = 21$	
TYPIN MATH	TYPING RMS, SCIENCE, LANGUAGE, MATH & COMPUTER LABS	Space Nos.:110 and 148	2 Clrms x 21 = 42	
SH	SHOPS (INDUSTRIAL ARTS & HOME ECONOMICS) None	None	0	
S SPECI	SPECIAL EDUCATION & LEARNING CENTERS	None	0	
GYMN	GYMNASIUM	None	0	
		Second Floor TOTAL	16 Cirms 336	

New Paul Junior High Magnet Program sheet 4 of 4



Hoom 209 208 Shower O Locker Bays Gymnasium 210 207 205 206 1 8 202 203 201 199 188 189 Resource **Воот** 28 187 191 Rooms shaded on the floor plan carry capacity. The Legend indicates whether rooms are classrooms, labs, shops, special education & learning centers or gymnasiums. 198 192 186 Boys 185 187 Third Floor Plan Book Stor. 184 Cat walk Fan Room 183 200 196 Stor. 182 195 Girls 181 179 180 194 176 Ал Роот Resource AM 175 **Воот** A 178 174 193 173 169 170 7 167 Girls Gymnasium Shower 164 166 1 172 165 Locker Явет Q

August 2003 drawn by GGGibson 42 0 0 0 2 Rooms x 21 = 42 7 Clrms x 21 = 147 231 11 2 Clrms x 21 11 Clrms Space Nos.: 187, 190, 194, 195, 196, 197 and 198 Space Nos.: 175 and 178 Space Nos.: 172 and 210 TOTAL Third Floor

None

SHOPS (INDUSTRIAL ARTS & HOME ECONOMICS)

SH

TYPING RMS, SCIENCE, LANGUAGE, MATH & COMPUTER LABS

CLASSROOM (ART & MUSIC)

¥

SPECIAL EDUCATION & LEARNING CENTERS

GYMNASIUM

Ü

None

None

CLASSROOM (ACADEMIC & DISTRIBUTIVE ED.)

Third Floor

EGEND