

LETTER OF INTENT

This LETTER OF INTENT is entered into as of the 16th day of March, 2018 by and between CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY (Chavez Schools), a District of Columbia public charter school nonprofit corporation with school facility offices located at 525 School Street, SW, Washington, DC 20024 ("Landlord") and NORTH STAR COLLEGE PREPARATORY ACADEMY FOR BOYS, a District of Columbia public charter school nonprofit corporation located at 1805 7th Street NW, Washington, DC 20001 ("Tenant").

This Letter of Intent sets forth the intended essential terms (but not all such terms) of the lease (the "Lease") by Landlord to Tenant of a portion of the building located at 3701 Hayes Street, NE, Washington, DC 20019, commonly known as "Parkside":

1. PREMISES TO BE SUBLEASED:

The subleased Premises shall consist of approximately half of the rentable square feet (SF) of space in the 3rd floor of the building (the "Building") and limited use of the Parkside gymnasium on the 1st floor of the Building (to be memorialized in a separate use agreement), in addition to a dedicated entrance door and stairwell, located at 3701 Hayes Street, NE in the District of Columbia. The leased premises will consist of the nine classrooms and two offices on the 3rd floor (see Exhibit 1).

2. DELIVERY OF PREMISES:

Delivery of the Subleased Premises by Landlord to Tenant shall be on an "As-Is, Where-Is" basis, with all faults, to be delivered on the Lease Commencement Date.

3. LEASE TERM and RENT COMMENCEMENT DATE:

The Lease Term shall commence on July 15, 2018 (the "Commencement Date") and shall continue until July 14, 2019 (the "Expiration Date"). The payment of rent under the Lease shall commence on July 15, 2018, in accordance with the terms of the Lease. Tenant waives all rights to space at the Expiration Date and can make no attempts to continue to occupy space after Expiration Date.

4. LEASE COMMENCEMENT DATE:

The Lease shall commence on the date of full execution and delivery of the Lease by Landlord and Tenant.

5. PERMITTED USE:

The Leased Premises shall be used by Tenant solely for: (i) the operation of a public charter school established pursuant to D.C. Official Code § 38-1800.01.01 through §38-1802.15, to include programs and operations for grade 4, and related administrative uses; (ii) on an incidental basis, any ancillary use related to or connected with such public charter school use as approved in advance by Landlord (the "Permitted Use").

6. USAGE FEE:

The Base Rent due and payable under the Sublease during the Initial Lease Term shall be:

- a. For the Lease term, Tenant shall pay Landlord a total annual usage fee of (\$275,000) full service.
- b. This is a full-service use and lease agreement. The Rent provided for above covers rent, utilities (water, gas, electricity and trash removal), building engineering, maintenance and repairs (except on any Tenant improvements), nightly cleaning, landscape maintenance, snow removal, internet (as outlined in #11 below) and pest control.
- c. The Rent does not include food service, computers and related hardware and Software, telephone equipment, sports equipment and other program related equipment, and telephone service and usage. Such items are at the Tenant's sole cost and expense.

7. TENANT GUARANTEE OF PAYMENT

To guarantee the full payment of the lease rate of \$275,000, Tenant will agree to a "lockbox" arrangement which may include but is not limited to one of the following:

- Full payment of the lease rate of \$270,000 (discounted \$5,000 for payment in full) at the first installment of the per pupil funding in July of 2018;
- 65% payment of the lease rate of \$275,000 at the first installment of the per pupil funding in July of 2018 with the final 35% lease rate payment at the second installment of the per pupil funding in October 2018 with an external funder guarantee for the remaining payment

8. SHARED SPACE:

Tenant students and staff will share bathroom facilities with Landlord students and staff. For students, Tenant will assume all responsibility for the safety of their students when using bathroom facilities. Furthermore, Tenant will comply with all of Landlord's bathroom policies.

When using the Parkside gymnasium, tenant will agree to all use requirements as provided by Landlord, both with regards to safety of its students as well as to the maintenance of the gym facilities (Landlord shall nonetheless have primary maintenance and repair responsibility for the gym facility).

A separate use agreement will be developed by landlord prior to lease execution (said agreement to be mutually executed at the time of the Lease execution) that will lay out the hours that Tenant will have access to the gymnasium. While Landlord will attempt to build a schedule that allows Tenant use of the gymnasium for up to 90 minutes per day, it is in Landlord's sole discretion to determine the schedule. Landlord reserves the right to limit the total time that Tenant can use the gym to certain days of the week and it is understood by both parties that the shared use agreement may only allow for a few hours of week of gymnasium use by Tenant.

9. FURNITURE:

There is no obligation by Landlord to supply furniture to Tenant. However, Landlord agrees to offer Tenant excess classroom desks and chairs at no additional cost. Tenant will let Landlord know no later than July 30 of the excess furniture offered by Landlord, what pieces it would like to use and what furniture it would like removed.

10. HVAC:

Landlord will provide heating and cooling to all spaces included in Lease. The Tenant will accept heating and cooling as provided. While Landlord will be responsive to all maintenance and repairs, due to the age and condition of units, Tenant will accept systems as is.

11. INTERNET:

Landlord will provide Tenant with 50 MB of bandwidth and Tenant's own (dedicated) wireless network. This assumes 85 students, 30 staff, and normal school appropriate use. If Tenant requires more bandwidth than what Landlord provides, Tenant will pay Landlord a negotiated fee (to be provided in the Lease) for additional bandwidth.

12. TELECOMMUNICATIONS AND INTERNAL COMMUNICATIONS:

Cell phone connectivity is weak in the building. Tenant will be responsible for providing for itself an appropriate telecommunications system.

Landlord has its own intercom and bell service that is wired in the space to be included in the Lease. Because these are also used for emergencies they cannot be disconnected; therefore, Tenant should plan on interference caused by Landlord use of these systems. Tenant may install its own intercom and/or bell system at its own cost.

13. TENANT IMPROVEMENTS:

Tenant shall not be able to make Tenant Improvements with the exception of painting (unless otherwise approved by Landlord). Tenant will pay the costs associated with Tenant Improvements. Paint colors shall be subject to written approval by Landlord, said approval not to be unreasonably withheld, conditioned, or delayed. All requests for Tenant Improvements will be submitted in writing and must receive written approval by the Landlord at Landlord's sole discretion prior to the commencement of any such Tenant work.

14. ACCESS AND HOURS OF OPERATIONS:

Tenant will have access to the Building and Premises seven (7) days a week, twenty-four (24) hours per day. Landlord will provide one set of keys to the Building's front door and alarm panel access. Tenant will be responsible for all security if accessing building when alarm is on. Normal business hours for the building are as follows: Monday through Friday, 7:00 am to 5:00 pm. For any activities involving students, families, or community members outside these hours, Tenant will submit for Landlord approval a minimum one week in advance.

15. PARKING:

Tenant will not have any spots in Landlord's parking lot. All staff of tenant will park on the street in the surrounding area. Tenant will be required to direct all guests, including families of its students, to use street parking only.

16. Certificate of Occupancy

Tenant will be solely responsible for obtaining any applicable licenses or permits for Tenant required for its occupancy of the Premises and any costs associated with such licenses or permits. Any and all costs incurred by Landlord, including legal costs actually incurred, in facilitating licenses or permits for Tenant will be fully and immediately reimbursed by Tenant after written invoicing by Landlord.

17. EXTERNAL SIGNAGE:

Tenant will be allowed one non-permanent sign (i.e., vinyl banner) on the outside of the Parkside building. The sign must be on the side of Tenant's entrance and can be no larger than 900 sq inches.

18. SECURITY:

Tenant will follow all security protocols as defined by Landlord, included but not limited to hallway and stairwell monitoring and participation in security meetings and drills.

19. EMERGENCY RESPONSE PLANS AND DRILLS:

Landlord will provide Tenant with its Emergency Response Plan and schedule of drills no later August 15. Tenant agrees to adopt plan as its own and follow the plan and participate in all drills of Landlord and not conduct any additional drills without Landlord permission and with at least two (2) weeks' notice.

20. INSURANCE:

Tenant shall be required to maintain insurance (including, without limitation, general liability and property damage or "all risks" insurance) with respect to the Leased Premises in the types and amounts set forth more particularly in the Lease in accordance with standard provisions for such insurance.

21. SECURITY DEPOSIT:

The security deposit required under the terms of the Lease to assure and secure performance by Tenant of its obligations under the Lease shall be one (1) month of initial Base Rent or \$22,916.67; the security deposit shall be due to the Landlord on the date of the Lease signing.

22. ASSIGNMENT/SUBLETTING: ^{SEP}The Lease will provide that Tenant will not have the right to assign or sublet the Leased Premises.

23. CONTINGENCY: The Lease shall provide that Tenant shall have the right to elect to terminate the Lease upon five (5) days advance notice to Landlord in the unlikely event that Tenant shall not obtained its required school charter (or any other necessary governmental or governing organization approvals or permits by May 31, 2018. Upon such termination Landlord will then promptly refund to Tenant any monies previously paid to Landlord by Tenant. After May 31, 2018, Tenant agrees that the lease is in full effect and is liable for one year of rent payments regardless of any approvals outside of Landlord's control.

NON-BINDING PROVISIONS:

Notwithstanding any other provision of this Letter of Intent, this Letter of Intent constitutes a non-binding letter of intent and is not intended to, and does not create a legal, binding commitment or obligation on the part of the parties or any of their affiliates to pursue the transaction contemplated by this Letter of Intent or any other transaction. It is understood that neither of the parties hereto shall be legally bound to the other by reason of this Letter of Intent nor shall any rights, liabilities or obligations (including the obligation to negotiate in good faith) arise as a result of this Letter of Intent or any other written or oral communications between the parties. Any such binding obligations shall be as pursuant to a fully executed and delivered Lease agreement.

It is understood that Landlord's and Tenant's obligations under this Letter of Intent are contingent upon negotiation, review and execution by both parties of a definitive Lease document which is satisfactory in form and substance to such parties and which definitive Lease shall replace this Letter of Intent in its entirety. Upon execution of this Letter of Intent, Landlord shall not thereafter Lease or seek to Lease the Premises to any party other than Tenant and Tenant shall cease negotiations for any other space in the District of Columbia for the same purposes as its intended use of the Leased Premises for a period of two (2) months, during which time the parties intend to negotiate the terms of the Lease accurately reflecting and includes the terms of this Letter of Intent. The two-month period shall be automatically extended for an additional two (2) months so long as Landlord and Tenant are negotiating the terms of the Lease in good faith.

LANDLORD: CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY, as LANDLORD

By: _____

Title: _____

TENANT:

By: _____

Title: _____

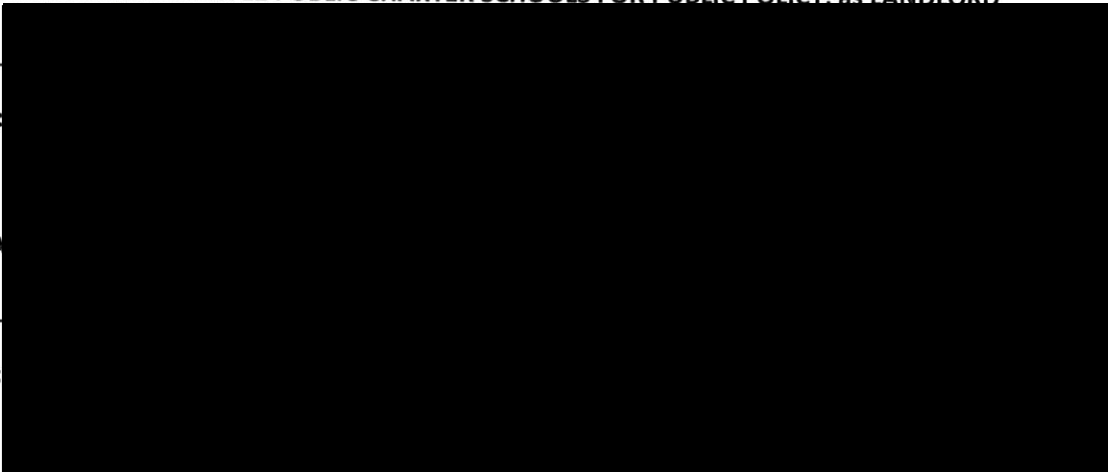


EXHIBIT A LEASED PREMISES

