

## LEASE AGREEMENT

**THIS LEASE AGREEMENT** (“**Lease**”) is made effective as of **October 1, 2020**, 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: Kathy Smith (“**Landlord**”) and **Sovereign Community School Foundation**, a Oklahoma nonprofit corporation, whose principal address for notice is 12600 N. Kelley Avenue, Oklahoma City, Oklahoma 73131, Attn: Matt Wilson & cc Stacie Thrasher (“**Tenant**”).

### 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 12600 N. Kelley Ave. Oklahoma City, OK 73131 and legally described on **Exhibit A** attached hereto together with all improvements located thereon (hereinafter the “**Premises**”)

#### SECTION 1.02. Commencement and Ending Date of Term.

The term of this Lease shall begin on **October 1, 2020** (the “**Commencement Date**”) and shall end on **June 30, 2021** (the “**Term**”). Tenant’s obligation to pay rent hereunder shall commence on **October 1, 2020** (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 as may be negotiated and mutually agreed upon, in their sole discretion.

### Article II RENT

#### SECTION 2.01. 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 as annual rent during the Term of this Lease an amount equal to 12% of the annual Foundation and Salary Incentive (“**FSI**”) aid for each pupil received by Tenant from the Oklahoma State Board of Education (“**OSBE**”) multiplied by Tenant’s student enrollment. The annual rent shall be paid in quarterly installments as follows:

Beginning on February 15 of each year (or five (5) days after invoice therefor), Tenant shall pay rent in arrears for the prior six (6) month period, as applicable (July 1 through December 31) based on the student enrollment as of January 1 that is reported to the OSBE for each applicable year. Rent for the three months of January 1 through March 31 for each year shall be paid in arrears on April 15 (or five (5) days after invoice therefor) and rent for the three months of April 1 through June 30 shall be

paid in arrears on July 15 (or five (5) days after invoice therefor). These two payments shall also be based on the January 1 enrollment reported to the OSBE. Landlord shall be entitled to collect a late charge of four percent (4%) of any installment not paid within ten (10) days of when due.

If the Rent Commencement Date shall commence or this Lease shall end upon a day other than the first day or last day, respectively, of a payment period described above, then Tenant shall pay a pro-rata portion of the rent described above for the applicable payment period pro-rated on a per diem basis with respect to the fractional period.

#### SECTION 2.02. Taxes.

In the event any ad valorem, special assessment or any other taxes are levied or assessed against the Premises (“**Taxes**”) or any part thereof, then within thirty (30) days of the due date, if Landlord is named as payor, Tenant shall pay Landlord the Taxes so assessed and billed, or if Tenant is named as payor, Tenant shall pay the Taxes so assessed and billed. Landlord shall furnish Tenant with any statement for such taxes and assessments received by Landlord immediately upon receipt. Taxes for any partial years shall be prorated among Tenant and Landlord. Tenant shall be solely responsible for and shall pay when due any taxes assessed against Tenant’s personal property including any FFE as hereinafter defined. Tenant may contest the levy or assessment and the denial of any exemption related thereto at its expense. If Tenant shall exercise such right of contest, it shall continue to pay, as they become due and payable, all contested levies or assessments.

### **Article III**

#### **ACCEPTANCE OF PREMISES/ALTERATIONS/FFE**

#### SECTION 3.01. Landlord’s Obligations

Tenant acknowledges that it has or will fully inspect the Premises prior to occupation by Tenant and hereby agrees and acknowledges that Landlord is delivering the Premise in an AS-IS and WITH ALL FAULTS condition. Tenant, by its occupation of the Premises, accepts the Premises in such condition and agrees and acknowledges that Landlord will have no responsibility for the condition thereof.

#### 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.

### 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.

### 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.

### SECTION 3.05. FFE.

At the request of Tenant, Landlord may provide up to \$0 per square foot of the building area located on the Premises for Tenant to purchase furniture, fixtures, and equipment (“**FFE**”), with scope of work listed on Exhibit A. Any FFE to be purchased shall be approved by Landlord or its representatives and shall be purchased consistent with any procedures and conditions required by Landlord. Tenant acknowledges and agrees that Landlord shall have no obligation to provide any amounts to Tenant for FFE and that Landlord providing any such amounts shall be in Landlord’s sole discretion.

## **Article IV CONDUCT OF BUSINESS BY TENANT**

Unless otherwise approved by Landlord, 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. Amm. § 3-130 et. seq.

## **Article V SECURITY DEPOSIT**

Tenant shall not be required to make any deposit with Landlord as security for the Lease.

## **Article VI PERFORMANCE STANDARDS**

### **SECTION 6.01. Good Standing.**

During the Term or any extension of this Lease, Tenant shall remain in good standing in all areas, including academic and financial areas, with the charter school authorizing agency(ies) and shall not be placed on probation or have its charter modified or revoked and shall meet or exceed the performance standards set forth on **Exhibit B & Exhibit C** attached hereto. Tenant shall provide such financial, operational, academic performance, and governance information as is requested by Landlord from time to time, including any information submitted to the Oklahoma Department of Education or other authorizing agency.

### **SECTION 6.02. Failure to Meet Standards.**

In the event that Tenant fails to comply and satisfy its obligations described in Section 6.01 above, Landlord may require that Tenant undergo changes to its operations including, but not limited to (1) Landlord approval of persons for school leadership positions; or (2) Landlord approval of one or more school board members; or with the approval of the authorizing agency(ies), Landlord may terminate this Lease or transfer the Premises to a different charter school operator. In the event Landlord terminates this Lease, Tenant shall vacate, and surrender possession of the Premises as provided in Section 7.05.

## **Article VII MAINTENANCE, UTILITIES, RESTORATION OF PREMISES**

### **SECTION 7.01. Landlord's Responsibility.**

Landlord shall have no responsibility for repairs or maintenance, including repairs or replacements to the roof or structure of the Premises.

### **SECTION 7.02. Tenant's Responsibility.**

Tenant agrees to complete all required building and/or system inspections as required by national governing agencies having jurisdiction, as further delineated in Exhibit C. No later than June 30 annually, Tenant shall provide proof of inspections and transmittal to the governing national and state agencies.

Tenant agrees to pay for all maintenance, repairs, replacements, painting, decorations, trash removal, and alterations to the Premises, including the roof, structure, HVAC, electrical, plumbing, parking areas, landscaping, glass or other maintenance expenses, incurred or occurring subsequent to the Commencement Date, as further described in Exhibit C. Prior to the Commencement Date 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), to schedule and track Tenant's maintenance and inspection activities. Tenant shall provide Landlord electronic access to the CMMS and no later than June 30 annually shall provide proof, via copies of required maintenance and inspection report which demonstrate, of completed preventative maintenance work as further defined in an Exhibit C. Failure to complete the required maintenance and inspections or to provide the required documentation may be considered Breach of this lease agreement per paragraph 13.01.

#### SECTION 7.03. Repairs/Inspections.

Tenant agrees to permit Landlord and Landlord's agents to inspect or examine the Premises at any reasonable time to determine Tenant's compliance with the approved maintenance plan and to inspect for any other maintenance items and to permit Landlord to make such repairs to the Premises or the improvements thereon as Landlord may reasonably deem necessary or desirable for the preservation of such Premises or improvements. In such event, written notice of such repairs shall be provided to Tenant and if Tenant does not begin to make such repairs within thirty (30) days from the receipt of such notice, then Landlord may make such repairs and Landlord may charge Tenant the cost thereof plus 10% for management expenses, which amount shall be due and payable upon demand.

#### SECTION 7.04. Utilities.

Tenant shall be solely responsible for the payment of all utility and municipal services, including gas, water, electricity, telephone service, 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 7.05. Restoration/Holding Over.

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 and any FFE obtained pursuant to Section 3.05 in as good condition and repair as the same shall be at the Commencement Date of this Lease as may be improved, except for damage caused by fire or other casualty, except for causes not within the control of Tenant, and except for ordinary wear and tear. Tenant shall remove all its trade fixtures and any alterations or improvements permitted to be removed by the provisions of this Lease before surrender of the Premises, and shall repair any damage to the Premises caused thereby. If Tenant shall remain in possession of all or any part of the Premises after the expiration of the Term of this Lease, no recognition of a continuing tenancy by Landlord, by accepting rent

or otherwise, shall be construed as creating anything but a tenancy from month to month only, to be governed at all times by the other terms and provisions of this Lease, and at the rent required of Tenant for the last month of the Lease Term.

## **Article VIII INSURANCE AND INDEMNITY**

### **SECTION 8.01. Liability Insurance.**

Tenant shall at its expense, during the entire Term hereof, keep in full force and effect a policy or policies of Commercial General Liability with respect to the Premises, satisfactory to Landlord, in which the limits of liability shall be in such amounts not less than U.S. \$3,000,000 for any one occurrence (which coverage may be effected by primary and excess policies). The policy or policies shall name Landlord and Tenant as an insured, and shall contain a clause that the insurer will not cancel or change the insurance without first giving Landlord a thirty (30) day (ten (10) days for nonpayment of premium) prior written notice. The insurance shall be carried with an insurance company or companies qualified to transact business in the State of Oklahoma reasonably satisfactory to Landlord and a copy of the policy or policies or a certificate of insurance shall be delivered to Landlord prior to Tenant's commencement of business in the Premises and upon request of Landlord.

### **SECTION 8.02. Fire and Extended Coverage Insurance.**

Tenant shall at its expense carry and pay the premiums for special form ("all risk") property insurance upon the Premises and all improvements and FFE forming a part thereof, for and during the entire Lease Term, upon a basis of not less than 100% of the full replacement value thereof, with a responsible insurance company qualified to transact insurance business in the State of Oklahoma, with such amount of coverage and the insurance company being reasonably satisfactory to Landlord. The policy shall name Landlord as insured and Tenant as an additional insured as its interest may appear, and shall contain a clause that the insurer will not cancel or change such policy or policies without first giving Landlord a thirty (30) day (ten (10) days for nonpayment of premium) prior written notice. Landlord shall be loss payee under the insurance policy and receive all proceeds related to the building, improvements and FFE.

### **SECTION 8.03. Indemnification of Landlord.**

Tenant will indemnify Landlord and save it harmless from and against any and all claims, actions, damages, liability and expense 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 act or omission of Tenant, its agents, contractors, employees, servants, lessees, invitees or concessionaires. In case Landlord shall be made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses, and reasonable attorney's fees incurred by Landlord in connection with such litigation.

#### SECTION 8.04. Notice of Incidents.

Tenant shall give immediate notice to Landlord in case of fire, accidents or other incidents which could give rise to a material claim against Landlord or Tenant with respect to the Premises and in the case of defects therein or in any fixture or equipment.

### **Article IX**

#### **ESTOPPEL STATEMENT, ASSIGNMENT AND SUBLETTING**

#### SECTION 9.01. 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 and that there are no defenses or offsets thereto, known to Tenant.

#### SECTION 9.02. 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 9.03. 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 9.04. 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 prior written consent, which consent will not be unreasonably withheld, 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. Tenant will furnish Landlord with a copy of any sublease, assignment or amendment thereto of the Premises.

### **Article X**

#### **WASTE. GOVERNMENTAL REGULATIONS**

#### SECTION 10.01. Waste or Nuisance.

Tenant shall not commit or suffer to be committed any waste upon the Premises.

## SECTION 10.02. 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 10.03. Hazardous Materials.

A. After the 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) (“**Hazardous Material(s)**”), 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.

B. 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 XI DESTRUCTION OF PREMISES

If the Premises shall be damaged by fire, the elements, unavoidable accident, or other casualty, but are not thereby rendered untenable in whole or in part, Tenant shall at its own expense cause such damage to be repaired, and the rent shall not be abated. The property insurance proceeds shall be utilized for such purpose. If the Premises shall be rendered wholly untenable, Tenant or Landlord may, at its election, terminate this lease and the tenancy hereby created by giving to the other party within the thirty (30) days following the date of said occurrence, written notice of the party’s election to do so and in the event of such termination, rent shall be adjusted as of such date, and Landlord shall retain the entire insurance proceeds. If the Lease is not terminated, either Tenant or Landlord, at Landlord’s option, shall restore the Premises utilizing the property insurance proceeds.



## **Article XII CONDEMNATION**

In the event the Premises, or any part thereof, is appropriated or condemned by any private or municipal corporation or body having the power of eminent domain, both parties shall be free to assert their respective claims for damages to the full extent allowed by law, and all awards or settlements made pursuant to such taking, appropriation or condemnation shall be for the use and benefit of both Landlord and Tenant as their respective interests may be. Any award or settlement made for Landlord's fee interest in the Premises shall be the sole property of Landlord.

## **Article XIII DEFAULT: BREACH OF LEASE**

### **SECTION 13.01. Right to Re-enter.**

In the event of any failure of Tenant (a) to pay any rental due hereunder within ten (10) days after the same shall be due; or (b) any failure to perform any other of the terms, conditions or covenants of this Lease to be observed or performed by Tenant for more than thirty (30) days after written notice of such default shall have been given to Tenant; or (c) if Tenant or an agent of Tenant shall falsify any report required to be furnished to Landlord, any charter school authorizing agency, accrediting agency, or other governmental body; or (d) 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; or (e) if Tenant makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement; or (f) if Tenant shall abandon said Premises or suffer this Lease to be taken under any writ of execution, then, Landlord beside 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 except for FFE obtained pursuant to Section 3.05 from the Premises 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.

### **SECTION 13.02. 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, it may either terminate this Lease or it may 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 month be less than that to be paid during that month 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.

#### **SECTION 13.03. 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 for cause, or in the event of Landlord obtaining possession of the Premises, by reason of the violation by Tenant of any of the covenants or conditions of this Lease.

#### **SECTION 13.04. Breach by Landlord.**

In the event of a breach of any of the covenants of Landlord under this Lease, Tenant, in addition to any other right it may possess in law or equity, shall have the right to specific performance.

### **Article XIV TAXES ON LEASEHOLD**

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.

### **Article XV 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 XVI 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.

## **Article XVII OPTION TO PURCHASE**

### **SECTION 17.01. Landlord's Option to Cause Purchase.**

During the last year of this Lease, but at least sixty (60) days prior to the end of the Term, Landlord may provide notice to Tenant that it desires Tenant to purchase the Premises for use as an open enrollment charter school at the end of the Term. In such event, Tenant agrees to use best efforts to effect a purchase directly, or by a different lessor, of the Premises for the Purchase Price and upon the terms set forth in Section 17.02 hereof, by obtaining a new lease assignment or obtaining financing upon commercially reasonable terms.

### **SECTION 17.02. Tenant's Option to Purchase.**

For and in consideration of the Lease and provided that Tenant is not in default in the performance of this Lease, Landlord grants to Tenant a right and option in Tenant's sole discretion 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 sixty (60) days prior to the proposed date of such purchase. Closing shall occur on the date proposed in the notice which shall be on or before the last day of this Lease. The purchase price for the Premises shall be a sum equal to Landlord's costs of making the Premises available for Tenant's use including but not limited to, the costs of acquiring the Premises, the costs of designing, remodeling, and constructing all improvements thereto funded by Landlord, and the amount of any FFE funds of Landlord utilized by Tenant as provided in Section 3.05, less the total amount of rental paid by Tenant to Landlord hereunder ("**Purchase Price**"). Within fifteen (15) days after exercise of this option, Landlord shall deliver at its expense, a commitment for an owner's policy of title insurance which will assure to Tenant that at Closing, the title company will issue to Tenant a policy of title insurance, insuring good and indefeasible title in fee simple absolute in Tenant with no exceptions, except standard exceptions and those, if any, approved by Tenant or which do not materially affect the title, marketability or value of the Premises. The purchase of the Premises shall be conditioned on Tenant assuring itself as to the suitability of title. All transfer taxes, closing costs, etc. shall be paid by that party that customarily pays such cost in Oklahoma County, Oklahoma. Conveyance shall be by special warranty deed which may contain provisions that restrict the use of the Premises to an open enrollment charter school.

Notwithstanding any amount of the rent payments being taken into account in the calculation of the Purchase Price under Section 17.02 of this Lease, the parties agree and acknowledge that by making such rental payments Tenant is acquiring no equity interest in the Premises and that such payments constitute a fair rental value of the Premises taking into account all facts and circumstances (which the parties acknowledge will also be a below fair market value rental rate).

## **Article XVIII MISCELLANEOUS**

### **SECTION 18.01. 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 be in writing and signed by Landlord and Tenant.

### **SECTION 18.02. 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 18.03. 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 18.04. No Partnership.**

Nothing contained in this Lease shall be deemed to create a partnership, joint venture or association between Landlord and Tenant.

### **SECTION 18.05. 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 prepaid 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 18.06. Captions and Section Numbers.

The captions, section numbers, and article numbers appearing in this Lease are inserted only as a matter of convenience and 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 18.07. 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 18.09. Governing Law.

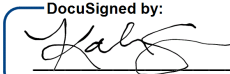
This Lease shall be governed, construed and interpreted by the laws of the State of Oklahoma without giving effect to the choice of law principles thereof that would result in the application of the laws of any other jurisdiction.

**[SIGNATURE PAGE FOLLOWS]**

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

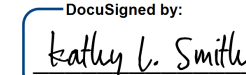
**TENANT:**

**Sovereign Community School Foundation,**  
an Oklahoma nonprofit corporation

DocuSigned by:  
  
By: \_\_\_\_\_  
Name: Kate Surtuska  
Title: Board President

**LANDLORD:**

**KLS LEASING II, LLC**, a Delaware limited  
liability company

DocuSigned by:  
  
By: \_\_\_\_\_  
Name: Kathy L. Smith  
Title: President

## **Exhibit A: Premises**

### **Legal Description**

A part of the Southwest Quarter (SW/4) of Section Fourteen (14), Township Thirteen (13) North, Range Three (3) West of the Indian Meridian, Oklahoma County, Oklahoma, more particularly described as follows: Commencing at the Southwest Corner of said Southwest Quarter (SW/4); Thence North 00°32'47" West along the West line of said Southwest Quarter (SW/4) a distance of 760.38 Feet to the Point of Beginning; Thence continuing North 00°32'47" West along the West line of said Southwest Quarter (SW/4) a distance of 859.87 Feet; Thence North 89°27'13" East a distance of 329.69 Feet; Thence North 59°10'55" East a distance of 190.22 Feet; Thence on a curve to the left with an arc length of 142.19 Feet, a radius of 10912.96 Feet, a chord bearing of North 78°15'19" East and a chord length of 142.19 Feet; Thence South 00°26'57" East a distance of 257.81 Feet; Thence North 89°33'03" East a distance of 125.00 Feet; Thence South 17°44'36" East a distance of 404.00 Feet; Thence South 78°11'01" West a distance of 250.00 Feet; Thence South 00°26'57" East a distance of 299.64 Feet; Thence North 89°43'27" West parallel with the South line of said Southwest Quarter (SW/4) (Basis of Bearing), a distance of 631.84 Feet to the Point of Beginning.

### **Scope of Work**

#### **General / Sitework**

- ✓ Miscellaneous sidewalk replacement as needed by SW corner of Main Building - complete
- ✓ Replace dead /Additional Sod by replaced walkways – complete
- ✓ Termite Inspection - complete
- ✓ Demo rotted “pirate” play structure - complete
- ✓ Remove letters from existing marquee sign - complete
- ✓ Develop Stickball field (level and install sod – school to water) - complete
- ✓ New insert in marquee sign - complete
- ✓ Complete as-built drawings to provide dimensioned floor plans - complete

#### **Main Building #1**

- ✓ Replace front door and hardware at main entry door and install an AiPhone system for security – complete
- ✓ Repair door hardware and/or secure on other doors as budget allows - complete
- ✓ Repaint interior (not including exposed steel) – complete
- ✓ Paint exterior doors – complete
- ✓ Replace carpet with carpet tiles in office spaces and LVT in classrooms — complete
- ✓ Inspect elevator and repair as needed, obtain permit- complete. School to contract on elevator maintenance program.
- ✓ Repair insulation - complete
- ✓ Electrical repairs per deficiencies report – complete.
- ✓ Re-lamp light fixtures with LED lamps - complete
- ✓ Replace exist / emergency lights with LED fixtures - complete
- ✓ HVAC - Service and clean all units, replace two units – complete
- ✓ Grease hood inspection – complete, need report - complete

- ✓ Grease hood duct cleaning - complete
- ✓ Fire Sprinkler system inspection – complete
- ✓ Fire Alarm system inspection and replace 4 panels to be remotely monitored – complete. School to contract system monitoring.
- ✓ Fire Extinguisher inspection and replacement as needed – complete
- ✓ Install Knox box - complete
- ✓ Grease trap inspection/cleanout – complete
- ✓ Seal up soffit/repair holes - complete
- ✓ Pest control – completed / retreated and addressed repeat racoon. School to contract with pest control company to ensure repeat entry doesn't occur.
- ✓ Replace restroom partitions - complete

#### **Admin Building #2**

- ✓ Replace roofing - complete
- ✓ Repair electrical per deficiencies report - complete
- ✓ Re-lamp light fixtures - complete
- ✓ Replace exist / emergency lights with LED lamps - complete
- ✓ Service and clean all HVAC units - complete
- ✓ Fire Sprinkler system inspection – complete
- ✓ Fire extinguisher inspection – complete
- ✓ Repair windows – complete
- ✓ Final clean after repairs - complete

#### **Mavin Building #3**

- ✓ Replace roofing - complete
- ✓ Repair electrical per deficiencies report - complete
- ✓ Re-lamp light fixtures - complete
- ✓ Replace exist / emergency lights - complete
- ✓ Service and clean all HVAC units - complete
- ✓ Fire Sprinkler system inspection – complete, need report
- ✓ Fire extinguisher inspection – complete, need report
- ✓ Final clean
- ✓ Painting
- Resolve domestic water to bldg. -to be completed NLT 9/30/2020
- ✓ Remove kitchen hood and ansul system, disconnect electrical – complete

#### **Pavilion Building #4**

- ✓ HVAC units confirmed to be working properly – complete
- ✓ No other work at this building

#### **Gym Building #5**

- ✓ Overlay roofing with PVC – install new gutters/trim with snow/ice guard –complete
- ✓ Repair electrical per deficiencies report - complete
- ✓ Service and clean all HVAC units - complete
- ✓ Repair insulation - complete
- ✓ Replace restrooms partitions and coordinate accessories with paper vendor – complete



- ✓ Replace restroom sinks - complete
- ✓ Heater in fire riser room - complete
- ✓ Replace door hardware on fire riser room - complete

**Portable #1B – will be used in 2020/21**

- Repair door hardware

**Portable #2B**

- Repair door hardware

**Portable #3B**

- Repair door hardware

**Trans #4B**

- Repair door hardware

**Portable MFF**

- Repair door hardware

**Security Guard Shack #6B**

- No work

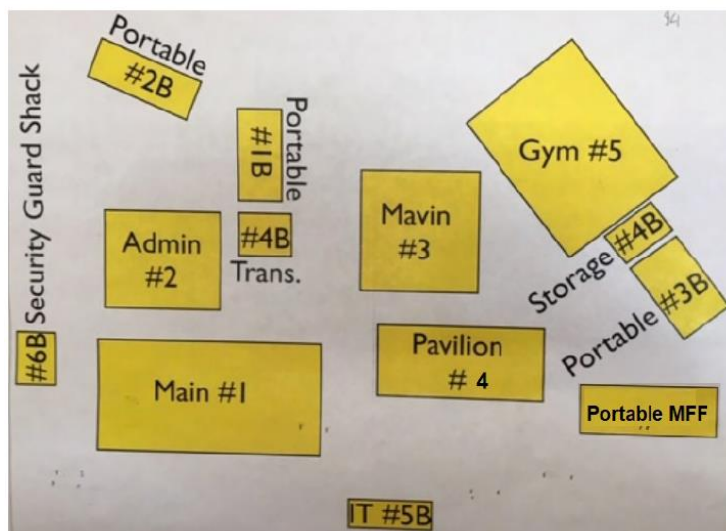
**Greenhouse. #4B**

- No work

**IT #5B**

- No work

**Building Legend**



## **Exhibit B**

### **Schedule of Goals and Reporting for Lease**

Annual reports will be submitted to Landlord with information on Tenant's performance relative to the goals set forth below.

No.	Measure	Performance Goal	By When?
1.	Enrollment Health	Official student count (to include categorical numbers)- shown against previous enrollment <ul style="list-style-type: none"> <li>• If at any point in the school year, the student count has a reduction of more than 20%, Tenant must notify the Landlord</li> <li>• A minimum of 80% of students will be retained during the course of each year and from one year to the next</li> <li>• The school will maintain a minimum of 92% Average Daily Attendance (ADA)</li> </ul>	Annually, Jan. 1
2.	Property & General Liability Insurance Certificates	Official property & general liability insurance certificates, from Tenant's insurance provider, exhibiting appropriate coverage, pursuant to Section 8 of the Lease.	Annually, no later than 5 days after current certificates expire
3.	Financial Health	Annual audited financial statements & year-to-date statement of revenue, expenses, & equity (most recent cash flow statement) <ul style="list-style-type: none"> <li>• school has no significant findings, and remains in good standing with the State Board of Education</li> </ul>	Annually, 90 days after the close of the fiscal year
		Actuals to budget analysis, consulting with appropriate staff support from OPSRC, with an update email to Landlord	Monthly, at the end of each month
		Sovereign Community School direct leadership team attend a leadership and financial professional development opportunity, through OPSRC	Annually, by June 30th
		Board approved budget for upcoming school year	Annually, June 30th
		Actuals to budget analysis (if available)	Bi-annually, December 30 <sup>th</sup> & June 30 <sup>th</sup>
		Signed copy, by both parties, of the loan between Tenant and SFS Development, Inc.	October 2, 2020
4.	Exit Strategy	A memorandum will be requested once a Tenant reaches their projected full enrollment number- memo to include a financing exit strategy, including long-term financing options and efforts.	Upon school achieving full enrollment
5.	Parent Support	Parent satisfaction survey results indicate that a minimum of 80% of families are either "satisfied" or "highly satisfied" with the quality of the school starting in the 2nd year of operation, if applicable.	Annually, June 30th

6.	Staff Retention Rate	The retention rate of teachers, from the previous school year, will be requested.	Annually, June 30th
7.	Nationally Normed Test	An average of at least 60% of students will meet their annual Individual RIT Score Goals in Math and Reading on NWEA MAP tests in all tested grades.	Annually, June 30th
8.	State Test	At no time will the school be categorized as Level 5 support under the state ESSA plan, or receive a state school report grade of "F".	Annually, June 30th
9.	Graduate Requirements (High Schools Only)	Each year, the school will have at least a 95% graduation rate, and 100% will be deemed college and career ready.	Annually, June 30th
10.	Facility Inspection & Maintenance	As described in Exhibit C	Annually, June 30th

## Exhibit C

### Inspection & Maintenance Schedule

No later than June 30 annually, Tenant shall provide proof, via copies of required maintenance and inspection report which demonstrate, of completed preventative maintenance work & all required building and/or system inspections, as required by national governing agencies, to Landlord. Failure to complete the required maintenance and inspections or to provide the required documentation may be considered Breach of this lease agreement per paragraph 13.01.

CSI Division	Description	Federal Reference	Vendor	Task	Weekly	Monthly	Quarterly	Bi-annually	Annually	As Spec	Notes
003000	Asbestos	US EPA		AHERA PLAN				X		X	Plus a full plan update every 3 years. Must be a certified vendor
104400	Fire Extinguishers	NFPA 10		Monthly Inspection Annual Service		X				X	Annual must be by certified Vendor Every 6 years must empty, inspect,
114000	Food Service	USDA						X			
114000	Food Service Equipment - Exhaust Hood <b>expand based on specific building</b>	NFPA 17				X		X			Must be a licensed vendor. Both Wet Chemical & Dry Chemical
114000	Food Service Equipment - Walk-in Refrigerator / Reach-in Freezer / Refrig Rack			Programming/Check Temp		X					
142000	Elevator - <b>expand based on specific building</b>	NFPA 101 ASME 17.1		Inspection					X		Must be a certified Elevator Contractor
210000	Fire Safety Inspection		AHJ providing Fire Protection					X		X	Before start of Christmas break and end of school year.
210000	Fire Suppression - <b>expanded based on Specific Building</b>	NFPA 25		Check Panel, Test System					X		
210000	Fire Suppression - Backflow Preventor	NFPA 25 IPC 312.10.1		Test System					X		Must be a licensed vendor to complete test.
211319	Fire Suppression - PreAction System	NFPA 25		Test System					X		Must be a licensed vendor to complete test.
220000	Plumbing - <b>Expand based on Specific Building</b>										
221119	Backflow Preventor	IPC 312.10.2							X		Must be a licensed vendor to complete test.
221300	Sewage Treatment (not typical for most charter)	NPDES 40-1-D		Daily Check of system					X	X	5 year full inspection/certification
221323	Grease Interceptor	IPC		Pump System Out/Flush System					X		
221400	Storm Drainage, Roof Drains, Sump Pumps	IPC		Check for debris weekly, activate	X		X				
223300	Electric Water Heater	IPC		Clean aerator / filter screens				X			
223400	Fuel Fired Domestic Water Heater	IPC/ASME/ Insurance Carrier					X		X		Burners, Venting, Controls, Blower, Pressure Switch, Tank
224200	Water Closets, Urinals, Lavatories, Sinks	IPC		Flush /Inspect Seals				X			
230000	HVAC - <b>Expand based on Specific Building</b>	IECC				X	X		X		Requires specific input from building contractor.
231000	Natural Gas Piping	IPC		Inspection of whole system					X		
231000	Fuel & Oil Tanks (not typical for charter school)	US EPA								X	Every 3 year
235200	Heating Boiler	ASME/Insurance Carrier							X	X	Burners, Venting, Controls, Blower, Pressure Switch, Tank
236000	Central Cooling Equipment	ASME						X			Minimum bi-annual
263000	Emergency Generator	NFPA 110		Monthly test of transfer switch/operations		X					
284600	Fire Alarm System <b>Expand based on specific building components</b>	NFPA 72		Monthly Observation Annual Test System		X			X		Must be certified vendor for the annual test
328411	Landscaping & Irrigation - expand based on specific building			Visual Inspection of Heads	X					X	During water season, Walk System / check head coverage
328411	Landscaping & Irrigation			Drain /Change System				X			
328411	Landscaping & Irrigation - Backflow Preventor	IPC 312.10.2		Test Backflow					X		Must be licensed vendor to complete the test.

ASME=American Society of Mechanical Eng.  
EPA=Environmental Protection Agency  
IECC=International Energy Conservation Code  
IPC=International Plumbing Code  
NFPA=National Fire Protection Association  
NPDES=National Pollutant Discharge Elimination System