



10850 East Woodmen Road • Falcon, CO 80831  
Tel: 719-495-1100 • Fax: 719-494-8900

**Mission Statement**

To prepare students, in a safe and caring environment, to be successful, competent and productive citizens in a global society.

**AGENDA**  
**SPECIAL BOARD OF EDUCATION MEETING**  
**February 25, 2015**  
**6:30 p.m.**  
**Education Services Center - Board Room**

- 1.00 Call to Order and Roll Call**
- 2.00 Welcome and Pledge of Allegiance**
- 3.00 Approval of Agenda**
- 4.00 Open Forum (3 minute time limit for each speaker)**
- 5.00 Action Items**
  - 5.01 Amend Rocky Mountain Classical Academy Charter Contract
  - 5.02 Action on Capital Lease for Pony Tracks Facility
  - 5.03 Approval of Resolution Regarding Legal Name
  - 5.04 Action on MLO-Op Money Allocation Basis
- 6.00 Other Business**
- 7.00 Adjournment**

DATE OF POSTING: February 19, 2015

---

Donna Richer  
Executive Assistant to the Board of Education

## **BOARD OF EDUCATION AGENDA ITEM 5.01**

<b>BOARD MEETING OF:</b>	February 25, 2015
<b>PREPARED BY:</b>	Brett Ridgway, Chief Business Officer
<b>TITLE OF AGENDA ITEM:</b>	Amend Rocky Mountain Classical Academy Charter Contract
<b>ACTION/INFORMATION/DISCUSSION:</b>	Action

**BACKGROUND INFORMATION, DESCRIPTION OF NEED:** The D49 Board and Administration have been discussing “Post-Election Strategies” for the last four meetings going back to December 11, 2014; in response to the election results from the November 4, 2014 statewide election in which District 49 had two items on the ballot – El Paso County items 3A and 3B.

With the passage of Ballot Item 3A in November, the District’s constituents have authorized the District to begin using portions of the Mill Levy Override not needed to be used to satisfy annual debt service of the Certificates of Participation for operations. It is always prudent for the District to consider refinance options for existing debt and especially now with the passage of item 3A.

With the failure of Ballot Item 3B in November, D49 Administration has, at the behest of the Board of Education brought forth options for how to expand programs and accommodate student growth without the benefit of all the new construction that was proposed in Item 3B. The options presented were narrowed down to a preferred list of three:

- (1) Acquire and renovate modular space that Rocky Mountain Classical Academy (RMCA) has vacated at Horizon Middle School for the purpose of expanding capacity at Horizon Middle School to allow boundaries to be shifted to ‘normal’ patterns for the Sand Creek Zone;
- (2) Acquire, and repurpose as necessary, the building D49 leased beginning on July 1, 2014 at Pony Tracks Drive, leased with a purchase option that expires on February 28, 2015;
- (3) Pursue a new lease agreement with Pikes Peak Community College (PPCC) for them to place a program at the aforementioned Pony Tracks location, to replace the space PPCC has leased at Patriot Learning Center (PLC) for the last several years, but had already informed D49 of their intention to vacate that space due to the limitations inherent with the facility.
- (4) Expand Career-Technical Education (CTE) offerings at the PLC campus to utilize space that will be vacated by PPCC in an appropriate and programmatically-needed manner.

**RATIONALE:** Our constituents, through their non-approval of Item 3B, have asked us to again pursue innovative and cost-effective options to improve our educational program and expand our student capacity. As we have previously demonstrated with the acquisition of the space now occupied by Falcon Virtual Academy, D49 can successfully acquire building space, convert it for innovative (i.e. non-traditional) educational use, and do so in a manner that is more efficient than traditional school building space. The four options to be pursued will and do balance the needs of efficiency and effectiveness for educational programming.

**RELEVANT DATA AND EXPECTED OUTCOMES:** With this specific action item, we intend to pursue item #1 in the above list by accepting an amendment to the charter contract for RMCA where D49 will receive a donation of the modular space from RMCA in exchange for forgiveness of remediation requirements at the Horizon Middle School site the modular have occupied as well as assuming the lessee responsibilities RMCA has in relation to their previous lease for space at the Pony Tracks facility – a lease that expired June 30, 2014 but whose remediation requirements were extended as part of District 49’s subsequent lease of the facility that began on July 1, 2014.

### **IMPACTS ON THE DISTRICT’S STRATEGIC PRIORITIES—THE BIG ROCKS:**

<b>Rock #1</b> —Reestablishing the district as a <u>trustworthy</u> recipient of taxpayer investment	<i>D49 has displayed full transparency of this proposal by discussing it at four consecutive board meetings over the last 60+ days.</i>
--	---



BOE Special Meeting February 25, 2015  
Item 5.01 continued

<b>Rock #2</b> —Research, design and implement programs for intentional <u>community</u> participation	
<b>Rock #3</b> — Establish District 49 as the <u>best district</u> in Colorado to learn, work and lead	<i>D49 continues to pursue innovation and non-traditional ways to expand education programming and increase student capacity; both demonstrating that D49 will not be depressed by constituent feedback, but will instead keep moving forward with innovative, proactive and appropriate strategies to accommodate limitations and improve educational programs.</i>
<b>Rock #4</b> — Grow a robust portfolio of distinct and exceptional schools	
<b>Rock #5</b> — Customize our educational systems to launch each student toward success	

**FUNDING REQUIRED:** Yes, for renovations

**AMOUNT BUDGETED:** ~ \$400,000

**RECOMMENDED COURSE OF ACTION/MOTION REQUESTED:** I move to approve the proposed amendment to the charter contract for Rocky Mountain Classical Academy, according to terms previously discussed at D49 Board of Education meetings, translated to written contractual form by District Administration and Legal Counsel.

**APPROVED BY:** Brett Ridgway, Chief Business Officer  
Peter Hiltz, Chief Education Officer  
Jack Bay, Chief Operations Officer

**DATE:** February 18, 2015

**Contract Amendment to Charter School Contract  
By and Between Falcon School District 49 and Rocky Mountain Classical  
Academy dated July 1, 2013**

**Introduction**

This Charter School Contract Amendment ("Amendment"), dated this 25th day of February, 2015, is made and entered into by and between Falcon School District No. 49 ("District") and Rocky Mountain Classical Academy ("RMCA"), a public charter school organized as a Colorado non-profit corporation (collectively, the "Parties").

**Recitals**

WHEREAS, RMCA wishes to transfer the modular space and all related real property it previously occupied at Horizon Middle School to the District, without charge to the District, thereby avoiding the expense of removal of the modular buildings and rehabilitation of the property; and

WHEREAS, the District is interested in the Pony Tracks facility and RMCA wishes to permit and invite the District to assume its place as vacating tenant in the Pony Tracks facility in contractual privity with the current landlords; and

WHEREAS, the Board of Education for the District supports an amendment to the current Charter School Contract in order to remove the remediation requirements at the Horizon campus and Pony Tracks facility contained in Section 10.1 therein; and

WHEREAS, it is in the interest of both parties to amend the Charter School Contract for this particular purpose, the parties agree as follows:

**Amendment**


NOW THEREFORE, the language of Section 10.1 of the Charter School Contract shall be replaced in its entirety with the following language:

**10.1 School Facilities.** Except for the properties located at 3850 Pony Tracks Drive, Colorado Springs, CO 80922 ("Pony Tracks") and in modular space and real property located at Horizon Middle School ("Horizon") for which the District hereby assumes all lessee and other obligations, RMCA shall be responsible for the construction, renovation and maintenance of any facilities owned or leased by it, although any leased facilities shall be subject to the agreement between RMCA and any appropriate third party as to renovation and maintenance arrangements. RMCA may be aided in construction by the RMCA Building Corporation, a 501(c)(3) non-profit entity, formed to hold title for RMCA used facilities.



IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first above written.

ROCKY MOUNTAIN  
CLASSICAL ACADEMY

By   
President, Board of Directors

ATTEST:

  
Secretary, Board of Directors

FALCON SCHOOL DISTRICT NO. 49

By: \_\_\_\_\_  
President, Board of Education

ATTEST:

\_\_\_\_\_  
Secretary, Board of Education

## **BOARD OF EDUCATION AGENDA ITEM 5.02**

<b>BOARD MEETING OF:</b>	February 25, 2015
<b>PREPARED BY:</b>	Brett Ridgway, Chief Business Officer
<b>TITLE OF AGENDA ITEM:</b>	Action on Capital Lease for Pony Tracks Facility
<b>ACTION/INFORMATION/DISCUSSION:</b>	Action

**BACKGROUND INFORMATION, DESCRIPTION OF NEED:** The D49 Board and Administration have been discussing “Post-Election Strategies” for the last four meetings going back to December 11, 2014; in response to the election results from the November 4, 2014 statewide election in which District 49 had two items on the ballot – El Paso County items 3A and 3B.

With the passage of Ballot Item 3A in November, the District’s constituents have authorized the District to begin using portions of the Mill Levy Override not needed to be used to satisfy annual debt service of the Certificates of Participation for operations. It is always prudent for the District to consider refinance options for existing debt and especially now with the passage of item 3A.

With the failure of Ballot Item 3B in November, D49 Administration has, at the behest of the Board of Education brought forth options for how to expand programs and accommodate student growth without the benefit of all the new construction that was proposed in Item 3B. The options presented were narrowed down to a preferred list of three:

- (1) Acquire and renovate modular space that Rocky Mountain Classical Academy (RMCA) has vacated at Horizon Middle School for the purpose of expanding capacity at Horizon Middle School to allow boundaries to be shifted to ‘normal’ patterns for the Sand Creek Zone;
- (2) Acquire, and repurpose as necessary, the building D49 leased beginning on July 1, 2014 at Pony Tracks Drive, leased with a purchase option that expires on February 28, 2015;
- (3) Pursue a new lease agreement with Pikes Peak Community College (PPCC) for them to place a program at the aforementioned Pony Tracks location, to replace the space PPCC has leased at Patriot Learning Center (PLC) for the last several years, but had already informed D49 of their intention to vacate that space due to the limitations inherent with the facility.
- (4) Expand Career-Technical Education (CTE) offerings at the PLC campus to utilize space that will be vacated by PPCC in an appropriate and programmatically-needed manner.

**RATIONALE:** Our constituents, through their non-approval of Item 3B, have asked us to again pursue innovative and cost-effective options to improve our educational program and expand our student capacity. As we have previously demonstrated with the acquisition of the space now occupied by Falcon Virtual Academy, D49 can successfully acquire building space, convert it for innovative (i.e. non-traditional) educational use, and do so in a manner that is more efficient than traditional school building space. The four options to be pursued will and do balance the needs of efficiency and effectiveness for educational programming.

**RELEVANT DATA AND EXPECTED OUTCOMES:** With this specific action item, we intend to exercise the purchase option for the Pony Tracks facility as written into article 23B, paragraphs a-g, of the lease contract entered into by the two parties; District 49 (lessee) and Springs Ranch Church (lessor) beginning on July 1, 2014. This acquisition is intended to be facilitated by Eastern Colorado Bank via a long-term capital lease that is completely consistent with a lease previously financed by ECB for the acquisition of the building currently occupied by Falcon Virtual Academy and approved by the D49 Board of Education at a meeting in November 2012.

### **IMPACTS ON THE DISTRICT’S STRATEGIC PRIORITIES—THE BIG ROCKS:**

<b>Rock #1</b> —Reestablishing the district as a <u>trustworthy</u> recipient of taxpayer investment	<i>D49 has displayed full transparency of this proposal by discussing it at four consecutive board meetings over the last 60+ days.</i>
--	---



BOE Special Meeting February 25, 2015  
Item 5.02 continued

<b>Rock #2</b> —Research, design and implement programs for intentional <u>community</u> participation	
<b>Rock #3</b> — Establish District 49 as the <u>best district</u> in Colorado to learn, work and lead	<i>D49 continues to pursue innovation and non-traditional ways to expand education programming and increase student capacity; both demonstrating that D49 will not be depressed by constituent feedback, but will instead keep moving forward with innovative, proactive and appropriate strategies to accommodate limitations and improve educational programs.</i>
<b>Rock #4</b> — Grow a robust portfolio of distinct and exceptional schools	
<b>Rock #5</b> — Customize our educational systems to launch each student toward success	.

**FUNDING REQUIRED:** Yes, for acquisition and renovations **AMOUNT BUDGETED:** ~ \$3,650,000 acquisition  
~ \$104 per sq foot  
\$547,500 down paym't  
~ \$25,350 monthly pay

**RECOMMENDED COURSE OF ACTION/MOTION REQUESTED:** I move to authorize the Chief Business Officer to exercise the 'Exclusive Option to Purchase' clause resident in the District's lease on the Pony Tracks facility originally entered into on June 9, 2014, effective July 1, 2014 with Springs Ranch Church; and to pursue financing with Eastern Colorado Bank – both according to terms previously discussed at D49 Board of Education meetings.

**APPROVED BY:** Brett Ridgway, Chief Business Officer  
Peter Hilts, Chief Education Officer  
Jack Bay, Chief Operations Officer

**DATE:** February 18, 2015

## LEASE WITH OPTION TO PURCHASE

This **LEASE WITH OPTION TO PURCHASE** (this "Lease") is made as of the 6<sup>th</sup> day of June, 2014 ("Effective Date"), by and between **Springs Ranch Baptist Church**, a Colorado nonprofit corporation (the "Landlord"), and **Falcon School District 49**, a Colorado local government and school district (the "Tenant") (collectively, the "Parties"), for the lease of the property located at 3850 Pony Tracks Dr., Colorado Springs, CO 80922, as more fully described on Exhibit A (the "Property").

### RECITALS:

Whereas, On May 2, 2014, the Parties signed a non-binding letter of intent stating their good faith intent to enter into this Lease by May 9, 2014;

Whereas, On May 9<sup>th</sup>, 2014, the Parties signed a lease with and option to purchase ("May Lease");

Whereas, Landlord provided Tenant the due diligence documents and a title commitment per section 31(A) and (D) of the May Lease;

Whereas, Tenant exercised its unilateral right to terminate the May Lease pursuant to section 31(E) therein citing three title concerns affecting the Property; and

Whereas, the Parties have agreed to enter into this Lease that supersedes and replaces the May Lease in all respects and addresses the title concerns raised by Tenant.

**NOW, THEREFORE**, in consideration of the rents herein reserved by Landlord to be paid by Tenant, and the mutual covenants and agreements of the Parties herein contained, and for other good and valuable consideration, the Parties intending to be legally bound hereby covenant and agree as follows:

#### 1. PREMISES AND DELIVERY.

- A. Premises. Subject to the terms and provisions contained in this Lease, Landlord hereby rents, demises and leases to Tenant and Tenant does hereby take, hire and lease from Landlord the Property for the Lease Term (below defined), and at the rentals and other terms, conditions and covenants more fully described below.
- B. Condition and Included Property. Landlord shall deliver the Property in the same condition as it existed on the Effective Date of this Lease along with all fixtures contained on the Property ("As-Is Condition").

- C. Title Concerns. The Tenant notified the Landlord that Tenant objects to the due diligence items listed below ("Outstanding Items"). If the Outstanding Items are not resolved by August 1, 2014, this Lease and the purchase option provided herein shall terminate on December 31, 2014. The Landlord agrees to work in good faith to resolve the Outstanding Items and the Tenant agrees to cooperate with the Landlord in pursuing such efforts.

The Outstanding Items are:

- a. The title commitment for the Property provided by the Landlord with a number of 570-F0483177-370-LTB ("Title Commitment") listed a Certificate of Non Compliance, Reception No. 212068075 that states in part "The use and occupancy of the property is prohibited." Landlord shall provide Tenant evidence that there is a current occupancy permit for the Property allowing the property to be used as a public primary school and that the Certificate of Non Compliance is not in effect. The Tenant shall also have the Certificate of Non Compliance removed from the records of El Paso County Colorado.
- b. The Title Commitment shows a notice of *lis pendens* against the Property at Reception No. 209089985 stemming from case number 09CV4383, District Court, El Paso County Colorado. The Landlord shall have the notice of *lis pendens* released and the release recorded in the property records of El Paso County Colorado.
- c. Landlord shall furnish to Tenant and record in the property Records of El Paso County Colorado a release of the following deed of trust that is listed in the Title Commitment:

Amount: \$250,000.00

Trustor/Grantor: Dwight L. Mitchell

Trustee: Public Trustee of El Paso County

Beneficiary: First National Bank of Las Animas

Recording Date: January 31, 2007

Recording No: Reception No. 207014064

- D. Risk of Loss. From the Effective Date until the Commencement Date, as described below, the Landlord shall insure the Property at its expense and shall bear all risk of loss. Section 13, of this Lease shall apply during this time period.
- E. Applicable Law. Leasing to Tenant of the Property is subject to all building restriction lines, other restrictions and rights imposed on the Property or held therein by governmental authorities having jurisdiction thereof, and is subject to all applicable governmental laws, codes and regulations.
- F. Delivery of Premises. Tenant acknowledges that the Property may have building features that are "grandfathered" under applicable laws, and that the existing improvements to the Property are provided in an as is condition without warranty.



- G. Tenant Use of Property Before Commencement Date. Tenant shall have limited access and use of the Property before the Commencement Date for the purpose of registering students that will attend school at the Property, conducting information sessions and providing tours to prospective students and their families, and for other purposes as described herein. The Parties agree to work in good faith to address and accommodate each other's needs, schedules, and concerns. This use is subject to the applicable terms of Section 8 herein.
- H. Landlords Use of Property After Commencement Date. If the Landlord has not been able to find a new space for its use, it shall have the right for up until August 31, 2014 to continue occupying and using that portion of the Property that it occupies for the days/evening hours it uses the Property as of the Effective Date. The Parties agree to work in good faith to address and accommodate each other's needs, schedules, and concerns. This use is subject to the applicable terms of Section 8 herein.
- I. Alterations and Improvements.
- a. The title to all alterations and improvements physically attached to the Property, exclusive of Tenant trade-fixtures, made, furnished or installed at or by the expense of either Landlord or Tenant shall vest in Landlord upon the installation thereof. Any personal property of Tenant located on the Property shall be vested to Tenant.
  - b. Improvements independently made by Tenant ("**Tenant's Work**"), if any, shall be performed in accordance with plans and specifications prepared on behalf of Tenant and approved by Landlord, by a contractor approved in writing by Landlord, such approval not to be unreasonably withheld, conditioned or delayed. In no event shall any such approval by Landlord constitute any warranty by Landlord to Tenant as to the adequacy of the design, workmanship or quality of any work or materials for Tenant's intended use or impose any liability upon Landlord in connection with the performance of Tenant's Work. Notwithstanding the foregoing, improvements to the Property costing less than \$5,000 (per project) may be made by Tenant without Landlord's consent, but with prior written notice to Landlord. Tenant shall cause Tenant's Work to be performed in accordance with such other reasonable conditions as Landlord may impose during performance of Tenant's Work.
  - c. In the event that the Tenant defaults under this Lease and or fails to exercise the option to purchase, then Tenant, at its sole expense, shall pay for the repairs to bring the building to the As-Is Condition when delivered to the Landlord, with an exception for normal wear and tear. Additionally, Tenant shall cause any sublessee to repair the Property to bring the Property back to the condition in which sublessee took occupancy of the Property, as determined by Landlord in its reasonable discretion, normal wear and tear excepted.

## 2. TERM OF LEASE.

- A. Term. This Lease shall commence on June 30, 2014 ("**Commencement Date**") and shall terminate on June 30, 2015 ("**Lease Term**"). Tenant agrees to vacate the Property at the end of the Lease Term hereof in the condition required under this Lease.
- B. Hold Over. If Tenant shall, with the knowledge and consent of Landlord, remain in possession of the Property after expiration of the Lease Term, and if Landlord accepts rent from Tenant for any period after such expiration hereof, then Tenant shall become a tenant by the month, commencing on the day next following the last day of the stated term hereof. Such monthly hold-over tenancy to be at the same monthly rent as applies during the month immediately preceding such holdover, and upon all terms hereof except that during such monthly hold-over tenancy, Tenant shall give to Landlord at least thirty (30) days' prior written notice of any intention to quit the Property, and Tenant shall be entitled to at least thirty (30) days' prior written notice to quit the Property. However, if Tenant holds over after expiration of the Term without Landlord's written consent, then (i) Landlord, at its option, may forthwith re-enter and recover possession of the Property by any legal process in force, Tenant hereby waiving all notices to quit to the extent such waivers are permitted by applicable law, and Tenant shall be deemed to be in default hereunder if it fails to surrender possession of the Property at the end of the stated term of this Lease, and (ii) Tenant shall pay to Landlord in advance on the first (1st) day of each calendar month in any such holdover tenancy monthly use and occupancy payments for the Property in an amount equal to one hundred twenty-five percent (125%) of the Base Rent (as hereinafter defined) applicable during the month immediately preceding such holdover. The aforesaid use and occupancy payment shall not be deemed to preclude Landlord from recovery of any actual damages that it may suffer by reason of Tenant's wrongful holdover.
- C. Termination Confirmation. If this Lease is terminated pursuant to any provision hereof, Tenant agrees to join with Landlord, promptly on Landlord's written request, in executing a memorandum confirming such termination. The provisions contained in this subsection C together with the obligation of Tenant to pay Landlord any Base Rent or Additional Rent (as hereinafter defined), which has accrued during the Lease Term but remains unpaid at expiration or termination hereof, whether billed or unbilled as of such date, shall expressly survive the expiration or termination of the Lease Term.
- D. Notwithstanding any other provisions in this Lease or any exhibits or attachments hereto, the Parties recognize that the School is subject to Article X, § 20, of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR"). Therefore, the fiscal obligations of the Tenant are subject to annual fiscal appropriations (July 1 through June 30) by and at the option of the Colorado Legislature and the Tenant's Board. The obligation of the Tenant to make any payments pursuant to this Lease and any other agreement shall terminate in the event the Tenant, for any reason, does not appropriate moneys to make such payments during its next ensuing fiscal year. The Landlord and Tenant acknowledge and

agree that any payments by the Tenant described in this Lease and any other agreement shall constitute current expenditures of the Tenant payable in the fiscal years for which funds are appropriated by the Tenant for the payment thereof. The Tenant's obligation hereunder shall be from year to year only (July 1, 2014 through June 30, 2015) and shall not constitute a multiple-fiscal year direct or indirect debt or other financial obligation of the Tenant or an obligation of the Tenant payable in any fiscal year beyond the fiscal year for which it appropriated funds for the payment thereof.

3. RENTAL; SECURITY AND RENTAL DEPOSIT. Tenant hereby covenants and agrees to take and hold the Property, as lessee of Landlord, for the Leased Term hereinabove set forth, and Tenant covenants and agrees to pay to Landlord rental for the Property as set forth below in this Section 3.

A. Base Rent. Starting on the July 1, 2014, Tenant covenants and agrees to pay to Landlord base monthly rent of twenty-nine thousand dollars and no cents (\$29,000.00) ("**Base Rent**") for the Lease Term.

B. Rent Due Date. Base Rent is due by the first (1st) day of each month, without notice or demand, beginning in July of 2014, with the first payment due on July 1, 2014 and the last payment due June 1, 2015.

C. Partial Payments. Regarding all rentals and other sums, and all covenants, agreements and obligations, to be paid or performed hereunder by Tenant, time is hereby agreed to be of the essence. No payment by Tenant or receipt or acceptance by Landlord or its agent of a lesser amount than the Base Rent herein stipulated shall be deemed to be other than on account of the earliest due Base Rent, nor shall any endorsement or statement on any check or any letter accompanying any check in payment of Base Rent be deemed an accord and satisfaction; and instead, Landlord may accept such check or payment without prejudice to Landlord's rights to recover the balance of such Base Rent and/or to pursue any other remedies.

D. Security and Rental Deposit. Tenant shall deposit with Landlord within five (5) days of the Effective Date a security deposit equal to one month's rent ("Deposit"). If Tenant exercises its Option, as described herein, and purchases the Property, the Deposit shall be applied to the purchase price. If Tenant does not purchase the Property the Deposit shall be returned to Tenant within thirty (30) days of the end of the Lease Term. The Landlord may withhold from the Deposit any amount needed to return the Property to As-Is condition, as described herein, with an exception for normal wear and tear.

E. Tenant Improvement Allowances. None.

4. BUILDING MAINTENANCE; OPERATING EXPENSES; REAL ESTATE TAXES AND ASSESSMENTS. This Lease shall be deemed and construed to be a "net lease,"



and Tenant shall pay to Landlord, net, throughout the Lease Term, the Base Rent, free of any charges, assessments, impositions or deductions of any kind and without abatement, deduction or set-off, except for as allowed herein.

- A. Maintenance. Tenant shall be responsible, at no cost to Landlord, for the management of the Property including all maintenance, repair and replacement, at its expense, of all portions of the Property, excluding the exterior, structural and mechanical portions and components of the building located on the Property, which shall exclude by way of example not limitation: the roof, exterior paint, floor slabs, brick, stucco or siding replacement or repair, and all building equipment and systems such as HVAC, generator, electrical and plumbing systems and equipment. Tenant shall be responsible for any and all damage to the Property that is not caused by normal wear and tear and is normally covered by commercial lease policies in El Paso County, Colorado. To the extent that Tenant fails to maintain, repair or replace the improvements on the Property as required herein, Landlord shall have the right to enter the Property and perform such work. All of Landlord's reasonable out of pocket costs associated with the responsibilities listed above may be billed to Tenant as "Additional Rent." To the extent that Landlord fails to maintain, repair or replace the improvements on the Property as required herein, Tenant shall have the right to perform such work. All of Tenant's reasonable out of pocket costs associated with the responsibilities listed above maybe deducted from the Base Rent.
- B. Utilities. To the extent it is commercially feasible, all utilities servicing the Property shall be listed and contracted with the utility provider in the Tenant's name and Tenant shall contract directly with vendors of its choice for the services defined as "Operating Expenses" below. To the extent it is not commercially feasible for Tenant to contract directly with utility providers and other vendors for such services, Tenant further covenants and agrees to pay to Landlord as Additional Rent during the Lease Term and during any holdover term or Renewal Term, the Operating Expenses (defined below, if any) and (if applicable) Real Estate Taxes as defined below.
- C. Operating Expenses. "Operating Expenses" shall mean, except as specifically set forth above as the responsibility of Landlord, the operation, maintenance and repair of the Property, including but not limited to: utilities; water and sewer charges; casualty and liability insurance; repairs and maintenance; snow removal; cleaning; repair and maintenance of grounds; inspection, service or management contracts; Tenant's general overhead and administrative expenses; landscaping expenses; any other items listed as "Operating Expenses" elsewhere in this Lease; and the cost of capital improvements made to the Property which are (a) required under any governmental law or regulation that was not required of the Property at the time this Lease was executed or (b) installed to improve the operating efficiency of any system within the Property with the good faith intent to reduce Operating Expenses. Operating Expenses does not include the Landlord's management, accounting, legal, or other professional fees incurred by the Landlord in relation to the Property.

All Operating Expenses will be paid directly by Tenant and that Landlord will not pay any such Operating Expenses. However, if during the Lease Term Landlord does pay such Operating Expenses, Tenant will reimburse Landlord within thirty (30) days of written demand, which demand shall include information necessary to fully explain the Operating Expenses paid by Landlord for which reimbursement is sought.

D. Taxes.

- a. It is the intent of the Parties that the Property shall be used, for public school purposes, therefore, it will be exempted from the payment of Taxes as may be assessed or levied pursuant to state and/or local law. Tenant shall file an application with the appropriate governmental authority and seek an exemption for the Property and uses conducted thereon. In the event such exemption is denied for any reason, Landlord agrees to promptly cooperate with Tenant, in connection with the application and any hearings or other process seeking such exemption. Also in the event that such exemption is denied or that the Property or use conducted thereon is otherwise not deemed fully exempt from the payment of Taxes, Tenant covenants and agrees to pay the Taxes levied for or imposed upon the Property in accordance with the terms and provisions set forth below; provided, however, that in the event that the Property is not deemed exempt from Real Estate Taxes, Landlord or such assignee shall pay such Real Estate Taxes and the amount paid shall be added to the Base Rent when paid.
- b. For purposes of this Lease, "Taxes" includes both sales and use taxes and Real Estate Taxes. The term "Real Estate Taxes" shall mean all taxes, rates and assessments, general and special and including also any increases in tax rate and/or in assessed valuation, which are now or at any time(s) hereafter levied, assessed or imposed with respect to the Property, or measured by the gross rentals payable under this Lease; and including without limitation real property taxes, all personal property taxes applicable to the Property, and assessments of any and every kind and nature whatsoever, and all unincorporated and other business license and/or franchise taxes, and any levies which may at any time be imposed and/or collected by any governmental, quasi-governmental or corporate entity. Real Estate Taxes shall also include all of the costs (including, without limitation, attorneys' fees) incurred by Landlord to sustain an existing exemption or assessment, reduce a proposed increase in assessment or (with the exception of the application referred to above) in an attempt to obtain an exemption. If the system of real property taxation shall be altered or varied and any new tax or levy shall be levied or imposed on the Property and/or on any other elements thereof and/or on Landlord, in addition to or in substitution for real property taxes and/or personal property taxes levied on immovables including without limitation taxes on rents, then in any such event any such new tax or levy shall be included as "Real Estate Taxes" for purposes of this Lease. If Real Estate Taxes are reduced by, or credited with, any abatement or exemption issued by a taxing authority to help finance or reimburse Landlord for costs incurred and



actually paid by Landlord to comply with laws or otherwise, then Real Estate Taxes hereunder shall be computed without regard to such abatement or exemption.

- c. Tenant further agrees to pay all taxes imposed during the Lease Term upon or against Tenant, or against Tenant's income or interest in this Lease, or against personal property of any kind owned or leased by Tenant or placed in, upon or about the Property by the Tenant, including any penalty and interest assessed thereon in the event of late payment. In the event that the taxing authority includes or calculates in the over-all taxes to be paid by Landlord the value of improvements or betterments made or installed by the Tenant on the Property, or machinery, equipment, fixtures or other assets of the Tenant, then Tenant also shall pay when due all taxes to the extent applicable to such items.

5. USE OF PREMISES.

Permitted Uses. Tenant covenants and agrees to use, and require any sub-tenant to use, the Property only (i) for the operation of a public school, including grades kindergarten through grade twelve (12), infant through pre-kindergarten childcare, summer school, parent workshops and related administrative uses, and before and after school care, (ii) for use by the Landlord, (iii) for use by other tax-exempt entities, and (iii) for educational purposes ancillary or complementary to the operation of the Property as a school ("Permitted Use"); provided, however, Tenant or any sub-tenant, shared user or occupant of the Property may not use the Property for religious institutional uses, including church services, Sunday school services and the like, or for any other purpose whatsoever. It is expressly recognized that operation of a school may include sports, dances, concerts, and other special events, or community events or activities, depending on space availability. Notwithstanding anything to the contrary set forth above, Landlord acknowledges and understands that Tenant, as part of its functioning, may allow various community groups, such as boy scouts and girl scouts, and churches to use portions of the Property on a periodic or temporary basis; provided that Tenant obtains Landlord's prior written consent to such uses by organizations other than the school to which Tenant intends to sublease the Property.

6. UTILITIES AND SERVICES AND ALTERATIONS.

- A. Utilities and Services. Landlord and Tenant shall endeavor to have all utilities provided to the Property in Tenant's name and with Tenant responsible for all costs for the utilities. If this is not commercially feasible, Landlord, at Tenant's sole cost and expense, shall furnish water, heat, air conditioning, gas, and electricity required for the use and occupancy of the Property at the actual cost charged by the utility providers. Tenant shall be responsible for the normal and routine maintenance of the Property including janitorial services which shall also be the sole responsibility of the Tenant. In the event any governmental entity imposes mandatory controls on Landlord or the Building or any part thereof, relating to the use or conservation of energy, water, gas, oil and electricity or in the event Landlord is required to

make alterations to the Building in order to comply with mandatory controls, Landlord may, in its sole, but commercially reasonable discretion, comply with such mandatory controls or make such alterations to the Building. Such compliance in the making of such alterations shall in no event entitle Tenant to any damages, release Tenant of the obligation to pay the full rent hereunder or constitute a constructive or other eviction of Tenant.

- B. Maintenance and Security By Tenant. Tenant agrees at all times at its own expense to maintain the Property in a safe, neat, clean and sanitary condition, and in compliance with all applicable governmental laws, codes, orders, rules, regulations and requirements and all insurance regulations. Tenant agrees that it shall be solely responsible to provide at its sole cost and expense, all customary, daily janitorial/custodial services and security services.

## 7. ALTERATIONS, IMPROVEMENTS AND FIXTURES

- A. Alterations. Except as provided herein, Tenant shall not make or allow any alterations, additions or improvements to the Property or any part thereof without the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned. All of such alterations, additions or improvements, structural or otherwise, must conform to all requirements of any and all applicable laws, codes and regulations, including any municipal laws or local ordinances. Notwithstanding anything in this Section 7 to the contrary, Tenant may make non-structural alterations the cost of which on a per project basis does not exceed Five Thousand Dollars (\$5,000.00), without obtaining Landlord's prior written consent; provided, however, Landlord must be notified of the same and shall have the right to approve/disapprove any contractor performing work in the building, which consent shall not be unreasonably withheld or delayed. Nothing set forth herein modifies or abridges the requirements of Subsection 1H herein.
- B. Conditions to Consent. If Landlord gives consent as specified in Subsection 7A above, Landlord may impose as a condition to such consent such requirements as Landlord in its reasonable discretion may deem necessary or desirable, including without limitation, the right to approve the contractors performing work, the plans and specifications for any work and the right to impose requirements as to the manner in which or the time or times at which work may be performed. Landlord shall also have the right to post notices of non-responsibility and similar notices, as appropriate.
- C. Liens. Tenant shall keep the Property free from any liens, including, without limitation, those arising out of any work performed on, or materials furnished to, the Property, or arising from any other obligation incurred by the party, other than Liens approved by Landlord. In no event shall one party be deemed to be the agent of the other party and no contractor of either party shall by virtue of its contract be entitled to assert any mechanic's lien against the Property. If any mechanic's or materialmen's lien is filed against the Property, for work claimed to have been done for or materials claimed to have been furnished to either party,



such lien shall be discharged by the party against whom it was filed within twenty (20) days thereafter, at the party's sole cost and expense, by the payment thereof or by filing any bond or commencing any contest required by law to prevent enforcement of such lien. If the party responsible for such lien shall fail to discharge any such mechanic's or materialman's lien, the party shall automatically be in default and the other party may, at its option, discharge or adjust the next installment of Base Rent as appropriate; it being expressly covenanted and agreed that such discharge by one party shall not be deemed to waive or release the default of the other party in not discharging the same. Each party shall indemnify and hold harmless the other party, the Property, from all expenses, liens, claims, actions or damages to person or property in connection with any such lien or the performance of such work or the furnishing of such materials. Each party shall be obligated to, and each party reserves the right to, post and maintain on the Property at any time such notices as shall in the reasonable judgment of the party be necessary to protect the party against liability for all such liens or actions.

- D. Alterations, Additions or Improvements. Any alterations, additions or improvements of any kind to the Property or any part thereof, except Tenant's furniture and trade fixtures, shall at once become part of the Property and belong to Landlord. However, Tenant shall remove any alterations, additions, fixtures or other improvements made by Tenant, repair any damage to the Property caused by such removal, and restore the Property to the original As-Is condition (exclusive of reasonable wear and tear), all at Tenant's sole expense.
- E. Personal Property. Any article of personal property including business and trade fixtures which were installed by Tenant at its sole expense, shall be and remain the property of the Tenant and may be removed by Tenant at any time during the Lease Term provided that Tenant repairs any damage to the Property caused by such removal.

8. INSURANCE AND INDEMNITY.

- A. No Liability. Landlord shall not be liable to Tenant, its directors, officers, trustees, students, employees, agents, contractors, business invitees, licensees, customers, clients, family members or guests, and Tenant, on its own behalf and on behalf of the classes of people identified in this sentence, hereby waives all claims against Landlord for any entry into the Property, or for any damage, compensation or claim to or by any person or property in or about the Property or the approaches, entrances, streets, sidewalks or corridors thereto, by or from any cause whatsoever, including without limitation, damage caused by any defect in the Property, or by water leakage of any character from the roof, walls, basement or other portion of the Property, or caused by gas, fire, oil, electricity or any cause whatsoever in, on, or about the Property or any part thereof, unless any of the foregoing is caused by the gross negligence or willful misconduct of Landlord, its agents, employees, contractors or representatives. Tenant shall immediately notify Landlord of any defective condition material in nature in or about the Property that requires immediate attention. Landlord shall not be liable, and Tenant hereby waives all claims, for damages that may be caused by

Landlord in reentering and taking possession of the Property as herein provided, unless such damages are caused by Landlord's gross negligence or willful misconduct.

- B. Tenant's Indemnity. Beginning on the Effective Date, to the extent permitted by law, Tenant agrees to, except to the extent of any injury or damage resulting from the gross negligence or intentional acts of Landlord, its directors, officers, agents, employees, contractors or representatives, indemnify, defend with counsel reasonably acceptable to Landlord, and hold Landlord harmless from and against any and all cost, damage, claim, liability or expense (including reasonable attorneys' fees) incurred by or claimed against Landlord, for any injury or damage to any person or property whatsoever, occurring in, on or about the Property or any part thereof, or occurring in, on or about the Property or any facilities thereof (including, without limitation, lobbies, elevators, stairways, passageways or hallways), when such entry or damage shall be caused in part or in whole by the neglect, fault, act or omission of any duty with respect to the same by Tenant, or its directors, officers, students, employees, agents, contractors, business invitees, licensees, customers, clients, family members and guests. Any cost, damage, claim, liability or expense incurred by Landlord for which Tenant is obligated to reimburse Landlord hereunder shall be deemed Additional Rent. Tenant Indemnity obligations shall be limited to the extent permitted by Colorado Law and subject to the terms and limitations set forth in the Colorado Governmental Immunity Act.
- C. Landlord's Indemnity. Beginning on the Effective Date, to the extent permitted by law, Landlord agrees to, except to the extent of any injury or damage resulting from the negligence or intentional acts of Tenant, or its directors, officers, agents, employees, contractors or representatives, indemnify, defend with counsel reasonably acceptable to Tenant, and hold Tenant harmless from and against any and all cost, damage, claim, liability or expense (including reasonable attorney's fees) incurred by or claimed against Tenant, for any injury or damage to any person or property whatsoever, occurring in, on or about the Property or any part thereof, or occurring in, on or about the Property or any facilities thereof (including, without limitation, lobbies, elevators, stairways, passageways or hallways), when such entry or damage shall be caused in part or in whole by the gross negligent or willful misconduct of Landlord, its directors, officers, employees, agents, contractors, business invitees, licensees, customers, clients, family members and guests. Landlord Indemnity obligations shall be limited to the extent permitted by Colorado Law and subject to the terms and limitations set forth in the Colorado Governmental Immunity Act.
- D. Tenant Insurance. Beginning on the Commencement Date, Tenant shall maintain in effect at all times until the end of the Lease Term, the following insurance coverage:
- a. Liability Insurance. Commercial general liability insurance insuring Tenant against liability for bodily injury, property damage (including loss of use of property) and personal injury at the Property. The initial amount of such insurance shall be \$1,000,000.00 per occurrence, \$3,000,000.00 in the aggregate. The liability insurance obtained by Tenant under this Subsection 8C shall be primary. The amount and



coverage of such insurance shall not limit Tenant's liability nor relieve Tenant of any other obligation under this Lease. Tenant shall take all necessary actions to bind all activities on the Property to the insurance coverage.

- b. Workers' Compensation Insurance. Workers' Compensation Insurance (including Employers' Liability Insurance) in the statutory amount covering all employees of Tenant employed or providing services at the Property, providing such benefits as are required by the State of Colorado.
- c. Automobile Liability Insurance. Liability insurance, including but not limited to passenger liability on all owned, and hired vehicles used in connection with the Property, with a combined single limit per occurrence of not less than \$1,000,000 per vehicle for injuries or death of one or more persons or loss or damage to property.
- d. Personal Property Insurance. Personal Property Insurance covering Tenant's leasehold improvements, Tenant's personal property and trade fixtures in, on, or at the Property, in an amount not less than 100% of the full replacement cost, without deduction for depreciation, providing protection against events protected under "All Risk Coverage," as well as against sprinkler damage, vandalism, and malicious mischief. Any proceeds from the Personal Property Insurance shall be used for the repair or replacement of the property damaged or destroyed, unless this Lease is terminated under an applicable provision herein.

E. General Insurance Provisions.

- a. Any insurance that Tenant shall be required to maintain under this Lease, shall include a provision which requires the insurance carrier to give notice to all certificate holders (which shall include Landlord) in accordance with policy provisions prior to any cancellation or material modification of such coverage. If any insurance company refuses to provide the required notice, the Tenant or its insurance broker shall notify the Landlord of any cancellation or non-renewal of any insurance within seven (7) days of receipt of insurers' notification to that effect.
- b. Prior to the Commencement Date, the Parties shall deliver to each other the insurance company certificate that they have obtained pursuant to the requirements herein and not less than thirty (30) days prior to the expiration or termination of any insurance, the relevant party shall deliver to the other renewal certificates therefor. If the Parties shall fail to deliver any certificates or renewal certificate to each other or if any such policy shall be canceled or modified in a manner materially adverse to the other party during the Lease Term without the other party's written consent, the other party may, after ten (10) days written notice and the other party's failure to cure the same, obtain such insurance, in which the responsible party shall reimburse the other, within ten (10) days after receipt of a statement of the cost of such insurance.



- c. The Parties shall maintain all insurance required under this Lease with a company or companies having a General Policy Rating of A-VI or better, set forth in the most current issue of the Best Key Rating Guide. Landlord and Tenant, on behalf of themselves and their insurers, each hereby waive any and all rights of recovery against the other, or against the members, officers, partners, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, if such loss or damage shall be covered by any insurance policy in force (whether or not described in this Lease) at the time of such loss or damage. All property insurance carried by either party shall contain a waiver of subrogation against the other party to the extent such right shall have been waived by the insured prior to the occurrence of loss or injury.
- F. Landlord Insurance. Beginning on the Effective Date and until the end of the Lease Term, Landlord shall insure the Property (excluding, however, any property that Tenant is obligated to insure under Section 8(D) above) against damage with All-Risk insurance Commercial General Liability insurance, in an amount equal to the replacement cost of all improvements on the Property, and with such deductibles as Landlord reasonably considers appropriate or as required by any mortgagee of Landlord. Landlord may, but shall not be obligated to, obtain and carry any other form or forms of insurance as it or Landlord's mortgagees may reasonably determine advisable including, without limitation, rent loss insurance and insurance against hazardous materials. Beginning on July 1, 2014, all premiums for the insurance policies provided in this Section 8 shall be deemed an Operating Expense of the Property and shall be paid by Tenant in accordance with the provisions of Section 4 above, only to the extent such insurance costs relate to the Property leased hereunder by Tenant. Notwithstanding any contribution by Tenant to the cost of insurance premiums, as provided herein, Tenant acknowledges that it has no right to receive any proceeds from any insurance policies carried by Landlord.

9. ASSIGNMENT AND SUBLETTING.

- A. Subleases. Except as provided herein, Tenant shall not sublease, assign, mortgage, pledge, hypothecate or otherwise encumber this Lease or its leasehold interest in the Property in whole or in part, nor sublet the Property in whole or in part, without Landlord's prior written consent, which consent may not be unreasonably withheld, conditioned or delayed provided the use of the Property is consistent with Section 5. No consent of Landlord to any assignment or subletting or mortgaging by Tenant shall waive the necessity for Landlord's prior written consent to any further assignment or subletting; and the terms and conditions of any consents thereto (if given) by Landlord shall bind Tenant, its mortgagees, assignees and sub-lessees.
- B. Consent. Landlord does hereby consent to Tenant subleasing the Property to Rocky Mountain Classical Academy ("RMCA") provided the use of the Property is consistent with

Section 5. RMCA shall have no obligations to Landlord and Tenant shall remain responsible for insuring that all of Tenant's obligations under this Lease are satisfied. Landlord consents to RMCA obtaining all insurance policies required herein in place of Tenant.

- C. No Change in Use. No assignment or subletting, nor any consent thereto by Landlord, shall (i) result in a change in the use of the Property from the Permitted Use specified in Section 5, or (ii) terminate or reduce any liability of Tenant under this Lease unless consented to by Landlord in writing, nor (iii) be deemed to waive the necessity of obtaining Landlord's prior written consent to any further assignment or subletting.
- D. Terms and Provisions. Any assignment or subletting shall be made subject to all terms and provisions of this Lease, and shall not extinguish or reduce any of Landlord's or Tenant's obligations under this Lease, including without limitation the obligation of Landlord to provide to any permitted assignee or RMCA the services of Landlord required hereunder.

10. SUBORDINATION.

- A. Subordination. Tenant agrees that this Lease and all rights of Tenant hereunder shall at all times be and remain subordinate, inferior and subject to any and all existing mortgages, deeds of trust and other security instruments creating a lien against the Property. Although no instrument or act on the part of Tenant shall be necessary to effectuate the foregoing subordination. Tenant agrees, at its own cost and expense, within Ten (10) days of written request, to execute, acknowledge and deliver such further instruments and certificates confirming such subordination of this Lease and the Tenant's rights hereunder as may be desired by Landlord or by the holder of any such mortgages, deeds of trust or other security instruments. If within Ten (10) days after written request by Landlord to Tenant to execute such instruments and certificates to give effect to the foregoing subordination, Tenant has not executed the same, then Tenant irrevocably appoints Landlord as the Tenant's attorney-in-fact with full power and authority to execute and deliver in the name of the Tenant any such instrument and certificate. If the holder of any such mortgage, deed of trust or other security instrument succeeds to the interest of Landlord in the Property, Tenant covenants and agrees to pay all rent and additional rents, perform its obligations under this Lease and attorn to the holder of any such mortgage, deed of trust or other security instrument. Notwithstanding the foregoing, Landlord agrees with respect to any refinancing or future financing secured by liens against the Property, to use its best efforts to obtain the following agreements from the holder or beneficiary of any such mortgage or deed of trust: (i) not to disturb the possession of Tenant under this Lease or terminate this Lease so long as Tenant fully performs its obligations hereunder; (ii) to allow casualty insurance proceeds to be used for repair and restoration rather than in payment of the secured indebtedness; and (iii) to allow Tenant to remove any trade fixtures and equipment purchased by Tenant from the Property upon termination of the Lease provided that Tenant pays any damages caused by such removal. Tenant further agrees, at the written request of Landlord, to deliver a certificate addressed to



any proposed mortgagee, purchaser, or to Landlord, stating that this Lease is in full force and effect (if such be the case), and that there are no defenses or offsets thereto, or stating those claimed by Tenant. If Tenant fails to execute and return the certificate to Landlord within Ten (10) days after written request therefor, Landlord may execute the certificate on behalf of Tenant, stating that the Lease is in full force and effect and that there are no defenses or offsets thereto.

- B. Conveyance Or Mortgage By Seller. If the Landlord's interest in the Property is now or hereafter encumbered by mortgage, the Landlord covenants that Landlord will meet the payments of principal and interest thereon as they mature and produce evidence thereof to the Tenant upon demand within thirty (30) days. In the event the Landlord shall default upon any such mortgage or land contract, Landlord shall promptly notify Tenant, and the Tenant shall have the right to do the acts or make the payments necessary to cure such default and shall be reimbursed for so doing by receiving, automatically, credit to this Lease to apply on the payments due or to become due hereon.

11. EMINENT DOMAIN. Tenant agrees that if the Property, or any part thereof, shall be taken, condemned or acquired for public or quasi-public use or purpose by any competent public or quasi-public authority, (the "Taking Authority"), whether by condemnation proceedings, lease or purchase (collectively and individually a "taking"), Landlord shall be entitled to any award resulting from such taking; provided, however, nothing herein contained shall preclude Tenant (provided it is not in default under this Lease nor subject to any Events of Bankruptcy) from prosecuting at its own expense, claims directly against the Taking Authority for loss of business, damage to, or cost of removal of, or for the value of trade fixtures, furniture, equipment and other personal property belonging to Tenant. If all or a substantial part of the Property be so taken or acquired, the term of this Lease shall at Landlord's or Tenant's option cease and terminate from the date on which title to the Property vests in the Taking Authority. If this Lease is terminated under this Section 11, then all Rent and other sums payable by Tenant hereunder shall be adjusted and paid by Tenant to Landlord at the later to occur of (a) the date Tenant vacates the Property in compliance with this Lease, or (b) the date on which title to the Property vests in the Taking Authority. For purposes hereof, a substantial part of the Property shall be deemed to have been taken if in Tenant's reasonable judgment the remainder thereof not so taken is not reasonably usable or is not reasonably and economically repairable. If less than a substantial part of the Property is taken (a "Partial Taking"), then this Lease shall remain in force as regards the portion of the Property not so taken. In the event of such partial taking, and if neither party elects to terminate this Lease in such circumstances, then in such event Base Rent shall abate if, and so long as Tenant is unable to use and occupy the Property during the course of repairs thereof, such abatement to be in proportion to the rentable area of the Property rendered unusable by Tenant for the purposes herein permitted until Landlord has substantially completed the restoration work it elects to perform. In such event, Landlord shall at its own expense (provided that this Lease has not been terminated hereunder and that Landlord receives sufficient funds from the Taking Authority to pay therefor) restore the remaining portion of the Property (excluding Tenant's fixtures, furnishings, equipment, alterations and leasehold

improvements, collectively herein called "Tenant's Restoration Work," all of which Tenant's Restoration Work shall be repaired and restored by Tenant at its own expense in conformity with the applicable terms of this Lease) to the extent reasonably feasible to render such remainder reasonably suitable for the purposes for which they are leased hereunder; and Landlord shall make such repairs (if any) to the remainder of the Property as may be reasonably necessary to enable Tenant to operate the Property for the Permitted Use and to resume occupancy. Tenant shall fully cooperate with Landlord in all such efforts, and Tenant will not commence or perform Tenant's Restoration Work until Landlord has completed its work (unless otherwise permitted by Landlord). However, Tenant may at its option and discretion terminate this Lease, with rent adjusted to the date of termination, if any partial taking involving at least thirty-five percent (35%) of the Property occurs or any lesser amount if Tenant can no longer conduct business operations at the Property in a manner similar to that conducted by Tenant prior to any such partial taking. If this Lease is terminated pursuant to this Section 11, then Tenant agrees to vacate the Property in accordance with this Lease within seven (7) days after such termination is effective.

12. WAIVER OF CLAIMS AND SUBROGATION. Anything herein contained to the contrary notwithstanding, the Landlord and Tenant do each hereby release the other from any and all claims of liability for any loss or damage to their respective properties caused by fire or any of the other casualties covered by the risks included in extended coverage insurance to the extent of insurance proceeds received. This limited mutual release is given notwithstanding that such fire or other casualty shall have resulted from the act, omission or negligence of Landlord or Tenant or their respective agents, employees, licensees or contractors. Landlord and Tenant agree to cause their respective insurance policies covering the Property and contents thereof to contain an appropriate endorsement whereby the insurer agrees that the insurance policy and coverage will not be invalidated by reason of the foregoing waiver of the right of recovery against Landlord or Tenant, respectively, for loss occurring to the properties covered by such policies, and whereby such insurers also waive any right of subrogation against the Landlord and Tenant (as the case may be). Each party will, upon request, deliver to the other a certificate evidencing such waiver of subrogation by the insurer. However, the provisions of this Section 12 shall not be operative during any period of time when such "waiver of subrogation" feature is not available from insurance companies licensed to do business in the State of Colorado at nominal cost or no cost.

13. DAMAGE BY FIRE OR CASUALTY. If the Property shall at any time during the Lease Term be partially damaged by fire or other casualty, Landlord may, in its discretion, (except as otherwise herein provided) promptly repair and restore the portions of the Property damaged by such casualty, but excluding any Tenant's Restoration Work (such repairs to be performed by Landlord, excluding Tenant's Restoration Work, being herein referred to as "Landlord Repairs") to substantially the condition thereof that existed immediately prior to the occurrence of such damage (subject to delays necessitated by time needed to adjust, settle and compromise insurance claims and to obtain governmental licenses and permits for such work, and subject to the other conditions contained in this paragraph). If the Landlord elects to not make the

necessary repairs it shall notify the Tenant of its decision within fifteen (15) days of the event(s) that created the need for repairs and the Tenant shall have the option to terminate this Lease. If the Landlord Repairs are so extensive that the costs of repair exceed the insurance proceeds available to Landlord to pay for the restoration and repairs inclusive of any deductible, then in any such event Landlord at its option and exclusive discretion shall have the right to terminate this Lease by giving Tenant written notice to that effect within forty-five (45) days following such casualty, unless Tenant either elects to purchase the Property pursuant to the Purchase Option or to make the needed repairs at its expense. If Landlord elects to make the Landlord Repairs, Landlord will use its good faith efforts to complete such Landlord Repairs within one hundred eighty (180) days following such casualty. If Landlord determines that it cannot complete the Landlord Repairs within said 180 day period, Tenant at its option and exclusive discretion, may terminate this Lease by giving Landlord written notice of such termination (so long as the casualty was not directly or indirectly caused by the gross negligence of Tenant's or its directors, officers, trustees, students, employees, agents, contractors, business invitees, licensees, customers, clients, family members or guests). In the event of any such partial damage or total destruction of the Building and so long as the casualty was not directly or indirectly caused by the gross negligence of Tenant's or its directors, officers, trustees, students, employees, agents, contractors, business invitees, licensees, customers, clients, family members or guests, the Base Rent and all Additional Rent shall be abated from the date of the damage until the date Landlord substantially completes the Landlord Repairs (excluding any Tenant's Restoration Work, the same to be repaired by and solely at the expense of Tenant upon Landlord's notification to Tenant that the Landlord Repairs have been substantially completed); such Base Rent and Additional Rent abatement to be in proportion to the area of the Property rendered unusable by Tenant for the purposes herein permitted during the period of such usability. However, if the Building is partially damaged by fire or other casualty to such extent that Tenant is unable to conduct the Permitted Use therein and so long as the casualty was not directly or indirectly caused by the gross negligence of Tenant or its directors, officers, trustees, students, employees, agents, contractors, business invitees, licensees, customers, clients, family members or guests, then during the course and until substantial completion of the Landlord Repairs, all Base Rent and Additional Rent payable hereunder shall abate on a pro rata basis for the portion of the Property that Tenant is unable to use. In no event shall Landlord be obligated to perform or pay for or provide any repairs or replacements of Tenant's trade fixtures or equipment or any other Tenant's Restoration Work; it being agreed that Tenant at its own expense shall perform all such repairs and replacements, whether necessitated by casualty damage or otherwise. Further, in no event shall Landlord be obligated to expend any sums in excess of the insurance proceeds (inclusive of any deductible) made available to Landlord on account of the fire or casualty for the purpose of such restoration. Tenant and Tenant Parties (as defined in Section 27 A below) will not interfere with, delay or alter any Landlord Repairs; it being agreed that there shall be no Base Rent or Additional Rent abatement during any period while any violation of this provision delays Landlord Repairs. If this Lease is terminated by Landlord pursuant to this Section 13, and provided that Tenant does not elect to exercise its Purchase Option or to make the necessary improvements itself (to the extent permitted hereunder), then Tenant agrees to vacate the Property in accordance with this Lease within seven



(7) days after the date such termination is effective. In the event that Tenant either elects to exercise its Purchase Option or to make the necessary repairs (to the extent permitted hereunder), then, to the extent permitted to do so, Landlord shall assign to Tenant all insurance proceeds that may cover the losses resulting from the casualty.

14. LOSSES OR DAMAGE TO PROPERTY. All personal property and other equipment and items of any kind belonging to Tenant or Tenant Parties located in or about the Property, shall be there at the sole risk of Tenant, and in no event shall Landlord have any liability for any loss, damage or theft thereof from any cause whatsoever (Tenant hereby indemnifying Landlord against any and all suits, actions and claims in regard thereto) unless the same is occasioned by the negligence or intentional act of Landlord, its agents, employees, contractors or representatives.

15. COMPLIANCE WITH GOVERNMENTAL ORDERS. The Tenant shall, at its own expense, at all times during the term of this Lease and any renewal or holdover terms or while Tenant is occupying all or any part of the Property, fully, properly and promptly cause its use of the Property to comply with and abide by all laws, orders, ordinances, rules, regulations and requirements, as the same now exist or as the same may hereafter be enacted, amended or promulgated, of any federal, State of Colorado, city of Colorado Springs, Colorado, and/or any department or agency thereof, and of the Board of Fire Underwriters, or any similar organization having jurisdiction thereof, and all insurance regulations, relating to the Property and/or Tenant's specific use and occupancy of the Property or to the operation of RMCA at the Property (collectively herein referred to as "Laws"). At all times while this Lease is in force, Tenant at its own expense will obtain and keep in force and display on the Property all certificates of use and occupancy, and other governmental permits, licenses and authorizations required for the Property and Tenant's business, use and occupancy thereof and thereat, and Tenant will provide Landlord copies of said certificates, licenses and permits within ten (10) days after Landlord's written request. Tenant at its own expense agrees to promptly comply with all federal, state, county and municipal laws now or hereafter in force involving handicapped persons and means of access for such persons and facilities for their use, which involve their use of the Property, or which affect the use or occupancy of or the conduct of business in or at the Property. Landlord shall, at its own expense, ensure that the entire Property as of the date Tenant first occupies any or all of the Property, fully, properly and promptly comply with and abide by all Laws of any Federal, State, or the city of Colorado Springs, Colorado, and/or any department or agency thereof, including but not limited to any Laws pertaining to Hazardous Materials, environmental concerns, or disability access.

16. BANKRUPTCY.

A. Events of Bankruptcy. For purposes of this Lease, the following shall be deemed "Events of Bankruptcy" of Tenant: (i) if Tenant becomes "insolvent", as defined in Title 11 of the United States Code, entitled "Bankruptcy", 11 U.S.C. Section 101 et. seq., as amended from time to time (the "Bankruptcy Code"), or under the insolvency laws of any state, district,

commonwealth or territory of the United States of America ("Insolvency Laws"); or (ii) if Tenant files a voluntary petition under the Bankruptcy Code or Insolvency Laws; or (iii) if there is filed an involuntary petition against Tenant as the subject debtor under the Bankruptcy Code or Insolvency Laws, which is not dismissed within sixty (60) days of filing, or results in issuance of an order for relief against the debtor; or (iv) if Tenant makes or consents to an assignment of its assets, in whole or in part, for the benefit of creditors, or a common law composition of creditors.

- B. Landlord's Option to Terminate Lease. Upon the occurrence of an Event of Bankruptcy, or if Tenant takes advantage of any Insolvency Laws, then in any such event Landlord at its option and sole discretion may terminate this Lease by written notice to Tenant (subject, however, to applicable provisions of the Bankruptcy Code or Insolvency Laws during the pendency of any action thereunder involving Tenant as the subject debtor). If this Lease is terminated under this paragraph, Tenant shall immediately surrender and vacate the Property, waives all statutory and other notice to quit, and agrees that Landlord's obligations under this Lease shall cease from such termination date, and Landlord may recover possession by process of law or in any other lawful manner. Furthermore, if this Lease is terminated under this paragraph, Landlord shall have all rights and remedies against Tenant provided in case of defaults of Tenant in payment of rent (subject, however, to applicable provisions of the Bankruptcy Code or Insolvency Laws).
- C. Assumption of Lease. If Tenant becomes the subject debtor in a case pending under the Bankruptcy Code, Landlord's right to terminate this Lease under this Section 16 shall be subject to the applicable rights (if any) of the trustee in bankruptcy to assume or reject this Lease as then provided for in the Bankruptcy Code. However, the Trustee in Bankruptcy must give to Landlord and Landlord must receive proper written notice of the Trustee's assumption or rejection of this Lease, within sixty (60) days after the date of the Trustee's appointment or such longer period if any provided by applicable law (the "Assumption or Rejection Period"); it being agreed that the failure of the Trustee to give notice of such assumption hereof within the Assumption or Rejection Period shall conclusively and irrevocably constitute the Trustee's rejection of this Lease and waiver of any rights of the Trustee to assume or assign this Lease. The Trustee shall not have the right to assume or assign this Lease unless said trustee (i) promptly and fully cures all defaults under this Lease, (ii) promptly and fully compensates Landlord for all monetary damages incurred as a result of such default, and (iii) provides to Landlord "adequate assurance of future performance" (as defined herein below). Landlord and Tenant hereby agree in advance that "adequate assurance of future performance", as used in this paragraph, shall mean that all of the following minimum criteria must be met: (a) Tenant shall deliver to Landlord a security deposit in an amount equal to three (3) months' Basic Rent at the rate applicable hereunder, which deposit Landlord may apply toward curing any defaults of Tenant under this Lease, (b) Tenant must pay to Landlord all rentals and other sums payable by Tenant hereunder including also therein its share (as estimated by Landlord) of the cost of all services (if any) provided by Landlord (whether directly or through agents or contractors, and whether or not



the cost of such services is to be passed through to Tenant), in advance of the performance or provision of such services, and (c) the Tenant must agree (by writing delivered to Landlord) that the use of the Property as stated in this Lease will remain unchanged. In the event Tenant is unable to (i) cure its defaults, (ii) reimburse Landlord for its monetary damages, (iii) pay the rents due under this Lease or any other payments required of Tenant under this Lease on time, or (iv) meet the criteria and obligations imposed by (a) through (c) above in this subparagraph, then Tenant hereby agrees in advance that Tenant has not met its burden to provide adequate assurance of future performance, and this Lease may be terminated by Landlord in accordance with Section 16.B. hereof.

- D. Damages. It is further stipulated and agreed that, in the event of the termination of this Lease by the happening of any such event described in this Section 16, Landlord shall forthwith, upon such termination, and any other provisions of this Lease to the contrary notwithstanding, become entitled to recover as and for damages caused by such termination of this Lease all amounts permitted by applicable law.
- E. Consent to Lift Stay. In the event that this Lease is terminated by notice and the Tenant shall thereafter seek protection under the Bankruptcy Code or any equivalent state Insolvency Laws or regulations, then the Tenant (if a debtor-in-possession) agrees to consent to any application by the Landlord to terminate the automatic stay provisions of the Bankruptcy Code or any Insolvency Laws on the grounds that there is no equity in the Lease as a result of the pre-petition termination notice.

17. DEFAULTS AND REMEDIES.

- A. Events of Default. The occurrence of any one or more of the events set forth below shall constitute an Event of Default hereunder (collectively an "Event of Default") provided, in connection with all of the following events, that the Tenant has not duly exercised its Purchase Option prior to the Landlord taking possession of the Property:
- a. The Tenant shall fail to pay the Rent, or any installments thereof as aforesaid, within five (5) days of the same becoming due and payable although no demand shall have been made for the same or any other sums payable under this Lease, and if such monetary default is not cured by Tenant within two (2) business days after written notice thereof is sent by Landlord to Tenant (or if Tenant commits more than two monetary defaults in any calendar year, and thereafter any additional monetary default occurs in that calendar year, whether or not Landlord has given Tenant notice thereof, or
  - b. The Tenant violates or fails or neglects to keep and perform any of the other covenants, conditions and agreements herein contained on the part of the Tenant to be kept and performed, and if such non-monetary default is not cured by Tenant within fifteen (15) business days after written notice thereof is sent by Landlord to Tenant,



as extended for such additional period (not to exceed an additional sixty (60) days) reasonably necessary to cure such default if Tenant acts diligently to do so and holds Landlord harmless from all liability, loss, costs, damage and expense arising from such default and provided such default does not materially jeopardize the value, safety or structural integrity of the building nor subject Landlord or its agents to any liability or expense, or

c. The Property shall become abandoned.

- B. Possession. Following an Event of Default and at all times thereafter at the sole option and discretion of the Landlord (and in addition to and not in limitation of the Landlord's right to distrain for rent, and other remedies), or an Event of Nonappropriation, this Lease and the Tenant's right of possession shall, in accordance with the law, thereupon cease and terminate, and the Landlord shall be entitled to the possession of the Property and to re-enter the same and remove all persons and property there from, without additional demand of rent or demand of possession of the said Property, and may forthwith proceed to recover possession of the Property by process of law. In the event of such re-entry by process of law, the Tenant nevertheless agrees to remain liable for any and all damage, deficiency or loss of rent which the Landlord may sustain by such re-entry for the remainder of then-current fiscal year; and in such case, the Landlord reserves full power, which is hereby acceded to by the Tenant, to re-let the Property at the risk and expense of the Tenant.
- C. No Obligation to Re-let. The Landlord's rights and the Tenant's obligations under this Lease shall not be affected or reduced by the Landlord's failure or inability to re-let the Property. In no event shall the Landlord be required to accept any prospective lessee submitted by the Tenant. Any such re-letting shall be only to such party or parties as the Landlord may approve in its reasonable discretion. Any such re-letting may be of all or any part of the Property, and may be for a term or terms less than or greater than then remaining portion of the term of this Lease, all at the Landlord's exclusive discretion. Such re-lettings shall be on such terms, rental and conditions as the Landlord may reasonably determine, and in no event will the Tenant have any right to any excess of such net rents collected from re-lettings over the sums payable by the Tenant hereunder. All amounts collected by Landlord by re-letting, shall offset any amounts due by Tenant hereunder.
- D. Additional Damages. Whether or not the Landlord elects to terminate this Lease under this Section 16, the Tenant shall remain liable for all damages, deficiencies, loss, costs and expenses the Landlord may sustain, including without limitation deficiency in rent, reasonable attorneys' fees, court costs, brokerage commissions, and all reasonable expenses incurred in preparing the Property for re-letting (including any necessary alterations, none of which shall be deemed to release the Tenant from liability hereunder). In no event shall the Landlord be liable for inability or failure to re-let or to collect rentals under re-lettings.

- E. Loss of Rent. Any damage or loss of rent sustained by the Landlord may be recovered from the Tenant, at the Landlord's option, at time of re-letting, or in separate actions as said damages become determinable from re-lettings, or in a single action deferred until expiration of the term hereof (in which case the cause of action shall not accrue until the stated expiration date hereof), or in single action prior to the re-letting or termination or expiration hereof.
- F. Rent Prior to Termination. Nothing herein contained shall prevent the Landlord from proving in full damages for rent accrued prior to termination hereof and not paid, and from proving under any applicable laws any amounts allowed thereby, and recovering such sums. It is further agreed that if under the provisions hereof, applicable summary process shall be served, and a compromise or settlement thereof shall be made, such compromise or settlement shall not constitute a waiver of any subsequent breach of any covenant, condition or agreement herein contained, and that no waiver by the Landlord of any breach of any covenant, condition or agreement herein contained shall be deemed to occur unless and only to the extent that such waiver is in writing signed by the Landlord, and no such waiver shall operate as a waiver of the covenant, condition or agreement itself, or of any subsequent breach thereof.
- G. Injunctive Relief. In addition to and not in limitation of the other remedies in this Lease provided, in the Event of Default, the Landlord shall be entitled to the restraint by injunction of any violation or attempted or threatened violation of any of the terms, covenants, conditions, provisions or agreements of this Lease.
- H. Remedies Cumulative. The remedies of the Landlord provided for in this Lease are cumulative and are not intended to be exclusive of any other remedies to which the Landlord may be lawfully entitled. The exercise by the Landlord of any remedy to which it is entitled shall not preclude or hinder the exercise of any other such remedy, nor constitute an election of remedies.
- I. Landlord Default. In the event that the Landlord shall default in the performance of any covenant, condition or provision of this Lease, and such default remains uncured beyond any applicable cure period expressly provided herein or fifteen (15) business days, whichever is longer, from and after the date the Landlord receives notice of such default from the Tenant (or such longer period (not to exceed an additional sixty 60 days) as may be reasonably required to cure such default with the exercise of due diligence and best efforts so long as the Landlord promptly commences and diligently pursues such cure without interruption) (except in the case of emergency, in which case the Tenant shall have the immediate right to cure following notice to the Landlord), the Tenant may, at its option, without waiving any claim for breach of the Landlord's obligations, cure such default for the Landlord at the Landlord's expense, and the Landlord shall reimburse the Tenant upon the Tenant's demand all reasonable costs and expenses incurred by the Tenant in curing the Landlord's default. The Tenant shall have the right to offset Rent; however in addition to the above, the Tenant may

pursue any other legal remedy allowed at law or in equity, including injunctive relief and specific performance.

- J. Reimbursements. A defaulting party agrees to promptly on demand reimburse the other party for any expenses, including but not limited to court costs and reasonable attorneys' fees which the non-defaulting party may incur in enforcing its rights under this Lease, including, but not being limited to, the collection of rent, the securing of possession of the Property and the enforcement of the Purchase Option. In addition, if either party shall incur any charge or expense on behalf of the other party under the terms of this Lease because of such other party's failure to cure any Event of Default or other breach, then such charge or expense shall be repaid to within fifteen (15) days after demand therefore.
- K. Default Interest. If either party fails to fully, timely and properly pay and perform any covenants, duties, agreements, obligations or requirements which are payable by, imposed upon or otherwise required under any provision of this Lease, then the other party may, after giving at least ten (10) days' prior written notice (except that no notice shall be required in emergencies), make the payment or perform such matters, in which event responsible party agrees to promptly reimburse the other party upon request all such payments and other costs and expenses incurred, together with interest on such amounts at the current Prime Rate (defined below) plus three percent (3%) per annum from date the aforesaid expenses are advanced or incurred until repaid in full by the responsible party. No such sums advanced or work or other actions done or taken by a party shall relieve the other party to any extent, from its covenants, duties, liabilities or obligations under this Lease, nor be deemed to be a waiver or acquiescence. "Prime Rate" shall mean the "base rate" of interest per annum from time to time published by *The Wall Street Journal*, New York, New York, presently designated as the "Prime Rate" under the category of "Money Rates," as the same may fluctuate from time to time. In the event that the "Prime Rate" ceases to be published in *The Wall Street Journal*, then the Prime Rate hereunder shall thereafter be the prime rate publicly announced from time to time by CitiBank N.A. or its successor.
- L. Late Charges. If the Landlord shall fail to timely receive any installment or installments of Rent or any other amounts due and payable under this Lease, and if such failure is not corrected within five (5) days after the date it is due, then the Tenant shall pay to the Landlord, in addition to the rental or other sums so in default, a "late charge" in an amount equal to ten percent (10%) of the amount due and payable.

18. RIGHTS RESERVED BY LANDLORD. Landlord reserves the right to itself, its agents, contractors and designees, to enter the Property at all reasonable times during normal business hours and at such other times as Landlord deems necessary and at any time in case of emergencies. Landlord shall provide Tenant at least twenty-four (24) hour prior written (including electronic mail) notice of its desire for such access (except that no notice will be required in circumstances believed by Landlord to constitute an emergency) for (1) the making



of inspections or repairs, as Landlord (without being obligated to perform) may deem necessary or desirable or for any other purposes involving the safety, protection or preservation of the Property or building; and (2) during the last four (4) months of the Lease Term hereof to exhibit the Property to prospective tenants or buyers; and (3) at all times during normal business hours to exhibit the Property to existing lenders or to prospective mortgagees. Landlord shall be accompanied by a Tenant representative, to the extent Tenant is able to provide a representative, at all times during any visit to the Property during normal business hours. Starting March 1, 2015, Landlord may install and exhibit in or on the exterior of the building or Property "For Rent" signs and "Building For Sale" and Tenant will not obstruct or interfere with such signs. Landlord shall comply with all security and safety procedures established by RMCA or Tenant to comply with Colorado's rules and regulations governing public schools.

19. SURRENDER CONDITION. By not later than the expiration or any termination of this Lease (unless the Purchase Option has been exercised by Tenant), Tenant will surrender to Landlord possession of the Property, with all personal property owned by Tenant and any Tenant Parties removed from the Property, and with the Property in good condition, appearance and repair, reasonable wear and tear excepted, broom clean, and free of occupants, and in accordance with the provisions of Section 1(H)(c) above.

20. NOTICES. All notices required under this Lease shall be given in writing and shall be deemed to be properly served by a party if sent by first class certified or registered United States Mail, return receipt requested, postage prepaid, or by national overnight courier service, with delivery charges prepaid, addressed to the party at the addresses below, or to such other party and address as a party may from time to time designate in writing at least fifteen (15) days before such change of address is effective. Such notices shall be deemed to be properly served by the party if sent by first class certified or registered United States Mail, postage prepaid, return receipt requested, postage prepaid, or by national overnight courier service, with delivery charges prepaid, addressed to Tenant as follows:

Tenant:  
Falcon School District 49  
Attn: Chief Business Officer  
10850 East Woodman Road  
Falcon, CO 80831  
bridgway@d49.org

With copy to:

Dustin R. Sparks  
Law Office of Brad A. Miller, LLC  
PO Box 2661

Monument, CO 80132  
dustin@bradmillerlaw.com

Landlord:

Springs Ranch Baptist Church  
Attn: Graham Prouty  
3850 Pony Tracks Dr.  
Colorado Springs, CO 80922

With a copy to:

Nicole R. Nies  
Hoffman Crews Nies Waggener & Foster LLP  
5350 S. Roslyn St., Suite 100  
Greenwood Village, CO 80111  
nnies@hcnwf-law.com

21. NON-WAIVER. The failure of either party to insist, in any one or more instances, upon a strict performance by the other party of any of the covenants of this Lease, or to exercise any option herein contained, or to serve any notice, or to institute any action or summary proceedings, or otherwise to act as though this Lease had expired pursuant to any of the provisions of this Lease, shall not be construed as a waiver or relinquishment by such party for the present or future of such covenant or option, or right thereafter to serve notice and to have this Lease expire under any provision of this Lease, but such covenant or option shall continue and remain in full force and effect. The receipt by the Landlord of Rent, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by the Landlord of any provision hereof or breach thereof by Tenant shall be deemed to have been made unless expressed in writing and signed by the Landlord. The rights and remedies herein created are cumulative, and the use of one remedy shall not be taken to exclude or waive the right to the use of another.

22. ENTIRE AGREEMENT. This instrument contains all the agreements made between the Parties hereto, and is a complete integration of all their agreements and they shall not be bound by any oral or written agreements or correspondence not herein contained. This Lease may not be modified orally or in any other manner than by agreement in writing, signed by all the parties hereto or their respective successors in interest.

23. BINDING EFFECT OF AGREEMENT; TENANT'S RIGHT TO ACQUIRE PROPERTY.

- A. Benefit of Successors. Except as otherwise expressly provided herein, the terms, covenants, conditions, obligations and agreements herein contained shall be binding upon Landlord and Tenant and inure to the benefit of Landlord, and (subject to Section 9 hereof) Tenant and each of their respective heirs, executors, administrators, personal representatives, successors and assigns (subject however, to the restrictions upon Tenant contained in Sections 9, 16 and 23B hereof).
- B. Rights of Tenant to Acquire Property.
- a. Exclusive Option to Purchase. Tenant shall have the exclusive option to purchase the Property, from the Effective Date until February 28, 2015 ("Purchase Option" or "Option") for three million six hundred fifty thousand dollars and no cents (\$3,650,000.00). During the Option period, the Landlord agrees to not market the Property for sale or lease in anyway.
  - b. Contract/Notice. Tenant may exercise the Purchase Option by notifying Landlord in writing of its intention to exercise the Purchase Option on or prior to February 28, 2015 ("**Purchase Option Notice**"). Closing of the purchase of the Property under the Purchase Option ("**Purchase Option Closing**") must take place within sixty (60) days of the date that the Purchase Option Notice is received by Landlord. Closing may be extended by an additional thirty (30) days if the Tenant needs more time to arrange for financing.
  - c. Assignment. The Purchase Option cannot be assigned by Tenant to an entity that is not affiliated with Tenant except with the written consent of Landlord, which consent may be granted or withheld in Landlord's sole and absolute discretion. Notwithstanding the above, Tenant may assign such rights to RMCA or another charter school that holds a charter contract from the Tenant.
  - d. Purchase Option Closing. The Purchase Option Closing shall occur at the offices of the title company/escrow agent within Colorado as designated by the Landlord. The Parties shall execute escrow instructions and such other documentation as shall be necessary to permit the close of escrow as contemplated herein. Within thirty (30) days following the delivery of the Purchase Option Notice to Landlord, the Parties shall execute a Purchase Agreement in form reasonably satisfactory to Landlord and Tenant. The Parties agree that the purchase agreement will reflect that Landlord shall pay for a title insurance policy in the full amount of the purchase price including extended owner coverage (assuming the Tenant provides the necessary survey to the title company at Tenant's expense). At Closing, Landlord shall execute a special warranty deed conveying title to the Property to Landlord. All closing costs not allocated specifically herein shall be divided evenly between the parties, with each party to pay its own costs, such as legal and account fees.



- e. Proration. If Tenant closes on the Property, insurance, utilities, assessments and net rents as of the date of closing shall be prorated between Landlord and Tenant.
- f. Prevailing Party. The purchase and sale agreement shall contain standard "prevailing party" language.
- g. Landlord Termination Option. If Landlord enters into a contract for the sale of the Property to a third party after the Option expires but before the end of the Lease Term, provided that RMCA is not occupying the Property as of the date of termination, Landlord may terminate the Lease on or after April 30, 2015 by providing to Tenant thirty (30) days prior written notice.

C. Future Mortgages, Deeds of Trust and Liens. During the Lease Term, Landlord agrees to not permit any new mortgages, deeds of trust or liens to be recorded against the Property.

24. NO PERSONAL LIABILITY. If the Landlord shall sell, convey or otherwise transfer the Property or its interest therein, as permitted herein, and provided that at the time of such transfer Landlord is not in breach of any obligation imposed herein, and further provided that the new owner assumes all obligations of Landlord imposed herein, then the undersigned Landlord shall be deemed released of all obligations accruing hereunder from and after the date of such transfer and the transferee shall be deemed the Landlord hereunder. In all events, and at all times, Landlord's liability under this Lease shall be limited to its interest in the Property. Notwithstanding anything contained in this Lease to the contrary, Tenant confirms that the covenants of Landlord are made and intended, not as personal covenants of the individual executing this Lease on behalf of the Landlord, but solely in the exercise of the representative powers conferred upon the officer by Landlord. Notwithstanding anything contained in this Lease to the contrary, Landlord confirms that the covenants of Tenant are made and intended, not as personal covenants of the individual executing this Lease on behalf of the Tenant, but solely in the exercise of the representative powers conferred upon the officer by Tenant. Notwithstanding anything to the contrary herein contained, nothing contained in this Lease shall be deemed to create a debt, financial obligation, or multiple-fiscal year financial obligation or pledge of credit of RMCA, the Colorado Department of Education, or the State of Colorado.

25. BROKERAGE. Tenant warrants and represents that it has not be represented by a real estate broker in connection with this Lease or the purchase of the Property (pursuant to the Purchase Option). If Tenant exercises its Purchase Option and closes on the Property, each party shall hold the other party harmless against all claims by brokers and agents for any real estate commission due in connection with the Lease or sale transactions.

Tenant and Landlord warrant that no real estate broker have been involved in this transaction, nor shall any other be entitled to a commission upon execution of this Lease or closing on the Property. Each party to this Lease shall indemnify, defend and hold harmless the other party from and against any and all claims, actions or demands asserted against such other party by any real estate broker, finder or intermediary relating to any act of the indemnifying party in connection with this Lease, unless such person is listed herein.

26. SIGNS, EXTERIOR; NUISANCE. Tenant may install, subject to the conditions herein contained and Landlord's prior written approval, which shall not be unreasonably withheld or delayed, exterior signage (the "Permitted Signs") in compliance with all applicable laws. All such Permitted Signs must be of a size, color and design which are compatible with the appearance, color and design of the building on the Property. All Permitted Signs shall comply with all applicable laws, codes and regulations, and insurance requirements. Tenant will not paint, cut, disfigure or otherwise alter the brickwork, facades or other exterior portions of the Building, nor the roof, windows, doors or other elements of the building, nor install any awnings or marquees, without Landlord's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned in each instance. Tenant will not cause or permit any smoke, grease, oil, odors, vapors, or other substances, music, sounds, bright or flashing or blinking lights, vibrations or other activities or substances to emanate outside of the Property, which do or might injure or disturb others or property of others, or which constitute a nuisance to others; and to the extent not expressly prohibited or restricted by law, Tenant hereby holds Landlord harmless from any such activities and any suits, causes of action, claims, fines and prosecutions resulting there from. All costs of installing, maintaining, repairing and removing the Permitted Signs shall be paid by Tenant. Tenant shall keep all Permitted Signs in good condition, appearance and repair at all times, and will remove all such signs and repair all damage to the Building caused thereby prior to expiration or termination of this Lease.

27. HAZARDOUS MATERIALS.

A. Use of Hazardous Material. Neither the Tenant or any other subtenant shall transport, use, store, maintain, generate, manufacture, handle, dispose, release, discharge, spill or leak any "Hazardous Material" (as defined below), or permit any director, officer, agent, employee, student, invitee or any other person or entity on the Property with the consent of Tenant ("Tenant Parties") to engage in such activities on or about the Property. However, the foregoing provisions shall not prohibit the transportation to and from, and use, storage, maintenance and handling within, the Property of substances customarily and lawfully used in the business which Tenant is permitted to conduct in the Property under this Lease (i.e., normal office use and school supplies typically used in the ordinary operation of a school in compliance with applicable Laws and insurance requirements and ordinary school science classes), but only as an incidental and minor part of such business, and provided: (i) such substances shall be properly and safely labeled, contained, used and stored only in small quantities reasonably necessary for such permitted use of the Property and the ordinary



course of Tenant's business therein, strictly in accordance with applicable Laws, insurance requirements, and the manufacturers' instructions therefor; (ii) such substances shall not be disposed of, released, discharged or permitted to spill or leak in or about the Property (and under no circumstances shall any Hazardous Material be disposed of within the drains or plumbing facilities in or serving the Property or in any other public or private drain or sewer, regardless of quantity or concentration); (iii) if any applicable Law, insurance requirements, or Landlord's trash removal contractor requires that any such substances be disposed of separately from ordinary trash, Tenant shall make arrangements at Tenant's expense for such disposal in approved containers directly with a qualified and licensed disposal company at a lawful disposal site; (iv) any remaining such substances shall be completely, properly and lawfully removed from the Lease Premises upon expiration or earlier termination of this Lease; and (v) Tenant shall comply with all Laws in connection with the removal and disposal of any such substances.

- B. Notice to Landlord. Tenant shall immediately notify Landlord of (i) any inspection, enforcement, cleanup or other regulatory action taken or threatened by any regulatory authority with respect to any Hazardous Material on or from the Property or the migration thereof from or to other property; (ii) any demands or claims made or threatened by any party relating to any loss or injury claimed to have resulted from any Hazardous Material on or from the Property; (iii) any release, discharge, spill, leak, disposal or transportation of any Hazardous Material on or from the Property in violation of this Section, and any damage, loss or injury to persons, property or business resulting or claimed to have resulted therefrom; and (iv) any matters where Tenant is required by Law to give a notice to any regulatory authority respecting any Hazardous Materials on or from the Property. Landlord shall have the right (but not the obligation) to notify regulatory authorities concerning actual and claimed violations of this Section. Tenant shall immediately upon written request from time to time provide Landlord with copies of all Material Safety Data Sheets ("MSDS"), permits, approvals, memos, reports, correspondence, complaints, demands, claims, subpoenas, requests, remediation and cleanup plans, and all papers of any kind filed with or by any regulatory authority and any other books, records or items pertaining to Hazardous Materials that are subject to the provisions of this Section (collectively referred to herein as "Tenant's Hazardous Materials Records").
- C. Discharge. If any Hazardous Material is released, discharged or disposed of, or permitted to spill or leak by Tenant or Tenant party in violation of the foregoing provisions, Tenant shall immediately and properly clean up and remove the Hazardous Materials from the Property and any other affected property and clean or replace any affected personal property (whether or not owned by Landlord) in compliance with applicable Laws and then prevailing industry practices and standards, at Tenant's expense (without limiting Landlord's other remedies therefor). Such clean up and removal work ("Tenant Remedial Work") shall be subject to the provisions of Section 6C of this Lease, including Landlord's prior written approval (except in emergencies), and any testing, investigation, feasibility and impact studies, and the preparation and implementation of any remedial action plan required by any court or



regulatory authority having jurisdiction or reasonably required by Landlord. In connection therewith, Tenant shall provide documentation evidencing that all Tenant Remedial Work or other action required hereunder has been properly and lawfully completed (including a certificate addressed to Landlord from an environmental consultant reasonably acceptable to Landlord, in such detail and form as Landlord may reasonably require).

- D. Definition of Hazardous Material. The term "Hazardous Material" for purposes hereof shall include, but not be limited to: (i) any flammable, explosive, toxic, radioactive, biological, corrosive or otherwise hazardous chemical, substance, liquid, gas, device, form of energy, material or waste or component thereof; (ii) petroleum-based products, diesel fuel, paints, solvents, lead, radioactive materials, cyanide, biohazards, infectious or medical waste and "sharps", printing inks, acids, DDT, pesticides, ammonia compounds, and any other items which now or subsequently are found to have an adverse effect on the environment or the health and safety of persons or animals the release of which is regulated by Law, or the presence of which require investigation or remediation under any Law or governmental policy; and (iii) any item defined as a "hazardous substance", "hazardous material", "hazardous waste", "regulated substance" or "toxic substance" under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq., Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq., Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901 et seq., Clean Water Act, 33 U.S.C. §1251, et seq., Safe Drinking Water Act, 14 U.S.C. §300f, et seq., Toxic Substances Control Act, 15 U.S.C. §2601, et seq., Atomic Energy Act of 1954, 42 U.S.C. §2014 et seq., and any similar federal, State of Colorado or local Laws, and all regulations, guidelines, directives and other requirements thereunder, all as may be amended or supplemented from time to time. Hazardous Materials shall also expressly include asbestos containing materials.
- E. Payment by the Tenant. Tenant shall pay, prior to delinquency, any and all fees, Taxes (including excise taxes), penalties and fines arising from or based on Tenant's or any other Tenant party's activities involving Hazardous Material on or about the Property, and shall not allow such obligations to become a lien or charge against the Property or Landlord. If Tenant or any other Tenant party violates any provision of this Section with respect to any Hazardous Materials, Landlord may pursue such other remedies as may be available to Landlord under this Lease or applicable Law.
- F. Landlord Representation. Landlord represents to Tenant that as of the date of this Lease Landlord has not received any written notice of, and does not otherwise have actual knowledge of any Hazardous Materials at the Property in violation of any applicable Law; provided, however, Tenant acknowledges that RMCA has brought onto the Property substances customarily and lawfully used in connection with the operation of a school (i.e., normal office use and school supplies typically used in the ordinary operation of a school). Landlord further represents and warrants, to Landlord's actual knowledge, that no leak, spill, discharge, emission or disposal of Hazardous Materials in violation of applicable Law has occurred at, on or under the Property.

28. MISCELLANEOUS.

- A. Severability. If any term or provision hereof, or any portion thereof, or the application thereof to any person(s) or circumstances shall, to any extent, be held by a court of competent jurisdiction to be invalid or unenforceable, then the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is so judicially held to be invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.
- B. Estoppels. The Landlord and Tenant agree, within fourteen (14) days after each request from the other party, to execute, acknowledge and deliver a statement in writing as reasonably requested and furnished by the other party certifying (if such in fact then is the case) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), and the date to which the Rent and other charges, if any, have been paid in advance, and the amount of any security deposit held by Landlord, and whether or not there is any existing default hereunder by the Landlord or the Tenant known to the Tenant or Landlord, or notice of default served by the Landlord or Tenant (including the details of such defaults as known to Tenant or Landlord), and any other matters the requesting party reasonably may specify; it being intended that any such statement delivered pursuant to this paragraph may be relied upon by the requesting party and by any prospective purchaser, mortgagee or assignee of any mortgage or holder of other interests in the Property.
- C. Additional Rules of Construction. The words "herein," "hereof," "hereto," "hereunder," and others of similar import refer to this Agreement as a whole and not to any particular section, subsection, paragraph, or clause contained in this Agreement, unless the context requires otherwise. Whenever from the context it is appropriate, each term stated in either the singular or plural shall include both the singular and plural, and each pronoun stated in the masculine, feminine, or neuter includes the masculine, feminine, and neuter.
- D. Governing Law. This Lease is made pursuant to, and shall be construed and enforced in accordance with, the laws of the State of Colorado.
- E. Mediation. The Parties agree to submit any dispute regarding this Lease to a third party mediator in the Colorado Springs metropolitan area prior to commencing any legal action to enforce the provisions of this Lease. The mediator shall be a person selected by the Parties, or if the Parties cannot agree, then the mediator shall be selected in accordance with the rules of the American Arbitration Association. The mediation shall occur within sixty (60) days of either party's written request. Both Parties agree to use all reasonable efforts to complete such mediation in a timely manner; provided, however if notwithstanding the reasonable efforts of both Parties to coordinate such mediation within such period of time, the mediation

cannot be timely completed then the Parties shall no longer be subject to the requirement to mediate. The costs associated with such mediation shall be shared equally by the Parties, but each party shall pay its own cost such as, but not limited to, legal fees.

- F. No Joint Venture. Any intention to create a joint venture or partnership relation between the parties is hereby expressly disclaimed, it being agreed that their only relationship is that of lessor and lessee.
- G. Jury Trial Waiver. Landlord and Tenant each hereby waive all rights to trial by jury in any proceedings instituted by either party against the other concerning this Lease and/or the Property.
- H. Recitals and Exhibits. The Parties do hereby incorporate into this Lease the recitals contained in the preamble and exhibits attached hereto.
- I. Time. As used herein, the word "day" shall mean a calendar day, unless otherwise specified. "Business Day" shall mean a day which is not a Saturday, Sunday or legal holiday in the State of Colorado and any time period which expires on a day which is not a Business Day shall be deemed to be postponed until the next Business Day.
- J. Headings. The descriptive headings of this Lease are inserted for reference only and do not constitute a part of this Lease, nor do they in any way affect the interpretation of any provision of this Lease.
- K. Memorandum. Tenant and Landlord shall execute the Memorandum of Lease with Purchase Option attached hereto as Exhibit B and Tenant shall cause the same to be recorded in the official records for El Paso County, Colorado. Tenant shall pay the cost of recordation.
- L. Further Cooperation. The Parties agree to execute all additional documents and promptly take all additional steps necessary to effectuate the intent of this Lease.
- M. All Parties Drafted this Lease. The rule of construction that provides that ambiguities in a contract shall be construed against the drafter shall not apply to this Lease because the Parties respective attorneys each aided in the drafting of this agreement, and all Parties waive applicability of such rule of construction in interpreting this Lease.
- N. No Contest. The Parties agree not to contest any terms of this Lease. If any provision of this Lease may be construed in two or more ways, one that would render the provision invalid or otherwise voidable or unenforceable and another that would render the provision valid and enforceable, such provision shall have the meaning that renders it valid and enforceable.



29. QUIET POSSESSION. The Landlord covenants that if and so long as there shall have occurred no Event of Default nor any Events of Bankruptcy affecting Tenant, the Tenant shall hold, occupy and enjoy the Property during the term of this Lease, without hindrance or molestation by the Landlord, but subject to all of the terms, conditions and provisions hereof.

30. DRAFT NOT BINDING. Submission of this Lease in any number of drafts unexecuted by Landlord and Tenant shall not constitute, nor shall any negotiations between Landlord and Tenant constitute, a legally binding obligation of Landlord of any kind; it being agreed that this Lease shall only be binding upon Landlord when fully executed by Landlord and Tenant with a counterpart fully executed original received by Landlord.

31. Due Diligence Period.

A. Landlord Disclosures. Landlord warrants that it has already provided Tenant, all information in Landlord's possession or control related to the Property and Tenant's due diligence and inspections of the Property, including, but not limited to: (1) previous inspections of the Property; (2) as-built construction plans to the Property and any improvements thereon, including architectural, electrical, mechanical and structural systems, engineering reports, and certificates of occupancy; (3) surveys; (4) existing environmental reports or studies, including, without limitation, all completed reports, any unreported or un-summarized tests including not yet finalized data, any recorded observations; (5) any non-privileged legal documents; (6) any regulatory file information, or any correspondences related to possible environmental conditions that may impact the Property, such as, without limitation, all known or suspected releases of chemicals at the site, impacts to the soil or ground water, and hazardous materials kept on the Property; (7) environmental deed restrictions; (8) past or potential future legal actions; (9) complaints regarding legal conditions; (10) information regarding wells (sealed and unsealed), storage tanks (in use, removed, or abandoned); (11) a current version of the Colorado Real Estate Commission's Seller Property Disclosure form; (12) all contracts related to the operation, maintenance and management of the Property; (13) all leases pertaining to the Property; and (14) all other documents or information deemed to be relevant to the Property by the Landlord. Landlord agrees that within ten (10) days of the effective date it will provide all of the items previously provided to Tenant under the May Lease.

B. Environmental Report. In addition, Lessee may, at its sole cost and expense, obtain a current Phase I Environmental Report acceptable to Lessee. Should said current Phase I Environmental Report dictate the necessity of a Phase II Report, then upon Landlord's prior consent, Lessee may, at Lessee's expense, obtain such Phase II Report, or at Landlord's discretion, Landlord may terminate any existing agreements or leases with Lessee. Should Landlord not be able to deliver the property "clean" from any environmental problems, Lessee may terminate the purchase contract.

- C. Tenant's Right of Entry. From the Effective Date of the lease until the Commencement Date, following reasonable notice to Landlord, Tenant may enter upon the Property for the purposes of making surveys and other studies. Upon the completion of such surveys and studies, Tenant, at its expense, promptly shall restore the Property to its former condition and remove all debris and other material therefrom. Tenant shall defend, indemnify and hold Landlord harmless from and against any and all expenses, claims, demands, losses, costs and fees (including, without limitation, attorneys' fees and costs), liabilities, damage and/or injuries (suffered by any person, employed by Tenant or any of their contractors, representatives or other agents, or any adjacent landowner, or any other person), caused by or attributable to the actions or negligence of Lessee and/or its contractors, representatives or other agents while they are on the Property pursuant to this Lease or otherwise.
- D. Title Commitment. Landlord, at Landlord's expense, has already provided Tenant a title commitment for the full purchase price with hyperlinked documents.
- E. Tenant's Right to Terminate. This section was intentionally left blank.
- F. Limitation on Future Due Diligence. If Tenant exercises its Purchase Option, the Parties agree that the purchase agreement shall not require the Landlord to make any disclosure already made during the Lease Due Diligence Period and that the Tenant shall not have the right under the purchase agreement to terminate the purchase agreement based on any information that was disclosed by the Landlord during the Lease Due Diligence Period.
32. Authority. The person's signing this Lease represent and warrant that they have actual authority to execute this Lease on behalf of their respective entity.
33. Execution. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Lease; provided all of the counterparts shall, in the aggregate, have been executed by the Parties. The Parties agree that an electronic or faxed signature may substitute for and have the same legal effect as the original signature. However, each party shall promptly provide the other party with original signatures after execution.

[Signatures Begin on Next Page]

IN WITNESS WHEREOF, the Landlord and Tenant have caused this Lease to be executed by their duly authorized officers; all done as of the date first herein before written.

LANDLORD:

Springs Ranch Baptist Church

By: Graham Prouty

Name: Graham Prouty

Title: Pastor Springs Ranch Church

TENANT:

Falcon School District 49

By: Brett Ridgway

Name: Brett Ridgway

Title: Assistant Treasurer  
Chief Business Officer

STATE OF COLORADO }  
COUNTY OF El Paso } ss.

The foregoing instrument was acknowledged before me this 9th day of June 2014, by Graham Prouty as Pastor of Springs Ranch Baptist Church.

WITNESS my hand and official seal.

My Commission Expires  
03/07/2016

Duane G. Gray  
Notary Public

My commission expires: \_\_\_\_\_

STATE OF COLORADO }  
COUNTY OF El Paso } ss.

The foregoing instrument was acknowledged before me this 9th day of June 2014, by Brett Ridgway as Asst. Treasurer of Falcon School District 49.  
Chief Business Officer

WITNESS my hand and official seal.

My Commission Expires  
03/07/2016

Duane G. Gray  
Notary Public

My commission expires: \_\_\_\_\_



## EXHIBIT A

### PROPERTY DESCRIPTION

The "Property" is located at 3850 Pony Tracks Dr., Colorado Springs, CO 80922, identified as Plat No: 12771 and schedule number 5330401111 in the records of the El Paso County Colorado County Assessor, consisting of approximately 4.41 acres and a building approximately 35,806 square feet in size, with the following legal description:

Lot 1,

Springs Ranch Baptist Church, in the City of Colorado Springs, EXCEPTING THEREFROM that portion thereof as described and conveyed in Deeds recorded January 31, 2007 at Reception No. 207014062 and Reception No. 207014063 and EXCEPTING THEREFROM that portion conveyed by Deed recorded June 8, 2010 at Reception No. 210054099, and TOGETHER with a portion of Lot 1, Springs Ranch Baptist as set forth in deed recorded June 8, 2010 at Reception No. 210054100 and described as follows: commencing at the Northwest corner of said Lot 1 (all bearings in this description are relative to those platted in said Springs Ranch Baptist Church); 1) N 89° 42' 22" E along the Northerly line of said Lot 1, 248.00 feet; 2) S 00° 02' 54" E, 45.04 feet to the Point of Beginning; 3) continue S 00° 02' 54" E, 318.36 feet; thence Northwesterly on a non-tangent curve to the right, said curve having a central angle of 24° 15' 33", a radius of 191.00 feet, an arc length of 80.87 feet (the chord to said curve bears N 12° 07' 44" W, a distance of 80.27 feet); thence N 00° 00' 03" E, 239.88 feet; thence S 89° 59' 57" E, 16.59 feet to the Point of Beginning and the terminus of this description,

County of El Paso,  
State of Colorado.

*[Faint handwritten signatures and notes are visible below the printed text.]*

## EXHIBIT B

### MEMORANDUM OF LEASE WITH OPTION TO PURCHASE

This **MEMORANDUM OF LEASE WITH OPTION TO PURCHASE** ("**Memorandum**") is made as of the 6<sup>th</sup> day of June, 2014 ("**Effective Date**"), by and between **Springs Ranch Baptist Church**, a Colorado nonprofit corporation (the "**Landlord**"), and **Falcon School District 49**, a Colorado local government and school district (the "**Tenant**") (collectively, the "**Parties**"), for the lease of the property located at 3850 Pony Tracks Dr., Colorado Springs, CO 80922, as more fully described on Exhibit A (the "**Property**").

### RECITALS

A. Landlord is the owner of the certain real property located in El Paso County Colorado, which is more particularly described on Exhibit 1 attached hereto and incorporated herein by this reference (the "**Property**");

B. Landlord and Tenant entered into a certain Lease with Option to Purchase ("**Lease**") on the 6<sup>th</sup> day of June 2014, for the purpose of leasing the Property to Tenant with an option to purchase. All of the foregoing is set forth in the Lease and, among other things, outlines the terms under which Tenant may purchase the Property from Landlord; and

C. Under the terms of the Lease, the parties have agreed that this Memorandum may be recorded in the real property records for El Paso County, Colorado.

In consideration of the Recitals set forth above, together with other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

### Memorandum

1. Demise. The Landlord hereby demises and leases the Property to the Tenant, and the Tenant hereby accepts such demise and lease, to have and to hold for the "**Term**" (as defined below) and upon the terms and conditions set forth in the Lease.

2. Term. The Term of the Lease and of this Memorandum shall commence on June 30, 2014 and shall continue until June 30, 2015, unless earlier terminated in accordance with the provisions thereof.

3. Grant of Option. Pursuant to the Lease, Landlord has granted and conveyed to Tenant the right and option ("**Option**") to purchase the Property as set forth in the Lease.

5. Inquiry Address. All inquiries concerning the Lease should be sent to the following addresses:

Tenant:  
Falcon School District 49  
Attn: Chief Business Officer  
10850 East Woodman Road  
Falcon, CO 80831  
bridgway@d49.org

With copy to:

Dustin R. Sparks  
Law Office of Brad A. Miller, LLC  
PO Box 2661  
Monument, CO 80132  
dustin@bradmillerlaw.com

Landlord:

Springs Ranch Baptist Church  
Attn: Graham Prouty  
3850 Pony Tracks Dr.  
Colorado Springs, CO 80922

With a copy to:

Nicole R. Nies  
Hoffman Crews Nies Waggener & Foster LLP  
5350 S. Roslyn St., Suite 100  
Greenwood Village, CO 80111  
nnies@hcnwf-law.com

6. Landlord's Obligations. During the Lease Term, Landlord agrees to not permit any new mortgages, deeds of trust or liens to be recorded against the Property.

7. Tenant's Obligations. During the Lease Term, Tenant agrees to not permit any liens to be recorded against the Property.

8. Other Provisions. In addition to those terms referred to above, the Lease contains numerous other terms, covenants, conditions, and provisions which affect the Leased Property, and notice is hereby given that reference should be had to the Lease directly with respect to the details of such other terms, covenants, conditions, and provisions. This Memorandum does not alter, amend, modify, or change the Lease in any respect and is executed by the parties hereto for the purpose of recordation in the real property records of the county in which the Leased Property is located to give notice of the Lease. In the event of any conflicts between the provisions of this Memorandum and those of the Lease, the provisions of the Lease shall control.



9. Counterparts. This Memorandum may be executed in any number of counterparts, each of which shall be an original, and all of such counterparts when together shall constitute but one and the same instrument.

LANDLORD:

Springs Ranch Baptist Church

By: 

Name: Graham Proaty

Title: Pastor Springs Ranch church

TENANT:

Falcon School District 49

By: 


Name: Brett Ridgway

Title: Assistant Treasurer  
Chief Business Officer

STATE OF COLORADO }  
COUNTY OF El Paso } ss.

The foregoing instrument was acknowledged before me this 9th day of June 2014, by Graham Proaty as Pastor of Springs Ranch Baptist Church.

WITNESS my hand and official seal.

My Commission Expires 03/07/2016  
Notary Public 

My commission expires: \_\_\_\_\_

STATE OF COLORADO }  
COUNTY OF El Paso } ss.

The foregoing instrument was acknowledged before me this 9th day of June 2014, by Brett Ridgway as Asst. Treasurer of Falcon School District 49.  
Chief Business Officer

WITNESS my hand and official seal.

My Commission Expires 03/07/2016  
Notary Public 

My commission expires: \_\_\_\_\_

## EXHIBIT 1

### PROPERTY DESCRIPTION

The "Property" is located at 3850 Pony Tracks Dr., Colorado Springs, CO 80922, identified as Plat No: 12771 and schedule number 5330401111 in the records of the El Paso County Colorado County Assessor, consisting of approximately 4.41 acres and a building approximately 35,806 square feet in size, with the following legal description:

Lot 1,

Springs Ranch Baptist Church, in the City of Colorado Springs, EXCEPTING THEREFROM that portion there of as described and conveyed in Deeds recorded January 31, 2007 at Reception No. 207014062 and Reception No. 207014063 and EXCEPTING THEREFROM that portion conveyed by Deed recorded June 8, 2010 at Reception No. 210054099, and TOGETHER with a portion of Lot 1, Springs Ranch Baptist as set forth in deed recorded June 8, 2010 at Reception No. 210054100 and described as follows: commencing at the Northwest corner of said Lot 1 (all bearings in this description are relative to those platted in said Springs Ranch Baptist Church); 1) N 89° 42' 22" E along the Northerly line of said Lot 1, 248.00 feet; 2) S 00° 02' 54" E, 45.04 feet to the Point of Beginning; 3) continue S 00° 02' 54" E, 318.36 feet; thence Northwesterly on a non-tangent curve to the right, said curve having a central angle of 24° 15' 33", a radius of 191.00 feet, an arc length of 80.87 feet (the chord to said curve bears N 12° 07' 44" W, a distance of 80.27 feet); thence N 00° 00' 03" E, 239.88 feet; thence S 89° 59' 57" E, 16.59 feet to the Point of Beginning and the terminus of this description,

County of El Paso,  
State of Colorado.



101 North Cascade Avenue, Suite 200  
Colorado Springs, CO 80903

719.590.1717 main

719.634.0404 fax

[www.quantumcommercial.com](http://www.quantumcommercial.com)

*Commercial Real Estate Solutions*

February 18, 2015

Falcon School District D49  
10850 East Woodmen Road  
Peyton, CO 80831

**RE: LETTER OF INTENT TO LEASE**  
**3850 Pony Tracks Drive**  
**Colorado Springs, CO 80922**

Dear Falcon School District D49:

The Colorado Department of Higher Education, State Board for Community Colleges and Occupational Education, for the use and benefit of Pikes Peak Community College ("PPCC"), is interested in proceeding with the potential leasing of certain space located at 3850 Pony Tracks Drive, Colorado Springs, Colorado. The purpose of the Letter of Intent is to outline the basic terms and conditions under which PPCC would be willing to enter into a definitive Lease Agreement ("Lease") to lease certain space at 3850 Pony Track Drive, Colorado Springs, Colorado (the "Property").

- 1. Lessee:** Colorado Department of Higher Education, State Board for Community Colleges and Occupational Education, for the use and benefit of Pikes Peak Community College ("PPCC")
- 2. Lessor:** Falcon School District D49
- 3. Property:** Approximately 15,000 sq. ft. of leased space at the Property, including the entire second floor of the building, which includes 12 classrooms, office suite and storage closet  
3850 Pony Tracks Drive  
Colorado Springs, CO 80922
- 4. Contract:** Upon acceptance of the Letter of Intent, Lessee's broker will prepare a lease agreement on the State Buildings Lease Agreement ("Lease Agreement").
- 5. Contract Effective Date:** The Effective Date of the Lease Agreement is the date of a fully executed Lease Agreement between Lessor and Lessee.
- 6. Lease Rate:** TBD



**7. Occupancy:** Target occupancy is July 1, 2015, but no later than August 1, 2015.

**8. Due Diligence Period:** **Due Diligence Period:** Lessee will have a period of up to Sixty (60) days from the date of the Letter of Intent to perform whatever inspections, tests, and review of the Property that Lessee desires ("Lessee's Contingencies"). Lessee and its agents shall have the right to enter the Property during the Due Diligence Period, provided that any such entries upon the Property shall be made at reasonable times and upon reasonable notice to Lessor and shall not unreasonably interfere with use of the Property by Lessor. Lessee shall have the right to terminate the Letter of Intent at any time during the Due Diligence Period in the event that Lessee, in Lessee's sole discretion, is not satisfied with the Property or the Lessee and Lessor cannot agree upon a lease rental rate. During the Due Diligence Period, Lessor shall not enter into any leases (or any renewals or extensions of existing leases) or contracts or other agreements or understandings which would be binding on the Property or result in any liability to Lessee upon or after Lessee's lease of the Property

**9. Lessee's Contingencies:** Lessee's obligation to lease the Property shall be subject to the satisfaction or waiver by Lessee of conditions (and any other conditions agreed to between Lessor and Lessee in the Lease Agreement), including the following within the Due Diligence Period:

- a. Review and acceptance of the Property and all matters relating thereto based on Lessee's inspection, tests and review of all documents affecting the Property.
- b. Mutual agreement upon a lease rental rate, including additional rentals and utility expenses.

**10. Contingency:** The Lease Agreement is expressly contingent upon the items listed below. Lessee will have thirty (30) days after the expiration of the Due Diligence Period to obtain the following approvals:

(a) Approval of the Lease Agreement by the State Board for Community Colleges and Occupational Education.

(b) Approval of the Lease Agreement by the State Controller, State Attorney General, State Buildings, or an authorized delegate.

**11. Brokerage:**

Quantum Commercial Group, Inc., Mary Frances Cowan and Russell Stroud are representing the Lessee in this transaction. Quantum Commercial Group, Inc. will receive a commission as per a separate commission agreement.

**11. Exclusivity:**

Upon execution of this Letter of Intent, Lessor agrees that Lessor will not enter into any discussions with any alternative lessees during the Due Diligence period.

This Letter of Intent to Lease (LOI) does not create any legal obligation for the Lessee or Lessor. Only a mutually executed Lease Agreement shall bind the parties to each other. Neither should take, nor fail to take, any action in reliance on these informal negotiations. Either shall have the right to terminate these negotiations at any time prior to mutual execution of the Contract.

Notwithstanding the above disclaimer, this LOI does accurately reflect the Lessee's sincere interest in consummating a transaction with the Lessor on a timely basis. If the above is acceptable in principal to the Lessor, please have an authorized official of the Lessor sign below and return this letter no later than 5:00 p.m., MST, February 20, 2015.

Sincerely,



Mary Frances Cowan, CCIM  
Quantum Commercial Group, Inc.



Russell Stroud, CCIM  
Quantum Commercial Group, Inc.

cc: Brenda Lauer  
Rocky Hurrell  
Heidi Dineen  
Nancy Wahl  
Mike Karbach

Above Acknowledged and Agreed:

**LESSOR**

Falcon School District D49

By: \_\_\_\_\_

Signature:\_\_\_\_\_

Print Name:\_\_\_\_\_ Date: \_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_





February 18, 2015

Mr. Brett Ridgway, Chief Business Officer  
Falcon School District 49  
10850 East Woodmen Road  
Falcon, CO 80831

Dear Mr. Ridgway:

RE: capital lease – Springs Ranch Church

Per your request, I have outlined the *proposed* financing terms to acquire the property known as Springs Ranch Church at 3850 Pony Tracks Drive in Colorado Springs. *NOTE: This is a proposal and should not be construed as a commitment. Additional underwriting is required. Terms and conditions are subject to change without notice.*

**Proposed terms, conditions, and requirements**

- Loan amount – the lesser of, \$3,650,000 or 100% of appraised value
- Down payment – 15% of the purchase price to be paid over the first 12 months. (See attached amortization schedule)
- Interest rate – 5.50% fixed
- Term – 180 months
- Repayment schedule – monthly payments over 180 months. (See attached amortization schedule)
- Fees – \$15,000 plus all legal expense (~\$10,000)
- Collateral – 3850 Pony Tracks Drive, Colorado Springs, CO
- Guarantors – None
- Pre-payment penalties – None
- Lender's income – Lender shall receive tax-exempt status from the transaction's income pursuant to IRS rules

We are very excited to have the opportunity to work with you on this project. Please contact me if you need clarification or have any questions concerning our proposal.

Respectfully submitted,

Ronald Munyan, Jr.  
Asst. Vice President – Lending

Wednesday Feb 18, 2015 3:42 PM

# Loan Calculator

## Calculate Payment Amount

Date Opened	03/01/2015
Loan Amount	3,650,000.00
Interest Rate	5.5000%
Days Per Month	Exact
Days Per Year	360
Finance Charges	
Minimum	0.00
Add-On	0.00
Prepaid	0.00
Insurance	
Credit Life	Gross Rate 0.0000%
Accident/Health	Standard Rate 0.0000%

## Payments

Type	Mode	Frequency	Date First	Payments	Payment Amount
Regular	Monthly	1	04/01/2015	12	61,500.00
Regular	Monthly	1	04/01/2016	168	26,651.79

Annual Percentage Rate	5.5836%	Maturity Term	180 Months
Amount Financed	3,650,000.00	Maturity Date	03/01/2030
Total Finance Charge	1,565,502.24	Credit Life Premium	0.00
Total of Payments	5,215,502.24	Accident/Health Premium	0.00
Final Payment Plus Interest	26,653.31		

Seq	Payment Date	Principal	Interest	Balance	Interest Paid	Interest YTD
1	04/01/15	44,213.20	17,286.80	3,605,786.80	17,286.80	17,286.80
2	05/01/15	44,973.47	16,526.53	3,560,813.33	33,813.33	33,813.33
3	06/01/15	44,635.59	16,864.41	3,516,177.74	50,677.74	50,677.74
4	07/01/15	45,384.18	16,115.82	3,470,793.56	66,793.56	66,793.56
5	08/01/15	45,061.94	16,438.06	3,425,731.62	83,231.62	83,231.62
6	09/01/15	45,275.35	16,224.65	3,380,456.27	99,456.27	99,456.27
7	10/01/15	46,006.24	15,493.76	3,334,450.03	114,950.03	114,950.03
8	11/01/15	45,707.67	15,792.33	3,288,742.36	130,742.36	130,742.36
9	12/01/15	46,426.60	15,073.40	3,242,315.76	145,815.76	145,815.76
10	01/01/16	46,144.03	15,355.97	3,196,171.73	161,171.73	15,355.97
11	02/01/16	46,362.57	15,137.43	3,149,809.16	176,309.16	30,493.40
12	03/01/16	47,544.59	13,955.41	3,102,264.57	190,264.57	44,448.81
13	04/01/16	11,959.12	14,692.67	3,090,305.45	204,957.24	59,141.48
14	05/01/16	12,487.89	14,163.90	3,077,817.56	219,121.14	73,305.38

15	06/01/16	12,074.90	14,576.89	3,065,742.66	233,698.03	87,882.27
16	07/01/16	12,600.47	14,051.32	3,053,142.19	247,749.35	101,933.59
17	08/01/16	12,191.77	14,460.02	3,040,950.42	262,209.37	116,393.61
18	09/01/16	12,249.51	14,402.28	3,028,700.91	276,611.65	130,795.89
19	10/01/16	12,770.24	13,881.55	3,015,930.67	290,493.20	144,677.44
20	11/01/16	12,368.00	14,283.79	3,003,562.67	304,776.99	158,961.23
21	12/01/16	12,885.46	13,766.33	2,990,677.21	318,543.32	172,727.56
22	01/01/17	12,487.61	14,164.18	2,978,189.60	332,707.50	14,164.18
23	02/01/17	12,546.75	14,105.04	2,965,642.85	346,812.54	28,269.22
24	03/01/17	13,965.43	12,686.36	2,951,677.42	359,498.90	40,955.58
25	04/01/17	12,672.31	13,979.48	2,939,005.11	373,478.38	54,935.06
26	05/01/17	13,181.35	13,470.44	2,925,823.76	386,948.82	68,405.50
27	06/01/17	12,794.76	13,857.03	2,913,029.00	400,805.85	82,262.53
28	07/01/17	13,300.41	13,351.38	2,899,728.59	414,157.23	95,613.91
29	08/01/17	12,918.35	13,733.44	2,886,810.24	427,890.67	109,347.35
30	09/01/17	12,979.53	13,672.26	2,873,830.71	441,562.93	123,019.61
31	10/01/17	13,480.07	13,171.72	2,860,350.64	454,734.65	136,191.33
32	11/01/17	13,104.85	13,546.94	2,847,245.79	468,281.59	149,738.27
33	12/01/17	13,601.91	13,049.88	2,833,643.88	481,331.47	162,788.15
34	01/01/18	13,231.34	13,420.45	2,820,412.54	494,751.92	13,420.45
35	02/01/18	13,294.00	13,357.79	2,807,118.54	508,109.71	26,778.24
36	03/01/18	14,643.56	12,008.23	2,792,474.98	520,117.94	38,786.47
37	04/01/18	13,426.31	13,225.48	2,779,048.67	533,343.42	52,011.95
38	05/01/18	13,914.48	12,737.31	2,765,134.19	546,080.73	64,749.26
39	06/01/18	13,555.81	13,095.98	2,751,578.38	559,176.71	77,845.24
40	07/01/18	14,040.39	12,611.40	2,737,537.99	571,788.11	90,456.64
41	08/01/18	13,686.50	12,965.29	2,723,851.49	584,753.40	103,421.93
42	09/01/18	13,751.32	12,900.47	2,710,100.17	597,653.87	116,322.40
43	10/01/18	14,230.50	12,421.29	2,695,869.67	610,075.16	128,743.69
44	11/01/18	13,883.85	12,767.94	2,681,985.82	622,843.10	141,511.63
45	12/01/18	14,359.35	12,292.44	2,667,626.47	635,135.54	153,804.07
46	01/01/19	14,017.62	12,634.17	2,653,608.85	647,769.71	12,634.17
47	02/01/19	14,084.00	12,567.79	2,639,524.85	660,337.50	25,201.96
48	03/01/19	15,360.49	11,291.30	2,624,164.36	671,628.80	36,493.26
49	04/01/19	14,223.45	12,428.34	2,609,940.91	684,057.14	48,921.60
50	05/01/19	14,689.56	11,962.23	2,595,251.35	696,019.37	60,883.83
51	06/01/19	14,360.39	12,291.40	2,580,890.96	708,310.77	73,175.23
52	07/01/19	14,822.70	11,829.09	2,566,068.26	720,139.86	85,004.32
53	08/01/19	14,498.61	12,153.18	2,551,569.65	732,293.04	97,157.50
54	09/01/19	14,567.27	12,084.52	2,537,002.38	744,377.56	109,242.02
55	10/01/19	15,023.86	11,627.93	2,521,978.52	756,005.49	120,869.95
56	11/01/19	14,707.42	11,944.37	2,507,271.10	767,949.86	132,814.32
57	12/01/19	15,160.13	11,491.66	2,492,110.97	779,441.52	144,305.98
58	01/01/20	14,848.87	11,802.92	2,477,262.10	791,244.44	11,802.92
59	02/01/20	14,919.20	11,732.59	2,462,342.90	802,977.03	23,535.51
60	03/01/20	15,742.24	10,909.55	2,446,600.66	813,886.58	34,445.06
61	04/01/20	15,064.42	11,587.37	2,431,536.24	825,473.95	46,032.43
62	05/01/20	15,507.24	11,144.55	2,416,029.00	836,618.50	57,176.98
63	06/01/20	15,209.21	11,442.58	2,400,819.79	848,061.08	68,619.56
64	07/01/20	15,648.03	11,003.76	2,385,171.76	859,064.84	79,623.32
65	08/01/20	15,355.35	11,296.44	2,369,816.41	870,361.28	90,919.76
66	09/01/20	15,428.08	11,223.71	2,354,388.33	881,584.99	102,143.47
67	10/01/20	15,860.84	10,790.95	2,338,527.49	892,375.94	112,934.42



68	11/01/20	15,576.26	11,075.53	2,322,951.23	903,451.47	124,009.95
69	12/01/20	16,004.93	10,646.86	2,306,946.30	914,098.33	134,656.81
70	01/01/21	15,725.83	10,925.96	2,291,220.47	925,024.29	10,925.96
71	02/01/21	15,800.32	10,851.47	2,275,420.15	935,875.76	21,777.43
72	03/01/21	16,918.04	9,733.75	2,258,502.11	945,609.51	31,511.18
73	04/01/21	15,955.27	10,696.52	2,242,546.84	956,306.03	42,207.70
74	05/01/21	16,373.45	10,278.34	2,226,173.39	966,584.37	52,486.04
75	06/01/21	16,108.39	10,543.40	2,210,065.00	977,127.77	63,029.44
76	07/01/21	16,522.32	10,129.47	2,193,542.68	987,257.24	73,158.91
77	08/01/21	16,262.93	10,388.86	2,177,279.75	997,646.10	83,547.77
78	09/01/21	16,339.95	10,311.84	2,160,939.80	1,007,957.94	93,859.61
79	10/01/21	16,747.48	9,904.31	2,144,192.32	1,017,862.25	103,763.92
80	11/01/21	16,496.65	10,155.14	2,127,695.67	1,028,017.39	113,919.06
81	12/01/21	16,899.85	9,751.94	2,110,795.82	1,037,769.33	123,671.00
82	01/01/22	16,654.83	9,996.96	2,094,140.99	1,047,766.29	9,996.96
83	02/01/22	16,733.70	9,918.09	2,077,407.29	1,057,684.38	19,915.05
84	03/01/22	17,765.11	8,886.68	2,059,642.18	1,066,571.06	28,801.73
85	04/01/22	16,897.09	9,754.70	2,042,745.09	1,076,325.76	38,556.43
86	05/01/22	17,289.21	9,362.58	2,025,455.88	1,085,688.34	47,919.01
87	06/01/22	17,059.00	9,592.79	2,008,396.88	1,095,281.13	57,511.80
88	07/01/22	17,446.64	9,205.15	1,990,950.24	1,104,486.28	66,716.95
89	08/01/22	17,222.42	9,429.37	1,973,727.82	1,113,915.65	76,146.32
90	09/01/22	17,304.00	9,347.79	1,956,423.82	1,123,263.44	85,494.11
91	10/01/22	17,684.85	8,966.94	1,938,738.97	1,132,230.38	94,461.05
92	11/01/22	17,469.70	9,182.09	1,921,269.27	1,141,412.47	103,643.14
93	12/01/22	17,845.97	8,805.82	1,903,423.30	1,150,218.29	112,448.96
94	01/01/23	17,636.97	9,014.82	1,885,786.33	1,159,233.11	9,014.82
95	02/01/23	17,720.49	8,931.30	1,868,065.84	1,168,164.41	17,946.12
96	03/01/23	18,660.62	7,991.17	1,849,405.22	1,176,155.58	25,937.29
97	04/01/23	17,892.80	8,758.99	1,831,512.42	1,184,914.57	34,696.28
98	05/01/23	18,257.36	8,394.43	1,813,255.06	1,193,309.00	43,090.71
99	06/01/23	18,064.01	8,587.78	1,795,191.05	1,201,896.78	51,678.49
100	07/01/23	18,423.83	8,227.96	1,776,767.22	1,210,124.74	59,906.45
101	08/01/23	18,236.82	8,414.97	1,758,530.40	1,218,539.71	68,321.42
102	09/01/23	18,323.19	8,328.60	1,740,207.21	1,226,868.31	76,650.02
103	10/01/23	18,675.84	7,975.95	1,721,531.37	1,234,844.26	84,625.97
104	11/01/23	18,498.43	8,153.36	1,703,032.94	1,242,997.62	92,779.33
105	12/01/23	18,846.22	7,805.57	1,684,186.72	1,250,803.19	100,584.90
106	01/01/24	18,675.29	7,976.50	1,665,511.43	1,258,779.69	7,976.50
107	02/01/24	18,763.74	7,888.05	1,646,747.69	1,266,667.74	15,864.55
108	03/01/24	19,355.79	7,296.00	1,627,391.90	1,273,963.74	23,160.55
109	04/01/24	18,944.28	7,707.51	1,608,447.62	1,281,671.25	30,868.06
110	05/01/24	19,279.73	7,372.06	1,589,167.89	1,289,043.31	38,240.12
111	06/01/24	19,125.32	7,526.47	1,570,042.57	1,296,569.78	45,766.59
112	07/01/24	19,455.76	7,196.03	1,550,586.81	1,303,765.81	52,962.62
113	08/01/24	19,308.03	7,343.76	1,531,278.78	1,311,109.57	60,306.38
114	09/01/24	19,399.49	7,252.30	1,511,879.29	1,318,361.87	67,558.68
115	10/01/24	19,722.34	6,929.45	1,492,156.95	1,325,291.32	74,488.13
116	11/01/24	19,584.77	7,067.02	1,472,572.18	1,332,358.34	81,555.15
117	12/01/24	19,902.50	6,749.29	1,452,669.68	1,339,107.63	88,304.44
118	01/01/25	19,771.78	6,880.01	1,432,897.90	1,345,987.64	6,880.01
119	02/01/25	19,865.43	6,786.36	1,413,032.47	1,352,774.00	13,666.37
120	03/01/25	20,607.15	6,044.64	1,392,425.32	1,358,818.64	19,711.01

121	04/01/25	20,057.10	6,594.69	1,372,368.22	1,365,413.33	26,305.70
122	05/01/25	20,361.77	6,290.02	1,352,006.45	1,371,703.35	32,595.72
123	06/01/25	20,248.54	6,403.25	1,331,757.91	1,378,106.60	38,998.97
124	07/01/25	20,547.90	6,103.89	1,311,210.01	1,384,210.49	45,102.86
125	08/01/25	20,441.75	6,210.04	1,290,768.26	1,390,420.53	51,312.90
126	09/01/25	20,538.57	6,113.22	1,270,229.69	1,396,533.75	57,426.12
127	10/01/25	20,829.90	5,821.89	1,249,399.79	1,402,355.64	63,248.01
128	11/01/25	20,734.49	5,917.30	1,228,665.30	1,408,272.94	69,165.31
129	12/01/25	21,020.41	5,631.38	1,207,644.89	1,413,904.32	74,796.69
130	01/01/26	20,932.25	5,719.54	1,186,712.64	1,419,623.86	5,719.54
131	02/01/26	21,031.38	5,620.41	1,165,681.26	1,425,244.27	11,339.95
132	03/01/26	21,665.27	4,986.52	1,144,015.99	1,430,230.79	16,326.47
133	04/01/26	21,233.60	5,418.19	1,122,782.39	1,435,648.98	21,744.66
134	05/01/26	21,505.70	5,146.09	1,101,276.69	1,440,795.07	26,890.75
135	06/01/26	21,436.02	5,215.77	1,079,840.67	1,446,010.84	32,106.52
136	07/01/26	21,702.52	4,949.27	1,058,138.15	1,450,960.11	37,055.79
137	08/01/26	21,640.33	5,011.46	1,036,497.82	1,455,971.57	42,067.25
138	09/01/26	21,742.82	4,908.97	1,014,755.00	1,460,880.54	46,976.22
139	10/01/26	22,000.83	4,650.96	992,754.17	1,465,531.50	51,627.18
140	11/01/26	21,950.00	4,701.79	970,804.17	1,470,233.29	56,328.97
141	12/01/26	22,202.27	4,449.52	948,601.90	1,474,682.81	60,778.49
142	01/01/27	22,159.10	4,492.69	926,442.80	1,479,175.50	4,492.69
143	02/01/27	22,264.06	4,387.73	904,178.74	1,483,563.23	8,880.42
144	03/01/27	22,783.91	3,867.88	881,394.83	1,487,431.11	12,748.30
145	04/01/27	22,477.41	4,174.38	858,917.42	1,491,605.49	16,922.68
146	05/01/27	22,715.08	3,936.71	836,202.34	1,495,542.20	20,859.39
147	06/01/27	22,691.44	3,960.35	813,510.90	1,499,502.55	24,819.74
148	07/01/27	22,923.20	3,728.59	790,587.70	1,503,231.14	28,548.33
149	08/01/27	22,907.48	3,744.31	767,680.22	1,506,975.45	32,292.64
150	09/01/27	23,015.97	3,635.82	744,664.25	1,510,611.27	35,928.46
151	10/01/27	23,238.75	3,413.04	721,425.50	1,514,024.31	39,341.50
152	11/01/27	23,235.03	3,416.76	698,190.47	1,517,441.07	42,758.26
153	12/01/27	23,451.75	3,200.04	674,738.72	1,520,641.11	45,958.30
154	01/01/28	23,456.16	3,195.63	651,282.56	1,523,836.74	3,195.63
155	02/01/28	23,567.24	3,084.55	627,715.32	1,526,921.29	6,280.18
156	03/01/28	23,870.66	2,781.13	603,844.66	1,529,702.42	9,061.31
157	04/01/28	23,791.91	2,859.88	580,052.75	1,532,562.30	11,921.19
158	05/01/28	23,993.22	2,658.57	556,059.53	1,535,220.87	14,579.76
159	06/01/28	24,018.23	2,633.56	532,041.30	1,537,854.43	17,213.32
160	07/01/28	24,213.27	2,438.52	507,828.03	1,540,292.95	19,651.84
161	08/01/28	24,246.66	2,405.13	483,581.37	1,542,698.08	22,056.97
162	09/01/28	24,361.49	2,290.30	459,219.88	1,544,988.38	24,347.27
163	10/01/28	24,547.03	2,104.76	434,672.85	1,547,093.14	26,452.03
164	11/01/28	24,593.13	2,058.66	410,079.72	1,549,151.80	28,510.69
165	12/01/28	24,772.26	1,879.53	385,307.46	1,551,031.33	30,390.22
166	01/01/29	24,826.93	1,824.86	360,480.53	1,552,856.19	1,824.86
167	02/01/29	24,944.52	1,707.27	335,536.01	1,554,563.46	3,532.13
168	03/01/29	25,216.44	1,435.35	310,319.57	1,555,998.81	4,967.48
169	04/01/29	25,182.08	1,469.71	285,137.49	1,557,468.52	6,437.19
170	05/01/29	25,344.91	1,306.88	259,792.58	1,558,775.40	7,744.07
171	06/01/29	25,421.38	1,230.41	234,371.20	1,560,005.81	8,974.48
172	07/01/29	25,577.59	1,074.20	208,793.61	1,561,080.01	10,048.68
173	08/01/29	25,662.92	988.87	183,130.69	1,562,068.88	11,037.55

174	09/01/29	25,784.46	867.33	157,346.23	1,562,936.21	11,904.88
175	10/01/29	25,930.62	721.17	131,415.61	1,563,657.38	12,626.05
176	11/01/29	26,029.39	622.40	105,386.22	1,564,279.78	13,248.45
177	12/01/29	26,168.77	483.02	79,217.45	1,564,762.80	13,731.47
178	01/01/30	26,276.61	375.18	52,940.84	1,565,137.98	375.18
179	02/01/30	26,401.06	250.73	26,539.78	1,565,388.71	625.91
180	03/01/30	26,539.78	113.53	0.00	1,565,502.24	739.44
The last payment will vary depending on early/late payments						26,653.31



Thursday Feb 19, 2015 3:43 PM

### Loan Calculator

#### Calculate Payment Amount

Date Opened	02/19/2015
Loan Amount	3,102,500.00
Interest Rate	5.5000%
Days Per Month	Exact
Days Per Year	360
Finance Charges	
Minimum	0.00
Add-On	0.00
Prepaid	0.00
Insurance	
Credit Life	Gross Rate 0.0000%
Accident/Health	Standard Rate 0.0000%

Payments		Mode	Frequency	Date First	Payments	Payment Amount
Type						
Regular		Monthly	1	03/19/2015	180	25,477.82

Annual Percentage Rate	5.5776%	Maturity Term	180 Months
Amount Financed	3,102,500.00	Maturity Date	02/19/2030
Total Finance Charge	1,483,505.75	Credit Life Premium	0.00
Total of Payments	4,586,005.75	Accident/Health Premium	0.00
Final Payment Plus Interest	25,475.97		

Seq	Payment Date	Principal	Interest	Balance	Interest Paid	Interest YTD
1	03/19/15	12,206.02	13,271.80	3,090,293.98	13,271.80	13,271.80
2	04/19/15	10,841.84	14,635.98	3,079,452.14	27,907.78	27,907.78
3	05/19/15	11,363.66	14,114.16	3,068,088.48	42,021.94	42,021.94
4	06/19/15	10,947.01	14,530.81	3,057,141.47	56,552.75	56,552.75
5	07/19/15	11,465.92	14,011.90	3,045,675.55	70,564.65	70,564.65
6	08/19/15	11,053.16	14,424.66	3,034,622.39	84,989.31	84,989.31
7	09/19/15	11,105.51	14,372.31	3,023,516.88	99,361.62	99,361.62
8	10/19/15	11,620.03	13,857.79	3,011,896.85	113,219.41	113,219.41
9	11/19/15	11,213.14	14,264.68	3,000,683.71	127,484.09	127,484.09
10	12/19/15	11,724.69	13,753.13	2,988,959.02	141,237.22	141,237.22
11	01/19/16	11,321.77	14,156.05	2,977,637.25	155,393.27	14,156.05
12	02/19/16	11,375.40	14,102.42	2,966,261.85	169,495.69	28,258.47
13	03/19/16	12,335.63	13,142.19	2,953,926.22	182,637.88	41,400.66
14	04/19/16	11,487.70	13,990.12	2,942,438.52	196,628.00	55,390.78
15	05/19/16	11,991.64	13,486.18	2,930,446.88	210,114.18	68,876.96

16	06/19/16	11,598.89	13,878.93	2,918,847.99	223,993.11	82,755.89
17	07/19/16	12,099.77	13,378.05	2,906,748.22	237,371.16	96,133.94
18	08/19/16	11,711.13	13,766.69	2,895,037.09	251,137.85	109,900.63
19	09/19/16	11,766.60	13,711.22	2,883,270.49	264,849.07	123,611.85
20	10/19/16	12,262.83	13,214.99	2,871,007.66	278,064.06	136,826.84
21	11/19/16	11,880.41	13,597.41	2,859,127.25	291,661.47	150,424.25
22	12/19/16	12,373.48	13,104.34	2,846,753.77	304,765.81	163,528.59
23	01/19/17	11,995.28	13,482.54	2,834,758.49	318,248.35	13,482.54
24	02/19/17	12,052.09	13,425.73	2,822,706.40	331,674.08	26,908.27
25	03/19/17	13,402.90	12,074.92	2,809,303.50	343,749.00	38,983.19
26	04/19/17	12,172.65	13,305.17	2,797,130.85	357,054.17	52,288.36
27	05/19/17	12,657.63	12,820.19	2,784,473.22	369,874.36	65,108.55
28	06/19/17	12,290.25	13,187.57	2,772,182.97	383,061.93	78,296.12
29	07/19/17	12,771.98	12,705.84	2,759,410.99	395,767.77	91,001.96
30	08/19/17	12,408.94	13,068.88	2,747,002.05	408,836.65	104,070.84
31	09/19/17	12,467.71	13,010.11	2,734,534.34	421,846.76	117,080.95
32	10/19/17	12,944.53	12,533.29	2,721,589.81	434,380.05	129,614.24
33	11/19/17	12,588.07	12,889.75	2,709,001.74	447,269.80	142,503.99
34	12/19/17	13,061.56	12,416.26	2,695,940.18	459,686.06	154,920.25
35	01/19/18	12,709.55	12,768.27	2,683,230.63	472,454.33	12,768.27
36	02/19/18	12,769.74	12,708.08	2,670,460.89	485,162.41	25,476.35
37	03/19/18	14,054.18	11,423.64	2,656,406.71	496,586.05	36,899.99
38	04/19/18	12,896.78	12,581.04	2,643,509.93	509,167.09	49,481.03
39	05/19/18	13,361.73	12,116.09	2,630,148.20	521,283.18	61,597.12
40	06/19/18	13,021.14	12,456.68	2,617,127.06	533,739.86	74,053.80
41	07/19/18	13,482.66	11,995.16	2,603,644.40	545,735.02	86,048.96
42	08/19/18	13,146.66	12,331.16	2,590,497.74	558,066.18	98,380.12
43	09/19/18	13,208.94	12,268.88	2,577,288.80	570,335.06	110,649.00
44	10/19/18	13,665.24	11,812.58	2,563,623.56	582,147.64	122,461.58
45	11/19/18	13,336.21	12,141.61	2,550,287.35	594,289.25	134,603.19
46	12/19/18	13,789.01	11,688.81	2,536,498.34	605,978.06	146,292.00
47	01/19/19	13,464.68	12,013.14	2,523,033.66	617,991.20	12,013.14
48	02/19/19	13,528.45	11,949.37	2,509,505.21	629,940.57	23,962.51
49	03/19/19	14,742.71	10,735.11	2,494,762.50	640,675.68	34,697.62
50	04/19/19	13,662.35	11,815.47	2,481,100.15	652,491.15	46,513.09
51	05/19/19	14,106.10	11,371.72	2,466,994.05	663,862.87	57,884.81
52	06/19/19	13,793.86	11,683.96	2,453,200.19	675,546.83	69,568.77
53	07/19/19	14,233.99	11,243.83	2,438,966.20	686,790.66	80,812.60
54	08/19/19	13,926.60	11,551.22	2,425,039.60	698,341.88	92,363.82
55	09/19/19	13,992.56	11,485.26	2,411,047.04	709,827.14	103,849.08
56	10/19/19	14,427.19	11,050.63	2,396,619.85	720,877.77	114,899.71
57	11/19/19	14,127.16	11,350.66	2,382,492.69	732,228.43	126,250.37
58	12/19/19	14,558.06	10,919.76	2,367,934.63	743,148.19	137,170.13
59	01/19/20	14,263.02	11,214.80	2,353,671.61	754,362.99	11,214.80
60	02/19/20	14,330.57	11,147.25	2,339,341.04	765,510.24	22,362.05
61	03/19/20	15,113.23	10,364.59	2,324,227.81	775,874.83	32,726.64
62	04/19/20	14,470.02	11,007.80	2,309,757.79	786,882.63	43,734.44
63	05/19/20	14,891.43	10,586.39	2,294,866.36	797,469.02	54,320.83
64	06/19/20	14,609.08	10,868.74	2,280,257.28	808,337.76	65,189.57
65	07/19/20	15,026.64	10,451.18	2,265,230.64	818,788.94	75,640.75
66	08/19/20	14,749.43	10,728.39	2,250,481.21	829,517.33	86,369.14
67	09/19/20	14,819.29	10,658.53	2,235,661.92	840,175.86	97,027.67
68	10/19/20	15,231.03	10,246.79	2,220,430.89	850,422.65	107,274.46

69	11/19/20	14,961.61	10,516.21	2,205,469.28	860,938.86	117,790.67
70	12/19/20	15,369.42	10,108.40	2,190,099.86	871,047.26	127,899.07
71	01/19/21	15,105.26	10,372.56	2,174,994.60	881,419.82	10,372.56
72	02/19/21	15,176.81	10,301.01	2,159,817.79	891,720.83	20,673.57
73	03/19/21	16,238.60	9,239.22	2,143,579.19	900,960.05	29,912.79
74	04/19/21	15,325.58	10,152.24	2,128,253.61	911,112.29	40,065.03
75	05/19/21	15,723.33	9,754.49	2,112,530.28	920,866.78	49,819.52
76	06/19/21	15,472.64	10,005.18	2,097,057.64	930,871.96	59,824.70
77	07/19/21	15,866.30	9,611.52	2,081,191.34	940,483.48	69,436.22
78	08/19/21	15,621.07	9,856.75	2,065,570.27	950,340.23	79,292.97
79	09/19/21	15,695.05	9,782.77	2,049,875.22	960,123.00	89,075.74
80	10/19/21	16,082.55	9,395.27	2,033,792.67	969,518.27	98,471.01
81	11/19/21	15,845.55	9,632.27	2,017,947.12	979,150.54	108,103.28
82	12/19/21	16,228.90	9,248.92	2,001,718.22	988,399.46	117,352.20
83	01/19/22	15,997.46	9,480.36	1,985,720.76	997,879.82	9,480.36
84	02/19/22	16,073.22	9,404.60	1,969,647.54	1,007,284.42	18,884.96
85	03/19/22	17,052.11	8,425.71	1,952,595.43	1,015,710.13	27,310.67
86	04/19/22	16,230.10	9,247.72	1,936,365.33	1,024,957.85	36,558.39
87	05/19/22	16,602.82	8,875.00	1,919,762.51	1,033,832.85	45,433.39
88	06/19/22	16,385.61	9,092.21	1,903,376.90	1,042,925.06	54,525.60
89	07/19/22	16,754.00	8,723.82	1,886,622.90	1,051,648.88	63,249.42
90	08/19/22	16,542.57	8,935.25	1,870,080.33	1,060,584.13	72,184.67
91	09/19/22	16,620.91	8,856.91	1,853,459.42	1,069,441.04	81,041.58
92	10/19/22	16,982.79	8,495.03	1,836,476.63	1,077,936.07	89,536.61
93	11/19/22	16,780.07	8,697.75	1,819,696.56	1,086,633.82	98,234.36
94	12/19/22	17,137.54	8,340.28	1,802,559.02	1,094,974.10	106,574.64
95	01/19/23	16,940.70	8,537.12	1,785,618.32	1,103,511.22	8,537.12
96	02/19/23	17,020.93	8,456.89	1,768,597.39	1,111,968.11	16,994.01
97	03/19/23	17,912.15	7,565.67	1,750,685.24	1,119,533.78	24,559.68
98	04/19/23	17,186.38	8,291.44	1,733,498.86	1,127,825.22	32,851.12
99	05/19/23	17,532.62	7,945.20	1,715,966.24	1,135,770.42	40,796.32
100	06/19/23	17,350.81	8,127.01	1,698,615.43	1,143,897.43	48,923.33
101	07/19/23	17,692.50	7,785.32	1,680,922.93	1,151,682.75	56,708.65
102	08/19/23	17,516.78	7,961.04	1,663,406.15	1,159,643.79	64,669.69
103	09/19/23	17,599.74	7,878.08	1,645,806.41	1,167,521.87	72,547.77
104	10/19/23	17,934.54	7,543.28	1,627,871.87	1,175,065.15	80,091.05
105	11/19/23	17,768.04	7,709.78	1,610,103.83	1,182,774.93	87,800.83
106	12/19/23	18,098.17	7,379.65	1,592,005.66	1,190,154.58	95,180.48
107	01/19/24	17,937.91	7,539.91	1,574,067.75	1,197,694.49	7,539.91
108	02/19/24	18,022.85	7,454.97	1,556,044.90	1,205,149.46	14,994.88
109	03/19/24	18,583.68	6,894.14	1,537,461.22	1,212,043.60	21,889.02
110	04/19/24	18,196.23	7,281.59	1,519,264.99	1,219,325.19	29,170.61
111	05/19/24	18,514.52	6,963.30	1,500,750.47	1,226,288.49	36,133.91
112	06/19/24	18,370.10	7,107.72	1,482,380.37	1,233,396.21	43,241.63
113	07/19/24	18,683.58	6,794.24	1,463,696.79	1,240,190.45	50,035.87
114	08/19/24	18,545.59	6,932.23	1,445,151.20	1,247,122.68	56,968.10
115	09/19/24	18,633.42	6,844.40	1,426,517.78	1,253,967.08	63,812.50
116	10/19/24	18,939.61	6,538.21	1,407,578.17	1,260,505.29	70,350.71
117	11/19/24	18,811.37	6,666.45	1,388,766.80	1,267,171.74	77,017.16
118	12/19/24	19,112.64	6,365.18	1,369,654.16	1,273,536.92	83,382.34
119	01/19/25	18,990.99	6,486.83	1,350,663.17	1,280,023.75	6,486.83
120	02/19/25	19,080.92	6,396.90	1,331,582.25	1,286,420.65	12,883.73
121	03/19/25	19,781.61	5,696.21	1,311,800.64	1,292,116.86	18,579.94



122	04/19/25	19,264.99	6,212.83	1,292,535.65	1,298,329.69	24,792.77
123	05/19/25	19,553.69	5,924.13	1,272,981.96	1,304,253.82	30,716.90
124	06/19/25	19,448.84	6,028.98	1,253,533.12	1,310,282.80	36,745.88
125	07/19/25	19,732.46	5,745.36	1,233,800.66	1,316,028.16	42,491.24
126	08/19/25	19,634.40	5,843.42	1,214,166.26	1,321,871.58	48,334.66
127	09/19/25	19,727.39	5,750.43	1,194,438.87	1,327,622.01	54,085.09
128	10/19/25	20,003.31	5,474.51	1,174,435.56	1,333,096.52	59,559.60
129	11/19/25	19,915.56	5,562.26	1,154,520.00	1,338,658.78	65,121.86
130	12/19/25	20,186.27	5,291.55	1,134,333.73	1,343,950.33	70,413.41
131	01/19/26	20,105.49	5,372.33	1,114,228.24	1,349,322.66	5,372.33
132	02/19/26	20,200.71	5,277.11	1,094,027.53	1,354,599.77	10,649.44
133	03/19/26	20,797.81	4,680.01	1,073,229.72	1,359,279.78	15,329.45
134	04/19/26	20,394.89	5,082.93	1,052,834.83	1,364,362.71	20,412.38
135	05/19/26	20,652.32	4,825.50	1,032,182.51	1,369,188.21	25,237.88
136	06/19/26	20,589.29	4,888.53	1,011,593.22	1,374,076.74	30,126.41
137	07/19/26	20,841.35	4,636.47	990,751.87	1,378,713.21	34,762.88
138	08/19/26	20,785.51	4,692.31	969,966.36	1,383,405.52	39,455.19
139	09/19/26	20,883.95	4,593.87	949,082.41	1,387,999.39	44,049.06
140	10/19/26	21,127.86	4,349.96	927,954.55	1,392,349.35	48,399.02
141	11/19/26	21,082.92	4,394.90	906,871.63	1,396,744.25	52,793.92
142	12/19/26	21,321.33	4,156.49	885,550.30	1,400,900.74	56,950.41
143	01/19/27	21,283.75	4,194.07	864,266.55	1,405,094.81	4,194.07
144	02/19/27	21,384.56	4,093.26	842,881.99	1,409,188.07	8,287.33
145	03/19/27	21,872.16	3,605.66	821,009.83	1,412,793.73	11,892.99
146	04/19/27	21,589.42	3,888.40	799,420.41	1,416,682.13	15,781.39
147	05/19/27	21,813.81	3,664.01	777,606.60	1,420,346.14	19,445.40
148	06/19/27	21,794.99	3,682.83	755,811.61	1,424,028.97	23,128.23
149	07/19/27	22,013.68	3,464.14	733,797.93	1,427,493.11	26,592.37
150	08/19/27	22,002.47	3,475.35	711,795.46	1,430,968.46	30,067.72
151	09/19/27	22,106.68	3,371.14	689,688.78	1,434,339.60	33,438.86
152	10/19/27	22,316.75	3,161.07	667,372.03	1,437,500.67	36,599.93
153	11/19/27	22,317.07	3,160.75	645,054.96	1,440,661.42	39,760.68
154	12/19/27	22,521.32	2,956.50	622,533.64	1,443,617.92	42,717.18
155	01/19/28	22,529.43	2,948.39	600,004.21	1,446,566.31	2,948.39
156	02/19/28	22,636.13	2,841.69	577,368.08	1,449,408.00	5,790.08
157	03/19/28	22,919.76	2,558.06	554,448.32	1,451,966.06	8,348.14
158	04/19/28	22,851.89	2,625.93	531,596.43	1,454,591.99	10,974.07
159	05/19/28	23,041.33	2,436.49	508,555.10	1,457,028.48	13,410.56
160	06/19/28	23,069.25	2,408.57	485,485.85	1,459,437.05	15,819.13
161	07/19/28	23,252.68	2,225.14	462,233.17	1,461,662.19	18,044.27
162	08/19/28	23,288.63	2,189.19	438,944.54	1,463,851.38	20,233.46
163	09/19/28	23,398.93	2,078.89	415,545.61	1,465,930.27	22,312.35
164	10/19/28	23,573.23	1,904.59	391,972.38	1,467,834.86	24,216.94
165	11/19/28	23,621.40	1,856.42	368,350.98	1,469,691.28	26,073.36
166	12/19/28	23,789.54	1,688.28	344,561.44	1,471,379.56	27,761.64
167	01/19/29	23,845.94	1,631.88	320,715.50	1,473,011.44	1,631.88
168	02/19/29	23,958.88	1,518.94	296,756.62	1,474,530.38	3,150.82
169	03/19/29	24,208.36	1,269.46	272,548.26	1,475,799.84	4,420.28
170	04/19/29	24,187.00	1,290.82	248,361.26	1,477,090.66	5,711.10
171	05/19/29	24,339.50	1,138.32	224,021.76	1,478,228.98	6,849.42
172	06/19/29	24,416.83	1,060.99	199,604.93	1,479,289.97	7,910.41
173	07/19/29	24,562.96	914.86	175,041.97	1,480,204.83	8,825.27
174	08/19/29	24,648.80	829.02	150,393.17	1,481,033.85	9,654.29

175	09/19/29	24,765.54	712.28	125,627.63	1,481,746.13	10,366.57
176	10/19/29	24,902.03	575.79	100,725.60	1,482,321.92	10,942.36
177	11/19/29	25,000.77	477.05	75,724.83	1,482,798.97	11,419.41
178	12/19/29	25,130.75	347.07	50,594.08	1,483,146.04	11,766.48
179	01/19/30	25,238.20	239.62	25,355.88	1,483,385.66	239.62
180	02/19/30	25,355.88	120.09	0.00	1,483,505.75	359.71
The last payment will vary depending on early/late payments						25,475.97



### **BOARD OF EDUCATION AGENDA ITEM 5.03**

<b>BOARD MEETING OF:</b>	February 25, 2015
<b>PREPARED BY:</b>	Brett Ridgway, Chief Business Officer
<b>TITLE OF AGENDA ITEM:</b>	Resolution re: Legal Name
<b>ACTION/INFORMATION/DISCUSSION:</b>	Action

**BACKGROUND INFORMATION, DESCRIPTION OF NEED:** District 49, like many people and companies ends up being referred to by a number of names. Some derivations are due to intentional changes, some are unintentional, some are specific to certain audiences, etc.. Some legal transactions require a document to state that the entity that is party to the contract goes and/or has gone by various names but that those names refer to an entity that is ‘one and the same’.

As part of District 49’s recent refinance of Certificates of Participation (CoP’s), our Bond Counsel has requested that the Board of Education pass a resolution that the six names listed in the resolution refer to the entity of District 49 and that the names of the entity are not meant to distinguish it legally and that all of the names refer to an entity that is ‘one and the same’.

**RATIONALE:** This resolution has been drafted by Bond Counsel and the respectfully suggest that the Board of Education adopt the resolution to make purchasers of the new CoP’s comfortable that all of the listed entity names are, in fact, the same entity as ‘one and the same’.

**RELEVANT DATA AND EXPECTED OUTCOMES:** We expect this resolution will firmly establish District 49 as one and the same when referred to with any of the listed names.

#### **IMPACTS ON THE DISTRICT’S STRATEGIC PRIORITIES—THE BIG ROCKS:**

<b>Rock #1</b> —Reestablishing the district as a <u>trustworthy</u> recipient of taxpayer investment	<i>D49 has displayed full transparency of this proposal by discussing it at four consecutive board meetings over the last 60+ days.</i>
<b>Rock #2</b> —Research, design and implement programs for intentional <u>community</u> participation	
<b>Rock #3</b> — Establish District 49 as the <u>best district</u> in Colorado to learn, work and lead	
<b>Rock #4</b> — Grow a robust portfolio of distinct and exceptional schools	
<b>Rock #5</b> — Customize our educational systems to launch each student toward success	

**FUNDING REQUIRED:** No

**AMOUNT BUDGETED:** ~ N/A

**RECOMMENDED COURSE OF ACTION/MOTION REQUESTED:** I move to approve a resolution of the Board of Education of El Paso County School District No. 49, in the county of El Paso, and the State of Colorado, relating to the legal name of the District as presented by Bond Counsel and approved by the Administration.

**APPROVED BY:** Brett Ridgway, Chief Business Officer

**DATE:** February 18, 2015



## **RESOLUTION**

A RESOLUTION OF THE BOARD OF EDUCATION OF FALCON SCHOOL DISTRICT NO. 49, IN THE COUNTY OF EL PASO, AND STATE OF COLORADO, RELATING TO THE LEGAL NAME OF THE DISTRICT.

WHEREAS, Falcon School District No. 49, in the County of El Paso and the State of Colorado (the "District"), is a duly and regularly created, organized and existing school district, existing as such under and by virtue of the Constitution and laws of the State of Colorado; and

WHEREAS, the District has previously acquired property for various school and educational purposes; and

WHEREAS, it has come to the attention of the District that many of those properties are titled in different variations of the District name; and

WHEREAS, according to the Colorado Department of Education, the District's legal name as established is Falcon, School District No. 49, in the County of El Paso, and State of Colorado; and

WHEREAS, in connection with the execution and delivery of Certificates of Participation, Series 2015 (the "2015 Certificates"), the District leased four school sites and buildings to Zions First National Bank, acting solely in its capacity as trustee under an Indenture of Trust dated as of February 25, 2015; and

WHEREAS, the title insurance company has requested action of the Board of Education of the District with respect to the various names in order to confirm for their records that all names are one in the same entity.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF FALCON SCHOOL DISTRICT NO. 49, IN THE COUNTY OF EL PASO AND STATE OF COLORADO:

Section 1. Ratification and Approval of Prior Actions. All action heretofore taken (not inconsistent with the provisions of this resolution) by the Board or the officers, agents or employees of the Board or the District relating to the 2015 Certificates is hereby ratified, approved and confirmed.

Section 2. Name of District. According to the Colorado Department of Education, the legal name of the District is Falcon, School District No. 49, in the County of El Paso, State of Colorado. The District is also known by the following:

Consolidated School District no. 49, El Paso County,

Falcon Consolidated School District No. 49, El Paso County,

El Paso School District No. 49,  
El Paso County School District No. 49,  
School District No. 49, El Paso County  
Falcon School District No. 49

All of the names set forth above are one and the same entity.

Section 3     Severability. If any one or more sections, sentences, clauses or parts of this resolution shall for any reason be held invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this resolution, but shall be confined in its operation to the specific sections, sentences, clauses or parts of this resolution so held unconstitutional or invalid, and the inapplicability and invalidity of any section, sentence, clause or part of this resolution in any one or more instances shall not affect or prejudice in any way the applicability and validity of this resolution in any other instances.

Section 4.     Repealer. All bylaws, orders, and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revise any bylaw, order, or resolution, or part thereof, heretofore repealed.

Section 5.     Interpretation. This resolution shall be so interpreted and construed as to effectuate its general purpose.

Section 6.     Effective Date. This resolution shall be in full force and effect upon its passage and adoption.

ADOPTED AND APPROVED this February 25, 2015.

---

Tammy Harold, President  
Falcon School District No. 49

(SEAL)

ATTEST:

---

Marie LaVere-Wright Secretary  
Falcon School District No. 49



STATE OF COLORADO )  
 )  
COUNTY OF EL PASO ) SS. CERTIFICATE OF SECRETARY  
 )  
FALCON SCHOOL DISTRICT NO. 49 )

I, Marie LaVere-Wright, the duly qualified and acting Secretary of Falcon School District No. 49 (the "District"), in the County of El Paso and State of Colorado, do hereby certify:

(1) The foregoing pages are a true and correct copy of a resolution (the "Resolution") introduced at a regular meeting of the Board of Education of the District (the "Board") on February 25, 2015.

(2) The Resolution was duly moved and seconded and the Resolution was adopted at the regular meeting of February 25, 2015, by an affirmative vote of a majority of the members of the Board as follows:

Name	"Yes"	"No"	Absent	Abstain
Tammy Harold, President				
David Moore, Vice President				
Marie LaVere-Wright, Secretary				
Kevin Butcher, Treasurer				
Chuck Irons, Director				

(3) The members of the Board were present at such meeting and voted on the passage of such Resolution as set forth above.

(4) The Resolution was approved and authenticated by the signature of the President of the Board, sealed with the District seal, attested by the Secretary and recorded in the minutes of the Board.

(5) Notice of the regular meeting of February 25, 2015, in the form attached hereto as Exhibit A was posted at the District Offices not less than 24 hours prior to the meeting in accordance with law.

(6) There are no bylaws, rules or regulations of the Board which prevent the immediate adoption of the Resolution set forth in the foregoing proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of  
said District, this February 25, 2015.

(SEAL)

---

Secretary



10850 East Woodmen Road • Falcon, CO 80831  
Tel: 719-495-1100 • Fax: 719-494-8900

**Mission Statement**

To prepare students, in a safe and caring environment, to be successful, competent and productive citizens in a global society.

**AGENDA**  
**SPECIAL BOARD OF EDUCATION MEETING**  
**February 25, 2015**  
**6:30 p.m.**  
**Education Services Center - Board Room**

- 1.00 Call to Order and Roll Call**
- 2.00 Welcome and Pledge of Allegiance**
- 3.00 Approval of Agenda**
- 4.00 Open Forum (3 minute time limit for each speaker)**
- 5.00 Action Items**
  - 5.01 Amend Rocky Mountain Classical Academy Charter Contract
  - 5.02 Action on Capital Lease for Pony Tracks Facility
  - 5.03 Approval of Resolution Regarding Legal Name
  - 5.04 Action on MLO-Op Money Allocation Basis
- 6.00 Other Business**
- 7.00 Adjournment**

DATE OF POSTING: February 19, 2015

---

Donna Richer  
Executive Assistant to the Board of Education

### **BOARD OF EDUCATION AGENDA ITEM 5.04**

<b>BOARD MEETING OF:</b>	February 25, 2015
<b>PREPARED BY:</b>	Brett Ridgway, Chief Business Officer
<b>TITLE OF AGENDA ITEM:</b>	MLO-Op money allocation basis
<b>ACTION/INFORMATION/DISCUSSION:</b>	Action

**BACKGROUND INFORMATION, DESCRIPTION OF NEED:** The D49 Board and Administration have been discussing “Post-Election Strategies” for the last four meetings going back to December 11, 2014; in response to the election results from the November 4, 2014 statewide election in which District 49 had two items on the ballot – El Paso County items 3A and 3B.

With the passage of Ballot Item 3A in November, the District’s constituents have authorized the District to begin using portions of the Mill Levy Override not needed to be used to satisfy annual debt service of the Certificates of Participation for operations. The key question on this utilization is what allocation basis will be used to determine how much funding each of the charter schools will receive as well as the coordinated schools within their respective Zones.

Of particular interest in the discussion has been the ballot language that included the phrasing “. . . FOR ANY LEGALLY AUTHORIZED GENERAL FUND PURPOSES OF SCHOOLS OPERATED OR CHARTERED BY THE DISTRICT WITHIN DISTRICT BOUNDARIES INCLUDING...”. The question is whether this phrasing is meant to limit the benefits of said funding to only resident students or if the benefits apply to all students regardless of resident status, or if there is and should be an allocation that blends the two perspectives.

Previous board discussion from the December 11, 2014 board meeting included commentary where “. . . obviously the charters get to participate in those funds as well, and I would presume that the distribution to the individual charters would be based on the October count numbers relative to the total district. . .” (December vimeo part 2, 1:34). This quotation indicates that the board did, at that point, believe that all students would participate. Official October count results indicate that 67.03% of the students in District 49 are educated in coordinated schools and 32.97% are educated in district charter schools.

After introduction and discussion of the possibility of limiting the beneficiaries to resident students (which produces a 84/16 ratio between coordinated and charter schools) at the same December 11 meeting, a blended option was presented at the January 8, 2015 regular board meeting that would identify two pools of money; one pool, the larger (proposed at 80% of the total available), would be allocated based on resident students; the second, smaller pool (proposed at 20% of the total available), would be allocated based on total student count. Alternatives could also be quantified with different percentages allocated to each pool.

While it was always assumed through the course of the ballot language drafting and the election cycle that charters schools would definitely receive a portion of the available MLO-Op monies, the specific allocation basis was, unfortunately, never discussed. The Board of Education and Administration are now left to wade through not only legal analysis, but moral and political motivations/repercussions of a decision to definitively determine what allocation basis will be used.

**RATIONALE:** The basic question is whether the MLO monies, which are generated entirely by residents of District 49 are meant to only benefit resident students of District 49. The majority of MLO funds generated have been and will continue to be used to repay Certificates of Participation (CoP’s) that were issued in 2006 and 2007 in order to build buildings that were not able to be financed through a bond issue at that time because sufficient bonding capacity did not exist at that time to use the traditional method. The buildings built have not been limited to educating only resident students – instead students from outside the district are allowed to choice in to those buildings. This could infer that the precedent has been set that the MLO funds are intended to benefit all students of D49, regardless of resident status. Did Ballot issue 3A, passed in November 2014 intend to change that? This is the fundamental question.





BOE Special Meeting February 25, 2015  
Item 5.04 continued

**RELEVANT DATA AND EXPECTED OUTCOMES:** We expect to determine the allocation basis at this meeting, with this action item and to move forward with that decision as the firm precedent for all future, related, decisions.

**IMPACTS ON THE DISTRICT'S STRATEGIC PRIORITIES—THE BIG ROCKS:**

<b>Rock #1</b> —Reestablishing the district as a <u>trustworthy</u> recipient of taxpayer investment	<i>D49 has displayed full transparency of this proposal by discussing it at four consecutive board meetings over the last 60+ days.</i>
<b>Rock #2</b> —Research, design and implement programs for intentional <u>community</u> participation	
<b>Rock #3</b> — Establish District 49 as the <u>best</u> district in Colorado to learn, work and lead	
<b>Rock #4</b> — Grow a robust portfolio of distinct and exceptional schools	
<b>Rock #5</b> — Customize our educational systems to launch each student toward success	<i>A good opportunity to identify if there are limits to the 'every student' big rock.</i>

**FUNDING REQUIRED:** No

**AMOUNT BUDGETED:** ~ N/A

**RECOMMENDED COURSE OF ACTION/MOTION REQUESTED:**

One of three motions should be made:

Either:

I move to allocate funds for MLO-Op monies to schools solely by resident student status

Or:

I move to allocate funds for MLO-Op monies to schools by total funded student count

Or:

I move to allocate funds for MLO-Op monies to schools in a blended manner, consisting of two pools. One pool quantified at XX% of the total funds available to be allocated to schools by resident student count; A second pool, quantified at XX% of the total funds available to be allocated to schools by total funded student count.

**APPROVED BY:** Brett Ridgway, Chief Business Officer

**DATE:** February 18, 2015

## Year 1 MLO-Op Priorities



- **Budget Process should always drive use**
  - Maintain a blend of one-time, run-rate, and periodic spends, no category to materially overwhelm the other two.
  - Since 2014/15 adopted budgets assumed nothing, first wave should be largely one-time or periodic.
- **All spends separately tracked and easily identified to one of the four approved categories:**
  - compensation, technology, programs, safety & security.

THE BEST DISTRICT TO LEARN, WORK & LEAD

Initial Pool Identified:

\$2,185,711

- (1) Our initial assumptions would have used total sFTE by school as the allocation base
- (2) Further consideration led us to consider using only in-district resident sFTE as the base
- (3) We now propose something in the middle. To recognize the benefit that each school contributes to the district and also honor the locally-generated nature of the funding.

Recommend Two Pools: A larger pool on in-district HC, a smaller pool on total sFTE

80 / 20

	100%	0%	
Pool Distribution	\$2,185,711	\$0	
allocation base:	15,203	18,598	
Resulting per-pupil rate	\$143.77	\$0.00	

	sFTE	20% portion
Falcon Zone	3,860.20	\$0
Sand Creek Zone	3,549.96	\$0
POWER Zone	4,199.80	\$0
iConnect Zone	856.80	\$0
iConnect Charters	6,131.44	\$0

	sFTE	80% portion
Falcon Zone	4,107.00	\$590,457
Sand Creek Zone	3,605.00	\$518,285
POWER Zone	4,316.00	\$620,504
iConnect Zone	741.00	\$106,532
iConnect Charters	2,434.00	\$349,932

BLRA	671.00	\$96,469
GOAL	46.00	\$6,613
IIR	665.00	\$95,606
PPSEL	311.00	\$44,712
RMCA	741.00	\$106,532

	Charter Totals	\$ per sFTE
BLRA	\$96,469	135.03
GOAL	\$6,613	2.03
IIR	\$95,606	135.33
PPSEL	\$44,712	116.36
RMCA	\$106,532	99.67
Total	\$349,932	57.07

16.01%

\$0

\$1,835,779

Coordinated Schools

\$1,835,779

83.99%

## Year 1 MLO-Op Priorities



- **Budget Process should always drive use**
  - Maintain a blend of one-time, run-rate, and periodic spends, no category to materially overwhelm the other two.
  - Since 2014/15 adopted budgets assumed nothing, first wave should be largely one-time or periodic.
- **All spends separately tracked and easily identified to one of the four approved categories:**
  - compensation, technology, programs, safety & security.

THE BEST DISTRICT TO LEARN, WORK & LEAD

Initial Pool Identified:

\$2,185,711

- (1) Our initial assumptions would have used total sFTE by school as the allocation base
- (2) Further consideration led us to consider using only in-district resident sFTE as the base
- (3) We now propose something in the middle. To recognize the benefit that each school contributes to the district and also honor the locally-generated nature of the funding.

Recommend Two Pools: A larger pool on in-district HC, a smaller pool on total sFTE

80 / 20

	0%	100%
Pool Distribution	\$0	\$2,185,711
allocation base:	15,203	18,598
Resulting per-pupil rate	\$0.00	\$117.52

	sFTE	20% portion
Falcon Zone	3,860.20	\$453,661
Sand Creek Zone	3,549.96	\$417,201
POWER Zone	4,199.80	\$493,572
iConnect Zone	856.80	\$100,693
iConnect Charters	6,131.44	\$720,583
		\$1,465,128

	sFTE	80% portion
Falcon Zone	4,107.00	\$0
Sand Creek Zone	3,605.00	\$0
POWER Zone	4,316.00	\$0
iConnect Zone	741.00	\$0
iConnect Charters	2,434.00	\$0
BLRA	671.00	\$0
GOAL	46.00	\$0
IIR	665.00	\$0
PPSEL	311.00	\$0
RMCA	741.00	\$0

	Charter Totals	\$ per sFTE
BLRA	\$83,958	117.52
GOAL	\$382,830	117.52
IIR	\$83,025	117.52
PPSEL	\$45,157	117.52
RMCA	\$125,613	117.52
Total	\$720,583	117.52
		32.97%

## Year 1 MLO-Op Priorities



- **Budget Process should always drive use**
  - Maintain a blend of one-time, run-rate, and periodic spends, no category to materially overwhelm the other two.
  - Since 2014/15 adopted budgets assumed nothing, first wave should be largely one-time or periodic.
- **All spends separately tracked and easily identified to one of the four approved categories:**
  - compensation, technology, programs, safety & security.

THE BEST DISTRICT TO LEARN, WORK & LEAD

Initial Pool Identified:

\$2,185,711

- (1) Our initial assumptions would have used total sFTE by school as the allocation base
- (2) Further consideration led us to consider using only in-district resident sFTE as the base
- (3) We now propose something in the middle. To recognize the benefit that each school contributes to the district and also honor the locally-generated nature of the funding.

Recommend Two Pools: A larger pool on in-district HC, a smaller pool on total sFTE

80 / 20

	80%	20%	
Pool Distribution	\$1,748,569	\$437,142	
allocation base:	15,203	18,598	
Resulting per-pupil rate	\$115.01	\$23.50	
		sFTE	20% portion
Falcon Zone		3,860.20	\$90,732
Sand Creek Zone		3,549.96	\$83,440
POWER Zone		4,199.80	\$98,714
iConnect Zone		856.80	\$20,139
iConnect Charters		6,131.44	\$144,117
			\$293,026
	sFTE	80% portion	
Falcon Zone	4,107.00	\$472,365	
Sand Creek Zone	3,605.00	\$414,628	
POWER Zone	4,316.00	\$496,404	
iConnect Zone	741.00	\$85,226	
iConnect Charters	2,434.00	\$279,946	
			\$1,468,623
BLRA	671.00	\$77,175	
GOAL	46.00	\$5,291	
IIR	665.00	\$76,485	
PPSEL	311.00	\$35,770	
RMCA	741.00	\$85,226	
			\$1,761,648
			80.60%
		Charter Totals	\$ per sFTE
		BLRA	\$93,967 131.53
		GOAL	\$81,857 25.13
		IIR	\$93,090 131.77
		PPSEL	\$44,801 116.60
		RMCA	\$110,349 103.24
		Total	\$424,063 69.16
			19.40%



## Brett Ridgway

---

**Subject:** FW: Item 3A ballot language

---

**From:** Kim Crawford [mailto:Kim.Crawford@butlersnow.com]  
**Sent:** Tuesday, February 03, 2015 11:54 AM  
**To:** Brett Ridgway  
**Cc:** Matt Gray  
**Subject:** RE: Item 3A ballot language

Hi Brett – see below. I am copying Matt to see if he has other thoughts. . . .ballot question copied below. . .

WITHOUT CREATING ANY NEW TAX OR INCREASING ANY CURRENT TAX, SHALL SCHOOL DISTRICT NO. 49 BE AUTHORIZED TO CONTINUE TO IMPOSE AND COLLECT ITS EXISTING MILL LEVY OVERRIDE AUTHORIZATION OF \$7,500,000 ANNUALLY, WHICH AUTHORIZATION WAS APPROVED BY THE VOTERS ON NOVEMBER 1, 2005, WITHOUT REGARD TO ANY LIMITATIONS CONTAINED IN THE 2005 BALLOT QUESTION (INCLUDING ELIMINATION OF THE SUNSET) OTHER THAN THAT THE MAXIMUM AMOUNT WHICH CAN BE RAISED EACH YEAR IS \$7,500,000; AND SHALL THE DISTRICT BE AUTHORIZED TO SPEND ANY AMOUNTS RAISED PURSUANT TO THE 2005 BALLOT QUESTION AND THIS QUESTION **FOR ANY LEGALLY AUTHORIZED GENERAL FUND PURPOSES OF SCHOOLS OPERATED OR CHARTERED BY THE DISTRICT WITHIN DISTRICT BOUNDARIES INCLUDING:**

- CONTINUING REPAYMENT OF CAPITAL CONSTRUCTION COSTS AUTHORIZED BY THE 2005 BALLOT QUESTION;
- ATTRACTING AND RETAINING HIGHLY EFFECTIVE TEACHERS BY OFFERING SALARIES AND BENEFITS THAT ARE COMPETITIVE WITH OTHER DISTRICTS IN EL PASO COUNTY;
- OFFERING CLASSES FOR STUDENTS TO RECEIVE COLLEGE CREDITS, EARN CAREER CERTIFICATIONS, AND PREPARE FOR ACADEMICS AND EMPLOYMENT AFTER HIGH SCHOOL;
- SECURING THE GROUNDS, TRAFFIC FLOW, MAIN ENTRIES, AND CLASSROOMS AT DISTRICT SCHOOLS WHILE TRAINING AND EQUIPPING SAFETY PERSONNEL; AND
- PROVIDING STUDENTS WITH TECHNOLOGY TO ADAPT AND ACCELERATE ACHIEVEMENT, AS WELL AS TEACHER TRAINING AND SUPPORT TO ENHANCE AND ASSESS LEARNING?

### Kim Crawford

Butler Snow LLP  
Direct: (720) 330-2354  
Fax: (720) 330-2301  
[Kim.Crawford@butlersnow.com](mailto:Kim.Crawford@butlersnow.com)

**BUTLER | SNOW**

---

**Law Elevated | vCard | Bio**

1801 California Street, Suite 5100



---

**From:** Brett Ridgway [<mailto:bridgway@d49.org>]

**Sent:** Tuesday, February 03, 2015 11:39 AM

**To:** Kim Crawford

**Subject:** Item 3A ballot language

Dear Kim:

We have been deliberating on precisely how to distribute what we are calling 'MLO-Op' monies between the district's coordinated schools and its charter schools. The MLO-Op money is those funds that are now available for spending on the four categories specified in the ballot language – Compensation, Technology, Programs, Safety & Security. Funds that are 'left over' after the CoP payments have been made.

So, the question is layered as follows:

It is my belief that while there was an assumption that charter schools would get a share of this MLO-Op money during the campaign and in campaign literature, there wasn't really a specific methodology mentioned or even implied beyond a generalization that it would be allocated on student count.

? Can you opine on / verify the validity of that belief ? **I DON'T KNOW WHAT THE CAMPAIGN LITERATURE SAID OR WHAT WAS SAID DURING THE CAMPAIGN, BUT THE WORDING OF THE BALLOT QUESTION INDICATES THE INTENT FOR CHARTERS TO BE INCLUDED, BUT DOES NOT SPECIFY ANY METHODOLOGY.**

The debate we are having, both internally and with the Board of Education, is what student count basis can be used and should be used. It is my understanding that there are school districts in the state that are using only resident students in each school as an allocation base. I am unsure if that is a requirement anywhere, or **I DO NOT BELIEVE THIS IS A REQUIREMENT, BUT I WILL LOOK AT CHARTER SCHOOL LAW.**

? Is that true ? ? Are their districts allocating to non-resident students as well ? **I DON'T KNOW WHAT OTHER DISTRICTS ARE DOING.**

? Does the language of the ballot measure, specifically where it says "...AND SHALL THE DISTRICT BE AUTHORIZED TO SPEND ANY AMOUNTS RAISED PURSUANT TO THE 2005 BALLOT QUESTION AND THIS QUESTION FOR ANY LEGALLY AUTHORIZED GENERAL FUND PURPOSES OF SCHOOLS OPERATED OR CHARTERED BY THE DISTRICT WITHIN DISTRICT BOUNDARIES..." serve to limit the students benefitting to those only living within the district ? **I DON'T THINK SO. I THINK IT IS A LIMIT TO WHERE THE CHARTER SCHOOL IS LOCATED (SO NOT YOUR ONLINE CHARTER SCHOOL)**

? Is there any other angle, approach, or question that I'm not asking that is relevant to these questions and this subject ? **NOT THAT I CAN THINK OF NOW. BUT I DO THINK THAT THE BOARD CAN ADOPT POLICIES OR PROCEDURES THAT DETAILS ALLOCATION METHODS, OR IT CAN DECIDE THAT STAFF CAN DECIDE BASED ON NEED OR OTHER RELEVANT INFO.**

Thank you for your analysis of these questions.

*Brett A. Ridgway*  
Chief Business Officer  
Assistant Treasurer

*District 49 - Falcon School District*  
*Business Director*  
*Colorado Digital BOCES*  
719.495.1130

---

CONFIDENTIALITY NOTE: This e-mail and any attachments may be confidential and protected by legal privilege. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of the e-mail or any attachment is prohibited. If you have received this e-mail in error, please notify us immediately by replying to the sender and deleting this copy and the reply from your system. Thank you for your cooperation.

## **Brett Ridgway**

---

**From:** Brad Miller <brad@bradmillerlaw.com>  
**Sent:** Thursday, February 19, 2015 10:41 AM  
**To:** Brett Ridgway  
**Subject:** MLO Language Interpretation

Brett,

I have reviewed the following language with multiple sources and attorneys:

FOR ANY  
LEGALLY AUTHORIZED GENERAL FUND PURPOSES OF SCHOOLS OPERATED OR  
CHARTERED BY THE DISTRICT WITHIN DISTRICT BOUNDARIES INCLUDING:

As noted at the Board's last meeting, the question of how online schools fit within this MLO language is a matter of first impression in terms of focused legal inquiry. Following are the findings and conclusions that I support:

- 1) If the Board determines that funds should not be allocated to students outside the District's boundaries, it will need to further be determined if this relates to FVA students living outside the district and, further, if it pertains to other students living outside the district who are educated inside the district (choice students). This is because the law supplies no relevant distinction or definition of what constitutes a school "operated or chartered" "within district boundaries."
- 2) A safe distinction could be that students must physically be educated inside district geographic boundaries. However, that leaves open the question of students who may live outside the district and who periodically come into the district for purposes of blended courses or as online students for purposes of testing/assessments (i.e., how much time in-district is the qualifying amount?)
- 3) The authorities and experts I consulted (and who wished not to formally be on record) concur that the district safely may conclude that it has no affirmative obligation to fund a charter school operated outside the district at least to the extent that its students also reside and learn outside the district. However, the consensus also is that the language of the MLO ("operated or chartered") is adequately open to permit the board to authorize use of MLO funds to support the otherwise eligible programs of such a school (GOAL) because the ballot language does not require that a school both be "operated" and "chartered" "within district boundaries." That is, since GOAL is "chartered...within district boundaries" it does not also have to be "operated ... within district boundaries."

Brad Miller  
Law Office of Brad A. Miller, LLC  
719-338-4189