FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #1
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ATTACHMENT #1 - □□d □a□se □□em□t□n Letter

BEACON
ACADEMY OF NEVADA
GUIDING YOUR POTENTIAL

December 19, 2019

Ms. Melissa Mackedon, Governing Board Chair
State Public Charter School Authority
2080 East Flamingo
Suite 230
Las Vegas, NV 89119

Ms. Rebecca Feiden, Executive Director
State Public Charter School Authority
2080 East Flamingo
Suite 230
Las Vegas, NV 89119

RE: Beacon Academy of Nevada
Request to Purchase Property Pending Amendment Submission

Dear Chair Mackedon & Executive Director Feiden,

Beacon Academy of Nevada requests an exemption from the current amendment schedule to amend its charter contract with the SPCSA in order to purchase the property currently leased through Flamingo Tenaya LLC, located at 7360 W. Flamingo Road, Las Vegas, NV 89147.

Upon speaking with Mr. Brian Shapiro, Trustee, Flamingo Tenaya LLC is in Chapter 11 bankruptcy and the property is facing possible foreclosure. An option to purchase the building was made available to us on December 5, 2019. Due to the time sensitive nature of the court hearings in this matter, it has been advised that an offer be made on the property within the next several weeks. Beacon Academy of Nevada's Governing Board has voted on the proposed purchase of the property before submitting this amendment. The school's Governing Board did not conceive the submission of this amendment.

Accordingly, we are respectfully requesting approval to move forward immediately with an offer to purchase the property. The Beacon Academy of Nevada Governing Board and Executive Directors appreciate the consideration of the SPCSA and its staff and offers gratitude for the continued support of Beacon Academy of Nevada.

Thank you for your time and consideration.

Sincerely,

Lynda R. Spann

Lynda Spann,
Governing Board President

Sincerely,

Tambre T o ndryk,
Executive Director of Operations

STATE PUBLIC CHARTER SCHOOL AUTHORITY

2019 CHARTER SCHOOL REQUEST FOR AMENDMENT TO CHARTER CONTRACT APPLICATION

For the: **Beacon Academy of Nevada**

Date Submitted: **12/20/2019**

Current Charter Contract Start Date: **June, 2014 - June, 2020; New Contract approved to begin June, 2020**

Charter Contract Expiration Date: **June, 2026**

Key Contact: **Tambre Tondryk**

Key Contact title: **Executive Director of Operations**

Key Contact email and phone: **tambre.tondryk@banv.org**

Date of School Board approval of this application: **December 19, 2019**

This Request For Amendment (RFA) is submitted to request a contract amendment regarding (place an "X" to the right of the specific RFA type(s) you are applying for):

1. Add Distance Education ___
2. Add Dual-Credit Program ___
3. Change Mission and/or Vision ___
4. Eliminate a Grade Level or Other Educational Services ___
5. EMOs: Entering, Amending, Renewing, Terminating Charter Contract with an EMO ___
6. Enrollment: Expand Enrollment in **Existing** Grade Level(s) and Facilities ___
7. Enrollment: Expand Enrollment in **New** Grade Levels ___
8. Facilities: Acquire or Construct a New or Additional Facility that will not affect approved enrollment _X__
9. Facilities: Occupy New or Additional Facility _
10. Facilities: Occupy a Temporary Facility ___
11. Facilities: Relocate or Consolidate Campuses ___
12. RFA: Transportation ___
13. Other changes ___

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Section I: Introduction

The mission of the State Public Charter School Authority (SPCSA) is to improve and influence public education in Nevada "by sponsoring public charter schools that prepare all students for college and career success and by modeling best practices in charter school sponsorship." This mission includes assisting chartered public schools in making orderly enrollment, facility, financing and other changes to enable them to provide high-quality educational choices to students and their parents in Nevada.

As SPCSA public schools grow and progress they may wish to consider changes, additions or other improvements to their structure, facilities, legal relationships, school size or location(s). NRS 388A, NAC 388A and individual chartered public school contracts list various potential changes a school may consider making. These changes require that the school request and receive approval of the SPCSA Board to a Request For Amendment (RFA) before proceeding, except in the case of an emergency. The school must submit the RFA to the SPCSA describing the intended change and providing documentation to support approval of the requested change, to be confirmed by an amendment to the school's charter contract signed by a representative of the board or the designee of the board.

These considered changes can be made through amendments to charter school contracts with the SPCSA, pursuant to NRS 388A.223 *et seq*, NAC 388A.305 *et seq*, and their respective Charter Contract. This Request For Amendment (RFA) application is provided by the SPCSA in fulfillment of its responsibility to develop a policy and procedure "for amending a written charter or charter contract and the criteria for determining whether a request for such an amendment will be approved…." NRS 388A.223. This RFA describes the "manner in which such procedures and criteria will differ if the sponsor determines that the amendment is material or strategically important." NRS 388A.223.

This universal RFA application replaces all prior specific project RFA applications the SPCSA provided. It includes two sections. The first is a standard section which all RFA applicants must complete. It calls for general information about the school. The second section contains specific requests for supporting documentation to support the applicant's request for specific contract amendments. Applicants need only submit one complete application for one or more amendments being recommended. That application should include supporting documentation for the general application section and specific supporting documentation for each specific amendment being requested.

Section II: Eligibility Requirements

To be eligible for consideration of approval of a contract amendment a school must submit a complete and accurate RFA, in accordance with the requirements and directions stated herein prior to the deadlines stated herein.

To be eligible to submit an amendment, the school must be in good standing in all three domains of the Authority's academic, financial, and organizational performance frameworks and it must not be considered a low-performing school or otherwise ineligible according to any definition set forth in law or regulation. "All schools begin outside of the intervention ladder and are considered to be in Good Standing." Charter School Performance Framework[1]. Schools with questions about their eligibility should contact SPCSA staff.

Ineligible schools may include, but are not limited to, those schools which operate an elementary, middle, or high school rated below the three star level; schools which operate an elementary, middle, or high school program that is a priority or focus school; schools which operate high schools with graduation rates below 60 percent; schools with compliance issues, including participation warnings or penalties on the Nevada School Performance Framework; and schools with financial framework deficiencies.

A school which does not have at least one independent financial audit and one year of academic performance data in the Nevada system of accountability is ineligible to apply for an expansion amendment unless the school was approved by the Authority as an EMO replication of a high performing charter school in another state or

[1] http://charterschools.nv.gov/uploadedFiles/CharterSchoolsnvgov/content/Grocers/Performance%20Framework.pdf

the operator applied as a CMO applicant and has replicated a high performing charter school model from another state. In such cases, the school will be required to submit updated academic, financial, and organizational performance data in all three domains from the replicated EMO school or CMO school network. In the event that the Authority mandates a system-wide assessment to supplement the statewide test and provide for additional data in the event of a testing irregularity or a change in state testing provider, schools should expect that data from that assessment will outweigh data provided from a school's internal assessment system.

All applications and the actions being requested for approval must be in compliance with NRS 388A, NAC 388A and all other relevant federal laws and regulations and SPCSA policy.

Schools with questions about eligibility should contact SPCSA staff for further clarification.

Section III: Amendment Types

NRS 388A, NAC 388A and individual chartered public school contracts list potential changes a school may consider making. The school must request and receive approval from the SPCSA Board of the Request For Amendment before the school may proceed with the intended change.

The following is a list of the RFA applications which are now being replaced by this universal RFA application. The approval for any material change considered for a school, including affecting facilities or operations, for which an express amendment was or was not earlier provided may now be handled through this single RFA application. Actions requiring an amendment to a charter school contract include those in the following list. Schools should contact the SPCSA if they are considering any change or addition to what was approved in their charter contract. For all RFAs, the General Section of this application must be completed according to the instructions herein. Specific RFA requirements for the below RFAs have specific requirements which must also be completed.

1. Add Distance Education
2. Add Dual-Credit Program
3. Change Mission and/or Vision
4. Eliminate a grade level or other educational services
5. EMOs: Entering, amending, renewing, terminating Charter Contract with an EMO
6. Enrollment: Expand Enrollment in **Existing** Grade Level(s) and Facilities
7. Enrollment: Expand Enrollment in **New** Grade Levels
8. Facilities: Acquire or Construct a new or additional Facility that will not affect approved enrollment
9. Facilities: Occupy new or additional facility
10. Facilities: Occupy a Temporary Facility
11. Facilities: Relocate or Consolidate Campuses
12. RFA: Transportation
13. Other changes requiring or not requiring approved RFAs:
    a. As described in NAC 388A.335 regarding a request for **an amendment not otherwise described**
        i. If the governing body of a charter school wishes to amend its written charter or charter contract, as applicable, in **a way that is not described** in NAC 388A.310 to 388A.335.
        ii. M**aterial amendments** to the written charter or charter contract, as applicable. If the sponsor determines that the proposed amendment is material, the governing body must obtain approval from the sponsor before the amendment becomes effective.
        iii. **Nonmaterial amendment** to the written charter or charter contract, as applicable. If the sponsor determines that the proposed amendment is not material, the governing body is not required to obtain approval from the sponsor before the amendment becomes effective.

    b. Other **non-amendment changes**. Pursuant to NAC 388A.340 the governing body of a charter school (1) shall notify the sponsor of the charter school not later than 10 days after the charter school makes any change to the mailing address, telephone number, facsimile number, articles of incorporation or bylaws of the charter school.

Applicants seeking more than one amendment may now use this RFA template and provide supporting documentation as requested in the general and applicable specific sections below.

The General Requirements Sections of this application describe general supporting documentation required for RFAs.

The Special Sections describe specific supporting documentation required for specific RFAs requested to enable specific changes being pursued by the school board.

For applicants seeking to make changes for which amendments are not listed above, contact SPCSA staff regarding what, if any, documentation may be required.

Section IV: Processing Schedule

RFA applications are processed according to the following schedule. Boards/Schools must submit their completed amendment request into the Charter Amendment section of Epicenter by 5:00 pm PT within the deadline schedule provided below for the relevant Spring or Fall application cycle.

If a below date falls on a federal or state officially recognized holiday, the submittal will be due no later than 5 p.m. Pacific Time on the first working day following said holiday.

Section V: Deadlines

	Spring Cycle	Fall Cycle
Notice[2] of Intent to submit Request for Charter Amendment (RFA)	Due between March 1 - 15	Due between September 1 - 15
Request For Amendment (RFA)	Due between April 1 – 15	Due between October 1 – 15
Board Meeting for Possible Action	June board meeting	December board meeting

Charter school expansion (i.e., additional campuses and/or grade levels) requests **must be submitted** at least 9 months prior to the proposed implementation. For example, a school wishing to expand in the 2020-2021 school year must submit an amendment to Authority staff no later than the fall cycle of 2019.

Section VI: Application Process

1. The school board determines that an applicable change is or may be required. The board may direct a representative of the school to contact the SPCSA to explain the potential change and request guidance or may direct a representative to prepare and submit a Notice of Intent and RFA including supporting documentation according to the deadlines set forth above.
   a. Pursuant to NAC 388A.305(1) the "governing body of a charter school shall hold a public meeting that complies with the provisions of chapter 241 of NRS before the governing body submits to the sponsor of the charter school a written request for an amendment to its written charter or charter contract, as applicable, pursuant to NRS 388A.276. The governing body of a charter school may not request such an amendment unless a majority of members of the governing body vote to approve making the request."
2. Applicant submits a timely submitted notice.
3. SPCSA transmits a confirmation of receipt of the NOI and may contact the applicant with any questions or comments.
4. Applicant submits a timely submitted and Request for Amendment (RFA) including all applicable requested supporting documentation.

[2] Notice or Letter of Intent

5. SPCSA transmits a confirmation of receipt of the RFA and may contact the applicant with any questions or comments.
6. SPCSA staff, and potentially external reviewers, begin the completeness check process. SPCSA Staff may contact the applicant for more information, for more clarity, or to let the applicant know their application is insufficiently complete and cannot be processed at this time without substantial improvements to completeness, clarification or other aspects.
7. Staff transmits to applicant confirmation of completeness or determination that the RFA application is substantially incomplete so that it will not be processed at this time.
8. Upon confirmation of completeness, SPCSA staff, and potentially external reviewers, begin the review process of the RFA. SPCSA Staff may contact the applicant for further clarification and with requests for additional information or to explain issues with the RFA.
9. Staff will discuss with applicant SPCSA staff's likely recommendation based on staff's review and analysis of the RFA submitted. Applicant may determine if it wishes to proceed.
10. Staff will schedule a Board meeting date during which to present applicant's RFA along with staff's recommendation.
11. If the Agency Board approves the RFA, then staff will
    a. work with the applicant to make the amendment changes to the contract and to secure an updated, mutually executed contract, to enable the school to proceed to implement the terms of the amendment.
    b. implement the process to monitor the fulfillment of any conditions of the amendment, pursuant to the amended contract.
12. In the alternative, pursuant to NAC 388A.305(2) and except "as otherwise provided in NAC 388A.310 to 388A.335, inclusive, if the governing body of a charter school requests an amendment to its written charter or charter contract, as applicable, pursuant to NRS 388A.276, the sponsor of the charter school may authorize its staff to approve the amendment as the sponsor deems appropriate." In such a case, staff will

    a. work with applicant to make the amendment changes to the contract and secure an updated, mutually executed contract,
    b. implement the process to monitor the fulfillment of any conditions of the amendment.

Applicants may contact the following SPCSA staff with any questions regarding this RFA Application.

1. Mike Dang, 702.486.8879, mdang@spcsa.nv.gov
2. Danny Peltier, 775-687-9178, dpeltier@spcsa.nv.gov
3. Mark Modrcin, 702-486-8271, mmodrcin@spcsa.nv.gov

Section VII: Application Instructions

Specifications

1. It is the responsibility of the applicant to ensure that the content is complete, detailed, and easily understood and followed by reviewers; external experts; and parents, families, and the general public.
2. Application responses made in this file should add no more than 50 pages to this approximately 40 page "core" application for a total of up to 90 pages—in addition to all required appendices/attachments.
3. RFA submittals must all be in an electronic format. The RFA "core" application must be in a searchable pdf format. (Do not print it to hard copy and scan it.) Site, architectural and similar plans which can only forward may be in the pdf format submitted to the applicant by their consultant or professional.
4. Leave the text of the questions in the document and add your responses following each question. This will facilitate reviews, document access (hyperlinked table of contents) and enable better public transparency.
5. Begin each major section (Executive Summary, Meeting the Need, Academic Plan, etc.) on a separate page.
6. All pages in the core application must remain consecutively numbered, as they are, in the footer and include the total number of pages, such as "Page 25 of 80."
7. A RFA may not require all attachments described in this document. Place an "N/A" where appropriate—next to the respective "Attachment __." Do not leave them blank.

8. The name of each attachment, e.g. "Attachment 1," etc. must be placed in the header of the first page and header/footer of remaining pages to facilitate review and navigation. Bookmarking individual sections and attachments in Acrobat is strongly encouraged to enhance readability and facilitate a thorough review.
9. Attachments may have independent page numbering.
10. The table of contents must identify the page number of each major section of the narrative and each required attachment—or simply respond within the MS Word version of this Application with its Table of Contents.
11. You do not need to try to fix the Microsoft Word formatting in this application if the formatting doesn't automatically generate the correct or best font or outline number/letter when you enter text. As long as you include your response in the proper section we will ignore a misplaced outline number/letter.
12. References and citations should be placed in the footer.
13. If a particular question does not apply to your team or application, simply respond with a statement explaining why the question is not applicable AND including the term "not applicable" or "N/A" within the sentence.
14. All questions, including those identified as "Not Applicable" and tables not utilized must be left in the document. Tables which are accompanied with directions permitting the school to modify the number of rows and to customize the designated content may be changed as indicated.
15. Any budget or numerically oriented sheets must be submitted in a working Microsoft Office Excel file in addition to a pdf attachment.
16. When submitting resumes and biographies of proposed new board members and staff, label each document with the individual's affiliation with the proposed school (board member, principal, teacher, etc.) and combine the files into a single converted PDF document.
17. Review all elements of your request for completeness before submitting. Incomplete requests will not be accepted, and schools are not able to amend, revise, or supplement their request after it has been submitted unless the SPCSA, at its sole discretion, requests additional information or the SPCSA board votes to reject the request and the applicant chooses to resubmit a revised request at a later date.
18. Schools are strongly encouraged to maintain final Microsoft Word versions of all written materials. In the event that a school elects to resubmit a request with additional content and documentation, the school will be expected to use the Track Changes function to identify any additions or deletions to the application. Specific format requirements for such resubmissions will be furnished to applicants upon request.
19. Applicants are reminded that all requests for facilities or enrollment expansion amendments are public records and are posted on the SPCSA web site. Once a request is approved, it is expected that the complete charter application and the approved amendments will be posted on the school's web site or will otherwise be made available via electronic means upon request from any member of the public. To ensure the broadest range of accessibility for public documents, the SPCSA strongly encourages applicants to consult the Accessibility Guidance offered by our peer authorizer, the Massachusetts Department of Elementary and Secondary Education: http://www.doe.mass.edu/nmg/MakingAccessibleDocuments.pdf and http://www.doe.mass.edu/nmg/accessibility.html.

Applicants MUST submit amendment requests electronically in Epicenter, the statewide document management center for school submissions to the State Public Charter School Authority. All documents, other than budget documents and data submissions better suited to Excel, must be submitted as PDF documents. All PDF documents, other than those individual pages containing signatures or facilities documentation, must be submitted as converted (not scanned) documents.

Section VIII: Attachments for Applications

1) A letter (1-3 pages) approved and submitted by the governing body of the charter school clearly summarizing and explaining the RFA and the contract changes being requested, submitted with documentation (meeting minutes)

showing the request was approved and submitted by the governing board of the charter school following a public meeting held pursuant to chapter 241 of NRS.

2) Letters of Community Support/Partnership
   a) May be scanned to PDF.
3) School and network leadership team job descriptions
4) Resumes for proposed school leader
   a) For RFAs where a new school leader would be installed
5) Student achievement data with NSPF rankings
   a) For the greater of the prior three, two, or one year(s), if available.
6) Competencies used for school leader selection
   a) For RFAs where a new school leader would be installed
7) Regional Director resume or job description
   a) Where applicable
8) CMO/Local Network organizational charts
   a) Where CMOs/EMOs are or will be involved
9) New Board Member Information Sheets
   a) For any current board members new since the opening or the last prior RFA
10) Incubation Year Planning Table
   a) For expansions into new facilities
11) EMO agreement documentation
   a) If school will contract with a non-profit or for-profit EMO for additional services or
   b) This expansion will result in additional payments to an existing EMO
   c) OR an assurance that the school is not contracting with an EMO
12) Operational execution plan
13) Budget narrative
   a) Include a description of planned/projected changes to enrollments with resulting budget impacts to revenues and expenses.
14) Financial Plan –
   a) Submit working Excel model showing budgeted new/marginal/additional revenue and expense changes contemplated from proposed changes as well as impacts on surplus/deficits and statement of position
   b) Include copy of most recent annual budget submitted
15) Local Network Budget
   a) Where applicable
16) For schools which replicate an EMO or CMO model from another state which do not yet have Nevada performance data:
   a) School performance data sheet and data from network's internal assessments demonstrating that the Nevada school is performing at a level similar to schools in other geographies.
   b) Historical financial documents for the entity including
      i) audited financial records for the entity Attachment
      ii) if any of the schools operated by the management organization are technically separate entities,
         (1) audited financials for each such school as well as any other campus by campus financial evaluations conducted by charter school authorizers.
   c) At least three years of school financial audits are required for any school operating for three years or longer. This may be provided in the format of your choosing.
17) School Data Worksheet

Section IX: Elements of Successful RFAs

Successful amendment requests demonstrate the following characteristics:

Domain	Criteria
Organizational and Governance Accountability	Strong Governing Team that Significantly Exceeds Statutory Minimum Criteria with Proven Track Record of Transparently and Accountably Governing a Multi-Million Dollar Public Entity
Leadership	School and Network Leaders with Exemplary Track Record of Academic and Operating Results with Similar Model/Population Strong Operating Team with Proven Track Record of Transparently and Accountably Operating a Multi-Million Dollar Public Entity
Academic Accountability	Proven School Model With Proven Track Record of Producing 4/5 Star Results with Target Population
Fiscal Accountability	Strong School and Network Financial Model With Proven Track Record of Increasing Annual Fund Balances[3] Track Record of Clean Audits
Business Relationships	Transparent and Appropriate Client/Vendor Relationship with Any Identified Service Providers

[3] Such fund balance increases are intended to track free cash on hand, and should be exclusive of any capital refresh, expansion, or bond-mandated reserves budgeted for and maintained by the school.

Section X: General Requirements Section

A) EXECUTIVE SUMMARY

4 Pages or less per RFA

Provide a brief overview of your school, including:

1. Identification of the school, its location(s), enrollment(s)(most recent ADE quarter), brief history, brief description of its board members and key leadership team members

   Beacon Academy of Nevada (BANV) is located at 7360 West Flamingo Road, Las Vegas, Nevada. The school provides educational services exclusively to alternative education high school students, sixteen years or older, who reside in Clark County. During Quarter 1 of the current school year, 357 students were enrolled at BANV.

   The Beacon Academy Governing Board is comprised of seven members:

   - **President -Lynda Spann**
   - **Vice President –Thomas Krob**
   - **Treasurer – Sarah Sherman**
   - **Secretary – Susan Rodrigues**
   - **Members: Janet Patterson, Anna Hensley, Art Escoto**

   BANV administrative team is comprised of Andrea Damore, Executive Director of Academics, Tambre Tondryk, Executive Director of Operations, and Dr. Michael Simao, Site Administrator

2. Statement and overview of the mission and vision

   Mission

   To offer at-risk high school students the choice of an innovative and relevant education, which provides the flexibility and support to graduate from high school with concrete plans for their future.

   Vision

   To guide Nevada students successfully through high school, help them obtain a high school diploma, and prepare them for college and/or a career.

3. Specific statement of the request

   The Beacon Academy of Nevada Governing Board, operating under a new contract with a start date of June 2020 and a six-year expiration date of June 2026, is seeking approval from the SPCSA to amend the charter school contract with the SPCSA regarding the following (check all that apply):

__ 1. Dual-Credit Programs

__ 2. EMOs: Amend charter contract with an EMO

__ 3. Enrollment: Expand enrollment in existing grades and facilities

__ 4. Enrollment: Expand enrollment in new grade levels

__ 5. Enrollment: Eliminate a grade level or other educational services

_X_ 6. Facilities: Acquire or construct a new or additional facility that will not affect approved enrollment

__ 7. Facilities: Occupy additional sites

__ 8. Facilities: Relocate or consolidate campuses

__ 9. Facilities: Occupy a temporary facility

__ 10. Other (specify):

(See full list above of RFA amendment types)

Attach a copy of the document(s), including minutes, confirming approval of the RFA. **Attachment #3**

4. A summary explanation of the reasons that the charter school is seeking to make this specific requested change.

   Beacon Academy of Nevada (BANV) was recently made aware that Flamingo Tenaya LLC, the company that currently leases the school facility located at 7360 W. Flamingo Road, Las Vegas, NV 89147, is in Chapter 11 Bankruptcy, with the property facing foreclosure. The Trustee assigned to the property explained that there may be an opportunity to purchase the building. Due to the time sensitive nature of the court hearings in this matter, it has been advised that an offer be made and accepted prior to the January 31, 2020 hearing.

   Accordingly, BANV is respectfully requesting approval to immediately move forward with the purchase of the property should it become available. The estate includes two buildings each, with a two-story design comprised of 12,760 square feet. The physical address for the buildings are 7360 W. Flamingo Road, Las Vegas, NV 89147 and 4035 South Tenaya Way, Las Vegas, NV 89147. The square footage for the land is 1.75 net acres or 76,230 square feet. The estate size includes 22,959 square feet of net rentable area (total of 2 buildings that are operated as one economic unit) and the Gross Building Area is calculated at 25,520 square feet or 12,760 per building.

5. Description of proposed target model and target communities – **No Change**
6. Statement of outcomes you expect to achieve across the network of campuses -**Not Applicable**
7. Key components of your educational model for the expanded school - **Not Applicable**
8. The values, approach, and leadership accomplishments of your school or network leader and leadership team - **Not Applicable**
9. Key supporters, partners, or resources that will contribute to your expanded school's success. -**Not Applicable**

NOTE

1. **For all remaining General Requirements Sections:** Complete and submit all RFAs by answering remaining General Requirements Section questions.
2. **Indicate "No change" for any below requested response that has not changed from your charter school contract.**
3. **Indicate "N/A" for any below requested response in this General Requirements Section that is not applicable to your request. Applicants do not need to respond "N/A" to any Specific Requirements RFA section for which they are not applying.**

B) MEETING THE NEED

Not Applicable

TARGETED PLAN

(1) Identify the community you wish to serve as a result of the expansion or RFA and describe your interest in serving this specific community.

No Change

(2) Explain how your expansion model or RFA, and the commitment to serve this population, including the grade levels you have chosen, would meet the district and community needs and align with the mission of the SPCSA.

No Change

GROWTH RATE AND RATIONALE – N/A This amendment is not seeking growth or expansion.

(1) Describe the school's six-year growth plan for developing new schools in Nevada and other states. Please describe the proposed scope of growth over the next 6 years, including both the schools that the campuses the school has already been approved to open, those it is currently applying to open and any additional campuses that it anticipates applying to open in the next six years (number of campuses, locations, proposed six-year enrollment projections, and grade configuration/type of schools).

a. Provide a rationale for the proposed six-year growth plan; for example, how the school determined the appropriate pace and scope of the proposed growth and why the school is well-positioned to implement the growth plan. If locating in a new community within your present county of location or a new county within Nevada, please explain the rationale for the geographic expansion. If planning to operate new campuses in other states, please explain the rationale for that expansion.

N/A This amendment is not seeking growth or expansion.

(2) Specifically identify the key risks associated with this growth plan and describe the steps the school is taking to mitigate these risks. Respondents should demonstrate a sophisticated and nuanced understanding of the challenges of replication in general and as they relate specifically to their school growth plans based on current and historic experience of charter school management organizations and similar types of multi-site social enterprises and non-profit and for-profit organizations. The response should detail specific risks and explain how the school will minimize the impact of each of these risks, and ideally provide contingency plans for them.

Examples may include:

a. Inability to secure facilities/facilities financing;

b. Difficulty raising philanthropic funding;

c. Insufficient talent pipeline/difficulty recruiting faculty;

d. Insufficient leadership pipeline/difficulty recruiting school leaders;

e. Misalignment between the founding school and leader and new campuses and leaders, and;

f. Ambiguous student performance outcomes and the need to curtail expansion if performance drops.

N/A This amendment is not seeking growth or expansion.

(3) Discuss lessons learned during the school's past replication efforts and those of any replicated school or organization from another jurisdiction. For example: specifically identify each challenge encountered and how

the school addressed them, as well as how the school would minimize such challenges for the proposed campuses.

N/A This amendment is not seeking growth or expansion.

PARENT AND COMMUNITY INVOLVEMENT – N/A This amendment is not seeking growth or expansion.

(1) Describe the role to date of any parents, neighborhood, and/or community members involved in the proposed expansion of the school. **N/A This amendment is not seeking growth or expansion.**

Describe how you will engage parents, neighborhood, and community members from the time that the application is approved through the opening of the new campus(es) or grade levels. What specific strategies will be implemented to establish buy-in and to learn parent priorities and concerns during the transition process and post opening? **N/A This amendment is not seeking growth or expansion.**

(2) Describe how you will engage parents in the life of the expanded school (in addition to any proposed governance roles). Explain the plan for building family-school partnerships that strengthen support for learning and encourage parental involvement. Describe any commitments or volunteer activities the school will seek from, offer to, or require of parents. **N/A This amendment is not seeking growth or expansion.**

(3) Discuss the community resources that will be available to students and parents at the expanded school. Describe any new strategic partnerships the expanded school will have with community organizations, businesses, or other educational institutions that are part of the school's core mission, vision, and program other than dual-credit partners discussed in subsequent sections. Specify the nature, purposes, terms, and scope of services of any such partnerships, including any fee-based or in-kind commitments from community organizations or individuals that will enrich student-learning opportunities. Include, as an **Attachment N/A**. existing evidence of support from new community partners such as letters of intent/commitment, memoranda of understanding, and/or contracts. **N/A This amendment is not seeking growth or expansion.**

(4) Describe the school's ties to and/or knowledge of the target community. How has the school learned from and engaged with this community to date? What initiatives and/or strategies will you implement to learn from and engage the neighborhood, community, and broader city/county? **N/A This amendment is not seeking growth or expansion.**

(5) Identify any organizations, agencies, or consultants that are partners in planning and expanding the school, along with a brief description of their current and planned role and any resources they have contributed or plan to contribute to the school's development. If the school is new to this county, describe how your previous work has prepared you to establish relationships and supports in this new community. **N/A This amendment is not seeking growth or expansion.**

C) ACADEMIC PLAN

Not Applicable

MISSION & VISION – No Change

The mission of your school should describe the purpose of your school, including the students and community to be served and the values to which you will adhere while achieving that purpose. The vision of your school should describe what success looks like for students, for the school as a whole, and for any other entities that are critical to your mission. The mission and vision statement should align with the purposes of the Nevada charter school law and the mission of the State Public Charter School Authority and serves as the foundation for the entire proposal.

Explain whether the proposed mission and vision for the school/network is different from the existing school's mission and vision and how they differ. Describe the reasoning behind any modifications.

Explain whether the mission and vision outlined will replace the current mission and vision of the charter holder, or if the school proposes to complement a broader organizational mission and vision with campus or grade-level specific variants. How will the entity as a whole ensure consistency and coherence of its mission and vision?

CURRICULUM & INSTRUCTIONAL DESIGN– No Change

The framework proposed for instructional design must both reflect the needs of the anticipated population and ensure all students will meet or exceed the expectations of the Nevada Academic Content Standards.

(1) Historical Performance

(a) **Performance Data:** schools are only eligible to complete the amendment request and business plan if the existing schools meet the Authority's eligibility criteria; these criteria reflect a proven academic track record of success with Nevada students and our operating expectations or similar performance in another state.

(i) A school is welcome to provide any additional historical academic performance metrics that fall outside of the operator's contractual performance plan (e.g. average student growth on an adaptive test such as ACT Aspire, NWEA MAP, SCANTRON, Renaissance Learning's STAR, etc.). If provided, describe student performance on these metrics.

(ii) ***Please only provide data in vendor-produced score reports and note that the Authority may require additional time and resources to review and vet such data***.

(b) **Interventions**: Please explain any past performance that has not met the organization's expectations. How was the underperformance diagnosed, how were appropriate intervention(s) determined, and how are they being implemented? What are the key areas in which existing schools/campuses need to improve, and what are the priorities to drive further success?

(2) Academic Vision and Theory of Change

(a) **Model Non-Negotiables:** What are the key non-negotiables (i.e. the key school design components, policies, practices, etc. that underlie school culture and academic outcomes) of your school model? Please include details about the critical elements that are constant across the organization's schools and those that may vary. Discuss any campus-level autonomies in implementing the educational plan.

(3) Performance Management

a) **Measuring Progress:** Describe the school's approach to performance management across the network and with individual campuses, including the systems used to measure and evaluate both academic and non-academic performance of each site and of the network as a whole.

a. What performance management systems, processes, and benchmarks will the school use to formally assess this progress?

b. Explain how the school addresses underperformance and describe the corrective action plan procedures.

b) **Closure:** Describe the conditions that would cause the school to petition the Authority close a consistently low performing campus. Be specific about threshold metrics the school would use to inform its decision.

c) **College Readiness (HS Only):** Describe the mechanisms that the school employs to accurately, reliably, and consistently track college acceptance, enrollment, and persistence rates. If historical data is available on college acceptance, enrollment, and/or persistence rates, please include it. Cite the percent of total alumni for which the school has data on each metric. If data is not available, please include plans to create mechanisms to accurately, reliably, and consistently track student acceptance, enrollment, and persistence rates.

d) **Readiness to Replicate:** What academic, financial, and operational metrics does the school and its Board use to determine readiness for replication?

e) **Compliance:** Describe the proposed academic program and how it complies with the requirements of NRS 388A.366(1)(f) and NRS 389.018. Please complete the scope and sequence/standards alignment template (Excel document at http://CharterSchools.nv.gov/uploadedFiles/CharterSchoolsnvgov/content/Grocers/Alignment Template.xlsx) for each class scheduled to be provided by the school for each grade level to be served following this proposed expansion. For example, a school that currently serves students in K, 1, and 2 which seeks to add grades 3 and 4 would provide the scope and sequence/standards alignment for each class/subject area in the grades currently served along with the scope and sequence/alignment for each of the proposed new grades.

f) **Instructional Strategies:** Describe the instructional strategies that you will implement to support the education plan and why they are well suited for the anticipated student population—including a detailed discussion of these strategies for both the expanded grades and for all existing grades. For each grade level to be served by the charter school following the expansion, identify and describe in detail the data, methods, and systems teachers will use to provide differentiated instruction to students. Please note that SPCSA schools typically start with students performing across a broad spectrum from years below grade level to advanced learners. Include the professional development teachers will receive to ensure high levels of implementation.

g) **Remediating Academic Underperformance:** Describe the school's approach to help remediate students' academic underperformance both for both the expanded grades and for all existing grades. Detail the identification strategy, interventions, and remediation to be implemented. Cite the research/rationale for the chosen methods. How will you measure the success of your academic remediation efforts (in year 1 of the expansion, year 3, year 5, and beyond? How will you communicate the need for remediation to parents? How will staffing be structured to ensure that gifted students are adequately supported?

h) **Identifying Needs:** Describe how you will identify the needs of all students in both the expanded grades and for all existing grades. Identify the research-based programs, strategies and supports you will utilize to provide a broad continuum of services, ensure students' access to the general education curriculum in the least restrictive environment, and fulfill NV's required Response to Intervention model.

i) **Intellectually Gifted Students:** Explain how the school will identify and differentiate to meet the needs of intellectually gifted students in both the expanded grades and for all existing grades in a way that extends their learning and offers them unique, tailored opportunities. Please note that Nevada law classifies intellectually gifted students as eligible for specific support services. How will staffing be structured to ensure that gifted students are adequately supported?

j) **Enrichment Opportunities:** Describe the enrichment opportunities that will be available to students performing at or above grade level in both the expanded grades and for all existing grades as part of the school's comprehensive strategy to ensure that all pupils are making accelerated academic progress.

k) **Matriculation:** Explain how students will matriculate through the school (i.e., promotion/retention policies) and how stakeholders will be informed of these standards.

SCHOOL STRUCTURE: CALENDAR AND SCHEDULE– No Change

a) Discuss the annual academic schedule for the school, including the calendar for the proposed new grades. Explain how the calendar reflects the needs of the student population and the educational model.

b) Describe the structure of the school day and week for both the proposed new grades and for existing grades. Include the number of instructional minutes/hours in a day for core subjects such as language arts, mathematics, science, and social studies. Note the length of the school day, including start and dismissal times. Explain why the school's daily and weekly schedule will be optimal for the school model and for student learning. Provide the minimum number of hours/minutes per day and week that the school will devote to academic instruction in each grade.

c) Describe your goal for student attendance and explain how you will ensure high rates of student attendance. Who will be responsible for collecting and monitoring attendance data? What supports will be in place to reduce truancy and chronic absenteeism?

DISTANCE EDUCATION – No Change

(Distance Education Expansion Amendments)

A charter school that wishes to provide distance education (online, virtual, cyber, etc.) courses and/or programs (NRS 388.820-388.874 and NAC 388.800-388.860) must submit a distance education application to the Nevada Department of Education prior to or in conjunction with its amendment request to the SPCSA.

For applicants who do not propose to offer a program of distance education or who already have approval to operate such a program, please provide a brief statement explaining that the questions in this section are not applicable.

(1) Describe the system of course credits that the school will use.

(2) Describe how the school will monitor and verify the participation in and completion of courses by pupils.

(3) Describe how the school will ensure students participate in assessments and submit coursework.

(4) Describe how the school will conduct parent-teacher conferences.

(5) Describe how the school will administer all tests, examinations or assessments required by state or federal law or integral to the performance goals of the charter school in a proctored setting.

PRE-KINDERGARTEN PROGRAMS – No Change

(All Operators Currently Operating or Proposing to Operate Pre-K)

A charter school that wishes to provide pre-kindergarten services to students who will later enroll in its K-12 programs must apply separately to the Nevada Department of Education to offer education below the kindergarten level following charter approval. Approval to offer pre-kindergarten cannot be guaranteed. Consequently, revenues and expenditures related to pre-kindergarten should not be included in the initial charter application budget. Please note that state-funded pre-kindergarten programs are not directed through the state Distributive Schools Account for K-12 education. In addition to a limited amount of state pre-kindergarten funding available through the Department of Education, the SPCSA is also a sub-recipient of a federal grant to expand early childhood services in certain high-need communities through programs approved by NDE. Applicants are encouraged to review resources available at http://www.doe.nv.gov/Early_Learning_Development/. For applicants who do not propose to offer pre-kindergarten, please provide a brief statement explaining that the questions in this section are not applicable.

(1) Identify whether the school plans to offer pre-kindergarten in the first year of operation at the new campus or in any subsequent year of the charter term.

(2) Identify whether the school will offer fee-based pre-kindergarten services. If the school does plan to offer fee-based pre-kindergarten, explain how the school will ensure that parents will be informed both initially and on an ongoing basis that both state and federal law preclude a K-12 charter school from giving admissions preference to students to whom it has previously charged tuition.

(3) Describe the school's plans for ensuring that the pre-kindergarten program aligns with the mission, vision, and program of the school's other grades and meets all other state requirements.

(4) Explain how the school's proposed pre-kindergarten program may meet the federal pre-kindergarten expansion grant criteria.

HIGH SCHOOL GRADUATION REQUIREMENTS AND POSTSECONDARY READINESS – No Change

(New High School Amendments Only)

High schools approved by the SPCSA will be expected to meet or exceed Nevada graduation requirements. For operators who do not propose to operate a high school program during the initial charter term or who already have approval to operate a high school, please provide a brief statement explaining that the questions in this section are not applicable.

(1) Explain how the school will meet state requirements. Describe how students will earn credit hours, how grade-point averages will be calculated, what information will be on transcripts, and what elective courses will be offered. If graduation requirements for the school will exceed those required by the State of Nevada, explain the additional requirements.

(2) Explain how the graduation requirements will ensure student readiness for college or other postsecondary opportunities (e.g., trade school, military service, or entering the workforce).

(3) Explain what systems and structures the school will implement for students at risk for dropping out and/or not meeting the proposed graduation requirements, including plans to address students who are overage for grade, those needing to access credit recovery options, and those performing significantly below grade level.

SPECIAL POPULATIONS– No Change

Pursuant to State and federal law, SPCSA schools are required to serve the needs of all students in special populations. Beginning in the 2017-18 school year, the State of Nevada will switch to a weighted formula for special education. For the first time, this will provide for equitable special education funding across all Nevada public schools. Over time, this will necessitate current SPCSA-sponsored charter schools moving from a defined continuum of service to a broader continuum of services. All operators submitting amendment requests to the SPCSA after the conclusion of the 2015 Legislative Session should plan on offering students a broad continuum of services.

The SPCSA operates under the following principles with regards to special populations of students:

SPCSA schools serve all eligible students. SPCSA schools do not deny the enrollment of any student based on needs or disability.

1. SPCSA schools are to ensure streamlined access for all students requiring special programs.
2. SPCSA schools develop programs to support the needs of their students.
3. SPCSA schools do not counsel or kick any students out.
4. SPCSA schools utilize best practices to expose students to the most inclusive environments appropriate.
5. If needed, an SPCSA school is responsible for developing more restrictive placements to meet the needs of the highest needs students, including but not limited to clustered placements in consortium with other charter schools.
6. SPCSA schools are responsible for providing high functioning, trained special education teams, which focus on student advocacy and high expectations. IEP teams (including school's leadership) make placement decisions at IEP meetings. Decisions are made based on evidence/data to support what is best for the student.

Special Education– No Change

(1) Track Record: Please explain the extent to which the board and leadership team (instructional leader, etc.) has experience working to achieve high academic outcomes of students with disabilities, including students with mild, moderate, and severe disabilities.

(2) Identification: Describe in detail the school's Child Find process. How will the school identify students in need of additional supports or services?

a) (*Elementary Schools Only*) How will the school accurately identify students prior to and following enrollment (e.g., those who require pre-school special education and related services) and in the early grades (PreK, K, 1, or 2) for appropriate services?

b) (*Middle and High Schools*) How will the school identify and serve students who require special education services and develop transition plans?

(3) (*All Schools*) How will the school handle over-identification of students as having a disability that qualifies them for special education services? What will be the process to transition a student out of special education who has been incorrectly identified as having a disability in the past?

a) Continuum of Services: How will the school provide a broad continuum of instructional options and behavioral supports and interventions for students with a range of disabilities? Specifically describe how students with severe intellectual, learning, and/or emotional disabilities will be served. Provide a chart which graphically illustrates the continuum of services which identifies, by disability and level of severity, the means by which students with disabilities will be able to receive an appropriate public education in the least restrictive environment (note—this graphic may be created using a commercial program like Microsoft Visio or a free or low-cost internet-based solution such as Lucidchart). Identify the resources, personnel (including administrative responsibilities), and direct and related services the school is likely to provide both within general education classrooms and in other settings (e.g., collaborative team teaching (CTT), Special Education Teacher Support Services (SETSS), speech therapy, physical therapy, occupational therapy, counseling, etc.) as well as the services or settings that will be provided through a consortium or other collaborative initiative with other charter schools or through a third party contract.

(4) Enrollment: Describe the school's strategy and plan to recruit, enroll, and retain students with disabilities. How will the school proactively address parent and community perceptions around the availability and appropriateness of the charter school to the needs of students with disabilities?

(5) General Education Collaboration/Access: How will special education and related service personnel collaborate with general education teachers (e.g., team teaching, team planning, etc.) to ensure that all students are able to access a rigorous general academic curriculum?

Staffing: How will you ensure qualified staffing to meet the needs of students with disabilities across a broad continuum? Note: Federal and Nevada law requires licensure for the special education teachers, related service personnel, and psychologists at all charter schools, including those which are permitted to waive other licensure requirements due to their academic track record.

(1) Staff Development: How does the school plan to train general education teachers to modify the curriculum and instruction to address the unique needs of students with disabilities across a broad continuum?

(2) Discipline: Explain how the school will protect the rights of students with disabilities in disciplinary actions and proceedings and exhaust all options in order to promote the continuation of educational services in the home school.

(3) Monitoring: What are your plans for monitoring and evaluating both the progress and success of students who qualify for special education and related services across a broad continuum, and the extent to which your special education program complies with relevant federal and state laws? How will curriculum and instructional decisions be tracked and monitored by IEP teams and school personnel?

(4) Parental Involvement: What appropriate programs, activities, and procedures will be implemented for the participation of parents of students with a broad range of disabilities?

(5) For Distance Education Schools: Describe how the school will provide appropriate services in the distance education learning environment to students with disabilities across a broad continuum. *If you are not proposing to operate a distance education or virtual school, please explain that this is not applicable.*

D) FINANCIAL PLAN

This section must be completed for all applications.

(1) Describe the systems and processes by which the school will manage accounting, purchasing, payroll, and audits. Specify any administrative services expected to be contracted for the school and describe the criteria and procedures for the selection of contractors and the mechanism by which the board will monitor and hold the contractor responsible for providing such services. **No Change**

(2) Present a budget narrative including a detailed description of assumptions and revenue estimates, including but not limited to the basis for revenue projections, staffing levels, and costs. The narrative should specifically address the degree to which the school budget will rely on variable income (e.g., grants, donations, fundraising, etc.). There is no page limit for the budget narrative. Include the following: A detailed discussion of Per-Pupil Revenue: Use the figures provided in developing your budget assumptions.

When developing the FY20 budget BANV projected 400 students. However, after validation day the enrollment has been adjusted downwards to meet the actual enrollment. BANV projected the following student enrollment based on the assumption that it will open a second campus for the 2021-2022 school year. The projected student enrollment is 385 students at the existing campus and will remain at that number through 2025. The projected student enrollment for the second campus will increase from 200 – 350 between 2022-2025. BANV will submit the RFA application to Occupy a New or Existing Facility during the spring cycle, 2020.

	SYE 2018	SYE 2019	SYE 2020	yr 1 SYE 2021	yr 2 SYE 2022	yr 3 SYE 2023	yr 4 SYE 2024	yr 5 SYE 2025
Enrollment, Actual/Approved								
Actual	373	394	-					
Planned	-	-	350	385	585	650	700	735
	373	394	350	385	585	650	700	735

Per pupil funding was projected at $7,242.95 for FY20 and beyond.

	SYE 2018	SYE 2019	SYE 2020	yr 1 SYE 2021	yr 2 SYE 2022	yr 3 SYE 2023	yr 4 SYE 2024	yr 5 SYE 2025
Actual	2,503,822	2,715,054	-	-	-	-	-	-
Projected	-	-	2,535,032	2,788,536	4,237,126	4,707,917	5,070,065	5,323,568
	2,503,822	2,715,054	2,535,032	2,788,536	4,237,126	4,707,917	5,070,065	5,323,568

State Grants –ZOOM, SB178, Teacher Reimbursement Grant, CCR STEM, CCR Work Based Learning Grant, and the AB309 (2019) Block Grant

	SYE 2018	SYE 2019	SYE 2020	yr 1 SYE 2021	yr 2 SYE 2022	yr 3 SYE 2023	yr 4 SYE 2024	yr 5 SYE 2025
Actual	-	-	-	-	-	-	-	-

Projected	-	-	366,458	352,868	360,868	360,868	360,868	360,868
	-	-	366,458	352,868	360,868	360,868	360,868	360,868

Federal Grants – Title I - School Improvement, 1003(a), Title I - IASA(ESEA) A Helping Disadvantaged Students Meet High Standards/School Improvement, SPED- IDEA Part B, Title III Part A - English LEP program, Education for Homeless Children and Youth (McKinney-Vento Act), Title II, Part A - Improving Teacher Quality, and Title IV.

The Multi-Tiered System of Supports (MTSS) is the umbrella for a comprehensive school-wide program that provides consistency with a series of individualized interventions for each student. Through grant funds, BANV is able to maintain a low student to teacher ratio by employing facilitators who provide interventions and academic support. Grant funded, highly qualified licensed teaching positions include: Response to Intervention (RTI) Math, Literacy and Data, and STEM Facilitators. In addition, the Wrap-Around Facilitator and Dropout Prevention Facilitator positions are supported by grant funding. Lastly, the school's Work-Based Learning Program is led by a College and Career Advisor who supports students in their transition into college and/or the workforce which helps motivate students to complete high school.

	SYE 2018	SYE 2019	SYE 2020	yr 1 SYE 2021	yr 2 SYE 2022	yr 3 SYE 2023	yr 4 SYE 2024	yr 5 SYE 2025
Actual	-	-	-	-	-	-	-	-
Projected	-	-	660,015	586,606	586,607	586,607	586,607	586,607
	-	-	660,015	586,606	586,607	586,607	586,607	586,607

Local Revenue

	SYE 2018	SYE 2019	SYE 2020	yr 1 SYE 2021	yr 2 SYE 2022	yr 3 SYE 2023	yr 4 SYE 2024	yr 5 SYE 2025
Actual	-	-	-	-	-	-	-	-
Projected	-	-	-	145,667	145,667	145,667	145,667	145,667
	-	-	-	145,667	145,667	145,667	145,667	145,667

Local revenue is the anticipated rental income, should the BANV amendment be approved.

(3)

(a) Anticipated Funding Sources: Indicate the amount and sources of funds, property or other resources expected to be available through banks, lending institutions, corporations, foundations, grants, etc. Note which are secured and which are anticipated and include evidence of commitment for any funds on which the school's core operation depends in a clearly identified component of **Attachment**. Please ensure that your narrative specifically references what page this evidence can be found in the attachment.

BANV anticipates expending $1.25 million in cash and obtaining a mortgage for the remainder. The annual mortgage cost is anticipated at $159,600.

(b) Anticipated Expenditures: Detail the personnel and operating costs assumptions that support the financial plan, including references to quotes received and the source of any data provided by existing charter school operators in Nevada or other states. –

FTE's

Annual FTE's (Includes Teachers, Support Staff and Admin) are anticipated as shown in the table below. The increase in annual FTE's beginning in 2022 is in anticipation of operating a second campus.

	SYE 2018	SYE 2019	SYE 2020	yr 1 SYE 2021	yr 2 SYE 2022	yr 3 SYE 2023	yr 4 SYE 2024	yr 5 SYE 2025
Actual	-	-	-	-	-	-	-	-
Projected	-	-	31.5	31.5	38.0	38.0	38.0	38.0
	-	-	31.5	31.5	38.0	38.0	38.0	38.0

The school anticipates replication/expansion in FY22. For replication/expansion BANV anticipate hiring 6.5 additional staff.

Expenses (actual/estimate)	SYE 2018	SYE 2019	SYE 2020	yr 1 SYE 2021	yr 2 SYE 2022	yr 3 SYE 2023	yr 4 SYE 2024	yr 5 SYE 2025
Instruction	$ 574,591	$ 1,084,515	$ 1,226,032	$ 1,290,654	$ 1,773,460	$ 1,759,069	$ 1,794,221	$ 1,826,216
Admin & support	$ 1,675,050	$ 2,058,489	$ 2,007,521	$ 2,243,781	$ 2,534,483	$ 2,586,927	$ 2,646,420	$ 2,699,323
Other expenses	$ 122,916	$ 159,684	$ 209,109	$ 110,377	$ 298,495	$ 298,495	$ 298,495	$ 298,495
Total Expenses (b4 Facility payments)	2,372,556	3,302,688	3,442,661	3,644,811	4,606,438	4,644,491	4,739,136	4,824,034

Lease/Mortgage Payments

Lease Payments	Facilities sf	SYE 2018	SYE 2019	SYE 2020	Payments / SYE 2021	yr 2 SYE 2022	yr 3 SYE 2023	yr 4 SYE 2024	yr 5 SYE 2025
7360 W. Flamingo	12,592 sf	$234,789	$223,449	$219,228	$219,228	$219,228	$219,228	$219,228	$219,228
Proposed Expansion	10,000 sf	-	-	-	$108,000	$216,000	$216,000	$216,000	$216,000
		-	-	-	-	-	-	-	-
Total Lease Payments		$234,789	$223,449	$219,228	$327,228	$435,228	$435,228	$435,228	$435,228

Mortgage Payments									
7360 W. Flamingo	12,592 sf	-	-	-	159,600	159,600	159,600	159,600	159,600
4035 Tenaya Way, Ste 101	1,280 sf	-	-	-	-	-	-	-	-
4035 Tenaya Way, Ste 102	1,100 sf	-	-	-	-	-	-	-	-
4035 Tenaya Way, Ste 103, 105	1,007 sf	-	-	-	-	-	-	-	-
4035 Tenaya Way, Ste 104	1,386 sf	-	-	-	-	-	-	-	-
4035 Tenaya Way, Ste 2nd Floor	5,584 sf	-	-	-	-	-	-	-	-
-		-	-	-					
Total Acquisition Payments	22,949	$ -	$ -	$ -	$159,600	$159,600	$159,600	$159,600	$159,600

BANV current lease cost is $219,228 annually. In preparation of adding a second campus, the lease cost is anticipated to increase in Fiscal Year 2021. The lease cost for the current facility and the lease cost for the second facility, if approved, is anticipated to cost $435,228 in Fiscal Year 2022. Should BANV be approved for financing, the mortgage payments are anticipated at $159,600 and expansion lease costs are anticipated at $216,000, for a total cost of $375,600. This would be an annual estimated savings of at least $59,628.

Cost associated with expansion are utilities, Technology-Related Repairs and Maintenance – (hardware / equipment), Building Lease, Other Purchased Property Services, Insurance (Other than Employee) -Operation & Maintenance, Transportation, Other Professional Services –(SPED- Speech Pathology/Psychologist/OT), General Supplies –Classroom, Supplies-Technology-Software - Classroom, Supplies/Equip -Info Tech Related- Classroom, Web-Based Curriculum -Classroom, General Supplies -Student Support Services, General Supplies -School Admin, General Supplies - Operational, Energy (Natural Gas, Electricity), and Natural Gas.

BANV anticipates annual depreciation of $133,593.00 with the approved financing amendment.

(c) Discuss in detail the school's contingency plan to meet financial needs if anticipated revenues are not received or are lower than estimated, including both the scenarios identified in subsections e and f.

BANV anticipates having a reserve of at least 3% for all years, with the exception of FY21. BANV currently has cash and investments of $4,275,123. The school has been saving money in anticipation of expansion.

(d) Year 1 cash flow contingency in the event that state and local revenue projections are not met in advance of opening.

BANV anticipates having a reserve of at least 3% for all years, with the exception of FY21. BANV currently has cash and investments of $4,275,123. The school has been saving money in anticipation of expansion.

(e) Year 1 cash flow contingency in the event that outside philanthropic revenue projections are not met in advance of opening. **Not Applicable**

(4) Submit a completed financial plan for the proposed school as **Attachment 11** (the format of this is left to the applicant's discretion but must be clear and sufficiently detailed to permit Authority staff, external reviewers, and the general public to review of all elements of the school's business plan and gauge alignment and consistency with the academic program, operating plan, and budget narrative).

See Attachment 11 -Multiple Year Projection (MYP) Budget Detail

(5) Submit, as an **Attachment** a detailed budget for the operator at the network level (the format of this is left to the applicant's discretion but must be clear and sufficiently detailed to permit Authority staff, external reviewers, and the general public to review of all elements of the school's business plan and gauge alignment and consistency with the academic program, operating plan, and budget narrative). **Not Applicable**

(6) Provide, as an **Attachment** ,historical financial documents for any affiliated CMO from another state or any EMO providing services to the school, including audited financials for each school operated by the affiliate as well as any other campus by campus financial evaluations conducted by charter school authorizers. At least three years of school financial audits are required for any school operating for three years or longer. Such financials must be provided as converted PDF documents to ensure accessibility. **Not Applicable**

(7) Complete the audit data worksheet in **Attachment** . In the info tab, please identify any schools or campuses listed under the student achievement tab for which, pursuant that relevant state's charter law, financial data is consolidated for reporting and auditing purposes in the independent audits provided in **Attachment 12**.

See Attachment 12 - FY19 Financial Audit

(8) Provide a six-year development plan that addresses the annual and cumulative fundraising need at the network and school levels including a description of the staff devoted to development. The plan should include a history of the school's fundraising outcomes and identify funds that have already been committed toward fundraising goals. The plan should also identify the role of the members of the board, particularly as relates to give/get requirements, and should demonstrate alignment with the expectations for board members discussed elsewhere in the amendment request. If funds are raised at a partner organization level, describe the methodology to be used in allocating funds to the school and the proposed campuses. If the school has not raised any funds to support its programming to date and the budget does not include any fundraising activity, please explain that this question is not applicable to your school. **Not Applicable**

(9) Describe the campus, school, and any management organization distinct responsibilities in financial management and oversight of the proposed campuses, including, but not limited to, their respective roles in overseeing or implementing internal controls and in making financial management decisions including budget development. Detail the process and frequency by which key financial information is communicated to and reviewed by the various organizations and different levels of leadership and governance. **NO CHANGE**

E) OPERATIONS PLAN

- **Indicate "No Change" to the sections or subsections below, where applicable. Otherwise, all applications require completion of this section.**

1. Historical performance – **No Change**
   (a) Performance Data: schools are only eligible to complete the amendment request and business plan if the existing schools meet the Authority's eligibility criteria; these criteria reflect a proven academic track record of success with Nevada students and our operating expectations or similar performance in another state. Please provide a narrative demonstrating that the school meets the organizational criteria for approval.
   (b) Interventions: Please explain any past organizational/compliance performance that has not met expectations. How did the governing body diagnose the under-performance, how were appropriate intervention(s) determined by the governing body, how are they being implemented by staff, and how is the governing body monitoring implementation of the interventions on a monthly basis?
   (c) What are the key areas in which the existing school or schools/campuses need to improve, as determined by the governing body, and what are the priorities to drive further success?

2. Organization governance structure & board development: – **No Change**

   (a) Describe how the organization's governance structure will adapt to oversee and support the 6-year growth plan and addition of new school(s). Include any impact on: (1) the composition of the Board, the Board's roles and responsibilities, and the Board's development priorities and (2) the Board's relationship to individual campuses
   (b) Describe the diverse skillsets that currently exist on the Board and note any additional type of expertise that the Board may seek to help support the growth plan.
   (c) Identify any Board development requirements relative to the organization's governance needs at each stage of growth.
   (d) Describe how the Board identifies and addresses conflicts of interest. Attach a code of ethics that includes a formal conflict of interest policy and specifies the procedures for implementing the policy.

3. Organization charts and decision-making authority: -**No Change**

   (a) Provide the following organizational charts:
   (i)Current
   (ii) Vision for school in three years (clearly identify both campuses requested in this amendment request as well as any additional campuses that the operator anticipates applying to open within three years)
   (iii) Vision for school in six years (clearly identify both campuses requested in this amendment request as well as any additional campuses that the operator anticipates applying to open within six years)

The organization charts should represent all national and state operations and clearly delineate the roles and responsibilities of – and lines of authority and reporting among – the governing board, staff, any related bodies (e.g., advisory bodies or parent/teacher councils), and any external organizations that will play a role in managing the schools. If the school intends to contract with an education management organization or other management provider, clearly show the provider's role in the organizational structure of the school, explaining how the relationship between the governing board and school administration will be managed. Please *include* all shared/central office positions and positions provided by *the Management Organization (CMO or EMO) in the organizational chart, if applicable.*

4. Describe the proposed organizational model; include the following information: **No Change**

   a) Job descriptions for each leadership or shared/central office role identified in the organizational chart (provide as an **Attachment**) – **No Change**
   b) Resumes of all current leadership (provide as an **Attachment -No Change**
   c) Previous student achievement data for the proposed instructional leaders at each proposed campus (if available) (provide as part of **Attachment- No Change**)

5. Describe the leadership team's individual and collective qualifications for implementing the multi-site school design and business and operating plan successfully, including capacity in areas such as: – **No Change**

(a) School leadership;
(b) School business operations and finance;
(c) Governance management and support to the Board;
(d) Curriculum, instruction, and assessment;
(e) At-risk students and students with special needs;
(f) Performance management; and
(g) Parent and community engagement.

6. Explain who is responsible for school leader coaching and training and what those processes will look like in action. Please include any existing competencies used for school leader selection and evaluation, if available (provide as an **Attachment N/A**).– **No Change**
7. Explain your school leader's role in the successful recruitment, hiring, development and retention of a highly effective staff. – **No Change**
8. Explain your campus instructional leader's role in providing instructional guidance and school culture guidance. How will the leadership team work in support of the campus instructional leader's guidance? – **No Change**
9. What systems are in place in your leadership team structure to ensure redundancies in knowledge and skill? – **No Change**

2. LEADERSHIP FOR EXPANSION– No Change

a) Describe the operator's current or planned process for recruiting and training potential network leaders. Explain how you have developed or plan to establish a pipeline of potential leaders for the network as a whole. If known, identify candidates already in the pipeline for future positions.

b) Identify the proposed regional director candidate, if applicable, and explain why this individual is qualified to lead the expansion of the organization (provide a resume as an **Attachment N/A**). Summarize the proposed leader's academic and organizational leadership record. Provide specific evidence that demonstrates capacity to design, launch, and manage a high-performing charter school network.

c) If a regional director candidate has not yet been identified, provide the job description (as an **Attachment N/A**) or qualifications and discuss the timeline, criteria, and recruiting and selection process for hiring the regional director. Note: It is strongly encouraged that schools proposing to open new campuses in the 2018-19 school year, identify the regional leader *(Regional Director, Executive Director, etc.)* in the proposal. The SPCSA reserves the right to require schools which do not have network leadership and support position candidates identified to defer opening new campuses until the 2018-19 school year and to add additional criteria to the pre-opening requirements for such campuses.

3. STAFFING– No Change

a) **Complete and submit a working copy of the RFA Staffing & Enrollment Worksheets Excel file.** indicating projected staffing needs for the proposed campuses over the next six years. Schools should also complete the second table outlining projected staffing needs for the entire network over the next six years. Include full-time staff and contract support that serve the network 50% or more. Change or add functions and titles and add or delete rows as needed to reflect organizational plans.

Sample Excerpt—*Complete using Excel file*

[Specify]						
[Specify]						
[Specify]						
[Specify]						
[Specify]						
[Specify]						
[Specify]						

[Specify]						

4. HUMAN CAPITAL STRATEGY– No Change

Describe your strategy, plans, and timeline for recruiting and hiring teachers for a multi-site charter school. Explain key selection criteria and any special considerations relevant to your school design. *Note: schools with strong track records of academic success, as determined by the Department of Education, are eligible to waive teacher licensure requirements for all teachers except for special education and ELL professionals as long as they meet all other federal and state requirements. Maintaining such a waiver is contingent on the school continuing to achieve at the 3 Star level or higher (or equivalent) on the statewide system of accountability. Please refer to Section 46 of SB509 (2015 session) for additional information.*

a) **Recruitment:** Identify whether recruitment will be managed at the campus or network level. Identify key partnerships and/or sources the operator will rely upon of teachers and leaders. Identify the process the operator will rely upon to identify and develop high-quality leaders and high-quality teachers.

b) Leadership Pipeline: **Discuss the specific measures and timelines the organization will employ to identify and develop organizational and school leaders. For example, explain:**

1) How the school plans to identify leadership internally and externally;

2) Who will be responsible for hiring leaders;

3) Formal and informal systems that will prepare leaders for their responsibilities;

4) The school's philosophy regarding internal promotions;

5) The timing for identifying leaders in relation to the launch of a new campus; and,

6) Internal or external leadership training programs.

c) **Professional Development:** Identify the school's plan to meet professional development needs. Include whether professional development will be managed at the school or network level and how new campuses will be added to existing professional development. Also identify the method the school will use to determine the effectiveness of professional development.

d) **Performance Evaluations and Retention:** Identify the school's approach to staff performance evaluations. Identify how frequently the organization plans to: evaluate teachers, campus administrators, and network leaders and staff, who will evaluate whom, and how the organization plans to retain high-performing teachers and administrators?

e) **Compensation**: Explain the board's compensation strategy and salary ranges for network and school level staff. Discuss how the compensation structure enables the organization to attract and retain high quality staff and describe any incentive structures such as bonuses or merit pay. Compare the proposed salary ranges to those in other organizations, charter schools and local districts, as applicable.

5. SCALE STRATEGY –No Change

a) Describe the steps that you will take to scale your model to new sites, including the people involved and the resources contributed both by the founding campus and the new campuses.

b) If the school is affiliated with a CMO or EMO that operates schools in other states, compare your efforts to scale operations to Nevada to past scale efforts in other states.

c) Describe your plan for embedding the fundamental features of the model that you described in the transformational change section in each new campus that you plan to open.

d) Explain any shared or centralized support services the management organization will provide to campuses in Nevada.

e) Describe the structure, specific services to be provided, the cost of those services, how costs will be allocated among campuses, and specific service goals of the network. Please also include how the school will measure successful delivery of these services. In the case of a charter management organization proposing to contract

with an education management organization, service goals should be outlined in the term sheet and draft contract provided later in **Attachment N/A**. Note that Nevada law allows charter schools to contract for the management or operation of the school with either a for-profit or non-profit education management organization.

f) Using the table below, summarize the division school- and organization-level decision-making responsibilities as they relate to key functions, including curriculum, professional development, culture, staffing, etc. This division of responsibilities will be evaluated both in the context of Nevada law and regulation and best organizational and authorizing practices nationally.

Function	Mgmt Org Decision-Making	Network Leader Decision-Making	Board Decision-Making	Campus Leader Decision-Making
Performance Goals				
Curriculum				
Professional Development				
Data Mgmt & Interim Assessments				
Promotion Criteria				
Culture				
Budgeting, Finance, and Accounting				
Student Recruitment				
School Staff Recruitment & Hiring				
HR Services (payroll, benefits, etc.)				
Development/ Fundraising				
Community Relations				
IT				
Facilities Mgmt				
Vendor Management / Procurement				
Student Support Services				

Other operational services, if applicable				

6. STUDENT RECRUITMENT AND ENROLLMENT– No Change

Like all public schools, public charter schools must be open to any such child, regardless of that child's race, gender, citizenship, or need for accommodations or special education services. Thus, recruitment and enrollment practices should demonstrate a commitment to providing all students equal opportunity to attend the school, and help schools avoid even the appearance of creating barriers to entry for eligible students.

a. Explain the plan for student recruitment and marketing for the new campuses that will provide equal access to interested students and families, including how the school will comply with the requirements of SB208 (2015 session). Specifically, describe the plan for outreach to: families in poverty; academically low-achieving students; students with disabilities; and other youth at risk of academic failure. For schools which are giving one or more statutorily permissible admissions preferences pursuant to NRS 386.580 or SB390 (2015 session), please indicate if you plan to focus your student recruitment efforts in specific communities or selected attendance areas.

b. Provide a detailed discussion of the school's track record in recruiting and retaining students that reflect the ethnic, socio-economic, linguistic, and special needs diversity of the current charter school and each campus to at least the level reflected by the attendance zones where the charter school will operate facilities before approving the proposal. Please provide the school's past enrollment and retention performance for all years since the inception of the school broken out by race, ethnicity, language other than English, disability and 504 status, and eligibility for free and reduced priced lunch both as a school and in comparison, to the school's current zoned schools.

c. Detail how the school's programmatic, recruitment, and enrollment strategies are designed to recruit, enroll, and retain a student population that is representative of the zoned schools which prospective students would otherwise attend in the community. Schools which do not currently represent their communities based on the data identified above and are not serving an at-risk population are expected to add several of the following programmatic, recruitment, and enrollment strategies to merit approval: (1) participation in state-funded pre-K programs (including federal pre-K) for low-income students; (2) substituting online and social media marketing which advantages affluent and well-connected populations with a community-based, grassroots campaign which targets high need populations in the community, including aggressive door-to-door outreach and publishing marketing materials in each language which is spoken by more than 5 percent of families within each attendance zone; (3) an explicit commitment to serving a broad continuum of students with disabilities and the expansion of programs, including cluster programs or consortia, to meet the needs of a broad spectrum of student needs; (4) a weighted lottery[4] which provides additional opportunities for specific target populations to be admitted to the school in a manner consistent with state and federal law; and (5) other enrollment policies and strategies which have had a demonstrated track record of success in dramatically increasing the diversity of student populations in a high achieving charter school to at least the poverty, disability, and ELL profile of the zoned school.

d. What is the enrollment calendar for both the first year of operation and subsequent years of operation? Please specify the dates on which the school will begin accepting applications and how long the enrollment window will last prior to conducting a lottery.

e. What enrollment targets will you set and who will be responsible for monitoring progress towards these targets? What is your target re-enrollment rate for each year? How did you come to this determination? What are the minimum, planned, and maximum projected enrollment at each grade level? Outline specific targets in the table below.

[4] See http://www.publiccharters.org/wp-content/uploads/2015/09/CCSP-Weighted-Lottery-Policy-factsheet-updated-GS-8-27-2015-2.pdf for one possible approach in this evolving area of charter school policy.

f. What systems will you put in place to ensure that staff members are knowledgeable about all legal enrollment requirements pertaining to special populations and the servicing of particular populations of students and can answer parent inquiries in a manner consistent with the letter and spirit of state and federal law?

g. Describe the student recruitment plan once your school has opened. In what ways will it be different than your pre-opening year, in terms of the strategies, activities, events, persons responsible and milestones? How will the school backfill vacancies in existing grades?

h. Complete the following tables for the proposed school to open in 2019-20. Schools applying for multiple campuses must complete enrollment summary tables for each school campus opening in fall 2019 and fall 2020.

1) **Minimum Enrollment** (Must Correspond to Break Even Budget Scenario Assumptions discussed in budget narrative) ***Complete using Excel file "RFA Staffing and Enrollment Worksheets."***

Sample Excerpt

ade Level	Number of Students					
	2019-20	2020-21	2021-22	2021-23	2023-24	2024-25

2) **Planned Enrollment** (Must Correspond to Budget Worksheet Assumptions) ***Complete using Excel file "RFA Staffing and Enrollment Worksheets."***

Sample Excerpt

ade Level	Number of Students					
	2019-20	2020-21	2021-22	2021-23	2023-24	2024-25

3) Maximum Enrollment (Note: Enrolling more than 10 percent of the planned enrollment described in subsection b will necessitate a charter amendment) ***Complete using Excel file "RFA Staffing and Enrollment Worksheets."***

Sample Excerpt

ade Level	Number of Students					
	2019-20	2020-21	2021-22	2021-23	2023-24	2024-25

a. Describe the rationale for the number of students and grade levels served in year one and the basis for the growth plan illustrated above. Note: particular weight will be given to rationales which prioritize academic achievement over financial returns.

b. Schools proposing to open new elementary facilities with more than 400 students or more than 3 grade levels should identify and discuss the specific elements of the school model and organizational track record detailed throughout the request that demonstrate that the proposed expansion model is designed to compensate for the known organizational and academic challenges which accompany serving larger student bodies and multiple grade levels in a start-up environment.

c. Schools proposing to add a new middle or high school facility with more than 200 newly enrolled students in sixth grade or above or more than 2 grades above fifth grade should identify and discuss the specific elements of the school model and organizational track record detailed throughout the request that demonstrate that the proposed expansion model is designed to compensate for the known organizational and academic challenges which accompany serving larger student bodies and multiple grade levels in a start-up environment.

7. BOARD GOVERNANCE – No Change

Complete this section only to the extent it is different from what is shown in the application for the school. Otherwise, indicate "No change from original application or most recent amendment. See attached."

a. Explain the governance philosophy that will guide the board, including the nature and extent of involvement of key stakeholder groups.

b. Describe the governance structure of the expanded school when the board is fully composed, including the primary roles of the governing board and how it will interact with the principal/head of school and any advisory bodies. Explain how this governance structure and composition will help ensure that a) the school will be an educational and operational success; b) the board will evaluate the success of the school and school leader; and c) there will be active and effective representation of key stakeholders, including parents.

c. Please submit board member information for current and proposed new board members in the provided Board Member Template (provide as part of **Attachment N/A**). Please note that at least 75% of new board members for SY 2018-2019 must be identified at the time of the submission of the expansion request.

d. Provide, as part of **Attachment N/A**, a completed and signed Board Member Information Sheet for each proposed new Board member as well as the board member's resume and a thoughtful biographical summary outlining the particular qualifications of each board member as relates to both service on a public charter school board and to the specific needs of this particular charter school.

e. Describe the board's ethical standards and procedures for identifying and addressing conflicts of interest. Will the board be making any changes to its Bylaws, Code of Ethics, and Conflict of Interest policy in light of the expansion or new statutory or regulatory requirements, including SB509?

f. Identify any existing, proposed, or contemplated relationships that could pose actual or perceived conflicts if the expansion request is approved, including but not limited to any connections with landlords, developers, vendors, or others which will receive compensation or other consideration directly or indirectly from the school; discuss specific steps that the board will take to avoid any actual conflicts and to mitigate perceived conflicts, including the new requirements of a Code of Ethics in SB509 and the nepotism regulations applicable to charter schools.

g. Describe the board's history since inception, including a discussion of turnover. How does the board proactively manage governance and succession? How does the board propose to significantly exceed the statutory minimum criteria for board qualifications in light of the complexity and risk associated with governing a large, multi-site charter school network? What elements, characteristics, and behaviors of specific, analogous high performing multi-site charter school networks, non-profit social enterprises,

and for-profit organizations with similar levels of revenues or complexity has the governing body elected to emulate in its governance and in the operation of the school? Describe concrete and specific plans for increasing the capacity of the governing board. How will the board continue expand and develop over time?

h. Describe the kinds of orientation or training new board members will receive and what kinds of ongoing development existing board members will receive. The plan for training and development should include a timetable, specific topics to be addressed, and requirements for participation.

i. Describe the working relationship between the board and staff (academic, operations, and financial) and the working relationship between the board, staff, and any education management organization. Outline the regular reports that will be provided to the board, their frequency, and who will provide them. This may include financial, operational, and/or or academic reports.

j. Describe any advisory bodies or councils to be formed, including the roles and duties of those bodies. Describe the planned composition; the strategy for achieving that composition; the role of parents, students, and teachers (if applicable); and the reporting structure as it relates to the school's governing body and leadership.

k. Explain the process that the school will follow should a parent or student have an objection to a governing board policy or decision, administrative procedure, or practice at the school.

l. What goals will be established for the board and how will board members be held accountable? Outline the key expectations for board members in the table below. What actions would trigger removal from the board and under what process?

Goal	Purpose	Outcome Measure

8. INCUBATION YEAR DEVELOPMENT– No Change

a. Provide a detailed start-up plan as well as specific organizational goals for the planning year (SY 2017-2018) to ensure that the school is ready for a successful launch in fall 2018. Using the template provided, outline key activities, responsible parties, and milestones and submit as an **Attachment N/A**.

b. Please describe the plans for leadership training and development of the selected school leader during the incubation year prior to school opening and how these plans support your year 0 goals. If partnering with an organization, please briefly describe the main components of the training program.

c. Explain who will work on a full-time or nearly full-time basis immediately following assignment of a location to lead development of the school(s) and the plan to compensate these individuals.

9. SCHOOL MANAGEMENT CONTRACTS – Not Applicable

Indicate "Not Applicable" if the school does not intend to amend an existing management contract or enter into a new management contract with a for-profit or non-profit education management organization (EMO).

a. How and why was the EMO selected?

b. Explain whether the management organization will provide services to the charter school as a whole or will it be assigned to provide specific services at an individual campus or campuses or a particular program (e.g. a portfolio management governance model).

c. Describe the relationship between the school governing board and the service provider, specifying how the governing board will monitor and evaluate the performance of the service provider, the internal controls that will guide the relationship, and how the governing board will ensure fulfillment of performance expectations.

d. Disclose fully and provide an explanation of any existing or potential conflicts of interest between the school governing board and proposed service provider or any affiliated business entities, including, without limitation, any past or current employment, business or familial relationship between any officer, employee, or agent of the proposed service provider and any prospective employee of the charter school, a member of the committee to form a charter school or the board of directors of the charter management organization, as applicable.

e. Please provide the following in **Attachment N/A**:

1. 4. A term sheet setting forth the proposed duration of the contract; roles and responsibilities of the governing board, the school staff, and the service provider; scope of services and resources to be provided by the EMO; performance evaluation measures and mechanisms; detailed explanation of all fees and compensation to be paid to the provider; financial controls and oversight; methods of contract oversight and enforcement by the governing board and/or school staff; investment disclosure; and conditions for renewal and termination of the contract;
2. A draft of the proposed management contract which complies with NRS 386.562 and SB509 (2015 session) and all other applicable laws and regulations;
3. As an exhibit to the proposed management contract, a crosswalk of the academic, financial, and organizational goals of the charter school set forth in the SPCSA Charter School Performance Framework, including the school's mission-specific goals, and a clear identification of each of the performance goals and expectations for the education management organization related to each charter school goal. This will serve as the board's primary evaluative tool for the education management organization.
4. Documentation of the service provider's for-profit or non-profit status and evidence that it is authorized to do business in Nevada.
5. Provide a brief overview of the EMO/CMO's history.
6. List any and all charter revocations or surrenders, bankruptcies, school closures, non-renewals, or shortened or conditional renewals for any of the schools managed by the organization and provide explanations. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current leader of the school's authorizing office and a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable authorizer personnel contacted. Include a summary of all performance issues related to each revocation, surrender, bankruptcy, closure, non-renewal, or shorted or conditional renewal. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.
7. Explain any performance deficits or compliance violations that have led to formal authorizer intervention with any school managed by the organization. Provide details as to how such deficiencies were resolved. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current leader of the school's authorizing office and all other authorizer personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and

other knowledgeable authorizer staff regarding all performance issues related to each non-renewal, shortened or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.

8. List any and all management contract non-renewals, shortened or conditional renewals, or renegotiations or reductions in services provided for any of the schools managed by the organization and provide explanations. For all such schools which are still in operation, please provide contact information, including name, legal home or business mailing address, home or business telephone number, and personal or business email address, for the current board chair office and all other board members and school personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable staff or board members regarding all performance issues related to each non-renewal, shorted or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.

10. SERVICES–

1. Provide Attachment describing how the school leadership team will support operational execution. **No change**
2. Provide narrative or evidence illustrating the staffing model, performance metrics, and the school's plan for supporting all operational needs of the school, including but not limited to those listed below.

The purpose of this amendment is to purchase the estate which is currently owned by Flamingo Tenaya LLC. The property includes two identical buildings, 4035 South Tenaya Way, Las Vegas, NV, 89147 and 7360 West Flamingo Road, Las Vegas, NV, 89147. Each building is 12,760 square feet separated by a fenced in courtyard or common area. The Gross Building Area is 25,520 square feet, 22,959 is Net Rentable Area. Beacon Academy of Nevada (BANV) currently occupies one of the two buildings, 7360 West Flamingo Road and is not planning to increase its enrollment. This transaction will not change staffing, performance metrics or impact the academic program nor will it have an impact on school operations. BANV will hire a property manager to continue to lease the commercial space and generate revenue for the school. This revenue will lower BANV facility costs keeping more money in the classroom. Projected cost for a property manager is between 8 - 12% of rent collected. This individual will oversee the day-to-day operations of the two buildings and be responsible for collecting rent, negotiating leases, and supervising cleaning and maintenance activities. By contracting with a property management company, BANV will not alter the operations of the school.

In this space and in the finance section, demonstrate how you will fund the provision of the services below which you are requesting approval to implement.

i. Transportation: Describe your plans for providing student transportation. If the school will not provide transportation, please identify how the school will ensure that this does serve as a barrier to enrollment or ongoing attendance. **Not Applicable**
ii. Food Service: Outline your plans for providing food service at the school, including whether and how you will be your own school food authority or will contract with another provider. If the school will not provide food service, please identify how the school will ensure that this does serve as a barrier to enrollment or ongoing attendance. **Not Applicable**
iii. Facilities maintenance (including janitorial and landscape maintenance)

The cost of retaining a property management company averages 8 - 12% of rent collected. The property manager will oversee the day-to-day facilities operations of the entire property, to include both buildings, parking lots, and internal/external common areas. The property

manager will be responsible for collecting rent payments, negotiating leases, supervising overseeing maintenance/repair activities, and ensuring regulatory compliance. An additional 10% -15% of rent collected will be set aside for external maintenance, including exterior curb appeal, landscape maintenance, and extermination. In addition, these costs can relate to occasional repairs to the property's HVAC systems, roofing, or plumbing. The tenant will pay the majority of utilities, but services like sewer, water and trash removal will be covered by the owner. These expenses will be approximately $2000 per month.

iv. Safety and security (include any plans for onsite security personnel) **(No Change)**
v. Other services

3. Technology: Outline the technology infrastructure and support mechanisms across your school, staff, and teachers. Your outline should include but not be limited to reliable and secure wide area networking, local area networking (e.g., wireless and cables), hardware (e.g., personal computing devices, servers, telephony, storage, routers, switches), technology policies and procedures, device management, and end user support, including the management of user rights and privileges. **No Change**
4. Student Information Management: Timely communication of accurate student information is critical for payments to schools, compliance, and performance monitoring. Please describe how you will manage student information using the statewide Infinite Campus system, and how you will build capacity around the use of the software in order to independently maintain the system. Detail the staff members who will enter data along with the project manager who will commit to trainings and regularly monitor student information for accuracy. **No Change**
5. Data Security: SPCSA charter schools record, generate and consume data that falls under strict requirements for security, privacy, and retention (including FERPA and recent legislation related to the protection of personally identifiable information (PII)). Describe the systems and procedures you will implement in order to ensure you are compliant with these obligations. **No Change**
6. Provide, as an Attachment, a detailed operational execution plan which discusses the planning and provision of these and other essential operational services in greater detail. **No Change**

11. ONGOING OPERATIONS–

1. SPCSA schools coordinate emergency management with local authorities. Explain your process to create and maintain the school's Emergency Management Plan required by the State of Nevada. Include the types of security personnel, technology, equipment, and policies that the school will employ. Who will be primarily responsible for this plan? Does the school anticipate contracting with the local school district for school police services? How will the school communicate with and coordinate with lead law enforcement agencies and other public safety agencies? -

The purchase of the property located at 7360 W. Flamingo and 4035 South Tenaya Way will not have any effect on Beacon Academy of Nevada's Emergency Operating Plan (EOP) and the subsequent coordination with state, county, and city emergency management authorities. As the current occupant of the property being purchased, the current EOP will remain in full force and effect. No changes - other than ownership - will be made to the physical property, faculty, staff, and/or student body. Our EOP, as required by NRS 388.243 and NRS 388.253, has been created by our Development Committee and is reviewed annually. Any recommended changes to the EOP by the Crisis Response Team School Committee (NRS 388.247) must be approved by the Development Committee. (NRS 388.249)

The responsibility of the EOP ultimately rests with the Executive Director of Operations. However, the Operations Coordinator is designated as the primary contact for this plan and ensures that all applicable laws are being upheld, faculty/staff receive ongoing training throughout the year, Safety Committee meetings are held quarterly, and that all drills are conducted as required. Beacon

Academy of Nevada currently contracts campus safety aide services through All City Management Services and, as such, will not be contracting with the Clark County School District for school police services. Communication and cooperation with NV Department of Public Safety, Department of Homeland Security, Clark County Office of Emergency Management, State & County Fire Officials, LVMPD Spring Valley Area Command, LVMPD Fusion Liaison Office, and LVMPD Office of Community Engagement will continue, as has been the practice, by way of outreach, training opportunities, and public relations. In addition, members of the LVMPD, Clark County Fire Department, and Clark County Office of Emergency Management are members of the Beacon Academy of Nevada Development Committee.

2. Discuss the types of insurance coverage the school will secure as a result of the expanded scope of operation and the attendant risks, including a description of the levels of coverage. Types of insurance should include workers' compensation, liability insurance for staff and students, indemnity, directors and officers, automobile, and any others required by Nevada law or regulation. As the minimum coverage required by Nevada law and regulation is intended as a baseline requirement for schools which operate at a significantly smaller scale, schools requesting an amendment are expected to research the levels of and types of insurance coverage typically required of and obtained by multi-site charter school networks in other states, including but not limited to Arizona, California, Colorado, the District of Columbia, Massachusetts, and New York, and crosswalk those levels of coverage with those the school intends to obtain to ensure that the governing body and network leadership is fully cognizant of the complexity of risk management in a multi-site context.

No Change -

BANV already has all of the insurance in place that will be necessary when the acquisition of the property takes place. However, additional coverage will be necessary in some areas as shown below:

- **Property - Currently, BANV only insures the personal property inside of one building. BANV would need to purchase building coverage for two buildings at an estimated annual cost of $5000-$6000.**
- **Loss of income - Currently, BANV insures the loss of income for the school in the event the building became unusable because of fire, etc. Coverage would need to be increased to include loss of rents in the event the tenants' building was damaged and their leases allowed for an abatement of rent. Estimated cost is $1000 per year.**
- **General liability - BANV will need to add a premium charge for lessor's risk to cover its liability in the event the tenant's liability insurance did not respond to a claim. Estimated annual premium is $1000-$2000.**

SPECIFIC RFA SECTIONS

RFA: Academic Amendments

1. RFA: Add Distance Education - Not Applicable

a. Executive Summary
   i. An overview of the mission and vision for the expanded school or network, noting any revisions to the approved mission and vision for the school relating to the addition of a distance education program.
   ii. A list of the current school campuses
   iii. Proposed model and target communities by zip code
   iv. The outcomes you expect to achieve across the network of campuses with the addition of the distance education program.
   v. The key components of your educational model and how the distance education program aligns with the educational model.
   vi. Key supporters, partners, or resources that will contribute to the distance education program

b. Targeted Plan
   i. Identify the community you wish to serve as a result of the distance education program and describe your interest in serving this specific community.
   ii. Explain how your distance education model, and the commitment to serve the population, including the grade levels you have chosen, would meet the district and community needs and align with the mission of the SPCSA.

c. Distance Education Requirements
   i. Describe the system of course credits that the school will use.
   ii. Describe how the school will monitor and verify the participation in and completion of courses by pupils.
   iii. Describe how the school will ensure students participate in assessments and submit coursework.
   iv. Describe how the school will conduct parent-teacher conferences.
   v. Describe how the school will administer all tests, examinations or assessments required by state or federal law or integral to the performance goals of the charter school in a proctored setting.

d. Special Education
   i. For Distance Education Schools: Describe how the school will provide appropriate services in the distance education learning environment to students with disabilities across a broad continuum.
   ii. What systems will you put in place to ensure that staff members are knowledgeable about all legal distance education requirements pertaining to special populations and the servicing of particular populations of students and can answer parent inquiries in a manner consistent with the letter and spirit of state and federal law?

e. Scale Strategy
   i. Describe the steps that you will take to scale your model to new sections, including the people involved and the resources contributed both by the founding campus and the new distance education program.
   ii. If the school is affiliated with a CMO or EMO that operates distance education in other states, compare your efforts to scale distance education operations to Nevada to past scale distance education efforts in other states.

f. Student Recruitment and Enrollment
   i. Explain the plan for student recruitment and marketing for the new distance education program that will provide equal access to interested students and families, including how the school will comply with the requirements of SB208 (2015 session). Specifically, describe the plan for outreach to: families in poverty; academically low-achieving students; students with disabilities; and other youth at risk of academic failure.

ii. What is the enrollment calendar for both the first year of operation and subsequent years of operation? Please specify the dates on which the school will begin accepting distance education applications and how long the window will last prior to conducting a lottery.

iii. What distance education enrollment targets will you set and who will be responsible for monitoring progress towards these targets? What is your target re-enrollment rate for each year? How did you come to this determination?

g. Services

i. Provide a description of how the school leadership team will support the distance education operational execution. Please provide narrative or evidence that illustrates the staffing model, performance metrics, and the school's plan for supporting all operational needs of the school, including but not limited to those listed below. In this space and in the finances section, demonstrate how you will fund the provision of these services.

ii. Technology: Outline the technology infrastructure and support mechanisms across your school, staff, and teachers—including new investments necessary to support this distance education expansion. Your outline should include but not be limited to reliable and secure wide area networking, local area networking (e.g., wireless and cables), hardware (e.g., personal computing devices, servers, telephony, storage, routers, switches), technology policies and procedures, device management, and end user support, including the management of user rights and privileges.

h. Financial

Describe the costs associated with the inclusion of the Distance Education program including technology infrastructure and support mechanisms across your school, staff, and teachers—including new investments necessary to support this distance education expansion. Your outline should include but not be limited to reliable and secure wide area networking, local area networking (e.g., wireless and cables), hardware (e.g., personal computing devices, servers, telephony, storage, routers, switches), technology policies and procedures, device management, and end user support, including the management of user rights and privileges.

2. RFA: Add Dual-Credit Program - Not Applicable

Charter schools which would like to provide a program where a student may earn college credit for courses taken in high school must request this amendment by responding to the general sections of this RFA and the following specific program questions.

a. Describe the proposed duration of the relationship between the charter school and the college or university and the conditions for renewal and termination of the relationship.

b. Identify roles and responsibilities of the governing body of the charter school, the employees of the charter school and the college or university.

c. Discuss the scope of the services and resources that will be provided by the college or university.

d. Explain the manner and amount that the college or university will be compensated for providing such services and resources, including, without limitation, any tuition and fees that pupils at the charter school will pay to the college or university.

e. Describe the manner in which the college or university will ensure that the charter school can effectively monitors pupil enrollment and attendance and the acquisition of college credits.

f. Identify any employees of the college or university who will serve on the governing body of the charter school.

Provide as an **Attachment**___, a draft memorandum of understanding between the charter school and the college or university through which the credits will be earned and a term sheet confirming the commitment of both entities to the specific terms outlined in this charter application. If the school is not planning to provide a dual-credit program, please upload an attestation explaining that this request is inapplicable.

3. RFA: Change Mission and/or Vision - Not Applicable

For an RFA to accomplish this objective:

a. Complete and submit your RFA with the General application sections above completed.

b. The notice of intent and the RFA must include an explanation of the reasons that the charter school is seeking to make this specific requested change.
c. Indicate "N/A" for any below requested response that is not applicable to your request.

4. RFA: Eliminate a grade level or other educational services - Not Applicable

For an RFA to accomplish this objective, pursuant to NAC 388A.325:

a) Complete and submit your RFA with the General Requirements sections above completed.
b) The notice of intent and the RFA must include an explanation of the reasons that the charter school is seeking to make this specific requested change.

5. RFA: EMOs/CMOs: Entering, amending, renewing, terminating charter contract with EMO/CMO - Not Applicable

a) School Management Contracts

1. RFAs for "entering into, amending, renewing or terminating a contract with an educational management organization" are processed pursuant to NAC 388A.575
2. Contracts with EMOs are regulated in part pursuant to NAC 388A.580.
3. Limitations on the provision of teachers and other personnel by EMOs is regulated pursuant to NAC 388A.585.
4. Please provide the EMO's Tax Identification Number (EIN), Organizational Location Address, and Organizational Mailing Address.
5. How and why was the EMO selected?
6. If this amendment would result in the approval of an EMO other than that approved in the initial charter application, please explain in detail the rationale for the change.
7. Explain whether the management organization will provide services to the charter school as a whole or will it be assigned to provide specific services at an individual campus or campuses or a particular program (e.g. a portfolio management governance model).
8. Describe the relationship between the school governing board and the service provider, specifying how the governing board will monitor and evaluate the performance of the service provider, the internal controls (including any compensatory controls) that will guide the relationship, and how the governing board will ensure fulfillment of performance expectations.
9. Disclose fully and provide an explanation of any existing or potential conflicts of interest between the school governing board and proposed service provider or any affiliated business entities, including, without limitation, any past or current employment, business or familial relationship between any officer, employee, or agent of the proposed service provider and any other current or prospective vendor or contractor (including the landlord), prospective employee of the charter school, a member of the committee to form a charter school or the board of directors of the charter management organization, as applicable.
10. Provide a brief overview of the organization's history.
11. List any and all charter revocations or surrenders, bankruptcies, school closures, non-renewals, or shortened or conditional renewals for any of the schools managed by the organization and provide explanations. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current leader of the school's authorizing office and a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable authorizer personnel contacted. Include a summary of all performance issues related to each revocation, surrender, bankruptcy, closure, non-renewal, or shorted or conditional renewal. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.
12. Explain any performance deficits or compliance violations that have led to formal authorizer intervention with any school managed by the organization. Provide details as to how such deficiencies were resolved. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current

leader of the school's authorizing office and all other authorizer personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable authorizer staff regarding all performance issues related to each non-renewal, shortened or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.

13. List any and all management contract non-renewals, shortened or conditional renewals, or renegotiations or reductions in services provided for any of the schools managed by the organization and provide explanations. For all such schools which are still in operation, please provide contact information, including name, legal home or business mailing address, home or business telephone number, and personal or business email address, for the current board chair office and all other board members and school personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable staff or board members regarding all performance issues related to each non-renewal, shorted or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.

b) Financial Plan

1. Describe the systems and processes by which the school will manage accounting, purchasing, payroll, and audits. Specify any administrative services expected to be contracted for the school and describe the criteria and procedures for the selection of contractors and the mechanism by which the board will monitor and hold the contractor responsible for providing such services.
2. Present a budget narrative including a detailed description of assumptions and revenue estimates, including but not limited to the basis for revenue projections, staffing levels, and costs. The narrative should specifically address the degree to which the school budget will rely on variable income (e.g., grants, donations, fundraising, etc.).
3. Provide a six-year development plan that addresses the annual and cumulative fundraising need at the network and school levels including a description of the staff devoted to development. The plan should include a history of the school's fundraising outcomes and identify funds that have already been committed toward fundraising goals. The plan should also identify the role of the members of the board, particularly as relates to give/get requirements, and should demonstrate alignment with the expectations for board members discussed elsewhere in the amendment request. If funds are raised at a partner organization level, describe the methodology to be used in allocating funds to the school and the proposed campuses. If the school has not raised any funds to support its programming to date and the budget does not include any fundraising activity, please explain that this question is not applicable to your school.
4. Describe the campus', school's, and any management organization's distinct responsibilities in the financial management and oversight of the proposed campuses, including, but not limited to, their respective roles in overseeing or implementing internal controls and in making financial management decisions including budget development. Detail the process and frequency by which key financial information is communicated to and reviewed by the various organizations and different levels of leadership and governance.
5. Submit a completed financial plan for the proposed school as an **Attachment**___ (the format of this is left to the applicant's discretion but must be clear and sufficiently detailed to permit Authority staff, external reviewers, and the general public to review of all elements of the school's business plan and gauge alignment and consistency with the academic program, operating plan, and budget narrative).
6. Submit, as an **Attachment**___**,** a detailed budget for the operator at the network level (the format of this is left to the applicant's discretion but must be clear and sufficiently detailed to permit Authority staff, external reviewers, and the general public to review of all elements of the school's business plan and gauge alignment and consistency with the academic program, operating plan, and budget narrative).
7. Provide, as an **Attachment**___, historical financial documents for any affiliated CMO from another state or any EMO providing services to the school, including audited financials for each school operated by the

affiliate as well as any other campus by campus financial evaluations conducted by charter school authorizers. At least three years of school financial audits are required for any school operating for three years or longer. Such financials must be provided as converted PDF documents to ensure accessibility.

8. Complete the audit data worksheet in **Attachment**___. In the info tab, please identify any schools or campuses listed under the student achievement tab for which, pursuant that relevant state's charter law, financial data is consolidated for reporting and auditing purposes in the independent audits provided in **Attachment**___.

Attachments Necessary for EMO Amendment

1) A letter of transmittal signed by the Board chair formally requesting the amendment and identifying each of the elements to be submitted in support of the request.
2) Agenda for Board Meeting Where Board Voted to Request an Amendment to Contract with an Educational Management Organization, Renew a Contract with an Educational Management Organization, Terminate a Contract or Discontinue Negotiations with an Educational Management Organization, and/or Amend a Contract with an Educational Management Organization.
3) Draft or Approved Minutes for Board Meeting Where Board Voted to Request an Amendment to Contract Educational Management Organization, Renew a Contract with an Educational Management Organization, Terminate a Contract or Discontinue Negotiations with an Educational Management Organization, and/or Amend a Contract with an Educational Management Organization.
4) Final Term Sheet
5) Final, negotiated and executed contract between charter school and educational management organization which complies with NRS 388A, NAC 388A and all other applicable laws and regulations.
6) A term sheet signed by the Chief Executive Officer of the Service Provider setting forth the proposed duration of the contract; roles and responsibilities of the governing board, the school staff, and the service provider; scope of services and resources to be provided by the EMO; performance evaluation measures and mechanisms; detailed explanation of all fees and compensation to be paid to the provider; financial controls and oversight; methods of contract oversight and enforcement by the governing board and/or school staff; investment disclosure; and conditions for renewal and termination of the contract;
7) Crosswalk of academic, organizational, and financial framework deliverables under the charter contract which will be delegated to or supported in whole or in part by the Educational Management Organization.
8) Documentation of Service Provider's non-profit or for-profit status
9) Documentation of Service Provider's authorization to do business in Nevada (e.g. current business license)
10) Letter from Board chair requesting Good Cause Exemption.
11) Agenda for Board Meeting Where Board Voted to Request Good Cause Exemption.
12) Draft or Approved Minutes for Board Meeting Where Board Voted to Request Good Cause Exemption.
13) Budget Narrative
14) School Budget
15) Network Budget
16) Historical Audits
17) Audit Data Worksheet
    (a) Academic Performance Worksheet
    (b) Good Cause Exemption Letter
    (c) A final crosswalk of the academic, financial, and organizational goals of the charter school set forth in the SPCSA Charter School Performance Framework, including the school's mission-specific goals, and a clear identification of each of the performance goals and expectations for the education management organization related to each charter school goal. This will serve as the board's primary evaluative tool for the education management organization.

6. RFA: Enrollment: Expand Enrollment In Existing Grade Level(s) And Facilities - Not Applicable

The purpose of this Expansion Amendment Request is to assess the potential of existing charter school boards to produce high-quality student outcomes and function as highly effective, accountable, and transparent providers of public education as they add new students and demonstrate the capability and maturity to achieve at consistently high levels in all domains while continuing to scale their impact in their communities and in other communities across the state.

What is your current enrollment for the prior years in your current contract?

Year						
Enrollment						

What is your projected enrollment for the years for which you are requesting an expansion?

Year						
Enrollment						

7. RFA: Enrollment: Expand Enrollment in New Grade Level(s) - Not Applicable

For an RFA to accomplish this objective:

a) Complete and submit your RFA with the General application sections above completed.
b) The notice of intent and the RFA must include an explanation of the reasons that the charter school is seeking to make this specific requested change.

The purpose of this Expansion Amendment Request is to assess the potential of existing charter school boards to produce high-quality student outcomes and function as highly effective, accountable, and transparent providers of public education as they add new students and demonstrate the capability and maturity to achieve at consistently high levels in all domains while continuing to scale their impact in their communities and in other communities across the state.

The expansion request is evaluated based on the strength of the plan in each of those domains, while applicants are evaluated based on their capacity to execute the program they've proposed both based on the coherence, thoroughness, and thoughtfulness of each element of the application and on the data gathered during both the (discretionary) capacity interview process and background research and due diligence on both proposed members of the expanded governing board and proposed staff members. Successful requests will share many of the same characteristics.

This amendment request form pre-supposes that the school plans to utilize the existing facility.

If the current facility requires no construction or renovation to accommodate the addition of these new grades, then provide a brief narrative at each attachment attesting to that fact. Each attestation must be signed by the chair of the governing body and the school leader, must be notarized, and must be remediated to be accessible pursuant to Section 508 of the Rehabilitation Act.

If the existing campus or campus(es) requires any construction or renovation after the date of submission of this request and prior to the commencement of instruction, then answer the applicable specific facility related section questions.

Facility RFAs

8. RFA: Acquire or construct a facility that will not affect approved enrollment (NAC 388A.320)

a. Complete the general sections above and the general and specific facility sections below
b. If there is no change to any part of the below specific section or specific sub-sections from your current contract…state "No change to section" in a row inserted below the heading of the applicable section.
c. The notice of intent and the RFA must include an explanation of the reasons that the charter school is seeking to make this specific requested change.
d. Provide a narrative explaining the proposed use of any savings generated through lower facilities occupancy costs.

9. RFA: Occupy New or Additional Sites (NAC 388A.315) Not Applicable

a. Complete the general sections above and the general and specific facility sections below
b. If there is no change to any part of the below specific section or specific sub-sections from your current contract…state "No change to section" in a row inserted below the heading of the applicable section.
c. The notice of intent and the RFA must include an explanation of the reasons that the charter school is seeking to make this specific requested change.

10. RFA: Occupy a Temporary Facility - Not Applicable

a. Complete the general sections above and the general and specific facility sections below
b. If there is no change to any part of the below specific section or specific sub-sections from your current contract…state "No change to section" in a row inserted below the heading of the applicable section.
c. The notice of intent and the RFA must include an explanation of the reasons that the charter school is seeking to make this specific requested change.

11. RFA: Relocate or Consolidate Campuses - Not Applicable

a. Complete the general sections above and the general and specific facility sections below
b. If there is no change to any part of the below specific section or specific sub-sections from your current contract…state "No change to section" in a row inserted below the heading of the applicable section.
c. The notice of intent and the RFA must include an explanation of the reasons that the charter school is seeking to make this specific requested change.

General Facility RFA requirements

1. Describe the school's capacity and experience in facilities acquisition and development, including managing build-out and/or renovations, as applicable. Provide a description and analysis of any construction or development delays which have impacted a school or campus calendar and schedule in the past and a discussion of any organizational or operational adjustments that have been made to prevent recurrence in the future.

   Although this is BANV's first experience with facilities acquisition, the BANV Governing Board is comprised of three members who have experience in buying and selling rental properties including schools, architecture, real estate and property management. The administrative team will work closely with its board through the acquisition process. The school administrators have been involved in minor renovations that have occurred during school holidays and planned breaks. Because BANV currently occupies the site, it is not anticipating performing renovations or undertaking a project that would impact school and the school calendar.

2. Identify the entity responsible for acquiring and maintaining school facilities and describe that entity's relationship to both the school and any management organization. If costs related to the facility will be borne by the proposed school's education management organization or a related party such as a foundation, it should identify the level of capital support the organization (or related party) is willing to provide to the school.

   BANV is an independent charter school operator and is seeking approval to purchase and acquire the estate should it become available. No costs related to the facility will be borne by a foundation or related party.

3. If a proposed facility **has been** identified and **requires no construction or renovation** prior to the commencement of instruction, please provide:

   a) The physical address of the facility and supporting documentation verifying the location, including the Assessor's Parcel Number and a copy of the Assessor's Parcel Map for the proposed facility.
   Refer to Attachment # 4 (Proof of Facility Location)

   b) A copy of the current deed on the property (if the school owns the facility) or a copy of the proposed lease or rental agreement noting any additional square footage to be leased.
   Refer to Attachment # 5 (Lease Agreement)

   c) A copy of the proposed purchase and sale agreement or a copy of the proposed lease or rental agreement.
   Refer to Attachment # 5 (Lease Agreement)

   d) A copy of the floor plan of the facility, including a notation of the size of the facility which is set forth in square feet AND an assurance the school will submit final documentation in compliance with NAC 386.3265.
   Refer to Attachment # 6 (Floor Plan)

   e) The name, address, and full contact information of the current owner of the facility and any proposed landlord and a disclosure of any relationship between the current owner or landlord and the school, including but not limited to any relative of a board member or employee within the third degree of consanguinity or affinity and any connection with an educational management organization, foundation, or other entity which does business with or is otherwise affiliated with the school as an **Attachment 7**.
   Refer to Attachment # 7 (Current Facility Owner)

   f) A copy of the Certificate of Occupancy as **Attachment 8**.
   Refer to Attachment #8 (Certificate of Occupancy)

   g) Documentation demonstrating that the proposed facility meets all applicable building codes, codes for the prevention of fire, and codes pertaining to safety, health and sanitation as an **Attachment 9**.
   Refer to Attachment # 9 (Facility Safety Compliance)

h) Documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 386.3265 as an **Attachment 10**.
Refer to Attachment # 10 (Facility Code Compliance)

4. If a proposed facility has **not** been identified or the proposed facility **requires any construction or renovation** prior to the commencement of instruction, please provide: **Not Applicable as the facility has been identified and does not require any construction or renovation.**
   a) Either a discussion of the desired community of location and the rationale for selecting that community AND an assurance that the school will submit the documentation required in 1(a) for review and approval prior to acquisition of any facility in compliance with NAC 386.3265 as an **Attachment**___ OR the physical address of the proposed facility which requires construction or renovation and supporting documentation verifying the location, including the Assessor's Parcel Number and a copy of the Assessor's Parcel Map for the proposed facility as an **Attachment**___. **Not Applicable**
   b) Either a narrative explaining the rationale for the budgeted cost of acquisition of an owned or leased facility AND an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 386.3265 as an **Attachment**___ OR, if a facility has been identified which requires construction or renovation, a copy of the proposed purchase and sale agreement or a copy of the proposed lease or rental agreement as an **Attachment**___.**Not Applicable**
   c) Either a discussion of the general specifications to be utilized during the facility search, including approximate square footage AND an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 386.3265 as an **Attachment**___ OR, if a facility location has been identified but requires construction or renovation, a copy of the proposed floor plan of the facility, including a notation of the size of the facility which is set forth in square feet AND an assurance that the school will submit final documentation in compliance with NAC 386.3265 as an **Attachment**___. **Not Applicable**
   d) Either a description of the process and resources the school will use to identify a facility AND an assurance that the school will submit such information for review and approval prior to acquisition of any facility in compliance with NAC 386.3265 as an **Attachment**___ OR, If a facility has been identified but requires construction or renovation, the name, address, and full contact information of the current owner of the facility and any proposed landlord and a disclosure of any relationship between the current owner or landlord and the school, including but not limited to any relative of a board member or employee within the third degree of consanguinity or affinity and any connection with an educational management organization, foundation, or other entity which does business with or is otherwise affiliated with the school as an **Attachment**___. **Not Applicable**
   e) A detailed construction project plan and timeline, including a Gannt chart, identifying all facility development activities necessary to obtain a full certificate of occupancy prior to the first day of school AND documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will issue the Certificate of Occupancy, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265 as an **Attachment**___. **Not Applicable**

f) A detailed construction project plan and timeline, including a Gannt chart, identifying all facility development activities necessary to obtain all such code approvals prior to the first day of school AND documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will conduct all code inspections, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265 as an **Attachment___**. **Not Applicable**

g) Documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 386.3265 as an **Attachment___**. **Not Applicable**

5. For schools which are seeking to occupy multiple facilities over several years, please list the number of facilities you project operating in each of the next six years and identify all potential target jurisdictions at the county and municipal levels, including any unincorporated areas. **Not Applicable**
   a) Describe the strategy and process for identifying and securing multiple facilities, including any brokers or consultants you are employing to navigate the real estate market, plans for renovations, timelines, bond or third-party financing, etc. **Not Applicable**
   b) Charter school facilities must comply with health and safety requirements and all other mandates prescribed in statute and regulation. In addition, charter schools must be prepared to follow applicable county and municipal review procedures which vary significantly between jurisdictions. Schools are expected demonstrate that they have thoroughly researched the different local requirements and adjust their permitting, construction, and inspection timelines accordingly. Discuss the research and planning that has occurred to date for each of the targeted jurisdictions, including both municipalities and unincorporated areas. Provide documentation of the current inspection and approval processes and timelines for the state, municipal, or county agencies within your proposed jurisdictions which will issue each Certificate of Occupancy, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265 as part of an **Attachment___**. Provide documentation of building, fire, safety, health and sanitation code compliance inspection and approval processes and timelines for the state, municipal, or county agencies which will conduct all such code inspections within your proposed jurisdictions, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265 as part of **Attachment**. **Not Applicable**
6. Please include the organization's plans to finance these facilities, including:
   a) Indicate whether the school intends to finance these facilities through the Department of Business and Industry (B&I) or another bond conduit. If the school is not using the B&I conduit, please identify the proposed issuer of the bonds. Please provide a rationale for the selection of this issuer, and a comparative analysis with any other issuers considered by the school. **Not Applicable, the school does not intend to finance the facilities through B&I. The school is seeking a loan from a bank.**
   b) Total project cost for each facility

      $3.5-$3.9 million dollars

   c) Financing and financing assumptions

Purchase Price:	**$3,500,000**
Loan Amount:	**$2,275,000 (65% Loan to Value- may increase to 75% depending on type of real estate property)**
Borrower Injection:	**$1,225,000**
Loan Term:	**20 to 25-year amortization with a 10-year maturity.**
Interest Rate:	**Fixed for 5 years at the 5-year Treasury plus 3.50% with a floor 5.0% (then repriced using the same index and spread for the remaining 5 years)**
Loan Fee:	**0.50% of loan amount or $11,375.00**
Est. Loan Payment:	**$13,300 per month (based upon a 25-year amortization, all due in 10 years)**

d) Total facility costs that the financial model can handle – debt service + lease + maintenance + utilities + etc. for each facility and for the network as a whole.

See budget attachment fund 800.

Facility RFA Attachments required

1. A letter of transmittal signed by the Board chair formally requesting the amendment and identifying each of the elements to be submitted in support of the request.
   Refer to Attachment #1: (Good Cause Exemption Letter)

2. Agenda for Board Meeting Where Board Voted to Request an Amendment to Add Additional Grades, Expand Enrollment, or Occupy a New or Additional Facility
   Refer to Attachment #2 (Agenda for Board Meeting)

3. Draft or Approved Minutes for Board Meeting Where Board Voted to Request an Amendment to Add Additional Grades, Expand Enrollment, or Occupy a New or Additional Facility
   Refer to Attachment #3 (Minutes confirming approval of RFA)

4. If a facility has been identified, the physical address of the facility and supporting documentation verifying the location, including the Assessor's Parcel Number and a copy of the Assessor's Parcel Map for the proposed facility OR, if a facility has not been identified, a discussion of the desired community of location and the rationale for selecting that community AND an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 386.3265
   Refer to Attachment #4 (Proof of Facility Location)

5. If a facility has been identified, a copy of the proposed purchase and sale agreement or a copy of the proposed lease or rental agreement OR a narrative explaining the rationale for the budgeted cost of acquisition of an owned or leased facility AND an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 386.3265
   Refer to Attachment #5 (Lease Agreement) and Attachment #11 (Assurance for Acquisition in Compliance).

6. If a facility has been identified, a copy of the floor plan of the facility, including a notation of the size of the facility which is set forth in square feet OR, if a facility has not been identified, a discussion of the general specifications to be utilized during the facility search, including approximate square footage AND an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 386.3265
   Refer to Attachment # 6 (Floor Plan)

7. If a facility has been identified, the name, address, and full contact information of the current owner of the facility and any proposed landlord and a disclosure of any relationship between the current owner or landlord and the school, including but not limited to any relative of a board member or employee within the third degree of consanguinity or affinity and any connection with an educational management organization, foundation, or other entity which does business with or is otherwise affiliated with the school OR a description of the process and resources the school will use to identify a facility AND an assurance that the school will submit such information for review and approval prior to acquisition of any facility in compliance with NAC 386.3265
   Refer to Attachment #7 (Current Facility Owner)

8. Full Certificate of Occupancy OR a detailed construction project plan and timeline, including a Gannt chart, identifying all facility development activities necessary to obtain a full certificate of occupancy prior to the first day of school AND documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will issue the Certificate of Occupancy, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265
   Refer to Attachment #8 (Certificate of Occupancy)

9. Documentation demonstrating that the proposed facility meets all applicable building codes, codes for the prevention of fire, and codes pertaining to safety, health and sanitation OR a detailed construction project plan and timeline, including a Gannt chart, identifying all facility development activities necessary to obtain all such code approvals prior to the first day of school AND documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will conduct all code inspections, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 386.3265.

   Refer to Attachment # 9 (Facility Safety Compliance)

10. Documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 386.3265

    Refer to Attachment #10 (Facility Code Compliance)

---

12. RFA: Transportation -Not Applicable

1. See (NAC 388A.330(4))
2. Describe the school's plan for transportation. Be sure to include:
   - The number of students to receive transportation, including their grades
   - The hours transportation is to be provided
   - The physical location(s) proposed as pick-up and drop-off locations
   - The entity/vendor providing transportation
3. Provide a statement of assurance confirming that Somerset has met all vehicle regulations for the state.
4. Describe how the school and/or transportation vendor will comply with NRS 386.815 regarding operating a school bus for extended periods of time (as necessary).
5. Describe how the school and/or transportation vendor will comply with NRS 386.820, specifically:
   - The proposed schedule for practicing student evacuation
   - A description of the bus safety program
6. Confirm that the driver(s) of the school bus will meet the minimum qualifications as described in NRS 386.825. Furthermore, please describe how the school will maintain all required employer documentation per NDE regulatory guidance for school bus operations.
7. Confirm that the school meets the safety standards and requirements as outlined in NRS 386.830 – NRS 386.840 as well as any additional local and federal requirements.

13.RFA: Other Changes -Not Applicable

1. **For certain other RFA requests**
   a. See NAC 388A.330
   b. The governing body must submit a written request to the sponsor of the charter school for a determination of whether a proposed amendment is material or nonmaterial if the charter school wishes to amend its written charter or charter contract in a way that is not described in NAC 388A.310 to 388A.335, inclusive.
2. **For all other RFA requests not otherwise described**
   a. See NAC 388A.335
   b. Complete all applicable sections above, general and specific
   c. **For material amendments** to the written charter or charter contract, as applicable. If the sponsor determines that the proposed amendment is material, the governing body must obtain approval from the sponsor before the amendment becomes effective.

d. The notice of intent and the RFA must include an explanation of the reasons along with any requested supporting documentation that the charter school is seeking to make this specific requested change.

3. **Nonmaterial amendments**
   a. NAC 388A.335(2)
   b. For all other RFA requests not otherwise described in NAC 388A.335
   c. If the sponsor determines that the proposed amendment is not material, the governing body is not required to obtain approval from the sponsor before the amendment becomes effective.

APPENDIX

ATTACHMENTS TO RFA

1. **Good Cause Exemption Letter**
2. **Copy of Agenda**
3. **Copy of Draft Minutes confirming approval of RFA**
4. **Proof of Facility Location**
5. **Lease Agreement**
6. **Floor Plan**
7. **Current Facility Owner**
8. **Certificate of Occupancy**
9. **Facility Safety Compliance**
    a. **Health**
    b. **Asbestos**
    c. **Fire/Life**
10. **Facility Code Compliance**
    a. **OSHA and code compliance**
11. **Multiple Year Projection (MYP) Budget Detail**
12. **FY19 Financial Audit**

FACILITY RFA
BEACON ACADEMY OF NEVADA

ATTACHMENTS
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FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #1
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ATTACHMENT #1 - □□d □a□se □□em□t□n Letter

BEACON
ACADEMY OF NEVADA
GUIDING YOUR POTENTIAL

December 19, 2019

Ms. Melissa Mackedon, Governing Board Chair
State Public Charter School Authority
2080 East Flamingo
Suite 230
Las Vegas, NV 89119

Ms. Rebecca Feiden, Executive Director
State Public Charter School Authority
2080 East Flamingo
Suite 230
Las Vegas, NV 89119

RE: Beacon Academy of Nevada
Request to Purchase Property Pending Amendment Submission

Dear Chair Mackedon & Executive Director Feiden,

Beacon Academy of Nevada requests an exemption from the current amendment schedule to amend its charter contract with the SPCSA in order to purchase the property currently leased through Flamingo Tenaya LLC, located at 7360 W. Flamingo Road, Las Vegas, NV 89147.

Upon speaking with Mr. Brian Shapiro, Trustee, Flamingo Tenaya LLC is in Chapter 11 bankruptcy and the property is facing possible foreclosure. An option to purchase the building was made available to us on December 5, 2019. Due to the time sensitive nature of the court hearings in this matter, it has been advised that an offer be made on the property within the next several weeks. Beacon Academy of Nevada's Governing Board has voted on the proposed purchase of the property before submitting this amendment. The school's Governing Board did not conceive the submission of this amendment.

Accordingly, we are respectfully requesting approval to move forward immediately with an offer to purchase the property. The Beacon Academy of Nevada Governing Board and Executive Directors appreciate the consideration of the SPCSA and its staff and offers gratitude for the continued support of Beacon Academy of Nevada.

Thank you for your time and consideration.

Sincerely,

Lynda Spann,
Governing Board President

Sincerely,

Tambre T o ndryk,
Executive Director of Operations

FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #2
□ □□ern□ng □□ard
Meet□ng Agenda

ATTACHMENT #2 - □□ern□ng □□ard Meet□ng Agenda

PUBLIC NOTICE

BEACON ACADEMY OF NEVADA - Regular Session

Thursday, December 19, 2019

10:00 a.m.

This notice and agenda has been posted before 9:00 am on December 16, 2019 at the locations mentioned below. This notice has been posted at the Sahara West Library, Las Vegas, Nevada; Spring Valley Library, Las Vegas, Nevada; West Charleston Library, Las Vegas, Nevada; and at Beacon Academy of Nevada. Notice of this meeting has been posted on the internet on the Beacon Academy website at www.banv.org and at the Nevada Public Posting website: https://notice.nv.gov/.

Governing Body of Beacon Academy of Nevada and/or other individuals will present information on the following items for discussion and possible action. The public is hereby notified that Beacon Academy of Nevada Governing Body reserve the right to take agenda items out of posted order, with the exception of public hearings. A time for public comment is provided at the conclusion of the meeting. The Governing Body Chair reserves the right to call on individuals from the audience or to allow for public comment at any time. Individuals providing testimony must fill out a visitor card, which will be numbered in order received by the Governing Body. Upon receipt from the Governing Body, the Chair will make reasonable judgment as to the time limit for each speaker. Time Limit: A time limit (three minutes) may be imposed on public testimony by the Board Chair in order to afford all members of the public who wish to comment an opportunity to do so within the timeframe available to the Governing Body. Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Governing Body of Beacon Academy of Nevada, c/o Mary Kay Bellinger, in writing at 7360 W. Flamingo Rd., Las Vegas, Nevada 89147 or by calling (702) 726-8600, at least three days prior to the meeting.

AGENDA

Call to Order; Roll Call; Pledge of Allegiance; Approval of Agenda (Lynda Spann, President, Beacon Academy of Nevada)

1.	Public Comment	(Information/Discussion)
2.	Consent Agenda o Minutes from the November 20, 2019 Meeting o Current Financial Statements o Financial Investment Update o Employee New Hires and Contract Renewals	(Information/Discussion For Possible Action)
3.	Adoption or Rejection to submit a Request for Amendment to the SPCSA to Purchase Property located at 7360 W. Flamingo Road & 4035 South Tenaya Way, Las Vegas, NV 89147.	(Information/Discussion for Possible Action)
4.	Adoption or rejection of a 1-Year, 2-Year or 3-Year lease extension for 7360 W Flamingo Road, Las Vegas, NV, 89147	(Information/Discussion for Possible Action)
5.	Public Comment	(Information/Discussion)
6.	Adjournment	(Information/Discussion for Possible Action)

FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #3
DRAFT Governing Board Meeting Minutes

BEACON ACADEMY OF NEVADA
Regular Governing Body Meeting – Regular Session
7360 West Flamingo Road, Las Vegas
Thursday, December 19, 2019
10:00 a.m.

PRELIMINARY:

A. CALL TO ORDER
Meeting was called to order by Tom Krob at 10:04 am.

B. ROLL CALL

MEMBER	TITLE	TERM	PRESENT	ABSENT	IN	OUT
Ms. Lynda Spann	President	2014	X		9:55 am	10:55 am
Mr. Tom Krob	Vice President	2016	X		10:02 am	10:55 am
Ms. Sarah Sherman	Treasurer	2015	X		9:53 am	10:55 am
Ms. Sue Rodrigues	Secretary	2016	X		9:58 am	10:55 am
Ms. Anna Hensley	Member	2018	X		9:59 am	10:55 am
Ms. Janet Patterson	Member	2018		X		
Mr. Arthur Escoto	Member	2019	X		10:02 am	10:55 am

C. FLAG SALUTE

D. PUBLIC COMMENT: No individual comment shall be for more than three (3) minutes and the total time for this purpose shall not exceed fifteen (15) minutes. Board members may respond to comments however no action can be taken. The Board may give direction to staff following comment.

Let the record reflect that there are no public present for comment.

E. CONSENT AGENDA ITEMS
- Agenda
- Adoption of a flexible agenda
- Minutes from the November 20, 2019 Meeting
- Current Financial Statements
- Financial Investment Update

- Employment New Hires

F. SCHEDULED FOR ACTION

2. Approval/Rejection of Consent Agenda

Motion by Sue Rodrigues to approve the consent agenda items.
Second by Sarah Sherman. Motion carried.

MEMBER	TITLE	Motion	Aye	No	Abstain	Absent
Ms. Lynda Spann	President		X			
Mr. Tom Krob	Vice President		X			
Ms. Sarah Sherman	Treasurer	2nd				
Ms. Sue Rodrigues	Secretary	M				
Ms. Anna Hensley	Member		X			
Ms. Janet Patterson	Member					X
Mr. Arthur Escoto	Member		X			

EXPLANATION:

- Agenda
- Adoption of a flexible agenda
- Minutes from the November 20, 2019 Meeting
- Current Financial Statements
- Financial Investment Update
- Employment New Hires

3. Adoption or Rejection to submit a Request for Amendment to the SPCSA to Purchase Property located at 7360 W. Flamingo Road and 4035 South Tenaya Way, Las Vegas, NV 89147

Motion by Lynda Spann to adopt the submittal of a Request for Amendment to the SPCSA to purchase property located at 7360 W. Flamingo Road and 4035 South Tenaya Way, Las Vegas, NV 89147.
Second by Sarah Sherman. Motion carried.

MEMBER	TITLE	Motion	Aye	No	Abstain	Absent
Ms. Lynda Spann	President	M				
Mr. Tom Krob	Vice President		X			
Ms. Sarah Sherman	Treasurer	2nd				
Ms. Sue Rodrigues	Secretary		X			
Ms. Anna Hensley	Member		X			
Ms. Janet Patterson	Member					X
Mr. Arthur Escoto	Member		X			

EXPLANATION: Beacon Academy of Nevada was recently made aware that Flamingo Tenaya LLC, the company that currently leases the school facility located at 7360 W. Flamingo Road, Las Vegas, NV 89147, is in Chapter 11 Bankruptcy, with the property facing foreclosure. The Trustee assigned to the property explained that there may be an opportunity to purchase the property (7360 W. Flamingo Road and 4035 South Tenaya Way). Due to the time sensitive nature of the court hearings in this matter, it has been advised that an offer be made and accepted prior to the January 31, 2020 hearing.

Accordingly, Beacon Academy of Nevada is respectfully requesting approval to immediately move forward with the purchase of the property should it become available.

Rent Roll:

Flamingo/Tenaya, LLC 2019 Rent Roll	**Location**	**12-Month Lease Start Date**	**12-Month Lease End Date**	**Monthly Rent Income**	**Annual Rental Income**	**Key Card Fee**
Beacon Academy of Nevada (Lessee #4)	7360 W. Flamingo	8/1/2017	7/31/2019	$18,000	$216,000	
Lessee #1	4035 Tenaya Way Suite 103, 105	1/1/2018	12/31/2019	$1,208.40	$14,500.80	
Lessee #2	4035 Tenaya Way Suite 104	7/1/2018	6/30/2021	$5,029.50	$60,354	

Lessee #3	4035 Tenaya Way Suite - 2nd Floor	12/1/2016	11/30/2020	$5,876.08	$70,812.96	$300
				Rent Total	**$361,667.76**	

See Amendment for further info.

Ms. Tondryk spoke with Mark Modricin and Michael Dang of the SPCSA, whose positions require that they oversee facility amendments. Their advice was to submit a Good Cause Exemption Letter, together with the Request for Amendment, explaining why we are applying for an amendment outside of the normal amendment cycle. We are asking the board for permission to submit the RFA to the SPCSA and to purchase the building if the option becomes available. Ms. Saenz, Account Manager with CSMC, prepared the MVP Budget Detail for the RFA. The meeting is now turned over to Ms. Saenz to discuss the budget.

Ms. Saenz begins by stating that the 1st quarter enrollment numbers were lower than originally projected, so we lowered the enrollment numbers in the MYP. This was done to show that even if our enrollment numbers stayed the same, the purchase of the building is a viable project for BANV. If the enrollment numbers increases, we have demonstrated we can do this with lower enrollment numbers. There are two columns in the budget detail: one identifying our financial position if we don't purchase the building and remain in our current situation as a tenant; the second column shows what our budget would be if we purchased the building. Ultimately, the MVP budget detail shows that profits will increase due to rental income.

Ms. Rodrigues asks if the costs associated with owning the building are included in the MYP. Ms. Saenz advises that yes, costs associated with owning the building and specifically related to the purchase of the building (i.e. property management fees, utilities, etc.) are included under Fund 800 in the budget detail. Costs associated with the other building were taken from the information provided from Trustee Shapiro. Using the information provided by Trustee Shapiro, without having backup data to validate the cost assumptions, the projections still show after expenses we can earn approximately $30k per year as rental income. Ms. Saenz also included financial data for the replication of campuses for FY22.

By placing $1.25 million toward the purchase of the building, BANV would still maintain more than 60 days of cash on hand.

Ms. Spann recommends that the tenants sign triple net leases, where tenants are responsible for all items associated with renting the property (i.e. HVAC unit repairs, gas, water, sewer, exterminator, etc.) The only costs passed on to the owner are structural issues or roofing issues.

Ms. Saenz states that we do not know are the true expenses of the building. Ms. Tondryk confirms that Trustee Shapiro does not have supporting documentation for the expenses that James Kay, current owner, has provided.

Ms. Rodrigues asks what it would it cost us if we lost tenants. Ms. Saenz advises that since we would own the building, there wouldn't be any costs to us, just a loss of rental income.

Ms. Spann advises that we are currently paying $18,742 in lease payments and according to projections she received from Bank of George, Wells Fargo and NV State Bank, our mortgage payment on the property would be approximately $13,000. We do have leeway if we purchase the building. If we decide to use a portion of the building for BANV, we could do that and it wouldn't cost us anything more. We would pay the same mortgage payment.

Ms. Saenz further advises that our reserve target of 3% of DSA funds has been added as a line item in the MYP detail. The five-year projection shows that we will continue to earn money. **This project is financially viable if we purchase this building and open a second campus (replicate). We have plenty of money. We do have financial viability in the long term if we choose to purchase the building.**

Ms. Spann concurs that this is a good move for the school.
Ms. Sherman state that bankruptcy courts do not look kindly on leases because they are not guaranteed; that if a Trustee came forward with a buyer, the court would look more favorably upon that than if we submitted our lease intentions. It is better if we purchase the building

Ms. Rodrigues asks if we have leverage with regard to the cost. Ms. Tondryk advises that we have been informed that the current owner may try to keep and purchase the building. We will be competing for the purchase of the building. Ms. Rodrigues agrees that we are financially sound and agrees with the purchase of the building. She would also highly recommend that we contract with a property manager so that owning the building will not take time away from the school in order to manage the property.

Ms. Sherman asks if BANV wants to purchase the building? Ms. Tondryk advises yes. The only foreseeable change for us would be the hiring of a property manager, who would be responsible to BANV. We would not be taking time away from the school to manage the property.

Before a Motion is called, Ms. Tondryk asks if we need to discuss at this time a purchase price. Ms. Spann indicates that our lender will require an appraisal of the property and we should not make an offer without an appraisal; we have to take into account certain considerations when making an offer and therefore do not need to include that in today's motion. Ms. Hensley states that we should only adopt the submission of the RFA today and makes the recommendation that the financial sub-committee meet to discuss an offer.

4. **Adoption or Rejection of a 1-Year, 2-Year or 3-Year lease extension for 7360 W. Flamingo Road, Las Vegas, NV 89147**

Motion by Sarah Sherman to adopt, with modifications to negotiate rent rates for either a 1-Year to 3-Year lease extension for 7360 W. Flamingo Road, Las Vegas, NV 89147.
Second by Sue Rodrigues. Motion carried.

MEMBER	TITLE	Motion	Aye	No	Abstain	Absent
Ms. Lynda Spann	President		X			

Mr. Tom Krob	Vice President		X			
Ms. Sarah Sherman	Treasurer	M				
Ms. Sue Rodrigues	Secretary	2nd				
Ms. Anna Hensley	Member		X			
Ms. Janet Patterson	Member					X
Mr. Arthur Escoto	Member		X			

EXPLANATION: Our current lease with Flamingo/Tenaya, LLC expires July 30, 2020. There is an option in the lease to extend one additional year. However, Flamingo/Tenaya, LLC is currently under Chapter 11 bankruptcy. The Trustee, Brian D. Shapiro, is in a position to assist in negotiating a 3-year lease extension with a possible reduction in rent. BANV Administration is seeking the Board's consideration and approval to proceed with negotiations for a 3-year lease agreement in lieu of having to sign a new lease every year. In addition to putting in an offer for the purchase of the property, Brian Shapiro, Trustee, recommends that we simultaneously submit a request for lease extension.

Ms. Tondryk advises that although asked, we have not yet received from Trustee Shapiro possible lease agreements for a reduction in rent for 1-Year, 2-Year or 3-Year lease extensions. We are requesting advice from the Board on how to move forward.

Motion is called by Ms. Sherman, with modifications to allow negotiation in the rent rates for a 1-year to 3-year lease extension.

ITEMS SCHEDULED FOR INFORMATION:

Next Board Meeting Date: Tuesday 1/21/2020

Governing Board agrees that the Financial Sub-Committee, comprised of President Spann, Vice-President Krob, and Treasurer Sherman, will meet on January 16, 2020 at 2:00 pm.

Governing Board agrees that the Capital Improvement Sub-Committee, comprised of President Spann, Vice-President Krob, and Member Hensley, will meet on January 16, 2020 at 3:00 pm to further discuss the purchase of the property.

Reminder: BANV Graduation Ceremony is scheduled for Friday, January 10, 2020 at 6:00 pm. Attendance by Governing Board members is welcomed.

Reminder: Please complete ethics training by the January 21, 2020 board meeting.

CLOSING PROCEDURES

1. **PUBLIC COMMENTS: No individual comment shall be for more than three (3) minutes and the total time for this purpose shall not exceed fifteen (15) minutes. Board members may respond to comments however no action can be taken. The Board may give direction to staff following comment.**

   Let the record reflect that there are no public present for comment.

2. **BOARD DISCUSSION – SUGGESTIONS FOR FUTURE AGENDA ITEMS**

3. **ADJOURNMENT**

   Motion: Anna Hensley

   Second by: Lynda Spann

   Meeting adjourned at 10:55 am

DRAFT

FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #4
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L□□at□□n

Property Account Inquiry - Summary Screen

New Search | Recorder | Treasurer | Assessor | Clark County Home

Parcel ID	163-15-402-004	Tax Year	2020	District	417	Rate	2.9328

Situs Address: 7360 W FLAMINGO RD SPRING VALLEY

Legal Description: ASSESSOR DESCRIPTION: LAND DIVISION 11-90 LOT 2 900413:964GEOID: PT SE4 SW4 SEC 15 21 60

Status:	Property Characteristics		Property Values		Property Documents	
Active	Special Improvement Dist	123 / 7534 P	Land	186764	2003050803391	5/8/2003
Taxable	TaxCap Increase Pct.	4.8	Improvements	744102	98030600531	3/6/1998
	Tax Cap Limit Amount	19762.44	Total Assessed Value	930866		
	Tax Cap Reduction	7538.00	Net Assessed Value	930866		
	Land Use	3-35 Offices, Professional and	Exemption Value New Construction	0		
	Exemption Percentage	48.91	New Construction - Supp Value	0		
	Cap Type	OTHER	Tax % Exemption Value	455287		
	Acreage	1.7500				
	Exemption Amount	9665.80				
	Exemption Type	U5 : Charter School Exemption				

Role	Name	Address	Since	To
Owner	FLAMINGO TENAYA L L C	C/O J KAY JR PO BOX 7835, VAN NUYS, CA 91409-7835 UNITED STATES	6/14/2019	Current

Summary

Item	Amount
Taxes as Assessed	$27,300.44
Less Cap Reduction	$ 7,538.00
Net Taxes	$19,762.44

PAST AND CURRENT CHARGES DUE TODAY

Tax Year	Charge Category	Amount Due Today
THERE IS NO PAST OR CURRENT AMOUNT DUE as of 12/9/2019		$0.00

NEXT INSTALLMENT AMOUNTS

Tax Year	Charge Category	Installment Amount Due
2020	Property Tax Principal	$2,524.16
NEXT INSTALLMENT DUE AMOUNT due on 1/6/2020		$2,524.16

TOTAL AMOUNTS DUE FOR ENTIRE TAX YEAR

Tax Year	Charge Category	Remaining Balance Due
2020	Property Tax Principal	$5,048.32
2020	Las Vegas Artesian Basin	$0.00
TAX YEAR TOTAL AMOUNTS DUE as of 12/9/2019		$5,048.32

PAYMENT HISTORY

Last Payment Amount	$2,524.16

Attachment #4 - Proof of Facility Location

Last Payment Date	9/25/2019
Fiscal Tax Year Payments	$5,050.08
Prior Calendar Year Payments	$9,538.91
Current Calendar Year Payments	$7,458.63

GENERAL INFORMATION	
PARCEL NO.	163-15-402-004
OWNER AND MAILING ADDRESS	FLAMINGO TENAYA L L C C/O J KAY JR PO BOX 7835 VAN NUYS CA 91409-7835
LOCATION ADDRESS CITY/UNINCORPORATED TOWN	7360 W FLAMINGO RD SPRING VALLEY
ASSESSOR DESCRIPTION	LAND DIVISION 11-90 LOT 2 900413:964
RECORDED DOCUMENT NO.	* 20030508:03391
RECORDED DATE	May 8 2003
VESTING	NS

*Note: Only documents from September 15, 1999 through present are available for viewing.

ASSESSMENT INFORMATION AND VALUE EXCLUDED FROM PARTIAL ABATEMENT	
TAX DISTRICT	417
APPRAISAL YEAR	2019
FISCAL YEAR	2020-21
SUPPLEMENTAL IMPROVEMENT VALUE	0
INCREMENTAL LAND	0
INCREMENTAL IMPROVEMENTS	0

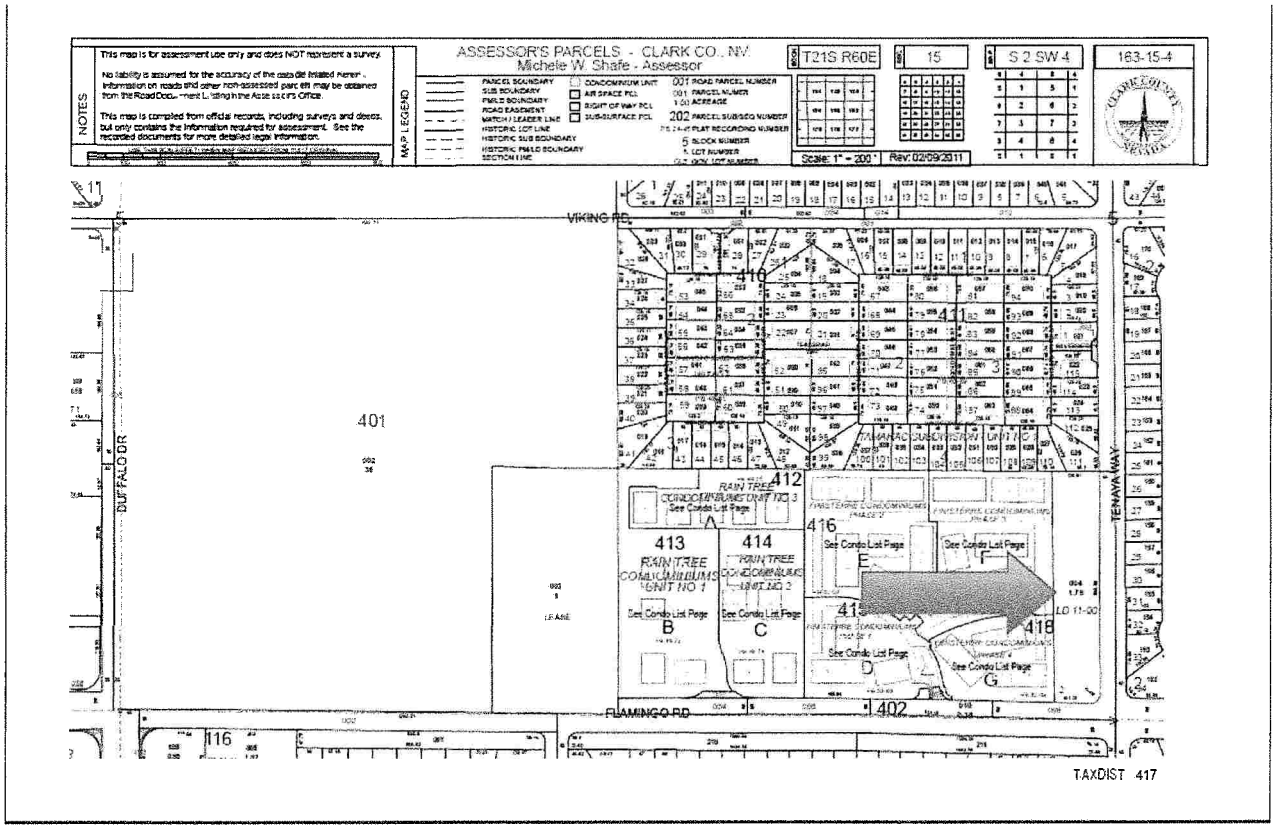
REAL PROPERTY ASSESSED VALUE		
FISCAL YEAR	2019-20	2020-21
LAND	186764	200104
IMPROVEMENTS	744102	759392
PERSONAL PROPERTY	0	0
EXEMPT	455287	469289
GROSS ASSESSED (SUBTOTAL)	930866	959496
TAXABLE LAND+IMP (SUBTOTAL)	2659617	2741417
COMMON ELEMENT ALLOCATION ASSD	0	0
TOTAL ASSESSED VALUE	930866	959496
TOTAL TAXABLE VALUE	2659617	2741417

ESTIMATED LOT SIZE AND APPRAISAL INFORMATION	
ESTIMATED SIZE	1.75 Acres
ORIGINAL CONST. YEAR	2001
LAST SALE PRICE MONTH/YEAR SALE TYPE	4800000 5/2003 R - Recorded Value
LAND USE	41.335 - Offices, Professional and Business Services
DWELLING UNITS	1

PRIMARY RESIDENTIAL STRUCTURE					
1ST FLOOR SQ. FT.	0	CASITA SQ. FT.	0	ADDN / CONV	
2ND FLOOR SQ. FT.	0	CARPORT SQ. FT.	0	POOL	NO

3RD FLOOR SQ. FT.	0	STYLE	Office Building	SPA	NO
UNFINISHED BASEMENT SQ. FT.	0	BEDROOMS	0	TYPE OF CONSTRUCTION	
FINISHED BASEMENT SQ. FT.	0	BATHROOMS	0	ROOF TYPE	
BASEMENT GARAGE SQ. FT.	0	FIREPLACE	0		
TOTAL GARAGE SQ. FT.	0				

SUBJECT PARCEL MAP – APN: 163-15-402-004



FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #5
Lease Agreements

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE ("Amendment") is made this ___ day of January, 2018 ("Effective Date"), by and between FLAMINGO/TENAYA, LLC, a Nevada limited liability company ("Landlord"), and BEACON ACADEMY OF NEVADA, a State of Nevada State Charter School ("Tenant"). Landlord and Tenant are collectively referred to herein as the "Parties" and individually as "Party."

RECITALS

WHEREAS, Landlord and Tenant entered into that certain Lease dated June 15, 2012 ("Lease"), for that certain commercial property located at 7360 West Flamingo Road, Las Vegas, Nevada 89147 (within Clark County) and having APN 163-15-402-004, which consists of an approximately 12,592 square foot office building ("Building");

WHEREAS, pursuant to Paragraph 29.3 of the Lease, the Lease may not be amended, altered or modified in any way except by a writing signed by the parties to the Lease; and

WHEREAS, Landlord and Tenant desire to amend the Lease pursuant to the terms and conditions of this Amendment.

NOW THEREFORE, based upon the covenants and promises contained herein and other good and valuable consideration, Landlord and Tenant mutually agree as follows:

1. Extension of the Term. The Term of the Lease is currently set to expire on July 31, 2019. The Parties wish to extend the Term of the Lease for an additional ONE (1) year—to July 31, 2020—on the same terms and conditions as set forth in the Lease plus a 4% increase. The extension of the Term of the Lease to July 31, 2020, shall also amend the Expiration Date of the Lease to July 31, 2020.

2. Extended Term Monthly Rent. The Tenant shall pay the Landlord Rent as set forth in the table below:

Extended Term Dates	Monthly Rent
August 1, 2019 -- July 31, 2020	$18,742.00

3. Options to Extend. The Tenant shall have one (1) option to extend the Term of one (1) year. Tenant shall exercise each Option by giving the Landlord written notice of its intention to exercise said Option at least six (6) months prior to the expiration of the Term or Renewal Term, as applicable. The Parties shall work together in good faith to negotiate the Rent for each Renewal Term. Notwithstanding the foregoing, in no event shall the Rent for a Renewal Term be less that the Rent for the month prior to the commencement of such Renewal Term. Further, in the event the Rent is increased for a Renewal Term, the maximum increase in Rent for the Renewal Term shall not exceed four percent (4%) of the Rent for the month prior to the commencement of such Renewal Term.

4. Permitted Use. Section 1.13 of the Lease shall be deleted in its entirety and replaced with the following:

> "The Building shall be used for the operation of a charter high school, including the instruction of students within the Building, general office use related to the operation of the high school and all other accessory uses reasonably related thereto. In the event the Tenant desires to use the Building for any other use or purpose, Tenant shall obtain the prior written consent of the Landlord prior to commencing any use that is not set forth in the first sentence of this Section 1.13."

5. Tenant's Work. In order for the Tenant to utilize the Building for the Permitted Use, certain matters must be completed, which include the following:

(i) any applications or renewal applications with State of Nevada State Charter School Authority; and

(ii) any land use applications with Clark County, Nevada, to satisfy any and all requirements of the State of Nevada State Charter School Authority and/or Clark County, Nevada (collectively (i)-(ii) are the "Tenant's Work").

The Tenant's Work shall be done by Tenant and the commencement, completion and other matters related to Tenant's Work shall be governed by Sections 5.1 and 14 of the Lease. Upon the determination of the total cost of Tenant's Work, the Landlord agrees to contribute **$13,500.00** toward the cost of Tenant's Work, if any.

6. Capitalized Terms. All capitalized terms not otherwise defined in this Amendment shall have the meaning set forth in the Lease.

7. Full Force and Effect. Except as set forth in this Amendment, the Lease shall remain in full force and effect.

8. Counterparts. This Amendment may be executed in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Facsimile or electronic copies shall be deemed originals.

(SIGNATURES ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, this Amendment has been executed by the Parties as of the Effective Date.

LANDLORD:

FLAMINGO TENAYA, LLC, a Nevada limited liability company
By: LUCKY'S TWO WAY RADIO, INC., a Nevada corporation
Its: Manager

By: _____
James Kay, President

TENANT:

BEACON ACADEMY OF NEVADA, a Nevada State Public Charter School

By: _____

Name: Tambre Tondryk

Title: Executive Directa Operations

JK

Flamingo Tenaya LLC

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE ("Amendment") is made this___ day of March 10, 2017, ("Effective Date"), by and between FLAMINGO/TENAYA, LLC, a Nevada limited liability company ("Landlord"), and BEACON ACADEMY OF NEVADA, a State of Nevada State Charter School ("Tenant"). Landlord and Tenant are collectively referred to herein as the "Parties" and individually as "Party."

RECITALS

WHEREAS, Landlord and Tenant entered into that certain Lease dated June 15, 2012 ("Lease"), for that certain commercial property located at 7360 West Flamingo Road, Las Vegas, Nevada 89147 (within Clark County) and having APN 163-15-402-004, which consists of an approximately 12,592 square foot office building ("Building");

WHEREAS, pursuant to Paragraph 29.3 of the Lease, the Lease may not be amended, altered or modified in any way except by a writing signed by the parties to the Lease; and

WHEREAS, Landlord and Tenant desire to amend the Lease pursuant to the terms and conditions of this Amendment.

NOW THEREFORE, based upon the covenants and promises contained herein and other good and valuable consideration, Landlord and Tenant mutually agree as follows:

1. Extension of the Term. The Term of the Lease is currently set to expire on July 31, 2017. The Parties wish to extend the Term of the Lease for an additional two (2) years—to July 31, 2019—on the same terms and conditions as set forth in the Lease. The extension of the Term of the Lease to July 31, 2019, shall also amend the Expiration Date of the Lease to July 31, 2019.

2. Extended Term Monthly Rent. The Tenant shall pay the Landlord Rent as set forth in the table below:

Extended Term Dates	Monthly Rent
August 1, 2017– July 31, 2019	$18,000.00

3. Options to Extend. The Tenant shall have two (2) options (each, an "Option") to extend the Term for two (2) successive renewal terms (each, a "Renewal Term") of one (1) year each. Tenant shall exercise each Option by giving the Landlord written notice of its intention to

exercise said Option at least six (6) months prior to the expiration of the Term or Renewal Term, as applicable. The Parties shall work together in good faith to negotiate the Rent for each Renewal Term. Notwithstanding the foregoing, in no event shall the Rent for a Renewal Term be less that the Rent for the month prior to the commencement of such Renewal Term. Further, in the event the Rent is increased for a Renewal Term, the maximum increase in Rent for the Renewal Term shall not exceed four percent (4%) of the Rent for the month prior to the commencement of such Renewal Term.

4. Permitted Use. Section 1.13 of the Lease shall be deleted in its entirety and replaced with the following:

"The Building shall be used for the operation of a charter high school, including the instruction of students within the Building, general office use related to the operation of the high school and all other accessory uses reasonably related thereto. In the event the Tenant desires to use the Building for any other use or purpose, Tenant shall obtain the prior written consent of the Landlord prior to commencing any use that is not set forth in the first sentence of this Section 1.13."

5. Tenant's Work. In order for the Tenant to utilize the Building for the Permitted Use, certain matters must be completed at the sole expense of the tenant;

(i) The Tenant will submit any applications or renewal applications with the State of Nevada State Charter School Authority;

(ii) The Tenant will be responsible for modifications to the building that are not within the scope of work required by the Special Use Permit or Code Enforcement

(iii) The Tenant will cooperate as needed for CUP applications and compliance matters related to

(iv) The Tenant will be responsible for the demolition of two walls; the tenant has contracted with CLV development

The Tenant's Work shall be done by the Tenant the and the commencement, completion and other matters related to Tenant's Work shall be governed by Sections 5.1 and 14 of the Lease.

6. Landlord's work. Landlord expenses and obligations can be found on Exhibit 1

7. Capitalized Terms. All capitalized terms not otherwise defined in this Amendment shall have the meaning set forth in the Lease.

8. Full Force and Effect. Except as set forth in this Amendment, the Lease shall remain in full force and effect.

9. Counterparts. This Amendment may be executed in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Facsimile or electronic copies shall be deemed originals.

EXHIBIT #1: Landlord Expenses

(i) the installation of fixtures, equipment and any other modification to the Building required by Applicable Laws, including, but not limited to, the fire system for the Permitted Use;

a. fire alarm system and monitoring contract [bid enclosed]
b. burglar alarm system and monitoring [bid enclosed]
c. installation of ADA compliant grab bars [bid enclosed]
d. door swing changes as required for egress [bid enclosed]

(ii) any land use applications, conditional use permits, and legal expenses incurred to satisfy all requirements of the State of Nevada Public Charter School Authority and/or Clark County, Nevada; [completed and paid]

IN WITNESS WHEREOF, this Amendment has been executed by the Parties as of the Effective Date.

LANDLORD:

FLAMINGO TENAYA, LLC, a Nevada limited liability company
By: LUCKY'S TWO WAY RADIO, INC., a Nevada corporation
Its: Manager

By: _____
James Kay, President

TENANT:

BEACON ACADEMY OF NEVADA, a Nevada State Public Charter School

By: _____

Name: RANDALL C EDWARD

Title: President

LEASE

BY AND BETWEEN

FLAMINGOTENAYA, LLC

AS "LANDLORD"

and

BEACON ACADEMY OF NEVADA, A Nevada State Public Charter School

AS "TENANT"

DATED AS OF JUNE 15, 2012

7380 WEST FLAMINGO ROAD

LAS VEGAS, NEVADA 89147

APN: 163-15-402-004

OFFICE SPACE

LEASE AGREEMENT

This Office Space Lease Agreement ("Lease") is made between the Landlord and Tenant hereinafter identified in Sections 1.2 and 1.3 hereof, respectively, and constitutes a lease between the parties for the "Building" as identified in Section 1.6 hereof on the terms and conditions and with and subject to the covenants and agreements of the parties hereinafter set forth by basic lease provisions. Tenant shall have the non-exclusive right (unless otherwise provided herein) in common with Landlord and invitees to use of the Common Areas (as defined below).

ARTICLE 1
BASIC LEASE PROVISIONS

The following are certain Lease provisions, which are a part of, and, in certain instances, referred to, in subsequent provisions of this Lease:

SECTION 1.1 DATE OF LEASE:	June 15, 2012
SECTION 1.2 LANDLORD:	Flamingo Tenaya, LLC
SECTION 1.3 TENANT:	Beacon Academy of Nevada, A Nevada State Public Charter School
SECTION 1.4 TENANT'S TRADE NAME:	Beacon Academy of Nevada, A Nevada State Public Charter School
SECTION 1.5 PROJECT:	Consists of two office Buildings located at Flamingo and Tenaya on one parcel of property.
SECTION 1.6 BUILDING:	7360 West Flamingo Road, Las Vegas, Nevada 89147, Containing approximately 12,592 square feet. APN: 163-15-402-004
SECTION 1.7 TERM:	60 months from the Lease Commencement Date ("Expiration Date"). *(See Section 3.1)*
SECTION 1.8 COMMENCEMENT DATE:	Lease Commencement Date: (subject to Section 4.1 below) is August 1, 2012, and the Expiration Date is July 31, 2017. Tenant expressly agrees, and this Lease is made upon the express condition, that Landlord shall not be liable, responsible, or in any way accountable to Tenant, Tenant's agents, employees, servants, customers or invitees, or to any person whoever, for any loss incurred by Tenant or its business due to any delays incurred in occupying the Building. However, Landlord expressly agrees that Tenant will not be responsible for rent until the actual Lease Commencement Date.

SECTION1.9 TENANT'S PRO RATASHARE:	N/A
SECTION1.10 BASERENT AND ESCLATIONS:	The Initial Base Rent shall be $1.20 per Rentable sq. ft., per month (i.e., $14,070.95 per month) for the first 12 months less the Rent Abatement. See Section 6.2 and 6.3.
SECTION 1.11 CAMExpenses	Landlord's Responsibility.
SECTION 1.12 SECURITYDEPOSIT:	$19,000 *(See Sections 7., 7.2 and 7.3)* This shall be deposited with Landlord upon execution of this Lease.
SECTION 1.13 PERMITTED USE:	General office use and all related uses thereto and for no other use or purpose. *(See Section 12.1)*
SECTION 1.14 GUARANTOR(S):	N/A. *(See Section 18.3)*
SECTION 1.15 TENANT'S IMPROVEMENT ALLOWANCE:	NONE. Tenant takes Building "AS-IS" with the sole exception that Landlord shall perform the following only: See Exhibit D. Tenant to contribute the sum of $8,865.00 towards the cost of the Tenant Improvements.
SECTION 1.16 BROKER(S):	Landlord: Lee & Associates, Lisa Gilstrap and Craig Summers Attn: Lisa Gilstrap 8635 South Eastern Avenue, Suite 120 Las Vegas, Nevada 89119 E-Mail: lgilstrap@leelasvegas.com Tenants: Reality Executives of Nevada, Bob Holding Attn: Bob Holding 1925 Village Center Circle, Suite 150 Las Vegas, Nevada 89134 E-Mail: bobholding@lvcoxmail.com *(See Section 30.5)*

possession and the validity of this Lease shall not be impaired; and that if Landlord's failure to so deliver possession on the Lease Commencement Date is attributable to: (i) Tenant's delays in the reasonable approval or preparation of plans and specifications for improvements, (ii) unreasonable delays caused by the Tenant's contractors or agents in performing services for which Tenant is responsible, or (iii) Tenant's negligence or willful misconduct ("Tenant Delays"), then Landlord shall be entitled to full performance by Tenant (including the payment of all forms of rent) from the Lease Commencement Date. "Delivery of Possession" shall be deemed to occur on the date Landlord substantially completes Landlord's Work as set forth in Exhibit "D" hereto. By entry hereunder, Tenant shall be deemed to have accepted the Building (except for outstanding minor items of work and minor adjustments that can be completed after occupancy of the Building without causing undue interference with Tenant's reasonable use of the Building [i.e., so called "punchlist" items]) as being in good and sanitary order, condition and repair; subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Building and any covenants or restrictions of record, and accepts this Lease subject thereto as to all matters disclosed thereby and by any exhibits attached hereto. Landlord shall use its best efforts to complete any punchlist items as quickly as reasonably possible. Tenant acknowledges that neither Landlord nor Landlord's agent has made any representation or warranty as to the present or future suitability of the Building for the conduct of Tenant's business. Tenant shall have access to the Building through all public entrances.

ARTICLE 5
CONSTRUCTION

5.1 Tenant's Construction. Tenant shall commence the installation of fixtures, equipment and any other Tenant's Work as set forth in Exhibits "D," if any, promptly upon substantial completion of Landlord's Work and Tenant shall diligently pursue such installation and work to completion. All of Tenant's Work and any Tenant Alterations (as defined below) shall be at Tenant's sole cost and expense pursuant to plans and specifications which meet Landlord's reasonable approval (any such plans and specifications related to Tenant's Work or Tenant Alterations shall be referred to herein as "Tenant's Plans"). Upon the submittal by Tenant to Landlord of Tenant's Plans, or any portion thereof, and request for approval thereof, Landlord shall have fourteen (14) days after receipt thereof to approve or disapprove in writing the portion of Tenant's Plans submitted. Any written disapproval must set forth in sufficient detail the reasons for the disapproval, any applicable conditions as set forth in subsections (i) through (vi) in the second paragraph of Section 14.1, below, and what changes, if any, Landlord requires. In the event that Landlord timely disapproves a submittal of Tenant's Plans, or any portion thereof, then Tenant shall make the changes set forth in Landlord's written disapproval and shall re-submit Tenant's Plans to Landlord for approval. The foregoing procedure shall be followed until Landlord and Tenant mutually approve Tenant's Plans, or any portion thereof as submitted. If Landlord fails to either approve or disapprove any submittal or re-submittal within fourteen (14) days after receipt thereof, then Tenant's Plans, to the extent submitted, shall be deemed approved. Upon approval of Tenant's Plans, or any portion thereof, the same shall become and referred to herein as "Approved Plans". Tenant shall provide its own trash container(s) as needed for containment and removal of construction debris from Tenant's Work and Tenant shall remove said trash containers prior to opening for business. The location of the trash containers shall be reasonably designated by Landlord. During the Tenant improvement period, Tenant and its contractor, if any, shall keep the Project free of all construction and related debris. Prior to opening for business, Tenant shall remove all construction and related debris from the Building and the Project, and all such areas shall be left in a broom clean condition. Tenant's contractor shall name Landlord as an additional insured on contractor's insurance policies. All Tenant's Work shall be undertaken and completed in a good, workmanlike manner, and Tenant shall obtain all necessary governmental permits, licenses and approvals with respect thereto and shall fully comply with all covenants , conditions and restrictions of record, governmental statutes, ordinances, rules and regulations pertaining thereto. Tenant covenants that no work by Tenant's employees, agents or contractors, shall disrupt or cause a slowdown or stoppage of any work conducted by Landlord on the Building or Project.

5.2 Landlord's Construction. Landlord shall deliver to Tenant, and, except as specifically provided herein, Tenant agrees to accept from Landlord, possession of the Building upon substantial completion of Landlord's Work as described in Exhibit "D." Landlord may assign to Tenant (to the extent assignable and without warranty or representation by Landlord) all rights which Landlord may have under any contract for the construction of improvements to the Building against the contractor respecting defects in workmanship and materials.

ARTICLE 6
RENT

6.1 General Provisions. As used herein, "rent" or "Rent" shall mean Base Rent, as herein defined. Unless provided herein to the contrary, Tenant shall pay all rent to Landlord in advance on or before the first day of each month of the Term at the address provided in Section 1.18 hereof, commencing on the Lease Commencement

Date (payment of the 1st month's rent), and continuing until the Expiration Date. All rent shall be paid, to Landlord, in lawful money of the United States of America without demand therefor, and without deduction, offset or abatement of any kind. Rent for any partial month, including any month adjusted pursuant to Section 6.1 hereof, shall be prorated on the basis of a thirty (30) day month. Upon the execution of this Lease, Tenant shall pay to Landlord the sum equal to the first full monthly instalment of Base Rent. No payment by Tenant or receipt by Landlord of lesser amounts of rent than those herein stipulated shall be deemed to be other than on account of the earliest unpaid stipulated rent. No endorsement or statement on any check or any letter accompanying any check or payment as rent shall be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease.

6.2 Base Rent. Tenant shall pay Landlord as fixed rent ("Base Rent") during the Term of this Lease, the sum set forth in Section 1.10 hereof and Section 6.3, which sum shall be payable by Tenant, monthly, on or before the first day of each month, in advance. Landlord has agreed to abate the Rent Tenant is paying hereunder for the months of August 2012 and August 2013.

6.3 Increase to Base Rent Not of Rent Abatement

Months	Square Foot	Rent Net of Taxes	Annual Base Rent
Months 13--24	1.2480	$14,675.37	$161,429.03
Months 25--36	1.2979	$15,303.98	$183,647.50
Months 37--48	1.3498	$15,957.89	$191,492.34
Months 49-60	1.4038	$16,637.68	$199,650.97

6.4 Payment of CAM Expenses. Landlord shall be responsible for paying the CAM Expenses and shall not charge Tenant for these expenses.

ARTICLE 7
SECURITY DEPOSIT

7.1 Security Deposit. Concurrently with Tenant's execution of this Lease, Tenant shall deposit with Landlord the Security Deposit ("Security Deposit") specified in Section 1.12. Landlord shall hold the Security Deposit as security for Tenant's faithful performance of all the terms, covenants, and conditions of this Lease. Landlord shall not be required to keep the Security Deposit separate from Landlord's general funds. Subject to Landlord's right hereunder to apply the Security Deposit in accordance with this Article, the parties acknowledge that the Security Deposit does not cover any rent or Operating Expenses hereunder. The retention or application of such Security Deposit by Landlord pursuant to this Section does not constitute a limitation on or waiver of Landlord's right to seek further remedy under law or equity.

7.2 Use of Security Deposit. If Tenant breaches or fails to perform any of Tenant's obligations under this Lease, Landlord shall have the right, but not the obligation, to use or retain all or any part of the Security Deposit to cure the breach or failure of performance, and to compensate Landlord for any damages sustained by Landlord, including but not limited to payment of (i) delinquent rent; (ii) interest on delinquent rent; (iii) late charges on delinquent rent; (iv) the cost of performing any of Tenant's obligations under this Lease; (v) the cost of repairing damages to the Building or Project; (vi) the cost of cleaning, maintaining, repairing, restoring or rebuilding the Building; (vii) attorneys' and accountants' fees and disbursements and court costs; (viii) brokerage commissions and finders' fees; and, (ix) interest on any and all of the above at the lower of (x) the so-called "Prime Rate" published in *The Wall Street Journal*, as the same may change from time to time, plus two percent (2%), or (y) sixteen percent (16%) per annum, but in no event at a rate higher than that permitted by applicable law ("Remedy Rate") from the date due until paid; provided, however, that retention of all or any part of the Security Deposit shall not affect Tenant's obligations under this Lease or Landlord's other rights and remedies provided at law, in equity, or under this Lease. If any portion of the Security Deposit is used as provided for in this Section, then within five (5) days after written demand by Landlord, Tenant shall deposit with Landlord sufficient cash to restore the Security Deposit to its original amount. Tenant's failure to make this deposit shall be a default under this Lease.

7.3 Refund and Transfer. If Tenant shall have fully and faithfully performed all of Tenant's obligations under this Lease (or upon the earlier termination without Tenant's fault) and after Landlord has inspected the Building, has cleaned and repaired any damage, and has received invoices for such repair or cleaning costs, if any, then Landlord shall return the Security Deposit or any balance thereof to Tenant. Landlord may transfer the Security Deposit, or that portion remaining after any deduction, to Landlord's successor-in-interest and shall upon such transfer be discharged from any further liability with respect to such Security Deposit.

ARTICLE 8
USE AND MAINTENANCE OF THE COMMON AREAS

Landlord hereby grants to Tenant, the nonexclusive use of the Common Area, with the exception of the parking behind the Building, as has been or may hereafter be provided by Landlord, subject, however, to rules and regulations for the use thereof as prescribed from time to time by Landlord. In no event, however, shall Tenant, its agents or employees use the Common Area for the display, promotion or sale of merchandise. The Common Areas shall be used and maintained pursuant to the following terms:

8.1 Maintenance of Common Area. Except for certain items to be maintained by Tenant as stated herein, Landlord, during the Term, will maintain the Common Area in good condition and repair.

8.2 Landlord's Control Over Common Area. Landlord shall at all times have the exclusive control and management of the Common Areas of the Building and Project. Landlord shall have the right from time to time to employ personnel, establish, modify and enforce reasonable rules and regulations; construct, maintain and operate lighting facilities; police the Common Areas and facilities; from time to time to change the area, level, location and arrangement of parking areas and other facilities hereinabove referred to; to restrict parking by Tenant, its officers, agents and employees to employee parking areas within the Project; to temporarily close all or any portion of the Common Areas to such extent as may, in the opinion of Landlord's counsel, be legally sufficient to prevent a dedication thereof or the accrual of any interest therein by any person or the public; temporarily close all or any portion of the parking areas or facilities to discourage non-customer parking; and to do and perform such other acts in and to the Common Areas as, in the use of good business judgment, Landlord shall determine to be advisable with a view to the improvement of the convenience and use thereof by tenants of the Building or Project, their employees, invitees and customers.

8.3 Compliance with Landlord's Rules and Regulations. Tenant agrees to comply with (and cause its agents, contractors, employees and invitees to comply with) any rules and regulations of Landlord ("Rules and Regulations") and with such reasonable modifications thereof and additions thereto as Landlord may from time to time make provided said additions/modifications are reasonable and are uniformly applied to all tenants. Landlord shall not be responsible for any violation of said rules and regulations by other tenants or occupants of the Building or Project, but shall nevertheless apply and enforce said Rules and Regulations equitably to all tenants.

8.4 Parking. Landlord shall cause to be maintained automobile parking areas within the entire area in front of the Building and facing Flamingo for the benefit and use of the visitors and patrons and employees of Tenant, subject to any and all conditions as set forth in this Lease. The parking areas shall include the automobile parking stalls, driveways, entrances, exits, sidewalks and attendant pedestrian passageways and other areas designated for parking. Landlord shall determine the nature and extent of the parking areas and make such changes which, in its opinion, are in the best interests of all persons using the parking area. Nothing contained in this Lease shall be deemed to create liability upon Landlord for any damage to motor vehicles of visitors or employees, unless ultimately determined to be caused by the negligence or willful misconduct of Landlord or its employees. Landlord shall also have the right to establish, amend, and enforce against all users of the parking areas reasonable rules and regulations as Landlord may deem necessary and advisable for the proper and efficient operation and maintenance of the parking area.

8.5 Signage and Obstructions. Tenant shall submit a diagram of Tenant's permanent signage and temporary banners to Landlord for approval prior to placing the same on the Building, which approval shall not be unreasonably withheld or delayed. Tenant shall not obstruct any portion of the Common Areas without the prior written consent of Landlord, by placing or allowing any item on it, including without limitation, signs, banners, displays, merchandise or other materials, except as expressly permitted by this Lease, or Landlord in writing.

8.6 CAM Expenses. "CAM Expenses" shall mean all costs and expenses of every kind and nature, incurred or paid by Landlord and including but not limited to the following:

(i) In providing sanitation and other services, insuring (including self insurance and the payment of deductible amounts under insurance policies), repairing, replacing and maintaining the (a) Common Area, including any parking decks and connectors, (b) all buildings and roofs within the Project, and (c) all other areas, facilities and buildings and vertical transportation facilities.

(ii) For all assessments, water and sewer charges and other similar governmental charges levied on or attributable to the Common Area or Project or their operation, including without limitation, (a) any tax measured by gross rentals received from the leasing of the Building or Project, excluding any net income, franchise, capital stock, estate or inheritance taxes imposed by the state or federal government or their agencies, branches or departments; provided that if at any time during the Term any governmental entity levies, assesses or imposes on Landlord any (1) general or special, ad valorem or specific, excise, capital levy or other tax, assessment, levy or charge directly on the rent received under this Lease or on the rent received under any other leases of space in the Building or Project, or (2) any license fee, excise or franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rent, or (3) any transfer, transaction, or similar tax, assessment, levy or charge based directly or indirectly upon the transaction represented by this Lease or such other leases, or (4) any occupancy, use, per capita or other tax, assessment, levy or charge based directly or indirectly upon the use or occupancy of the Building or Project, then any such taxes, assessments, levies and charges shall be deemed to be included in the term Operating Expenses.

(iii) For all sums expended in connection with the Building for all general maintenance and repairs; relocation of facilities; resurfacing; painting; striping; re-striping; cleaning; sweeping; maintenance and repair of sidewalks, curbs, Building signs, landscaping, irrigation or sprinkling systems; planting and landscaping; lighting and other utilities; directional signs and other markers and bumpers; all roof repairs and maintenance including but not limited to patching, resurfacing and preventative maintenance and painting or renovation of the exterior portion of all or any part of the improvements constructed on the Building; maintenance and repair of any fire protection systems, lighting systems, storm drainage systems and any other utility systems; all cost or expense incurred by reason of any repairs or modifications to the Building and/or its improvements and/or for repair or installation of equipment for energy or safety purposes; personnel to implement such services including, if Landlord deems necessary, the cost of a maintenance supervisor and/or the cost of security guards; all costs and expenses pertaining to a security alarm system for the tenants and/or Building; all costs, expenses and/or surcharges levied or imposed upon or against the Building, parking spaces or areas, the Building and/or Landlord and all payments to or for public transit or car-pooling facilities or as otherwise required by any governmental agency having jurisdiction over the Building; all costs incurred by Landlord in connection with complying with applicable federal, state, county, borough or municipal laws, ordinances, rules, regulations, directives, orders and/or requirements now or hereafter in force with respect to the Building.

ARTICLE 9
TAXES

9.1 Property Taxes. Pursuant to NRS 361.098 this property is exempt from property taxes in that it is being leased to a charter school. All real property and personal property that is being leased to the charter school is being used for educational purposes and is exempt from taxation. The parties agree that pursuant to the Lease the amount of payment required as rent complies with NRS 361.098(2) (b) and does not require the payment of property tax by the charter school. The Parties further agree that the Landlord will provide a copy of the lease to the County Assessor's Office in order to obtain the property tax exemption.

ARTICLE 10
UTILITIES AND SERVICES

10.1 General. Landlord shall not be responsible for, or in default hereunder or be liable for any damages (including any consequential damages) directly or indirectly resulting from, nor shall the Rent be abated by reason of (i) the installation, use or interruption of use of any equipment in connection with the services set forth in Section 10.2, (ii) failure caused by accident or any condition or event beyond the reasonable control of Landlord, or by the making of necessary repairs or improvements to the Building or Project, or (iii) the limitation, curtailment or rationing of, or restrictions on, use of water, electricity, gas or any other form of energy serving the Building or Project. Except to the extent caused by the willful misconduct of Landlord, Landlord shall not be liable under any circumstances for a loss of or injury to property or business, however occurring, through or in connection with or incidental to any such services. Notwithstanding the preceding or anything in this Lease to the contrary, if water, electricity, gas or any other form of energy serving the Building is interrupted due to the willful misconduct of

Landlord, its agents, employees, or contractors (or such contractors' subcontractors) for a period in excess of three (3) continuous business days, then Rent due under this lease shall be abated thereafter during the period of time Tenant is without such utility, until restoration of such services.

10.2 Landlord's Obligations.

Landlord shall furnish the following to the Building, at levels and in types customary for buildings in the Las Vegas, Nevada office market:

(a) HVAC. Landlord shall furnish the equipment and systems for heating, ventilation and air conditioning ("HVAC") for the use and occupancy of the Building for normal office purposes. Landlord will provide for the maintenance of the HVAC for a period of 90 days from the Commencement Date, and Landlord warrants that the HVAC shall perform in accordance with the purposes for which it is intended for the same 90 days. If the cost of repairs to either the air handler or compressor unit exceeds the cost of replacement, then Landlord shall pay the cost. As it pertains to any special equipment of Tenant only, Landlord makes no representation with respect to the adequacy or fitness of the HVAC equipment in the Building to maintain satisfactory temperatures, and Landlord shall have no liability for loss or damage in connection therewith.

(b) Electricity. Landlord shall furnish to the Building wiring for electric current (connected load) for wall outlet power and lighting and electric current. Without the prior written consent of Landlord, which Landlord may refuse in its sole discretion, Tenant shall not connect any apparatus, device, machinery, appliances or equipment, except through existing electrical outlets in the Building.

(c) Elevators. Landlord shall furnish passenger elevator services to the Building at all times and shall identify a service provider for emergency calls from the elevator at all times.

(d) Roof/Common Area. Landlord shall maintain the roof and Common Area including the parking area and landscaping.

10.3 Tenant's Obligations.

Tenant shall be responsible for obtaining and paying at its sole cost and expense all electric, water, gas, HVAC maintenance, refuse removal, interior lighting, and janitorial services including window cleaning.

ARTICLE 11
INSURANCE

11.1 General. Tenant shall, at its expense, maintain in effect from and after the date of Delivery of Possession of the Building to Tenant and continuously thereafter until the Expiration Date, the policies of insurance required under this Article. All policies that Tenant is required to obtain under this Article shall be issued by responsible insurance companies authorized to do business in Nevada with a general policyholder's rating of not less than "A" and a financing rating of not less than Class "X", as rated by the most current available "Bests" Insurance Reports and shall be in a form (without any additions or deletions unless approved in writing by Landlord) and underwritten by companies reasonably acceptable to Landlord. On or before the Lease Commencement Date, Tenant shall furnish Landlord with evidence acceptable to Landlord that (i) the policies (or a binder thereof) required pursuant to this Article are in effect and (ii) Landlord shall be notified by the carrier in writing thirty (30) days prior to cancellation, material change, or non-renewal of such insurance. The policies that Tenant is required to obtain pursuant to this Article shall name Landlord and, upon Landlord's request, Landlord's mortgagee, if any, as additional insureds on such equivalent form as may be approved by Landlord and shall be primary policies, and shall not be contributing with and shall be in excess of coverage which Landlord may have and shall be unaffected by any insurance or self-insurance Landlord may have regardless of whether any other insurance policy names Landlord as an insured or whether such insurance stands primary or secondary. If Tenant carries any of the insurance required hereunder in the form of a blanket policy, any certificate required hereunder shall make specific reference to the Building, provided, however, the blanket policy carried with respect to the insurance required by Tenant hereunder shall contain a "per location" endorsement assuring that any aggregate limit under such blanket policy shall apply separately to the Building and that the insurer thereunder shall provide written notice to Landlord if the available portion of such aggregate is reduced to less than the minimum amounts required under this Article by either payment of claims or the establishment of reserves for claims, (whereupon Tenant shall be obligated to take immediate steps to increase the amount of its insurance coverage in order to satisfy the minimum requirements set forth in Section

11.2). The policy evidencing insurance required to be carried by Tenant pursuant to this Article shall provide coverage on an occurrence basis. The limits of the insurance coverage required by Landlord or the unavailability of certain types of coverage shall not limit or release Tenant from any of its obligations under this Lease and the existence of such insurance in no way changes Tenant's obligations to Landlord.

11.2 Tenant's Insurance.

A. Tenant, at its sole cost and expense, during the entire Term hereof, shall, commencing with the date upon which possession of the Building shall be made available to Tenant, procure, pay for and keep in full force and effect: (i) a commercial general liability insurance policy (ISO form or equivalent), including insurance against assumed or contractual liability under this Lease with respect to the Building and the operations of Tenant and any sublotenants of Tenant in, on or about the Building in which the limits with respect to personal liability and property damage shall not be less than Two Million Dollars ($2,000,000) per occurrence on a location basis; (ii) all risk property insurance including theft and, if applicable, boiler and machinery coverage, written at replacement cost value in an adequate amount to avoid coinsurance and a full replacement cost endorsement insuring the Tenant's trade fixtures, equipment, merchandise and furnishings and any other items of personal property of Tenant and including the property of Tenant's customers located on or in the Building; (iii) workers' compensation coverage as required by law; (iv) with respect to alterations, additions or improvements and the like required or permitted to be made by Tenant hereunder, contingent liability and builder's risk insurance, in amounts reasonably satisfactory to Landlord; and (v) such other insurance as from time to time may be required by city, county, state or Federal laws, codes, regulations or authorities. The deductibles or self-insurance portion under any such insurance policies to be carried by Tenant shall not exceed Five Thousand Dollars ($5,000) or such higher commercially reasonable amount consistent with Tenant's financial condition. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge the Tenant the premiums, payable upon demand as Additional Rent.

B. Tenant shall not use, or allow the Building to be used for any purpose which may be prohibited by the form of fire insurance policy required to be carried under this Lease. Tenant shall pay any increase in premiums for casualty and fire (including all risk coverage) insurance that may be charged during the Term of this Lease on the amount of such insurance which may be carried by Landlord on the Building, the Building or the Project resulting from Tenant's occupancy whether or not Landlord has consented thereto. In such event, Tenant shall also pay any additional premium on the insurance policy that Landlord may carry for its protection against rent loss through fire or casualty. In determining whether increased premiums are the result of Tenant's use of the Building, a schedule, issued by the organization setting the insurance rate on the Building, showing the various components of such rate, shall be conclusive evidence of the several items and charges which make up the casualty and fire insurance rate on the Building. Landlord shall deliver invoices for such additional premiums to Tenant at such times as Landlord may elect, and Tenant shall immediately reimburse Landlord therefore.

11.3 Landlord's Insurance. During the Term, Landlord shall procure and maintain at its expense (but with the expense to be included in Operating Expenses) through the term of this Lease a policy or policies of special form all risk (including rent loss coverage) real and personal property insurance covering the Building (including the leasehold improvements in the Building, but excluding Tenant's personal property and equipment), in an amount equal to the full insurable replacement cost thereof as such may increase from time to time (but such insurance may provide for a commercially reasonable deductible not to exceed $150,000), and in an amount sufficient to comply with any co-insurance requirements in such policy, and a policy of workers' compensation insurance, if any, as required by applicable law. In addition, Landlord shall procure and maintain at its expense (but with the expense to be included in Operating Expenses) and shall thereafter maintain throughout the term of this Lease, a commercial general liability insurance policy covering the Building with combined single limits for both damage to property and personal injury of not less than Two Million Dollars ($2,000,000) per occurrence, subject to annual aggregate limits of not less than Two Million Dollars ($2,000,000), which policy shall be considered primary as to occurrences in the Common Areas. Such insurance also shall extend to any liability of Landlord arising out of its indemnities in this Lease. All such policies procured and maintained by Landlord pursuant to this Section 11.3 shall be carried with companies licensed to do business in the State of Nevada.

11.4 Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, to the full extent permitted by law, Landlord and Tenant hereby waive any rights each may have against the other on account of any loss or damage occasioned to Landlord or Tenant, their respective property, the Building or its contents, or to other portions of the Project, arising from any risk to the extent covered by the insurance required hereunder. Landlord and Tenant shall each make its best efforts to obtain from its insurers under all policies of fire, theft, public liability and other insurance maintained by it at any time during the term of this Lease insuring or covering the

Building or any portion thereof or operations therein, a waiver by the insurer of all rights of subrogation which the insurer might have against the other. The foregoing waivers of subrogation shall be operative only so long as available without invalidating either Landlord's or Tenant's policy of insurance.

ARTICLE 12
USE OF BUILDING

12.1 Use. Tenant shall use the Building solely for the purposes set forth in Section 1.13. Landlord or Tenant shall not do or permit anything to be done in or about the Building nor bring or keep anything therein which will in any way cause the cancellation or increase the existing rate of any fire or other insurance upon the Building or the Project. Landlord or Tenant shall not do or permit anything to be done in or about the Building which will obstruct or interfere with the reasonable rights of other tenants or occupants of the Project and Tenant shall prevent odors, emissions, fumes, liquids or other substances or excessive noise from escaping or extending beyond the Building. Tenant shall not use or allow the Building or Common Areas of the Project to be used for any unlawful or extra hazardous purpose. Tenant shall refrain from using or permitting the use of the Building or any portion thereof as living quarters, sleeping quarters or for lodging purposes. Tenant shall, at its sole cost and expense, promptly comply in all material respects with all applicable federal, state, county, or municipal laws, ordinances, rules, regulations, directives, covenants, restrictions, orders and/or requirements now in force or which may hereafter be in force with respect to Tenant's specific use and occupancy of the Building. The judgment of any court of competent jurisdiction or the admission of Landlord or Tenant in any action against Landlord or Tenant, whether Landlord or Tenant be a party thereto or not, that Landlord or Tenant has violated any related law, statute, ordinance or requirement, shall be conclusive of that fact as between Landlord and Tenant.

12.2 Environmental Compliance. The term "Hazardous Substances," as used in this Lease, shall include, without limitation, flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, petroleum and petroleum products, and substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority.

Tenant shall not cause or permit to occur:

(a) Any violation of any federal, state, or local law, ordinance, or regulation now or hereafter enacted, related to environmental conditions on, under, or about the Building, or arising from Tenant's use or occupancy of the Building, including, but not limited to, soil and ground water conditions; or

(b) The use, generation, release, manufacture, refining, production, processing, storage, or disposal of any Hazardous Substance on, under, or about the Building, or the transportation to or from the Building of any Hazardous Substance.

Tenant shall, at Tenant's own expense, comply with all laws regulating the use, generation, storage, transportation, or disposal of Hazardous Substances ("Laws").

Tenant shall, at Tenant's own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental authorities (the "Authorities") under the Laws.

Should any Authority or any third party demand that a cleanup plan be prepared and that a clean-up be undertaken because of any deposit, spill, discharge, or other release of Hazardous Substances that occurs during the term of this Lease, at or from the Building which arises at any time from Tenant's use or occupancy of the Building, then Tenant shall, at Tenant's own expense, prepare and submit the required plans and all related bonds and other financial assurances; and Tenant shall carry out all such cleanup plans.

Tenant shall promptly provide all information regarding the use, generation, storage, transportation, or disposal of Hazardous Substances that is requested by Landlord. If Tenant fails to fulfill any duty imposed under this Section 12.2 within a reasonable time, Landlord may do so; and in such case, Tenant shall cooperate with Landlord in order to prepare all documents Landlord deems necessary or appropriate to determine the applicability of the Laws to the Building and Tenant's use thereof, and for compliance therewith, and Tenant shall promptly execute all documents reasonably requested by Landlord. No such action by Landlord and no attempt made by Landlord to mitigate damages under any Law shall constitute a waiver of any of Tenant's obligations under this Section 12.2.

Tenant shall indemnify, defend, and hold harmless Landlord, the manager of the property, and their respective officers, directors, beneficiaries, shareholders, partners, agents, and employees from all fines, suits, procedures, claims, and actions of every kind, and all costs associated therewith (including attorneys' and consultants' fees) arising out of or in any way connected with any deposit, spill, discharge, or other release of Hazardous Substances that occurs during the term of this Lease, at or from this Building, and which arises at any time from Tenant's use or occupancy of the Building.

Tenant's obligations and liabilities under this Section 12.2 shall survive the expiration of this Lease.

12.3 Landlord's Right of Entry. Landlord or its agents, at reasonable times, may enter into the Building (including Tenant's "IT Room" in the presence of Tenant's Representative) without any liability whatsoever for the purposes of (i) inspecting the Building; (ii) inspecting the performance by Tenant of the terms and conditions hereof; (iii) showing the Building to prospective purchasers, partners, or mortgagees; and (iv) making such repairs, alterations, improvements or additions as Landlord may deem necessary or desirable, and Landlord shall be allowed to take all material into and upon the Building that may be reasonably required therefore without the same constituting an eviction of Tenant in whole or in part, and the rents reserved herein shall not abate while said repairs, alterations, improvements or additions are being made, by reason of loss or interruption of business of Tenant or otherwise. Except in the case of an emergency, Landlord shall give Tenant reasonable notice of any and all intended entries or inspections pursuant to this Section.

ARTICLE 13
MAINTENANCE AND REPAIR OF BUILDING

13.1 Tenant's Inspection. Except as otherwise provided in this Lease, Tenant agrees to accept the Building in its existing conditions as of the date that Tenant takes final possession of the Building. Tenant represents, warrants, and covenants to Landlord that Tenant is relying solely upon its own inspection and investigation of the Building. Tenant shall provide Landlord with a copy of any and all inspection reports performed for Tenant in connection with the Building. From and after the date of delivery of the Building to Tenant, and continuously thereafter until the Expiration Date, Tenant, at Tenant's sole expense, shall maintain the interior of the Building in a first-class appearance, in a condition at least equal to that which existed when Tenant initially occupied the Building for business, and in good order, condition and repair, ordinary wear and tear, condemnation, and casualty not caused by Tenant excepted, as reasonably determined by Landlord (including replacement of parts and equipment, if necessary). Tenant shall do all acts required to comply with all applicable laws, ordinances, and rules of any public authority relating to its maintenance obligations as set forth herein. Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford the Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to perform its obligations set forth in Section 10.2 above and Section 13.3 below. Tenant shall not place a load upon any floor of the Building, which exceeds the load per square foot, which such floor was designed to carry, as determined by Landlord or Landlord's structural engineer.

Tenant shall give Landlord prompt notice of any damage to or defective condition that Tenant has actual knowledge of in any part or appurtenance of the Building's mechanical, electrical, plumbing, HVAC or other systems serving, located in, or passing through the Building.

13.2 Landlord's Cure. If Tenant fails to commence any of the Tenant's obligations listed in Section 13.1 within ten (10) days after receipt of Landlord's written demand to perform such obligations, or fails to adequately complete the performance of such obligations within a reasonable time after commencement, then Landlord may, but is not obligated to, perform such obligations without liability to Tenant for any loss to Tenant's property or business that might arise by reason thereof. Tenant shall reimburse Landlord on demand in an amount equal to the cost incurred by Landlord in the performance of such obligations plus an administrative fee equal to ten percent (10%) of the cost incurred by Landlord, all as Additional Rent.

13.3 Landlord's Obligations. Except for damage caused by any willful misconduct of Tenant, Tenant's employees, suppliers, shippers, customers or invitees, (in which event Tenant shall repair the damage), Landlord, as an Operating Expense, shall keep in good condition and repair the foundations, non-Building plumbing, exterior walls, roof structure of the Building, the fire protection sprinklers, and make necessary repairs to sidewalks, parking areas, curbs and all other Common Areas. Landlord shall not be obligated to paint the Building interior walls. Landlord shall not be required to maintain, repair or replace the interior doors, windows or plate glass of the Building. Landlord shall have no obligation to begin repairs under this Section 13.3 until fifteen (15) days after receipt of written notice from the Tenant of the need for such repairs except for the operations of the electrical system or such systems as will

impact Tenant's ability to conduct ongoing business operations, which shall be repaired on an emergency basis. Landlord shall not be liable for damage or loss of any kind or nature by reason of Landlord's failure to furnish any such service when such failure is caused by strikes, lockout, or any other labor disturbances or disputes of any character beyond the reasonable control of Landlord.

ARTICLE 14
ALTERATIONS AND ADDITIONS

14.1 Tenant Alterations. Except for any permitted alterations, as set forth herein, Tenant shall not commence to make any alterations, improvements or additions to the Building (collectively "Tenant Alterations") without Landlord's prior written consent in each instance provided, however, Landlord agrees it will not unreasonably withhold, delay or condition its consent to cosmetic or non-structural alterations or additions which do not involve structure, walls, floors, Building systems, electrical installations or the obtaining of building permits. All alterations, physical additions, modifications or improvements in or to the Building (including fixtures) shall, when made, become the property of Landlord and shall be surrendered to Landlord upon termination or expiration of this Lease; provided, however, that (i) Tenant shall retain title to and shall remove from the Building movable equipment and furniture owned by Tenant and (ii) Tenant shall repair any damage caused by such removal. If Tenant makes any Tenant Alterations or commences Tenant's Work without the prior written approval of Landlord, Landlord shall have the right to require that Tenant remove any or all of such Tenant Alterations or Tenant's Work and repair and restore damage to the Building caused by such removal at Tenant's sole expense and shall also have the right to declare Tenant in default and to terminate this Lease. Tenant's Work and any Tenant Alterations shall at all times comply fully with all applicable federal, state and municipal laws, ordinances, regulations, recorded covenants and restrictions/codes and other governmental requirements now or hereafter in force.

The procedure for obtaining Landlord's prior written consent as to any and all Tenant Alterations is as set forth in Section 6.1, above. Landlord shall have the right to condition Landlord's prior written consent upon Tenant's: (i) obtaining a building permit and complying with all building and planning laws and regulations for the Tenant's Work or Tenant Alterations from appropriate governmental agencies; (ii) furnishing a copy of such building permit and evidence of such compliance to Landlord prior to the commencement of such work; (iii) complying with all the conditions of such building permit and such building and planning laws and regulations including without limitation those obligations and procedures stated in Chapter 108 of the Nevada Revised Statutes, as amended; (iv) providing Landlord with a copy of the construction contract and construction schedule and list of subcontractors and suppliers for Landlord's prior written approval, which shall not be unreasonably conditioned, withheld or delayed; (v) obtaining a builder's "all risk" insurance policy in an amount and issued by insurance company reasonably acceptable to Landlord, naming Landlord as an additional insured and otherwise satisfying the requirements of Article 11 of this Lease; and, (vi) providing Landlord with ten (10) days written notice prior to commencing any such work. Landlord's approval of the plans, specifications and working drawings for Tenant's Work or any Tenant Alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities. Landlord shall not be liable for any damage, loss, or prejudice suffered or claimed by Tenant, its agents or any other person or entity on account of: (a) the approval or disapproval of any plans, contracts, bonds, contractors, sureties or matters; (b) the construction or performance of any work whether or not pursuant to approved plans; (c) the improvement of any portion of the Building or alteration or modification to any portion of the Building; or, (d) the enforcement or failure to enforce any of the covenants, conditions and restrictions contained in this Lease.

All work with respect to any addition, alteration or improvement shall be done in a good and workmanlike manner by properly qualified and licensed personnel approved by Landlord, and such work shall be diligently prosecuted to completion. Any such alterations, additions or improvements consented to by Landlord including any roof penetration shall be made at Tenant's sole cost and expense.

Tenant shall provide its own trash container or containers for construction debris; shall promptly remove all construction and related debris from the Building and all Common Areas; immediately following completion of construction shall return the Building and Common Areas to the condition they were in immediately prior to construction; shall repair and restore any portions of the Common Areas harmed as result of the construction activities to the condition they were in immediately prior to construction; shall use service entrances to the Building, if any; will conduct no core drilling, jack hammering or excessive noise during business hours; will disrupt other tenants as little as possible; and will pay to Landlord the amount of any and all damage to the roof caused by the penetration thereof, and the amount of any and all damages to the Building as a result of roof leaks caused by the penetration. Tenant shall secure any and all governmental permits, approvals or authorizations required in connection with any such work, and shall indemnify, defend Landlord against, and hold Landlord harmless from any and all liability, costs,

damages (including any damage to the Building, Common Areas or any part of the Project), expenses (including reasonable attorneys' fees) and any and all liens resulting therefrom.

Under no circumstances shall Tenant enter upon the Project roof or make any roof penetrations without the prior written consent of Landlord. Any consent of Landlord shall be conditioned upon Landlord's review and approval of plans satisfactory to Landlord for the repair of the roof. At Landlord's option, any roof penetrations shall be performed by Landlord's roofing contractor, and Tenant shall reimburse Landlord for the cost thereof and any necessary repair work within ten (10) days after Tenant's receipt of an invoice therefor.

14.2 Construction of Tenant Alterations. Tenant shall pay when due all claims for labor or materials furnished to or for Tenant at, on, or for use in the Building. Tenant shall keep the Building or Project, and any interest therein, free and clear of all mechanics' liens and all other liens. Tenant shall give Landlord immediate written notice of any lien filed against the Building, the Project or any interest therein related to or arising from work performed by or for the Tenant. Tenant shall give Landlord not less than ten (10) days' prior written notice of the commencement of Tenant's Work or any Tenant Alterations in the Building, and Landlord shall have the right to post notices of non-responsibility in or upon the Building as provided by law. If Tenant shall in good faith contest the validity of any such lien, claim or demand, then Tenant, at its sole expense, shall defend, indemnify, protect and hold the Building, Project and Landlord harmless against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Tenant, Landlord, the Project, or the Building. Notwithstanding the foregoing, at Landlord's request, Tenant shall immediately discharge such lien either by payment of the indebtedness due to the mechanic's lien claimant or by filing a bond (as provided by statute) as security therefor. Landlord shall have the right to procure such discharge by filing such bond, and Tenant shall pay the cost of such bond to Landlord as additional rent upon the first day thereafter that rent shall be due hereunder. In addition, Landlord shall have the right to require that Tenant pay Landlord's attorneys' fees and disbursements, court costs and other costs in defending any such action if Landlord is named as a party to any such action, the lien encumbers any portion or interest in the Building or Project and/or if Landlord elects to defend any such action or lien.

14.3 Title to Tenant Alterations. Any and all Tenant's Work and Tenant Alterations which may be made in or upon the Building shall become the property of Landlord and remain upon and be surrendered with the Building at the expiration of the Term without compensation to Tenant; provided, however, that (i) Tenant shall retain title to and shall remove from the Building movable equipment and furniture owned by Tenant and (ii) Tenant shall repair any damage caused by such removal unless Landlord requires that Tenant remove the Tenant's Work or Tenant Alterations pursuant to Article 15 hereof. Said requirement to remove any of Tenant's Work or Tenant Alterations shall be made in writing by Landlord to Tenant at such time Tenant makes the request for Landlord's approval.

14.4 General. Landlord may require, at Landlords sole option, that Tenant provide to Landlord, at Tenants expense, a lien and completion bond in an amount equal to at least one and one-half (1 1/2) times the total estimated cost of any additions, alterations or improvements to be made in or to the Building, to protect Landlord against any liability for mechanic's and materialmen's liens and to insure timely completion of the work. Nothing contained in this Section shall relieve Tenant of its obligation to keep the Building, Building and Project free of all liens, or comply with the provisions of Chapter 108 of the Nevada Revised Statutes, as amended.

14.5 Applicable Laws. Throughout the term of this Lease all Tenant's construction, use of the Building and alterations, additions and/or improvements to the Building shall be in accordance with all applicable laws, ordinances and regulations of all duly constituted authorities, including, without limitation, Title III of the Americans with Disabilities Act of 1990, all regulations issued there under and the Accessibility Guidelines for Buildings and Facilities issued pursuant thereto, as the same are in effect on the date hereof and may be hereafter modified, amended or supplemented ("Applicable Laws"). Further, any costs, expenses, required alterations/changes/modifications and/or damages arising from continued compliance with all Applicable Laws shall be the responsibility of Tenant at Tenant's sole cost and expense. All alterations/changes/modifications to the Building as required by Applicable Laws shall be made in a timely manner so as to avoid any liability and/or damages arising there from.

ARTICLE 15
TENANT'S PROPERTY

15.1 Tenant's Property. All supplies and movable trade fixtures owned by Tenant and installed in the Building at Tenant's sole cost and which may be removed without material damage to the Project ("Tenant's

Property") shall remain the property of Tenant during the Term. Tenant's Property (a) may be removed by Tenant from the Building from time to time during the Term and (b) at the expiration of the Term or earlier termination thereof shall be removed from the Building provided: (i) Tenant shall not at such time be in default, or with notice or the passage of time or both would be in default under any term, covenant, condition or provision of this Lease; and (ii) Tenant shall repair to the reasonable satisfaction of Landlord, any damage to the Building caused by the removal of Tenant's Property.

15.2 Surrender of Building. On the Expiration Date or on the sooner termination hereof, Tenant shall peaceably surrender the Building in accordance with the terms of this Section and in good order, condition and repair, broom clean, excepting only reasonable wear and tear and damage by fire, condemnation and other unavoidable casualty which Landlord is required to repair hereunder. The provisions of this Section shall survive termination of this Lease. Landlord may, however, designate by written notice to Tenant at the time Tenant requested Landlord's approval for said alterations, decoration, additions or improvements, those alterations, decorations, additions or improvements which shall be removed from the Building by Tenant at the expiration or earlier termination of this Lease and Tenant shall promptly remove the same and repair, to the reasonable satisfaction of Landlord, any damage to the Building or Project caused by such removal. Tenant shall promptly surrender all keys for the Building to Landlord at the place then fixed for notice to Landlord and shall inform Landlord of the combinations on any locks and safes on the Building. If Tenant abandons or surrenders the Building, or is dispossessed by process of law or otherwise, any of Tenant's Property left on the Building shall be deemed to be abandoned, and, at Landlord's option, title shall pass to Landlord under this Lease as by a bill of sale. If Landlord elects to remove all or any part of such Tenant's Property, the cost of removal, including repairing any damage to the Building or Building caused by such removal, shall be paid by Tenant.

ARTICLE 16
DAMAGE AND DESTRUCTION

16.1 Reconstruction of Damaged Building. If the Building is damaged, through no fault of Tenant, or its employees, supplies, customers or invitees, Landlord shall repair that damage as soon as reasonably possible, at its expense, unless: (i) Landlord reasonably determines that the cost of repair would exceed twenty percent (20%) of the full replacement cost of the Building ("Replacement Cost") and the damage is not covered by Landlord's fire and extended coverage insurance or (ii) Landlord reasonably determines that the cost of repair would exceed ten percent (10%) of the Replacement Cost and the damage occurs during the first twelve (12) months of the Term. Should Landlord elect not to repair the damage for one of the preceding reasons, Landlord shall so notify Tenant in writing within sixty (60) days after the damage occurs and Tenant shall elect to either (a) repair the damage at its cost and deduct the cost thereof from any future Base Rent due Landlord on a prorata basis amortized over the remaining months of the operative Term, or (b) terminate this Lease and this Lease shall terminate as of the date of that notice and the obligations of the parties shall terminate as if the Lease Term had naturally expired. Unless either party elects to terminate this Lease in accordance with the above, this Lease shall continue in effect for the remainder of the Term. However, provided that if the damage to the Building is so extensive that it prevents Tenant's substantial use and enjoyment of the Building for more than thirty (30) consecutive days, then Tenant may elect to terminate this Lease by written notice to Landlord within ten (10) days from and after Tenant's inability to use the Building for sixty (60) consecutive days and this Lease shall terminate as of the date of that notice and the obligations of the parties shall terminate as if the Lease term had naturally expired. Commencing on the date of any damage to the Building which renders a portion thereof unusable, and ending on the date the damage is repaired or this Lease is terminated, whichever occurs first, the rental to be paid under this Lease shall be abated in the same proportion that the floor area of the Building that is rendered unusable by the damage bears to the total floor area of the Building. Notwithstanding the provisions of the above subsections of this Section, if the damage is due to the negligence or willful misconduct of Tenant or its employees, subtenants, invitees or representatives, the cost of any repairs not covered by Landlord's or Tenant's insurance on the Building shall be borne by the Tenant, and Tenant shall not be entitled to rental abatement or termination rights. In addition, the provisions of this Section shall not be deemed to require Landlord to repair any improvements or fixtures installed by Tenant.

ARTICLE 17
EMINENT DOMAIN

17.1 Total or Partial Condemnation of Leased Building. If all or a material portion of the Building is taken by any lawful authority by exercise of the right of eminent domain, or sold to prevent taking, either Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to the authority. In the event title to a portion of the Building is taken or sold in lieu of taking, and if Landlord elects to restore the Building in such a way as to materially alter the Building or Tenant's reasonable use thereof, Landlord or Tenant may

terminate this Lease, by written notice to the other, effective on the date of vesting of title. In the event neither party has elected to terminate this Lease as provided above, then Landlord shall promptly, after receipt of a sufficient condemnation award, proceed to restore the Building to substantially their condition prior to the taking, and a proportionate allowance shall be made to Tenant for the rent corresponding to the time during which, and to the part of the Building of which Tenant is deprived on account of the taking and restoration. In the event of a taking, Landlord shall be entitled to the entire amount of the condemnation award without deduction for any estate or interest of Tenant; provided that nothing in this Section shall be deemed to give Landlord any interest in, or prevent Tenant from seeking any award against the taking authority for the taking of personal property and fixtures belonging to Tenant or for relocation or business interruption expenses recoverable from the taking authority.

17.2 Landlord's and Tenant's Damages. In the event of any taking, partial or whole, all of the proceeds of any award, judgment or settlement payable by the condemning authority shall be the exclusive property of Landlord, and Tenant hereby assigns to Landlord all of its right, title and interest in any award, judgment or settlement from the condemning authority. Tenant, however, shall have the right, to the extent that Landlord's award is not reduced or prejudiced, to claim from the condemning authority (but not from Landlord) such compensation as may be recoverable by Tenant in its own right for relocation expenses and damage to Tenant's personal property.

ARTICLE 18
INDEMNIFICATION AND GUARANTY

18.1 Tenant Indemnification. Subject to Section 11.4, Tenant shall indemnify, protect, defend and hold Landlord and its agents, partners, officers, affiliates, members, managers, directors, and representatives ("Landlord's Indemnitees") harmless from and against any and all losses, damages (whether actual or otherwise but excluding consequential damages), liabilities, actions, causes of action, claims, judgments, costs, and expenses, including Landlord's Indemnitees' reasonable attorneys' fees and disbursements, and court costs which Landlord may suffer or incur arising out of or resulting from (i) any negligence or willful misconduct of Tenant or Tenant's agents or employees, or (ii) any damage to property or any injury or death to any person in the Building or Common Area caused by the negligence or willful misconduct of Tenant or Tenant's agents or employees), provided however the foregoing indemnification is subject to the provisions of NRS 41.035.

18.2 Landlord Indemnification. Subject to Section 11.4, Landlord shall indemnify, protect, defend and hold Tenant and its agents, partners, officers, affiliates, members, managers, directors, and representatives ("Tenant's Indemnitees") harmless from and against any and all losses, damages (whether actual or otherwise but excluding consequential damages), liabilities, actions, causes of action, claims, judgments, costs, and expenses, including Tenant's Indemnitees' reasonable attorneys' fees and disbursements; and court costs which Tenant's Indemnitees may suffer or incur arising out of or resulting from (i) any gross negligence or willful misconduct of Landlord or Landlord's agents or employees, or (ii) any damage to property or any injury or death to any person in the Common Areas caused by the gross negligence or willful misconduct of Landlord or Landlord's agents, contractors or employees).

18.3 Guaranty. THIS SECTION IS INTENTIONALLY LEFT BLANK.

ARTICLE 19
DEFAULTS AND REMEDIES

19.1 Events of Default. The occurrence of any of the following events shall constitute an event of default and a material breach of this Lease on the part of Tenant:

A. Vacation, Abandonment. The abandonment of the Building by Tenant. Abandonment is defined to include, but not limited to, any absence by Tenant from the Building for thirty (30) consecutive days (or longer) or sixty (60) days (whether consecutive or not) in any calendar year accompanied by Tenant's failure to pay rent during the abandonment period (exclusive of holidays and weekends).

B. Failure to Make Payment. Tenant's failure to pay any rent or other sums due hereunder on the date when such payment is due, where such failure continues for a period of five (5) days after the Rent is due to Landlord.

C. Attachment. If a writ of attachment or execution is levied on this Lease or on any of Tenant's Property or if Tenant makes a general assignment for the benefit of creditors, or provides for an arrangement, composition, extension or adjustment with its creditors.

D. Failure to Perform Other Covenants. Tenant's breach or failure to perform any of Tenant's other material covenants, agreements or obligations hereunder, where such breach or failure continues for a period of thirty (30) days after Tenant's receipt of written notice thereof from Landlord.

E. Intentionally Deleted.

F. Bankruptcy Related. If Tenant files a voluntary petition for relief or if a petition against Tenant in a proceeding under the federal bankruptcy laws or other insolvency laws is filed and not withdrawn or dismissed within sixty (60) days thereafter, or if under the provisions of any law providing for reorganization or winding up of corporations, any court of competent jurisdiction assumes jurisdiction, custody or control of Tenant or any substantial part of its property and such jurisdiction, custody or control remains in force unrelinquished, unstayed or unterminated for a period of forty-five (45) days. If in any proceeding or action in which Tenant is a party, a trustee, receiver, agent or custodian is appointed to take charge of the Building or Tenant's Property (or has the authority to do so) for the purpose of enforcing a lien against the Building or Tenant's Property.

G. Failure to Complete Tenant's Work. Tenant's failure to complete Tenant's Work in accordance with the terms, covenants and conditions of this Lease, where such failure continues for a period of thirty (30) days after Tenant's receipt of written notice thereof from Landlord.

19.2 Remedies. Upon the occurrence of an event of default by Tenant as set forth in Section 19.1 above, Landlord shall have the following rights and remedies, in addition to any and all other rights and remedies available to Landlord at law or in equity.

A. Terminate Lease. Landlord shall have the right to terminate this Lease and all rights of Tenant hereunder by giving written notice to Tenant. If the Lease is so terminated, then Landlord may recover from Tenant all actual damages sustained by Landlord, including, without limitation, deficiency in rent, reasonable attorneys' fees, other collection costs, brokerage fees, and expenses of placing the Building in good order. Landlord's putting the Building in good order or preparing the same for rental shall not operate to release Tenant from this Lease.

B. Reenter Building. Landlord shall also have the right, with or without terminating this Lease, to reenter the Building and any property that Tenant leaves in the Building shall be deemed to have been abandoned and may either be retained by Landlord as the property of Landlord or may be disposed of at public or private sale in accordance with applicable law as Landlord sees fit. The proceeds of any public or private sale of Tenant's property, or the then current fair market value of any property retained by Landlord, shall be applied by Landlord against (i) the expenses of Landlord for removal, storage or sale of the property; (ii) the arrears of rent or future rent payable under this Lease; and (iii) any other damages to which Landlord may be entitled hereunder. Further, Landlord may, upon presentation of evidence of a claim valid upon its face of ownership or for security interest in any of Tenant's property abandoned in the Building, turn over such property to the claimant with no liability to Tenant.

C. Maintain Lease; Relet Building. Unless Landlord elects to terminate this Lease as provided in Subsection 19.2(A) above, Landlord may from time to time, without terminating this Lease, either recover all rent as it becomes due or relet the Building or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable, with the right to clean and to make repairs to the Building at Tenant's sole expense.

If Landlord elects to relet as provided herein, then rent received by Landlord from such reletting shall be applied at Landlord's option: first, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of any costs of such reletting incurred by Landlord, including attorneys' fees, court costs and brokerage commissions; third, to the payment of the cost of any cleaning and repairs to the Building; fourth, to the payment of rent and other charges due and unpaid hereunder; and the balance, if any, shall be applied in payment of future rent as the same may become due and payable hereunder. If the portion of such rentals received from such reletting during any month which is applied to the payment of rent under the relating lease is less

than the rent payable during that month by Tenant hereunder, then Tenant shall pay any such deficiency to Landlord immediately upon demand by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, upon Landlord's demand, the costs and expenses incurred by Landlord in such relotting, including attorneys' fees, court costs, and brokerage commissions and in making any repairs to the Building.

No reentry, acts of maintenance or preservation, efforts to relet, or taking possession of the Building by Landlord or the appointment of a receiver upon initiative of the Landlord to protect the Landlord's interest under the Lease shall be construed as an election to terminate this Lease unless an express written notice of such intention is delivered to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any relotting of the Building without termination of this Lease by Landlord, Landlord may at any time after such relotting elect to terminate this Lease, in which case, Landlord shall have all the rights and remedies provided by law or equity or this Lease upon termination.

D. Performance by Tenant. If Tenant breaches or fails to perform any of Tenant's obligations under this Lease and the breach or failure continues for thirty (30) days (or such shorter time period as may be specified otherwise in this Lease) after Landlord gives Tenant written notice of the breach or failure, Landlord, without thereby waiving or curing such may, but shall not be obligated to, perform any such obligation for the account and at the expense of Tenant. Landlord may also so perform any such obligation without notice in case of an emergency.

19.3 Late Charges. Landlord and Tenant agree that the fixing of actual damages for Tenant's breach of any of the provisions of this Lease, including but not limited to the late payment by Tenant to Landlord of rent and other amounts due hereunder, would cause Landlord to incur costs not contemplated by this Lease, the exact amount of which would be extremely difficult or impracticable to ascertain. Such costs include but are not limited to accounting, processing, administrative, legal and clerical charges and late charge which may be imposed upon Landlord by the terms of any mortgage covering the Building. Accordingly, if any installment of rent or any other sum due from Tenant hereunder has not been received by Landlord or Landlord's agent within five (5) days after such amount was due, Tenant shall pay to Landlord a late charge equal to five percent (5%) of any such delinquent installment of Rent or any other delinquent sum due from Tenant. Tenant hereby agrees that said late charge represents a fair and reasonable estimate of the cost Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall not constitute a waiver of Tenant's default with respect to such overdue amount nor prevent Landlord from exercising any other rights and remedies provided for in this Lease, at law or in equity. Tenant understands and agrees to the foregoing provisions relating to late charges.

19.4 Interest on Past Due Obligations. Any and all amounts not paid to Landlord when due, including but not limited to Rent, late charges and interest shall bear interest at the Remedy Rate from the date due until paid. Payment of such interest shall not excuse or cure any default by Tenant under this Lease and shall not affect any rights and remedies provided to Landlord in this Lease or at law or in equity, all of which shall be cumulative.

19.5 Landlord's Default. Landlord shall in no event be charged with default in the performance of any of its obligations hereunder unless and until Landlord shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonably necessary to correct any such failure) after receipt of written notice by Landlord from Tenant properly specifying which obligations Landlord has failed to perform. It is expressly understood and agreed that any money judgment against Landlord resulting from any default or other claim arising under this Lease shall be satisfied only out of the proceeds of sale received upon execution of such judgment and levied thereon against the right, title and interest of Landlord in the Project and out of the rents or other income from such property receivable by Landlord, or out of the consideration received by Landlord from the sale or other disposition of all or any part of Landlord's right, title and interest in the Project, subject, nevertheless, to the rights of Landlord's mortgagee and Landlord shall not be liable for any deficiency. No other real, personal or mixed property of Landlord (the term "Landlord", for purposes of this Section only, shall mean any and all members, managers, owners of either of them, partners, both general and limited, and partners of partners, which comprise Landlord), wherever situated, shall be subject to levy on any such judgment obtained against Landlord.

ARTICLE 20
SUBORDINATION AND ATTORNMENT

20.1 Subordination. At Landlord's option, this Lease is and shall be subordinate to any ground lease, mortgage, deed of trust and/or any other hypothecation or security document and advances and obligations thereunder now or hereafter placed upon the Building or the Project, and any renewals, modifications, consolidations,

replacements, and extensions thereof (collectively "Mortgage"), provided Tenant's right to quiet possession under this Lease shall not be disturbed so long as Tenant is not in default, or with notice or passage of time or both would not be in default, under the terms, covenants, conditions and provisions of this Lease. Such subordination shall be effective upon notice from Landlord to Tenant without any further act of Tenant. Upon the request of Landlord, Tenant shall, from time to time, execute and deliver any documents or instruments that may be required by Landlord or the mortgagee, beneficiary, ground Landlord or lender (collectively "Landlord's Lender") under any such Mortgage, to effectuate any subordination; provided that Landlord's Lender agrees not to disturb Tenant's right to quiet possession under this Lease so long as Tenant is not in default, or with notice or passage of time or both would not be in default, under the terms, covenants, conditions and provisions of this Lease. If Tenant fails to execute and deliver any such documents or instruments, Tenant irrevocably constitutes and appoints Landlord as Tenant's attorney-in-fact, to execute and deliver any such documents or instruments. If Landlord's Lender elects to have this Lease prior to the lien of its Mortgage, and gives written notice to Tenant of such election, this Lease shall be deemed prior to such Mortgage regardless of the respective dates of execution, delivery and recordation of this Lease and any such Mortgage.

20.2 Attornment. Tenant hereby attorns to and shall recognize the Landlord's Lender as Tenant's landlord under this Lease and shall promptly execute and deliver any instrument that Landlord may require to evidence such attornment. Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact, coupled with an interest, to execute, acknowledge and deliver the instrument of attornment on behalf of Tenant.

20.3 Estoppel Certificate. Tenant shall, at any time not less than fifteen (15) days after prior written notice from Landlord, execute, acknowledge and deliver to Landlord, a statement, in writing: (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of the modification and certifying that this Lease is otherwise unmodified and in full force and effect) and the dates to which the rental and other charges have been paid in advance, if any, and (ii) acknowledging that, to Tenant's knowledge, there are no uncured defaults on the part of Landlord, or specifying such default if any are claimed, and (iii) setting forth all further information that Landlord may reasonably require. Tenant's statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Building or Project.

Tenant's failure to deliver any Landlord estoppel statement within the provided time shall be conclusive upon Tenant that: (i) this Lease is in full force and effect without modification except as may be represented by Landlord, and (ii) there are no uncured defaults in Landlord's performance.

20.4 Limitation of Liability. Neither the holder of a mortgage nor the holder of a deed of trust to which this Lease is or may be subordinate, shall be responsible in connection with the Security Deposit unless such mortgagee or holder of such deed of trust shall have actually received the Security Deposit. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant of Landlord. Further, in no event shall Landlord incur any liability to Tenant, its employees, agents, customers or invitees as a result of any failure of any security system installed at the Building or any security procedure instituted at the Building. Landlord makes no representations or warranties concerning the ability of Landlord or its employees, agents, contractors or subcontractors to maintain the Common Area or the Building in a secure fashion. In the event of any sale or transfer by Landlord of the Building or Project, and assignment of this Lease by Landlord, Landlord shall be and is hereby entirely freed and relieved of any and all liability and obligations contained in or derived from this Lease arising out of any act, occurrence or omission relating to the Building, Building or Project or Lease occurring after the consummation of such sale or transfer, providing the purchaser shall expressly assume all of the covenants and obligations of Landlord under this Lease. If any security deposit or prepaid Rent has been paid by Tenant, Landlord may transfer the security deposit or prepaid Rent to Landlord's successor and upon such transfer, Landlord shall be relieved of any and all further liability with respect thereto.

ARTICLE 21
FORCE MAJEURE

If either party hereto shall be delayed in or prevented from the performance of any act required hereunder except the payment of Rent by reason of acts of God, labor troubles, inability to procure materials, or other causes without fault and beyond the control of the party obligated, performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, nothing in this Article shall delay the Lease Commencement Date or excuse Tenant from the prompt payment of any rent or other charge required of Tenant hereunder, except as may be expressly provided elsewhere in this Lease.

ARTICLE 22
ASSIGNMENT AND SUBLETTING

22.1 Assignment and Subletting. Tenant may not sublet or permit the Building or any part thereof to be used or occupied by others, without the prior written consent of Landlord in each instance, in its sole discretion, and any such sublease, or permission for occupancy without such consent shall be voidable at the option of Landlord. If this Lease is assigned, or if the Building or any part thereof is sublet or occupied by any party other than Tenant, Landlord may, after default by Tenant, collect rent from the assignee, subtenant or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, subletting, occupancy or collection shall be deemed a waiver by Landlord of Tenant's default, or the acceptance of the assignee, subtenant or occupant as a tenant, or a release of Tenant from the further performance by Tenant of the obligations on the part of Tenant set forth herein. The consent by Landlord to an assignment or subletting shall not be construed to relieve Tenant, the assignee or the subtenant from obtaining the express consent in writing of Landlord to any further assignment or subletting or to release Tenant from any liability, whether past, present, or future, under this Lease or from any liability under this Lease because of Landlord's failure to give notice of default by Tenant (or by the assignee or subleasee pursuant to the assumption agreement described below) under any of the terms, covenants, conditions, provisions or agreements of this Lease. A transfer of control of Tenant shall be deemed an assignment under this Lease and shall be subject to all of the provisions of this Article, including but not limited to the requirement of obtaining Landlord's prior written consent, unless Tenant at the time of the proposed transfer is then a publicly held corporation. Furthermore, Landlord shall retain any profits, which result from an assignment or sublease.

No subletting or assignment, even with the consent of Landlord, shall relieve Tenant of its obligation to pay rent and to perform all its other obligations under this Lease unless otherwise agreed by the parties in writing. Moreover, Tenant shall indemnify and hold Landlord harmless for any acts or omissions by an assignee or subtenant. Each transferee, other than Landlord, shall assume all obligations of Tenant under this Lease and shall be liable jointly and severally with Tenant for the payment of all rent and for the due performance of all of Tenant's obligations under this Lease. No transfer shall be binding upon Landlord unless any document memorializing the transfer is delivered to Landlord and, if the transfer is an assignment or sublease, both the assignee/subtenant and Tenant deliver to Landlord an executed document which contains: (i) a covenant of assumption by the assignee/subtenant, and (ii) an indemnification agreement by Tenant, both reasonably satisfactory in substance and form to Landlord and consistent with the requirements of this Article; provided that, the failure of the assignee/subtenant or Tenant to execute the instrument of assumption shall not release either from any obligation under this Lease.

The acceptance by Landlord of any payment due under this Lease from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or be a consent to any transfer. Consent by Landlord to one or more transfers shall not operate as a waiver or estoppel to the future enforcement by Landlord of its rights under this Lease.

22.2 Request for Transfer. If Tenant desires to sublease all or a portion of the Building or assign this Lease and provided Tenant is not in default hereunder, Tenant shall give written notice to Landlord setting forth the name and address and the current certified financial statements of the proposed assignee or subleasee, the experience and background of the proposed assignee or subleasee, the terms of the proposed assignment or subletting, and such other information as Landlord or its mortgagee may reasonably request in connection therewith.

ARTICLE 23
NOTICES

All notices, information, requests or replies ("Notice") required or permitted to be given hereunder shall be given in writing and shall be sent by United States registered or certified mail postage prepaid, or by nationally recognized overnight delivery service (provided that such service is able to furnish evidence of receipt or refusal of delivery), or by facsimile, addressed to the addresses or facsimile numbers of Tenant and Landlord specified as "Addresses for Notices and Reports" in Section 1.17, or at such other place as either Landlord or Tenant may, from time to time designate in a written notice by certified mail given to the other. Notice shall be deemed to be given upon the earlier of receipt (or refusal to receive) of same by the party to whom the Notice is sent or three (3) business days after the date of the mailing thereof.

ARTICLE 24
QUIET ENJOYMENT

Tenant, upon keeping, observing and performing all of the covenants and agreements of this Lease on its part to be kept, observed, and performed, shall lawfully and quietly hold, occupy and enjoy the Building during the Term of this Lease.

ARTICLE 25
ATTORNEYS' FEES

Should either party commence an action against the other to enforce any obligation hereunder, the prevailing party shall be entitled to recover the costs thereof and reasonable attorneys' fees actually incurred by such prevailing party (including the fees and charges of legal assistants or other non-attorney personnel performing services under the supervision of an attorney), as determined by the court or arbitrator, as the case may be, whether or not such litigation is prosecuted to judgment.

ARTICLE 26
WAIVER

No waiver of any default or breach of any covenant by either party hereunder shall be implied from any omission by either party to take action on account of such default if such default persists or is repeated. Landlord's acceptance of any payment which is less than that required to be paid by Tenant shall be deemed to have been received only on account of the obligation for which it is paid and shall not be deemed an accord and satisfaction, notwithstanding any provisions to the contrary asserted by Tenant, written on any check or contained in any transmittal letter. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term or covenant hereof, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. An express waiver must be in writing and signed by a person with the power to contractually bind Tenant or Landlord. An express waiver shall affect only the default specified in the waiver, and only for the time and to the extent expressly stated. Waivers by either party of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition.

ARTICLE 27
LIMITATION ON CLAIMS

Any claim, demand, right or defense of any kind by Tenant, which is based upon, arising in connection with or in any way related to this Lease or the negotiations prior to its execution, shall be barred unless Tenant commences an action thereon, or interposes in a legal proceeding a defense by reason thereof, within twelve (12) months after the date of the inaction or omission or the date of the occurrence of the event or of the action to which the claim, demand, right or defense relates, whichever applies.

ARTICLE 28
BANKRUPTCY

28.1 Tenant's Interest Not Transferable. Neither this Lease, nor any interest herein nor any estate hereby created shall pass to any trustee or receiver or assignee for the benefit of creditors or otherwise by operation of law, except as may be specifically provided pursuant to the Bankruptcy Code (11 U.S.C. §101, et. seq.).

ARTICLE 29
INTERPRETATION AND APPLICATION

29.1 Submission of Lease. Submission of this instrument for examination or signature by Tenant does not constitute an offer, a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

A. Governing Law. This Lease shall be construed in accordance with and governed by the statutes, decisions, and other laws of the State of Nevada. Tenant hereby consents to the personal jurisdiction and

venue of any State court of competent jurisdiction located in Clark County, Nevada or Federal court located in Las Vegas, Nevada and the service of process by any means authorized by any such State or Federal court.

29.2 Complete Agreement. This Lease contains all terms, covenants, conditions, warranties and agreements of the parties relating in any manner to the rental, use and occupancy of the Building. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect. The terms of this Lease were fully negotiated by the parties hereto and shall not be construed for or against Landlord or Tenant, because either Landlord or Tenant may have drafted this Lease and this Lease shall be interpreted in accordance with the general meaning of the language herein contained in an effort to reach the intended result.

29.3 Amendment. This Lease may not be amended, altered or modified in any way except in writing signed by the parties hereto.

29.4 No Partnership. It is agreed that nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Landlord to be responsible in any way for the debts or obligations of Tenant or any other party.

29.5 No Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work as a merger, but shall, at the option of Landlord, either terminate all or any existing subleases or subtenancies, or operate as an assignment to Landlord of any or all such subleases or subtenancies.

29.6 Severability. If any provision of this Lease or application thereof to any person or circumstances shall to any extent be invalid, the remainder of this Lease (including the application of such provision to persons or circumstances other than those to which it is held invalid) shall not be affected thereby, and each provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

29.7 Captions. The captions of the Articles and Sections hereof are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

29.8 Words. The words "Landlord" and "Tenant", as used herein, shall include the plural as well as the singular. Words used in the neuter gender include the masculine and feminine. If Tenant is comprised of more than one individual or entity, the obligations imposed upon Tenant hereunder shall be joint and several to all parties signing this Lease as Tenant.

29.9 Exhibits. The Exhibits, if any, and any Schedules or Riders attached to this Lease are incorporated herein by this reference and made a part hereof, and any reference in the body of the Lease or in the Exhibits, Schedules, or Riders to the Lease shall mean this Lease together with all Exhibits, Schedules and Riders.

ARTICLE 30
MISCELLANEOUS

30.1 Time. Time is of the essence of each provision hereof.

30.2 Successors. Subject to the restrictions on transfer contained in Article 22 hereof, all the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.

30.3 Recordation. Tenant shall not record this Lease or any memorandum hereof. Landlord has the right in its absolute discretion to record this Lease or a memorandum hereof, and, upon Landlord's request and at Landlord's sole cost and expense, Tenant shall execute and have acknowledged the same for recordation.

30.4 No Recourse. The obligations of the Landlord under this Lease shall be without recourse to the assets of any partner, member, officer, shareholder, director or employee of Landlord or any partner of any partner of Landlord. The obligations of the Landlord under this Lease shall be without recourse to the assets of any partner, member, officer, shareholder, director or employee of Landlord or any member of Landlord. In the event of any actual or alleged failure, breach or default of this Lease by Landlord, Tenant's sole remedy shall be against the

Project, its rents, and other assets. Tenant agrees that the foregoing provision shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by statute or at common law.

30.5 Broker. Except for the broker specified in Section 1.16 of this Lease, if any, Landlord and Tenant represent and warrant to each other that it has not retained the services of any other broker or real estate licensee and owes no other person or entity any finder's or broker's fee, commission or payment of any kind whatsoever. Landlord and Tenant shall defend, indemnify and hold the other harmless from and against any and all claims, demands, costs, expenses or liabilities related to or connected with any broker's or finder's fee, commission or payment of any kind asserted by any person or entity, based on an agreement allegedly made by the indemnifying party, except for the broker specified in Section 1.16 of this Lease.

30.6 Furnishing of Financial Statements. [Reserved].

30.7 Trade Names and Trademarks. Tenant shall not make any use, commercial or otherwise (except to the extent necessary to identify the Building), of the names or marks of the Project and/or any other similar names or marks without the prior written consent of Landlord, nor shall Tenant otherwise engage in conduct inconsistent with Landlord's sole and exclusive rights to its trade names and trademarks, including but not limited to the foregoing marks.

30.8 Sign Control. Tenant shall comply with all signage requirements as set forth by Landlord and shall further not affix, paint, erect or inscribe any sign, projection, awning, signal or advertisement of any kind to any part of the Building or Project, including without limitation inside or outside of windows or doors, without the written consent of Landlord. Landlord shall have the right to remove any signs or other matter, installed without Landlord's permission, without being liable to Tenant by reason of such removal, and to charge the cost of removal to Tenant as additional rent hereunder, payable within ten (10) days of written demand by Landlord.

30.9 Counterparts. This Lease may be executed in multiple counterparts, all of which shall constitute one and the same Lease.

30.10 Mortgagee Protection. Tenant agrees to send by certified or registered mail to any first mortgagee or first deed of trust beneficiary of Landlord whose address has been furnished to Tenant, a copy of any notice of default served by Tenant on Landlord. If Landlord fails to cure such default within the time provided for in this Lease, such mortgagee or beneficiary shall have an additional thirty (30) days to cure such default; provided that if such default cannot reasonably be cured within that thirty (30) day period, then such mortgagee or beneficiary shall have such additional time to cure the default as is reasonably necessary under the circumstances.

30.11 Waiver of Jury Trial. Landlord and Tenant waive any right to a trial by jury in any action or proceeding based upon, or related to, the subject matter of this Lease. This waiver is knowingly, intentionally, and voluntarily made by Tenant, and Tenant acknowledges that neither Landlord nor any person acting on behalf of Landlord has made any representations of fact to induce this waiver of trial by jury or in any way to modify or nullify its effect. Tenant further acknowledges that he has been represented (or has had the opportunity to be represented) in the signing of this Lease and in the making of this waiver by independent legal counsel, selected of his own free will, and that he has had the opportunity to discuss this waiver with counsel. Tenant further acknowledges that it has read and understands the meaning and ramifications of this waiver provision.

30.12 Independently Provided Services. This Lease is entirely separate and distinct from and independent of any and all agreements that Tenant may at any time enter into with any third party for the provision of services, which include, but are not limited to, telecommunications, office automation, repair, maintenance services, computer and photocopying ("Independent Services"). Tenant acknowledges that Landlord has no obligation of any type concerning the provision of Independent Services, and agrees that any cessation or interruption of Independent Services or any other act or neglect by the third party providing the Independent Services shall not constitute a default or constructive eviction by Landlord. Tenant agrees, except to the extent of the gross negligence or willful conduct of Landlord, its partners, employees, agents and/or assigns, to hold harmless Landlord, its partners, employees, agents and assigns from any claim Tenant may have arising in any way out of the provision (or lack thereof) of the Independent Services which Tenant has contracted to receive from the third parties. In no event shall Landlord be liable to Tenant for incidental, consequential, indirect or special damages (including lost profits) which may arise in any way out of a claim concerning Independent Services.

30.13 Act of Landlord. No act or conduct of Landlord, including, without limitation, the acceptance of keys to the Building, shall constitute an acceptance of the surrender of the Building by Tenant before the expiration of the Term. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Building and accomplish a termination of the Lease. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

30.14 Tax Exemption. Tenant is a statutory Public entity under Nevada law and therefore exempt from paying real and personal property tax. As such the Landlord cannot collect any taxes from Tenant under this Lease for use of the Building. Pursuant to NRS 361.096 this property is exempt from property taxes in that it is being leased to a charter school. All real property and personal property that is being leased to the charter school is being used for educational purposes and is exempt from taxation. The parties agree that pursuant to the Lease the amount of payment required as rent complies with NRS 361.096(2) (b) and does not require the payment of property tax by the charter school. The Parties further agree that the Landlord will provide a copy of the lease to the County Assessor's Office in order to obtain the property tax exemption. Landlord and Tenant agree to cooperate in the preparation and submission of any petition or application that Landlord can file with Clark County in order to be granted an exemption from paying real property taxes so long as Tenant occupies the Building.

IN WITNESS WHEREOF, the parties hereto have executed this Lease or, as the case may be, have caused their officers thereunto duly authorized to execute this Lease the day and year first above written.

AGREED AND ACCEPTED:

LANDLORD:	TENANT:
FLAMINGO TENAYA, LLC	BEACON ACADEMY OF NEVADA
By: _____	By: _____
James A. Kay, Jr. (Print Name)	(Print Name)
Its: Pres of Manager Lucky's Two Way Rocks Inc.	Its: _____

30.13 Act of Landlord. No act or conduct of Landlord, including, without limitation, the acceptance of keys to the Building, shall constitute an acceptance of the surrender of the Building by Tenant before the expiration of the Term. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Building and accomplish a termination of the Lease. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

30.14 Tax Exemption. Tenant is a statutory Public entity under Nevada law and therefore exempt from paying real and personal property tax. As such the Landlord cannot collect any taxes from Tenant under this Lease for use of the Building. Pursuant to NRS 361.096 this property is exempt from property taxes in that it is being leased to a charter school. All real property and personal property that is being leased to the charter school is being used for educational purposes and is exempt from taxation. The parties agree that pursuant to the Lease the amount of payment required as rent complies with NRS 361.096(2) (b) and does not require the payment of property tax by the charter school. The Parties further agree that the Landlord will provide a copy of the lease to the County Assessor's Office in order to obtain the property tax exemption. Landlord and Tenant agree to cooperate in the preparation and submission of any petition or application that Landlord can file with Clark County in order to be granted an exemption from paying real property taxes so long as Tenant occupies the Building.

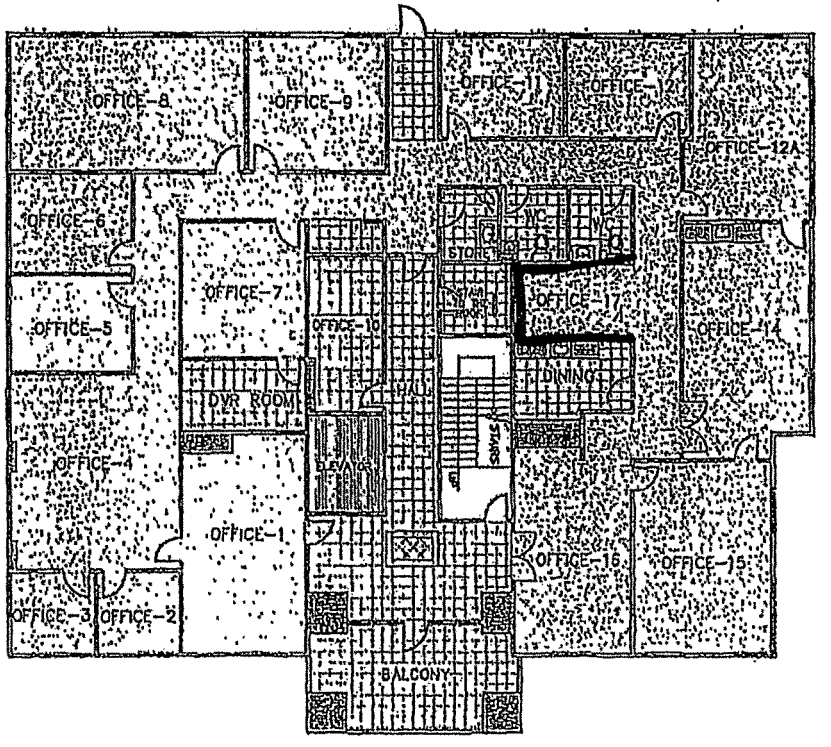
IN WITNESS WHEREOF, the parties hereto have executed this Lease or, as the case may be, have caused their officers thereunto duly authorized to execute this Lease the day and year first above written.

AGREED AND ACCEPTED:

LANDLORD:	TENANT:
FLAMINGO TENAYA, LLC	BEACON ACADEMY OF NEVADA
By: _____	By: _____
_____ (Print Name	William Caccico (Print Name)
Its: _____	Its: Chair Sharon K. Frederick Sharon K. Frederick

EXHIBIT A

Page2 of2



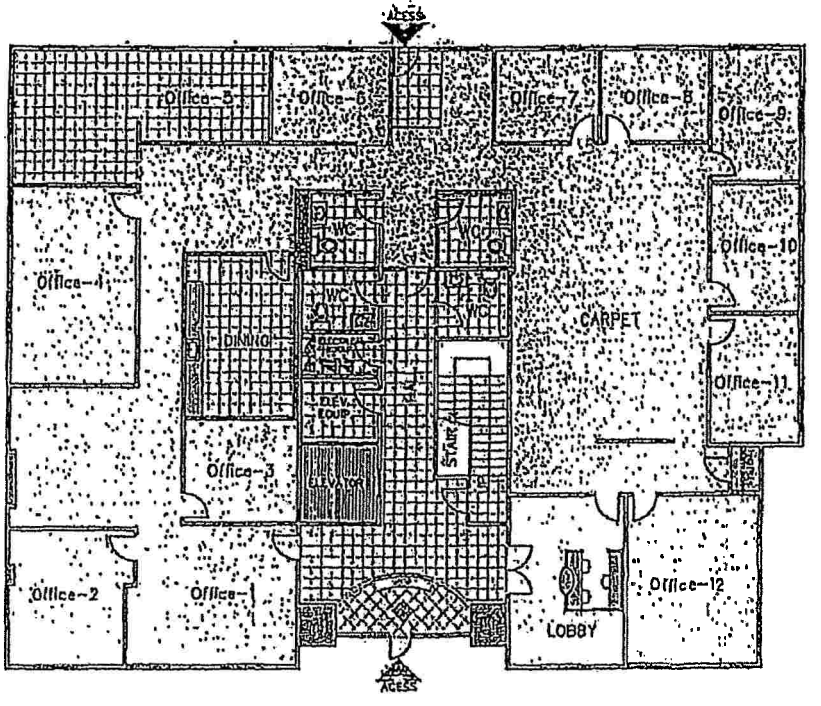
SECOND FLOOR

Flamingo Tenaya Office Park

7360 West Flamingo Road

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

EXHIBIT A



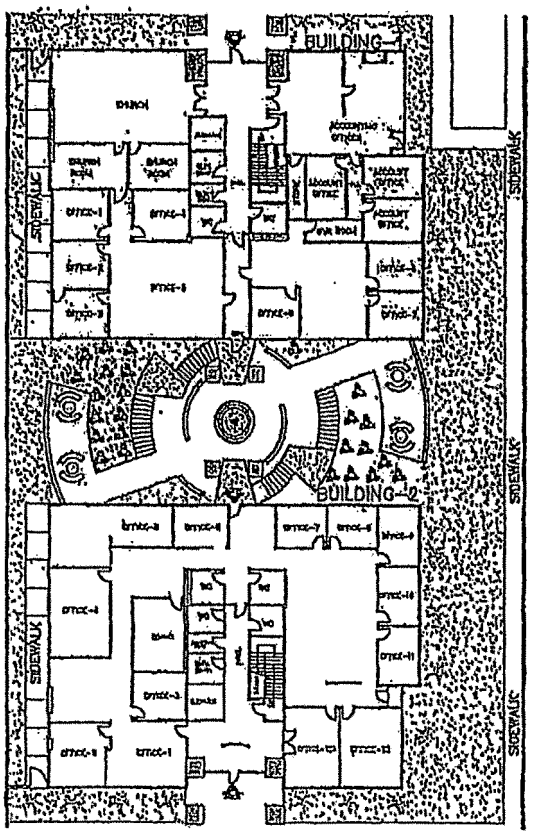
FIRST FLOOR
Flamingo Tenaya Office Park
7360 West Flamingo Road

LEE & ASSOCIATES®
COMMERCIAL REAL ESTATE SERVICES

EXHIBIT B

4035 South
TenayaWay

7360West
Flamingo Road



Flamingo Tenaya Office Park
Site Plan

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

EXHIBIT C

MEMORANDUM OF LEASE COMMENCEMENT

This Memorandum of Lease Commencement is made as of _____, 20__, by FLAMINGO TENAYA, LLC ("Landlord"), and BEACON ACADEMY OF NEVADA ("Tenant"). Landlord and Tenant agree to and acknowledge the following matters:

1. Landlord and Tenant have entered into a lease dated as of _____, ("Lease"), covering the Building in the Project located at Flamingo and Tenaya in Las Vegas, Nevada, as more particularly described in the Lease.

2. All terms defined in the Lease shall have the same meaning when used in this Memorandum of Lease Commencement.

3. The Lease Commencement Date is _____, 20__, and the Expiration Date of the Lease is _____, ____.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum of Lease Commencement as of the day and year first above written.

LANDLORD:	TENANT:
FLAMINGO TENAYA, LLC	BEACON ACADEMY OF NEVADA
By: _____	By: _____
_____ (Print Name)	_____ (Print Name)
Its: _____	Its: _____

Exhibit D

Landlord's Tenant Improvement Work

Landlord shall perform the following work to the Building in accordance with the Lease:

1. 1st Floor - Removal of pony wall in office 5 as indicated on Exhibit C. Open doorway and wall between office 5 and 6. 2nd Floor - Remove wall between office 8 and 9 and office 15 and 16.

2. Paint as indicated on walk through.

3. First and second floor to be re-carpeted where existing carpet is, tiled surface in office 5 to be carpeted upon removal of pony wall, replace damaged linoleum in 2nd floor kitchen (per walk through), replace damaged tile in 2nd floor women's bathroom (per walk through).

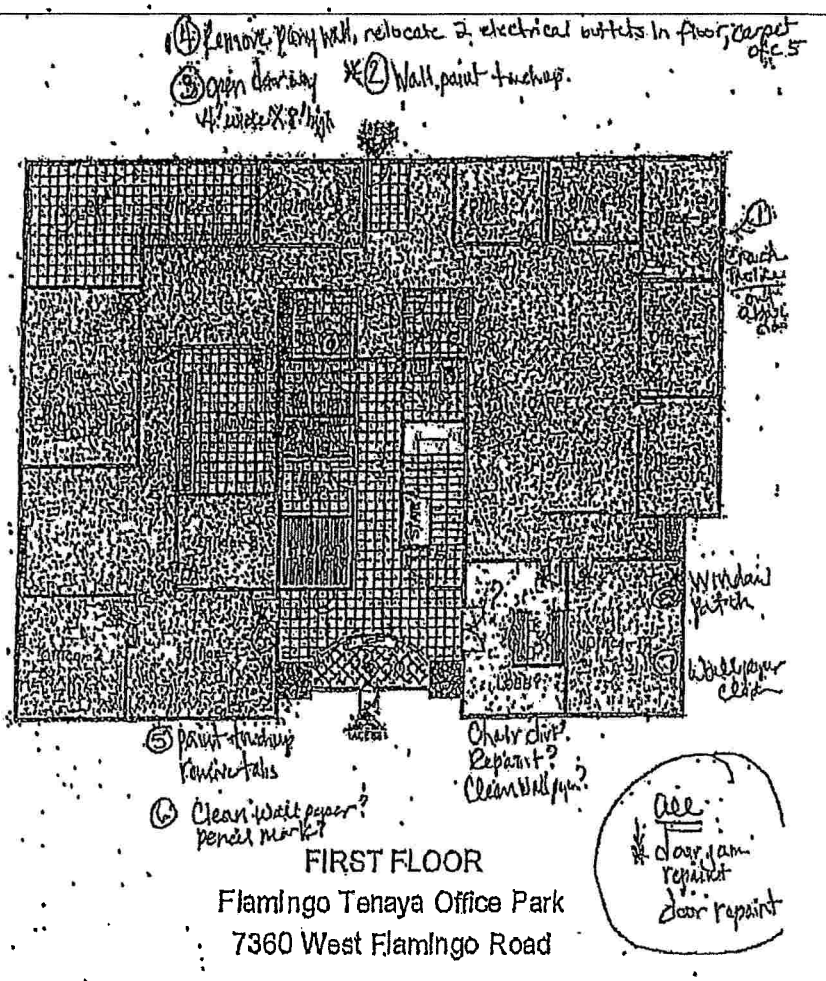
4. Move current electrical outlets in pony wall in office 5 to floor.

5. Replace stained ceiling tiles if any.

6. Additional Work- See notes attached to Floor Plans included herewith.

EXHIBIT D

Page 1 of2



FIRST FLOOR

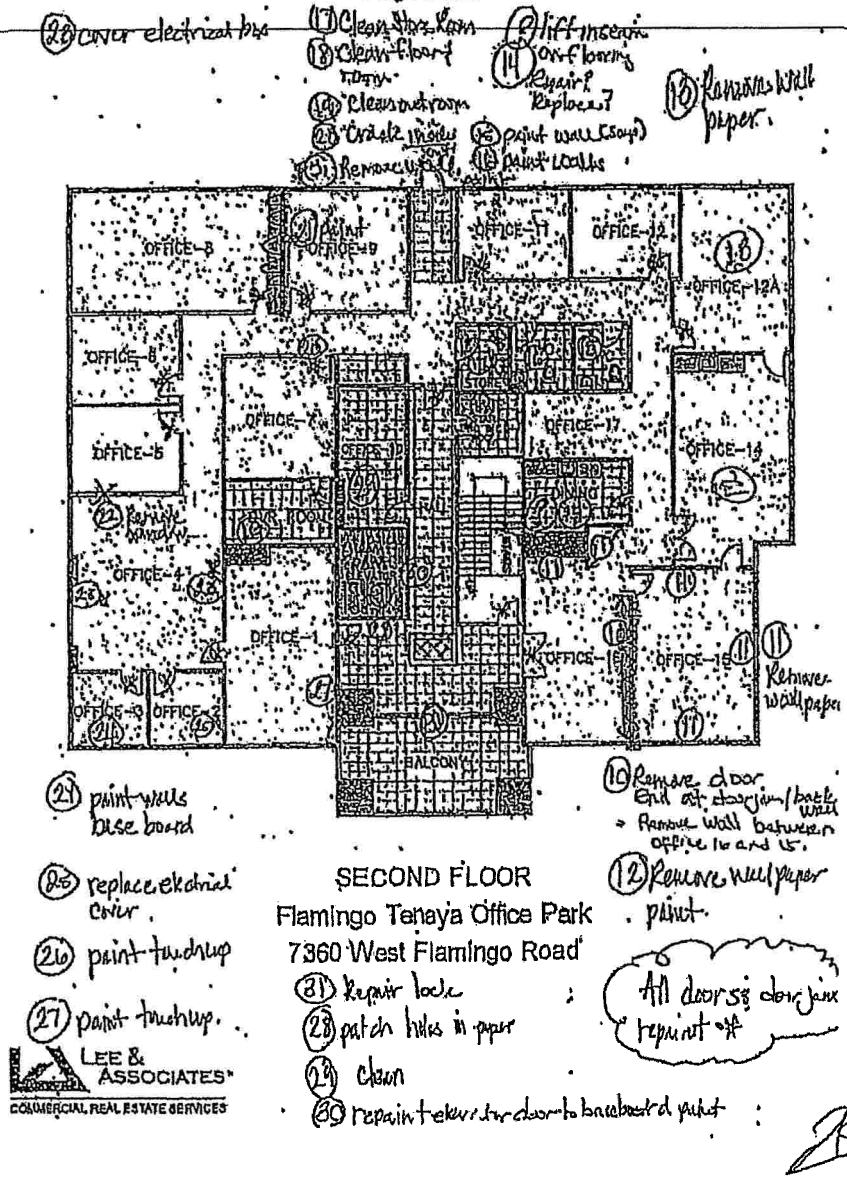
Flamingo Tenaya Office Park

7360 West Flamingo Road

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

EXHIBIT D

Page 2 of 2



LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

SECOND FLOOR
Flamingo Tenaya Office Park
7360 West Flamingo Road

received 6/21/2012
Yon Mendiola

MUTUAL RELEASE

This Mutual Release ("Release") is made and entered into this 21 day of June, 2012, b and amon FLAMINGO TENAYA LLC ereinafter "FT" LEE & ASSOCIATES COMMERCIAL REAL ESTATE SERVICES - NEVADA, INC., (hereinafter "Lee"), REALTY EXECUTIVES OF NEVADA (hereinafter "REN"), LISA GILSTRAP (hereinafter "Lisa"), CRAIG SUMMERS (hereinafter "Craig") and BOB HOLDING (hereinafter "Bob") collectively referred to herein as the "Parties."

ARTICLE ONE
RECITALS

A. WHEREAS, FT and Lee entered into that certain Exclusive Authorization to Lease Agreement on March 10, 2010 ("Authorization).

B. WHEREAS, FT and Lee then entered into that certain Agreement to Amend Terms, Price or Time in an Authorization ("Amended Authorization") on October 11, 2011.

C. WHEREAS, pursuant to the Authorization and the Amended Authorization, Lee was to procure a tenant or tenants for FT's Property located at 7354 West Flamingo Road in Las Vegas, Nevada ("Property").

D. WHEREAS, Lisa and Craig are real estate agents working for Lee.

E. WHEREAS, in consideration for listing and facilitating the leasing of the Property in cooperation with REN, FT shall pay an Eight (8%) percent commission (Three (3%) percent to Lee and Five (5%) percent to REN) of the total base rent for Sixty (60) months ("Commission").

F. WHEREAS, REN has procured a tenant, Beacon Academy, a Nevada Public Charter School, for the Property, who has signed a Lease with FT for Sixty (60) months.

G. WHEREAS, Bob is a real estate agent working for REN.

H. WHEREAS, the Parties wish to complete the Authorization and Amended Authorization and end their relationship under the Authorization and Amended Agreement as hereinafter set forth.

NOW THEREFORE, in consideration of the foregoing Recitals and the mutual promises of the Parties hereinafter set forth, the Parties agree as follows:

ARTICLE TWO
PAYMENT

2.1 FT shall deliver the Commission to John R. McMillan, Esq., to place in his Trust Account. Upon execution of this Release by all Parties, John R. McMillan, Esq., shall have checks issued and delivered to Lee representing its Three (3%) percent share of the Commission and to REN representing its Five (5%) percent share of the Commission as payment pursuant to the Authorization and Ameuded Authorization.

ARTICLE THREE
MUTUAL RELEASE OF KNOWN AND UNKNOWN CLAIMS
COVENANT NOT TO SUE

3.1 Except as the terms of this Release may provide otherwise, the Parties hereby fully release and discharge each other from and against any and all claims, demands, actions and causes of action, damages, costs, attorneys fees and payment of any kind or nature, known or unknown, existing, claimed to exist or which can hereinafter ever arise, in connection with the performance of the Authorization and the Amended Authorization, the procurement of Beacon Academy as the Tenant, the negotiation of the Lease Agreement between FT and Beacon Academy as well as any other matter incidental or related thereto.

3.2 The Parties promise never to commence prosecution or cause to be commenced or prosecuted any action or proceeding against the other based upon any claim, lawsuit, demand, cause of action, obligation or liability covered by the releases, except for claims to enforce the terms of this Release. If any such action is commenced or prosecuted in violation of this Release, the party commencing or prosecuting the action (or causing or advising it to be commenced or prosecuted) shall be liable for all damages sustained by the opposing party as a result of the action, including, but not limited to, the attorney fees and costs incurred in defending the action or validity of this Release, and including any fees and costs for appeal and post-judgment collection.

3.3 For purposes of the paragraphs in this Article, the terms "Parties" and "each other" includes the entities and individuals themselves, as well as their board members, directors, officers, shareholders, agents, servants, representatives, employees, attorneys, partners, joint venturers, consultants, predecessors, successors and assigns.

ARTICLE FOUR
AGREEMENT PERFORMED AND TERMINATION OF SERVICES

4.1 Lee hereby acknowledges and agrees that upon receipt of its Three (3%) percent share of the Commission, the Authorization and Amended Authorization will have been fully performed and that Lee and FT will owe no further duty or obligation to one another thereunder. In addition, Lee, Lisa and Craig hereby agree that upon receipt of their Three (3%) percent share of the Commission, neither Lee, Lisa nor Craig will have any further contact or communication whether, oral, written or electronic with Beacon Academy

ARTICLE FIVE
REPRESENTATIONS AND WARRANTIES

5.1 ~~This Release is executed by the Parties without reliance upon any statement or~~ representation by the persons or parties herein released, or their attorneys or representatives, other than those set forth in this Release.

5.2 Each of the persons signing this Release represents and warrants that he or she has the right and full authority to sign on behalf of the party designated immediately above his or her signed name.

5.3 Each of the Parties hereby warrants and represents that it has not made or caused to be made any assignment or hypothecation of any claim, right or cause of action that it had, has or may in the future have against the Parties herein released and that all such claims, rights or causes of action are herein released, except those which arise by virtue of this Release.

5.4 Each of the Parties hereby warrants and represents that he, she and/or it fully understands the terms of this Release and are signing the Release voluntarily.

ARTICLE SIX
MISCELLANEOUS PROVISIONS

6.1 Binding Effect. All covenants and agreements herein shall bind and inure to the benefit of the respective heirs, executors, successors and assigns of the Parties.

6.2 No Waiver. No action or want of action on the part of any Party hereto at any time to execute any rights or remedies conferred upon it under this Release shall be, or shall be asserted to be a waiver on the part of any of its rights or remedies hereunder.

6.3 Severance. Should any term, part, portion or provision of this Release be decided or declared by the Courts to be, or otherwise found to be, illegal or in conflict with any law of the State of Nevada or the United States, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms, portions and provision shall be deemed severable and shall not be affected thereby, providing such remaining parts, terms, portions or provisions can be construed in substance to constitute the agreement that the Parties intended to enter into in the first instance.

6.4 Law of Nevada. This Release shall be construed in accordance with the law of the State of Nevada, and the Parties agree that the District Court for Clark County, Nevada, shall be the venue of any action which may be filed with respect to this Release.

6.5 Attorney Fees. Should any action (at law or in equity, including but not limited to an action for declaratory relief) or proceeding be brought arising out of, relating to or seeking the interpretation or enforcement of the terms of this Release, or because of an alleged dispute, breach, default or misrepresentation in connection with the terms of this Release, the prevailing

party thereto, as decided by the Court, shall be entitled to reasonable attorneys' fees and costs incurred in addition to any other relief or damages which may be awarded.

6.6 No Third Party Beneficiary. This Release is for the benefit of the Parties and the releasees described above hereto only and confers no rights, benefits or causes of action in favor of any other third parties or entities.

6.7 Headings. The subject headings of the paragraphs and subparagraphs of this Release are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions.

6.8 Entire Agreement. This Release constitutes the entire agreement among the Parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations and understandings of the Parties. No supplement, modification or amendment of this Release shall be binding unless executed in writing by all of the Parties.

6.9 Counterparts. This Release may be executed simultaneously in one or more counterparts, and by copy or facsimile, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

6.10 Further Documents. Each of the Parties agrees to execute and provide, at the reasonable request of any other Party, any and all such other documents or such written instruments as may be reasonably necessary to effectuate the purposes of this Release.

6.11 Time for Performance. The Parties understand that time is of the essence with respect to each and every act required by this Release. Failure to perform any provision hereof in strict accordance with the Release shall be deemed a material breach of the Release.

6.12 Understanding of Agreement. The Parties hereto acknowledge that they have fully read the contents of this Release and that they have had the opportunity to obtain the advice of counsel of their choice, and that they have full, complete and total comprehension of the provisions hereof and are in full agreement with each and every one of the terms, conditions and provisions of this Release. As such, the Parties agree to waive any and all rights to apply an interpretation of any and all terms, conditions or provisions hereof, including the rule of construction that such ambiguities are to be resolved against the drafter of this Release. For the purpose of this instrument, the Parties agree that ambiguities, if any, are to be resolved in the same manner as would have been the case had this instrument been jointly conceived and drafted.

IN WITNESS WHEREOF, each of the Parties has executed this Release on the date and year written below.

Dated: June ____ 2012

LISA GILSTRAP

Dated: June ____ 2012

REALTYEXECUTIVESOFNEVADA

BY: Broker - Mgr.

Dated: June 21 2012

FLAMINGO TENAYA, LLC
a Nevada limited liability Company

BY: James A. Kay, Jr.

Dated: June ____ 2012

CRAIG SUMMERS

Dated: June ____ 2012

BOB HOLDING

Dated: June 21 2012

LEE & ASSOCIATES COMMERCIAL REAL ESTATE SERVICES - NEVADA, INC., a Nevada Corporation

BY:
NAME:
TITLE:

STANDARD MULTI-TENANT OFFICE LEASE -GROSS
AIR COMMERCIAL REAL ESTATE ASSOCIATION

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties**: This Lease ("**Lease**"), dated for reference purposes only 07/18/2016 is made by and between Flamingo / Tenaya LLC ("**Lessor**") and Vegas One Realty Group, LLC ("**Lessee**"), (collectively the "**Parties**", or individually a "**Party**").

1.2(a) **Premises**: That certain portion of the Project (as defined below), known as Suite Numbers(s) 2nd Floor floor(s), consisting of approximately 6216 rentable square feet and approximately 55 94 useable square feet("**Premises**"). The Premises are located at 403 5 S Tenaya Way in the City of Las Vegas, County of Clark, State of Nevada, with zip code 89147. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises ("**Building**") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "**Project**." The Project consists of approximately 12,430 rentable square feet. (See also Paragraph 2)

1.2(b) **Parking**: 10 unreserved and 15 reserved vehicle parking spaces at a monthly cost of $ n/a per unreserved space and $ n/a per reserved space. (See Paragraph 2.6)

1.3 **Term**: 4 years and 4 months ("**Original Term**") commencing August 1, 2017 or when TI Complete ("**Commencement Date**") and ending November 30, 2020 ("**Expiration Date**"). (See also Paragraph 3)

1.4 **Early Possession**: If the Premises are available Lessee may have non-exclusive possession of the Premises commencing n/a ("**Early Possession Date**"). (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent**: $ 5,705.88 per month ("**Base Rent**"), payable on the 1st day of each month commencing December 1, 2016. (See also Paragraph 4)

☒ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph Rent Schedule

1.6 **Lessee's Share of Operating Expense Increase**: Fifty percent (50 %) ("**Lessee's Share**"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution**:

(a) **Base Rent**: $ 5,705.88 for the period December 1, 2016 to December 31, 2016

(b) **Security Deposit**: $ 11,411.76 ("**Security Deposit**"). (See also Paragraph 5)

(c) **Parking**: $ 0 for the period n/a

(d) **Other**: $ _____ for _____

(e) **Total Due Upon Execution of this Lease**: $ 17,117.64

1.8 **Agreed Use**: Real Estate and Property Management (See also Paragraph 6)

1.9 **Base Year; Insuring Party**. The Base Year is 2016. Lessor is the "**Insuring Party**". (See also Paragraphs 4.2 and 8)

1.10 **Real Estate Brokers**: (See also Paragraph 15 and 25)

(a) **Representation**: The following real estate brokers (the "**Brokers**") and brokerage relationships exist in this transaction (check applicable boxes)

☒ Simply Vegas Real Estate represents Lessor exclusively ("**Lessor's Broker**");

☒ Vegas One Realty Group represents Lessee exclusively ("**Lessee's Broker**"); or

☐ _____ represents both Lessor and Lessee ("**Dual Agency**").

(b) **Payment to Brokers**: Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of n/a or n/a % of the total Base Rent) for the brokerage services rendered by the Brokers.

1.11 **Guarantor**. The obligations of the Lessee under this Lease shall be guaranteed by Thomas Leigh, an individual ("**Guarantor**"). (See also Paragraph 37)

1.12 **Business Hours** for the Building: 9:00 a.m. to 5:00 p.m., Mondays through Fridays (except Building Holidays) and _____ a.m. to _____ p.m. on Saturdays (except Building Holidays). "**Building Holidays**" shall mean the dates of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and _____

1.13 **Lessor Supplied Services**. Notwithstanding the provisions of Paragraph 11.1, Lessor is NOT obligated to provide the following within the Premises:

☒ Janitorial services

©1999 - AIR COMMERCIAL REAL ESTATE ASSOCIATION

☒ Electricity
☒ Other (specify): Telecom services, in suite minor repairs.

1.14 **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:
☐ an Addendum consisting of Paragraphs _____ through _____;
☐ a plot plan depicting the Premises;
☐ a current set of the Rules and Regulations;
☐ a Work Letter;
☐ a janitorial schedule;
☒ other (specify): Addenda 1 through 5; Exhibits A - C.

2. **Premises.**

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition.** Lessor shall deliver the Premises to Lessee in a clean condition on the Commencement Date or the Early Possession Date, whichever first occurs (**"Start Date"**), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems (**"HVAC"**), and all other items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 **Compliance.** Lessor warrants that to the best of its knowledge the improvements on the Premises and the Common Areas comply with the building codes applicable laws, covenants or restrictions of record, regulations, and ordinances (**"Applicable Requirements"**) that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises (**"Capital Expenditure"**), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to nonvoluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) Lessee has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date, Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking.** So long as Lessee is not in default, and subject to the Rules and Regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use the number of parking spaces specified in Paragraph 1.2(b) at the rental rate applicable from time to time for monthly parking as set by Lessor and/or its licensee.

(a) If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

(b) The monthly rent per parking space specified in Paragraph 1.2(b) is subject to change upon 30 days prior written notice to Lessee. The rent for the parking is payable one month in advance prior to the first day of each calendar month.

2.7 **Common Areas - Definition.** The term **"Common Areas"** is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for the general nonexclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any

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unauthorized storage shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 **Common Areas - Rules and Regulations.** Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to adopt, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. The Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes.** Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. **Term.**

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession.** Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of the Operating Expense Increase) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 **Delay in Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance.** Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. **Rent.**

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**").

4.2 **Operating Expense Increase.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "**Operating Expense Increase**", in accordance with the following provisions:

(a) "**Base Year**" is as specified in Paragraph 1.9.

(b) "**Comparison Year**" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first 12 months of the Lease Term (other than such as are mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve (12) months). Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.

(c) The following costs relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, are defined as "**Operating Expenses**":

(i) Costs relating to the operation, repair, and maintenance, in neat, clean, safe, good order and condition, but not the replacement (see subparagraph (g)), of the following:

(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, draperies and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;

(bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, communication systems and other equipment used in common by, or for the benefit of, tenants or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.

(cc) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of trash disposal, janitorial and security services, pest control services, and the costs of any environmental inspections;

(iii) The cost of any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";

(iv) The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8, and any deductible portion of an insured loss concerning the Building or the Common Areas;

(v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10;

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;

(vii) Labor, salaries, and applicable fringe benefits and costs, materials, supplies, and tools, used in maintaining and/or cleaning the Project and accounting and management fees attributable to the operation of the Project;

(viii) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided, however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such Capital Expenditure in any given month;

(ix) The cost to replace equipment or improvements that have a useful life for accounting purposes of 5 years or less.

(x) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(f) Lessee's Share of Operating Expense Increase is payable monthly on the same day as the Base Rent is due hereunder.

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~~The amount of such payments shall be based on Lessor's estimate of the Operating Expense Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such Year exceed Lessee's Share, Lessee shall credit the amount of such over payment against Lessee's future payments. If Lessee's payments during such Year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of said statement. Lessor and Lessee shall forthwith adjust between them by cash payment any balance determined to exist with respect to that portion of the last Comparison Year for which Lessee is responsible as to Operating Expense Increases, notwithstanding that the Lease term may have terminated before the end of such Comparison Year.~~

~~(g) Operating Expenses shall not include the costs of replacement for equipment or capital components such as the roof, foundations, exterior walls or a Common Area capital improvement, such as the parking lot paving, elevators, fences that have a useful life for accounting purposes of 5 years or more.~~

~~(h) Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.~~

4.3 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States on or before the day on which it is due, without offset or deduction (except as specifically permitted in this Lease). All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of $25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. **Use.**

6.1 **Use.** Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building, and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 **Hazardous Substances.**

(a) **Reportable Uses Require Consent.** The term **"Hazardous Substance"** as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. **"Reportable Use"** shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from,or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use such as ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to

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Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or $100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or $100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 **Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1e) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (**MSDS**) to Lessor within 10 days of the receipt of written request therefor.

7. **Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.**

7.1 **Lessee's Obligations.** Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, ~~Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises,~~ to the extent such cost is attributable to abuse or misuse. In addition, Lessee rather than the Lessor shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any similar improvements within the Premises. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder."

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, fire alarm and/or smoke detection systems, fire hydrants, and the Common Areas. Lessee expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 **Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions.** The term **"Utility Installations"** refers to all floor and window coverings, air lines, vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, and plumbing in or on the Premises. The term **"Trade Fixtures"** shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term **" Alterations"** shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. **"Lessee Owned Alterations and/or Utility Installations"** are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof, ceilings, floors or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed $2000. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with asbuilt plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices or non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 **Ownership; Removal; Surrender; and Restoration.**

(a) **Ownership.** Subject to Lessor's right to require removal of elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all of any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) to the level specified in Applicable Requirments. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property

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of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. **Insurance; Indemnity.**

8.1 **Insurance Premiums.** The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 are included as Operating Expenses (see paragraph 4.2 (c)(iv)). Said costs shall include increases in the premiums resulting from additional coverage related to requirements of the holder of a mortgage or deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/or Project, and/or a general premium rate increase. Said costs shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the Project was not insured for the entirety of the Base Year, then the base premium shall be the lowest annual premium reasonably obtainable for the required insurance as of the Start Date, assuming the most nominal use possible of the Building and/or Project. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of $2,000,000 procured under Paragraph 8.2(b).

8.2 **Liability Insurance.**

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than $1,000,000 per occurrence with an annual aggregate of not less than $2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an **"insured contract"** for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 **Property Insurance- Building, Improvements and Rental Value.**

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Building and/or Project. The amount of such insurance shall be equal to the full insurable replacement cost of the Building and/or Project, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed $5,000 per occurrence.

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days (**"Rental Value Insurance"**). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 **Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.**

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed $1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(c) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 **Insurance Policies.** Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 10 days prior written notice to Lessor. Lessee shall, at least 30 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 **Waiver of Subrogation.** Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 **Indemnity.** Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 **Exemption of Lessor and its Agents from Liability.** Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 **Failure to Provide Insurance.** Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any

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requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9 **Damage or Destruction.**

9.1 **Definitions.**

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 months Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is $5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense (subject to reimbursement pursuant to Paragraph 4.2), in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 **Damage Near End of Term.** If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies.**

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair of restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair of restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes.**

10.1 **Definitions.** As used herein, the term **"Real Property Taxes"** shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Project is located. **"Real Property Taxes"** shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason or events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 **Payment of Taxes.** Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 **Additional Improvements.** Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations

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placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 **Joint Assessment.** If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 **Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11 **Utilities and Services.**

11.1 **Services Provided by Lessor.** Lessor shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any. Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises.

11.2 **Services Exclusive to Lessee.** Notwithstanding the provisions of paragraph 11.1, Lessee shall pay for all water, gas, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. If a service is deleted by Paragraph 1.13 and such service is not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges for such jointly metered service.

11.3 **Hours of Service.** Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

11.4 **Excess Usage by Lessee.** Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security and trash services, over standard office usage for the Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.5 **Interruptions.** There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. **Assignment and Subletting.**

12.1 **Lessor's Consent Required.**

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, **"assign or assignment"**) or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. **"Net Worth of Lessee"** shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i.e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 **Terms and Conditions Applicable to Assignment and Subletting.**

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of $500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 **Additional Terms and Conditions Applicable to Subletting.** The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

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(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. **Default; Breach; Remedies.**

13.1 **Default; Breach.** A **"Default"** is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A **"Breach"** is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material data safety sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a **"debtor"** as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance of security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy or unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination or Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 **Inducement Recapture.** Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as **"Inducement Provisions"**, shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount of $100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 **Interest.** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest (**"Interest"**) charged shall be computed at the rate of 10% per annum but shall not exceed the

13.4 Provisions to be changed to 7 days, and 5%, respectively per LL

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maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 **Breach by Lessor.**

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively **"Condemnation"**), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility or the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Brokerage Fees.**

15.1 **Additional Commission.** In addition to the payments owed pursuant to Paragraph 1.10 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.

15.2 **Assumption of Obligations.** Any buyer or transferee or Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 **Representations and Indemnities of Broker Relationships.** Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. **Estoppel Certificates.**

(a) Each Party (as **"Responding Party"**) shall within 10 days after written notice from the other Party (the **"Requesting Party"**) execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current **"Estoppel Certificate"** form published by the AIRCommercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17 **Definition of Lessor.** The term **"Lessor"** as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days.** Unless otherwise specifically indicated to the contrary, the word **"days"** as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability.** The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor or its partners, members, directors, officers or shareholders, and Lessee shall look to the Project, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21 **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. **Notices.**

23.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time

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to time hereafter designate in writing.

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. **Waivers.**

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

~~25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.**~~

~~(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:~~

~~(i) Lessor's Agent. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.~~

~~(ii) Lessee's Agent. An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.~~

~~(iii) Agent Representing Both Lessor and Lessee. A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. b. Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party: disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.~~

~~(b) Brokers have no responsibility with respect to any default or breach hereof by other Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.~~

~~(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.~~

26. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Holdover Base Rent shall be calculated on a monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27 **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance.**

30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "**Lender**") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 **Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "**Non-Disturbance Agreement**") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31 **Attorneys' Fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, **"Prevailing Party"** shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach ($200 is a reasonable minimum per occurrence for such services and consultation).

32. **Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. **Auctions.** Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. **Signs.** Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Lessor may not place any sign on the exterior or the Building that covers any of the windows of the Premises. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. **Termination; Merger.** Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. **Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with rereference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37 **Guarantor.**

37.1 **Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association.

37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. **Options.** If Lessee is granted any Option, as defined below, then the following provisions shall apply.

39.1 **Definition. "Option"** shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

41 **Reservations.**

(a) Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice; provide and install, at Lessee's expense, Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate; grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein; and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on signs in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

(b) Lessor also reserves the right to move Lessee to other space of comparable size in the Building or Project. Lessor must provide at least 45 days prior written notice of such move, and the new space must contain improvements of comparable quality to those contained within the Premises. Lessor shall pay the reasonable out of pocket costs that Lessee incurs with regard to such relocation, including the expenses of moving and necessary stationary revision costs. In no event, however, shall Lessor be required to pay an amount in excess of two months Base Rent. Lessee may not be relocated more than once during the term of this Lease.

(c) Lessee shall not: (i) use a representation (photographic or otherwise) of the Building or Project or their name(s) in connection with Lessee's business; or (ii) suffer or permit anyone, except in emergency, to go upon the roof of the Building.

42. **Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. **Authority; Multiple Parties; Execution**

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(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. **Offer.** Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable nonmonetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47 **Waiver of Jury Trial.** **THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.**

48. **Arbitration of Disputes.** An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☒ is not attached to this Lease.

49. **Accessibility; Americans with Disabilities Act.**

(a) The Premises: ☒ have not undergone an inspection by a Certified Access Specialist (CASp). ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

(b) Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. **SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.**
2. **RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING AND SIZE OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.**

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: Van Nuys, CA	Executed at:
On: 07/18/2016	On:
By LESSOR:	**By LESSEE:**
Flamingo / Tenaya, LLC	
By:	By:
Name Printed: James D. Kay, Jr.	Name Printed:
Title: Pres of Manager	Title:
By:	By:
Name Printed:	Name Printed:
Title:	Title:
Address: P.O. Box 7835	Address:
Van Nuys, CA 91409	
Telephone:(818 997-7700	Telephone:(___)
Facsimile:(818 997-3190	Facsimile:(___)
Email: jameskay@buddycorp.com	Email:
Email:	Email
Federal ID No. 56-2321709	Federal ID No.

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LESSOR'S BROKER:	LESSEE'S BROKER:
Simply Vegas Real Estate	Vegas One Realty Group
Attn: Ryan Misaresh	Attn: Thomas Leigh
Address: 3042 S Durango Dr, Las Vegas, NV 89118	Address: 3080 S Durango Dr Ste 103 Las Vegas, NV 89118
Telephone: (213) 309-32 79	Telephone: (702) 637-903 7
Facsimile: (___)	Facsimile: (702) 242-6680
Email: connect@lasvegascommerci.alreal.estate	Email: tommy@vegasonerealty.com
Broker/Agent BRE License#: S.0174644	Broker/Agent BRE License#: B.0144063 INDV

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA 91203. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

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Exhibit A – Statement of Work – Tenant Improvements

General Scope

Demolition:

Cover walls & ceiling

Remove carpet, tile, wood floor areas per Exhibit C

Maintain work area dust free

Remove closet doors in room 5 per Exhibit C

Construction:

Prepare / grind sub-level concrete floor to accept clear coat per Exhibit C

Build new walls in rooms 1, 8, 9, 14, and 15 (Framing, drywall, taping, texture, paint to match) per Exhibit C

Patch & paint if necessary area in room S where closet doors were removed

Repair T-Bar ceiling if necessary in work area

Install new doors and hardware per Exhibit C

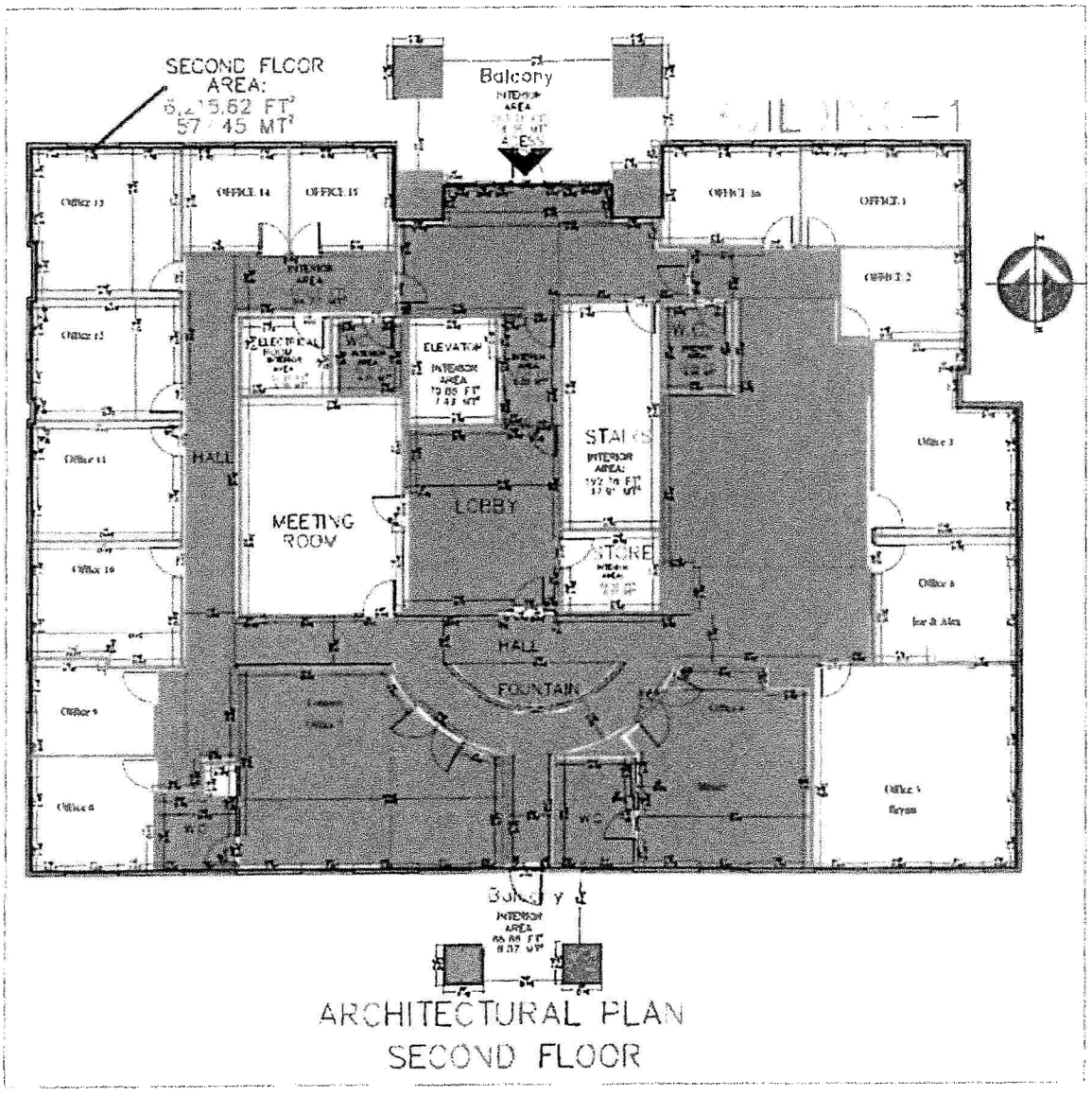
Confirmation of scope

Tenant:

Landlord:

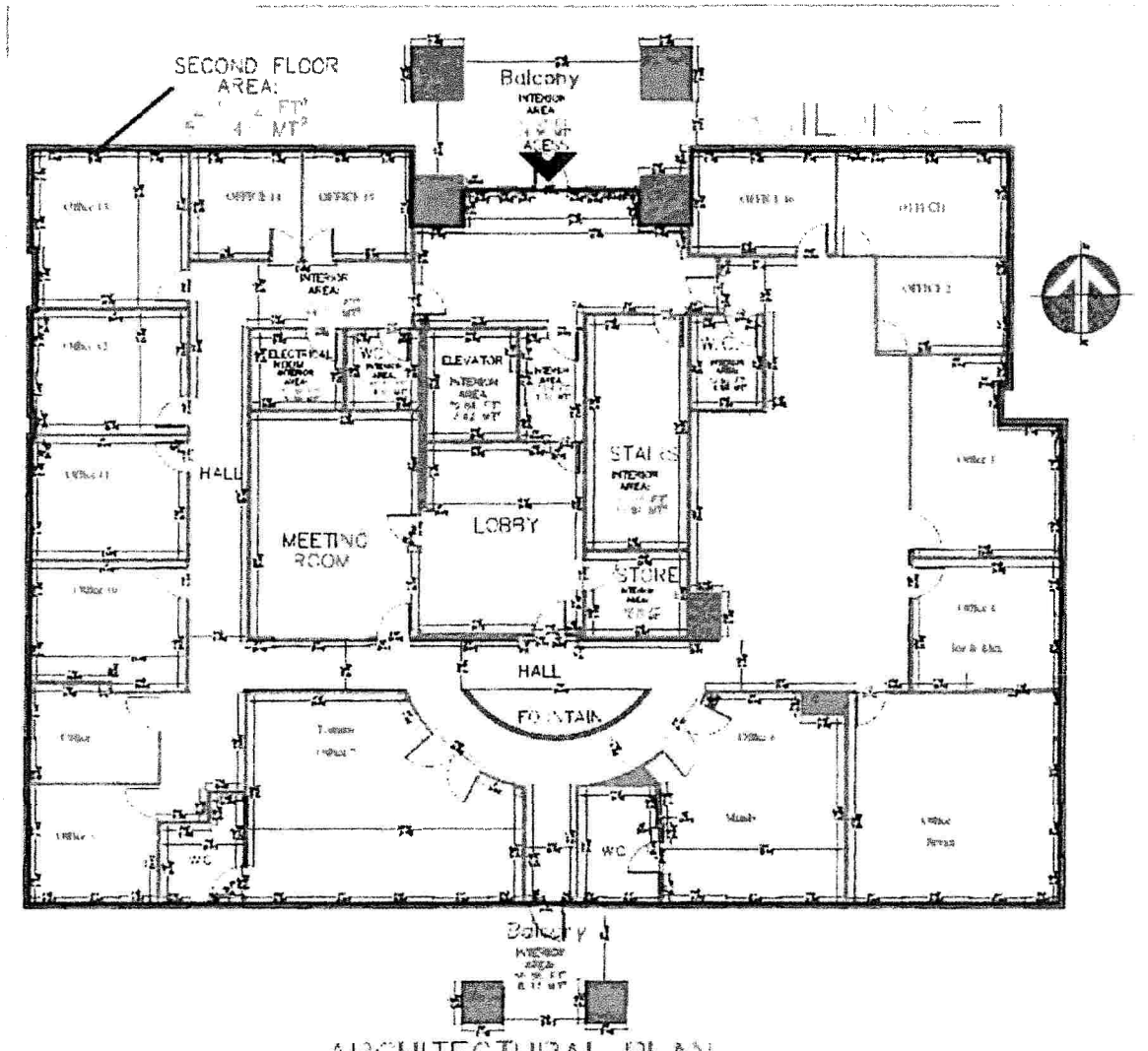
Price to include labor and materials; additions and changes to incur extra charges.

Exhibit B-1– Flooring areas to be modified



OK

Exhibit B-2 – Floorplan (New)



ARCHITECTURAL PLAN
SECOND FLOOR

Exhibit B-3 – Floorplan (Existing)

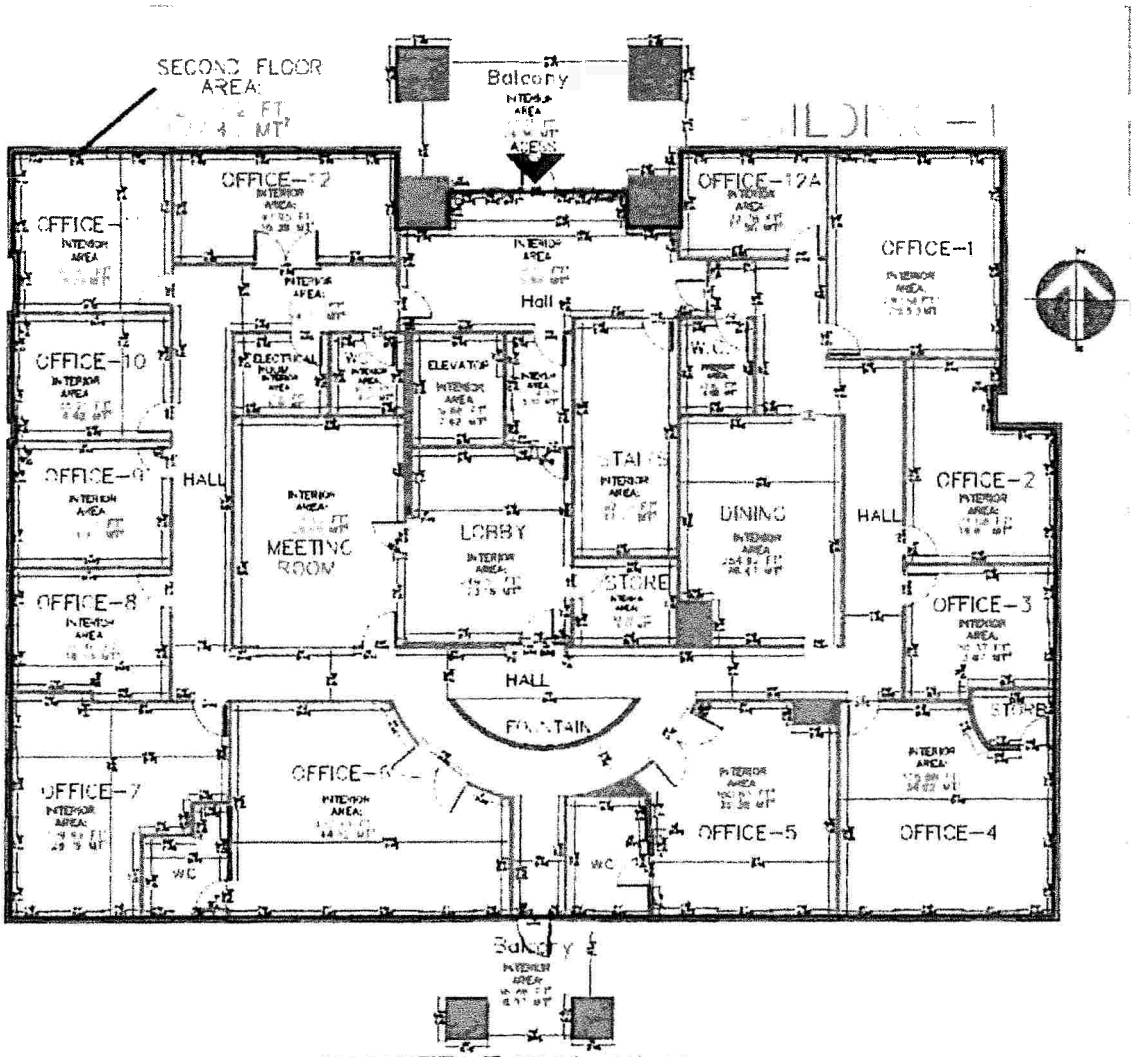


Exhibit C – Rent Schedule

month	base rent	term	sf	monthly payment	payment period	concession	units	concession amount	annual payment after concession
1-12	$ 1.020	12	5,594.0	$ 5,705.88	$ 68,470.56	$ 4.00	months	$ 22,823.52	$ 45,647.04
13-24	$ 1.051	12	5,594.0	$ 5,877.06	$ 70,524.68	$ -	months	$ -	$ 70,524.68
25-36	$ 1.082	12	5,594.0	$ 6,053.37	$ 72,640.42	$ -	months	$ -	$ 72,640.42
37-48	$ 1.115	12	5,594.0	$ 6,234.97	$ 74,819.63	$ -	months	$ -	$ 74,819.63
49-52	$ 1.148	4	5,594.0	$ 6,422.02	$ 25,688.07	$ -	months	$ -	$ 25,688.07
									$ 289,319.84

Addendum 1

25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.**
(a) The Parties acknowledge: (i) receipt from Brokers of a Nevada Real Estate Division "Duties Owed by a Nevada Real Estate Licensee" form (aka form 525), and, if one Broker is acting for both Lessor and Lessee, a "Consent to Act" form (aka form 524), and (ii) that they have read and understand such forms and the duties owed to them by Brokers. The Parties also agree to execute and deliver to Brokers said forms. **NOTE:** The use of a broker in a real estate transaction does not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. If legal or tax advice is desired, a Party should consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

Addendum 2

Upon entering the 7th month of the initial lease term (tentatively defined as February 2017 for a August 1, 2016 lease commencement), tenant to receive in the form of a rent credit to their ledger an amount equal to one month of security deposit.

Addendum 3

In addition to the provisions outlined in Section 12 of the Lease, and wherever there is conflict between Section 12 of the lease and this Addendum, this Addendum shall take precedence.

Lessee to be granted permission to assign their lease provided the following conditions are met:

1. Landlord grants permission, which will not be unreasonably withheld.

2. Landlord is satisfied with a financial and background review of the prospective tenant, through conducting a similar-depth investigation on the prospective tenant as the incumbent tenant. For non state-regulated businesses, an appropriate background check may be conducted on the principals and / or affiliates of the prospective tenant at the incumbent OR prospective tenant's sole expense.

3. All prorated commissions for remaining lease term not satisfied by incumbent tenant to be covered if there are any modifications to term length or necessary inducements of prospective tenant.

Addendum 4

Lessee to have explicit permission to sublease up to eighty percent (80%) of their suite to other real estate agents and/ or teams of real estate agents, and/or other individuals in allied business lines or ancillary services to the real estate industry.





Addendum 5

. Provided there exists no Event of Default (as defined in the Lease) or any event which with notice or the passage of time (or both) would constitute an Event of Default under the Lease, effective as of the expiration of the fortieth (40th) full calendar month following the date of this Lease, Guarantor shall have no further liability for obligations thereafter arising under this Guaranty; however, Guarantor shall remain liable for all obligations accruing prior to such time.

STANDARD MULTI-TENANT OFFICE LEASE -GROSS
AIR COMMERCIAL REAL ESTATE ASSOCIATION

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties:** This Lease ("Lease"), dated for reference purposes only 1 1/2 9/2 017 is made by and between Flamingo / Tenaya LLC ("Lessor") and Escobedo Group, LLC - DBA First Mutual Realty Group ("Lessee"), (collectively the "Parties", or individually a "Party").

1.2(a) **Premises:** That certain portion of the Project (as defined below), known as Suite Numbers(s) 7 through 9, floor(s), consisting of approximately 1,007 rentable square feet and approximately 1,00 7 useable square feet("Premises"). The Premises are located at: 4035 S. Ha nay a W ay, in the City of Las Vegas, County of Clark, State of Nevada, with zip code 89147. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises ("Building") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project". The Project consists of approximately 12,430 rentable square feet. (See also Paragraph 2)

1.2(b) **Parking:** 4 unreserved and 0 reserved vehicle parking spaces at a monthly cost of $ n/a per unreserved space and $ n/a per reserved space. (See Paragraph 2.6)

1.3 **Term:** 2 years and 0 months ("Original Term") commencing January 1, 2018 ("Commencement Date") and ending December 31, 2019 ("Expiration Date"). (See also Paragraph 3)

1.4 **Early Possession:** If the Premises are available Lessee may have non-exclusive possession of the Premises commencing December 15, 2017 ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** $ 1,208.40 per month ("Base Rent"), payable on the 1st day of each month commencing January 1, 2018. (See also Paragraph 4)

☒ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph Addendum 2

1.6 **Lessee's Share of Operating Expense Increase:** _____ percent (____%) ("Lessee's Share"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution:**

(a) **Base Rent:** $ 1,208.40 for the period January 1 - January 31, 2018.

(b) **Security Deposit:** $ 1,2 08.40 ("Security Deposit"). (See also Paragraph 5)

(c) **Parking:** $ 0 for the period n/a.

(d) **Other:** $ 0 for n/a.

(e) **Total Due Upon Execution of this Lease:** $ 2,4 16.8 0.

1.8 **Agreed Use:** General Office Space. (See also Paragraph 6)

1.9 **Base Year; Insuring Party.** The Base Year is 2018. Lessor is the "Insuring Party". (See also Paragraphs 4.2 and 8)

1.10 **Real Estate Brokers:** (See also Paragraph 15 and 25)

(a) **Representation:** The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):

☒ Simply Vegas Real Estate represents Lessor exclusively ("Lessor's Broker");

☒ First Mutual Realty Group represents Lessee exclusively ("Lessee's Broker"); or

☐ _____ represents both Lessor and Lessee ("Dual Agency").

(b) **Payment to Brokers:** Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of $500 or _____% of the total Base Rent) for the brokerage services rendered by the Brokers.

1.11 **Guarantor.** The obligations or the Lessee under this Lease shall be guaranteed by Edgar Escobedo, an individual. ("Guarantor"). (See also Paragraph 37)

1.12 **Business Hours for the Building:** 9:00 a.m. to 5:00 p.m., Mondays through Fridays (except Building Holidays) and _____ a.m. to _____ p.m. on Saturdays (except Building Holidays). "Building Holidays" shall mean the dates of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and

1.13 **Lessor Supplied Services.** Notwithstanding the provisions [illegible]

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☒ Electricity
☐ Other (specify): _____

1.14 **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:

☐ an Addendum consisting of Paragraphs _____ through _____;
☐ a plot plan depicting the Premises;
☐ a current set of the Rules and Regulations;
☐ a Work Letter;
☒ a janitorial schedule;
☒ other (specify): Addenda 1 thru 5

2. **Premises.**

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition.** Lessor shall deliver the Premises to Lessee in a clean condition on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and all other items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 **Compliance.** Lessor warrants that to the best of its knowledge the improvements on the Premises and the Common Areas comply with the building codes applicable laws, covenants or restrictions of record, regulations, and ordinances ("**Applicable Requirements**") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement of other physical modification of the Premises ("**Capital Expenditure**"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease of any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay Interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with Interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to nonvoluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) Lessee has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date, Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking.** So long as Lessee is not in default, and subject to the Rules and Regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use the number of parking spaces specified in Paragraph 1.2(b) at the rental rate applicable from time to time for monthly parking as set by Lessor and/or its licensee.

(a) If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

(b) The monthly rent per parking space specified in Paragraph 1.2(b) is subject to change upon 30 days prior written notice to Lessee. The rent for the parking is payable one month in advance prior to the first day of each calendar month.

2.7 **Common Areas - Definition.** The term "**Common Areas**" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for the general nonexclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any

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unauthorized storage shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 **Common Areas - Rules and Regulations.** Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to adopt, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. The Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes.** Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas including, without limitation, changes in the location, size, shape and number of the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. **Term.**

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession.** Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of the Operating Expense Increase) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 **Delay in Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance.** Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. **Rent.**

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**").

4.2 **Operating Expense Increase.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "**Operating Expense Increase**", in accordance with the following provisions:

(a) "**Base Year**" is as specified in Paragraph 1.9.

(b) "**Comparison Year**" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first 12 months of the Lease Term (other than such as are mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve (12) months). Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.

(c) The following costs relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, are defined as "**Operating Expenses**":

(i) Costs relating to the operation, repair, and maintenance in neat, clean, safe, good order and condition, but not the replacement (see subparagraph (g)), of the following:

(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;

(bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, communication systems and other equipment used in common by, or for the benefit of, tenants or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.

(cc) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of trash disposal, janitorial and security services, pest control services, and the costs of any environmental inspections;

(iii) The cost of any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";

(iv) The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 and any deductible portion of an insured loss concerning the Building or the Common Areas;

(v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10;

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;

(vii) Labor, salaries, and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Project and accounting and management fees attributable to the operation of the Project;

(viii) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such Capital Expenditure in any given month;

(ix) The cost to replace equipment or improvements that have a useful life for accounting purposes of 5 years or less.

(x) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(f) Lessee's Share of Operating Expense Increase is payable monthly on the same day as the Base Rent is due hereunder.

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The amount of such payments shall be based on Lessor's estimate of the Operating Expense Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such Year exceed Lessee's Share, Lessee shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such Year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of said statement. Lessor and Lessee shall forthwith adjust between them by cash payment any balance determined to exist with respect to that portion of the last Comparison Year for which Lessee is responsible as to Operating Expense Increases, notwithstanding that the Lease term may have terminated before the end of such Comparison Year.

(g) Operating Expenses shall not include the costs of replacement for equipment or capital components such as the roof, foundations, exterior walls or a Common Area capital improvement, such as the parking lot paving, elevators, fences that have a useful life for accounting purposes of 5 years or more.

(h) Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.

4.3 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States on or before the day on which it is due, without offset or deduction (except as specifically permitted in this Lease). All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of $25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. **Use.**

6.1 **Use.** Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building, and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 **Hazardous Substances.**

(a) **Reportable Uses Require Consent.** The term "**Hazardous Substance**" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises,is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "**Reportable Use**" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use such as ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to

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Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or $100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or $100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 **Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1e) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of written request therefor.

7. **Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.**

7.1 **Lessee's Obligations.** Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable to abuse or misuse. In addition, Lessee rather than the Lessor shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any similar improvements within the Premises. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder.

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, fire alarm and/or smoke detection systems, fire hydrants, and the Common Areas. Lessee expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 **Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions.** The term **"Utility Installations"** refers to all floor and window coverings, air lines, vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, and plumbing in or on the Premises. The term **"Trade Fixtures"** shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term **" Alterations"** shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. **"Lessee Owned Alterations and/or Utility Installations"** are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessorpursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof, ceilings, floors or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed $2000. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with asbuilt plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity or any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 **Ownership; Removal; Surrender; and Restoration.**

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) to the level specified in Applicable Requirments. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property

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of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. **Insurance; Indemnity.**

8.1 **Insurance Premiums.** The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 are included as Operating Expenses (see paragraph 4.2 (c)(iv)). Said costs shall include increases in the premiums resulting from additional coverage related to requirements of the holder of a mortgage or deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/of Project, and/or a general premium rate increase. Said costs shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the Project was not insured for the entirety of the Base Year, then the base premium shall be the lowest annual premium reasonably obtainable for the required insurance as of the Start Date, assuming the most nominal use possible of the Building and/or Project. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of $2,000,000 procured under Paragraph 8.2(b).

8.2 **Liability Insurance.**

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than $1,000,000 per occurrence with an annual aggregate of not less than $2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "**Insured contract**" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 **Property Insurance - Building, Improvements and Rental Value.**

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Building and/or Project. The amount of such insurance shall be equal to the full insurable replacement cost of the Building and/or Project, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed $5,000 per occurrence.

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("**Rental Value Insurance**"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 **Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.**

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed $1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(c) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 **Insurance Policies.** Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 10 days prior written notice to Lessor. Lessee shall, at least 30 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 **Waiver of Subrogation.** Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 **Indemnity.** Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 **Exemption of Lessor and its Agents from Liability.** Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 **Failure to Provide Insurance.** Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any

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requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. **Damage or Destruction.**

9.1 **Definitions.**

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is $5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense (subject to reimbursement pursuant to Paragraph 4.2), in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 **Damage Near End of Term.** If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies.**

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes.**

10.1 **Definitions.** As used herein, the term **"Real Property Taxes"** shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Project is located. **"Real Property Taxes"** shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 **Payment of Taxes.** Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 **Additional Improvements.** Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations

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placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 **Joint Assessment.** If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 **Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. **Utilities and Services.**

11.1 **Services Provided by Lessor.** Lessor shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any. Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises.

11.2 **Services Exclusive to Lessee.** Notwithstanding the provisions of paragraph 11.1, Lessee shall pay for all water, gas, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. If a service is deleted by Paragraph 1.13 and such service is not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges for such jointly metered service.

11.3 **Hours of Service.** Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor or the cost thereof.

11.4 **Excess Usage by Lessee.** Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security and trash services, over standard office usage for the Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.5 **Interruptions.** There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. **Assignment and Subletting.**

12.1 **Lessor's Consent Required.**

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "**assign or assignment**") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "**Net Worth of Lessee**" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a *de minimis* portion of the Premises, i.e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 **Terms and Conditions Applicable to Assignment and Subletting.**

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of $500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 **Additional Terms and Conditions Applicable to Subletting.** The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

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(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. **Default; Breach; Remedies.**

13.1 **Default; Breach.** A **"Default"** is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A **"Breach"** is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance of an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material data safety sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a **"debtor"** as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 **Inducement Recapture.** Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as **"Inducement Provisions"**, shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or $100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise or any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 **Interest.** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest (**"Interest"**) charged shall be computed at the rate of 10% per annum but shall not exceed the

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maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 **Breach by Lessor.**

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Brokerage Fees.**

15.1 **Additional Commission.** In addition to the payments owed pursuant to Paragraph 1.10 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.

15.2 **Assumption of Obligations.** Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 **Representations and Indemnities of Broker Relationships.** Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. **Estoppel Certificates.**

(a) Each Party (as "**Responding Party**") shall within 10 days after written notice from the other Party (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published by the AIRCommercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Definition of Lessor.** The term "**Lessor**" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days.** Unless otherwise specifically indicated to the contrary, the word "**days**" as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability.** The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor or its partners, members, directors, officers or shareholders, and Lessee shall look to the Project, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. **Notices.**

23.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time

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to time hereafter designate in writing.

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. **Waivers.**

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

~~25. Disclosures Regarding The Nature of a Real Estate Agency Relationship.~~

~~(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:~~

~~(i) Lessor's Agent. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.~~

~~(ii) Lessee's Agent. An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations: To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.~~

~~(iii) Agent Representing Both Lessor and Lessee. A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: a. A fiduciary duty of utmost care, integrity, honesty, and loyalty in the dealings with either Lessor or the Lessee. b. Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not, without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.~~

~~(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees) of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or wilful misconduct of such Broker.~~

~~(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.~~

26. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Holdover Base Rent shall be calculated on a monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance.**

30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 **Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents, provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

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31. **Attorneys' Fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, **"Prevailing Party"** shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach ($200 is a reasonable minimum per occurrence for such services and consultation).

32. **Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. **Auctions.** Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. **Signs.** Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Lessor may not place any sign on the exterior of the Building that covers any of the windows of the Premises. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. **Termination; Merger.** Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. **Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor.**

37.1 **Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association.

37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. **Options.** If Lessee is granted any Option, as defined below, then the following provisions shall apply.

39.1 **Definition. "Option"** shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right or first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement or the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

41. **Reservations.**

(a) Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice; provide and install, at Lessee's expense, Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate; grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein; and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior or the Building or the Project or on signs in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

(b) Lessor also reserves the right to move Lessee to other space of comparable size in the Building or Project. Lessor must provide at least 45 days prior written notice of such move, and the new space must contain improvements of comparable quality to those contained within the Premises. Lessor shall pay the reasonable out of pocket costs that Lessee incurs with regard to such relocation, including the expenses of moving and necessary stationary revision costs. In no event, however, shall Lessor be required to pay an amount in excess of two months Base Rent. Lessee may not be relocated more than once during the term of this Lease.

(c) Lessee shall not: (i) use a representation (photographic or otherwise) of the Building or Project or their name(s) in connection with Lessee's business; or (ii) suffer or permit anyone, except in emergency, to go upon the roof of the Building.

42. **Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. **Authority; Multiple Parties; Execution**

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(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. **Offer.** Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable nonmonetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. **Waiver of Jury Trial.** **THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.**

48. **Arbitration of Disputes.** An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☒ is not attached to this Lease.

49. **Accessibility; Americans with Disabilities Act.**

(a) The Premises: ☒ have not undergone an inspection by a Certified Access Specialist (CASp). ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

(b) Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. **SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.**
2. **RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING AND SIZE OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.**

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at:	Executed at: Las Vegas NV
On:	On: 12-5-17
By LESSOR:	**By LESSEE:**
Flamingo / Tenaya, LLC	Escobedo Group, LLC, DBA First Mutual Realty Group
By:	By:
Name Printed:	Name Printed: Edgar Escobedo
Title:	Title: Manager
By:	By:
Name Printed:	Name Printed:
Title:	Title:
Address: P.O. Box 7835 Van Nuys, CA 91409	Address:
Telephone:(___)	Telephone:(702) 755 6957
Facsimile:(___)	Facsimile:(___)
Email: jameskay@buddycorp.com	Email: firstmutualrealty@gmail.com
Email:	Email:
Federal ID No.	Federal ID No.

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LESSOR'S BROKER:	LESSEE'S BROKER:
Simply Vegas Real Estate	First Mutual Realty Group
Attn: Ryan Misaresh	Attn: Edgar Escobedo
Address: 3042 S Durango Drive 89117	Address: 3230 S. Buffalo Dr. Ste 102 Las Vegas NV 89117
Telephone: (213) 309-3279	Telephone: 702 755-6957
Facsimile: ( )	Facsimile: 702 989-4622
Email: connect@lasvegascommercialreal.estate	Email: firstmutualrealty@gmail.com
Broker/Agent BRE License#: S.0174644.LLC	Broker/Agent BRE License #: B.0024850

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA 91203. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

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Addendum 1

25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.** (a) The Parties acknowledge: (i) receipt from Brokers of a Nevada Real Estate Division "Duties Owed by a Nevada Real Estate Licensee" form, a "Confirmation Regarding Real Estate Agent Relationship" form, and, if one Broker is acting for both Lessor and Lessee, a "Consent to Act" form, and (ii) that they have read and understand such forms and the duties owed to them by Brokers. The Parties also agree to execute and deliver to Brokers said forms. NOTE: The use of a broker in a real estate transaction does not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. If legal or tax advice is desired, a Party should consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential. .

Addendum 2 – Lease Calculations

Commencement 01/01/2018, Early Possession 12/15/2017, $1.20/sf MG (electricity separate), One (1) option to renew for 2 year term with same rates as initial term, plus a $0.05 / SF increase.

24 Month Term		Tenant
1,007 SF		First Mutual Realty
$1.20/sq. ft.		Address
		4035 S Tenaya Way, Ofc 7,8,9
commencement 01/01/2018		Signed on or around 12/15/2017

month	base rent	term	sf	monthly payment	payment period	concession	units	concession amount	annual payment after concession
12/15 - 12/31	$ -	0.51612903	1,007.0	$ -	$ -	$ -	months	$ -	$ -
1-12	$ 1.200	12	1,007.0	$ 1,208.40	$ 14,500.80	$ -	months	$ -	$ 14,500.80
13-24	$ 1.200	12	1,007.0	$ 1,208.40	$ 14,500.80	$ -	months	$ -	$ 14,500.80

Addendum 3 – Landlord / Neighbor Access for IT closet

1. Tenant agrees to provide reasonable access to utility closet located within unit for maintenance, upgrades, and repairs when warranted.

Tenant Signature_____

Landlord Signature_____

Addendum 4 – Option To Renew

Tenant is granted one (1) option to renew their lease at the same terms as the initial lease's terms, plus a $0.05 / SF increase to base rent. Option is to be exercised no sooner than 180 days from lease termination date and no later than 90 days.

Tenant Signature 

Landlord Signature_____

FORM OF LEASE GUARANTY

GUARANTY OF LEASE

This GUARANTY OF LEASE ("Guaranty") is made by Edgar Escobedo, an individual (the "Guarantor"), for the benefit of Flamingo / Tenaya LLC, a Nevada limited liability company ("Landlord"), with reference to the following facts:

RECITALS

A. Landlord and Escobedo Group, LLC, DBA First Mutual Realty Group, a Nevada Limited Liability Company ("Tenant"), are about to enter into that certain Office Lease dated November 29 , 2017 (the "Lease"), concerning the premises commonly known as Suite 104 and 105 of the building located at 4035 S Tenaya Way, Las Vegas, Nevada, wherein Landlord will lease said premises to Tenant.

B. Landlord would not execute the Lease without Guarantor's execution and delivery to Landlord of this Guaranty.

C. Guarantor is desirous that Landlord enter into the Lease with Tenant.

NOW, THEREFORE, for and in consideration of the execution of the foregoing Lease by Landlord and as a material inducement to Landlord to execute the Lease, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Guaranty of Lease Obligations. Guarantor hereby unconditionally and irrevocably guarantees the prompt payment by Tenant of all rentals and all other sums payable by Tenant under the Lease and the faithful and prompt performance by Tenant of each and every one of the terms, conditions and covenants of the Lease to be kept and performed by Tenant. All such indebtedness and obligations will be performed and payable by Guarantor to Landlord immediately on demand in the event of any default by Tenant with respect to the obligations or indebtedness or any part thereof. All payments shall be made to Landlord in lawful money of the United States without setoff deduction or counterclaim.

2. Modification. It is specifically agreed and understood that the terms of the Lease may be altered, affected, modified or changed by agreement between Landlord and Tenant, or by a course of conduct and said Lease may be assigned by Landlord or any assignee of Landlord without consent or notice to Guarantor and that this Guaranty shall thereupon and thereafter guarantee the performance of the Lease as so changed, modified, altered or assigned.

3. No Release. This Guaranty shall not be released, modified or affected by (a) failure or delay on the part of Landlord to enforce any of the rights or remedies of the Landlord under the Lease, whether pursuant to the terms thereof or at law or inequity, or (b) a release of any real or personal property or other security then held by Landlord for the performance of the obligations hereby guaranteed.

4. Waivers:

(a) No notice of default need be given to Guarantor, it being specifically agreed and understood that the guarantee of Guarantor is a continuing guarantee under which Landlord may proceed forthwith and immediately against Tenant or against Guarantor following any breach or default by Tenant or for the enforcement of any rights which Landlord may have as against Tenant pursuant to or under the terms of the Lease or at law or in equity.

(b) Guarantor hereby waives (i) notice of acceptance of this Guaranty, (ii) diligence and demand of payment, presentation and protest, (iii) all right to assert or plead any statute of limitations as to or relating to this Guaranty and the Lease, (iv) any right to require the Landlord to proceed against

the Tenant or any other guarantor or any other person or entity liable to Landlord, (v) any right to require Landlord to apply to any default any security deposit or other security it may hold under the Lease, (vi) any right to require Landlord to proceed under any other remedy Landlord may have before proceeding against Guarantor, (vii) any right of subrogation.

(c) Guarantor further waives any duty on the part of Landlord to disclose to Guarantor any facts it may now or hereafter know about Tenant, regardless of whether Landlord has a reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume, or has reason to believe that such facts are unknown to Guarantor, or has a reasonable opportunity to communicate such facts to Guarantor, it being understood and agreed that Guarantor is fully aware of the financial condition of Tenant, is in a position to obtain any additional information concerning Tenant as Guarantor may desire, and is fully responsible for being and keeping informed of the financial condition of Tenant and of all circumstances bearing on the risk of nonpayment of any indebtedness hereby guaranteed.

(d) Guarantor further waives all principles or provisions of law that conflict with the terms of this Guaranty. Moreover, Guarantor agrees that its obligations shall not be affected by any circumstances that constitute a legal or equitable discharge of a guarantor or surety.

(e) Guarantor further agrees that nothing contained in this Guaranty shall prevent Landlord from suing on the Lease or from exercising any rights available to it thereunder and that exercise of any such rights shall not constitute a legal or equitable discharge of Guarantor. Notwithstanding any foreclosure of any lien of any deed of trust or security agreement with respect to any or all of any real or personal property securing the obligations under the Lease, whether by the exercise of the power of sale contained therein, by an action for judicial foreclosure, or by an acceptance of a deed in lieu of foreclosure, Guarantor shall remain bound under the Guaranty.

5. Subordination of Guarantor's Rights. Until all terms, covenants, and conditions of the Leases on Tenant's part to be performed and observed are fully performed and observed, Guarantor:

(a) Shall have no right of subrogation against Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty;

(b) Waives any right to enforce any remedy that Guarantor shall have against Tenant by reason of any one or more payments or acts of performance in compliance with the obligations of Guarantor under this Guaranty; and

(c) Subordinates any liability or indebtedness of Tenant held by Guarantor to the obligations of Tenant to Landlord under the Lease.

6. Application of Payments: Refunds. With or without notice to Guarantor, Landlord in its sole discretion and at any time from time to time and in such manner as it deems fit may:

(a) Apply any or all payments or recoveries from Tenant, from Guarantor, or from any other guarantor or endorser under this or any other instrument in such manner, order, or priority as Landlord sees fit, to the indebtedness of Tenant to Landlord under the Lease, whether such indebtedness is guaranteed by this Guaranty or is otherwise secured or is due at the time of such application; and

(b) Refund to Tenant any payment received by Landlord on any obligations hereby guaranteed and payment of the amount refunded shall be fully guaranteed hereby. Any recovery realized from any other guarantor under this or any other instrument shall be first credited on that portion of the indebtedness of Tenant to Landlord that exceeds the maximum liability, if any, of Guarantor under this Guaranty.

7. Effects of Bankruptcy. The liability of Guarantor under the Guaranty shall in no way be affected by:

(a) The release of discharge of Tenant in any creditor proceeding, receivership, bankruptcy or other proceeding;

(b) The impairment, limitation, or modification of the liability of Tenant or the estate of Tenant or of any remedy for the enforcement of Tenant's liability, resulting from the operation of any present or future provision of the Bankruptcy Code (Title 11 of the United States Code, as amended, 11 USC Sections 101-1301) or any other statute, or from the decision of any court or administrative tribunal;

(c) The rejection or disaffirmance of the obligations or indebtedness, or any portion of the obligations or indebtedness, arising under the Lease in any such proceeding; or

(d) The cessation, from any cause whatsoever, whether consensual or by operation of law, of the liability of Tenant to Landlord.

8. Claims in Bankruptcy. Guarantor will file all claims against the Tenant in any bankruptcy or other proceeding in which the filing of claims is required by law on any obligations or indebtedness arising under the Lease of Tenant to Guarantor, and will assign to Landlord all rights of Guarantor on any such indebtedness. If Guarantor does not file any such claim, Landlord, as attorney-in-fact for Guarantor, is authorized to do so in the name of Guarantor, or, in Landlord's discretion, to assign the claim and to file a proof of claim in the name of Landlord's nominee. In all such cases, whether in bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the full amount of any such claim, and, to the full extent necessary for that purpose, Guarantor assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled.

9. Miscellaneous.

(a) Any married person who signs this Guaranty expressly agrees that recourse may be had against his or her separate property for all of his or her obligations hereunder.

(b) The obligations of tenant under the Lease to execute and deliver estoppel statements and financial statements, as herein provided, shall be deemed to also require Guarantor to do and provide the same relative to Guarantor.

(c) The term "Landlord", whenever hereinabove used refers to and means the Landlord in the Lease specifically named and also any assignee of the Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of the Landlord or of any assignee in such Lease or any part thereof whether by assignment or otherwise. So long as Landlord's interest in or to the leased premises or the rents, issues and profits the therefrom, or in, to or under the Lease, are subject to any mortgage or deed of trust or assignment for security, no acquisition by Guarantor of Landlord's interest in the leased premises or under the Lease shall affect the continuing obligation of Guarantor under this Guaranty which shall nevertheless continue in full force and effect for the benefit of the mortgagee, beneficiary, trustee or assignee under such mortgage, deed of trust or assignment, of any purchase at sale by judicial foreclosure or under private power of sale, and of the successors and assigns of any such mortgagee, beneficiary, trustee, assignee or purchaser.

(d) The term "Tenant" whenever hereinabove used refers to and means the Tenant in the Lease specifically named and also any assignee or sublessee of the Lease and also any successor to the interests of said tenant; assignee or sublessee of such Lease or any part thereof, whether by assignment, sublease or otherwise.

(e) In the event any action be brought by the Landlord against Guarantor to enforce the obligation of Guarantor, the unsuccessful party in such action shall pay to the prevailing party therein a reasonable attorney's fee which shall be fixed by the court.

(f) The covenants and agreements contained in this Guaranty shall bind the

permitted successors and assigns, if any, of Guarantor and shall inure to the benefit of Landlord and its successors and assigns. This Guaranty shall be the joint and several obligation of all guarantors.

(g) Any notice or other communications required or permitted hereunder shall be in writing and shall be deemed to have been given by placing in the United States mail, registered or certified, return receipt requested, postage prepaid, or personally delivered, addressed as follows:

"Guarantor" _____
_____
_____

Guarantor shall be entitled to specify a different address by giving notice of the aforesaid to Landlord.

(h) This Guaranty constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior or contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties in connection with the subject matter hereof, except as specifically set forth herein. No supplements or modifications or waivers or terminations of this Guaranty shall be binding unless executed in writing by the parties to be bound thereby. No waiver of any provisions of this Guaranty shall be deemed or shall constitute a waiver of any other provision herein (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

(i) The parties hereto acknowledge and agree that each has been given the opportunity to independently review this Guaranty with legal counsel, and/or has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. In the event of an ambiguity in or dispute regarding the interpretation of same, the interpretation of this Guaranty shall not be resolved by any rule of interpretation providing for interpretation against the party who causes the uncertainty to exist or against the draftsman.

(j) This Guaranty may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same Guaranty.

(k) This Guaranty shall be interpreted in accordance with the laws of the State of Nevada.

Executed as of the 5 day of December, 2017.

"Guarantor"

Edgar Ewbel, an individual

_____, individually

(If Guarantor is a married individual, Guarantor's spouse must sign this Lease Guaranty)

_____
Name: _____

Spouse, if applicable

ADDENDUM 1:

Jim Smail will only be listed as additional Gurantor for 4035 S Tenaya Way office 101, 102 and 104 Las Vegas, NV 89147, until City Reach Network has been a tenant for 90 days and qualifies as sole guarantor pending updated financial statements.

Bruce Folwell, President (Tenant)

Jim Smail, Executive Director (Tenant)

James Kay, Owner (Lessor)

Adina D'Ambrose, Property Manager

STANDARD MULTI-TENANT OFFICE LEASE- GROSS
AIR COMMERCIAL REAL ESTATE ASSOCIATION

1 **Basic Provisions ("Basic Provisions").**

1.1 **1. Parties.** This Lease ("Lease"), dated for reference purposes only is made by and between Flamingo / Tenaya LLC ("Lessor") and CITY REACH CHURCH ("Lessee"), (collectively the "Parties", or individually a "Party").

1.2(a) **Premises:** That certain portion of the Project (as defined below), known as Suite Number(s) 101/102/104, floor(s), consisting of approximately 3660 rentable square feet and approximately 3660 useable square feet ("Premises"). The Premises are located at: 40 in the City of Las Vegas, County of Clark, State of Nevada, with zip code 891 . Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises ("Building") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "**Project**." The Project consists of approximately 12,430 rentable square feet. (See also Paragraph 2)

1.2(b) **Parking:** 4 unreserved and 4 reserved vehicle parking spaces at a monthly cost of $ n/a per unreserved space and $ n/a per reserved space. (See Paragraph 2.6)

1.3 **Term:** 2 years and 0 months ("Original Term") commencing MAY 1 2018 ("Commencement Date") and ending JUNE 30 2021 ("Expiration Date"). (See also Paragraph 3)

1.4 **Early Possession:** If the Premises are available Lessee may have non-exclusive possession of the Premises commencing APRIL 15, 2018 ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** $ 4758.00 per month ("Base Rent"), payable on the 1st day of each month commencing JULY 1, 2018. (See also Paragraph 4)

☒ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph _____.

1.6 **Lessee's Share of Operating Expense Increase:** _____ percent (____%) ("Lessee's Share"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid Upon Execution:**

(a) **Base Rent:** $ 4758.00 for the period MAY 1 2018- JUNE 30, 2021

(b) **Security Deposit:** $ 4758.00 ("Security Deposit"). (See also Paragraph 5)

(c) **Parking:** $ 0 for the period n/a

(d) **Other:** $ 0 for n/a

(e) **Total Due Upon Execution of this Lease:** $

1.8 **Agreed Use:** General Office Space/ CHURCH SERVICES/COMMUNITY SERVICES (See also Paragraph 6)

1.9 **Base Year; Insuring Party.** The Base Year is 2018. Lessor is the "Insuring Party". (See also Paragraphs 4.2 and 8)

1.10 **Real Estate Brokers:** (See also Paragraph 15 and 25)

(a) **Representation:** The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):

NONE represents Lessor exclusively ("Lessor's Broker"); _____ represents Lessee exclusively ("Lessee's Broker"); or _____ represents both Lessor and Lessee ("Dual Agency").

(b) **Payment to Brokers:** Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of $ _____ or _____% of the total Base Rent for the brokerage services rendered by the Brokers).

1.11 **Guarantor.** The obligations of the Lessee under this Lease shall be guaranteed by BRUCE FOLWELL AND JIM SMAIL, AN INDIVIDUAL ("Guarantor"). (See also Paragraph 37)

1.12 **Business Hours for the Building:** 9:00 a.m. to 5:00 p.m. Mondays through Fridays (except Building Holidays) and 8 a.m. to _____ p.m. on Saturdays (except Building Holidays). "Building Holidays" shall mean the dates of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and

☒ Electricity
☐ Other (specify) _____

1.14 **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:

☐ an Addendum consisting of Paragraphs _____ through _____
☐ a plot plan depicting the Premises.
☐ a current set of the Rules and Regulations.
☐ a Work Letter.
☒ other (specify)
Addenda 1

2. **Premises.**

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition.** Lessor shall deliver the Premises to Lessee in a clean condition on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and all other items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise, (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 **Compliance.** Lessor warrants that to the best of its knowledge the improvements on the Premises and the Common Areas comply with the building codes applicable laws, covenants or restrictions of record, regulations, and ordinances ("**Applicable Requirements**") that were in effect at the time that each Improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such noncompliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises ("**Capital Expenditure**"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has selected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to nonvoluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) Lessee has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date, Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking.** So long as Lessee is not in default, and subject to the Rules and Regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use the number of parking spaces specified in Paragraph 1.2(b) at the rental rate applicable from time to time for monthly parking as set by Lessor and/or its licensee.

(a) If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor shall have the right, without notice in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

(b) The monthly rent per parking space specified in Paragraph 1.2(b) is subject to change upon 30 days prior written notice to Lessee. The rent for the parking is payable one month in advance prior to the first day of each calendar month.

2.7 **Common Areas - Definition.** The term "**Common Areas**" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for the general nonexclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any

INITIALS _____ INITIALS _____

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unauthorized storage shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 **Common Areas - Rules and Regulations.** Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to adopt, modify, amend and enforce reasonable rules and regulations ("Rules and Regulations") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. The Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes.** Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. **Term.**

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession.** Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of the Operating Expense increase) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 **Delay in Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance.** Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. **Rent.**

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("Rent").

4.2 **Operating Expense Increase.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "Operating Expense Increase", in accordance with the following provisions:

(a) "Base Year" is as specified in Paragraph 1.9.

(b) "Comparison Year" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first 12 months of the Lease Term (other than such as are mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve (12) months); Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.

(c) The following costs relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, are defined as "Operating Expenses".

(i) Costs relating to the operation, repair, and maintenance in neat, clean, safe, good order and condition, but not the replacement (see subparagraph (g)), of the following:

(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;

(bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, communication systems and other equipment used in common by, or for the benefit of, tenants or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.

(cc) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of trash disposal, janitorial and security services, pest control services, and the cost of any environmental inspections.

(iii) The cost of any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense".

(iv) The cost of the premiums for the insurance policies maintained by Lessor under paragraph 8 and any deductible portion of an insured loss concerning the Building or the Common Areas;

(v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10.

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;

(vii) Labor, salaries, and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Project and accounting and management fees attributable to the operation of the Project;

(viii) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such Capital Expenditure in any given month;

(ix) The cost to replace equipment or improvements that have a useful life for accounting purposes of 5 years or less.

(x) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(f) Lessee's Share of Operating Expense Increase is payable monthly on the same day as the Base Rent is due hereunder.

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requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. **Damage or Destruction.**

9.1 **Definitions.**

(a) **"Premises Partial Damage"** shall mean damage or destruction to the Improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 months Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the Improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is $5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the Improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense (subject to reimbursement pursuant to Paragraph 4.2), in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 **Damage Near End of Term.** If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies.**

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes.**

10.1 **Definitions.** As used herein, the term **"Real Property Taxes"** shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Project is located. "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein, (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor pursuant to this Lease.

10.2 **Payment of Taxes.** Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and such payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 **Additional Improvements.** Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional Improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations

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placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 **Joint Assessment.** If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 **Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. **Utilities and Services.**

11.1 **Services Provided by Lessor.** Lessor shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any. Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises.

11.2 **Services Exclusive to Lessee.** Notwithstanding the provisions of paragraph 11.1, Lessee shall pay for all water, gas, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. If a service is deleted by Paragraph 1.13 and such service is not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges for such jointly metered service.

11.3 **Hours of Service.** Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

11.4 **Excess Usage by Lessee.** Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security and trash services, over standard office usage for the Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.5 **Interruptions.** There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. **Assignment and Subletting.**

12.1 **Lessor's Consent Required.**

(a) **Lessee shall** not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "**Net Worth of Lessee**" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i.e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 **Terms and Conditions Applicable to Assignment and Subletting.**

(a) **Regardless of Lessor's consent, no assignment or subletting shall:** (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of $500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 **Additional Terms and Conditions Applicable to Subletting.** The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be remitted to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rent to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

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(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13 Default; Breach; Remedies.

13.1 Default; Breach. A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material data safety sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 Remedies. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions", shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or $100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("Interest") charged shall be computed at the rate of 10% per annum but shall not exceed the

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maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 **Breach by Lessor.**

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Brokerage Fees.**

15.1 **Additional Commission.** In addition to the payments owed pursuant to Paragraph 1.10 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.

15.2 **Assumption of Obligations.** Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 da said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 **Representations and Indemnities of Broker Relationships.** Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the Indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. **Estoppel Certificates.**

(a) Each Party (as "Responding Party") shall within 10 days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "Estoppel Certificate" form published by the AIR Commercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equaling 10% of the then existing Base Rent or $100, whichever is greater for the remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Definition of Lessor.** The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability.** The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor or its partners, members, directors, officers or shareholders, and Lessee shall look to the Project, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. **Notices.**

23.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time

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to time hereafter designate in writing.

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. **Waivers.**

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.**

(a) When entering a discussion with a real estate agent regarding a real estate transaction, a Lessee or Lessor should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in the transaction, as follows:

(i) **Lessor's Agent.** A Lessor's agent under a listing agreement with the Lessor is an agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) **Lessee's Agent.** An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part, from the Lessor. An agent acting only for a Lessee has the following affirmative obligations: To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) **Agent Representing Both Lessor and Lessee.** A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations: To both the Lessor and the Lessee: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. b. Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not, without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount other than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A broker's agent can assist, but is not qualified to give, the type of legal advice or counsel which may be required by either Party. A real estate broker is qualified to give real estate opinions and can provide lists of potential tenants or properties for consideration, but parties should conduct their own investigations of these matters and should rely on the advice of their own attorneys, accountants, engineers and other consultants.

(iv) **Brokers Role in Any Action.** Brokers shall not be required to take an active role in the prosecution or defense of any dispute concerning this Lease or arising out of transactions contemplated hereunder. Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Holdover Base Rent shall be calculated on a monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance.**

30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 **Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

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31. **Attorneys' Fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach ($200 is a reasonable minimum per occurrence for such services and consultation).

32. **Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. **Auctions.** Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. **Signs.** Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Lessor may not place any sign on the exterior of the Building that covers any of the windows of the Premises. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. **Termination; Merger.** Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises, provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. **Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor.**

37.1 **Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association.

37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. **Options.** If Lessee is granted any Option, as defined below, then the following provisions shall apply.

39.1 **Definition.** "Option" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

41. **Reservations.**

(a) Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice; provide and install, at Lessee's expense, Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate, grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein; and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on signs in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

(b) Lessor also reserves the right to move Lessee to other space of comparable size in the Building or Project. Lessor must provide at least 45 days prior written notice of such move, and the new space must contain improvements of comparable quality to those contained within the Premises. Lessor shall pay the reasonable cost of pocket costs that Lessee incurs with regard to such relocation, including the expenses of moving and necessary stationary revision costs. In no event, however, shall Lessor be required to pay an amount in excess of two months Base Rent. Lessee may not be relocated more than once during the term of this Lease.

(c) Lessee shall not: (i) use a representation (photographic or otherwise) of the Building or Project or their name(s) in connection with Lessee's business; or (ii) suffer or permit anyone, except in emergency, to go upon the roof of the Building.

42. **Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. **Authority; Multiple Parties; Execution.**

INITIALS _____ INITIALS _____

©1999 - AIR COMMERCIAL REAL ESTATE ASSOCIATION

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. **Offer.** Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. **Waiver of Jury Trial.** **THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.**

48. **Arbitration of Disputes.** An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☒ is not attached to this Lease.

49. **Accessibility; Americans with Disabilities Act**

(a) The Premises: ☒ have not undergone an inspection by a Certified Access Specialist (CASp). ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

(b) Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING AND SIZE OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above.

Executed at: _____ On: _____	Executed at: _____ On: _____
By LESSOR: Flamingo / Tamaya, LLC	By LESSEE: CITY REACH CHURCH
By: James B Kay, Jr.	By: ✓
Name Printed: BRUCE W. Tolwell	Name Printed: BRUCE FOLWELL
Title: Lead Pastor	Title: PRESIDENT
By: _____	By: ✓ _____
Name Printed: _____	Name Printed: JIM SMAIL
Title: Chairman of Board	Title: EXECUTIVE DIRECTOR
Address: P.O. Box Address Van Nuys, CA 91409	
Telephone: (___) _____	Telephone: (702) 604-5378
Facsimile: (___) _____	Facsimile: (___) _____
Email: jamesk.kay@cbcdirect.com	Email: BWFOLWELL@GMAIL.COM
Email: _____	Email: _____
Federal ID No: _____	Federal ID No: _____

ADDENDUM 1:

Jim Smail will only be listed as additional Guarantor for 4035 S. Tenaya Way office 101, 102 and 104 Las Vegas, NV 89147, until City Reach Network has been a tenant for 90 days and qualifies as sole guarantor pending updated financial statements.

Jim Smail

Bruce W. Eolwell

James Kay

FACILITY RFA
Beacon Academy of Nevada

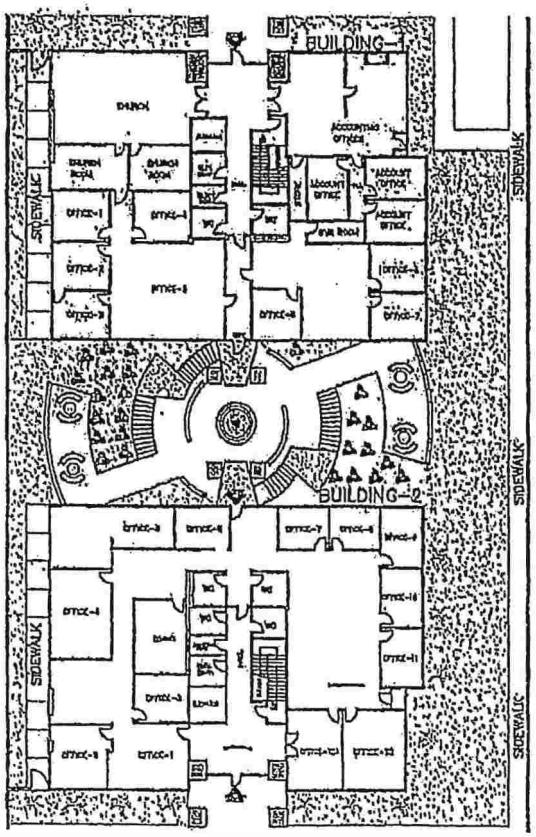
ATTACHMENT #6
Floor Plans

ATTACHMENT #6- □□□r □□ans

EXHIBIT B

403.5South
TenayaWay

7360 West
Flamingo Road



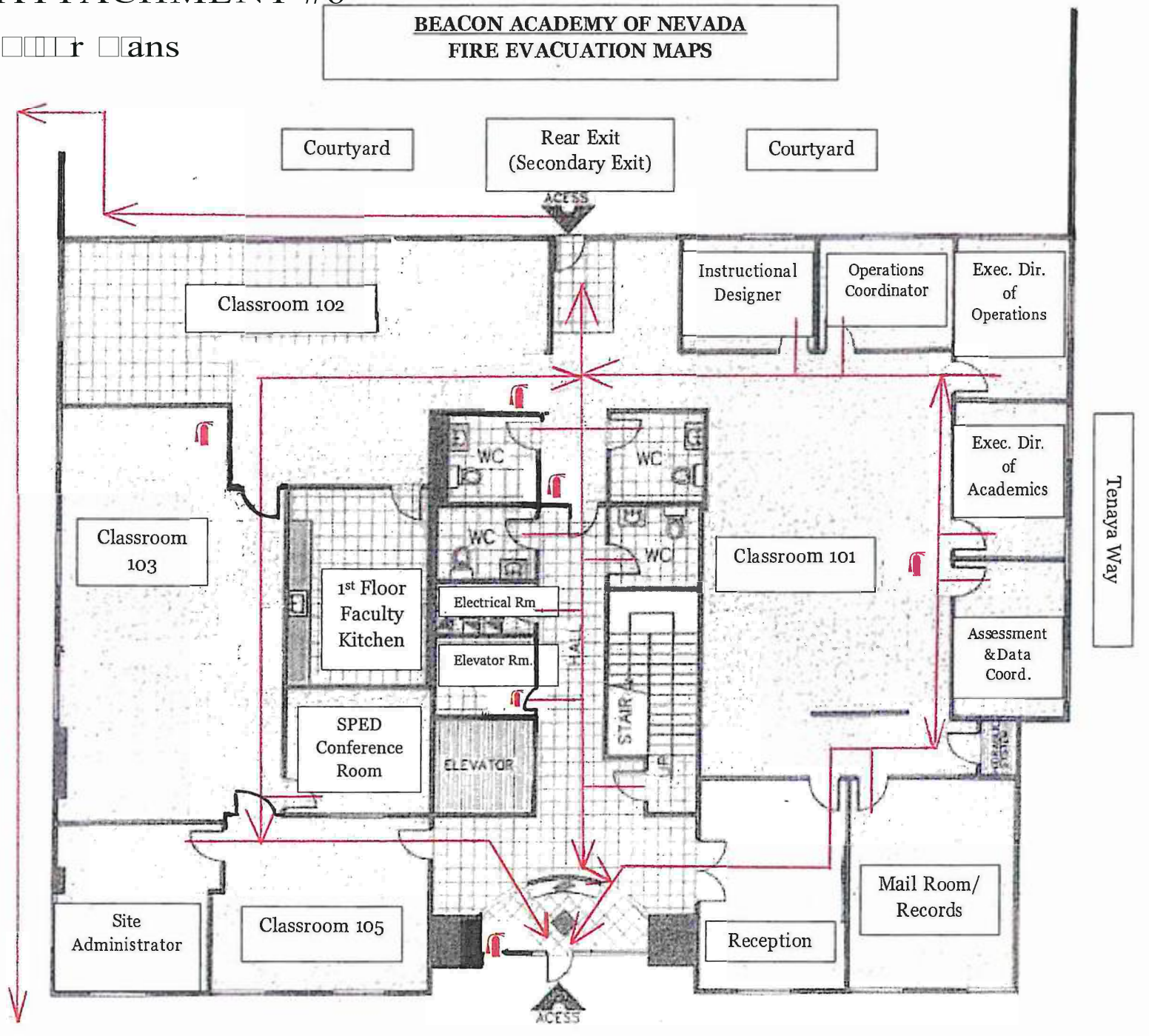
Flamingo Tenaya Office Park
Site Plan

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

ATTACHMENT #6-

□□□r □ans

BEACON ACADEMY OF NEVADA
FIRE EVACUATION MAPS



FIRST FLOOR

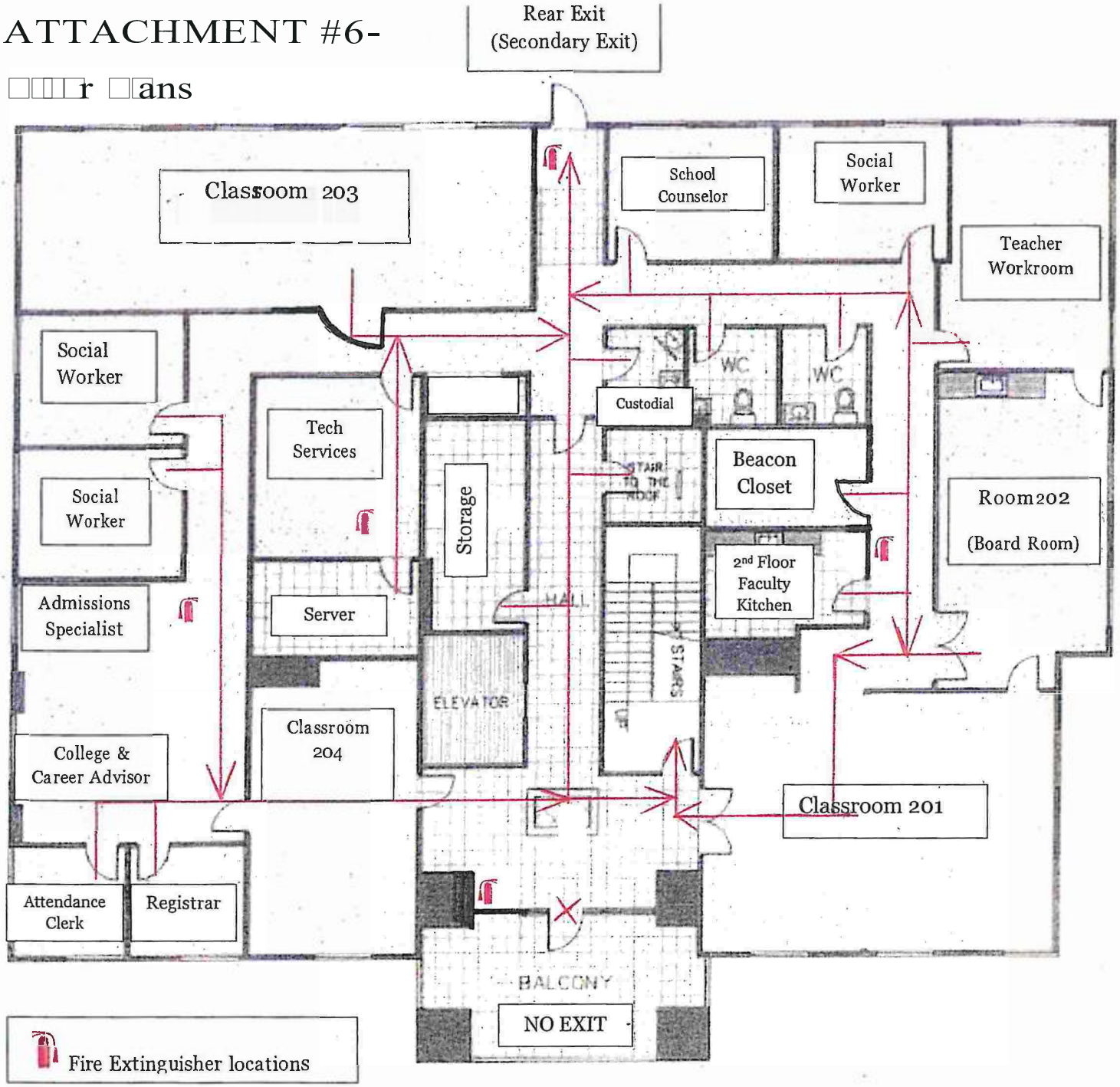
Flamingo Tenaya Office Park

7360 West Flamingo Road

Parking Lot

ATTACHMENT #6-

□□□r □□ans

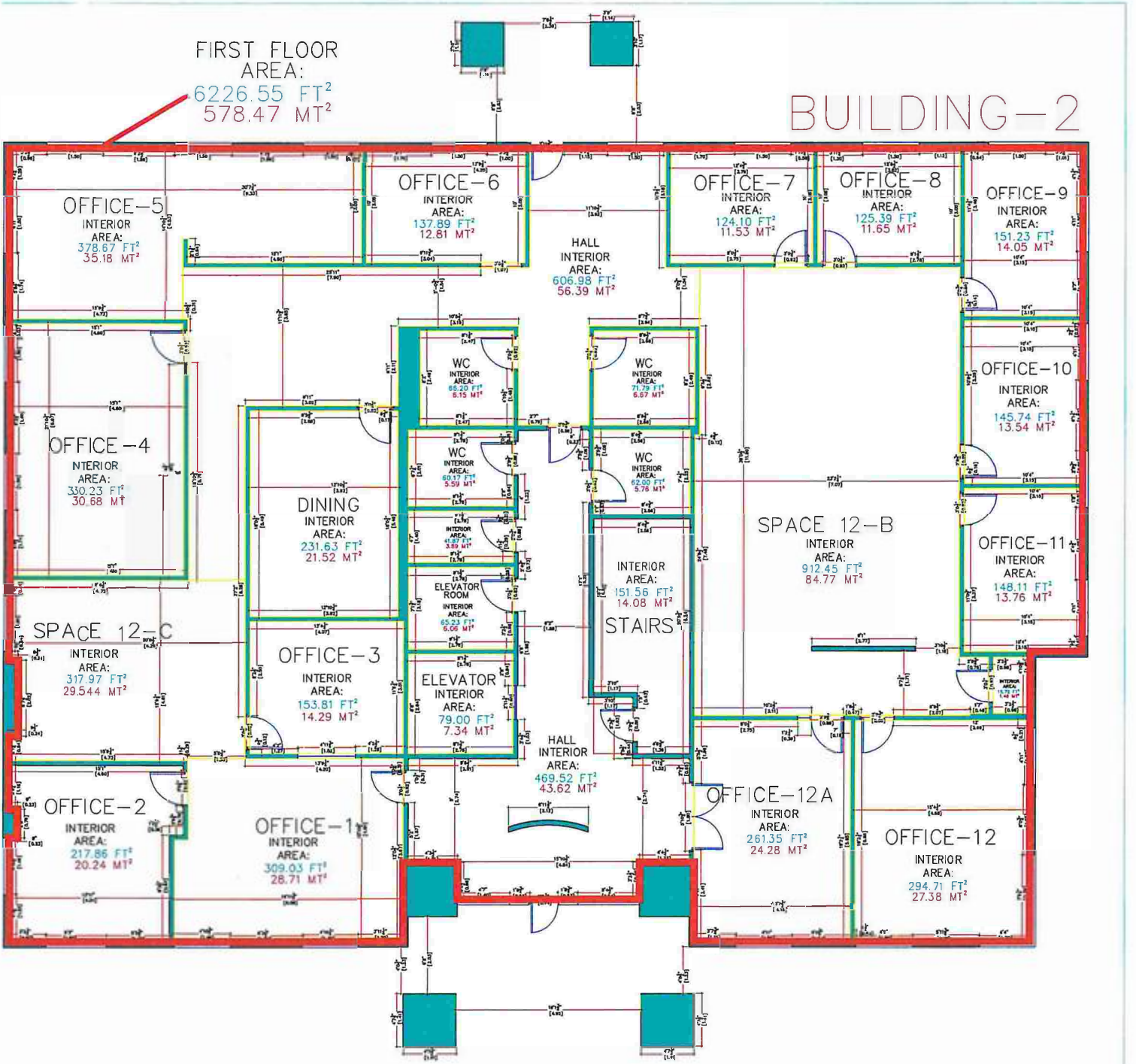


SECOND FLOOR

Flamingo Tenaya Office Park

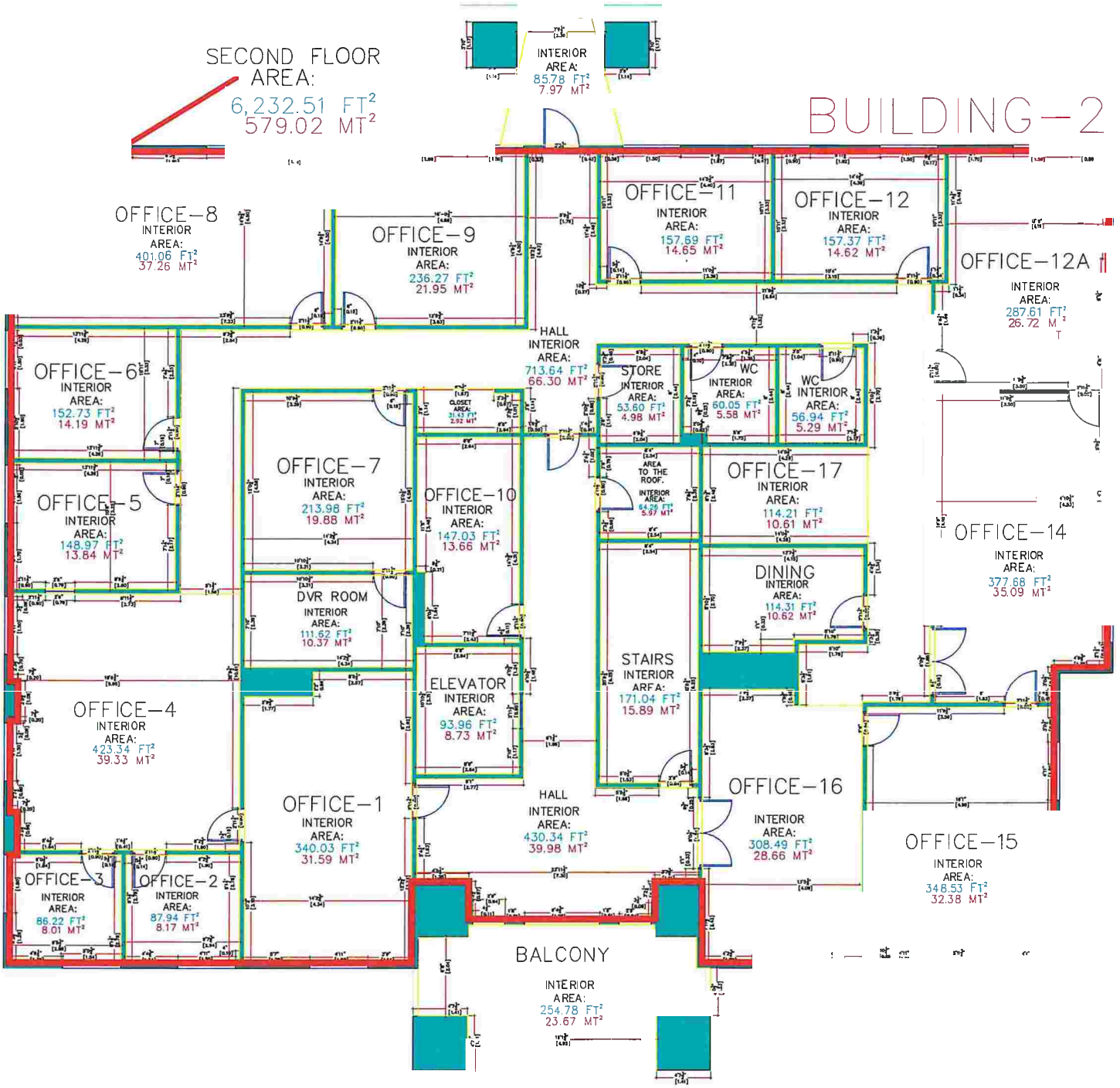
7360 West Flamingo Road

ATTACHMENT #6- □□□r □□ans



ARCHITECTURAL PLAN
FIRST FLOOR

ATTACHMENT #6- □□□r □□ans



ARCHITECTURAL PLAN
SECOND FLOOR

FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #7
Current Facility Owner

BEACON
ACADEMY OF NEVADA
GUIDING YOUR POTENTIAL

FACILITY RFA

ATTACHMENT #7

Beacon Academy of Nevada is currently leasing the property located at 7360 W. Flamingo, Las Vegas, NV 89147 from:

James Kay, President
Flamingo Tenaya LLC, a NV Limited Liability Co.
By: Lucky's Two Way Radio, Inc., a NV Corporation
P.O. Box 7835
Van Nuys, California 91409

No relationship exists between the current owner/landlord and the school, to include any relative of a board member or employee within the third degree of consanguinity or affinity and any connection with an educational management organization, foundation, or other entity which does business with or is otherwise affiliated with the school.

Signature:

Lynda L Spann — 12/17/19

Lynda Spann, President — Date
Beacon Academy Governing Board

Tambre Tondryk — 12/17/19

Tambre Tondryk — Date
Executive Director of Operations

FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #8
Certificate of Occupancy

ATTACHMENT #8- Certificate of Occupancy

DEPARTMENT OF DEVELOPMENT SERVICES

500S. GRAND CENTRAL PARKWAY-LAS VEGAS, NEVADA 89155-3530 (702) 455-3000

CERTIFICATE OF OCCUPANCY

Permit#:	02-31706	Zone:	C-P
Site Address :	7360 W FLAMINGO RD		
Prop. Description:	LAND DIVISION 11-90 LOT 2 900413:964		
Project Name :	EQUITY TITLE/ #200		
Tenant Name :	EQUITY TITLE	Tenant#:	200
Owner Name :	LATOUR CH L L C		
Contractor Name :	R G & ASSOCIATES DEVELOPMENT L	State Lic.#:	0053082
Contractor Addr.:	4035 S TENAYA WAY STE 200 LAS VEGAS NV 89147		
Ctr. Phone:	(702) 362-5100	Parcel#: 163-15-402-004	# of Units: 0
Principal Design Professional :			
Construction Type : V-N	Occupancy : B	Occupant Load:	117
Sq. Ft.: 11650	Building Final: 11/15/02	Issue Date:	11/18/02
Application Type :	OFFICE BUILDING-REMODEL		
Description of Work	TENANT IMPROVEMENT		

NOTICE TO APPLICANT

This structure is deemed to be in substantial compliance with fire, life safety and structual provisions of the adopted codes of construction. Records concerning the construction of this building are on file with the building department in compliance with the appropriate records procedures.

This Certificate must be posted and maintained within any non-single family building or structure referenced above. Any construction to be done beyond the final building inspection date, above, requires a new building permit.

11/18/02

DATE APPROVED

Litchfield for

RONALD L. LYNN, BUILDING OFFICIAL

This Certificate of Occupancy provides no warranty or guarantee either expressed or implied.

CERTOCC

Rev - 5/00

ATTACHMENT #8- □ert□□ate □□□□□an□□

CLARK COUNTY BUILDING DEPARTMENT

500 S. GRAND CENTRAL PARKWAY - LAS VEGAS, NEVADA 89155-3530 (702) 455-3000

CERTIFICATE OF OCCUPANCY

Permit#:	01-26768	Zone:	C-P
Site Address :	4035 S TENAYA WY		417
Prop. Description:	LAND DIVISION 11-90 LOT 2 900413:964		
Project Name :	FLAMINGO/TENAYA PROF OFF BLDG		
Tenant Name :	SECOND FLOOR REMODEL	Tenant#:	
OwnerName:	LATOUR CH L L C		
Contractor Name:	ICON CONSTRUCTION INC	State Lic.#:	0043463
Contractor Addr. :	2625 S RAINBOW #D-106 LAS VEGAS NV 89102		
Ctr. Phone:	(702) 362-5100 Parcel # : 163-15-402-004	# of Units:	0
Principal Design Professional :			
Construction Type :	V-N	Occupancy : B	Occupant Load: 62
Sq. Ft.:	6000	Building Final: 12/03/01	Issue Date: 12/04/01
Application Type:	OFFICE BUILDING-REMODEL		
Description of Work	TENANT IMPROVEMENT/ 2ND FLOOR		

NOTICE TO APPLICANT

This structure is deemed to be in substantial compliance with fire, life safety and structual provisions of the adopted codes of construction. Records concerning the construction of this building are on file with the building department in compliance with the appropriate records procedures.

This Certificate must be posted and maintained within any non-single family building or structure referenced above. Any construction to be done beyond the final building inspection date, above, requires a new building permit.

12/04/01

DATE APPROVED

Littlefield for

RONALD L. LYNN, ACTING DIRECTOR

This Certificate of Occupancy provides no warranty or guarantee either expressed or implied.

CLARK COUNTY BUILDING DEPARTMENT

500S. GRAND CENTRAL PARKWAY- LAS VEGAS, NEVADA 89155-3530 (702) 455-3000

CERTIFICATE OF COMPLETION

Permit#:	00-25633	Zone: C-P	
Site Address :	4035 S TENAYA WY	417	
Prop. Description:	LAND DIVISION 11-90 LOT 2 900413:964		
Project Name :	FLAMINGO TENAYA OFFICE BLDG		
Tenant Name :	FLAMINGO TENAYA OFFICE BL	Tenant ##2	
OwnerName :	LATOUR CH L L C		
Contractor Name :	ICON CONSTRUCTION INC	State Lie.#: 0043463	
Contractor Addr. :	2625 S RAINBOW #D-106 LAS VEGAS NV 89102		
Ctr. Phone:	(702) 362-5100 Parcel#: 163-15-402-004	# of Units:	0
Principal Design Professional :			
Construction Type : 5N	Occupancy : B	Occupant Load:	1
Sq. Ft.: 10162	Building Final: 12/03/01	Issue Date :12/05/01	
Application Type :	OFFICE BUILDING-NEW		
Description of Work:	OFFICE SHELL BUILDING #2		

NOTICE TO APPLICANT

This structure is deemed to be in substantial complicance with fire, life safety and structural provisions of the adopted codes of construction. Records concerning the construction of this building are on file with the building department in compliance with the appropriate records procedures.

This Certificate must be posted and maintained within any non-single family building or structure referenced above. Any construction to be done beyond the final building inspection date, above, requires a new building permit.

12/05/01 — DATE APPROVED

for RONALD L. LYNN, ACTING DIRECTOR

This Certificate of Occupancy provides no warranty or guarantee either expressed or implied.

ATTACHMENT #8- Certificate of Occupancy

DEPARTMENT OF DEVELOPMENT SERVICES

4701 W. RUSSELL RD. LAS VEGAS, NEVADA 89118 (702) 455-3000

CERTIFICATE OF OCCUPANCY

Permit#:	03-50926	Zone:	C-P
Site Address :	4035 S TENAYA WY		
Prop. Description:	LAND DIVISION 11-90 LOT 2 900413:964		
Project Name :	LAS VEGAS BUS SERVICES		
Tenant Name:	LAS VEGAS BUS SERVICES	Tenant#:	#101
Owner Name:	FLAMINGO TENAYA L L C		
Contractor Name :	M J C CONTRACTING INC	State Lic.#:	0046898
Contractor Addr.:	4950 VEGAS DRIVE LAS VEGAS NV 89108		
Ctr. Phone:	(702) 647-0258	Parcel # :	163-15-402-004
# of Units:	0		
Principal Design Professional :			
Construction Type :	V-B	Occupancy :	B
Occupant Load:	27		
Sq. Ft.:	1255	Building Final:	1/30/04
Issue Date:	2/02/04		
Application Type:	OFFICE BUILDING-REMODEL		
Description of Work	TENANT IMPROVEMENT		

NOTICE TO APPLICANT

This structure is deemed to be in substantial compliance with fire, life safety and structual provisions of the adopted codes of construction. Records concerning the construction of this building are on file with the building department in compliance with the appropriate records procedures.

This Certificate must be posted and maintained within any non-single family building or structure referenced above. Any construction to be done beyond the final building inspection date, above, requires a new building permit.

2/02/04

DATE APPROVED

Littlefield for

RONALD L. LYNN, BUILDING OFFICIAL

This Certificate of Occupancy provides no warranty or guarantee either expressed or implied.

ATTACHMENT #8- Certificate Plan

DEPARTMENT OF DEVELOPMENT SERVICES

4701 W. RUSSELL RD. LAS VEGAS, NEVADA 89118 (702) 455-3000

CERTIFICATE OF OCCUPANCY

Permit#:	04-31945	Zone: C-P
Site Address :	4035 S TENAYA WY	
Prop. Description:	LAND DIVISION 11-90 LOT 2 900413:964	
Project Name :	EQUITY TITLE OF NEVADA	
Tenant Name :	EQUITY TITLE OF NEVADA/TI	Tenant#: 102
OwnerName :	FLAMINGO TENAYA L L C	
Contractor Name :	M J C CONTRACTING INC	State Lie.#: 0046898
Contractor Addr. :	4950 VEGAS DRIVE LAS VEGAS NV 89108	

Ctr. Phone: (702) 647-0258 Parcel#: 163-15-402-004 # of Units: 0

Principal Design Professional :

Construction Type : V-B Occupancy : B Occupant Load: 81

Sq. Ft.: 3948 Building Final : 10/04/04 Issue Date: 10/05/04

Application Type : OFFICE BUILDING-REMODEL

Description of Work TENANT IMPROVEMENT

NOTICE TO APPLICANT

This structure is deemed to be in substantial compliance with fire, life safety and structual provisions of the adopted codes of construction. Records concerning the construction of this building are on file with the building department in compliance with the appropriate records procedures.

This Certificate must be posted and maintained within any non-single family building or structure referenced above. Any construction to be done beyond the final building inspection date, above, requires a new building permit.

10/05/04 for

DATE APPROVED RONALD L. LYNN BUILDING OFFICIAL

This Certificate of Occupancy provides no warranty or guarantee either expressed or implied.

FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #9
Facility Safety Compliance

FIRE ALARMS
SECURITY ALARMS
FIRE PROTECTION
NEXTGEN
NEXTGEN.VEGAS
702-270-4499

License 47640 - Limit $2,000,000 | License 72363 - Limit $750,000 | License 74992 - Limit $225,000

Fire Alarm and Life Safety System Inspection Certificate

For

Beacon Academy
7360 W Flamingo Rd
Las Vegas, NV 89147

Tested to NFPA 72 Standards

This Inspection was performed in accordance with applicable NFPA Standards. The subsequent pages of this report provide performance measurements, listed ranges of acceptable results, and complete documentation of the inspection. Whenever discrepancies exist between acceptable performance standards and actual test results, notes and/or recommended solutions have been proposed or provided for immediate review and approval.

Annual Inspection
Inspection Date
Feb 1, 2019

Building: Beacon Academy
Contact: Mary Kay Bellinger
Title: Scheduling

Company: NextGen
Contact: Osbaldo Nunez
Title: technician

Executive Summary

Generated by: BuildingReports.com

Building Information

Building: Beacon Academy	**Contact:** Mary Kay Bellinger
Address: 7360 W Flamingo Rd	**Phone:** 702-726-8606
Address:	**Fax:**
City/State/Zip: Las Vegas, NV 89147	**Mobile:**
Country: null	**Email:** marykay.bellinger@banv.org

Inspection Performed By

Company: NextGen	**Inspector:** Osbaldo Nunez
Address: 7165 Bermuda Road	**Phone:** 702-270-4499
Address:	**Fax:**
City/State/Zip: Las Vegas, NV 89119	**Mobile:**
Country: null	**Email:** onunez@nextgen.vegas

System Control Unit

Manufacturer: Notifier	**Inspection Date:** 02/01/2019	**IDC Style:** B
Model Number: NFW2-100	**Install Date:** 10/05/2017	**SLC Style:**
Software Version: 7.1	**Version Date:** 01/11/2018	**NACStyle:** Y
Location: 1st In FACP/Electrical Room. (D.C.: 3017)	**Current Protection:** Breaker	

Monitoring

Company: NextGen	**Phone:** 702-270-4499	**Account#:**NAES5256

Central Station Signal Verification

Type: Digital Radio	**Mfg:** AES	**Model #:** 7707
Test Time/Date: 2/1/19 7:46:00 AM	**Restore Time**	

Inspection Summary

Category	Total Items		Serviced		Passed		Failed/Other	
	Qty	%	Qty	%	Qty	%	Qty	%
Control	16	32.00%	16	100.00%	12	75.00%	4	25.00%
Auxiliary	3	6.00%	3	100.00%	3	100.00%	0	0%
Initiating	21	42.00%	21	100.00%	21	100.00%	0	0%
Supervisory	5	10.00%	5	100.00%	5	100.00%	0	0%
Indicating	5	10.00%	5	100.00%	5	100.00%	0	0%
Totals	**50**	**100%**	**50**	**100.00%**	**46**	**92.00%**	**4**	**8.00%**

Certification

Company: NextGen

Building: Beacon Academy

Inspector: Osbaldo Nunez

Contact: Mary Kay Bellinger

Signed: Feb 1, 2019 8:44:45 AM

Signed:

Osbaldo Nunez

Certification Type	Number
NSFM Certificate F - Fire Alarm/Protective Signaling System	C4735
NSFM Certificate G - Automatic Fire Sprinkler Systems	C3691

Discrepancy Report

Generated by: BuildingReports.com

Building: Beacon Academy	Control Panel: 1 - Notifier NFW2-100

The Discrepancy Report consolidates each discrepancy listed within the various Testing sections of your Inspection. Discrepancies are listed by Category, and grouped by device type. The description of the problem is provided and where appropriate, code references are listed for your convenience. Any item that was inspected that is listed on the Consumer Product Safety Commission's website and is subject to a recall by the manufacturer is included.

Device Type	Manufacturer	ModelNumber	Date	Qty

Items listed for Recall by Manufacturer

No recalled items found during this inspection.

ScanID	Location	Problem	Address	Reference

Control

Battery

45032130	1st In FACP/Electrical Room V.E. Batt 1	Defective	1
45032131	1st In FACP/Electrical Room V.E. Batt 2	Defective	1
45032122	1st In FACP/Electrical Room. FACP Batt. 1	Defective	1
45032123	1st In FACP/Electrical Room. FACP Batt. 2	Defective	1

Proposed Solutions Report

Generated by: BuildingReports.com

Building: Beacon Academy			Control Panel: 1 - Notifier NFW2-100		
The Proposed Solution Report provides a solution for each discrepancy listed on the Discrepancy Report. Provide a check mark where indicated to approve repairs listed within the report. Items listed as T/M are available for repair on a Time and Materials basis.					
ScanID	**Location**	**Solution**	**Model #**	**Cost**	**Fix**
		Control			
Battery					
45032130	1st In FACP/Electrical Room V.E. Batt 1	Correct	SPS 12120	T/M	☐
45032131	1st In FACP/Electrical Room V.E. Batt 2	Correct	SPS 12120	T/M	☐
45032122	1st In FACP/Electrical Room. FACP Batt. 1	Correct	SPS1210	T/M	☐
45032123	1st In FACP/Electrical Room. FACP Batt. 2	Correct	SPS1210	T/M	☐
			PO #: (none)	T/M	

Inspection& Testing

Generated by: BuildingReports.com

Building: Beacon Academy	Control Panel: 1 - Notifier NFW2-100

The Inspection & Testing section lists all of the items inspected in your building. Items are grouped by Passed or Failed/Other. Items are listed by Category. Each item includes the services performed, and the time & date at which testing occurred.

Device Type	Location	Service	Time	Date
	Passed			
Auxiliary				
Elevator	1st In Elevator Equipment Rm.	Tested	7:13:58 AM	02/01/2019
Elevator	1st In Elevator Equipment Rm.	Tested	7:14:02 AM	02/01/2019
Elevator	1st In Elevator Equipment Rm.	Tested	7:14:06 AM	02/01/2019
Control				
Annunciator	Throughout Bldg	Tested	8:36:00 AM	02/01/2019
Battery	1st In FACP/Electrical Room. P.S. Batt 1	Tested	7:49:39 AM	02/01/2019
Battery	1st In FACP/Electrical Room. P.S. Batt 2	Tested	7:49:43 AM	02/01/2019
Battery	1st In FACP/Electrical Room. Radio Batt.	Tested	7:45:28 AM	02/01/2019
Communicator	1st In FACP/Electrical Room	Tested	7:46:00 AM	02/01/2019
Control Panel	1st In FACP/Electrical Room. (D.C.: 3017)	Tested	7:52:06 AM	02/01/2019
Power Supply	1st In FACP/Electrical Room. (D.C.: 3217)	Tested	7:49:20 AM	02/01/2019
Special Control	1st In FACP/Electrical Room	Tested	7:46:09 AM	02/01/2019
Special Control	1st In FACP/Electrical Room	Tested	7:46:32 AM	02/01/2019
Special Control	1st In FACP/Electrical Room	Tested	7:46:50 AM	02/01/2019
Special Control	1st In FACP/Electrical Room	Tested	7:47:13 AM	02/01/2019
Voice Evacuation	1st In FACP/Electrical Room (D.C.: 2917)	Tested	7:47:55 AM	02/01/2019
Indicating				
Horn/Strobe	Throughout Bldg	Tested	7:49:11 AM	02/01/2019
Horn/Strobe	Throughout Bldg	Tested	7:49:57 AM	02/01/2019
Horn/Strobe	Throughout Bldg	Tested	7:50:59 AM	02/01/2019
Signage	1st In FACP/Electrical Room	Inspected	7:45:11 AM	02/01/2019
Signage	1st In FACP/Electrical Room. (D.C.: 3017)	Inspected	7:51:43 AM	02/01/2019
Initiating				
Duct Detector	Roof AC-1	Tested/Cleaned	7:27:19 AM	02/01/2019
Duct Detector	Roof AC-10	Tested/Cleaned	7:29:42 AM	02/01/2019
Duct Detector	Roof AC-11, lower roof	Tested/Cleaned	7:30:41 AM	02/01/2019
Duct Detector	Roof AC-12, lower roof	Tested/Cleaned	7:31:41 AM	02/01/2019
Duct Detector	Roof AC-2	Tested/Cleaned	7:27:01 AM	02/01/2019
Duct Detector	Roof AC-3	Tested/Cleaned	7:28:31 AM	02/01/2019
Duct Detector	Roof AC-4	Tested/Cleaned	7:25:59 AM	02/01/2019
Duct Detector	Roof AC-5	Tested/Cleaned	7:25:12 AM	02/01/2019
Duct Detector	RoofAC-6	Tested/Cleaned	7:26:32 AM	02/01/2019

ATTACHMENT #9 - □a□□t□ □a□et□ □□m□□an□e

Device Type	Location	Service	Time	Date
	Passed			
Duct Detector	RoofAC-7	Tested/Cleaned	7:28:48 AM	02/01/2019
Duct Detector	Roof AC-8	Tested/Cleaned	7:29:06 AM	02/01/2019
Duct Detector	Roof AC-9	Tested/Cleaned	7:29:25 AM	02/01/2019
Duct Detector	Roof Small AC unit	Tested/Cleaned	7:34:05 AM	02/01/2019
Heat Detector	1st In Elevator Equipment Rm.	Tested	7:13:23 AM	02/01/2019
Pull Station	1st FACP / Electrical Room (D.C.: 7072)	Tested	6:59:55 AM	02/01/2019
Smoke Detector	1st Elevator Lobby	Tested/Cleaned	7:08:24 AM	02/01/2019
Smoke Detector	1st In Elevator Equipment Rm.	Tested/Cleaned	7:11:52 AM	02/01/2019
Smoke Detector	1st In FACP/Electrical Rm.	Tested/Cleaned	7:15:02 AM	02/01/2019
Smoke Detector	2nd Elevator Lobby	Tested/Cleaned	7:10:32 AM	02/01/2019
Waterflow Switch	1st East Interior Riser Rm.	Tested	8:22:53 AM	02/01/2019
Waterflow Switch	1st East Interior Riser Rm.	Tested	8:23:34 AM	02/01/2019
Supervisory				
Supervisory Valve	1st In Elevator Equipment Rm.	Tested	8:23:55 AM	02/01/2019
Supervisory Valve	1st East Interior Riser Rm.	Tested	8:22:36AM	02/01/2019
Supervisory Valve	1st East Interior Riser Rm.	Tested	8:23:14 AM	02/01/2019
Supervisory Valve	2nd In hallway by Elevator.	Tested	8:23:59 AM	02/01/2019
Supervisory Valve	2nd South In hallway by balcony. For A/F. (Need 12' ladder.)	Tested	8:24:02 AM	02/01/2019

Device Type	Location	Service	Time	Date
	Failed/Other			
Control				
Battery	1st In FACP/Electrical Room V.E. Batt 1	Tested	7:48:11 AM	02/01/2019
Battery	1st In FACP/Electrical Room V.E. Batt 2	Tested	7:48:41 AM	02/01/2019
Battery	1st In FACP/Electrical Room. FACP Batt. 1	Tested	7:50:33 AM	02/01/2019
Battery	1st In FACP/Electrical Room. FACP Batt. 2	Tested	7:50:43 AM	02/01/2019

Service Summary

Generated by: BuildingReports.com

Building: Beacon Academy

The Service Summary section provides an overview of the services performed in this report.

Device Type	Service	Quantity
	Failed/Other	
Battery	Tested	4
Total		4
	Passed	
Annunciator	Tested	1
Battery	Tested	3
Communicator	Tested	1
Control Panel	Tested	1
Duct Detector	Tested/Cleaned	13
Elevator	Tested	3
Heat Detector	Tested	1
Horn/Strobe	Tested	3
Power Supply	Tested	1
Pull Station	Tested	1
Signage	Inspected	2
Smoke Detector	Tested/Cleaned	4
Special Control	Tested	4
Supervisory Valve	Tested	5
Voice Evacuation	Tested	1
Waterflow Switch	Tested	2
Total		50

Auxiliary Functions Testing

Generated by: BuildingReports.com

Building: Beacon Academy	Control Panel: 1 - Notifier NFW2-100

The Auxiliary Functions Testing section lists each of the ancillary items, systems, and emergency equipment that are controlled by the system control unit. Items are grouped by Passed or Failed/Other. The items are listed by device type, and a check box is provided to indicate if the test conducted was simulated.

Type	Location	Comment	ScanID	Simulated
		Passed		
Elevator				
Recall Alternate	1st In Elevator Equipment Rm.	Passed	45032097	☐
Recall Primary	1st In Elevator Equipment Rm.	Passed	45032096	☐
Shunt Trip	1st In Elevator Equipment Rm.	Passed	45032098	☐
Heat Detector				
Elevator Recall	1st In Elevator Equipment Rm.	Passed	45032100	☐
Smoke Detector				
Elevator Recall	1st Elevator Lobby	Passed	45032115	☐
Elevator Recall	1st In Elevator Equipment Rm.	Passed	45032099	☐
Smoke Compartment	1st In FACP/Electrical Rm.	Passed	45032119	☐
Elevator Recall	2nd Elevator Lobby	Passed	45032114	☐

Battery & Power Supply Testing

Generated by: BuildingReports.com

Building: Beacon Academy	Control Panel: 1 - Notifier NFW2-100

The Control & Power Testing section details the readings and measurements of batteries and power supplies used to provide power to the fire alarm and life safety systems. Items are grouped by Passed or Failed/Other.

Type	Location	Rated Ah	Rated Volts	Pre Test	Post Test	Min Ah	Tested Ah
			Passed				
Battery							
Sealed Lead Acid	1st In FACP/Electrical Room. P.S. Batt 1	7	12	12	12.7	4.5	7.1
Sealed Lead Acid	1st In FACP/Electrical Room. P.S. Batt 2	7	12	12	13.5	4.5	7.2
Sealed Lead Acid	1st In FACP/Electrical Room. Radio Batt.	7	12	12	12.75	4.5	5.2
Power Supply							
	1st In FACP/Electrical Room. (D.C.: 3217)	8	120				
			Failed/Other				
Battery							
Sealed Lead Acid	1st In FACP/Electrical Room V.E. Batt 1	12	12	12	13.0	7.8	6.8
Sealed Lead Acid	1st In FACP/Electrical Room V.E. Batt 2	12	12	12	13.3	7.8	7.4
Sealed Lead Acid	1st In FACP/Electrical Room. FACP Batt. 1	12	12	12	13.13	7.8	5.0
Sealed Lead Acid	1st In FACP/Electrical Room. FACP Batt. 2	12	12	12	13.13	7.8	5.6

Inventory & Warranty Report

Generated by: BuildingReports.com

Building: Beacon Academy	Control Panel: 1 - Notifier NFW2-100

The Inventory & Warranty Report lists each of the devices and items that are included in your Inspection Report. A complete inventory count by device type and category is provided. Items installed within the last 90 days, within the last year, and devices installed for two years or more are grouped together for easy reference.

Device or Item	Category	% of Inventory	Quantity
Pull Station	Initiating	2.00%	1
Smoke Detector	Initiating	8.00%	4
Heat Detector	Initiating	2.00%	1
Elevator	Auxiliary	6.00%	3
Duct Detector	Initiating	26.00%	13
Signage	Indicating	4.00%	2
Battery	Control	14.00%	7
Communicator	Control	2.00%	1
Special Control	Control	8.00%	4
Voice Evacuation	Control	2.00%	1
Horn/Strobe	Indicating	6.00%	3
Power Supply	Control	2.00%	1
Control Panel	Control	2.00%	1
Supervisory Valve	Supervisory	10.00%	5
Waterflow Switch	Initiating	4.00%	2
Annunciator	Control	2.00%	1

Type	Qty	Model #	Description	Install Date
In Service - 1 Year to 2 Years				
Milwaukee				
Supervisory Valve	3	BB-SCS		11/19/2017
Notifier				
Elevator	1	NC-100R	Recall Alternate	11/19/2017
Elevator	1	NC-100R	Recall Primary	11/19/2017
Elevator	1	NC-100R	Shunt Trip	11/19/2017
Heat Detector	1	NH-100	Fixed Temperature	11/19/2017
Pull Station	1	NOT-BG12LX	Dual Action	11/19/2017
Smoke Detector	4	NP-100	Photoelectric	11/19/2017
Potter Electric				
Waterflow Switch	1	VSR-F		11/19/2017
System Sensor				
Duct Detector	13	DNRM	Photoelectric	11/19/2017
Waterflow Switch	1	WFD25N		11/19/2017
Victaulic				
Supervisory Valve	2	705W		11/19/2017

Centennial				
Battery	3	CB1270	Sealed Lead Acid	11/01/2017
System Sensor				
Horn/Strobe	1			11/01/2017
Notifier				
Control Panel	1	NFW2-100		10/05/2017
Signage	1	Stickers	NextGen Stickers	10/05/2017
In Service - 3 Years to 5 Years				
AES				
Communicator	1	7707	Digital Radio	01/01/2015
Signage	1	Stickers	NextGen Sticker	01/01/2015
Special Control	1	1		01/01/2015
Special Control	1	2		01/01/2015
Special Control	1	3		01/01/2015
Special Control	1	4		01/01/2015
Notifier				
Annunciator	1		LCD Display	01/01/2015
Power Supply	1	FCPS-24S8		01/01/2015
Voice Evacuation	1	NFC-50/100		01/01/2015
SPS				
Battery	2	SPS 12120	Sealed Lead Acid	01/01/2015
Battery	2	SPS1210	Sealed Lead Acid	01/01/2015
System Sensor				
Horn/Strobe	2			01/01/2015

Zone Address Report

Generated by: BuildingReports.com

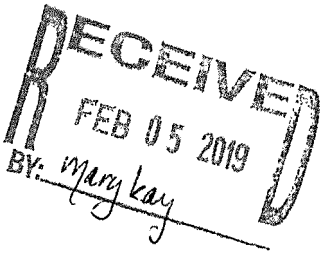
Building: Beacon Academy	Control Panel: 1 - Notifier NFW2-100

The Zone Address Report lists all of the devices and items that have an individual address, or are grouped together under a common zone. The device type, location, and description are included for your reference.

Address	Device Type	Location	Type	ScanID
01	Smoke Detector	1st In FACP/Electrical Rm.	Photoelectric	45032119
01	Duct Detector	Roof AC-11, lower roof	Photoelectric	45032112
02	Smoke Detector	1st In Elevator Equipment Rm.	Photoelectric	45032099
02	Duct Detector	Roof AC-12, lower roof	Photoelectric	45032113
03	Smoke Detector	1st Elevator Lobby	Photoelectric	45032115
03	Duct Detector	Roof AC-6	Photoelectric	45032110
04	Duct Detector	Roof AC-5	Photoelectric	45032109
05	Pull Station	1st FACP / Electrical Room (D.C.: 7072)	Dual Action	45032120
05	Duct Detector	Roof AC-4	Photoelectric	45032108
06	Elevator	1st In Elevator Equipment Rm.	Shunt Trip	45032098
06	Duct Detector	Roof AC-2	Photoelectric	45032107
07	Elevator	1st In Elevator Equipment Rm.	Recall Primary	45032096
07	Duct Detector	Roof Small AC unit	Photoelectric	45032111
08	Elevator	1st In Elevator Equipment Rm.	Recall Alternate	45032097
08	Duct Detector	Roof AC-3	Photoelectric	45032106
09	Duct Detector	Roof AC-1	Photoelectric	45032105
10	Smoke Detector	2nd Elevator Lobby	Photoelectric	45032114
10	Duct Detector	Roof AC-7	Photoelectric	45032104
11	Duct Detector	Roof AC-8	Photoelectric	45032103
12	Duct Detector	Roof AC-9	Photoelectric	45032102
13	Duct Detector	Roof AC-10	Photoelectric	45032101
18	Heat Detector	1st In Elevator Equipment Rm.	Fixed Temperature	45032100
25	Supervisory Valve	1st In Elevator Equipment Rm.		45032095
29	Supervisory Valve	2nd In hallway by Elevator.		45032116
Zone 1	Special Control	1st In FACP/Electrical Room		55508519
Zone 2	Special Control	1st In FACP/Electrical Room		55508518
Zone 3	Special Control	1st In FACP/Electrical Room		55508517
Zone 4	Special Control	1st In FACP/Electrical Room		55508516

ATTACHMENT #9 - [illegible]





Flamingo-Tenaya Office Park	702-726-8623	2/5/2019
PROPOSAL SUBMITTED TO	PHONE	DATE

7360 W Flamingo	Beacon Academy: Replace Batteries Red Tag
STREET	JOB NAME

Las Vegas, NV 89146	7360 W Flamingo
CITY, STATE, ZIP	JOB LOCATION

We hereby submit the following specification and estimate:

Description	Quantity
This proposal is to correct/repair the deficiencies found during the most recent inspection.	
If additional parts and/or labor are needed, another proposal will be sent.	
1. Replace batteries that failed during the most recent inspection.	
12v12ah Batteries	4
Labor	

We propose hereby to furnish labor and material to complete in accordance with the above specifications for a sum of:

$390.00 **Three Hundred and Ninety Dollars**

Payment to be made as follows:

100% on Completion

All material is guaranteed to be as specified. Any alteration or deviation from the above specifications involving extra costs will be executed upon written change orders and will become an extra charge over and above the contract amount.

Conditions to Proposal

All agreements are contingent on the approval of loans, weather, strikes, or delays which are unavoidable. NextGen shall be provided job access for labor and materials, with security of materials. All changes must be in writing and shall become an additional charge or deduction to the contractual total. Full payment of contract is due in accordance to terms stated above. Delinquent accounts shall be charged the maximum APR allowed by state law. Any and all additional costs accrued in collecting these amounts, through suit or agency, shall become an additional cost to owner contractee.

Note: This proposal may be withdrawn after **30** days.

Authorized Signature

Michelle Sohn
NextGen Estimator

Acceptance of Proposal: The above prices, specifications & conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made per above terms.

Date of Acceptance: Battery replaced on Feb. 14, 2019. Deficiency corrected.

7165 Bermuda Road · Las Vegas, Nevada 89119 · (702) 270-4499 · FAX (702) 967-5377
License 72363 · License Limit $750,000 | License 74992 · License Limit $225,000

ATTACHMENT #9 - [illegible]

POSTED

F/I
NEXT

FEB 06 2019

NEXTGEN

Flamingo/Tenaya LLC	**702.726.8606**	**2/4/2019**
PROPOSAL SUBMITTED TO	PHONE	DATE
7360 W Flamingo Rd	**Beacon Academy**	
STREET	JOB NAME	
Las Vegas, NV 89147	**7360 W Flamingo Rd, Las Vegas, NV 89147**	
CITY, STATE, ZIP	JOB LOCATION	

We hereby submit the following specification and estimate:

Description
This proposal is to properly drain and recharge the existing antifreeze loop located on site

Materials required:	Quantity:
Premixed antifreeze solution	35 gallons
Labor	

We propose hereby to furnish labor and material to complete in accordance with the above specifications for a sum of:

$1,265.00 **One thousand two hundred and sixty five dollars even**

Payment to be made as follows:
100% On Completion

All material is guaranteed to be as specified. Any alteration or deviation from the above specifications involving extra costs will be executed upon written change orders and will become an extra charge over and above the contract amount.

Conditions to Proposal

All agreements are contingent on the approval of loans, weather, strikes, or delays which are unavoidable. NextGen shall be provided job access for labor and materials, with security of materials. All changes must be in writing and shall become an additional charge or deduction to the contractual total. Full payment of contract is due in accordance to terms stated above. Delinquent accounts shall be charged the maximum APR allowed by state law. Any and all additional costs accrued in collecting these amounts, through suit or agency, shall become an additional cost to owner contractee.

Note: This proposal may be withdrawn after **30** days.

Authorized Signature

Joe Richey
NextGen Estimator

Acceptance of Proposal: The above prices, specifications & conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made per above terms.

Date of Acceptance: Repairs conducted on March 15, 2019. Deficiency aborted, hc

7165 Bermuda Road · Las Vegas, Nevada 89119 · (702) 270-4499 · FAX (702) 967-5377
License 72363 · License Limit $750,000| License 74992 · License Limit $225,000

FIRE ALARMS
SECURITY ALARMS
FIRE PROTECTION
NEXTGEN
NEXTGEN.VEGAS
702-270-4499

License 47640 - Limit $2,000,000 | License 72363 - Limit $750,000 | License 74992 - Limit $225,000

Inspection Certificate

For

Beacon Academy/ Annual
7360 W Flamingo
Las Vegas, NV 89147

This Inspection was performed in accordance with applicable standards. The subsequent pages of this report provide performance measurements, listed ranges of acceptable results, and complete documentation of the inspection. Whenever discrepancies exist between acceptable performance standards and actual test results, notes and/or recommended solutions have been proposed or provided for immediate review and approval.

Annual Inspection
Inspection Date
Aug 9, 2019

Building: Beacon Academy/ Annual
Contact: Mary Kay Bellinger
Title: Scheduling

Company: NextGen
Contact: Juan Caballero
Title: technician

Executive Summary

Generated by: BuildingReports.com

Building Information

Building: Beacon Academy/ Annual
Address: 7360 W Flamingo
Address:
City/State/Zip: Las Vegas, NV 89147
Country: United States of America

Contact: Mary Kay Bellinger
Phone: 702-726-8606
Fax:
Mobile:
Email: marykay.bellinger@banv.org

Inspection Performed By

Company: NextGen
Address: 7165 Bermuda Road
Address:
City/State/Zip: Las Vegas, NV 89119
Country: United States of America

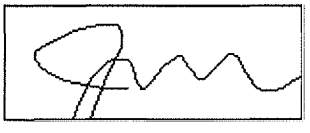
Inspector: Juan Caballero
Phone: 702-270-4499
Fax:
Mobile:
Email: jcaballero@nextgen.vegas

Inspection Summary

Category	Total Items		Serviced		Passed		Failed/Other	
	Qty	%	Qty	%	Qty	%	Qty	%
Fire	11	100.00%	11	100.00%	11	100.00%	0	0%
Totals	**11**	**100%**	**11**	**100.00 %**	**11**	**100.00 %**	**0**	**0%**

Certification

Company: NextGen
Inspector: Juan Caballero



Signed: Aug 9, 2019 12:28:22 PM

Building: Beacon Academy/ Annual
Contact: Mary Kay Bellinger

Signed:

Juan Caballero Certifications

Certification Type	Number
NSFM Certificate B - Portable Fire Extinguisher	6117
NSFM Certificate G/U - Underground Sprinkler Work Only	6118

Inspection& Testing

Generated by: BuildingReports.com

Building: Beacon Academy/ Annual

The Inspection & Testing section lists all of the items inspected in your building. Items are grouped by Passed or Failed/Other. Items are listed by Category. Each item includes the services performed, and the time & date at which testing occurred.

Device Type	Location	ScanID : S/N	Service	Date Time
		Passed		
Fire				
Fire Extinguisher, 5 Lbs, A.B.C.	1st Classroom#101#2	50074618	Inspected	08/09/19 12:02:53 PM
Fire Extinguisher, 5 Lbs, A.B.C.	1st Classroom#101#2	50074619	Inspected	08/09/19 12:03:27 PM
Fire Extinguisher, 5 Lbs, A.B.C.	1st Classroom#103	50074617	Inspected	08/09/19 12:07:36 PM
Fire Extinguisher, 5 Lbs, A.B.C.	1st Elevator room	50074621	Inspected	08/09/19 12:04:41 PM
Fire Extinguisher, 5 Lbs, A.B.C.	1st Front Entrance	50074622	Inspected	08/09/19 12:06:59 PM
Fire Extinguisher, 5 Lbs, A.B.C.	1st Hallway	50074620	Inspected	08/09/19 12:05:57 PM
Fire Extinguisher, 5 Lbs, A.B.C.	2nd Admissions	50074615	Inspected	08/09/19 12:18:24 PM
Fire Extinguisher, 5 Lbs, A.B.C.	2nd Hallway	50074616	Inspected	08/09/19 12:16:19 PM
Fire Extinguisher, 5 Lbs, A.B.C.	2nd Kitchen	50074612	Inspected	08/09/19 12:16:46 PM
Fire Extinguisher, 5 Lbs, A.B.C.	2nd North Exit	50074613	Inspected	08/09/1912:17:23 PM
Fire Extinguisher, 5 Lbs, A.B.C.	2nd Tech Office	50074614	Inspected	08/09/19 12:19:08 PM

Service Summary

Generated by: BuildingReports.com

Building: Beacon Academy/ Annual

The Service Summary section provides an overview of the services performed in this report.

Device Type	Service	Quantity
	Passed	
Fire Extinguisher, 5 Lbs, A.B.C.	Inspected	11
Total		11

Inventory & Warranty Report

Generated by: BuildingReports.com

Building: Beacon Academy/ Annual

The Inventory & Warranty Report lists each of the devices and items that are included in your Inspection Report. A complete inventory count by device type and category is provided. Items installed within the last 90 days, within the last year, and devices installed for two years or more are grouped together for easy reference.

Device or Type	Category	% of Inventory	Quantity
Fire Extinguisher	Fire	100.00%	11

Type	Qty	Model #	Description	Manufacture Date
In Service - 1 Year to 2 Years				
Fire Extinguisher	11		A.B.C.	07/24/2018

ATTACHMENT #9 - [illegible]

FIRE ALARMS
SECURITY ALARMS
FIRE PROTECTION
NEXTGEN
NEXTGEN.VEGAS
702-270-4499

License 47640 - Limit $2,000,000 | License 72363 - Limit $750,000 | License 74992 - Limit $225,000

Sprinkler Inspection Certificate

For

Beacon Academy
7360 W Flamingo Rd
Las Vegas, NV 89147

Tested to NFPA 25 Standards

This Inspection was performed in accordance with applicable NFPA Standards. The subsequent pages of this report provide performance measurements, listed ranges of acceptable results, and complete documentation of the inspection. Whenever discrepancies exist between acceptable performance standards and actual test results, notes and/or recommended solutions have been proposed or provided for immediate review and approval.

Quarterly Inspection
Inspection Date
Sep 24, 2019

Building: Beacon Academy
Contact: Mary Kay Bellinger
Title: Scheduling

Company: NextGen
Contact: Jim Graham
Title: Technician

Executive Summary

Generated by: BuildingReports.com

Building Information	
Building: Beacon Academy	Contact: Mary Kay Bellinger
Address: 7360 W Flamingo Rd	Phone: 702-726-8606
Address:	Fax:
City/State/Zip: Las Vegas, NV 89147	Mobile:
Country: null	Email: marykay.bellinger@banv.org

Inspection Performed By	
Company: NextGen	Inspector: Jim Graham
Address: 7165 Bermuda Road	Phone: 702-270-4499
Address:	Fax:
City/State/Zip: Las Vegas, NV 89119	Mobile:
Country: null	Email: jgraham@nextgen.vegas

System Control Unit

System Type	System Location	Protected Area	Devices
Wet Pipe		Building-	9
Wet Pipe		Floors-1	7
Wet Pipe		Floors-2	8

ATTACHMENT #9 - [illegible]

Inspection Summary

Category	Total Items		Serviced		Passed		Failed/Other	
	Qty	%	Qty	%	Qty	%	Qty	%
Device	4	16.67%	4	100.00%	4	100.00%	0	0%
Alarm	2	8.33%	2	100.00%	2	100.00%	0	0%
Valve	9	37.50%	9	100.00%	9	100.00%	0	0%
Hose	1	4.17%	1	100.00%	1	100.00%	0	0%
Sprinkler	8	33.33%	8	100.00%	8	100.00%	0	0%
Totals	24	100%	24	100.00 %	24	100.00 %	0	0%

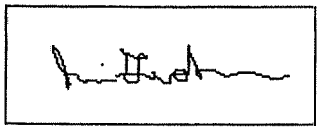
Certification

Company: NextGen

Building: Beacon Academy

Inspector: Jim Graham

Contact: Mary Kay Bellinger



Signed: Sep 24, 2019 7:36:28 AM

Signed:

Jim Graham Certifications

Certification Type	Number
NSFM Certificate G - Automatic Fire Sprinkler Systems	C-1618

Inspection & Testing

Generated by: BuildingReports.com

Building: Beacon Academy

The Inspection & Testing section lists all of the items inspected in your building. Items are grouped by Passed or Failed/Other. Items are listed by Category. Each item includes the services performed, and the time & date at which testing occurred.

Device Type	Location	Service	Time	Date
		Passed		
Wet Pipe, Building-				
Antifreeze System	2nd South In hallway by balcony. (Need 8' ladder.)	Inspected	7:23:47 AM	09/24/2019
Gauge	East Interior Riser Room	Visually Checked	6:59:53 AM	09/24/2019
Fire Dep't Connection	East Interior Riser Room	Inspected	7:00:01 AM	09/24/2019
Fast Response	Throughout Bldg	Visually Checked	7:00:16 AM	09/24/2019
Fast Response	Throughout Bldg	Visually Checked	7:00:33 AM	09/24/2019
Sprinkler Box	East Interior Riser Room	Visually Checked	7:00:07 AM	09/24/2019
Control Valve	1st In Elevator Equipment Rm.	Tested	7:17:22 AM	09/24/2019
Control Valve	2nd In hallway by Elevator. (Need 8' ladder.)	Tested	7:21:20 AM	09/24/2019
Control Valve	2nd South In hallway by balcony. For A/F. (Need 8' ladder)	Tested	7:23:58 AM	09/24/2019
Wet Pipe, Floors-1				
Waterflow Switch	1st East Interior Riser Room	Tested	7:02:05 AM	09/24/2019
Drain	EastInterior Riser Room	Tested	7:02:53 AM	09/24/2019
Piping	Throughout 1st Floor	Inspected	7:01:58 AM	09/24/2019
Signage	East Interior Riser Room	Visually Checked	7:01:54 AM	09/24/2019
Check Valve	East Interior Riser Room	Visually Checked	7:01:48 AM	09/24/2019
Control Valve	East Interior Riser Room	Tested	7:01:00AM	09/24/2019
Inspector's Test	1st Northwest corner open area classroom	Tested	7:06:19 AM	09/24/2019
Wet Pipe, Floors-2				
Waterflow Switch	2nd East Interior Riser Room	Tested	7:04:27 AM	09/24/2019
Drain	East Interior Riser Room	Tested	7:12:30AM	09/24/2019
Piping	Throughout 2nd Floor	Inspected	7:04:22 AM	09/24/2019
Signage	East Interior Riser Room	Visually Checked	7:00:42 AM	09/24/2019
Signage	East Interior Riser Room	Visually Checked	7:04:20 AM	09/24/2019
Check Valve	East Interior Riser Room	Visually Checked	7:04:11 AM	09/24/2019
Control Valve	East Interior Riser Room	Tested	7:03:13AM	09/24/2019
Inspector's Test	2nd Northwest corner open area classroom	Tested	7:09:04 AM	09/24/2019

Wet Pipe Fire Sprinkler Systems

Generated by: BuildingReports.com

Building: Beacon Academy — Building-

This section lists out all the devices and components that have been associated with a Wet Pipe System and provides details as to type of component, pressure readings, response time, etc. If a component has an OK checkbox that is checked, then that component was actually tested. However, for Pass/Fail test results, see the Inspection and Testing section.

Components

Control Valve

Type	Manufacturer	Model	Location	Size	Position	Status	OK	ScanID
Butterfly	Milwaukee	BB-SCS	1st In Elevator Equipment Rm.	1"	Open	Supervised	☑	45032095

Description

Isolation

Control Valve

Type	Manufacturer	Model	Location	Size	Position	Status	OK	ScanID
Butterfly	Milwaukee	BB-SCS	2nd In hallway by Elevator. (Need 8' ladder.)	1"	Open	Supervised	☑	45032116

Description

Isolation

Control Valve

Type	Manufacturer	Model	Location	Size	Position	Status	OK	ScanID
Butterfly	Milwaukee	BB-SCS	2nd South In hallway by balcony. For A/F. (Need 8' ladder)	1.25"	Open	Supervised	☑	50069280

Description

Isolation

Devices

Antifreeze System

Type	Temp	Capacity	Last Test	OK	ScanID
Propylene Glycol		10	01/11/18	☑	50069279

Fast Response

Qty	Type	Size	KFactor	Finish	Temperature	OK	ScanID
3	Pendant	1/2	5.6	Chrome	155	☑	45032079

ATTACHMENT #9 - □a□□t□ □a□et□ □□m□□an□e

Location				Description			
Throughout Bldg							
Qty	**Type**	**Size**	**KFactor**	**Finish**	**Temperature**	**OK**	**ScanID**
2	Upright	1/2	5.6	Brass	200	☑	45032080

Location	Description
Throughout Bldg	

Fire Dep't Connection

Location	Type	BallDrip	Rotating Swivels	Size	OK	ScanID
East Interior Riser Room	Siamese	No	Yes	2.5"	☑	45032077

Gauge

Location	Service Date
East Interior Riser Room	01/11/2018

Type	Mfr/Model	Static psi	Fill Type	Size	OK	ScanID
System/City Pressure	Wika /			1/4	☑	45032076

Sprinkler Box

Qty	Tool Available?	Size	Manufacturer	Location	OK	ScanID
1	Yes	6 unit		East Interior Riser Room	☑	45032078

Building: Beacon Academy — Floors-1

This section lists out all the devices and components that have been associated with a Wet Pipe System and provides details as to type of component, pressure readings, response time, etc. If a component has an OK checkbox that is checked, then that component was actually tested. However, for Pass/Fail test results, see the Inspection and Testing section.

Alarms

Waterflow Switch

Type	Manufacturer	Model #	Sec	Size	Zone/Address	OK	ScanID
On/Off	System Sensor	WFD25N	40	2.5	1	☑	45032415

Components

Check Valve

Type	Location	Internal Date	Size	OK	ScanID
Grooved	East Interior Riser Room	01/11/2018	2.5"	☑	45032082

Control Valve

Type	Manufacturer	Model	Location	Size	Position	Status	OK	ScanID
Butterfly	Victaulic	705W	East Interior Riser Room	2.5"	Open	Supervised	☑	45032081

Description
Main Control

Inspector's Test

Manufacturer	Model #	Pressure psi	Trip Time Sec	Flow Sec	OK	ScanID
United Brass	200WOG			40	☑	45032093

Devices

Drain

Current Inspection

Type	Location	Size	Supply psi	Static psi	Residual psi	Sec	OK	ScanID
Main	East Interior Riser Room	1.25"	90	90	75		☑	45032084

Previous Inspections

July 10, 2019

Type	Location	Size	Supply psi	Static psi	Residual psi	Sec	OK	ScanID
Main	East Interior Riser Room	1.25"	95	100	85		☑	45032084

April 22, 2019

Type	Location	Size	Supply psi	Static psi	Residual psi	Sec	OK	ScanID
Main	East Interior Riser Room	1.25"	90	90	85		☑	45032084

Piping

Location	Type	Size	Internal Date
Throughout 1st Floor	Steel	2.5"	01/11/2018

Hangers	Braces	Fittings	Identified	Antifreeze	ScanID

Normal	Normal				45032085

Signage

Type	Location	OK	ScanID
Hydraulic Info	East Interior Riser Room	☑	45032083

Building: Beacon Academy — Floors-2

This section lists out all the devices and components that have been associated with a Wet Pipe System and provides details as to type of component, pressure readings, response time, etc. If a component has an OK checkbox that is checked, then that component was actually tested. However, for Pass/Fail test results, see the Inspection and Testing section.

Alarms

Waterflow Switch

Type	Manufacturer	Model #	Sec	Size	Zone/Address	OK	ScanID
On/Off	Potter	VSR-F	40	2.5	1	☑	45032092

Components

Check Valve

Type	Location	Internal Date	Size	OK	ScanID
Grooved	East Interior Riser Room	01/11/2018	2.5"	☑	45032088

Control Valve

Type	Manufacturer	Model	Location	Size	Position	Status	OK	ScanID
Butterfly	Victaulic	705W	East Interior Riser Room	2.5"	Open	Supervised	☑	45032087

Description
Main Control

Inspector's Test

Manufacturer	Model #	Pressure psi	Trip Time Sec	Flow Sec	OK	ScanID
United Brass	200WOG			40	☑	45032094

Devices

Drain

Current Inspection

Type	Location	Size	Supply psi	Static psi	Residual psi	Sec	OK	ScanID
Main	East Interior Riser Room	1.25"	95	90	75		☑	45032090

Previous Inspections

July 10, 2019

Type	Location	Size	Supply psi	Static psi	Residual psi	Sec	OK	ScanID
Main	East Interior Riser Room	1.25"	95	100	85		☑	45032090

April 22, 2019

Type	Location	Size	Supply psi	Static psi	Residual psi	Sec	OK	ScanID
Main	East Interior Riser Room	1.25"	95	95	85		☑	45032090

Piping

Location	Type	Size	Internal Date
Throughout 2nd Floor	Steel	2.5"	01/11/2018

Hangers	Braces	Fittings	Identified	Antifreeze	ScanID

Normal	Normal				45032091

Signage

Type	Location	OK	ScanID
NEXTGEN STICKERS	East Interior Riser Room	☑	55088670
Hydraulic Info	East Interior Riser Room	☑	45032089

Signage Report

Generated by: BuildingReports.com

Building: Beacon Academy

This section documents a list of signage applicable to the system(s) in this building.

Signage

Type	Location	OK	ScanID
Hydraulic Info	East Interior Riser Room	☑	45032083
NEXTGEN STICKERS	East Interior Riser Room	☑	55088670
Hydraulic Info	East Interior Riser Room	☑	45032089

Inventory & Warranty Report

Generated by: BuildingReports.com

Building: Beacon Academy

The Inventory & Warranty Report lists each of the devices and items that are included in your Inspection Report. A complete inventory count by device type and category is provided. Items installed within the last 90 days, within the last year, and devices installed for two years or more are grouped together for easy reference.

Device or Item	Category	% of Inventory	Quantity
Gauge	Device	4.17%	1
Fire Dep't Connection	Hose	4.17%	1
Sprinkler Box	Sprinkler	4.17%	1
Fast Response	Sprinkler	8.33%	2
Signage	Sprinkler	12.50%	3
Control Valve	Valve	20.83%	5
Check Valve	Valve	8.33%	2
Piping	Sprinkler	8.33%	2
Waterflow Switch	Alarm	8.33%	2
Drain	Device	8.33%	2
Inspector's Test	Valve	8.33%	2
Antifreeze System	Device	4.17%	1

Device or Item	Qty	Model #	Type	Description	Install Date
In Service - 15 Years to 25 Years					
Wet Pipe, Building-					
Antifreeze System	1		Propylene Glycol		07/10/2001
Sprinkler Box	1				07/10/2001
Fire Dep't Connection	1	300	Siamese		07/10/2001
Fast Response	1	G7371	Pendant		07/10/2001
Control Valve	3	BB-SCS	Butterfly	Isolation	07/10/2001
Fast Response	1	TY3131	Upright		07/10/2001
Gauge	1		System/City Pressure		07/10/2001
Wet Pipe, Floors-1					
Signage	1		Hydraulic Info		07/10/2001
Check Valve	1	590 FR	Grooved		07/10/2001
Drain	1	400WOG	Main		07/10/2001
Piping	1		Steel		07/10/2001
Waterflow Switch	1	WFD25N	On/Off	Alarm	07/10/2001
Inspector's Test	1	200WOG			07/10/2001
Control Valve	1	705W	Butterfly	Main Control	07/10/2001
Wet Pipe, Floors-2					
Signage	1		Hydraulic Info		07/10/2001
Signage	1	Stickers	NEXTGEN STICKERS		07/10/2001
Check Valve	1	590 FR	Grooved		07/10/2001
Drain	1	400WOG	Main		07/10/2001
Piping	1		Steel		07/10/2001

ATTACHMENT #9 - □a□□t□ □a□et□ □□m□□an□e

Device or Item	Qty	Model #	Type	Description	Install Date
In Service - 15 Years to 25 Years					
Waterflow Switch	1	VSR-F	On/Off	Alarm	07/10/2001
Inspector's Test	1	200WOG			07/10/2001
Control Valve	1	705W	Butterfly	Main Control	07/10/2001

Notes & Recommendations

Generated by: BuildingReports.com

Building: Beacon Academy

The Notes & Recommendations Report details additional inspection notes made by the Inspectors during the course of the building inspection. Notes are grouped by SystemID.

General Note

Needs 5 year obstruction inspection.

Note	Device Type	Location	Comment	ScanID
		Wet Pipe, Building-		
2	Control Valve No arrow indicator.	2nd South In hallway by balcony. For A/F. (Need 8' ladder)	Passed	50069280

ATTACHMENT #9 - [illegible]

Nevada Department of **Public Safety**

Time: 10:00 AM
Date: 4/8/2019
Page: 1 of 1
NSFMProj # —

Division of the State Fire Marshal

FIRE/LIFE SAFETY INSPECTION REPORT

Facility Name: BEACON ACADEMY OF NEVADA — Phone# 702 726 8606
Physical Address: 7360 W. FLAMINGO ROAD — ZipCode 89147
County: CLARK
City: LAS VEGAS, N V
Contact Name: MARY KAY BELLINGER

Occupancy Class: E — Sprinkler (Y) N — HazMat Permit:
Fire Alarm (Y) N — Detector(s) (Y) N — Type of Inspection: ANNUAL

TOTAL OF 400 ON CAMPUS AT ONE TIME 76-100

① NO VIOLATIONS NOTED

PASSED

_____SUBMIT WRITTEN PLAN OF CORRECTIVE ACTION WITHIN ____ DAYS TO:
_____RESCHEDULE INSPECTION WITHIN ____ DAYS.

Department Of Public Safety
State Fire Marshal Division
Inspection
107 Jacobsen Way
Carson City, Nevada 89711
775-684-7501 main line
775-684-7518 fax line

Received By: X [signature]

Print Name: X Mary Kay Bellinger

Inspector: [signature] ID: 66279

Thank you for your assistance and cooperation in minimizing the fire/life safety hazards in the State of Nevada.

(NSPO Rev. 4-13)

(O)70

ATTACHMENT #9 - [illegible]

SNHD Southern Nevada Health District

SOUTHERN NEVADA HEALTH DISTRICT

SCHOOL INSPECTION REPORT

280 SOUTH DECATUR BLVD• LAS VEGAS, NV• 89107 • 702-759-0677 (DIRECT)• 702-759-1000 (24 HOURS)

FACILITY INFORMATION

PERMIT #	ESTABLISHMENT NAME	PHONE#	EST. SQUARE FOOTAGE	PRIMARY EHS
PR0109342	BEACON ACADEMY OF NEVADA BEACON ACADEMY OF NEVADA	(702) 726-8607		EE7001076

ADDRESS	RISK CAT.	P.E CODE	DISTIRCT	LOCATION	PERMIT STATUS
7360 W FLAMINGO Las Vegas, NV 89147		4206	43		ACTIVE

NEVADA CLEAN INDOOR AIR ACT: ☐ COMPLIANCE REQUIRED ☐ EXEMPT

CONTACT PERSON: Tambre Tondryk

CURRENT SERVICE	EHS	SERVICE	DATE	TIME IN	TIME OUT	TRAVEL MIN	INSPECTION RESULT	SEWER	WATER
	EE7001076	Routine Inspection	9/10/2019	10:45AM	11:15AM	5	Compliant	M	M

SPECIAL NOTES:

In = In compliance **OUT** = Not In compliance **COS** = Corrected on-site during Inspection **N/O** = Not observed **N/A** = Not applicable **R** = Repeat violation

	Imminent Health Hazards - Notify SNHD and cease Operations as Directed	IN	OUT				
	Loss or interruption of electrical service other utility required for the operation of the heating and air conditioning. (NAC 444.56822.2.b.1)	■	☐				
	Interruption or contamination of potable water supply. (NAC 444.56822.2.b.3)	■	☐				
	Presence of insects, rodents or other vermin that constitutes a significant threat to health or safety. (NAC 444.56822.2.b.5)	■	☐				
	Improper disposal of sewage or liquid waste. (NAC 444.56822.2.b.4)	■	☐				
	Any condition or equipment used that constitutes unreasonable risk of physical injury. (NAC 444.56822.2.b.8)	■	☐				
	Presence of toxic material that is labeled, stored or used improperly. (NAC 444.56822.2.b.6)	■	☐				
	Toxic or noxious gases, vapors, fumes, mist or particulates in concentrations which are dangerous to life or health. (NAC 444.56822.2.b.7)	■	☐				
	Classrooms and other areas that occupy students or staff that has ambient temperatures less than 60 or more than 93 degrees Fahrenheit. (NAC 444.56822.2.b.9)	■	☐				

	SECTION 1 - Student Health	IN	OUT	N/A	COS	NO	R
1	Isolation of sick students ensured. Resting surfaces of non-absorbing material cleaned and sanitized before use by a student	■	☐	☐	☐	☐	
2	Medications stored inaccessible to students in cabinets or in locked container in refrigerator	☐	☐	■	☐	☐	

	SECTION 2 - Classrooms-Instruction and Vocational	IN	OUT	N/A	COS	NO	R
3	Installed eye-wash stations and showers in classrooms in which acidic, basic, flammable or other hazardous materials are handled	☐	☐	■	☐	☐	
4	Classrooms including specialty classrooms (art, music, home economics, PE, special education) maintained in good condition, clean and free from hazards or litter	■	☐	☐	☐	☐	
5	Equipment for specialty classrooms (art, photography, graphics, science, woodwork and auto shops) properly located, installed/vented as required and maintained in good condition. Access by authorized persons only. Warnings and information conspicuously po	☐	☐	■	☐	☐	
6	Pets kept or handled in classroom as required by NAC 444.56834	☐	☐	■	☐	☐	
7	Areas or Rooms used for vocational activities or science laboratory must have at least one hand wash sink supplied with hot and cold water and with paper towels and soap that are properly dispensed. Eating and drinking prohibited in such areas or rooms.	☐	☐	■	☐	☐	

	SECTION 3 - Gym and Locker Rooms	IN	OUT	N/A	COS	NO	R
8	Gym, locker rooms and associated activity or storage rooms maintained clean, in good condition, with sound surfacing and free from hazards.	☐	☐	■	☐	☐	
9	Showers maintained free of leaks, floors free of litter or stains. When used, showers are provided with hot and cold water at a maximum temperature of 110oF.	☐	☐	■	☐	☐	

	SECTION 4 - Utilities, Custodial, Facilities	IN	OUT	N/A	COS	NO	R
10	Custodian(s) prepared to remediate areas contaminated by hazardous, biological or chemical materials.	■	☐	☐	☐	☐	
11	Drinking fountains accessible to students in classrooms or nearby study/work areas, clean and in good operating condition; supply of drinking water provided at outdoor events and gymnasiums.	■	☐	☐	☐	☐	
12	Lighting adequate as required. Bulbs/tubes lit and fixtures in good condition.	■	☐	☐	☐	☐	
13	Utility rooms/areas (electrical panels, riser, boiler, chiller) in good order, clean and secured inaccessible to unauthorized persons. GFCI installed and functioning as and where required.	■	☐	☐	☐	☐	
14	Water from approved source, free from cross connections and available. Backflow prevention devices installed and tested and passed as required.	■	☐	☐	☐	☐	
15	Hazardous materials (flammables, toxic chemicals, paint) properly stored and secured inaccessible to unauthorized persons	■	☐	☐	☐	☐	

Forensic Analytical

ENVIRONMENTAL HEALTH CONSULTANTS

AHERA Asbestos Inspection

Beacon Academy of Nevada
7360 W. Flamingo Rd.
Las Vegas, NV 89147

April 30, 2013

Prepared for:

Mr. John Matsis
Beacon Academy of Nevada
7360 W. Flamingo Road
Las Vegas, NV 89147
Office Phone # 702-726-8607 ♦ john.matsis@banv.org

Prepared by:

Susan Myhre
Forensic Analytical Consulting Services, Inc.
6765 S. Eastern Ave., Ste. 3
Las Vegas, NV 89119
Office Phone# 702-784-0040 ♦ smyhre@forensica.com

FACS Project #PJ19362

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Conclusions 2
Recommendations 2
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APPENDIX A: Site Drawings w/ Asbestos Sample Locations

APPENDIX B: Laboratory Reports and Chain-of-Custody Forms

APPENDIX C: Asbestos Samples Summary Table

Introduction

At the request of Mr. John Matsis of Beacon Academy of Nevada, Forensic Analytical Consulting Services, Inc. (FACS) performed an AHERA asbestos inspection at the Beacon Academy of Nevada located at 7360 W. Flamingo Rd. in Las Vegas, Nevada. FACS conducted the inspection on April 25, 2013. This report presents the inspection results, which are summarized in the tables under the Findings section. Site drawings and sample locations are in Appendix A, and detailed laboratory reports and chain-of-custody forms are contained in Appendix B. A summary table of the asbestos samples is in Appendix C.

Methodology

FACS personnel inventoried the suspect asbestos-containing materials, determined quantities of materials, assessed material condition, and collected bulk samples for laboratory analysis.

Materials suspected of containing asbestos were sampled in accordance with the federal EPA AHERA regulation (40 CFR 763, Subpart E) protocols, as stipulated in the EPA AHERA Building Inspector training course curriculum. The AHERA rule divides suspect materials into three categories: surfacing materials, thermal system insulation, and miscellaneous materials. For suspect surfacing materials, sample locations were determined randomly within the homogeneous area and either 3, 5, or 7 samples (minimum) are collected, depending on the total square footage of the suspect material. For miscellaneous suspect materials, enough samples are collected, in the judgment of the inspector, to determine if the material is an asbestos-containing material. No suspect thermal system insulation materials were identified during the inspection. Materials determined by the inspector to be non-suspect, such as wood, metal, glass, and fiberglass insulation, were not sampled. Destructive sample techniques were used during the inspection. Per the AHERA protocol, roofing materials were not inspected or sampled. Other suspect exterior materials covered by AHERA (e.g., the underside of exterior walkways) were not present at the school building.

Suspect materials were grouped and classified as homogeneous materials based on their AHERA classification (surfacing material, thermal system insulation or miscellaneous material), appearance, usage, and age of the building. Samples were collected in such a manner as to minimize release of the material into the surroundings. Material type, sample number, sample location, and other pertinent information were recorded at the time of sampling. Each sample was placed in a sample container labeled with a unique sample number and submitted to Forensic Analytical's NVLAP-accredited laboratory for analysis under chain-of-custody documentation. Samples were analyzed in accordance with EPA Method 600/R-93-116, using Polarized Light Microscopy (PLM) with dispersion staining and visual area estimation to determine percent asbestos content. This method allows for the identification of the primary types of asbestos used in building materials. The lower limit of detection for this method is one percent. The analytical results for the samples taken can be found in the Findings section, Appendix B, and Appendix C of this report.

Site Characterization

The Beacon Academy of Nevada operates as an online virtual high school with a facility that also includes offices, meeting rooms, and classroom spaces for extra instruction and group facilitation. The school is located in a 2-story, approximately 12,600 sq. ft. commercial office complex. The complex was constructed in 2001. The exterior walls are stucco with rolled composite roofing and cement roof tiles for trim. The interior walls are gypsum with wallpaper and orange peel type texture. Ceilings in bathrooms and mechanical rooms are gypsum with orange peel type texture; however, most ceilings throughout the facility are either white 2'x4' or 2'x2' drop-in ceiling tiles. Carpet exists throughout most of the areas; however, several areas have either ceramic floor tiles (main entry foyers, main hallways, and bathrooms), 12-inch vinyl floor tiles (mechanical areas and stair landings), or gray resilient sheet flooring (break rooms and north entry foyers).

Findings

The results of the asbestos inspection are summarized in the following table. Asbestos was not detected in any of the materials tested.

Homogeneous Material Description	Material Location(s)	#of Samples	Approximate Quantity	Asbestos Content & Type
White 2'x2' Decorative Pattern Ceiling Tile (miscellaneous material)	South Entry Foyers	2	960 sq. ft.	None Detected
White 2'x4' Ceiling Tile w/ Fissures (miscellaneous material)	Throughout Facility	2	11,000 sq. ft.	None Detected
Wall Board/Joint Compound (miscellaneous material)	Throughout Facility	3	36,800 sq. ft.	None Detected
Orange Peel Type Wall Texture (surfacing material)	Throughout Facility	7	36,800 sq. ft.	None Detected
Carpet Mastic (miscellaneous material)	Throughout Facility	2	10,000 sq. ft.	None Detected
12-inch Vinyl Floor Tiles w/ Mastic (miscellaneous material)	Mechanical Areas	2	650 sq. ft.	None Detected
Gray Speckled Resilient Sheet Flooring w/ Mastic (miscellaneous material)	Break Rooms and North Entry Foyers	1	500 sq. ft.	None Detected
12-inch Vinyl Floor Tiles w/ Mastic (miscellaneous material)	Stair Landings	1	160 sq. ft.	None Detected
Vinyl Baseboard w/ Mastic (miscellaneous material)	Throughout Facility	1	1,260 sq. ft.	None Detected

Conclusions

The Beacon Academy of Nevada in Las Vegas was inspected for asbestos in accordance with required EPA protocols for school buildings, and no asbestos-containing materials were identified by the inspection.

Recommendations

Even though no asbestos-containing materials were identified during the inspection, an asbestos management plan must still be developed for all school buildings controlled by the Local Education Agency (LEA), Beacon Academy of Nevada. The purpose of a management plan, in this circumstance, and the required annual notifications about the plan, is to enable the public to determine if the LEA has implemented the management plan satisfactorily.

Limitations

This investigation is limited to the conditions and practices observed and information made available to FACS. The methods, conclusions, and recommendations provided are based on FACS' judgment, experience, and the standard of practice for professional service. They are subject to the limitations and variability inherent in the methodology employed. As with all environmental investigations, this investigation is limited to the defined scope and does not purport to set forth all hazards, nor indicate that other hazards do not exist.

Please do not hesitate to contact our office at 702-784-0040 if you have any questions or concerns. Thank you for the opportunity to assist Beacon Academy of Nevada in promoting a more healthful environment.

Respectfully,
FORENSIC ANALYTICAL

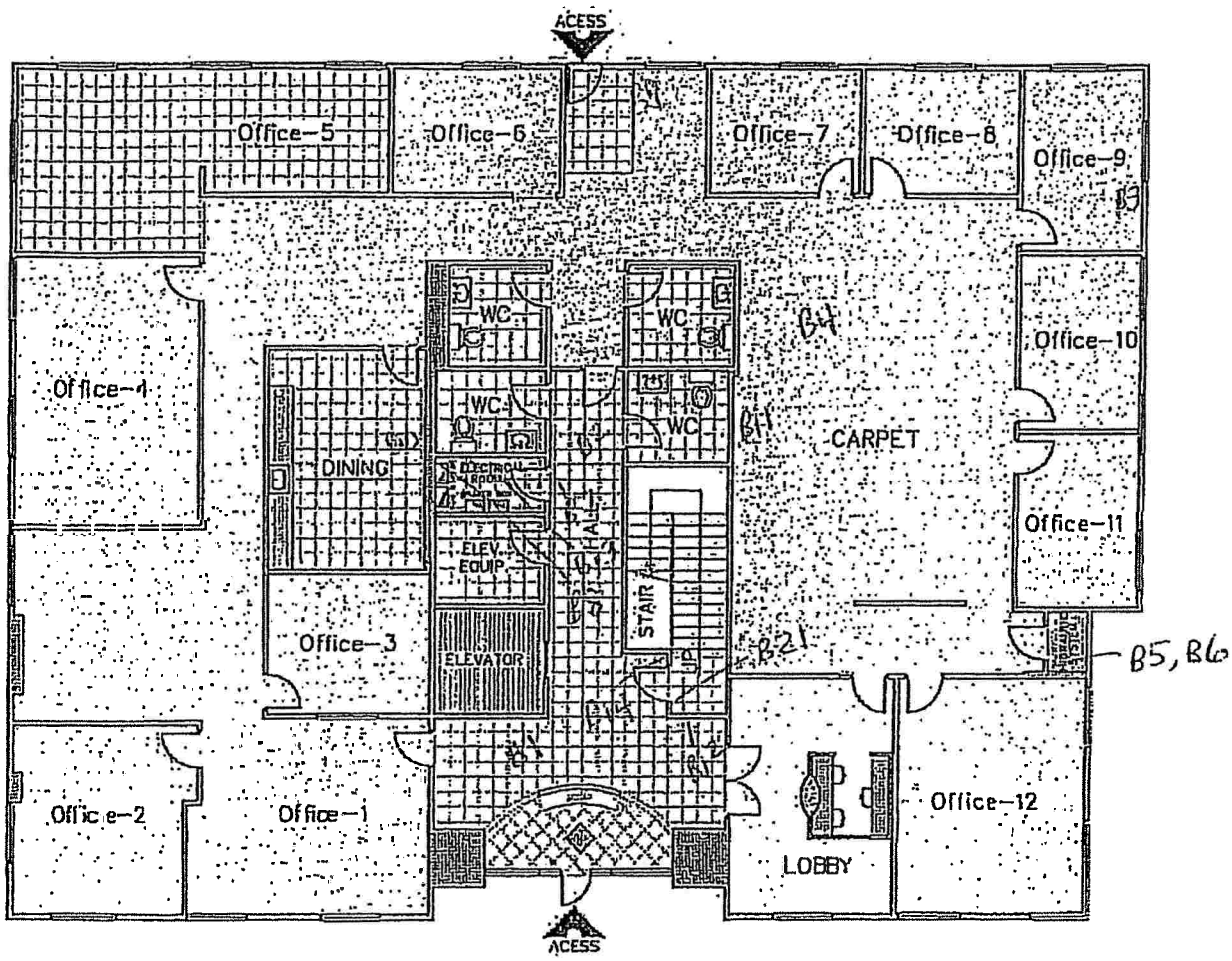
Susan M. M. Myhre
Project Manager
NV License # IJM-1267

Appendix A:

Site Drawings with Asbestos Sample Locations

EXHIBIT A

Page 1 of 2



FIRST FLOOR

Flamingo Tenaya Office Park

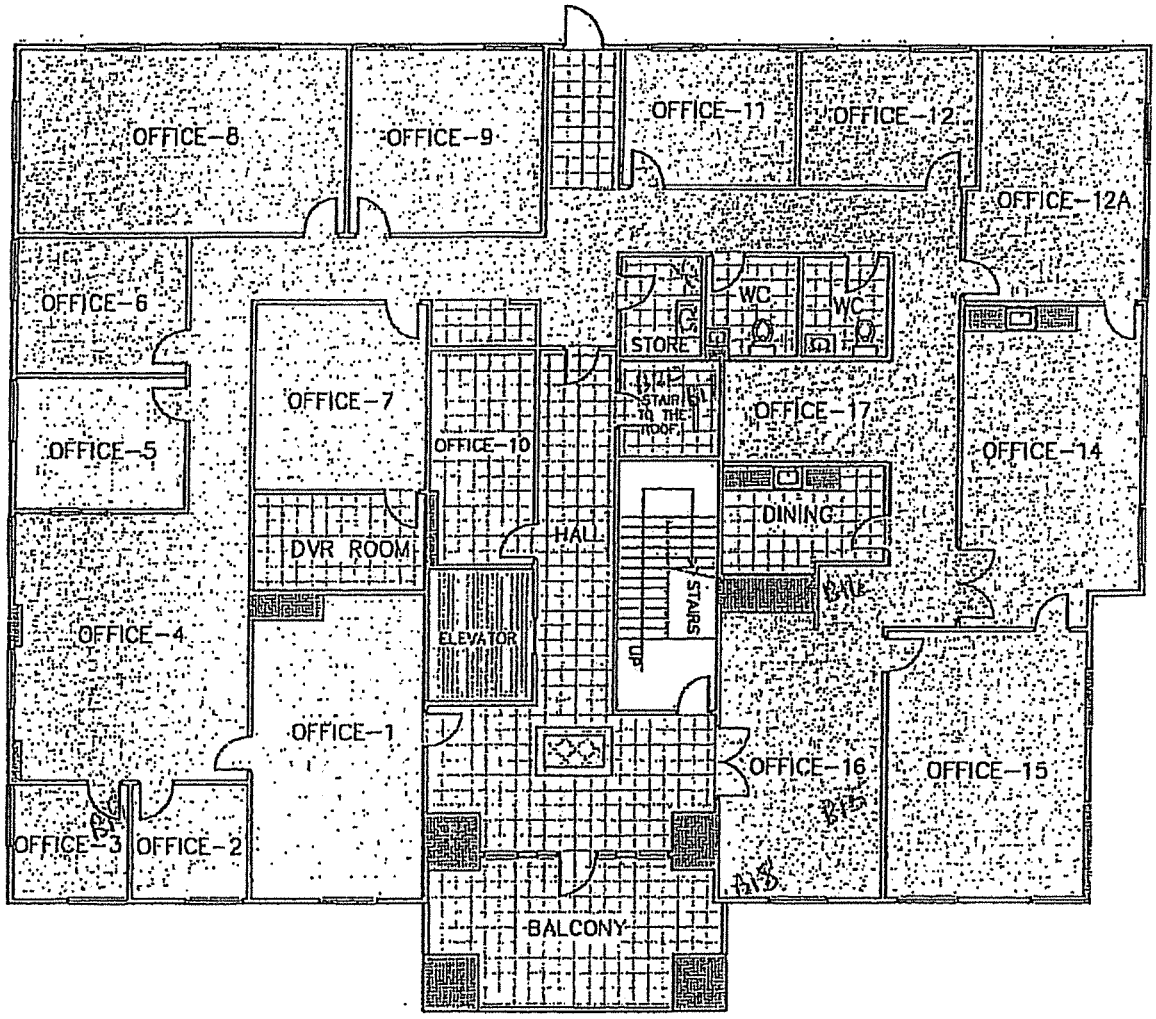
7360 West Flamingo Road

LEE & ASSOCIATES*

COMMERCIAL REAL ESTATE SERVICES

EXHIBIT A

Page 2 of 2



SECOND FLOOR

Flamingo Tenaya Office Park

7360 West Flamingo Road

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Appendix B:

Laboratory Reports & Chain-of-Custody Forms

Forensic Analytical Laboratories

Final Report

Bulk Asbestos Analysis

(EPA Method 600/R-93-116, Visual Area Estimation)

Forensic Analytical Consulting Svcs
Susan M Myhre
6765 S. Eastern Ave.
Suite #3
Las Vegas, NV 89119

Client ID: VE11
Report Number: B176467
Date Received: 04/25/13
Date Analyzed: 04/26/13
Date Printed: 04/26/13
First Reported: 04/26/13

Job ID/Site: PJ19362; Beacon Academy of Nevada 7360 W. Flaminog Rd. Las Vegas NV 89147
Date(s) Collected: 04/25/2013

FALI Job ID: VE11
Total Samples Submitted: 21
Total Samples Analyzed: 21

Sample ID	Lab Number	Asbestos Type	Percent in Layer	Asbestos Type	Percent in Layer	Asbestos Type	Percent in Layer
19362-4/25-B1	01055772						
Layer: White Fibrous Material			**ND**				
Layer: Silver Foil			**ND**				
Total Composite Values of Fibrous Components:		**Asbestos (ND)**					
Cellulose (Trace) Fibrous Glass (99 %)							
19362-4/25-B2	01055773						
Layer: White Fibrous Material			**ND**				
Layer: Silver Foil			**ND**				
Total Composite Values of Fibrous Components:		**Asbestos (ND)**					
Cellulose (Trace) Fibrous Glass (99 %)							
19362-4/25-B3	01055774						
Layer: Yellow Mastic			**ND**				
Total Composite Values of Fibrous Components:		**Asbestos (ND)**					
Cellulose (Trace) Synthetic (Trace)							
19362-4/25-B4	01055775						
Layer: Beige Fibrous Material			**ND**				
Layer: Paint			**ND**				
Total Composite Values of Fibrous Components:		**Asbestos (ND)**					
Cellulose (35 %) Fibrous Glass (45 %)							
19362-4/25-B5	01055776						
Layer: White Drywall			**ND**				
Layer: Off-White Skimcoat/Joint Compound			**ND**				
Total Composite Values of Fibrous Components:		**Asbestos (ND)**					
Cellulose (20 %)							
19362-4/25-B6	01055777						
Layer: Tan Tile			**ND**				
Layer: Yellow Mastic			**ND**				
Total Composite Values of Fibrous Components:		**Asbestos (ND)**					
Cellulose (Trace)							

6765 S. Eastern Avenue, Suite 3, Las Vegas, NV 89119 / Telephone: (702) 387-0040 / Fax: (702) 784-0030

Report Number: B176467
Client Name: Forensic Analytical Consulting Svcs **Date Printed:** 04/26/13

Sample ID	Lab Number	Asbestos Type	Percent in Layer	Asbestos Type	Percent in Layer	Asbestos Type	Percent in Layer
19362-4/25-B7	01055778						
Layer: White Drywall			ND				
Layer: Off-White Skimcoat/Joint Compound			ND				
Layer: Tan Tape			ND				
Layer: Off-White Skimcoat/Joint Compound			ND				
Layer: Paint			ND				
Total Composite Values of Fibrous Components:		Asbestos (ND)					
Cellulose (20 %) Fibrous Glass (10 %)							
19362-4/25-B8	01055779						
Layer: Tan Tile			ND				
Layer: Yellow Mastic			ND				
Total Composite Values of Fibrous Components:		Asbestos (ND)					
Cellulose (Trace)							
19362-4/25-B9	01055780						
Layer: Blue Sheet Flooring			ND				
Layer: Fibrous Backing			ND				
Layer: Yellow Mastic			ND				
Total Composite Values of Fibrous Components:		Asbestos (ND)					
Cellulose (20 %) Fibrous Glass (5 %) Synthetic (10 %)							
19362-4/25-B10	01055781						
Layer: Tan Tape			ND				
Layer: Off-White Skimcoat/Joint Compound			ND				
Layer: Paint			ND				
Total Composite Values of Fibrous Components:		Asbestos (ND)					
Cellulose (Trace)							
19362-4/25-B11	01055782						
Layer: Tan Tape			ND				
Layer: Off-White Skimcoat/Joint Compound			ND				
Layer: Paint			ND				
Total Composite Values of Fibrous Components:		Asbestos (ND)					
Cellulose (Trace)							
19362-4/25-B12	01055783						
Layer: Off-White Skimcoat/Joint Compound			ND				
Layer: Paint			ND				
Total Composite Values of Fibrous Components:		Asbestos (ND)					
Cellulose (Trace)							
19362-4/25-B13	01055784						
Layer: Tan Tape			ND				
Layer: Off-White Skimcoat/Joint Compound			ND				
Layer: Paint			ND				
Total Composite Values of Fibrous Components:		Asbestos (ND)					
Cellulose (Trace)							

6765 S. Eastern Avenue, Suite 3, Las Vegas, NV 89119 / Telephone: (702) 387-0040 / Fax: (702) 784-0030

Report Number: B176467
Client Name: Forensic Analytical Consulting Svcs **Date Printed:** 04/26/13

Sample ID	Lab Number	Asbestos Type	Percent in Layer	Asbestos Type	Percent in Layer	Asbestos Type	Percent in Layer
19362-4/25-B14	01055785						
Layer: Tan Tile			**ND**				
Layer: Yellow Mastic			**ND**				
Total Composite Values of Fibrous Components: Cellulose (Trace)		Asbestos **(ND)**					
19362-4/25-B15	01055786						
Layer: Beige Fibrous Material			**ND**				
Layer: Paint			**ND**				
Total Composite Values of Fibrous Components: Cellulose (35 %) Fibrous Glass (45 %)		Asbestos **(ND)**					
19362-4/25-B16	01055787						
Layer: Yellow Mastic			**ND**				
Total Composite Values of Fibrous Components: Cellulose (Trace) Synthetic (Trace)		Asbestos **(ND)**					
19362-4/25-B17	01055788						
Layer: White Drywall			**ND**				
Layer: Off-White Skimcoat/Joint Compound			**ND**				
Layer: Paint			**ND**				
Total Composite Values of Fibrous Components: Cellulose (20 %) Fibrous Glass (10 %)		Asbestos **(ND)**					
19362-4/25-B18	01055789						
Layer: Off-White Skimcoat/Joint Compound			**ND**				
Layer: Paint			**ND**				
Total Composite Values of Fibrous Components: Cellulose (Trace)		Asbestos **(ND)**					
19362-4/25-B19	01055790						
Layer: Off-White Skimcoat/Joint Compound			**ND**				
Layer: Paint			**ND**				
Total Composite Values of Fibrous Components: Cellulose (Trace)		Asbestos **(ND)**					
19362-4/25-B20	01055791						
Layer: Off-White Skimcoat/Joint Compound			**ND**				
Layer: Paint			**ND**				
Total Composite Values of Fibrous Components: Cellulose (Trace)		Asbestos **(ND)**					
19362-4/25-B21	01055792						
Layer: White Mastic			**ND**				
Total Composite Values of Fibrous Components: Cellulose (Trace)		Asbestos **(ND)**					

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ATTACHMENT #9 - □a□□t□ □a□et□ □□m□□an□e

Report Number: Bl76467
Client Name: Forensic Analytical Consulting Svcs **Date Printed:** 04/26/13

Sample ID	Lab Number	Asbestos Type	Percent in Layer	Asbestos Type	Percent in Layer	Asbestos Type	Percent in Layer

Rachel Kolberg

Rachel Kolberg, Laboratory Analyst, Las Vegas Laboratory

Note: Limit of Quantification ('LOQ') = 1%. 'Trace' denotes the presence of asbestos below the LOQ. 'ND'= 'None Detected'.

Analytical results and reports are generated by Forensic Analytical Laboratories Inc. (FALI) at the request of and for the exclusive use of the person or entity (client) named on such eport. Results, reports or copies of same will not be released by FALI to any third party without prior written request from client. This report applies only to the sample(s) tested. upporting laboratory documentation is available upon request. This report must not be reproduced except in full, unless approved by FALI. The client is solely responsible for the se and interpretation of test results and reports requested from FALI. Forensic Analytical Laboratories Inc. is not able to assess the degree of hazard resulting from materials nalyzed. FALI reserves the right to dispose of all samples after a period of thirty (30) days, according to all state and federal guidelines, unless otherwise specified. All samples were eceived in acceptable condition unless otherwise noted.

6765 S. Eastern Avenue, Suite 3, Las Vegas, NV 89119 / Telephone: (702) 387-0040 / Fax: (702) 784-0030

ATTACHMENT #9 - □a□□t□ □a□et□ □□m□□an□e

Forensic Analytical
ENVIRONMENTAL HEALTH CONSULTANTS

BULK SAMPLE REQUEST FORM

Client:	VE11 FACS Las Vegas Beacon Academy of Nevada	Sampled by: SMM/JMS PM: Susan M Myhre	Date: 4/25/13
Contact:	Susan M Myhre Phone: (702) 784-0040	Special Instructions:	E-mail results to smyhre@forensicanalytical.com and lmcneely@forensicanalytical.com lasvegas@forensicanalytical.com
Site:	Beacon Academy of Nevada 7360 W. Flamingo Rd.	Turnaround Time:	1-Day ☒ / 2-Day ☐ / 3-Day ☐ / 5-Day ☐ / Other ☐ — Due Date and Time: 4/26/13 5:00pm
Client No.:	C13601 FACS Job#: PJ19362	Analysis:	☒ PLM Standard / ☐ Point Count / ☐ Flame AA (Pb) / ☐ Other:

Sample Number	Material Description	Sample Location	Friable	Cond.	Quantity
19362-4/25-B1	2x2 Decorative Pattern ceiling tile	Entry Foyer 11'x24' 1st Floor	Y	G	
-B2	11	Entry Foyer hallway 6'x32'	Y	G	
-B3	Carpet Mastic	NE corner office next to East facing window	N	G	
-B4	2x4 White ceiling tile w/ Fissures	West Side of bullpen classroom 25.5'x38'	Y	G	
-B5	WB/JC	East Fire Riser Water Riser Room	Y	G	
-B6	Beige FT vinyl 12"x12" w/ yellow mastic	East Fire water Riser Room 3'x5'	N	G	
-B7	CUB/JC	Electrical Panel Room Behind Door	~~N~~ Y	G	
-B8	Beige FT vinyl 13"x12" w/yellow mastic	Mastic Electrical Panel Room 8.5'x4.5'	N	G	
-B9	Grey speckle RSF & mastic + yellow carpet mastic	North Facing exterior door 5'x6'	Y	G	
-B10	~~Grey speckle RSF & mastic~~ WT	Break Room ~~42"x18" + 2'x5'~~ East Wall	~~Y~~ Y	G	

WB--Wallboard JC - Joint Compound FT - Floor Tile FTM - Floor Tile Mastic BBM - Baseboard Mastic
RSF - Resilient Sheet Flooring CT - Ceiling Tile SAAM - Spray-Applied Acoustical Material WT- Wall Texture
Friable Yes/No * Good / Fair/Poor

Shipped via: ☐ Fed Ex ☐ Airborne ☐ UPS ☐ US Mail ☐ Courier ☒ Drop Off ☐ Other:

Relinquished by:	Date&Time:	Received by:	Date&Time: 4/25/13 11:35 Condition Acceptable ☒ Yes ☐ No
Relinquished by:	Date& Time:	Received by:	Date& Time: Condition Acceptable ☐ Yes ☐ No

ATTACHMENT #9 - □a□□t□ □a□et□ □□m□□an□e

Forensic Analytical
ENVIRONMENTAL HEALTH CONSULTANTS

BULK SAMPLE REQUEST FORM

Client:	VE11 FACS Las Vegas Beacon Academy of Nevada	Sampled by: SMM / JMS PM: Susan M Myhre	Date: 4/25/13
Contact:	Susan M Myhre Phone: (702) 784-0040	Special Instructions:	E-mail results to:smyhre@forensicanalytical.com and lmcneely@forensicanalytical.com lasvegas@forensicanalytical.com
Site:	Beacon Academy of Nevada 7360 W. Flamingo Rd.	Turnaround Time:	1-Day ☑ 2-Day ☐ 3-Day ☐ 5-Day ☐ Other ☐ Due Date and Time: 4/26/13 5:00p.
Client No.:	C13601 FACS Job#: PJ19362	Analysis:	☑ PLM Standard / ☐ Point Count / ☐ Flame AA (Pb) / ☐ Other:

Sample Number	Material Description	Sample Location	Friable	Cond.	Quantity
19362-4/25-B11	WT	Bull pen west wall 1st Floor	Y	G	
-B12	WT	Stair well south wall	Y	G	
-B13	WT	Electrical Panel Rm	Y	G	
-B14	Multicolor FT. (beige, black, white, green)	Stair well next to stairs west side 4' x 6' + 6' x 9' (landing 2nd Floor) 1st Floor	N	G	
-B15	CT 2'x4' White w/ fissures	SE Classroom center 2nd floor	Y	G	
-B16	Carpet Mastic yellow	2nd floor East Hallway south end	N	G	
-B17	WB/JC ceiling	2nd floor closet near Roof access	Y	G	
-B18	WT	2nd floor SE Classroom SW corner wall	Y	G	
-B19	WT	2nd floor SW office Room NE corner Wall	Y	G	
-B20	WT	2nd floor Roof access Room/Closet North wall	Y	G	

WB - Wallboard JC - Joint Compound FT - Floor Tile FTM - Floor Tile Mastic BBM - Baseboard Mastic
RSF - Resilient Sheet Flooring CT - Ceiling Tile SAAM - Spray-Applied Acoustical Material WT - Wall Texture
Friable Yes/No "Good/ Fair/Poor

Shipped via: ☐ Fed Ex ☐ Airborne ☐ UPS ☐ US Mail ☐ Courier ☑ Drop Off ☐ Other:

Relinquished by:	Date & Time:	Received by:	Date & Time: 4/25/13 1135 Condition Acceptable ☑ Yes ☐ No
Relinquished by:	Date & Time:	Received by:	Date & Time: Condition Acceptable ☐ Yes ☐ No

Forensic Analytical
ENVIRONMENTAL HEALTH CONSULTANTS

BULK SAMPLE REQUEST FORM

Page 3 of 3

Client:	VE11 FACS Las Vegas Beacon Academy of Nevada	Sampled by: SM/JMS PM: Susan M Myhre	Date: 4/25/13
Contact:	Susan M Myhre Phone: (702) 784-0040	Special Instructions:	E-mail results to smyhre@forensicanalytical.com and lmcneely@forensicanalytical.com lasvegas@forensicanalytical.com
Site:	Beacon Academy of Nevada 7360 W. Flamingo Rd.	Turnaround Time:	1-Day ☑ / 2-Day ☐ / 3-Day ☐ / 5-Day ☐ / Other ☐ — Due Date and Time: 4/26/13 5:00p
Client No.:	C13601 FACS Job#: PJ19362	Analysis:	☑ PLM Standard / ☐ Point Count / ☐ Flame AA (Pb) / ☐ Other:

Sample Number	Material Description	Sample Location	Friable	Cond.	Quantity
143618-4/25-B21	Vinyl FB / BBM	1st Floor stairwell	N	G	

WB–Wallboard JC- Joint Compound FT - Floor Tile FTM - Floor Tile Mastic BBM- Baseboard Mastic
RSF - Resilient Sheet Flooring CT- Ceiling Tile SAAM - Spray-Applied Acoustical Material WT- Wall Texture
Friable Yes/No Good/Fair/Poor

Shipped via: ☐ Fed Ex ☐ Airborne ☐ UPS ☐ USMail ☐ Courier ☑ Drop Off ☐ Other:

Relinquished by:	Date & Time: 4/25/13 11:30am	Received by:	Date& Time: 4/25/13 11:35 Condition Acceptable ☑ Yes ☐ No
Relinquished by:	Date& Time:	Received by:	Date& Time: Condition Acceptable ☐ Yes ☐ No

Beacon Academy of Nevada
7360 W. Flamingo Rd. Las Vegas, NV 89147

Appendix C:

Asbestos Samples Summary Table

Sample Number	Material Description	Location(s) of Material	Asbestos Content (Percent)	Asbestos Regulatory Classification
B1,B2	White 2'x2' Decorative Pattern Ceiling Tile	South Entry Foyers (Sampled at 1st Floor Entry Foyer and Hall)	White Fibrous Material – ND ** Silver Foil - ND	N/A*
B4,B15	White 2'x4' Ceiling Tile w/ Fissures	Throughout Facility (Sampled at 1st Floor Bull Pen and 2nd Floor SE Classroom)	Beige Fibrous Material – ND Paint- ND	N/A
B5,B7,B17	Wall Board withJoint Compound	Throughout Facility (Sampled at 1st Floor Fire Riser Room, 1st Floor Electrical Panel Room, and 2nd Floor Closet at Roof Access)	White Wall Board – ND Off-White Joint Compound – ND Tan Tape–ND Paint- ND	N/A
B10-B13, B18-B20	Orange Peel Type Wall Texture	Throughout Facility (Sampled at 1st Floor Break Room, 1st Floor Bull Pen, 1st Floor Stairwell, 1st Floor Electrical Panel Room, 2nd Floor SE Classroom, 2nd Floor SW Office, and 2nd Floor Closet at Roof Access)	Off-White Texture – ND Paint- ND	N/A

ATTACHMENT #9 - [illegible]

Beacon Academy of Nevada
7360 W. Flamingo Rd. Las Vegas, NV 89147

Sample Number	Material Description	Location(s) of Material	Asbestos Content (Percent)	Asbestos Regulatory Classification
B3, B16	Carpet Mastic	Throughout Facility (Sampled at 1st Floor NE Office and 2nd Floor East Hallway at South End)	Yellow Mastic - ND	N/A
B6,B8	12-inch Vinyl Floor Tiles w/ Mastic	Mechanical Areas (Sampled at1st Floor Fire Riser Room and 1st Floor Electrical Panel Room)	Tan Tile–ND Yellow Mastic - ND	N/A
B9	Gray Speckled Resilient Sheet Flooring w/ Mastic	Break Rooms and North Entry Foyers (Sampled at 1st Floor North Foyer)	Gray Sheet Flooring – ND Fibrous Backing – ND Yellow Mastic - ND	N/A
B14	12-inch Vinyl Floor Tiles w/ Mastic	Stair Landings (Sampled at 1st Floor Stairwell)	Tan Tile–ND Yellow Mastic - ND	N/A
B21	Vinyl Baseboard w/ Mastic	Throughout Facility (Sampled at 1st Floor Stairwell)	White Mastic - ND	N/A

* N/A means Not Applicable ** ND means None Detected



Forensic Analytical

ENVIRONMENTAL HEALTH CONSULTANTS

"The solution is in the FACS."

At Forensic Analytical Consulting Services (FACS) our mission is to leave our scientific fingerprint on every client we serve. We accomplish this by delivering data and expertise that is accurate, cost effective, and contextually useful in solving issues of public and environmental health.

Our expert teams are available to respond nationally to help resolve a broad range of chemical, physical and biological concerns:

www.forensicanalytical.com

FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #10
OSHA Compliance

STATE OF NEVADA

BRIAN SANDOVAL
Governor

C.J.MANTHE
Director

JOSEPH (JD) DECKER
Administrator

TODD R. SCHULTZ CSP, CSHM, CPM
Chief Administrative Officer

DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INDUSTRIAL RELATIONS
SAFETY CONSULTATION AND TRAINING SECTION

February 21, 2018

Ms. Tambre Tondryk
Executive Director of Operations
Beacon Academy of Nevada
7360 West Flamingo Road
Las Vegas, NV 89147

Dear Ms. Tondryk:

Thank you for the onsite verification for the actions you have taken to correct the serious hazards documented in your visit report# 182414. Your hazard reports were verified on February 21, 2018. We have reviewed your response and are pleased to inform you that your actions, as stated, have corrected the identified hazards.

We congratulate you on the successful elimination of the serious hazards identified during the survey of your workplace. Through voluntary compliance with assistance from the Safety Consultation and Training Section, you are meeting the basic intent and stated purpose of the Nevada Occupational Safety and Health Act: "To provide safe and healthful working conditions for every employee."

Due to periodic changes in the OSHA regulations and their interpretations, it is important for you to review your operations regularly with respect to identifying, correcting, and preventing hazards.

Our office also offers on-going training programs that may be of benefit to your company. Our trainers conduct scheduled training sessions on a variety of topics, and will also conduct training on specific topics as requested by an employer.

ATTACHMENT #10 - □□□A □□m□□an□e

It has been a pleasure to serve you. If you have any questions or require additional information or assistance, please feel free to contact us. If you know of any other employer who could benefit from our services, please refer them to SCATS or contact Ardyce Brundage at 702-486-9031 so she can contact them.

Sincerely,

Bob Harris
Consultation Supervisor

ATTACHMENT #10 - □□□A □□m□□an□e

B – Employer Report of Action Taken

Beacon Academy

Visit Number: 182414 Date of Survey: 1-23-2018

Item Number	001	Hazard Type	Serious	Standard	1910.37(b)(5)
Instance	A B	Correction Due Date	3-1-2018 3-1-2018	Date Corrected	A: 1/25/2018 B: 1/25/2018

Describe Corrective Action Taken

Instance A: Non-exit door in Classroom 103 marked with "Not an Exit" signs on both sides of door so that students and/or employees do not mistake the door for an exit.

Instance B: Non-exit doors located in 2nd Floor Board Room, leading to both Classroom 201 and the Teacher's Offices marked with "Not an Exit" signs on both sides of doors so that students and/or employees do not mistake the doors for exits.

Action Taken to Prevent Recurrence

Currently, all doorways or passages that are not exits have been marked with "Not an Exit" signs. Any future construction or remodeling of school property will be reviewed by the Governing Body and Emergency Manager pursuant to NRS 388.229-388.261; should said remodeling create additional doorways or passages that do not lead to exits, those doorways and passages will be marked as "Not an Exit".

Item Number	002	Hazard Type	Serious	Standard	1910.133(a)(1)
Instance	A	Correction Due Date	3-1-2018	Date Corrected	2-13-2018

Describe Corrective Action Taken

School janitorial services are contracted out. All supplies are locked and stored in the janitorial closet. Safety goggles were not readily available on the cleaning cart. Accordingly, chemical safety glasses with side protection have been purchased and made available to the janitorial services company.

Action Taken to Prevent Recurrence

Routine monthly facility inspections currently include a check of the janitorial closet. Going forward, a check will be made to ensure that the chemical safety goggles remain on the cleaning cart.

ATTACHMENT #10 - □□□A □□m□□an□e

Item Number	003	Hazard Type	Serious	Standard	1910.303(b)(2)
Instance	A	Correction Due Date	3-1-2018	Date Corrected	A: 2/13/2018
	B		3-1-2018		B: 2/2/2018
	C		3-1-2018		C: 2/15/2018

Describe Corrective Action Taken

Instance A: In Classroom 102, a power strip/surge protector was permanently affixed to a large table with zip ties. The zip-ties have been cut and the power strip is no longer permanently affixed to the table.

Instance B: In Classroom 103, a power strip/surge protector was daisy-chained (plugged into) an extension cord; the extension cord was plugged into the wall receptacle. The extension cord was removed and the computer monitors were moved to an area of the room where the power strip could be plugged directly into a permanent wall receptacle.

Instance C: In the IT Room (Tech Office), two extension cords were daisy-chained to a power strip. Both extension cords have been removed.

Action Taken to Prevent Recurrence

One-on-one electrical safety training was conducted with personnel regarding the hazards associated with permanently affixing power strips/surge protectors to tables, in addition to the hazards associated with piggy-backing power strips/ surge protectors and extension cords. Electrical safety will continue to be a part of BANV safety training programs.

Item Number	004	Hazard Type	Serious	Standard	1910.305(b)(2)(i)
Instance	A	Correction Due Date	3-1-2018	Date Corrected	1/30/2018

Describe Corrective Action Taken

A live electrical outlet on the wall was missing a cover plate in the fire sprinkler room. A qualified electrician was called out to affix a cover plate over the outlet box.

Action Taken to Prevent Recurrence

Monthly facility inspections are conducted of the property, to include electrical safety. It has been noted to include the Fire Sprinkler Room to the monthly facility inspection checklist. (We had not routinely inspected this room since the fire sprinkler system is inspected quarterly by a contracted service provider.)

ATTACHMENT #10 - □□□A □□m□□an□e

Item Number	005	Hazard Type	Serious	Standard	1910.305(g)(1)(iv)
Instance	A	Correction Due Date	3-1-2018	Date Corrected	A: 2/2/2018
	B		3-1-2018		B: 2/9/2018
	C		3-1-2018		C: 2/15/2018

Describe Corrective Action Taken

Instance A: In Classroom 103, an extension cord was being used as a substitute for fixed wiring. The extension cord was removed from use.

Instance B: In a social worker's office, an extension cord was being used as a substitute for fixed wiring. The extension cord was removed and replaced with a surge protector.

Instance C: In IT Room (Tech Office) two extension cords were being used as a substitute for fixed wiring. Both extension cords have been removed from use.

Action Taken to Prevent Recurrence

One-on-one electrical safety training was conducted with personnel regarding the hazards of using extension cords as a substitute for fixed wiring. Electrical safety will continue to be a part ofBANV safety training programs.

STATE OF NEVADA

BRIAN SANDOVAL
Governor

C.J.MANTHE
Director

JOSEPH (JD) DECKER
Administrator

TODD R. SCHULTZ CSP, CSHM, CPM
Chief Administrative Officer

DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INDUSTRIAL RELATIONS
SAFETY CONSULTATION AND TRAINING SECTION

February 1, 2018

Ms. Tambre Tondryk
Executive Director of Operations
Beacon Academy of Nevada
7360 West Flamingo Road
Las Vegas, NV 89147

Dear Ms. Tondryk:

In response to your request, Safety Specialist Ardyce Brundage conducted a full service safety survey of your facility on January 23, 2018.

The enclosed report includes a summary of the visit, identifies the hazards and non-compliances found during the visit, and presents recommendations for correcting the identified hazards and for preventing their recurrence. The report also includes a discussion concerning management practices that are considered to be an essential ingredient in the effective implementation of an ongoing, systematic hazard prevention program, as required pursuant to Nevada Revised Statute (NRS) 618.383.

Accompanying this report is a List of Hazards which itemizes all of the serious hazards found during this visit. Included on this list is a description of the hazard and the date by which we mutually determined that the hazard would be corrected. This list must be posted, unedited, in a prominent location where it is readily observable by all employees for three working days, or until the hazard(s) are corrected, whichever is later. We encourage you to keep your employees informed of all hazards found during the survey and all of the corrective actions that you take. This knowledge will help them to do their part in maintaining a safe and healthful workplace, and it will let them know of your concern for their safety. Should you need, and we approve, an extension to the correction due date(s), a new List of Hazards will be sent to you showing the extended date(s).

During the time that you are working on correcting these hazards, Nevada Occupational Safety and Health Administration may not conduct a scheduled inspection at your work site, providing that you are within the correction due dates, interim protection is in place, and the List of Hazards is posted. Should these conditions not be met, a compliance inspection may be conducted.

ATTACHMENT #10 - □□□A □□m□□an□e

The hazards found during the survey of your workplace are identified in Attachment A - Report of Hazards Found. Each hazard is categorized and described and recommendations are given for its correction. Hazards are in order of item number, not necessarily in order of importance.

Hazards could be in any of the following categories:

IMMINENT DANGERS are hazards that can reasonably be expected to cause death or serious physical harm immediately or before this written report is received. Any such hazards would have been corrected immediately.

SERIOUS HAZARDS can cause an accident or health hazard exposure resulting in death or serious physical harm. Each such hazard has been assigned a mutually agreed-upon date by which correction is to be completed.

OTHER-THAN-SERIOUS HAZARDS lack the potential for causing serious physical harm, but could have a direct impact on employee safety and health. No correction dates have been set, but we highly encourage you to correct these hazards and to notify us of the action taken.

REGULATORY HAZARDS reflect violations of the Nevada Revised Statutes 618 and Nevada Administrative Code 618. No correction dates have been set, but we highly encourage you to correct these hazards and to notify us of the action taken.

Those hazards that were identified and classified as serious show a projected schedule for correction. Also included with this visit report is Attachment B - Employer Report of Action Taken, a form to record the actions you are taking to correct the identified hazards. You must notify us in writing when the serious hazards are corrected. **Please complete Attachment B and return it to our office before the scheduled correction date of March 1, 2018.**

As you were informed during the visit, we are required to notify Nevada OSHA if serious hazards are not corrected by the agreed-upon corrective action date. Extensions to the corrective action dates may be granted if you encounter difficulties completing correction within the established time frames. However, we must receive your written request for an extension before the correction due date. Extension requests must be accompanied by a copy of Appendix B of this report annotated to show the actions taken for each of the hazards identified during the visit. Incomplete extension requests will not be approved. The extension request must include the following information:

- An explanation of why the request is necessary.
- A list of the hazards for which corrective actions are not complete and that will require an extension.
- An explanation of the interim actions that the employer has taken to minimize the hazard potential while awaiting final corrective action completion.
- The date when corrective actions are expected to be complete.

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Although we are not required to notify Nevada OSHA if other-than-serious or regulatory hazards are not corrected, these hazards could result in injury to your employees. Moreover, your company could be subject to a citation for these hazards if they were found during a Nevada OSHA enforcement inspection.

In the event of a Nevada OSHA inspection, it is important to remember that the compliance officer is not legally bound by the consultant's advice or by the consultant's failure to point out a specific hazard. You may, but are not required to, furnish a copy of this report to the compliance officer, who may use it to determine your good faith efforts toward safety and health and reduce any proposed penalties. You are, however, required by 29 CFR 1910.1020 to furnish any employee exposure data from this report.

Thank you for accepting our assistance. Contact Safety Specialist Ardyce Brundage at 702-486-9031 for any additional information concerning closure of the report or for any further assistance with your programs.

Sincerely,

Bob Harris
Consultation Supervisor

Enclosures (5)
Consultation Visit Report # 182414
Report of Hazards Found
Employer Report of Action Taken
List of Hazards
Photos

CONSULTATION REPORT

for

Beacon Academy of Nevada
7360 West Flamingo Road
Las Vegas, NV 89147

Submitted By:

STATE OF NEVADA

DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INDUSTRIAL RELATIONS
SAFETY CONSULTATION AND TRAINING SECTION
1301 N. Green Valley Parkway, Suite 200
Henderson, Nevada 89074
(702) 486-9140 Fax: (702) 990-0362

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Executive Summary

A full service safety survey of Beacon Academy of Nevada revealed 10 non-compliances with regulatory criteria. The deficiencies included identifying electrical hazards, means of egress, and personal protective equipment. The employer agreed to expend the necessary resources to correct the identified deficiencies. Beacon Academy is classified as a partially exempt industry, and therefore is not required to maintain Osha Logs. The national average for your industry in 2016 is listed as; the Days Away, Restricted, and Transferred (DART) rate of 1.2 and Total Recordable Cases (TRC) of 3.0 for your industry group.

Summary of the Visit

Introduction: This report provides the results of a full service safety survey. When referring to this report, please reference the visit report number 182414.

The survey was requested by Ms. Tambre Tondryk, Executive Director of Operations for Beacon Academy of Nevada.

Beacon Academy of Nevada is an alternative blended online high school in Las Vegas. It is located at 7360 W. Flamingo Road, Las Vegas, Nevada. Beacon Academy of Nevada currently employs a staff of 34 full time nonunion employees working an eight hour work shift 5 days a week.

Opening Conference: On January 23, 2018, Safety Specialist Ardyce Brundage held an opening conference with Ms. Tondryk, and Ms. Mary Kay Bellinger, Administrative Assistant at Beacon Academy. At this time, safety consultation procedures and the employer's rights and responsibilities as prescribed by 29 CFR 1908 were explained in detail. The employer made a commitment to correct any non-compliance hazards discovered during the survey.

The employer agreed that the scope of the survey would encompass the entire facility and a review of all applicable safety and health program documents and records.

Facility Survey: A facility survey was conducted on January 16, 2018. Ms. Tondryk and Ms. Bellinger accompanied and assisted the safety specialist during the survey. The survey consisted of a walk-through of the educational facility, administrative offices, classrooms, electrical room, janitor's room and employee break room.

During the course of the survey, 10 non-compliances with regulatory criteria (categorized as 10 serious) were discovered. The deficiencies included electrical hazards, means of egress concerns, and making personal protective equipment available for employees to use. The consultant discussed the identified hazards at the end of the safety walk through with the employer.

Three employees were interviewed as a sample to ascertain the safety and health awareness of the employees collectively. Based on these interviews, it was determined that safety training is being conducted.

Informal training was conducted on electrical hazard identification, means of egress, and personal protective equipment.

All identified hazards and recommended corrective actions can be viewed in Attachment A – Report of Hazards Found.

Injury/Illness Rates: Beacon Academy is classified as a partially exempt industry, and therefore is not required to maintain OSHA Logs. The national average for your industry in 2016 is listed as; the Days Away, Restricted, and Transferred (DART) rate of 1.2 and Total Recordable Cases (TRC) of 3.0 for your industry group. All employers, including those partially exempt by reason of company size or industry classification, must report to OSHA any workplace incident that results in a fatality or the hospitalization of one or more employees. Also, Safety Consultation and Training Section (SCATS) offer periodic recordkeeping training classes at our office in Henderson.

Your company has a NAICS code of 611110, and is not required to electronically submit your OSHA logs for 2017.

For additional information on OSHA's recordkeeping requirements, the following link to OSHA's website may be helpful: http//www.osha.gov/recordkeeping /index.html.

Recordkeeping Update: Effective Oct 1, 2017, NRS 618.378(2) states:

Any accident or motor vehicle crash occurring in the course of employment which results in the inpatient hospitalization of one or more employees, the amputation of a part of an employee's body or an employee's loss of an eye must be reported by the employer orally to the nearest office of the Division within 24 hours after the time that the accident or crash is reported to any agent or employee of the employer.

Incentive Programs: Beacon Academy does not have an incentive program that discourages an employee from reporting a safety or health hazard, an injury or an illness.

Employees may be drug tested if it is reasonable to assume that drugs or alcohol may have been a factor in an accident or injury, or property damage.

As part of the Beacon Academy policy, any employee who reports a hazard or an injury is not retaliated against.

Safety and Health Program Management: Nevada safety and health regulations require that Beacon Academy implement the following written programs:

Written Workplace Safety Program.
Hazard Communication Program.
Bloodborne Pathogen Exposure Control Plan Program.
Emergency Action Plan/Fire Prevention Plan/Crisis Response Plan

A written workplace safety program has been developed and implemented which does meet Nevada's standards. A written workplace safety program has been found to provide essential continuity and to significantly improve the employer's ability to effectively manage their safety program.

A hazard communication program has been developed, implemented and provided to employees with the employee orientation booklet. However, during the closing conference it was stated a new employee orientation booklet will be written. You need to retrain employees on how they should label secondary containers per the OSHA standard 29 CFR 1910.1200.

The bloodborne pathogen exposure control plan has been developed and it did meet 29 CFR 1910.1030 requirements.

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An Emergency Action Plan/Fire Prevention Plan. It has been developed and implemented. When you hire new employees train your employees on this plan.

Safety and health program management efforts at Beacon Academy seem efficient in the areas that were reviewed. Many of the identified hazards could be discovered during routine inspections or through surveillance activities. Employees should be actively involved in the safety and health program. They can be involved in the inspection process, training processes, and in safety meetings. I suggest that you add the hazards identified during this survey to your inspection checklist to prevent them from occurring again. By developing a safety culture you will encourage employee involvement in the structure and operation of the safety program.

Other Services: During the survey, the employer was informed that Safety Consultation and Training Section (SCATS) provides a variety of services such as regularly scheduled formal safety and health regulatory awareness training classes for employers and employees. In addition, SCATS offers a lending library of video tapes and DVD's covering a variety of safety and health topics, copies of safety and health regulatory documents, etc. Telephone assistance is also available as needed.

Copies of various handout materials were provided to the employer during the survey:

Nevada OSHA Poster
Nevada Workplace Safety Rights and Responsibilities CD
Nevada Workplace Safety Rights and Responsibilities Pamphlets
Safety and Health Video Lending Library Index
Safety Consultation and Training Section Information Packet
Safety Training Program Descriptions
Safety Training Program Quarterly Schedule
OSHA 29 CFR 1910 Regulations for General Industry
Nevada Occupational Safety And Health Act

Based on the deficiencies noted during the survey, your safety program would benefit from having selected employees attend the following SCATS formal training classes. These training classes are held at the SCATS office. Please call our office to make a reservation and to obtain specific time and location information.

Class Title	Next Scheduled Date(s)	Who Should Attend
Identifying & Controlling Electrical Hazards	3-27-2018	Designated safety person
Personal Protective Equipment	2-14-2018	Designated safety person

Additional current safety and training information can be found at *www.4safenv.state.nv.us*

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Closing Conference: On January 29, 2018, Safety Specialist Ardyce Brundage held a closing conference with Ms. Tondryk and Ms. Bellinger. At this time, all identified occupational hazards were reviewed and discussed. Abatement dates for all serious hazards were established. The employer filled out a customer service survey.

I informed Ms. Tondryk that I would be available for any needed assistance in the event that Beacon Academy would seek safety consultation services in the future.

Ardyce Brundage, CSP, CSHM
Safety and Health Specialist

Attachments:

A – Report of Hazards Found
B – Employer Report of Action Taken
C - Photos

Attachments

A - Report of Hazards Found
Beacon Academy

Item Number	001	Instance	A	Correction Due Date	3-1-2018
Hazards Type	Serious		B		3-1-2018

Condition: Each doorway or passage along an exit access that could be mistaken for an exit must be:

- Marked "Not an Exit" or similar designation, or
- Identified by a sign indicating its actual use (e.g., closet).

Instance A: (Classroom #103) Non-exit door is missing sign which states "This is not an exit."

Instance B: (2nd Floor Board room and room #201) Non-exit door is missing sign which states "This is not an exit."

Potential Effects: Inadequate exit routing or safeguards that don't work could lead to workers being trapped by fire. Hazards of smoke inhalation, toxic fume exposure, burns, or death.

Standard: 29 CFR 1910.37(b)(5)

Recommended Action: Mark such doors to closets or other rooms that workers could mistake for an exit and trap them in the event of an emergency.

Item Number	002	Instance	A	Correction Due Date	3-1-2018
Hazards Type	Serious				

Condition: The employer shall ensure that each affected employee uses appropriate eye or face protection when exposed to eye or face hazards from flying particles, liquid chemicals, caustic liquids, molten metal or acids.

Instance A: (Janitor's room) Goggles/safety glasses were not available for employees to use when there is a reasonable probability of chemical splashes of the corrosive chemical Neutral Disinfectant.

Potential Effects: Blindness from splashes and burns to skin.

Standard: 29 CFR 1910.133(a)(1)

Recommended Action: Provide and require the use of safety glasses with side protection against chemical splash eye hazards. Wearing this protection should be a condition of employment.

You may want to consult the latest industry standard on this subject, American National Standards Institute (ANSI) Z87.1-89, "Practice for Occupational and Educational Eye and Face Protection," available from the American Society of Safety Engineers, 1800 E. Oakton Street, Des Plaines, IL 60018-2187.

Item Number	003	Instance	A	Correction Due Date	3-1-2018
Hazards Type	Serious		B		3-1-2018
			C		3-1-2018

Condition: Listed or labeled electrical equipment was not used or installed in accordance with instructions included in the listing or labeling.

Instance A: (Classroom #102) A Power strip was permanently attached to a large table with zip ties.

Instance B: (Classroom #103) A power strip was daisy-chained (plugged into) to an extension cord.

Instance C: (IT room) Two extension cords were daisy-chained to a power strip.

Potential Effects: Electric shock, electrocution, burns and smoke-related injuries, from fire due to electrical overload.

Standard: 29 CFR 1910.303(b)(2)

Recommended Action: If extra receptacles are needed contact a qualified electrician to install the electrical outlets.

Item Number	004	Instance	A	Correction Due Date	3-1-2018
Hazards Type	Serious				

Condition: All pull boxes, junction boxes, and fittings must meet the following requirements:

- Pull boxes, junction boxes, and fittings must be provided with covers identified for the purpose.
    - If metal covers are used, they must be grounded.
- In completed installations, each outlet box must have a cover, faceplate, or fixture canopy.
- Covers of outlet boxes having holes through which flexible cord pendants pass must be provided with:
    - Bushings designed for the purpose, or
    - Have smooth, well-rounded surfaces on which the cords may bear.

Instance A: (Fire Sprinkler room) A live electrical outlet on the wall was missing a cover plate.

Potential Effects: Electrical burns, fires, smoke inhalation, or death from electrocution.

Standard: 29 CFR 1910.305(b)(2)(i)

Recommended Action: Make sure all pull boxes, junction boxes, and fittings are in accordance with the requirements above. Use a qualified electrician to do electrical work.

Item Number	005	Instance	A	Correction Due Date	**3-1-2018**
Hazards Type	Serious		B		**3-1-2018**
			C		**3-1-2018**

Condition: Unless specifically permitted otherwise in paragraph (g)(1)(ii) of this section, flexible cords and cables must not be used:

A) As a substitute for the fixed wiring of a structure;
B) Where run through holes in walls, ceilings, or floors;
C) Where run through doorways, windows, or similar openings;
D) Where attached to building surfaces;
E) Where concealed behind building walls, ceilings, or floors; or
F) Where installed in raceways, except as otherwise permitted in this subpart.

Instance A: (Classroom #103) An extension cord being used as a substitute for fixed wiring.

Instance B: (Social Worker office) An extension cord being used as a substitute for fixed wiring.

Instance C: (Tech room) Two extension cords were being used as a substitute for fixed wiring.

Potential Effects: Electrical burns, fires, smoke inhalation, or death from electrocution.

Standard: 29 CFR 1910.305(g)(1)(iv)

Recommended Action: Don't use flexible cords or cables for any of the purposes listed above. They are subject to damage, which could cause the electrical continuity to be compromised. There are fire hazards as well.

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B – Employer Report of Action Taken

Beacon Academy

Visit Number: 182414 Date of Survey: 1-23-2018

Item Number	001	Hazard Type	Serious	Standard	1910.37(b)(5)
Instance	A B	Correction Due Date	3-1-2018 3-1-2018	Date Corrected	
Describe Corrective Action Taken					
Action Taken to Prevent Recurrence					

Item Number	002	Hazard Type	Serious	Standard	1910.133(a)(1)
Instance	A	Correction Due Date	3-1-2018	Date Corrected	
Describe Corrective Action Taken					
Action Taken to Prevent Recurrence					

ATTACHMENT #10 - □□□A □□m□□an□e

Item Number	003	Hazard Type	Serious	Standard	1910.303(b)(2)
Instance	A B C	Correction Due Date	3-1-2018 3-1-2018 3-1-2018	Date Corrected	
Describe Corrective Action Taken					
Action Taken to Prevent Recurrence					

Item Number	004	Hazard Type	Serious	Standard	1910.305(b)(2)(i)
Instance	A	Correction Due Date	3-1-2018	Date Corrected	
Describe Corrective Action Taken					
Action Taken to Prevent Recurrence					

ATTACHMENT #10 - □□□A □□m□□an□e

Item Number	005	Hazard Type	Serious	Standard	1910.305(g)(1)(iv)
Instance	A B C	Correction Due Date	3-1-2018 3-1-2018 3-1-2018	Date Corrected	
Describe Corrective Action Taken					
Action Taken to Prevent Recurrence					

ATTACHMENT #10 - □□□A □□m□□an□e

B – Employer Report of Action Taken

Beacon Academy

Visit Number: 182414 Date of Survey: 1-23-2018

Item Number	001	Hazard Type	Serious	Standard	1910.37(b)(5)
Instance	A B	Correction Due Date	3-1-2018 3-1-2018	Date Corrected	
Describe Corrective Action Taken					
Action Taken to Prevent Recurrence					

Item Number	002	Hazard Type	Serious	Standard	1910.133(a)(1)
Instance	A	Correction Due Date	3-1-2018	Date Corrected	
Describe Corrective Action Taken					
Action Taken to Prevent Recurrence					

ATTACHMENT #10 - □□□A □□m□□an□e

Item Number	003	Hazard Type	Serious	Standard	1910.303(b)(2)
Instance	A B C	Correction Due Date	3-1-2018 3-1-2018 3-1-2018	Date Corrected	
Describe Corrective Action Taken					
Action Taken to Prevent Recurrence					

Item Number	004	Hazard Type	Serious	Standard	1910.305(b)(2)(i)
Instance	A	Correction Due Date	3-1-2018	Date Corrected	
Describe Corrective Action Taken					
Action Taken to Prevent Recurrence					

.ATTACHMENT #10 - □□□A □□m□□an□e

Item Number	005	Hazard Type	Serious	Standard	1910.305(g)(1)(iv)
Instance	A B C	Correction Due Date	3-1-2018 3-1-2018 3-1-2018	Date Corrected	
Describe Corrective Action Taken					
Action Taken to Prevent Recurrence					

ATTACHMENT #10 - □□□A □□m□□an□e

LIST OF HAZARDS

This List of Hazards must be posted, unedited, in a prominent place where it is readily observable by all affected employees for three (3) days, or until the hazards are corrected, whichever is later.

VISIT NUMBER: 182414
VISIT DATE(S): 01/23/2018

Beacon Academy of Nevada
7360 West Flamingo Road
LAS VEGAS , NV 89147

This is a notification of all hazards identified during the consultation visit. This notification is **not** a citation. Beacon Academy of Nevada is a voluntary participant in the consultation program and has agreed to correct the hazards on this list within the correction due dates(s) specified. Beacon Academy of Nevada has also agreed to make information on other-than-serious hazards as well as corrective action proposed by the consultant available to employees upon request.

Item	1A	**Hazard Type**	Serious	**# of Instances**	1
Standard	1910.37(b)(5)				
Correction Due Date	03/01/2018				
Extended Correction Due Date					
Hazard Corrected Date					
Condition	(Classroom #103) Non-exit door is missing sign which states "This is not an exit."				
Description	Each doorway or passage along an exit access that could be mistaken for and exit must be marked "Not an Exit" or similar designation, or be identified by a sign indicating it's actual use.				

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Item	1B	Hazard Type	Serious	# of Instances	1
Standard	1910.37(b)(5)				
Correction Due Date	03/01/2018				
Extended Correction Due Date					
Hazard Corrected Date					
Condition	(2nd Floor Board room and room #201) Non-exit door is missing sign which states "This is not an exit."				
Description	Each doorway or passage along an exit access that could be mistaken for and exit must be marked "Not an Exit" or similar designation, or be identified by a sign indicating it's actual use.				

Item	2A	Hazard Type	Serious	# of Instances	1
Standard	1910.133(a)(1)				
Correction Due Date	03/01/2018				
Extended Correction Due Date					
Hazard Corrected Date					
Condition	(Janitor's room) Goggles/safety glasses were not available for employees to use when there is a reasonable probability of chemical splashes of the corrosive chemical Neutral Disinfectant.				
Description	The employer shall ensure that each affected employee uses appropriate eye or face protection when exposed to eye or face hazards from flying particles, liquid chemicals, caustic liquids, molten metal or acids.				

Item	3A	Hazard Type	Serious	# of Instances	1
Standard	1910.303(b)(2)				
Correction Due Date	03/01/2018				
Extended Correction Due Date					
Hazard Corrected Date					
Condition	(Classroom #102) A Power strip was permanently attached to a large table with zip ties.				
Description	Listed or labeled equipment shall be installed and used in accordance with any instructions included in the listing or labeling.				

Item	3B	Hazard Type	Serious	# of Instances	1
Standard	1910.303(b)(2)				
Correction Due Date	03/01/2018				
Extended Correction Due Date					
Hazard Corrected Date					
Condition	(Classroom #103) A power strip was daisy-chained (plugged into) to an extension cord.				
Description	Listed or labeled equipment shall be installed and used in accordance with any instructions included in the listing or labeling.				

Item	3C	Hazard Type	Serious	# of Instances	1
Standard	1910.303(b)(2)				
Correction Due Date	03/01/2018				
Extended Correction Due Date					
Hazard Corrected Date					
Condition	(IT room) Two extension cords were daisy-chained to a power strip.				
Description	Listed or labeled equipment shall be installed and used in accordance with any instructions included in the listing or labeling.				

Item	4A	Hazard Type	Serious	# of Instances	1
Standard	1910.305(b)(2)(i)				
Correction Due Date	03/01/2018				
Extended Correction Due Date					
Hazard Corrected Date					
Condition	(Fire Sprinkler room) A live electrical outlet on the wall was missing a cover plate.				
Description	All pull boxes, junction boxes, and fittings must meet the following requirements: - Pull boxes, junction boxes, and fittings must be provided with covers identified for the purpose. o If metal covers are used, they must be grounded. - In completed installations, each outlet box must have a cover, faceplate, or fixture canopy. - Covers of outlet boxes having holes through which flexible cord pendants pass must be provided with:				

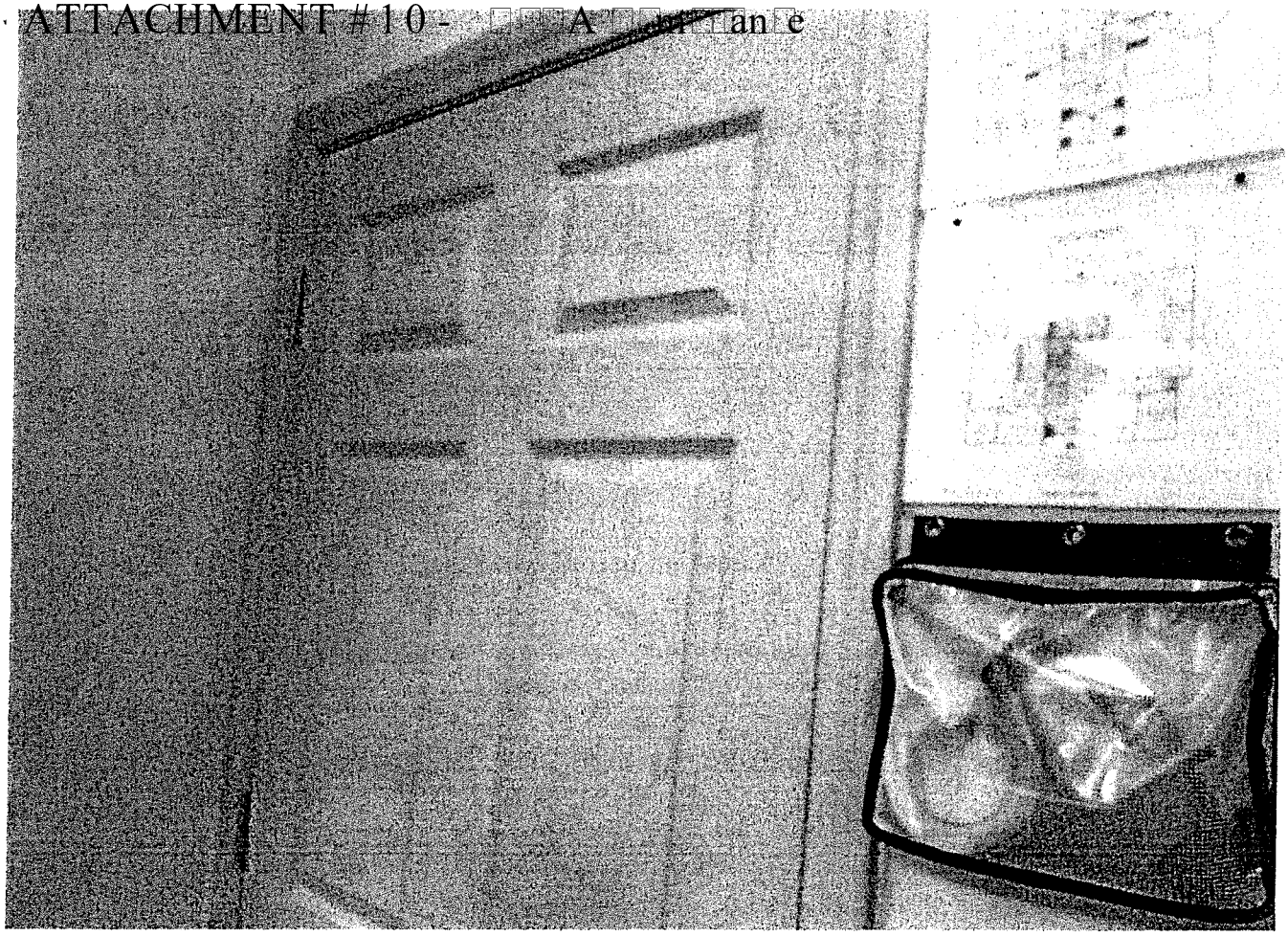
	o Bushings designed for the purpose, or o Have smooth, well-rounded surfaces on which the cords may bear.

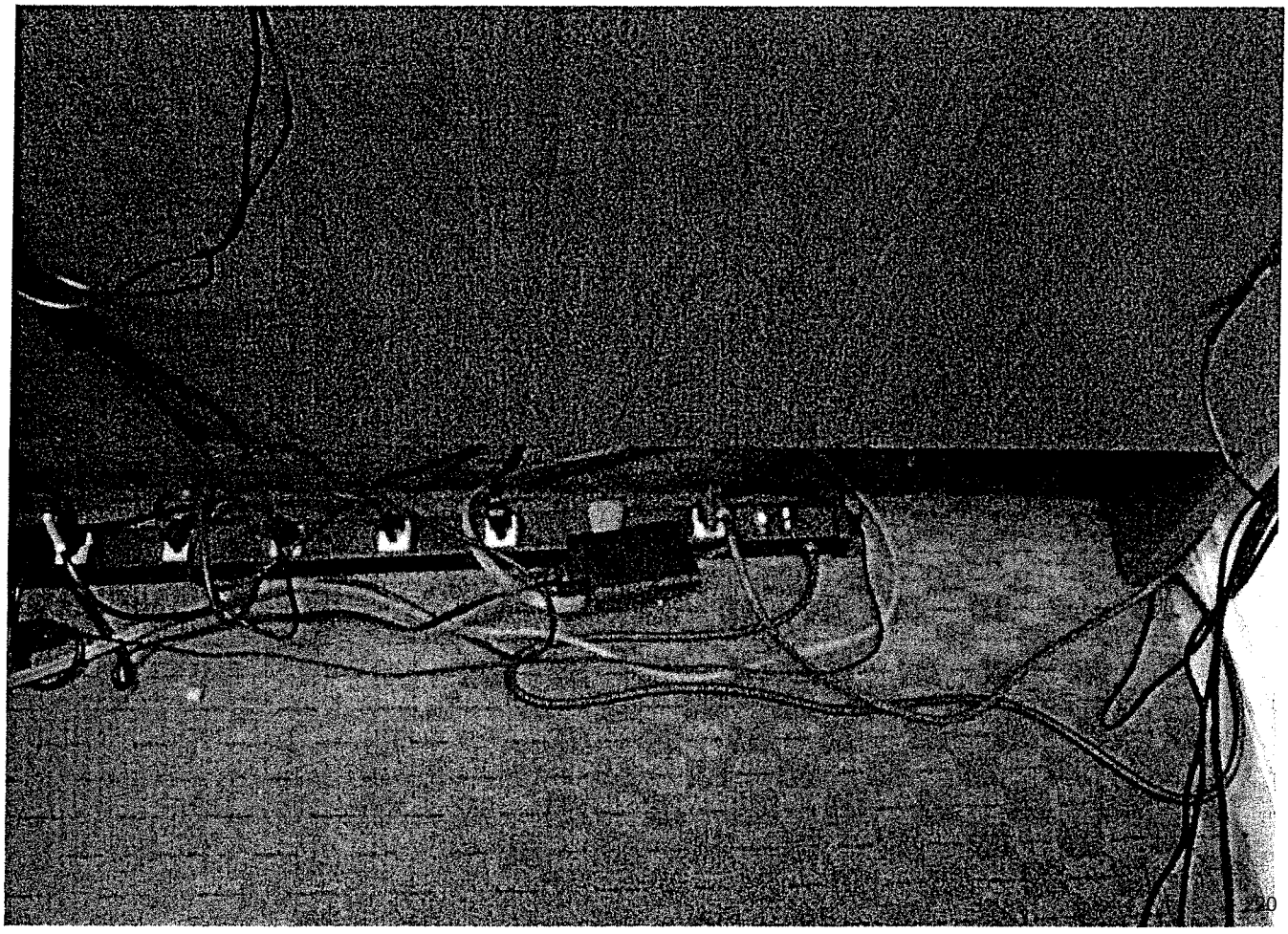
Item	5A	Hazard Type	Serious	# of Instances	1
Standard	1910.305(g)(1)(iv)				
Correction Due Date	03/01/2018				
Extended Correction Due Date					
Hazard Corrected Date					
Condition	(Classroom #103) An extension cord being used as a substitute for fixed wiring.				
Description	Unless specifically permitted otherwise in paragraph (g)(1)(ii) of this section, flexible cords and cables must not be used				

Item	5B	Hazard Type	Serious	# of Instances	1
Standard	1910.305(g)(1)(iv)				
Correction Due Date	03/01/2018				
Extended Correction Due Date					
Hazard Corrected Date					
Condition	(Social Worker office) An extension cord being used as a substitute for fixed wiring.				
Description	Unless specifically permitted otherwise in paragraph (g)(1)(ii) of this section, flexible cords and cables must not be used.				

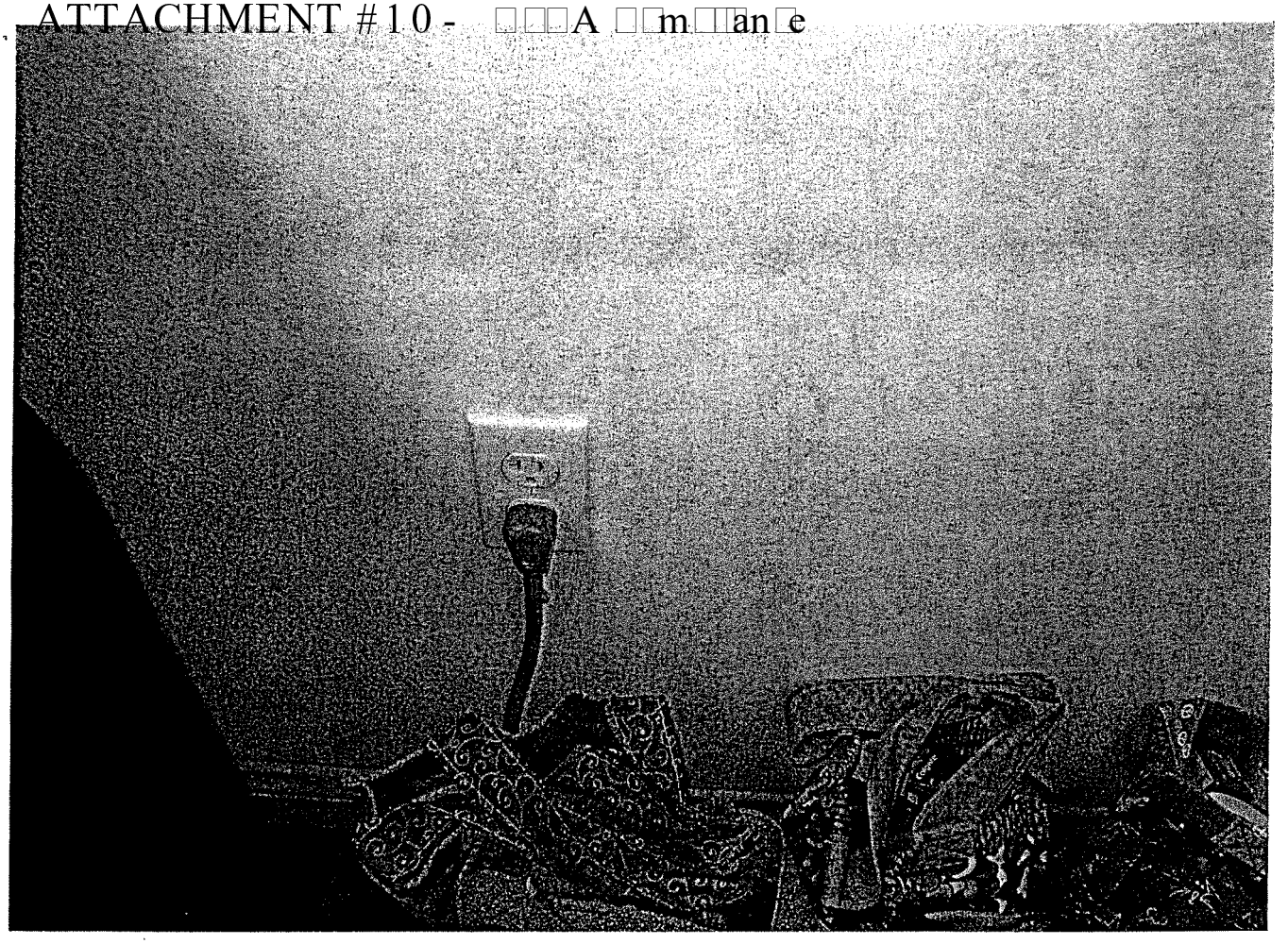
Item	5C	Hazard Type	Serious	# of Instances	1
Standard	1910.305(g)(1)(iv)				
Correction Due Date	03/01/2018				
Extended Correction Due Date					
Hazard Corrected Date					
Condition	(Tech room) Two extension cords were being used as a substitute for fixed wiring.				
Description	Unless specifically permitted otherwise in paragraph (g)(1)(ii) of this section, flexible cords and cables must not be used				

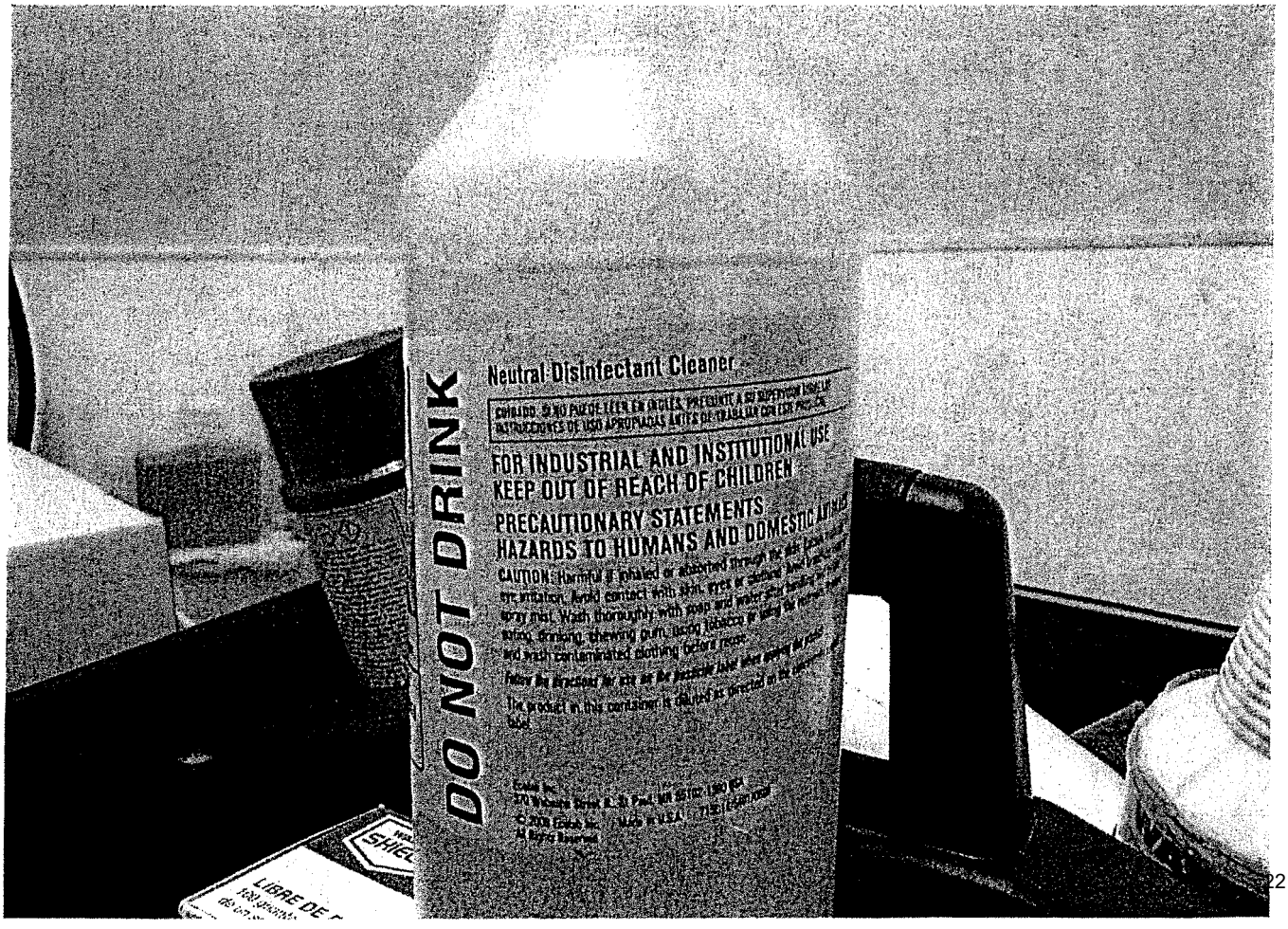
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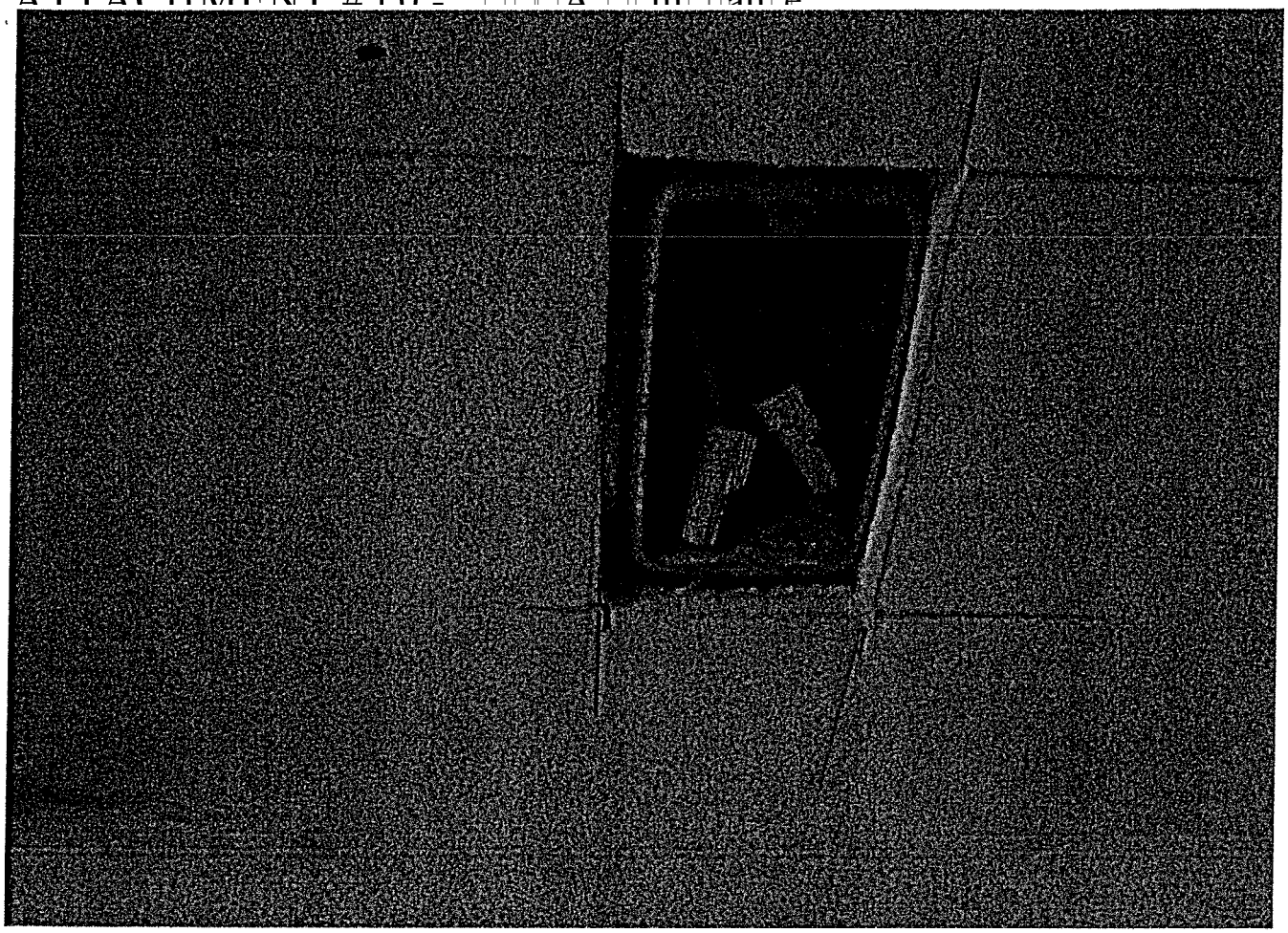


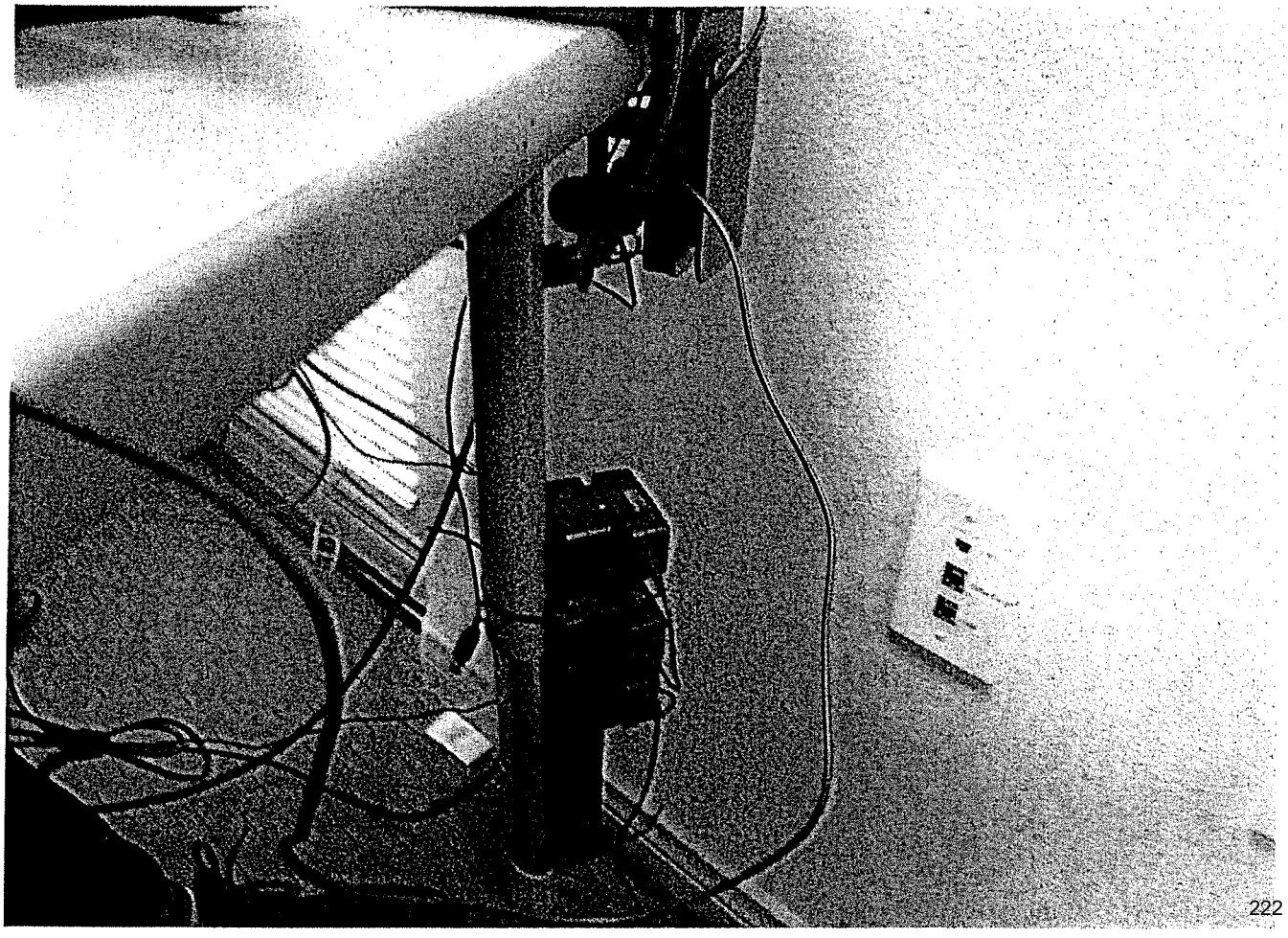
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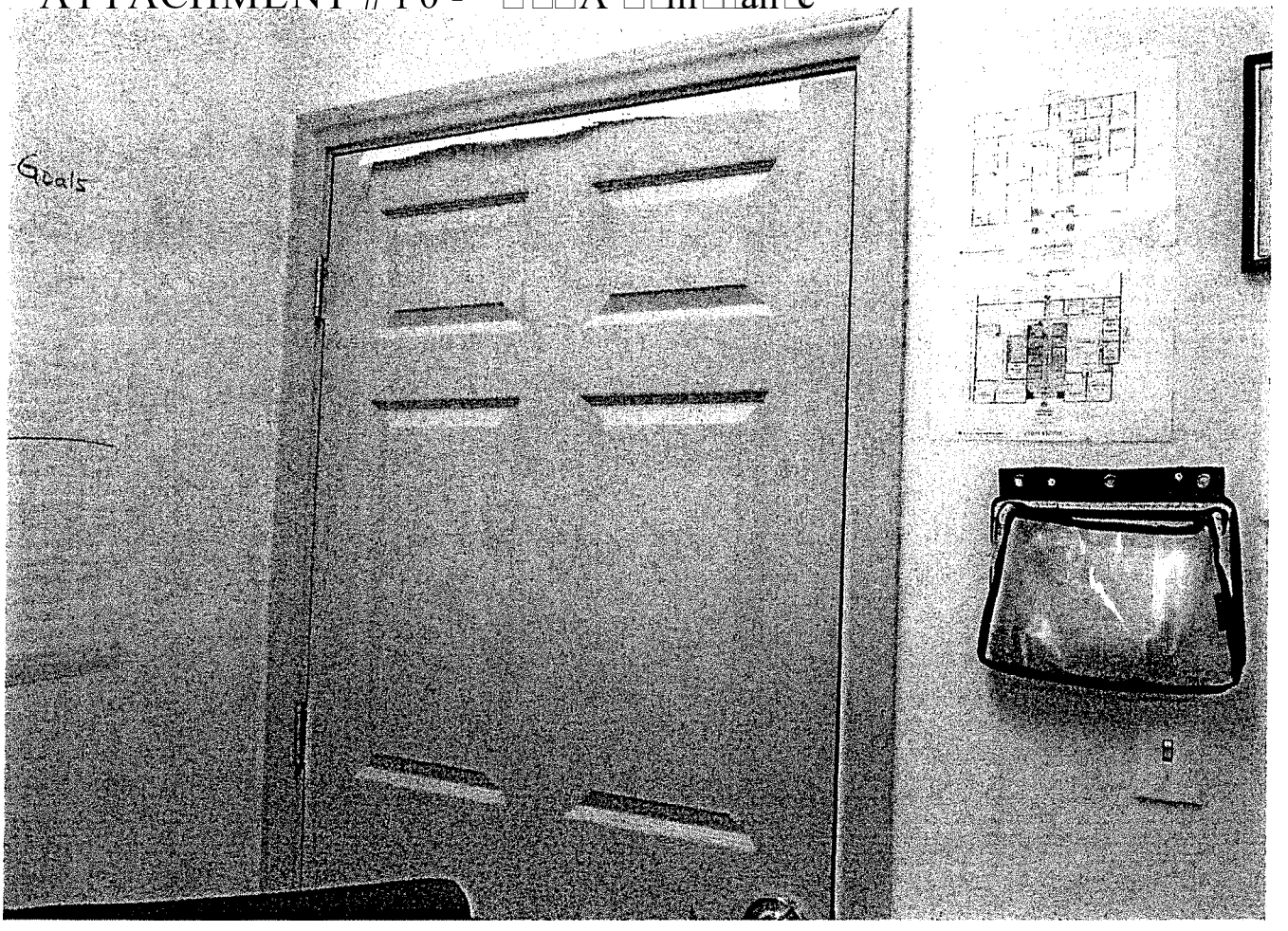


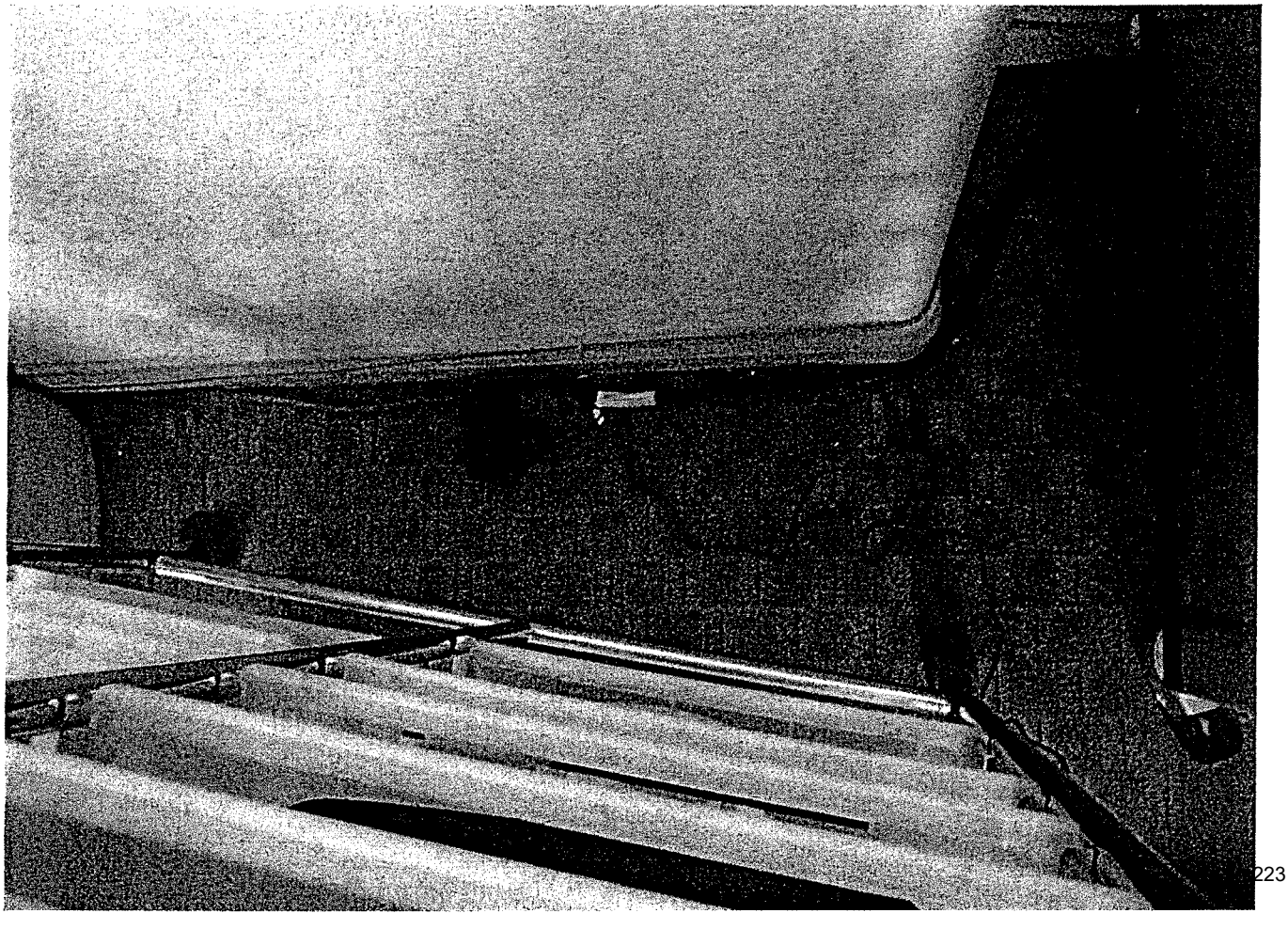
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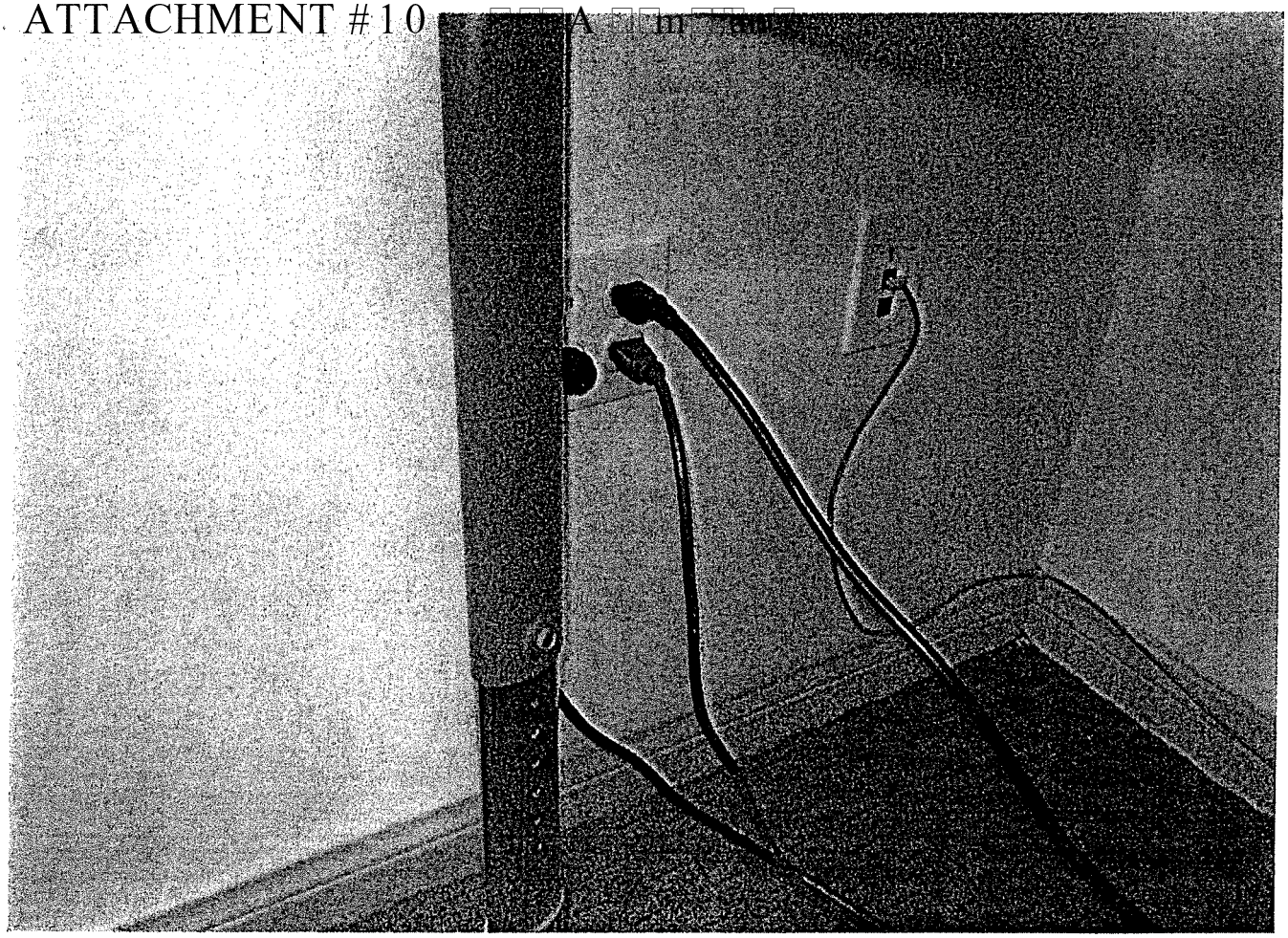


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ATTACHMENT #10



FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #11
Multiple Year Projection (MYP)
Budget Detail

ATTACHMENT #11 - MYP Budget Detail

Beacon Academy of Nevada
MYP Detail

	Description	Fund	Project	Revenue	Program	Function	Object	400.00 5/21/2019 FINAL FY1920	350.00 Forecast Reforecasted FY1920	385.00 Forecast w/Lease FY2021	385.00 Forecast w/Mortgage FY2021
1	DSA	100	201	3110				2,717,436.00	2,535,032.00	2,788,536.00	2,788,536.00
2	SPED Funds from DSA	250	205	3115				231,119.00	276,606.00	276,606.00	276,606.00
3	Computer Science Education SB200	240	252	3200				-	-	-	-
4	Social, Emotional & Academic Development (SEAD)	240	261	3200				-	1,685.00	-	-
5	New Nv Education Funding Plan SB178 (2017)	240	280	3200				153,600.00	138,000.00	130,000.00	130,000.00
6	English Mastery - ZOOM Schools (All Other Districts) (SB390)	240	289	3200				42,637.00	69,319.00	69,319.00	69,319.00
7	Teacher Reimbursement Grant	240	325	3200				-	2,494.00	2,000.00	2,000.00
8	CCR STEM	240	351	3200				-	69,800.00	69,800.00	69,800.00
9	CCR Work Based Learning Grant	240	353	3200				69,088.00	71,749.00	71,749.00	71,749.00
10	AB309 (2019) Block Grant	240	390	3200				-	13,411.00	10,000.00	10,000.00
11	**Revenue Limit**							**3,213,879.75**	**3,178,096.00**	**3,418,010.00**	**3,418,010.00**
12	Title I - School Improvement, 1003(a)	280	624	4500				216,290.00	284,434.00	284,434.00	284,434.00
13	Title I - IASA(ESEA) A Helping Disadvantaged Students Meet High S	280	633	4500				170,508.00	193,199.00	170,000.00	170,000.00
14	SPED- IDEA Part B	280	639	4500				88,956.00	81,839.00	80,439.00	80,439.00
15	Title III Part A - English LEP program (CFDA #84.365A)	280	658	4500				-	6,733.00	6,733.00	6,733.00
16	Title III Part B - Immigrant-English Language Acquisition (CFDA #84	280	659	4500				-	-	-	-
17	Education for Homeless Children and Youth (McKinney-Vento Act)	280	650	4500				-	44,508.00	-	-
18	Title II, Part A - Improving Teacher Quality - Teacher Quality (CFDA	280	709	4500				4,147.00	25,001.00	25,000.00	25,000.00
19	Title IV	280	715	4500				105,232.00	24,300.00	20,000.00	20,000.00
20	**Federal Revenue**							**585,132.39**	**660,014.00**	**586,606.00**	**586,606.00**
21	Interest Income	100	000	1510				-	-	-	-
22	Other Fees	100	000	1740				-	-	-	-
23	OTHER ACTIVITY FEES	100	000	1790				-	-	-	-
24	Other Revenue from Local Sources	100	000	1900				-	-	-	-
25	Rental Income	800	000	1910				-	-		145,667.00
26	GIFTS & DONATIONS FROM LOCAL COMMUNITY	260	000	1920				-	-	-	-
27	Textbook Sales & Rentals	100	000	1940				-	-	-	-
28	Book Deposit	100	000	1950				-	-	-	-
29	Refund of Prior Year Expenses	100	000	1980				-	-	-	-
30	Student Generated Funds	900	000	6000				-	-	-	-
31	**Local Revenue**							-	-	-	**145,667.00**
32	**Total Revenues**							**3,799,012.14**	**3,838,110.00**	**4,004,616.00**	**4,150,283.00**

Beacon Academy of Nevada
MYP Detail

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33	Salaries- Instruction						0101	794,224.00	714,277.00	784,604.00	784,604.00
34	Salaries- Teacher- Substitutes						0103	-	-	-	-
35	Salaries- Licensed Admin						0104	298,401.00	298,401.00	307,353.00	307,353.00
36	Salaries- Other Licensed Teachers						0106	385,110.00	264,807.00	273,857.00	273,857.00
37	**Certified**							1,477,734.49	1,277,485.00	1,365,814.00	1,365,814.00
38	Salaries- Para-Professional						0102	113,624.00	124,048.00	127,650.00	127,650.00
39	Salaries- Non-Licensed Admin						0105	61,000.00	61,000.00	62,830.00	62,830.00
40	Salaries- Classified/Support Staff						0107	383,219.00	349,012.00	390,045.00	390,045.00
41	**Classified**							557,842.68	534,060.00	580,525.00	580,525.00
42	**Total Salaries**							2035,577.16	1,811, 545.00	1946,339.00	1,946,339.00
43	Group Insurance						0210	154,001.00	242,007.00	256,312.00	256,312.00
44	FICA						0220	10,947.00	3,981.00	3,980.90	3,980.90
45	PERS						0230	443,288.00	420,679.00	445,798.70	445,798.70
46	Medicare						0240	29,516.00	26,270.00	28,221.92	28,221.92
47	Staff Tuition Reimbursement						0250	-	-	-	-
48	Unemployment						0260	10,178.00	9,022.00	9,731.70	9,731.70
49	Worker's Comp						0270	7,292.00	6,058.00	7,146.83	7,146.83
50	Health Benefits						0280	-	-	-	-
51	Other Benefits						0290	-	-	-	-
52	**Total Benefits**							655,22 1.08	708,01 7.00	751,192.05	751,192.05
53	**Total Personnel Expenses**							2,690,798.2 5	2,519 ,5 62.00	2,697,531.05	2,697,531.05
54	**Classroom (1000)**							-			
55	Professional Educational Services -Classroom	100	000		100	1000	0320	-	-	-	-
56	Other Technical Services -Classroom	100	000		100	1000	0352	-	-	-	-
57	Professional Educational Services -Summer School Classroom	100	000		140	1000	0320	-	-	-	-
58	**Support Services- Students (2100)**							-	-	-	-
59	Professional Educational Services -Student Services	100	000		100	2100	0320	-	-	-	-
60	Training and Development Provided by third party	100	000		100	2100	0330	-	-	-	-
61	Other Professional Services -Student Services	100	000		100	2100	0340	-	-	-	-
62	Tuition	100	000		100	2100	0560	-	-	-	-
63	Travel	100	000		100	2100	0580	-	-	-	-
64	**Support Services- Instructional (2200)**							-	-	-	-
65	Professional Educational Services -Instructional	100	000		100	2200	0320	-	-	-	-

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66	**Support Services- General Admin (2300)**							-	-	-	-
67	Legal Services	800	000		100	2319	0340				800.00
68	Other Specialized Services -Property Management	800	000		100	2319	0360	-	-		14,567.00
69	Sponsorship Fee 1.25%	100	201		100	2319	0591	40,762.00	31,688.00	34,857.00	34,857.00
70	**Support Services- School Administration (2400)**							-	-	-	-
71	Training and Development Provided by third party	100	000		100	2400	0330	-	-	-	-
72	Travel -School Admin	100	000		100	2400	0580	5,000.00	5,000.00	5,000.00	5,000.00
73	**Central Services (2500)**							-	-	-	-
74	Official/Administrative Services -Central Services	100	000		100	2500	0310	1,345.00	1,345.00	1,345.00	1,345.00
75	Purchased Finacial Services (CSMC)	100	000		100	2500	0340	92,335.00	108,500.00	108,500.00	108,500.00
76	Marketing Services- Website	100	000		100	2500	0345	5,600.00	5,600.00	5,600.00	5,600.00
77	Other Technical Services	100	000		100	2500	0352	18,508.00	18,508.00	18,508.00	18,508.00
78	Other Specialized Services -Payroll Services	100	000		100	2500	0360	11,016.00	11,016.00	11,016.00	11,016.00
79	Non-Technology-Related Repairs and Maintenance -Central Servic	100	000		100	2500	0430	12,842.00	12,842.00	12,842.00	12,842.00
80	Rental of Equipment -Central Services	100	000		100	2500	0442	22,400.00	22,400.00	22,400.00	22,400.00
81	Rentals of Computers and Related Equipment	100	000		100	2500	0443	-	-	-	-
82	Postage	100	000		100	2500	0531	5,000.00	5,000.00	5,000.00	5,000.00
83	Telephone - Land line	100	000		100	2500	0533	3,700.00	3,700.00	3,700.00	3,700.00
84	Data Communications - Internet	100	000		100	2500	0535	4,900.00	4,900.00	4,900.00	4,900.00
85	Advertising	100	000		100	2500	0540	2,200.00	2,200.00	4,400.00	4,400.00
86	Printing & Binding -Central Services	100	000		100	2500	0550	-	-	-	-
87	**Operation and Maintenance of Plant (2600)**							-	-	-	-
88	Utilities (Water/Sewer)	100	000		100	2600	0410	4,042.00	4,042.00	8,084.00	8,084.00
89	Utilities (Water/Sewer)	800	000		100	2600	0410	-	-		25,629.00
90	Waste Disposal Service	100	000		100	2600	0421	2,100.00	2,100.00	4,200.00	4,200.00
91	Janitorial	100	000		100	2600	0422	22,870.00	22,870.00	22,870.00	22,870.00
92	Non-Technology-Related Repairs and Maintenance -Building	100	000		100	2600	0430	8,835.00	8,835.00	17,670.00	17,670.00
93	Non-Technology-Related Repairs and Maintenance -Building	800	000		100	2600	0430	-	-		53,000.00
94	Technology-Related Repairs and Maintenance (hardware/ equip	100	000		100	2600	0432	10,000.00	10,000.00	10,000.00	10,000.00
95	Building Lease	100	000		100	2600	0441	219,228.00	219,228.00	327,228.00	108,000.00
96	Other Purchased Property Services	100	000		100	2600	0490	26,482.00	26,482.00	26,482.00	26,482.00
97	Insurance (Other than Employee) -Operations & Maintenance	100	000		100	2600	0520	38,808.00	38,808.00	47,808.00	47,808.00
98	Insurance (Other than Employee) -Operations & Maintenance	800	000		100	2600	0520	-	-		9,000.00

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99	**Transportation**							-	-	-	-
100	Transportation	100	000		100	2700	0510	50,000.00	50,000.00	75,000.00	75,000.00
101	**New Nv Education Funding Plan SB178 (2017)**							-	-	-	-
102	Professional Educational Services -SB178	240	280		420	1000	0320	69,800.00	-	-	-
103	**English Mastery - ZOOM Schools (All Other Districts) (SB390)**							-	-	-	-
104	Professional Educational Services -SB390	240	289		420	1000	0320	-	-	-	-
105	**CCR STEM**							-	-	-	-
106	Professional Educational Services -CCR STEM	240	351		420	1000	0320	-	69,800.00	69,800.00	69,800.00
107	**Special Education**							-	-	-	-
108	Professional Educational Services -SPED- Speech Pathology/Psycho	250	000		200	2100	0320	50,000.00	50,575.00	50,575.00	50,575.00
109	**Title I - School Improvement, 1003(a)**							-	-	-	-
110	Other Professional Services -Title I 1003(A)	280	624		100	1000	0330	89,700.00	140,800.00	140,800.00	140,800.00
111	Travel -School -Title II	280	624		100	2213	0580	-	4,200.00	4,200.00	4,200.00
112	**IASA(ESEA) Title I-A Helping Disadvantaged Students Meet High Standards/School Imprvmnt**							-	-	-	-
113	Professional Educational Services -Title I-A -Student Services	280	633		430	2100	0320	4,319.00	4,319.00	-	-
114	**SPED- IDEA Part B**							-	-	-	-
115	Professional Educational Services -SPED- Speech Pathology/Psycho	280	639		200	2100	0320	11,980.00	11,405.00	11,405.00	11,405.00
116	Travel -SPED IDEA Part B	280	639		200	2213	0580	-	905.00	-	-
117	**Title III Immigrant Grant**							-	-	-	-
118	Transportation -Title III Immigrant	280	659		420	2700	0510	-	-	-	-
119	**Education for Homeless Children and Youth (McKinney-Vento Act)**							-	-	-	-
120	Transportation -McKinney-Vento Act	280	650		430	2700	0510	-	21,260.00	-	-
121	**Title II**							-	-	-	-
122	Professional Educational Services -Title II	280	709		100	1000	0330	-	2,050.00	2,000.00	2,000.00
123	Employee Training and Development Services -Title II	280	709		100	2100	0330	-	-	-	-
124	Travel -School Admin -Title II	280	709		100	2300	0580	-	4,558.00	8,000.00	8,000.00
125	**Title IV**							-	-	-	-
126	Employee Training and Development Services -Title IV	280	715		100	1000	0320	6,600.00	-	-	-
127	Professional Educational Services -Title IV	280	715		100	1000	0330	1,867.00	-	-	-
128	Other Professional Services -Title IV	280	715		100	2100	0340	3,950.00	-	-	-
129	Transportation	280	715		100	2700	0510	8,000.00	-	-	-
130	Data Communications - Internet -Title IV	280	715		100	2500	0535	3,600.00	-	-	-

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131	Travel -Instructional -Title IV	280	715		100	2100	0580	-	-	-	-
132	**Total Purchased Services**							**866,289.00**	**924,936.00**	**1,064,190.00**	**947,958.00**
133	**Classroom (1000)**							-			
134	General Supplies -Classroom	100	000		100	1000	0610	30,000.00	30,000.00	30,000.00	30,000.00
135	Books & Periodicals -Classroom	100	000		100	1000	0640	1,079.68	1,080.00	1,080.00	1,080.00
136	Textbook & Curriculum -Classroom	100	000		100	1000	0641	-	-	-	-
137	Supplies-Technology-Software -Classroom	100	000		100	1000	0651	1,200.00	1,200.00	1,200.00	1,200.00
138	Supplies/Equip-Info Tech Related- Classroom	100	000		100	1000	0652	35,697.00	35,697.00	35,697.00	35,697.00
139	Web-Based Curriculum -Classroom	100	000		100	1000	0653	17,600.00	17,600.00	17,600.00	17,600.00
140	General Supplies -Classroom	100	000		910	1000	0610	-	-	-	-
141	**Support Services- Students (2100)**							-	-	-	-
142	General Supplies -Student Support Services	100	000		100	2100	0610	544.00	544.00	544.00	544.00
143	Supplies/Equip-Info Tech Related- Students	100	000		100	2100	0652	978.00	978.00	978.00	978.00
144	**Support Services- Instruction (2200)**							-	-	-	-
145	General Supplies -Support Services Instructional	100	000		100	2200	0610	2,008.00	2,008.00	2,008.00	2,008.00
146	Supplies-Technology-Software -Support Services Instructional	100	000		100	2200	0651	3,400.00	3,400.00	3,400.00	3,400.00
147	Supplies/Equip-Info Tech Related- Support Services Instructional	100	000		100	2200	0652	500.00	500.00	500.00	500.00
148	**Support Services- General Administration (2300)**							-	-	-	-
149	General Supplies -General Admin	100	000		100	2300	0610	-	-	-	-
150	Supplies/Equip-Info Tech Related- General Admin	100	000		100	2300	0652	-	-	-	-
151	**Support Services- School Administration (2400)**							-	-	-	-
152	General Supplies -School Admin	100	000		100	2400	0610	20,000.00	20,000.00	20,000.00	20,000.00
153	**Central Services (2500)**							-	-	-	-
154	General Supplies - Central Services	100	000		100	2500	0610	5,535.00	5,535.00	5,535.00	5,535.00
155	Software - Central Services	100	000		100	2500	0651	3,775.00	3,775.00	3,775.00	3,775.00
156	Supplies/Equip-Info Tech- Central	100	000		100	2500	0652	768.00	768.00	768.00	768.00
157	**Operation and Maintenance of Plant (2600)**							-	-	-	-
158	General Supplies -Operational	100	000		100	2600	0610	4,112.00	4,112.00	4,112.00	4,112.00
159	Energy (Natural Gas, Electricity)	100	000		100	2600	0621	1,600.00	1,600.00	2,000.00	2,000.00
160	Natural Gas	100	000		100	2600	0622	19,000.00	19,000.00	23,750.00	23,750.00
161	**Social, Emotional & Academic Development (SEAD)**							-	-	-	-
162	Textbooks -SEAD	240	261		420	1000	0641	-	1,685.00	1,685.00	1,685.00
163	**New Nv Education Funding Plan SB178 (2017)**							-	-	-	-

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164	Web-Based Curriculum -Zoom	240	289		100	1000	0653	-	-	-	-
165	**Teacher Reimbursement Grant**							-	-	-	-
166	General Supplies -Teacher Reimbursement Grant	240	325		100	1000	0610	-	2,494.00	2,000.00	2,000.00
167	**Work Based Learning**							-	-	-	-
168	General Supplies -Work Based Learning Grant	240	353		100	1000	0610	2,557.32	1,000.00	1,000.00	1,000.00
169	Web-Based Curriculum -WBL Grant	240	353		100	1000	0653	-	525.00	525.00	525.00
170	**Special Education**							-	-	-	-
171	Books & Periodicals -SPED	250	000		200	1000	0640	-	-	-	-
172	Web-Based Curriculum -SPED	250	000		200	1000	0653	-	-	-	-
173	**Title I - School Improvement, 1003(a)**							-	-	-	-
174	Web-Based Curriculum -Title 1	280	624		420	1000	0653	-	12,500.00	12,500.00	12,500.00
175	**IASA(ESEA) Title I-A Helping Disadvantaged Students Meet High Standards/School Imprvmnt**							-	-	-	-
176	Web-Based Curriculum -Title 0	280	633		420	1000	0610	-	-	-	-
177	Web-Based Curriculum -Title 1	280	633		420	1000	0653	-	-	-	-
178	**Title III ELL Grant**							-	-	-	-
179	Books and reference other than textbooks	280	658		420	1000	0640	-	-	-	-
180	Web-Based Curriculum -Classroom	280	658		420	1000	0653	-	-	-	-
181	**Title III Immigrant Grant**							-	-	-	-
182	General Supplies -Title III Immigrant	280	659		420	1000	0610	-	-	-	-
183	Supplies/Equip-Info Tech- Title III Immigrant	280	659		420	1000	0652	-	-	-	-
184	**Education for Homeless Children and Youth (McKinney-Vento Act)**							-	-	-	-
185	Supplies/Equip-Info Tech- McKinney-Vento Act	280	650		420	1000	0652	-	23,248.43	-	-
186	**Title IV Grant**							-	-	-	-
187	General Supplies -SGF	280	715		100	1000	0610	1,975.00	450.00	-	-
188	Software - Title IV	281	715		100	2500	0651	-	-	-	-
189	Supplies/Equip-Info Tech- Title IV Grant -Instructional Support	280	715		100	2200	0652	1,290.00	-	-	-
190	Web-Based Curriculum -Classroom	280	715		100	1000	0653	-	-	-	-
191	**Student Generated Funds**							-	-		
192	General Supplies -SGF	900	000		100	1000	0610	-	-	-	-
193	**Total Books & Supplies**							153,619.00	189,699.43	170,657.00	170,657.00
194	Depreciation	100	000		100	2500	0790	6,593.00	6,593.00	6,593.00	6,593.00
195	Depreciation	800	000		100	2500	0790	-	-		127,000.00
196	**Total Capital Outlay**							6,593.00	6,593.00	6,593.00	133,593.00

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197	Dues & Fees -Classroom	100	000		100	1000	0810	-	-	-	-
198	Dues & Fees -Student Services	100	000		100	2100	0810	-	-	-	-
199	Dues & Fees -Instructional Services	100	000		100	2200	0810	3,800.00	3,800.00	3,800.00	3,800.00
200	Dues & Fees -General Admin	800	000		100	2300	0810	-	-		8,500.00
201	Dues & Fees -School Admin	100	000		100	2400	0810	-	-	-	-
202	Bank Service Fees	100	000		100	2500	0800	-	-	-	-
203	Dues & Fees -Central Services	100	000		100	2500	0810	-	-	-	-
204	Dues & Fees -Operation and Maintenance of Plant	100	000		100	2600	0810	-	-	-	-
205	Redemption of Principal	400	000		100	5000	0831		-	-	159,600.00
206	Miscellaneous Expense	100	000		100	2400	0890	-	-	-	-
207	Miscellaneous Expense	240	390		100	2400	0890	-	13,411.00	10,000.00	10,000.00
208	**SPED- IDEA Part B**							-	-	-	-
209	Dues & Fees -SPED IDEA Part B	280	639		100	2213	0810	-	495.00	-	-
210	**Title II Grant**							-	-	-	-
211	Dues & Fees -General Admin	280	709		100	2300	0810	-	3,393.00	-	-
212	Miscellaneous Expense -SGF	900	000		100	2400	0890	-	-	-	-
213	Miscellaneous Expense -SGF	900	000		910	6000	0900	-	-	-	-
214	**Total Other Outgo**							**3,800.00**	**21,099.00**	**13,800.00**	**181,900.00**
215	**Total Expenditures**							**3,721,099.25**	**3,661,889.43**	**3,952,771.05**	**4,131,639.05**
216	**Net Income**							**77,912.89**	**176,220.57**	**51,844.95**	**18,643.95**
217											
242	Days of Cash on Hand							438.84	455.71	427.01	286.57
243	Reserve Target 3% of DSA							81,523.08	76,050.96	83,656.08	83,656.08
244	Net Income Less Reserve							(3,610.19)	100,169.61	(31,811.13)	(65,012.13)
									5%	1.29%	0.45%

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	585.00 Forecast w/Lease FY2122	585.00 Forecast w/Mortgage FY2122	650.00 Forecast w/Lease FY2223	650.00 Forecast w/Mortgage FY2223
DSA	100	201	3110				4,237,126.00	4,237,126.00	4,707,917.00	4,707,917.00
SPED Funds from DSA	250	205	3115				276,606.00	276,606.00	276,606.00	276,606.00
Computer Science Education 5B200	240	252	3200				-	-	-	-
Social, Emotional & Academic Development (SEAD)	240	261	3200				-	-	-	-
New Nv Education Funding Plan 5B17B (2017)	240	280	3200				138,000.00	138,000.00	138,000.00	138,000.00
English Mastery - ZOOM Schools (All Other Districts) (5B390)	240	2B9	3200				69,319.00	69,319.00	69,319.00	69,319.00
Teacher Reimbursement Grant	240	325	3200				2,000.00	2,000.00	2,000.00	2,000.00
CCR STEM	240	351	3200				69,800.00	69,800.00	69,800.00	69,800.00
CCR Work Based Learning Grant	240	353	3200				71,749.00	71,749.00	71,749.00	71,749.00
AB309 (2019) Block Grant	240	390	3200				10,000.00	10,000.00	10,000.00	10,000.00
Revenue Limit							**4,874,600.00**	**4,874,600.00**	**5,345,391.00**	**5,345,391.00**
Title I - School Improvement, 1003(a)	280	624	4500				284,434.00	284,434.00	284,434.00	284,434.00
Title I - IASA(ESEA) A Helping Disadvantaged Students Meet High S	2B0	633	4500				170,000.00	170,000.00	170,000.00	170,000.00
SPED- IDEA Part B	280	639	4500				80,439.00	80,439.00	80,439.00	80,439.00
Title III Part A - English LEP program (CFDA #84.365A)	280	658	4500				6,733.00	6,733.00	6,733.00	6,733.00
Title III Part B - Immigrant-English Language Acquisition (CFDA #84	280	659	4500				-	-	-	-
Education for Homeless Children and Youth (McKinney-Vento Act)	280	650	4500				-	-	-	-
Title II, Part A - Improving Teacher Quality - Teacher Quality (CFDA	280	709	4500				25,001.00	25,001.00	25,001.00	25,001.00
Title IV	280	715	4500				20,000.00	20,000.00	20,000.00	20,000.00
Federal Revenue							**586,607.00**	**586,607.00**	**586,607.00**	**586,607.00**
Interest Income	100	000	1510				-	-	-	-
Other Fees	100	000	1740				-	-	-	-
OTHER ACTIVITY FEES	100	000	1790				-	-	-	-
Other Revenue from Local Sources	100	000	1900				-	-	-	-
Rental Income	800	000	1910					145,667.00		145,667.00
GIFTS & DONATIONS FROM LOCAL COMMUNITY	260	000	1920				-	-	-	-
Textbook Sales & Rentals	100	000	1940				-	-	-	-
Book Deposit	100	000	1950				-	-	-	-
Refund of Prior Year Expenses	100	000	1980				-	-	-	-
Student Generated Funds	900	000	6000				-	-	-	-
Local Revenue							**-**	**145,667.00**	**-**	**145,667.00**
Total Revenues							**5,461,207.00**	**5,606,874.00**	**5,931,998.00**	**6,077,665.00**

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	585.00 Forecast w/Lease FY2122	585.00 Forecast w/Mortgage FY2122	650.00 Forecast w/Lease FY2223	650.00 Forecast w/Mortgage FY2223
Salaries- Instruction						0101	995,923.28	995,923.28	1,021,500.13	1,021,500.13
Salaries- Teacher- Substitutes						0103	-	-	-	-
Salaries- Licensed Admin						0104	395,275.06	395,275.06	406,462.09	406,462.09
Salaries- Other Licensed Teachers						0106	283,629.20	283,629.20	293,065.65	293,065.65
Certified							**1,674,827.54**	**1,674,827.54**	**1,721,027.86**	**1,721,027.86**
Salaries- Para-Professional						0102	185,641.60	185,641.60	190,782.40	190,782.40
Salaries- Non-Licensed Admin						0105	64,660.00	64,660.00	66,490.00	66,490.00
Salaries- Classified/Support Staff						0107	401,815.58	401,815.58	413,187.72	413,187.72
Classified							**652,117.18**	**652,117.18**	**670,460.12**	**670,460.12**
Total Salaries							**2,326,944.72**	**2,326,944.72**	**2,391,487.98**	**2,391,487.98**
Group Insurance						0210	321,752.06	321,752.06	331,404.62	331,404.62
FICA						0220	3,980.90	3,980.90	3,980.90	3,980.90
PERS						0230	553,752.39	553,752.39	569,424.63	569,424.63
Medicare						0240	33,740.70	33,740.70	34,676.58	34,676.58
Staff Tuition Reimbursement						0250	-	-	28.00	28.00
Unemployment						0260	11,634.72	11,634.72	11,957.44	11,957.44
Worker's Comp						0270	8,758.00	8,758.00	9,225.94	9,225.94
Health Benefits						0280	-	-	-	-
Other Benefits						0290	-	-	28.00	28.00
Total Benefits							**933,618.77**	**933,618.77**	**960,726.11**	**960,726.11**
Total Personnel Expenses							**3,260,563.49**	**3,260,563.49**	**3,352,214.09**	**3,352,214.09**
Classroom (1000)										
Professional Educational Services -Classroom	100	000		100	1000	0320	-	-	-	-
Other Technical Services -Classroom	100	000		100	1000	0352	-	-	-	-
Professional Educational Services -Summer School Classroom	100	000		140	1000	0320	-	-	-	-
Support Services- Students (2100)							-	-	-	-
Professional Educational Services -Student Services	100	000		100	2100	0320	-	-	-	-
Training and Development Provided by third party	100	000		100	2100	0330	-	-	-	-
Other Professional Services -Student Services	100	000		100	2100	0340	-	-	-	-
Tuition	100	000		100	2100	0560	-	-	-	-
Travel	100	000		100	2100	0580	-	-	-	-
Support Services- Instructional (2200)							-	-	-	-
Professional Educational Services -Instructional	100	000		100	2200	0320	-	-	-	-

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	585.00 Forecast w/Lease FY2122	585.00 Forecast w/Mortgage FY2122	650.00 Forecast w/Lease FY2223	650.00 Forecast w/Mortgage FY2223
Support Services- General Admin (2300)							-	-	-	-
Legal Services	800	000		100	2319	0340	-	800.00	-	800.00
Other Specialized Services -Property Management	800	000		100	2319	0360		14,567.00		14,567.00
Sponsorship Fee 1.25%	100	201		100	2319	0591	52,964.00	52,964.00	58,849.00	58,849.00
Support Services- School Administration (2400)							-	-	-	-
Training and Development Provided by third party	100	000		100	2400	0330	-	-	-	-
Travel -School Admin	100	000		100	2400	0580	5,000.00	5,000.00	5,000.00	5,000.00
Central Services (2500)							-	-	-	-
Official/Administrative Services -Central Services	100	000		100	2500	0310	1,345.00	1,345.00	1,345.00	1,345.00
Purchased Finacial Services (CSMC)	100	000		100	2500	0340	108,500.00	108,500.00	108,500.00	108,500.00
Marketing Services- Website	100	000		100	2500	0345	5,600.00	5,600.00	5,600.00	5,600.00
Other Technical Services	100	000		100	2500	0352	18,508.00	18,508.00	18,508.00	18,508.00
Other Specialized Services -Payroll Services	100	000		100	2500	0360	11,016.00	11,016.00	11,016.00	11,016.00
Non-Technology-Related Repairs and Maintenance -Central Servic	100	000		100	2500	0430	25,684.00	25,684.00	25,684.00	25,684.00
Rental of Equipment -Central Services	100	000		100	2500	0442	22,400.00	22,400.00	22,400.00	22,400.00
Rentals of Computers and Related Equipment	100	000		100	2500	0443	-	-	-	-
Postage	100	000		100	2500	0531	5,000.00	5,000.00	5,000.00	5,000.00
Telephone - Land line	100	000		100	2500	0533	3,700.00	3,700.00	3,700.00	3,700.00
Data Communications - Internet	100	000		100	2500	0535	4,900.00	4,900.00	4,900.00	4,900.00
Advertising	100	000		100	2500	0540	4,400.00	4,400.00	4,400.00	4,400.00
Printing & Binding -Central Services	100	000		100	2500	0550	-	-	-	-
Operation and Maintenance of Plant (2600)							-	-	-	-
Utilities (Water/Sewer)	100	000		100	2600	0410	8,084.00	8,084.00	8,084.00	8,084.00
Utilities (Water/Sewer)	800	000		100	2600	0410	-	25,629.00	-	25,629.00
Waste Disposal Service	100	000		100	2600	0421	4,200.00	4,200.00	4,200.00	4,200.00
Janitorial	100	000		100	2600	0422	45,740.00	45,740.00	45,740.00	45,740.00
Non-Technology-Related Repairs and Maintenance -Building	100	000		100	2600	0430	17,670.00	17,670.00	17,670.00	17,670.00
Non-Technology-Related Repairs and Maintenance -Building	800	000		100	2600	0430	-	53,000.00	-	53,000.00
Technology-Related Repairs and Maintenance (hardware / equip	100	000		100	2600	0432	20,000.00	20,000.00	20,000.00	20,000.00
Building Lease	100	000		100	2600	0441	435,228.00	216,000.00	435,228.00	216,000.00
Other Purchased Property Services	100	000		100	2600	0490	52,964.00	52,964.00	52,964.00	52,964.00
Insurance (Other than Employee) -Operations & Maintenance	100	000		100	2600	0520	71,712.00	71,712.00	71,712.00	71,712.00
Insurance (Other than Employee) -Operations & Maintenance	800	000		100	2600	0520	-	9,000.00	-	9,000.00

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	585.00 Forecast w/Lease FY2122	585.00 Forecast w/Mortgage FY2122	650.00 Forecast w/Lease FY2223	650.00 Forecast w/Mortgage FY2223
Transportation							-	-	-	-
Transportation	100	000		100	2700	0510	150,000.00	150,000.00	150,000.00	150,000.00
New Nv Education Funding Plan 5B178 (2017)							-	-	-	-
Professional Educational Services -SB178	240	280		420	1000	0320	-	-	-	-
English Mastery - ZOOM Schools (All Other Districts) (5B390)							-	-	-	-
Professional Educational Services -5B390	240	289		420	1000	0320	-	-	-	-
CCR STEM							-	-	-	-
Professional Educational Services -CCR STEM	240	351		420	1000	0320	69,800.00	69,800.00	69,800.00	69,800.00
Special Education							-	-	-	-
Professional Educational Services -SPED- Speech Pathology/Psychc	250	000		200	2100	0320	101,150.00	101,150.00	101,150.00	101,150.00
Title I - School Improvement, 1003(a)							-	-	-	-
Other Professional Services -Title I 1003(A)	280	624		100	1000	0330	140,800.00	140,800.00	140,800.00	140,800.00
Travel -School -Title II	280	624		100	2213	0580	4,200.00	4,200.00	4,200.00	4,200.00
IASA(ESEA) Title I-A Helping Disadvantaged Students Meet High Standards/School Imprvmnt							-	-	-	-
Professional Educational Services -Title I-A -Student Services	280	633		430	2100	0320	-	-	-	-
SPED- IDEA Part B							-	-	-	-
Professional Educational Services -SPED- Speech Pathology/Psychc	280	639		200	2100	0320	11,405.00	11,405.00	11,405.00	11,405.00
Travel -SPED IDEA Part B	280	639		200	2213	0580	-	-	-	-
Title III Immigrant Grant							-	-	-	-
Transportation -Title III Immigrant	280	659		420	2700	0510	-	-	-	-
Education for Homeless Children and Youth (McKinney-Vento Act)							-	-	-	-
Transportation -McKinney-Vento Act	280	650		430	2700	0510	-	-	-	-
Title II							-	-	-	-
Professional Educational Services -Title II	280	709		100	1000	0330	2,000.00	2,000.00	2,000.00	2,000.00
Employee Training and Development Services -Title II	280	709		100	2100	0330	-	-	-	-
Travel -School Admin -Title II	280	709		100	2300	0580	8,000.00	8,000.00	8,000.00	8,000.00
Title IV							-	-	-	-
Employee Training and Development Services -Title IV	280	715		100	1000	0320	-	-	-	-
Professional Educational Services -Title IV	280	715		100	1000	0330	-	-	-	-
Other Professional Services -Title IV	280	715		100	2100	0340	-	-	-	-
Transportation	280	715		100	2700	0510	-	-	-	-
Data Communications - Internet -Title IV	280	715		100	2500	0535	-	-	-	-

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	585.00 Forecast w/Lease FY2122	585.00 Forecast w/Mortgage FY2122	650.00 Forecast w/Lease FY2223	650.00 Forecast w/Mortgage FY2223
Travel -Instructional -Title IV	280	715		100	2100	0580	-	-	-	-
Total Purchased Services							**1,411,970.00**	**1,295,738.00**	**1,417,855.00**	**1,301,623.00**
Classroom (1000)										
General Supplies -Classroom	100	000		100	1000	0610	60,000.00	60,000.00	60,000.00	60,000.00
Books & Periodicals -Classroom	100	000		100	1000	0640	1,080.00	1,080.00	1,080.00	1,080.00
Textbook & Curriculum -Classroom	100	000		100	1000	0641	-	-	-	-
Supplies-Technology-Software -Classroom	100	000		100	1000	0651	2,400.00	2,400.00	2,400.00	2,400.00
Supplies/Equip-Info Tech Related- Classroom	100	000		100	1000	0652	71,394.00	71,394.00	71,394.00	71,394.00
Web-Based Curriculum -Classroom	100	000		100	1000	0653	35,200.00	35,200.00	35,200.00	35,200.00
General Supplies -Classroom	100	000		910	1000	0610	-	-	-	-
Support Services- Students (2100)							-	-	-	-
General Supplies -Student Support Services	100	000		100	2100	0610	25,000.00	25,000.00	25,000.00	25,000.00
Supplies/Equip-Info Tech Related- Students	100	000		100	2100	0652	978.00	978.00	978.00	978.00
Support Services- Instruction (2200)							-	-	-	-
General Supplies -Support Services Instructional	100	000		100	2200	0610	2,008.00	2,008.00	2,008.00	2,008.00
Supplies-Technology-Software -Support Services Instructional	100	000		100	2200	0651	3,400.00	3,400.00	3,400.00	3,400.00
Supplies/Equip-Info Tech Related- Support Services Instructional	100	000		100	2200	0652	500.00	500.00	500.00	500.00
Support Services- General Administration (2300)							-	-	-	-
General Supplies -General Admin	100	000		100	2300	0610	-	-	-	-
Supplies/Equip-Info Tech Related- General Admin	100	000		100	2300	0652	-	-	-	-
Support Services- School Administration (2400)							-	-	-	-
General Supplies -School Admin	100	000		100	2400	0610	40,000.00	40,000.00	40,000.00	40,000.00
Central Services (2500)							-	-	-	-
General Supplies - Central Services	100	000		100	2500	0610	5,535.00	5,535.00	5,535.00	5,535.00
Software - Central Services	100	000		100	2500	0651	3,775.00	3,775.00	3,775.00	3,775.00
Supplies/Equip-Info Tech- Central	100	000		100	2500	0652	768.00	768.00	768.00	768.00
Operation and Maintenance of Plant (2600)							-	-	-	-
General Supplies -Operational	100	000		100	2600	0610	8,224.00	8,224.00	8,224.00	8,224.00
Energy (Natural Gas, Electricity)	100	000		100	2600	0621	4,000.00	4,000.00	4,000.00	4,000.00
Natural Gas	100	000		100	2600	0622	47,500.00	47,500.00	47,500.00	47,500.00
Social, Emotional & Academic Development (SEAD)							-	-	-	-
Textbooks -SEAD	240	261		420	1000	0641	1,685.00	1,685.00	1,685.00	1,685.00
New Nv Education Funding Plan SB17B (2017)							-	-	-	-

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	585.00 Forecast w/Lease FY2122	585.00 Forecast w/Mortgage FY2122	650.00 Forecast w/Lease FY2223	650.00 Forecast w/Mortgage FY2223
Web-Based Curriculum -Zoom	240	289		100	1000	0653	-	-	-	-
Teacher Reimbursement Grant							-	-	-	-
General Supplies -Teacher Reimbursement Grant	240	325		100	1000	0610	2,000.00	2,000.00	2,000.00	2,000.00
Work Based Learning							-	-	-	-
General Supplies -Work Based Learning Grant	240	353		100	1000	0610	1,000.00	1,000.00	1,000.00	1,000.00
Web-Based Curriculum -WBL Grant	240	353		100	1000	0653	525.00	525.00	525.00	525.00
Special Education							-	-	-	-
Books & Periodicals -SPED	250	000		200	1000	0640	-	-	-	-
Web-Based Curriculum -SPED	250	000		200	1000	0653	-	-	-	-
Title I- School Improvement, 1003(a)							-	-	-	-
Web-Based Curriculum -Title 1	280	624		420	1000	0653	12,500.00	12,500.00	12,500.00	12,500.00
IASA(ESEA) Title I-A Helping Disadvantaged Students Meet High Standards/School Imprvmnt							-	-	-	-
Web-Based Curriculum -Title 0	280	633		420	1000	0610	-	-	-	-
Web-Based Curriculum -Title 1	280	633		420	1000	0653	-	-	-	-
Title III ELL Grant							-	-	-	-
Books and reference other than textbooks	280	658		420	1000	0640	-	-	-	-
Web-Based Curriculum -Classroom	280	658		420	1000	0653	-	-	-	-
Title III Immigrant Grant							-	-	-	-
General Supplies -Title III Immigrant	280	659		420	1000	0610	-	-	-	-
Supplies/Equip-Info Tech- Titie III Immigrant	280	659		420	1000	0652	-	-	-	-
Education for Homeless Children and Youth (McKinney-Vento Act)							-	-	-	-
Supplies/Equip-Info Tech- McKinney-Vento Act	280	650		420	1000	0652	-	-	-	-
Title IV Grant							-	-	-	-
General Supplies -SGF	280	715		100	1000	0610	-	-	-	-
Software - Title IV	281	715		100	2500	0651	-	-	-	-
Supplies/Equip-Info Tech- Title IV Grant -Instructional Support	280	715		100	2200	0652	-	-	-	-
Web-Based Curriculum -Classroom	280	715		100	1000	0653	-	-	-	-
Student Generated Funds										
General Supplies -SGF	900	000		100	1000	0610	-	-	-	-
Total Books & Supplies							29,472.00	329,472.00	329,472.00	329,472.00
Depreciation	100	000		100	2500	0790	6,593.00	6,593.00	6,593.00	6,593.00
Depreciation	800	000		100	2500	0790	-	127,000.00	-	127,000.00
Total Capital Outlay							6,593.00	133,593.00	6,593.00	133,593.00

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	585.00 Forecast w/Lease FY2122	585.00 Forecast w/Mortgage FY2122	650.00 Forecast w/Lease FY2223	650.00 Forecast w/Mortgage FY2223
Dues & Fees -Classroom	100	000		100	1000	0810	-	-	-	-
Dues & Fees -Student Services	100	000		100	2100	0810	-	-	-	-
Dues & Fees -Instructional Services	100	000		100	2200	0810	3,800.00	3,800.00	3,800.00	3,800.00
Dues & Fees -General Admin	800	000		100	2300	0810	-	8,500.00	-	8,500.00
Dues & Fees -School Admin	100	000		100	2400	0810	-	-	-	-
Bank Service Fees	100	000		100	2500	0800	-	-	-	-
Dues & Fees -Central Services	100	000		100	2500	0810	-	-	-	-
Dues & Fees -Operation and Maintenance of Plant	100	000		100	2600	0810	-	-	-	-
Redemption of Principal	400	000		100	5000	0831	-	159,600.00	-	159,600.00
Miscellaneous Expense	100	000		100	2400	0890	-	-	-	-
Miscellaneous Expense	240	390		100	2400	0890	10,000.00	10,000.00	10,000.00	10,000.00
SPED- IDEA Part B							-	-	-	-
Dues & Fees -SPED IDEA Part B	280	639		100	2213	0810	-	-	-	-
Title II Grant							-	-	-	-
Dues & Fees -General Admin	280	709		100	2300	0810	-	-	-	-
Miscellaneous Expense -SGF	900	000		100	2400	0890	-	-	-	-
Miscellaneous Expense -SGF	900	000		910	6000	0900	-	-	-	-
Total Other Outgo							**13,800.00**	**181,900.00**	**13,800.00**	**181,900.00**
Total Expenditures							**5,022,398.49**	**5,201,266.49**	**5,119,934.09**	**5,298,802.09**
Net Income							**438,808.51**	**405,607.51**	**812,063.91**	**778,862.91**

Days of Cash on Hand	295.46	188.45	276.45	170.21
Reserve Target 3% of DSA	127,113.78	127,113.78	141,237.51	141,237.51
Net Income Less Reserve	311,694.73	278,493.73	670,826.40	637,625.40
	8%	7%	14%	13%

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	700.00 Forecast w/Lease FY2324	700.00 Forecast w/Mortgage FY2324	735.00 Forecast w/Lease FY2425	735.00 Forecast w/Mortgage FY2425
DSA	100	201	3110				5,070,065.00	5,070,065.00	5,323,568.00	5,323,568.00
SPED Funds from DSA	250	205	3115				276,606.00	276,606.00	276,606.00	276,606.00
Computer Science Education SB200	240	252	3200				-	-	-	-
Social, Emotional & Academic Development (SEAD)	240	261	3200				-	-	-	-
New Nv Education Funding Plan SB178 (2017)	240	280	3200				138,000.00	138,000.00	138,000.00	138,000.00
English Mastery - ZOOM Schools (All Other Districts) (SB390)	240	289	3200				69,319.00	69,319.00	69,319.00	69,319.00
Teacher Reimbursement Grant	240	325	3200				2,000.00	2,000.00	2,000.00	2,000.00
CCR STEM	240	351	3200				69,800.00	69,800.00	69,800.00	69,800.00
CCR Work Based Learning Grant	240	353	3200				71,749.00	71,749.00	71,749.00	71,749.00
AB309 (2019) Block Grant	240	390	3200				10,000.00	10,000.00	10,000.00	10,000.00
Revenue Limit							**5,707,539.00**	**5,707,539.00**	**5,961,042.00**	**5,961,042.00**
Title I - School Improvement, 1003(a)	280	624	4500				284,434.00	284,434.00	284,434.00	284,434.00
Title I - IASA(ESEA) A Helping Disadvantaged Students Meet High S	280	633	4500				170,000.00	170,000.00	170,000.00	170,000.00
SPED- IDEA Part B	280	639	4500				80,439.00	80,439.00	80,439.00	80,439.00
Title III Part A - English LEP program (CFDA #84.36SA)	280	658	4500				6,733.00	6,733.00	6,733.00	6,733.00
Title III Part B - Immigrant-English Language Acquisition (CFDA #84	280	659	4500				-	-	-	-
Education for Homeless Children and Youth (McKinney-Vento Act)	280	650	4500				-	-	-	-
Title II, Part A - Improving Teacher Quality - Teacher Quality (CFDA	280	709	4500				25,001.00	25,001.00	25,001.00	25,001.00
Title IV	280	715	4500				20,000.00	20,000.00	20,000.00	20,000.00
Federal Revenue							**586,607.00**	**586,607.00**	**586,607.00**	**586,607.00**
Interest Income	100	000	1510				-	-	-	-
Other Fees	100	000	1740				-	-	-	-
OTHER ACTIVITY FEES	100	000	1790				-	-	-	-
Other Revenue from Local Sources	100	000	1900				-	-	-	-
Rental Income	800	000	1910					145,667.00		145,667.00
GIFTS & DONATIONS FROM LOCAL COMMUNITY	260	000	1920				-	-	-	-
Textbook Sales & Rentals	100	000	1940				-	-	-	-
Book Deposit	100	000	1950				-	-	-	-
Refund of Prior Year Expenses	100	000	1980				-	-	-	-
Student Generated Funds	900	000	6000				-	-	-	-
Local Revenue							**-**	**145,667.00**	**-**	**145, 667.00**
Total Revenues							**6,294,146.00**	**6,439,813.00**	**6,547,649.00**	**6,693,316.00**

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	700.00 Forecast w/Lease FY2324	700.00 Forecast w/Mortgage FY2324	735.00 Forecast w/Lease FY2425	735.00 Forecast w/Mortgage FY2425
Salaries- Instruction						0101	1,047,076.97	1,047,076.97	1,047,076.97	1,047,076.97
Salaries- Teacher- Substitutes						0103	-	-	-	-
Salaries- Licensed Admin						0104	417,649.12	417,649.12	417,649.12	417,649.12
Salaries- Other Licensed Teachers						0106	302,502.10	302,502.10	302,502.10	302,502.10
Certified							**1,767,228.19**	**1,767,228.19**	**1,767,228.19**	**1,767,228.19**
Salaries- Para-Professional						0102	195,923.20	195,923.20	195,923.20	195,923.20
Salaries- Non-Licensed Admin						0105	68,320.00	68,320.00	68,320.00	68,320.00
Salaries- Classified/Support Staff						0107	424,559.86	424,559.86	424,559.86	424,559.86
Classified							**688,803.06**	**688,803.06**	**688,803.06**	**688,803.06**
To tal Salaries							**2,456,031.24**	**2,456,031.24**	**2456,031.24**	**2,456,031.24**
Group Insurance						0210	341,346.76	341,346.76	341,346.76	341,346.76
FICA						0220	3,980.90	3,980.90	3,980.90	3,980.90
PERS						0230	585,096.86	585,096.86	585,096.86	585,096.86
Medicare						0240	35,612.45	35,612.45	35,612.45	35,612.45
Staff Tuition Reimbursement						0250	28.00	28.00	28.00	28.00
Unemployment						0260	12,280.16	12,280.16	12,280.16	12,280.16
Worker's Comp						0270	9,711.81	9,711.81	9,711.81	9,711.81
Health Benefits						0280	-	-	-	-
Other Benefits						0290	28.00	28.00	28.00	28.00
Tota Benefits							**988,084.95**	**988,084.95**	**988,084.95**	**988,084.95**
Total Personnel Expenses							**3,444,116.20**	**3,444,116.20**	**3,444,116.20**	**3,444,116.20**
Classroom (1000)										
Professional Educational Services -Classroom	100	000		100	1000	0320	-	-	-	-
Other Technical Services -Classroom	100	000		100	1000	0352	-	-	-	-
Professional Educational Services -Summer School Classroom	100	000		140	1000	0320	-	-	-	-
Support Services- Students (2100)							-	-	-	-
Professional Educational Services -Student Services	100	000		100	2100	0320	-	-	-	-
Training and Development Provided by third party	100	000		100	2100	0330	-	-	-	-
Other Professional Services -Student Services	100	000		100	2100	0340	-	-	-	-
Tuition	100	000		100	2100	0560	-	-	-	-
Travel	100	000		100	2100	0580	-	-	-	-
Support Services- Instructional (2200)							-	-	-	-
Professional Educational Services -Instructional	100	000		100	2200	0320	-	-	-	-

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	700.00 Forecast w/Lease FY2324	700.00 Forecast w/Mortgage FY2324	735.00 Forecast w/Lease FY2425	735.00 Forecast w/Mortgage FY2425
Support Services- General Admin (2300)							-	-	-	-
Legal Services	800	000		100	2319	0340	-	800.00	-	800.00
Other Specialized Services -Property Management	800	000		100	2319	0360		14,567.00		14,567.00
Sponsorship Fee 1.25%	100	201		100	2319	0591	63,376.00	63,376.00	66,545.00	66,545.00
Support Services- School Administration (2400)							-	-	-	-
Training and Development Provided by third party	100	000		100	2400	0330	-	-	-	-
Travel -School Admin	100	000		100	2400	0580	5,000.00	5,000.00	5,000.00	5,000.00
Central Services (2500)							-	-	-	-
Official/Administrative Services -Central Services	100	000		100	2500	0310	1,345.00	1,345.00	1,345.00	1,345.00
Purchased Finacial Services (CSMC)	100	000		100	2500	0340	108,500.00	108,500.00	108,500.00	108,500.00
Marketing Services- Website	100	000		100	2500	0345	5,600.00	5,600.00	5,600.00	5,600.00
Other Technical Services	100	000		100	2500	0352	18,508.00	18,508.00	18,508.00	18,508.00
Other Specialized Services -Payroll Services	100	000		100	2500	0360	11,016.00	11,016.00	11,016.00	11,016.00
Non-Technology-Related Repairs and Maintenance -Central Servic	100	000		100	2500	0430	25,684.00	25,684.00	25,684.00	25,684.00
Rental of Equipment -Central Services	100	000		100	2500	0442	22,400.00	22,400.00	22,400.00	22,400.00
Rentals of Computers and Related Equipment	100	000		100	2500	0443	-	-	-	-
Postage	100	000		100	2500	0531	5,000.00	5,000.00	5,000.00	5,000.00
Telephone - Land line	100	000		100	2500	0533	3,700.00	3,700.00	3,700.00	3,700.00
Data Communications - Internet	100	000		100	2500	0535	4,900.00	4,900.00	4,900.00	4,900.00
Advertising	100	000		100	2500	0540	4,400.00	4,400.00	4,400.00	4,400.00
Printing & Binding -Central Services	100	000		100	2500	0550	-	-	-	-
Operation and Maintenance of Plant (2600)							-	-	-	-
Utilities (Water/Sewer)	100	000		100	2600	0410	8,084.00	8,084.00	8,084.00	8,084.00
Utilities (Water/Sewer)	800	000		100	2600	0410	-	25,629.00	-	25,629.00
Waste Disposal Service	100	000		100	2600	0421	4,200.00	4,200.00	4,200.00	4,200.00
Janitorial	100	000		100	2600	0422	45,740.00	45,740.00	45,740.00	45,740.00
Non-Technology-Related Repairs and Maintenance -Building	100	000		100	2600	0430	17,670.00	17,670.00	17,670.00	17,670.00
Non-Technology-Related Repairs and Maintenance -Building	800	000		100	2600	0430	-	53,000.00	-	53,000.00
Technology-Related Repairs and Maintenance (hardware / equip	100	000		100	2600	0432	20,000.00	20,000.00	20,000.00	20,000.00
Building Lease	100	000		100	2600	0441	435,228.00	216,000.00	435,228.00	216,000.00
Other Purchased Property Services	100	000		100	2600	0490	52,964.00	52,964.00	52,964.00	52,964.00
Insurance (Other than Employee) -Operations & Maintenance	100	000		100	2600	0520	71,712.00	71,712.00	71,712.00	71,712.00
Insurance (Other than Employee) -Operations & Maintenance	800	000		100	2600	0520	-	9,000.00	-	9,000.00

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	700.00 Forecast w/Lease FY2324	700.00 Forecast w/Mortgage FY2324	735.00 Forecast w/Lease FY2425	735.00 Forecast w/Mortgage FY2425
Transportation							-	-	-	-
Transportation	100	000		100	2700	0510	150,000.00	150,000.00	150,000.00	150,000.00
New Nv Education Funding Plan SB178 (2017)							-	-	-	-
Professional Educational Services -SB17B	240	2B0		420	1000	0320	-	-	-	-
English Mastery - ZOOM Schools (All Other Districts) (SB390)							-	-	-	-
Professional Educational Services -SB390	240	2B9		420	1000	0320	-	-	-	-
CCR STEM							-	-	-	-
Professional Educational Services -CCR STEM	240	351		420	1000	0320	69,B00.00	69,B00.00	69,800.00	69,B00.00
Special Education							-	-	-	-
Professional Educational Services -SPED- Speech Pathology/Psychc	250	000		200	2100	0320	101,150.00	101,150.00	101,150.00	101,150.00
Title I - School Improvement, 1003(a)							-	-	-	-
Other Professional Services -Title I 1003(A)	2B0	624		100	1000	0330	140,B00.00	140,800.00	140,B00.00	140,800.00
Travel -School -Title II	2B0	624		100	2213	0580	4,200.00	4,200.00	4,200.00	4,200.00
IASA(ESEA) Title I-A Helping Disadvantaged Students Meet High Standards/School Imprvmnt							-	-	-	-
Professional Educational Services -Title I-A -Student Services	2B0	633		430	2100	0320	-	-	-	-
SPED- IDEA Part B							-	-	-	-
Professional Educational Services -SPED- Speech Pathology/Psychc	2B0	639		200	2100	0320	11,405.00	11,405.00	11,405.00	11,405.00
Travel -SPED IDEA Part B	2B0	639		200	2213	05B0	-	-	-	-
Title III Immigrant Grant							-	-	-	-
Transportation -Title III Immigrant	280	659		420	2700	0510	-	-	-	-
Education for Homeless Children and Youth (McKinney-Vento Act)							-	-	-	-
Transportation -McKinney-Vento Act	280	650		430	2700	0510	-	-	-	-
Title II							-	-	-	-
Professional Educational Services -Title II	280	709		100	1000	0330	2,000.00	2,000.00	2,000.00	2,000.00
Employee Training and Development Services -Title II	280	709		100	2100	0330	-	-	-	-
Travel -School Admin -Title II	2B0	709		100	2300	0580	8,000.00	8,000.00	8,000.00	8,000.00
Title IV							-	-	-	-
Employee Training and Development Services -Title IV	2B0	715		100	1000	0320	-	-	-	-
Professional Educational Services -Title IV	2B0	715		100	1000	0330	-	-	-	-
Other Professional Services -Title IV	280	715		100	2100	0340	-	-	-	-
Transportation	280	715		100	2700	0510	-	-	-	-
Data Communications - Internet -Title IV	2B0	715		100	2500	0535	-	-	-	-

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	700.00 Forecast w/Lease FY2324	700.00 Forecast w/Mortgage FY2324	735.00 Forecast w/Lease FY2425	735.00 Forecast w/Mortgage FY2425
Travel -Instructional -Title IV	280	715		100	2100	0580	-	-	-	-
Total Purchased Services							**1,422,382.00**	**1,306,150.00**	**1,425,551.00**	**1,309,319.00**
Classroom (1000)										
General Supplies -Classroom	100	000		100	1000	0610	60,000.00	60,000.00	60,000.00	60,000.00
Books & Periodicals -Classroom	100	000		100	1000	0640	1,080.00	1,080.00	1,080.00	1,080.00
Textbook & Curriculum -Classroom	100	000		100	1000	0641	-	-	-	-
Supplies-Technology-Software -Classroom	100	000		100	1000	0651	2,400.00	2,400.00	2,400.00	2,400.00
Supplies/Equip-Info Tech Related- Classroom	100	000		100	1000	0652	71,394.00	71,394.00	71,394.00	71,394.00
Web-Based Curriculum -Classroom	100	000		100	1000	0653	35,200.00	35,200.00	35,200.00	35,200.00
General Supplies -Classroom	100	000		910	1000	0610	-	-	-	-
Support Services- Students (2100)							-	-	-	-
General Supplies -Student Support Services	100	000		100	2100	0610	25,000.00	25,000.00	25,000.00	25,000.00
Supplies/Equip-Info Tech Related- Students	100	000		100	2100	0652	978.00	978.00	978.00	978.00
Support Services- Instruction (2200)							-	-	-	-
General Supplies -Support Services Instructional	100	000		100	2200	0610	2,008.00	2,008.00	2,008.00	2,008.00
Supplies-Technology-Software -Support Services Instructional	100	000		100	2200	0651	3,400.00	3,400.00	3,400.00	3,400.00
Supplies/Equip-Info Tech Related- Support Services Instructional	100	000		100	2200	0652	500.00	500.00	500.00	500.00
Support Services- General Administration (2300)							-	-	-	-
General Supplies -General Admin	100	000		100	2300	0610	-	-	-	-
Supplies/Equip-Info Tech Related- General Admin	100	000		100	2300	0652	-	-	-	-
Support Services- School Administration (2400)							-	-	-	-
General Supplies -School Admin	100	000		100	2400	0610	40,000.00	40,000.00	40,000.00	40,000.00
Central Services (2500)							-	-	-	-
General Supplies - Central Services	100	000		100	2500	0610	5,535.00	5,535.00	5,535.00	5,535.00
Software - Central Services	100	000		100	2500	0651	3,775.00	3,775.00	3,775.00	3,775.00
Supplies/Equip-Info Tech- Central	100	000		100	2500	0652	768.00	768.00	768.00	768.00
Operation and Maintenance of Plant (2600)							-	-	-	-
General Supplies -Operational	100	000		100	2600	0610	8,224.00	8,224.00	8,224.00	8,224.00
Energy (Natural Gas, Electricity)	100	000		100	2600	0621	4,000.00	4,000.00	4,000.00	4,000.00
Natural Gas	100	000		100	2600	0622	47,500.00	47,500.00	47,500.00	47,500.00
Social, Emotional & Academic Development (SEAD)							-	-	-	-
Textbooks -SEAD	240	261		420	1000	0641	1,685.00	1,685.00	1,685.00	1,685.00
New Nv Education Funding Plan SB178 (2017)							-	-	-	-

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	700.00 Forecast w/Lease FY2324	700.00 Forecast w/Mortgage FY2324	735.00 Forecast w/Lease FY2425	735.00 Forecast w/Mortgage FY2425
Web-Based Curriculum -Zoom	240	289		100	1000	0653	-	-	-	-
Teacher Reimbursement Grant							-	-	-	-
General Supplies -Teacher Reimbursement Grant	240	325		100	1000	0610	2,000.00	2,000.00	2,000.00	2,000.00
Work Based Learning							-	-	-	-
General Supplies -Work Based Learning Grant	240	353		100	1000	0610	1,000.00	1,000.00	1,000.00	1,000.00
Web-Based Curriculum -WBL Grant	240	353		100	1000	0653	525.00	525.00	525.00	525.00
Special Education							-	-	-	-
Books & Periodicals -SPED	250	000		200	1000	0640	-	-	-	-
Web-Based Curriculum -SPED	250	000		200	1000	0653	-	-	-	-
Title I - School Improvement, 1003(a)							-	-	-	-
Web-Based Curriculum -Title 1	280	624		420	1000	0653	12,500.00	12,500.00	12,500.00	12,500.00
IASA(ESEA) Title I-A Helping Disadvantaged Students Meet High Standards/School Imprvmnt							-	-	-	-
Web-Based Curriculum -Title 0	280	633		420	1000	0610	-	-	-	-
Web-Based Curriculum -Title 1	280	633		420	1000	0653	-	-	-	-
Title III ELL Grant							-	-	-	-
Books and reference other than textbooks	280	658		420	1000	0640	-	-	-	-
Web-Based Curriculum -Classroom	280	658		420	1000	0653	-	-	-	-
Title III Immigrant Grant							-	-	-	-
General Supplies -Title III Immigrant	280	659		420	1000	0610	-	-	-	-
Supplies/Equip-Info Tech- Title III Immigrant	280	659		420	1000	0652	-	-	-	-
Education for Homeless Children and Youth (McKinney-Vento Act)							-	-	-	-
Supplies/Equip-Info Tech- McKinney-Vento Act	280	650		420	1000	0652	-	-	-	-
Title IV Grant							-	-	-	-
General Supplies -SGF	280	715		100	1000	0610	-	-	-	-
Software - Title IV	281	715		100	2500	0651	-	-	-	-
Supplies/Equip-Info Tech- Title IV Grant -Instructional Support	280	715		100	2200	0652	-	-	-	-
Web-Based Curriculum -Classroom	280	715		100	1000	0653	-	-	-	-
Student Generated Funds										
General Supplies -SGF	900	000		100	1000	0610	-	-	-	-
Total Books & Supplies							**329,472.00**	**329,472.00**	**329,472.00**	**329,472.00**
Depreciation	100	000		100	2500	0790	6,593.00	6,593.00	6,593.00	6,593.00
Depreciation	800	000		100	2500	0790	-	127,000.00	-	127,000.00
Total Capital Outlay							**6,593.00**	**133,593.00**	**6,593.00**	**133,593.00**

Beacon Academy of Nevada
MYP Detail

Description	Fund	Project	Revenue	Program	Function	Object	700.00 Forecast w/Lease FY2324	700.00 Forecast w/Mortgage FY2324	735.00 Forecast w/Lease FY2425	735.00 Forecast w/Mortgage FY2425
Dues & Fees -Classroom	100	000		100	1000	0810	-	-	-	-
Dues & Fees -Student Services	100	000		100	2100	0810	-	-	-	-
Dues & Fees -Instructional Services	100	000		100	2200	0810	3,800.00	3,800.00	3,800.00	3,800.00
Dues & Fees -General Admin	800	000		100	2300	0810	-	8,500.00	-	8,500.00
Dues & Fees -School Admin	100	000		100	2400	0810	-	-	-	-
Bank Service Fees	100	000		100	2500	0800	-	-	-	-
Dues & Fees -Central Services	100	000		100	2500	0810	-	-	-	-
Dues & Fees -Operation and Maintenance of Plant	100	000		100	2600	0810	-	-	-	-
Redemption of Principal	400	000		100	5000	0831	-	159,600.00	-	159,600.00
Miscellaneous Expense	100	000		100	2400	0890	-	-	-	-
Miscellaneous Expense	240	390		100	2400	0890	10,000.00	10,000.00	10,000.00	10,000.00
SPED- IDEA Part B							-	-	-	-
Dues & Fees -SPED IDEA Part B	280	639		100	2213	0810	-	-	-	-
Title II Grant							-	-	-	-
Dues & Fees -General Admin	280	709		100	2300	0810	-	-	-	-
Miscellaneous Expense -SGF	900	000		100	2400	0890	-	-	-	-
Miscellaneous Expense -SGF	900	000		910	6000	0900	-	-	-	-
Total Other Outgo							**13,800.00**	**181,900.00**	**13,800.00**	**181,900.00**
Total Expenditures							**5,216,363.20**	**5,395,231.20**	**5,219,532.20**	**5,398,400.20**
Net Income							**1,077,782.80**	**1,044,581.80**	**1,328,116.80**	**1,294,915.80**

Days of Cash on Hand							289.92	184.78	294.10	186.60
Reserve Target 3% of DSA							152,101.95	152,101.95	159,707.04	159,707.04
Net Income Less Reserve							925,680.85	892,479.85	1,168,409.76	1,135,208.76
							17%	16%	20%	19%

Beacon Academy of Nevada
MYP Detail

CSMC

Description	Fund	Project	Revenue	Program	Function	Object	735.00 Forecast w/Lease FY2526	735.00 Forecast w/Mortgage FY2526
DSA	100	201	3110				5,323,568.00	5,323,568.00
SPED Funds from DSA	250	205	3115				276,606.00	276,606.00
Computer Science Education SB200	240	252	3200				-	-
Social, Emotional & Academic Development (SEAD)	240	261	3200				-	-
New Nv Education Funding Plan SB178 (2017)	240	280	3200				138,000.00	138,000.00
English Mastery - ZOOM Schools (All Other Districts) (S8390)	240	289	3200				69,319.00	69,319.00
Teacher Reimbursement Grant	240	325	3200				2,000.00	2,000.00
CCR STEM	240	351	3200				69,800.00	69,800.00
CCR Work Based Learning Grant	240	353	3200				71,749.00	71,749.00
AB309 (2019) Block Grant	240	390	3200				10,000.00	10,000.00
Revenue Limit							**5,961,042.00**	**5,961,042.00**
Title I - School Improvement, 1003(a)	280	624	4500				284,434.00	284,434.00
Title I - IASA(ESEA) A Helping Disadvantaged Students Meet High S	280	633	4500				170,000.00	170,000.00
SPED- IDEA Part B	280	639	4500				80,439.00	80,439.00
Title III Part A - English LEP program (CFDA #84.365A)	280	658	4500				6,733.00	6,733.00
Title III Part B - Immigrant-English Language Acquisition (CFDA #84	280	659	4500				-	-
Education for Homeless Children and Youth (McKinney-Vento Act)	280	650	4500				-	-
Title II, Part A - Improving Teacher Quality - Teacher Quality (CFDA	280	709	4500				25,001.00	25,001.00
Title IV	280	715	4500				20,000.00	20,000.00
Federal Revenue							**586,607.00**	**586,607.00**
Interest Income	100	000	1510				-	-
Other Fees	100	000	1740				-	-
OTHER ACTIVITY FEES	100	000	1790				-	-
Other Revenue from Local Sources	100	000	1900				-	-
Rental Income	800	000	1910					145,667.00
GIFTS & DONATIONS FROM LOCAL COMMUNITY	260	000	1920				-	-
Textbook Sales & Rentals	100	000	1940				-	-
Book Deposit	100	000	1950				-	-
Refund of Prior Year Expenses	100	000	1980				-	-
Student Generated Funds	900	000	6000				-	-
Local Revenue							**-**	**145,667.00**
Total Revenues							**6,547,649.00**	**6,693,316.00**

Beacon Academy of Nevada
MYP Detail

CSMC

Description	Fund	Project	Revenue	Program	Function	Object	735.00 Forecast w/Lease FY2526	735.00 Forecast w/Mortgage FY2526
Salaries- Instruction						0101	1,072,653.81	1,072,653.81
Salaries- Teacher- Substitutes						0103	-	-
Salaries- Licensed Admin						0104	406,462.09	406,462.09
Salaries- Other Licensed Teachers						0106	293,065.65	293,065.65
Certified							**1,772,181.55**	**1,772,181.55**
Salaries- Para-Professional						0102	201,064.00	201,064.00
Salaries- Non-Licensed Admin						0105	70,150.00	70,150.00
Salaries- Classified/Support Staff						0107	435,932.00	435,932.00
Classified							**707,146.00**	**707,146.00**
Total Salaries							**2,479,327.55**	**2,479,327.55**
Group Insurance						0210	280,079.39	280,079.39
FICA						0220	3,980.90	3,980.90
PERS						0230	600,769.10	600,769.10
Medicare						0240	36,548.33	36,548.33
Staff Tuition Reimbursement						0250	28.00	28.00
Unemployment						0260	12,602.87	12,602.87
Worker's Comp						0270	9,967.04	9,967.04
Health Benefits						0280	-	-
Other Benefits						0290	28.00	28.00
Total Benefits							**944,003.64**	**944,003.64**
Total Personnel Expenses							**3,423,331.18**	**3,423,331.18**
Classroom (1000)								
Professional Educational Services -Classroom	100	000		100	1000	0320	-	-
Other Technical Services -Classroom	100	000		100	1000	0352	-	-
Professional Educational Services -Summer School Classroom	100	000		140	1000	0320	-	-
Support Services- Students (2100)							-	-
Professional Educational Services -Student Services	100	000		100	2100	0320	-	-
Training and Development Provided by third party	100	000		100	2100	0330	-	-
Other Professional Services -Student Services	100	000		100	2100	0340	-	-
Tuition	100	000		100	2100	0560	-	-
Travel	100	000		100	2100	0580	-	-
Support Services- Instructional (2200)							-	-
Professional Educational Services -Instructional	100	000		100	2200	0320	-	-

Beacon Academy of Nevada
MYP Detail



Description	Fund	Project	Revenue	Program	Function	Object	735.00 Forecast w/Lease FY2526	735.00 Forecast w/Mortgage FY2526
Support Services- General Admin (2300)							-	-
Legal Services	800	000		100	2319	0340	-	800.00
Other Specialized Services -Property Management	800	000		100	2319	0360		14,567.00
Sponsorship Fee 1.25%	100	201		100	2319	0591	66,545.00	66,545.00
Support Services- School Administration (2400)							-	-
Training and Development Provided by third party	100	000		100	2400	0330	-	-
Travel -School Admin	100	000		100	2400	0580	5,000.00	5,000.00
Central Services (2500)							-	-
Official/Administrative Services -Central Services	100	000		100	2500	0310	1,345.00	1,345.00
Purchased Finacial Services (CSMC)	100	000		100	2500	0340	108,500.00	108,500.00
Marketing Services- Website	100	000		100	2500	0345	5,600.00	5,600.00
Other Technical Services	100	000		100	2500	0352	18,508.00	18,508.00
Other Specialized Services -Payroll Services	100	000		100	2500	0360	11,016.00	11,016.00
Non-Technology-Related Repairs and Maintenance -Central Servic	100	000		100	2500	0430	25,684.00	25,684.00
Rental of Equipment -Central Services	100	000		100	2500	0442	22,400.00	22,400.00
Rentals of Computers and Related Equipment	100	000		100	2500	0443	-	-
Postage	100	000		100	2500	0531	5,000.00	5,000.00
Telephone - Land line	100	000		100	2500	0533	3,700.00	3,700.00
Data Communications - Internet	100	000		100	2500	0535	4,900.00	4,900.00
Advertising	100	000		100	2500	0540	4,400.00	4,400.00
Printing & Binding -Central Services	100	000		100	2500	0550	-	-
Operation and Maintenance of Plant (2600)							-	-
Utilities (Water/Sewer)	100	000		100	2600	0410	8,084.00	8,084.00
Utilities (Water/Sewer)	800	000		100	2600	0410	-	25,629.00
Waste Disposal Service	100	000		100	2600	0421	4,200.00	4,200.00
Janitorial	100	000		100	2600	0422	45,740.00	45,740.00
Non-Technology-Related Repairs and Maintenance -Building	100	000		100	2600	0430	17,670.00	17,670.00
Non-Technology-Related Repairs and Maintenance -Building	800	000		100	2600	0430	-	53,000.00
Technology-Related Repairs and Maintenance (hardware / equip	100	000		100	2600	0432	20,000.00	20,000.00
Building Lease	100	000		100	2600	0441	435,228.00	216,000.00
Other Purchased Property Services	100	000		100	2600	0490	52,964.00	52,964.00
Insurance (Other than Employee) -Operations & Maintenance	100	000		100	2600	0520	71,712.00	71,712.00
Insurance (Other than Employee) -Operations & Maintenance	800	000		100	2600	0520	-	9,000.00

Beacon Academy of Nevada
MYP Detail

CSMC

Description	Fund	Project	Revenue	Program	Function	Object	735.00 Forecast w/Lease FY2526	735.00 Forecast w/Mortgage FY2526
Transportation							-	-
Transportation	100	000		100	2700	0510	150,000.00	150,000.00
New Nv Education Funding Plan SB178 (2017)							-	-
Professional Educational Services -SB178	240	280		420	1000	0320	-	-
English Mastery - ZOOM Schools (All Other Districts) (SB390)							-	-
Professional Educational Services -SB390	240	289		420	1000	0320	-	-
CCR STEM							-	-
Professional Educational Services -CCR STEM	240	351		420	1000	0320	69,800.00	69,800.00
Special Education							-	-
Professional Educational Services -SPED- Speech Pathology/Psychc	250	000		200	2100	0320	101,150.00	101,150.00
Title I - School Improvement, 1003(a)							-	-
Other Professional Services -Title I 1003(A)	280	624		100	1000	0330	140,800.00	140,800.00
Travel -School -Title II	280	624		100	2213	0580	4,200.00	4,200.00
IASA(ESEA) Title I-A Helping Disadvantaged Students Meet High Standards/School Imprvmnt							-	-
Professional Educational Services -Title I-A -Student Services	280	633		430	2100	0320	-	-
SPED- IDEA Part B							-	-
Professional Educational Services -SPED- Speech Pathology/Psychc	280	639		200	2100	0320	11,405.00	11,405.00
Travel -SPED IDEA Part B	280	639		200	2213	0580	-	-
Title III Immigrant Grant							-	-
Transportation -Title III Immigrant	280	659		420	2700	0510	-	-
Education for Homeless Children and Youth (McKinney-Vento Act)							-	-
Transportation -McKinney-Vento Act	280	650		430	2700	0510	-	-
Title II							-	-
Professional Educational Services -Title II	280	709		100	1000	0330	2,000.00	2,000.00
Employee Training and Development Services -Title II	280	709		100	2100	0330	-	-
Travel -School Admin -Title II	280	709		100	2300	0580	8,000.00	8,000.00
Title IV							-	-
Employee Training and Development Services -Title IV	280	715		100	1000	0320	-	-
Professional Educational Services -Title IV	280	715		100	1000	0330	-	-
Other Professional Services -Title IV	280	715		100	2100	0340	-	-
Transportation	280	715		100	2700	0510	-	-
Data Communications - Internet -Title IV	280	715		100	2500	0535	-	-

Beacon Academy of Nevada
MYP Detail

CSMC

Description	Fund	Project	Revenue	Program	Function	Object	735.00 Forecast w/Lease FY2526	735.00 Forecast w/Mortgage FY2526
Travel -Instructional -Title IV	280	715		100	2100	0580	-	-
Total Purchased Services							**1,425,551.00**	**1,309,319.00**
Classroom (1000)								
General Supplies -Classroom	100	000		100	1000	0610	60,000.00	60,000.00
Books & Periodicals -Classroom	100	000		100	1000	0640	1,080.00	1,080.00
Textbook & Curriculum -Classroom	100	000		100	1000	0641	-	-
Supplies-Technology-Software -Classroom	100	000		100	1000	0651	2,400.00	2,400.00
Supplies/Equip-Info Tech Related- Classroom	100	000		100	1000	0652	71,394.00	71,394.00
Web-Based Curriculum -Classroom	100	000		100	1000	0653	35,200.00	35,200.00
General Supplies -Classroom	100	000		910	1000	0610	-	-
Support Services- Students (2100)							-	-
General Supplies -Student Support Services	100	000		100	2100	0610	25,000.00	25,000.00
Supplies/Equip-Info Tech Related- Students	100	000		100	2100	0652	978.00	978.00
Support Services- Instruction (2200)							-	-
General Supplies -Support Services Instructional	100	000		100	2200	0610	2,008.00	2,008.00
Supplies-Technology-Software -Support Services Instructional	100	000		100	2200	0651	3,400.00	3,400.00
Supplies/Equip-Info Tech Related- Support Services Instructional	100	000		100	2200	0652	500.00	500.00
Support Services- General Administration (2300)							-	-
General Supplies -General Admin	100	000		100	2300	0610	-	-
Supplies/Equip-Info Tech Related- General Admin	100	000		100	2300	0652	-	-
Support Services- School Administration (2400)							-	-
General Supplies -School Admin	100	000		100	2400	0610	40,000.00	40,000.00
Central Services (2500)							-	-
General Supplies - Central Services	100	000		100	2500	0610	5,535.00	5,535.00
Software - Central Services	100	000		100	2500	0651	3,775.00	3,775.00
Supplies/Equip-Info Tech- Central	100	000		100	2500	0652	768.00	768.00
Operation and Maintenance of Plant (2600)							-	-
General Supplies -Operational	100	000		100	2600	0610	8,224.00	8,224.00
Energy (Natural Gas, Electricity)	100	000		100	2600	0621	4,000.00	4,000.00
Natural Gas	100	000		100	2600	0622	47,500.00	47,500.00
Social, Emotional & Academic Development (SEAD)							-	-
Textbooks -SEAD	240	261		420	1000	0641	1,685.00	1,685.00
New Nv Education Funding Plan SB178 (2017)							-	-

Beacon Academy of Nevada
MYP Detail

CSMC

Description	Fund	Project	Revenue	Program	Function	Object	735.00 Forecast w/Lease FY2526	735.00 Forecast w/Mortgage FY2526
Web-Based Curriculum -Zoom	240	289		100	1000	0653	-	-
Teacher Reimbursement Grant							-	-
General Supplies -Teacher Reimbursement Grant	240	325		100	1000	0610	2,000.00	2,000.00
Work Based Learning							-	-
General Supplies -Work Based Learning Grant	240	353		100	1000	0610	1,000.00	1,000.00
Web-Based Curriculum -WBL Grant	240	353		100	1000	0653	525.00	525.00
Special Education							-	-
Books & Periodicals -SPED	250	000		200	1000	0640	-	-
Web-Based Curriculum -SPED	250	000		200	1000	0653	-	-
Title I - School Improvement, 1003(a)							-	-
Web-Based Curriculum -Title 1	280	624		420	1000	0653	12,500.00	12,500.00
IASA(ESEA) Title I-A Helping Disadvantaged Students Meet High Standards/School Imprvmnt							-	-
Web-Based Curriculum -Title 0	280	633		420	1000	0610	-	-
Web-Based Curriculum -Title 1	280	633		420	1000	0653	-	-
Title III ELL Grant							-	-
Books and reference other than textbooks	280	658		420	1000	0640	-	-
Web-Based Curriculum -Classroom	280	658		420	1000	0653	-	-
Title III Immigrant Grant							-	-
General Supplies -Title III Immigrant	280	659		420	1000	0610	-	-
Supplies/Equip-Info Tech- Title III Immigrant	280	659		420	1000	0652	-	-
Education for Homeless Children and Youth (McKinney-Vento Act)							-	-
Supplies/Equip-Info Tech- McKinney-Vento Act	280	650		420	1000	0652	-	-
Title IV Grant							-	-
General Supplies -SGF	280	715		100	1000	0610	-	-
Software - Title IV	281	715		100	2500	0651	-	-
Supplies/Equip-Info Tech- Title IV Grant -Instructional Support	280	715		100	2200	0652	-	-
Web-Based Curriculum -Classroom	280	715		100	1000	0653	-	-
Student Generated Funds								
General Supplies -SGF	900	000		100	1000	0610	-	-
Total Books & Supplies							**329,472.00**	**329,472.00**
Depreciation	100	000		100	2500	0790	6,593.00	6,593.00
Depreciation	800	000		100	2500	0790	-	127,000.00
Total Capital Outlay							**6,593.00**	**133,593.00**

Beacon Academy of Nevada
MYP Detail

CSMC

Description	Fund	Project	Revenue	Program	Function	Object	735.00 Forecast w/Lease FY2526	735.00 Forecast w/Mortgage FY2526
Dues & Fees -Classroom	100	000		100	1000	0810	-	-
Dues & Fees -Student Services	100	000		100	2100	0810	-	-
Dues & Fees -Instructional Services	100	000		100	2200	0810	3,800.00	3,800.00
Dues & Fees -General Admin	800	000		100	2300	0810	-	8,500.00
Dues & Fees -School Admin	100	000		100	2400	0810	-	-
Bank Service Fees	100	000		100	2500	0800	-	-
Dues & Fees -Central Services	100	000		100	2500	0810	-	-
Dues & Fees -Operation and Maintenance of Plant	100	000		100	2600	0810	-	-
Redemption of Principal	400	000		100	5000	0831	-	159,600.00
Miscellaneous Expense	100	000		100	2400	0890	-	-
Miscellaneous Expense	240	390		100	2400	0890	10,000.00	10,000.00
SPED- IDEA Part B							-	-
Dues & Fees -SPED IDEA Part B	280	639		100	2213	0810	-	-
Title II Grant							-	-
Dues & Fees -General Admin	280	709		100	2300	0810	-	-
Miscellaneous Expense -SGF	900	000		100	2400	0890	-	-
Miscellaneous Expense -SGF	900	000		910	6000	0900	-	-
Total Other Outgo							**13,800.00**	**181,900.00**
Total Expenditures							**5,198,747.18**	**5,377,615.18**
Net Income							**1,348,901.82**	**1,315,700.82**

Days of Cash on Hand	296.73	188.68
Reserve Target 3% of DSA	159,707.04	159,707.04
Net Income Less Reserve	1,189,194.78	1,155,993.78
	21%	20%

FACILITY RFA
Beacon Academy of Nevada

ATTACHMENT #12
FY19 Financial Audit

ATTACHMENT #12 - FY19 Financial Audit

BEACON ACADEMY OF NEVADA

FINANCIAL STATEMENTS

JUNE 30, 2019

ELLSWORTH • STOUT
CPAs and Consultants

ATTACHMENT #12 - FY19 Financial Audit

BEACON ACADEMY OF NEVADA
FINANCIAL STATEMENTS
JUNE 30, 2019

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Independent Auditor's Report

To the Governing Board of
Beacon Academy of Nevada
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities and each major fund of Beacon Academy of Nevada (School), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and supplemental pension information on pages 3-8 and 26-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The schedule of financial performance is presented for purposes of additional analysis and is not a required part of the basic financial statements and is the responsibility of management. The schedule was derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements, and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2019, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

Ellsworth & Stout, LLC

Las Vegas, Nevada
October 24, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

BEACON ACADEMY OF NEVADA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

The following discussion and analysis of Beacon Academy of Nevada (School) provides an overview of the School's financial activities for the year ended June 30, 2019. As management of the School, readers are encouraged to consider the information presented here in conjunction with the financial statements and notes. This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the School as a whole and present a longer-term view of the School's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the School's operations in more detail than the government-wide statements.

Financial Highlights

The School's net position totals $1,696,400. Assets consist of cash of $2,974,737, investments of $1,110,876, receivables of $346,537, and other assets of $60,016. Total revenue was $3,879,633, which includes $2,950,085 from the Distributive School Account (DSA) for expenditures incurred during the fiscal year.

Overview of the Financial Statements

The School's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and the accompanying notes to the financial statements.

Government- Wide Financial Statements:
The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements:
A fund is established to account for a specific activity or purpose. The School only has governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the governmental fund financial statements focus on near-term spendable resources, and the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two is provided following the fund financial statement's balance sheet and statement of revenues, expenditures and changes in fund balances, respectively.

Notes to the Basic Financial Statements:
The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements and should be read with the financial statements.

The School as a whole

One important question asked about the School's finances is: "Is the School better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is the basis of accounting used by most private-sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, consideration should be given to other non-financial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs and changes in the economy to assess the overall health of the School.

The School's net position was as follows:

	2019	2018	Change	Percentage
Current assets	$ 3,360,490	$ 4,160,899	$ (800,409)	-19%
Capital assets-net	1,800	7,904	(6,104)	-77%
Noncurrent assets-other	1,129,876	19,000	1,110,876	5847%
Total assets	4,492,166	4,187,803	304,363	7%
Deferred outflows of resources	1,161,465	829,910	331,555	100%
Current liabilities	210,483	191,921	18,562	10%
Long-term liabilities	3,025,435	2,594,428	431,007	17%
Total liabilities	3,235,918	2,786,349	449,569	16%
Deferred inflows of resources	721,313	886,860	(165,547)	100%
Net position	$ 1,696,400	$ 1,344,504	$ 351,896	26%

The change in asset classifications was primarily due to investments made in the current fiscal year. Current liabilities increased primarily due to an increase in accrued payroll liabilities. Long-term liabilities are related to the pension requirements based on generally accepted accounting principles and change based on overall changes to the pension plan each fiscal year. Overall net position increased due to an overall net increase in assets during the fiscal year.

The School's revenues were as follows:

	2019	2018	Change	Percentage
Revenue				
State sources	$ 3,225,793	$ 2,997,630	$ 228,163	8%
Federal sources	584,720	586,064	(1,344)	0%
Other sources	69,120	61,961	7,159	12%
Total revenue	$ 3,879,633	$ 3,645,655	$ 233,978	6%

The School as a whole – continued

The revenue from the Distributive State Account (DSA) decreased by 1.5% primarily due to a decrease in student enrollment; however, the School had an increase in funding from state sources due to receiving additional state grants in the current fiscal year, including SB 178, SB390 and the Work-Based Learning Grant. The revenue from Federal sources included grant awarded to the School including IDEA, Title I, Title 1003a, Title II, Title III, and Title IV funds.

The School's expenditures were as follows:

	2019	2018	Change	Percentage
Instruction	$ 1,165,963	$ 995,637	$ 170,326	17%
Student support	571,456	669,330	(97,874)	-15%
Instructional support	261,707	232,390	29,317	13%
School administration	727,250	708,068	19,182	3%
Central services	424,437	382,390	42,047	11%
Operations and maint. of plant	344,350	347,355	(3,005)	-1%
Student transportation	26,470	20,000	6,470	32%
Depreciation	6,104	6,593	(489)	-7%
Total expenses	$ 3,527,737	$ 3,361,763	$ 165,974	5%

The School was awarded a Title I Grant which was approved to cover the expenses for the Response to Intervention Facilitator and the STEM interventionist. The Title 1003a Grant was approved to cover the expenses of the Literacy and Data Facilitator, and the Title IV Grant covered the expenses of a Dropout Facilitator. The Work-Based Learning Grant was approved to cover the salary of the College and Career Advisor. This resulted in a decrease to instructional salaries since the positions were considered student support related. In addition, the School was able to contract with KO Educational Services for Instruction, which resulted in a cost savings to the School. The SB 178 Grant was approved to cover the expenses of the Wrap-Around Facilitator and KO Educational Services. The SB 390 Grant was used to cover the expenses of two Teacher Assistants.

The Future of the School

The School offers a unique and innovative blended learning program for alternative education students emphasizing the academic, emotional, and social needs of the student. The scheduling format, wrap-around support services, and student-centered courses, all combine to provide a high-quality program specifically designed to meet the individual needs of at-risk student populations.

Working with the students involves thoughtful consideration throughout all processes. Academic interventions include attending Academic Seminar classes on campus, Response to Intervention, English-Language development, tutoring, remediation of basic skills, Dropout Prevention, and college and career guidance

The School is dedicated to providing a safe, distraction-free, flexible choice for credit deficient students to earn a high school diploma utilizing a blended learning model. The programs are personalized to meet students' individual academic needs and are available to those who meet Nevada's alternative education requirements. The self-paced learning environment motivates students to re-engage in school, and it provides them with an education that will prepare them for future successes in college and career.

The Future of the School (Continued)

The School is a fully accredited, full-time, tuition-free state public charter school. Online access to courses is available 24 hours a day. Highly qualified teachers provide individualized and small group instruction face-to-face, on- campus, and online. A variety of student and family social and emotional support services are also available.

The mission of the school is to offer at-risk high school students the choice of an innovative and relevant education, which provides the flexibility and support to graduate from high school with concrete plans for their future. Face-to-face instruction is offered from 8:00 a.m - 3:00 p.m. Monday - Thursday. Students attend campus a minimum of two days per week, unless their educational program states otherwise. Teachers and tutors work with students in small group pull-out sessions or individually in computer labs. The School also provides free 24 hour bus passes to any student who does not have access to transportation for tutoring.

Because the school transitioned to an Alternative Education Blended High School, the Advanced-Placement and Dual Credit options are available, but very few students qualify. Instead, the School is working to expand work-force development opportunities through community partners, trade-schools, internships, job shadowing, and two-year college programs, in addition to four-year college programs. A Work-Based Learning Grant Award will help to fund a College and Career Advisor position to assist students as they transition from high school graduation to the next phase.

As the number of students on campus increases, the need for more classroom and parking space increases. The School Governing Body does anticipate opening a satellite campus to serve at-risk students on the east side of Las Vegas in the fall of 2021 after it renews its charter contract in 2020. It has not been determined whether the School will purchase or lease one or both of the school buildings in Clark County.

The School will remain in its current location until 2020 when its current lease expires. The School is considering the option of pursuing a three-year lease extension so as to better focus on opening the new facility in August, 2021.

Government Funds Financial Analysis

The following analysis has been prepared comparing the results for the fiscal year ending June 30, 2019 to the Final school budget:

Beacon Academy of Nevada
Budget Comparison Schedule (Unaudited)
Modified Accrual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable / (Unfavorable)
REVENUE			
Local revenue sources	$ 223,416	$ 69,120	$ (154,296)
State program revenues	3,124,010	3,225,793	101,783
Federal Program revenues	611,199	584,720	(26,479)
Total revenue	3,958,625	3,879,633	(78,992)
EXPENDITURES			
Regular programs:			
Instruction	803,274	595,849	207,425
Support Services	1,860,387	1,813,160	47,227
Total regular programs	2,663,661	2,409,009	254,652
Special programs:			
Instruction	419,645	591,878	(172,233)
Support Services	367,502	586,841	(219,339)
Total support programs	787,147	1,178,719	(391,572)
Total expenditures	3,450,808	3,587,728	(136,920)
Excess (deficiency) of revenue over expenditures	507,817	291,905	(215,912)
FUND BALANCE, beginning of year	3,987,978	3,987,978	-
FUND BALANCE, end of year	$ 4,495,795	$ 4,279,883	$ (215,912)

The variance in revenue is due to over-projecting the number of students who meet the attendance requirements. The budget was based on projected enrollment numbers and estimates from information the school had during the school year. Multiple attendance audits were conducted at the end of the academic year, so budget adjustments could not be made in a timely manner. These attendance audits directly affected the monthly DSA funding. As discussed above, the School has focused on processes and procedures to ensure more students are attending school weekly, i.e. on campus attendance requirements.

Request for information

The financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Beacon Academy of Nevada at 7360 W. Flamingo Rd., Las Vegas, Nevada 89147, and telephone number (888) 844-8020.

BASIC FINANCIAL STATEMENTS

Beacon Academy of Nevada
Statement of Net Position
June 30, 2019

ASSETS	
Current assets:	
Cash	$ 2,974,737
Receivables	346,537
Prepaid expenses	39,216
Total current assets	3,360,490
Noncurrent assets:	
Capital assets, net	1,800
Investments	1,110,876
Refundable deposits	19,000
Total noncurrent assets	1,131,676
Total assets	4,492,166
DEFERRED OUTFLOWS OF RESOURCES	
Pension requirement	1,161,465
Total assets and deferred outflows of resources	$ 5,653,631
LIABILITIES	
Current liabilities:	
Accounts payable	$ 34,878
Accrued payroll and benefits	169,755
Deferred rent, net	5,850
Total current liabilities	210,483
Noncurrent liabilities:	
Refundable deposits	10,915
Net pension liability	3,014,520
Total noncurrent liabilities	3,025,435
Total liabilities	3,235,918
DEFERRED INFLOWS OF RESOURCES	
Pension requirement	721,313
Total liabilities and deferred inflows of resources	3,957,231
NET POSITION	
Invested in capital assets, net of debt	1,800
Unrestricted:	
Board-designated	1,643,762
Other unrestricted	50,838
Total net position	$ 1,696,400

The accompanying notes are an integral part of these financial statements.

Beacon Academy of Nevada
Statement of Activities
For the Fiscal Year Ended June 30, 2019

GOVERNMENTAL ACTIVITIES	Governmental Activities
Instruction:	
Regular instruction	$ 584,976
Special instruction	580,987
Total instruction	1,165,963
Support services:	
Student support	571,456
Instructional support	261,707
School administration	727,250
Central services	424,437
Operations and maintenance of plant	344,350
Student transportation	26,470
Depreciation	6,104
Total support services	2,361,774
Total expenditures	3,527,737
PROGRAM REVENUE	
Operating grants:	
Special instruction	1,091,547
GENERAL REVENUE	
Distributive school account	2,718,966
Other sources	69,120
Total general revenue	2,788,086
CHANGE IN NET POSITION	351,896
NET POSITION, beginning of year	1,344,504
NET POSITION, end of year	$ 1,696,400

The accompanying notes are an integral part of these financial statements.

Beacon Academy of Nevada
Balance Sheet - Governmental Funds
June 30, 2019

	General Fund
ASSETS	
Cash	$ 2,974,737
Investments	1,110,876
Receivables	346,537
Prepaid expenses	39,216
Refundable Deposits	19,000
Total assets	$ 4,490,366
LIABILITIES	
Accounts payable	$ 34,878
Accrued payroll and benefits	169,755
Deferred rent, current	5,850
Total liabilities	210,483
FUND BALANCES	
Nonspendable:	
Prepaid expenses	39,216
Refundable deposits	19,000
Assigned:	
Board-designated	1,643,762
Unassigned	2,577,905
Total fund balances	4,279,883
Total liabilities and fund balances	$ 4,490,366

The accompanying notes are an integral part of these financial statements.

Beacon Academy of Nevada
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Total fund balances - governmental funds		$ 4,279,883
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of related depreciation, are not reported in the governmental funds financial statements because they are not current financial resources, but they are reported in the statement of net position.		
Capital assets not reported	93,550	
Accumulated depreciation	(91,750)	1,800
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Refundable deposits	(10,915)	(10,915)
Net pension liability and the related deferred inflows and outflows or resources are not included in governmental fund financial statements.		
Deferred outflows of resources - pension requirement	1,161,465	
Deferred inflows of resources - pension requirement	(721,313)	
Net pension liability	(3,014,520)	(2,574,368)
Total net position - governmental activities		$ 1,696,400

The accompanying notes are an integral part of these financial statements.

Beacon Academy of Nevada
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Total
REVENUES			
State sources	$ 2,718,966	$ 506,827	$ 3,225,793
Federal sources	-	584,720	584,720
Other sources	69,120	-	69,120
Total revenues	2,788,086	1,091,547	3,879,633
EXPENDITURES			
Program expenditures	595,849	591,878	1,187,727
Support services:			
Student support	243,044	344,205	587,249
Instructional support	81,961	184,202	266,163
School administration	705,809	38,918	744,727
Central services	418,614	9,546	428,160
Operations and maintenance of plant	347,232	-	347,232
Student transportation	16,500	9,970	26,470
Total support services	1,813,160	586,841	2,400,001
Total expenditures	2,409,009	1,178,719	3,587,728
Excess ofrevenue over (under) expenditures	379,077	(87,172)	291,905
OTHER FINANCING SOURCES (USES)			
Transfers	(62,172)	62,172	-
	(62,172)	62,172	-
Net change in fund balances	316,905	(25,000)	291,905
Fund Balances, beginning of year	3,962,978	25,000	3,987,978
Fund Balances, end of year	$ 4,279,883	$ -	$ 4,279,883

The accompanying notes are an integral part of these financial statements.

Beacon Academy of Nevada
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Net change in fund balances - governmental funds	$ 291,905
Amounts reported for governmental activities in the statement of activities are different because:	
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and are allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount that the current year's depreciation expenses exceeded the capital asset purchases in the current period.	
Current year depreciation	(6,104)
Deferred rent is not due and payable in the current period and therefore is not reported in the governmental funds.	
Changes in noncurrent deferred rent obligations	2,882
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in net pension liability and related deferred outflows and inflows of resources	63,213
Change in net position of governmental activities	$ 351,896

The accompanying notes are an integral part of these financial statements.

BEACON ACADEMY OF NEVADA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – ORGANIZATION AND CHARTER

Beacon Academy of Nevada (School) is a charter school established in 2008 under Nevada Revised Statue (NRS) 386.527 (subsequently replaced by NRS 388A.270). The Nevada State Public Charter School Authority (Authority or SPCSA) agreed to sponsor the establishment and operations of the School under an approved charter contract with an initial term of six years, based on certain conditions being met during the term of the contract, beginning in June 2014 and ending in June 2020.

The School's mission is to offer at-risk high school students the choice of an innovative and relevant education, which provides the flexibility and support to graduate from high school with concrete plans for their future. The School provides students, grades 9 through 12, an educational alternative to the public schools. Instruction is provided in the core courses of study including English, Math, Science, History, Art, and Music. The School also offers a variety of electives, including Business, Computer Science, and Languages.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

Reporting Entity

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the School. The School has established a Governing Board (Board), which is legally separate and fiscally independent from other governing bodies; therefore, the School is a primary government and the School is not reported as a component unit by any other government unit. The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

Basis of Presentation: Government-wide and Fund Financial Statements

The accompanying financial statements have been prepared in accordance with GASB Codification, Section 2200 (previously referred to as GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB 34)). The School's basic financial statements consist of both government-wide financial statements and fund financial statements. Accounting principles generally accepted in the United States of America require the School to apply all applicable pronouncements of GASB. The school also follows guidance issued by the Financial Accounting Standards Board (FASB) in the Accounting Standard Codification (ASC) to the extent that the pronouncements do not conflict with pronouncements issued by GASB.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The statement of activities presents a comparison between direct expenses and program revenue for each function of the School's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. The School does not charge indirect expenses to programs or functions. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or function. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

The major governmental funds are reported as separate columns in the fund financial statements. This requires that each fund be treated as a separate accounting entity and that the operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the School has been notified that the funds are available to be received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measureable" means that the amount of the transaction can be determined. "Available" means that the amount is collectible within the current period or soon enough thereafter to pay liabilities incurred in the current period. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is for payments of principal and interest on debt service or capital leases, which are recorded when payment is due.

All of the School's funds are governmental funds. The School reports the following major governmental funds:

General Fund: The School's general operating fund used to account for all financial resources and costs of operations traditionally associated with governments, which are not required to be accounted for in other funds.

Special Revenue Fund: These funds are used to account for the proceeds of special revenue sources that are restricted or committed by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The special revenue fund accounts for the School's special education program transactions, relating to educational services provided to children with special needs as supported by state and local sources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Information

The School is required by the Nevada Department of Education (Department) to adopt a final budget no later than May 1 of each year under NRS 388A.366, but is not required by the Department to augment the budget during the year. Further, the School is not required under the statute to adopt a final budget or otherwise comply with any provisions of Chapter 354 of the NRS. In essence, augmentation of the School's budget is neither required nor prohibited.

Cash and Cash Equivalents

The School defines cash and cash equivalents as cash and short-term investments with an initial maturity of three months or less.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements. Prepaid expenses are equally offset by a fund balance classification indicating they are *"non-spendable"*.

Receivables

Receivables include Distributive School Account (DSA) balances due from the state, in addition to other grant revenues related to special education shown in the special revenue fund. The School considers the balance of receivables to be fully-collectible; accordingly, an allowance for uncollectible accounts has not been recorded.

Capital Assets

Capital assets are defined by the School as assets with an initial individual cost exceeding $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or an estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value on the date of donation. Costs of normal repair or maintenance that do not add value or materially extend asset life are not capitalized. Depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

Capital Asset Type	Years
Furniture and equipment	5 years
Computers and software	3 years

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The types of investments in which the School is authorized to transact is set by the School Board and applicable state law. The School's investment policy provides that the amounts invested and associated maturities should match the expected cash flow needs for operations, include a reasonable diversification, and be associated with qualified and reputable companies. Changes in the fair value of School investments are part of investment income that is included in revenues from local sources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Salaries and Benefits

Employee compensation earned but not paid by June 30, 2019, has been accrued as liabilities and shown as expenses for the current year. The School does not pay employees for unused accrued time off upon termination of employment; therefore, no liability for compensated absences has been included in these financial statements.

Deferred Outflows and Inflows of Resources

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The changes in proportion and differences between employer contributions and the proportionate share of contributions as well as contributions made after the measurement period for pensions qualify for reporting in this category.

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Differences between expected and actual experience and between projected and actual investment earnings on pension plan investments qualify for reporting in this category.

Defined Benefit Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position and Fund balance

In the government-wide financial statements, net position is classified into three components:

Invested in Capital Assets, Net of Related Debt: This is the component of net position that reports the difference between the capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This is the component of net position that reports the constraints placed on the use of assets by constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws and regulations of other governments.

Unrestricted Net Position: All other assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net position".

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund balance (Continued)

In the fund financial statements, the classifications of fund balance represent amounts that are not subject to appropriation or are legally segregated for a specific purpose and are classified into five components:

Nonspendable fund balance: These items are legally or contractually required to be maintained intact and are not in a spendable form, such as prepaid expenses.

Restricted fund balance: These amounts are restricted for use toward a specific purpose by constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance: These amounts can only be used for specific purposes as set forth by the School Board. The Board must take formal action, prior to the end of the reporting period, in order to establish an ending fund balance commitment for any specific purpose. Formal Board action is also required to modify or rescind an established commitment.

Assigned fund balance: Assignments are neither restrictions nor commitments, and represent the School's intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the School's ending fund balance. The School Board and Management have the responsibility of assigning amounts of ending fund balance.

Unassigned fund balance: The residual classification for the General Fund that is available to spend.

When an expenditure is incurred, and both restricted and unrestricted resources are available, the portion of the fund balance that was restricted for purposes shall be reduced first. If no restricted resources exist, then the unrestricted fund balance shall be reduced. Furthermore, when an expenditure is incurred for purposes which amounts of committed, assigned, or unassigned are considered to have been spent, and any of these unrestricted fund balance classifications could be used, they are considered spent in the above order.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, assumptions, and judgments that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, Leases, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. The School is currently evaluating the impact the adoption of this statement will have on its financial statements.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The School's cash is categorized in three categories of credit risk:

Category 1: Insured or collateralized with securities held by entity or by its agent in the School's name

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the School's name.

Category 3: Uncollateralized.

The School participates in a statewide collateral pool made available under applicable state law. The statewide program is centralized and coordinated by the Office of the State Treasurer. Under the pool, participating financial institutions are required to maintain collateral securities having a fair market value that is at least 102% of the amount of the aggregate uninsured ledger balances of public money held by the depository. State and local agency participation is voluntary.

Financial institutions that participate require a signed collateral security agreement and approval by the State Treasurer. The School maintains bank accounts in Nevada State Bank, which is a participating banking institution and the School has joined the statewide collateral pool.

The cash held by the financial institution is insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limits of $250,000. At June 30, 2019, the School's cash deposits were fully insured with no uncollateralized portions. Custodial credit risk is the risk that the School may not be able to recover the value of the deposits that are in the possession of an outside party. The School does not have a formal policy for custodial credit risk.

NOTE 4 – INVESTMENTS

As of June 30, 2019, the School had the following investments and maturities:

Investment Type	Fair Value	Maturities (in years)
Mutual funds	$ 750,000	0.88
Non-negotiable certificates of deposit	360,876	0.46
	$ 1,110,876	

Credit Risk

The mutual fund invested in has not received an individual credit rating, but invests in underlying bonds with high credit ratings.

Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the School diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The School coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than one year from the purchase date.

NOTE 4 – INVESTMENTS (Continued)

Concentration of Credit Risk

There are three separate negotiable certificates of deposit that represent a concentration of credit risk as they individually exceed 5% of the total investment balance.

Fair Value Measurements

The School categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The School does not have any investments that are measured using level 3 inputs. The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Valued at the daily closing price reported by the fund, which is the daily net asset value per unit (level 1 inputs).

Negotiable Certificates of Deposit: Valued at cost plus earned and accrued interest. Negotiable certificates of deposit are traded on a secondary market and there are no quoted market prices published (level 2 inputs).

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets from governmental activities for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Disposals	Balance June 30, 2019
Cost of assets				
Furniture and equipment	$ 20,185	$ -	$ -	$ 20,185
Computers	19,463	-	-	19,463
Software	53,902	-	-	53,902
Total	93,550	-	-	93,550
Accumulated depreciation				
Furniture and equipment	(14,404)	(2,700)	-	(17,104)
Computers	(16,060)	(3,404)	-	(19,464)
Software	(55,182)	-	-	(55,182)
Total	(85,646)	(6,104)	-	(91,750)
	$ 7,904	$ (6,104)	$ -	$ 1,800

Depreciation expense was not charged to activities as the School considers its assets to impact multiple activities and allocation is not practical.

NOTE 6 – OPERATING LEASES

The School entered into a non-cancelable operating lease agreement for their Las Vegas School location commencing in August 2012. The non-cancelable operating lease had an initial term of 5 years with an option to renew. In March 2017, the option to renew was exercised for an additional two years through July 2019 with monthly rental payments of $18,000 over the course of the extension period. The lease agreement was amended in January 2018 to increase the term of the lease by an additional year through July 2020, with monthly rent payments of $18,742 over the course of the extension period. Total rental expense under this lease for the year ended June 30, 2019 was $218,968.

The School has also entered into various non-cancelable operating lease agreements for operating equipment. These leases include terms ranging from 36 to 60 months and include payments ranging from $654 to $961 per month. Total rental expense under these leases for the year ended June 30, 2019 was $11,529.

The future minimum lease payments under the School's non-cancellable lease agreements are as follows:

Years Ending June 30:	Amount
2020	$ 243,539
2021	38,119
2022	7,848
2023	7,848
2024	7,848

NOTE 7 – DEFINED BENEFITS PENSION PLAN

Plan Description

The School is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost-sharing multiple-employer program, and all employees considered to be full-time equivalents (FTE) of 50% of more are covered under the system. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months, with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during their lifetime and various optional monthly payments to a named beneficiary after his or her death.

NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)

Vesting

Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service or at any age with 30 years of service for members enrolled prior to January 1, 2010. For members enrolled on or after January 1, 2010, members are eligible for retirement at age 65 with 5 years of service, at age 62 with 10 years of service, and at any age with 30 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service. Benefits are established by state statute and provisions may only be amended through legislation.

Contributions

Member contribution rates, which are actuarially determined, are set by statute for public employees enrolled in the contribution plan. Two contribution plans are offered to eligible employees, the employee/employer contribution plan and the employer-pay contribution plan. The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due. The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased or decreased pursuant to NRS 286.421 and 286.450.

For contributions to the employee/employer plan made on or after July 1, 2015, contributions of 14.50% are deducted from the employee and a matching contribution of 14.50% is paid by the employer. The employer-pay contribution plan requires an employer paid contribution rate of 28.00% for contributions made on or after July 1, 2015. Effective July 1, 2019, the contribution rates under the employee/employer plan were increased to 15.25% deducted from the employee and a matching contribution of 15.25%, and the contribution rate under the employer-pay plan was increased to 29.25%.

Pension Liabilities, Pension Expense, and Related Deferred Inflows and Outflows of Resources

At June 30, 2019, the School reported a liability of $3,014,520 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of that date. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2018, actuarially determined. At June 30, 2018, the School's proportion was 0.02210%.

NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 94,436	$ 139,925
Change in assumptions	158,846	-
Net difference between projected and actual investment earnings on pension plan investments	-	14,352
Changes in proportion and differences between employer contributions and proportionate share of contributions	602,819	567,036
Contributions subsequent to the measurement date	305,364	-
	$ 1,161,465	$ 721,313

Amounts reported as deferred outflows and deferred inflows of resources, without regard to the contributions subsequent to the measurement date, related to pensions will be recognized in pension expense as follows for the years ended June 30:

2020	$ 68,999
2021	18,377
2022	(47,304)
2023	25,600
2024	29,352
Thereafter	3,981

The net difference between projected and actual investment earnings on pension plan investments will be recognized over five years, all the other above deferred outflow and deferred inflows will be recognized over the average expected remaining service lives, which was 6.39 years for the measurement period ending June 30, 2018.

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Payroll growth	5.00%
Investment rate of return	7.50%
Productivity pay increase	0.5%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Rates include inflation and productivity increases
Consumer price index	2.75%
Other assumptions	Same as those used in the June 30, 2018 funding actuarial valuation

NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience review completed in 2017. The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in the statue. Based on that assumption, the pension plan's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

Investment Policy

The System's policies which determine the investment portfolio target asset allocation are established by the Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the Retirement Board's adopted policy target asset allocation as of June 30, 2018:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return*
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%

*As of June 30, 2018, PERS' long-term inflation assumption was 2.75%.

Discount Rate and Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the PERS as of June 30, 2018, calculated using the discount rate of 7.50%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50%) or one percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net pension liability	4,597,021	3,014,520	1,699,554

NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PERS website at www.nvpers.org under Quick Links – Publications. That report may also be obtained by writing to Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703 or by calling 775-687-4200.

NOTE 8 – BOARD DESIGNATIONS

The Board has designated that 97% of available net position be assigned for the purpose of a building fund. These funds are to be used for the possible future acquisition or construction of a new campus for the School.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 24, 2019, which is the date the financial statements were available to be issued. No additional events were identified that would require additional disclosure.

SUPPLEMENTARY INFORMATION

Beacon Academy of Nevada
Budget Comparison Schedule
Modified Accrual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable / (Unfavorable)	Percentage Over/ (Under)
REVENUE				
Local revenue sources	$ 223,416	$ 69,120	(154,296)	-69%
State program revenues	3,124,010	3,225,793	101,783	3%
Federal Program revenues	611,199	584,720	(26,479)	-4%
Total revenue	3,958,625	3,879,633	(78,992)	-2%
EXPENDITURES				
Regular programs:				
Instruction	803,274	595,849	207,425	-26%
Support services	1,860,387	1,813,160	47,227	-3%
Total regular programs	2,663,661	2,409,009	254,652	-10%
Special programs:				
Instruction	419,645	591,878	(172,233)	41%
Support services	367,502	586,841	(219,339)	60%
Total support programs	787,147	1,178,719	(391,572)	50%
Total expenditures	3,450,808	3,587,728	(136,920)	4%
Excess (deficiency) of revenue over expenditures	507,817	291,905	(215,912)	43%
FUND BALANCES, beginning	3,987,978	3,987,978	-	0%
FUND BALANCES, ending	$ 4,495,795	$ 4,279,883	$ (215,912)	-5%

See accompanying notes

Beacon Academy of Nevada
Supplemental Pension Information
For the Fiscal Year Ended June 30, 2019

Proportion of the net pension liability		0.02210%
Proportionate share of the net pension liability	$	3,014,520
Covered-employee payroll	$	1,606,156
Proportionate share of the net pension liability as a percentage of its covered-employee payroll		187.7%
Plan fiduciary net position as a percentage of the total pension liability		75.2%

See accompanying notes

Beacon Academy of Nevada
Financial Statement Audit Results Summary
For the fiscal year ended June 30, 2019

1	School name	Beacon Academy of Nevada
2	School year ended	2019
3	Year of operations	2008
4	Independent auditor	Ellsworth & Stout, LLC
5	Cash	2,974,737
6	Current assets	3,360,490
7	Noncurrent assets	1,131,676
8	Deferred outflows	1,161,465
9	Current liabilities	210,483
10	Noncurrent liabilities	3,025,435
11	PERS pension liability	3,014,520
12	Deferred inflows	721,313
13	Revenues	3,879,633
14	Expenditures	3,527,737
15	Annual principal	-
16	Interest expense	-
17	Depreciation expense	6,104
18	Outstanding loan	No
19	Debt default	No

See accompanying notes

ELLSWORTH • STOUT

CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Governing Board of
Beacon Academy of Nevada
Las Vegas, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Beacon Academy of Nevada (School) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Beacon Academy of Nevada's basic financial statements, and have issued our report thereon dated October 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ellsworth & Stout, LLC

Las Vegas, Nevada
October 24, 2019

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BEACON ACADEMY OF NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019

No reportable findings were noted.