

**CHARTER SCHOOL FACILITIES PROGRAM
MEMORANDUM OF UNDERSTANDING**

By and Among:

**Nord Country School,
a California Charter School;**

and

**Chico Unified School District
a California Public School District;**

and

**The State of California,
State Allocation Board and California School Finance Authority**

ARTICLE I – PURPOSE AND LIMITATION

- A. This Memorandum of Understanding (“MOU”) is made and entered into as of _____, 2015 (“Effective Date”) by and among the State Allocation Board and the California School Finance Authority (individually or collectively referred to as the “State”); Nord Country School, a California Charter School (“Charter School”); and the California Public School District identified above (“School District”). The provisions of this MOU shall be effective from and after the Effective Date until all duties and obligations of the parties are carried out.
- B. The Charter School has applied to the State for financing of its charter school facilities project (“Project”) under the Charter School Facilities Program (“CSFP”) established pursuant to Article 12 of Chapter 12.5 of Part 10 of the Education Code and the regulations for its implementation provided in California Code of Regulations, Title 4, Section 10151 et seq., and California Code of Regulations, Title 2, Section 1859.160 et seq.
- C. This MOU is intended to tie together two (2) separate legal agreements: (i) a Funding Agreement by and between the State and the Charter School; and (ii) a Facilities Use Agreement (also referred to as “Use Agreement”) by and between

the School District and the Charter School. In accordance with the CSFP, the State is the lender of certain monetary funds to the Charter School to enable the Charter School to acquire real property and/or construct improvements thereon. This loan transaction is set forth in the Funding Agreement to which the School District is not a party to because it is not a lender and does not have obligations under said Funding Agreement. In accordance with Section 17078.57(a)(3)(A) of the Education Code, the School District must hold title to the Facilities, acquired with the funds loaned by the State under the CSFP, in trust for the benefit of the state public school system. Pursuant to the CSFP, the School District as the holder in trust of the Project must provide the use of the Project to the Charter School for a charter school educational program, hence said CSFP is the basis for the Facilities Use Agreement between the School District and the Charter School.

A copy of the Funding Agreement, attached as Exhibit A, and the School District's standard Facilities Use Agreement, attached as Exhibit B, are attached and incorporated into this MOU solely for the purpose of setting forth the separate instruments for this transaction and not for the purpose of making the State a party to the Facilities Use Agreement and the School District a party to the Funding Agreement. This MOU, the Funding Agreement, and the Facilities Use Agreement (collectively, the "Agreements") set forth the entire agreement between the parties regarding the loan of funds and use of the real property pursuant to the CSFP. There are no understandings, agreements, representations, or warranties, express or implied, not specified herein regarding this MOU, the Funding Agreement, and the Facilities Use Agreement; provided, that in the event any portion of this MOU, the Funding Agreement, and/or the Facilities Use Agreement is held unenforceable by a court of competent jurisdiction, the remainder of the applicable agreement shall remain in full force and effect and shall not nullify the intent of the CSFP.

- D. This MOU is being entered into in accordance with the requirements of the CSFP. To the extent this MOU is inconsistent or in conflict with the provisions of the CSFP, the CSFP shall prevail.
- E. The State and the School District shall be responsible for the following:
 - (1) The State. The State shall administer the CSFP and determine eligibility of and compliance by the Charter School with the requirements of the CSFP.
 - (2) The School District. The School District shall:
 - (a) Accept title to the Facilities, as defined below, as trustee for the state public school system; and
 - (b) In the event the Charter School, or any subsequent charter school, ceases to use the Facilities or an Event of Default occurs, the School District

shall observe the requirements of Section 17078.62 of the Education Code as set forth in Section 4.2 below.

Other than the duties set forth in this Article I, E(2), no duties or responsibilities shall be imposed upon the School District as the result of it holding title to the Facilities in trust for the state public school system except for those expressly contained in this MOU.

(3) Securing Approvals, Permits and Other Entitlements. Notwithstanding State supplied bond funds, the State and the School District shall have no duty or obligation to secure or to expend funds or incur costs to secure any approvals, permits, and other entitlements for the Facilities and operation of the Charter School. This limitation on duty and obligation shall apply to any repair, maintenance, modification, renovation, addition, expansion, re-construction, or re-habilitation occurring after the completion of initial construction of the Facilities (“Future Work”).

(4) Construction. The State and the School District shall have no duty or obligation to construct all or any portion of the Facilities or any Future Work. In the event of abandonment or any failure to complete the construction of the Facilities or any Future Work for any reason, the School District, as trustee for the state public school system, will secure the site while it observes the requirements of Section 4.2 below.

(5) Additional Funds. Other than the grant and the loan approved and provided under the CSFP, the State shall not be obligated to provide additional funds or financing for the planning, design, construction (including change orders and completion of construction), operation, or maintenance of the Facilities. The School District, by virtue of holding title to the Facilities as trustee for the state public school system, shall not be obligated to provide additional funds or financing for the planning, design, construction (including change orders and completion of construction), operation, or maintenance of the Facilities.

(6) Cooperation. In the event Charter School fails to complete construction or rehabilitation of the Facilities for any reason or fails to operate a school at the Facilities for any reason, the School District agrees that, as the owner in trust of the Facilities for the state public school system, the School District shall cooperate with the State in its efforts to complete the construction of the Facilities or its effort to have a charter school operate from the Facilities; provided, that nothing in this MOU, the Funding Agreement, if applicable, and the Facilities Use Agreement shall require the School District to incur any costs or liabilities, or increase the School District’s duties, obligations, or exposure to liability, unless agreed to in writing by the School District.

ARTICLE II – FINANCING OF THE CHARTER SCHOOL’S PROJECT

2.1 Fifty Percent Local Matching Share

- A. The Charter School's apportionment for the Project is contingent upon the Charter School paying its 50% local matching share obligation, which will be paid to the State by way of payments pursuant to the Funding Agreement.
- B. The Charter School's application for preliminary, advance and/or final apportionment for the Project has been approved by the State. The State will provide as a grant funding for fifty percent (50%) of the approved costs for the Project and the Charter School will be responsible for fifty percent (50%) of the approved costs for the local matching share for the Project. The final apportionment amount will be reduced by any amounts received by the Charter School through an advance apportionment(s). The amounts of the preliminary, advance, and/or final apportionments are set forth in Exhibit A of the Funding Agreement.
- C. The Charter School will receive initial funding from the State for the local matching share, less any lump sum payments made by, or on behalf of, the Charter School.

2.2 Conditions for Release of Funding

- A. The following conditions must be satisfied before the State will release funding:
 - (1) The Charter School has complied with all funding release conditions under the CSFP and contained in the Funding Agreement.
 - (2) The Charter School has agreed to utilize its Apportionment for purposes consistent with the CSFP, and consistent with the purposes for which it was approved. The Charter School shall comply with any and all requirements and conditions imposed upon it for the development and operation of the Facilities by any applicable governmental agency.
 - (3) Each party is duly authorized to execute, deliver, and perform this MOU, the Funding Agreement, as applicable to the appropriate parties, and the Facilities Use Agreement, as applicable to the appropriate parties.
 - (4) Pursuant to the provisions in Education Code Section 17199.4, the Charter School's governing board approves the use of the intercept mechanism to make CSFP payments to the State, and the Charter School has provided evidence of filing of the intercept notice pursuant to Education Code Section 17199.4 in a form satisfactory to the California School Finance Authority.

2.3 Charter School Facilities

- A. The Charter School's Project includes the real property and all improvements, repairs, replacements, substitutions, and modifications located or to be constructed on the property as described in its application for funding under CSFP ("Facilities").
- B. The Facilities are located or will be located within the boundaries of Chico Unified School District in the City of Chico, Butte County, California, and are more particularly described on Exhibit D of the Funding Agreement.
- C. The Facilities are physically located within the geographical jurisdiction of the School District and the high school attendance area generating eligibility for funding, if applicable.
- D. The Charter School has satisfied itself as to the suitability of the Facilities by its own inquiries and tests. The Charter School shall, by entering into and occupying the Facilities, be deemed to have accepted the Facilities and to have acknowledged that they are in good order, condition and repair.
- E. The Charter School represents and warrants that it, by and through its officers, employees, agents and consultants, has made a thorough and independent examination of the Facilities and all matters related to its decision to enter into this MOU. The Charter School is thoroughly familiar with all aspects of the Facilities and is satisfied that they are in an acceptable condition and meet its needs. The Charter School is solely responsible for identifying the real property, evaluating the condition of the title and suitability of the land for the Charter School's intended purpose, and negotiating and closing the acquisition of the real property. In addition, the Charter School is solely responsible for the construction of all improvements, repairs, replacements, substitutions, and modifications located or to be constructed on the real property.

The State and the School District shall not have any obligation for construction work or improvements on or to the Facilities, to ensure completion of construction, or provide additional funding in the event the Charter School determines it has insufficient funds to complete construction or operate the Charter School. Pursuant to the CSFP, the School District is obligated to take title to the Facilities in trust for the benefit of the state public school system but such obligation does not make the School District a guarantor or warrantor of the Project and shall not impose any duty upon the School District to administer or oversee the construction of the Facilities by the Charter School, or in the event of any default prior to completion of construction, demolish all or any portion of the Facilities.

2.4 Payments

- A. The Charter School shall make payments to the State, as provided in the Funding Agreement in satisfaction of the requirements of the CSFP.
- B. This MOU, the Funding Agreement and the Facilities Use Agreement shall not be deemed to constitute a debt or liability or obligation of the State, the School District, or any political subdivision thereof, or a pledge of the faith and credit or taxing power of the State or any political subdivision thereof, but shall be a special obligation payable solely from the payments made by the Charter School. The obligation to make payments does not constitute an indebtedness of the Charter School or the School District, within the meaning of any constitutional or statutory debt limitation or restriction and in all cases shall be made solely from legally available funds.
- C. Pursuant to the provisions in Education Code Section 17199.4, the Charter School's governing board approves the use of the intercept mechanism to make CSFP payments to the State.

ARTICLE III – SECURITY PROVISIONS

- A. The Charter School will convey to and the School District will accept conveyance of good, absolute and marketable title to the Facilities in fee simple, free and clear of any mortgage, deeds of trust, liens (monetary or otherwise), claims, charges or other encumbrances or matters of any nature whatsoever other than those included in any other provisions of this MOU:

(1)(a) If the funding shall be used to acquire real property, the Charter School, at its sole cost and expense, shall structure the closing of escrow for the acquisition of the real property for a back-to-back conveyance of title from the seller to the Charter School and then immediately from the Charter School to the School District. The Charter School, at its sole cost and expense, shall cause to prepare a conveyance instrument, acceptable to the School District and the State, which shall convey title to the real property from the Charter School to the School District as trustee on behalf of the state public school system. The Charter School must notify the State and the School District when CSFP funds are received by the Charter School. Prior to release of final apportionment, the Charter School shall provide evidence to the State and the School District that title to the real property has been transferred to the School District. If the Charter School fails to meet this requirement, the Charter School will be in default of this MOU.

(1)(b) If title to the real property is already held by the Charter School, the Charter School, at its sole cost and expense, shall cause to prepare a conveyance instrument, acceptable to the School District and the State, which shall convey title to the real property from the Charter School to the School District as trustee on behalf of the state public school system. The Charter School must notify the State and the School District when CSFP funds are received by the Charter School. Prior to release of final apportionment, the Charter School must provide evidence to the State that title to the real property has been transferred to the School District. If Charter School fails to meet this requirement, Charter School will be in default of this MOU

(2) The Charter School shall provide proof satisfactory to the State and the School District that all liens and encumbrances that may arise from the construction of the Facilities have been released and/or satisfied.

(3) The Charter School shall submit to the State and the School District for its review and acceptance a title report and a copy of each instrument listed in said title report. The title report shall be issued no more than thirty (30) calendar days prior to the date of submittal.

(4) The Charter School shall provide to the State and the School District for its review and acceptance an American Land Title Association (“ALTA”) survey. The Charter School, at its sole cost and expense, shall provide the School District with an ALTA owner’s policy for the benefit of the School District and the State.

(5) The Charter School shall provide to the School District for its review and files the original Final California Department of Education (“CDE”) approval subject to waivers and/or exemptions to the use of real property as a school facility; provided that, if CDE has provided the Charter School any waivers and/or exemptions the Charter School shall obtain from CDE and provide to the School District a valid assignment of such waivers and/or exemptions. The purpose of the assignment is to ensure that the conveyance of fee title from the Charter School to the School District will not result in a situation whereby the Facilities then become non-compliant because of the transfer of fee simple title to the School District due to those requirements and standards that are typically imposed upon the School District.

(6) The Charter School shall provide to the School District for its files the original “No Further Action” or “Further Action Letter” from the California Department of Toxic Substance Control (“DTSC”); provided that, if DTSC has issued a Further Action Letter, the Charter School shall provide to the School District proof satisfactory to the School District that all requirements of the Further Action Letter have been satisfied. Simultaneous with the delivery of the foregoing, the Charter School shall deliver to the State a copy of the documents delivered to the School District.

(7) The Charter School shall provide to the School District for its review and files the final approval issued by DTSC for the final Preliminary Environmental Assessment (“PEA”) for the real property, if applicable.

(8) The Charter School shall provide to the School District for its files the final approval of any applicable Federal, State, City, or County agency necessary for the acquisition and construction of the Project, and the operation of the Facilities for an educational program conducted by the Charter School. As an example, and not as means of limitation, a charter school may require approval from the California Coastal Commission if a project will be located within its jurisdiction.

(9) Simultaneous with the delivery of the documents and instruments required in this Article III.A, the Charter School shall deliver to the State a copy of the same documents and instruments delivered to the School District.

(10) Title to the Facilities shall be conveyed to the School District by a grant deed or bill of sale, if applicable, agreed to and accepted by the School District. Title to the Facilities shall be held solely by the School District in whose boundaries the Facilities is to be located, in trust, for the benefit of the state public school system.

- B. Any person or entity providing a substantial contribution that is applied to the costs of the project in excess of the state share and the local matching share may be granted a security interest, as approved and memorialized in a written instrument executed by the State, to be satisfied from the proceeds, if any, realized when the property is ultimately disposed of. If the contribution was made for the explicit purpose of purchasing any asset with a normal life expectancy of less than twenty years, the security interest will be adjusted to reflect the depreciation of the assets. Contributions used solely to assist the applicant in meeting its local matching share shall not be entitled to a security interest. Where a contribution results in total project funding beyond the state and local matching shares, the contributor’s security interest shall be limited to the amount in excess of the state share and local matching share.
- C. If a default occurs and all payments have not been made, the security interest of any person or entity providing a substantial contribution to the costs of the project shall be satisfied only after the account is reimbursed for any remaining unpaid local matching share and the School District has been reimbursed for any costs and expenses incurred, if any, as the result of such default.
- D. Simultaneous with the execution of the grant deed or bill of sale, if applicable, the Charter School and the School District shall enter into a Facilities Use Agreement. The Facilities Use Agreement shall contain as standardized provisions the following, which must be addressed to the satisfaction of the State:

(1) The acquisition and maintenance of all required licenses or permits. Any costs associated with licenses or permits shall not become an obligation of the State or School District.

(2) The payment of all fees, and public charges of whatever nature accessed against the Facilities, including the payment of all taxes and costs associated with telephone, water, sewer, gas, heat, electricity, garbage disposal, trash disposal, and all other services and utilities. Such fees and charges shall not become an obligation of the State or School District.

(3) Prohibited uses of the Facilities and provisions for the maintenance and repair of the Facilities. The State and the School District shall not under any circumstance be required to make any improvements or install any equipment on the Facilities; make any repairs, alterations, or replacements of any nature to the Facilities; make any expenditures whatsoever in connection with this MOU ;or maintain the Facilities in any manner. The State and the School District shall not be required to maintain, repair, or rebuild all or any part of the Facilities, and the Charter School waives the provisions of Civil Code Sections 1941 and 1942 and any other law that would require the maintenance of the Facilities in a leaseable condition or would provide the Charter School with the right to make repairs and deduct the cost of those repairs from its payments.

(4) The handling of hazardous materials.

(5) Insurance requirements, in addition to those specified in this MOU, for all risk (special-causes-of-loss) property and fire insurance; commercial general liability insurance; rental value insurance; worker's compensation insurance; flood and earthquake insurance, as necessary; and such other types of insurance or endorsements to existing insurance as may be required by the School District.

ARTICLE IV – DEFAULT AND REMEDIES

4.1 Events of Default

A. The occurrence of any of the following shall constitute a “Default” or “Event of Default”:

(1) Failure by the Charter School to transfer title of the Facilities to the School District as required prior to release of certain funds under Education Code Section 17078.63.

(2) Failure by the Charter School to commence to use and occupy the Facilities for the operation of a charter school within one (1) year of receiving the certificate of occupancy issued by the Division of the State Architect.

(3) Failure by the Charter School to make any payment when due where such failure continues for a period of thirty (30) calendar days after receiving written notice by the State or the School District.

(4) Failure by the Charter School to maintain insurance on the Facilities or to provide reasonable evidence of insurance as required by the Funding Agreement and the Facilities Use Agreement where such failure continues for a period of thirty (30) calendar days after receiving written notice by the State or the School District.

(5) Failure by the Charter School to provide reasonable evidence of compliance with all requirements whether expressly stated in this MOU, the Funding Agreement, or the Facilities Use Agreement or otherwise imposed by the State under the CSFP or other applicable law or failure to observe or perform any other applicable covenant, condition, or agreement, where such failure continues for thirty (30) calendar days after receiving written notice of the failure. If thirty (30) calendar days is insufficient and the Charter School has instituted corrective action, the State, in its discretion, may extend this period up to one hundred and eighty (180) calendar days.

(6) The Charter School is or becomes insolvent, or is unable to pay its debts as they mature, or makes an assignment for the benefit of creditors; or the Charter School applies for or consents to the appointment of any receiver, trustee, or similar officer for it or for all or any substantial part of its property; or such receiver, trustee, or similar officer is appointed without the application or consent of the Charter School, as the case may be, where possession is not restored within sixty (60) calendar days; or the Charter School institutes (by petition, application, answer, consent, or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation, or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding is instituted (by petition, application, or otherwise) against the Charter School (unless, in the case of a petition filed against the Charter School, the same is dismissed within sixty (60) calendar days) or any judgment, writ, warrant of attachment, or execution or similar process is issued or levied against a substantial part of the Charter School's Facilities; provided, however, in the event that any provision of this paragraph is contrary to any applicable law, it shall be of no force and effect and shall not affect the validity of the remaining provisions.

(7) A determination is made by the State that any representation or warranty made by the Charter School was untrue in any material respect when made.

(8) The Charter School's charter is not renewed or is revoked, or the Charter School ceases to use the Facilities for a charter school purpose.

(9) The Charter School abandons the Facilities or is in breach of the Facilities Use Agreement.

(10) If the performance of the payment obligations of the Charter School is guaranteed, the actual or anticipatory failure or inability, for any reason, of the guarantor to honor the guarantee as required and the Charter School's failure to provide written alternative assurance or security which, when coupled with the Charter School's then-existing resources, equals or exceeds the combined financial resources that existed at the time this MOU is executed. The Charter School shall have sixty (60) calendar days following written notice by the State, to provide the written alternative assurance or security.

- B. If an Event of Default occurs and the Charter School continues to occupy and/or possess the Facilities, the Charter School shall remain liable for the performance of all of the obligations of the Charter School under and subject to the Funding Agreement and the Facilities Use Agreement, including, without limitation, the obligation to make payments to the State when due under the Funding Agreement.

4.2 Remedies on Default

The parties acknowledge and agree that this MOU, the Funding Agreement, and the Facilities Use Agreement represent a unique situation that is not limited by the standard landlord's remedies provided by Sections 1951.2 and 1951.4 of the California Civil Code. The parties agree that if any Event of Default shall have occurred, any one or more of the following respective remedies, which are not exclusive but cumulative, may be pursued:

- A. If the Event of Default is solely because the School District has revoked or declined to renew the Charter School's charter, in accordance with Section 17078.62(b)(1) of the Education Code, the Charter School shall:
 - (1) have that time period specified in Section 17078.62 of the Education Code to complete the review process contemplated in Section 47607 or 47607.5 of the Education Code; and
 - (2) so long as the Charter School continues to use and occupy the Facilities, remain liable for the performance of all of the obligations of the Charter School under the Funding Agreement and the Facilities Use Agreement, including, without limitation, the obligation to make payments to the State when due under the Funding Agreement.
- B. If the Event of Default is solely because the School District has revoked or declined to renew the Charter School's charter, the Charter School shall not be liable under the Facilities Use Agreement on the effective date of the last to occur of all of the following:
 - (1) the Charter School completes the review process provided in Section 47607 or 47607.5 of the Education Code and the Charter School fails to obtain a

renewal of its charter, or the Charter School relinquishes all rights to pursue or complete the review process provided in Section 47607 or 47607.5 of the Education Code and the Charter School notifies the State and the School District of its election; and

(2) the Charter School vacates the Facilities and relinquishes to the School District all right, title, and interest in the occupancy and use of the Facilities.

C. Upon the occurrence of Subsection B of this Section 4.2, the School District shall permit the Facilities to be used in its “as is” and “where is” condition by another charter school:

(1) that the State deems as qualified;

(2) whose charter petition is approved and is in good standing with the School District; and

(3) that has agreed to a Funding Agreement with the State and a Facilities Use Agreement with the School District.

D. In the event a successor charter school cannot be identified as provided in Subsection C of this Section 4.2, the School District may in accordance with Section 17078.62(b)(3) of the Education Code, take possession of and use the Facilities as a public school facility; provided that, the School District shall be required to make payments to the State in accordance with Section 17078.62(b)(4) or the payments shall be reduced or eliminated if the School District satisfies the conditions set forth in Section 17078.62(b)(4)(A) and (B). In the event the payments do not qualify for reduction or elimination in accordance with Section 17078.62(b)(4)(A) and (B), the State and the School District shall enter into an agreement for the School District’s assumption of the payment obligation under the Funding Agreement. Assumption of the payment obligation shall in no way release the Charter School from its payment obligations that accrued prior to the termination of the Funding Agreement or from the Charter School’s obligations for any holdover.

In accordance with Section 17078.62(b)(5) of the Education Code, if the School District declines to take possession of the Facilities or if the Facilities are no longer needed for public school purposes, the School District shall dispose of the Facilities in accordance with requirements for the disposal of surplus public school sites. The monetary proceeds from the disposal of the Facilities shall be applied in the following priority: (i) reimburse the School District for reasonable costs and expenses incurred by the School District in disposing of the Facilities; (ii) reimburse the State for reasonable costs and expenses incurred by the State in pursuing the collection of the balance of any unpaid local matching share due and owing under the Funding Agreement; (iii) repay any unpaid local matching share in favor of the State; (iv) repay any security interest granted pursuant to

Section 17078.57(a)(3)(B); and (v) to the School District to be used for capital improvements in the School District.

- E. The State may proceed by appropriate court action to enforce specific performance by the Charter School of its covenants under the Funding Agreement and this MOU and under the terms of accepting funding under the CSFP, or to recover damages for the breach thereof, including, without limitation, for the recovery of all past due payments together with interest and late charges and all other sums due the State. The Charter School shall pay or repay to the State all costs of such action or court action, including, without limitation, reasonable attorneys' fees and costs. The School District may proceed by appropriate court action to enforce this MOU and the Facilities Use Agreement against the Charter School.
- F. In the event of the Charter School's default and the recovery of the Facilities by the School District, the State shall have the right to recover from the Charter School via the intercept mechanism described in Section 17199.4 of the Education Code (i) the amount of all outstanding payments or other obligations (whether directly or indirectly owed by the Charter School to the State), if any, which are then due and owing, together with interest and late charges, and (ii) any other amounts due from the Charter School to the State, including indemnity payments, taxes, charges, reimbursement of any advances, and other amounts payable by the Charter School to the State.
- G. Notwithstanding anything to the contrary, the State, the Charter School, and the School District may take whatever action at law or in equity that may appear necessary or desirable to enforce its respective rights with respect to this MOU, the Funding Agreement, or the Facilities Use Agreement, and the party or parties prevailing in the action shall have all of their respective costs of such action or court action, including, without limitation, reasonable attorneys' fees and costs as provided in this MOU, the Funding Agreement, and/or the Facilities Use Agreement or as otherwise permitted by law, paid by the parties against whom the action was brought.
- H. No remedy herein conferred upon or reserved to the parties is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this MOU, the Funding Agreement, and the Facilities Use Agreement or existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle either party to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice other than such notice as may be required under the Agreements. All remedies herein conferred upon or reserved to the parties shall survive the termination of this MOU, the Funding Agreement, and/or the Facilities Use Agreement.

- I. The State, in its discretion, may provide the Charter School the opportunity to cure Default for up to a thirty (30) calendar day period. If thirty (30) calendar days is insufficient, and the Charter School has instituted corrective action, the State, in its discretion, may extend this period up to one hundred and eighty (180) calendar days.

ARTICLE V – MISCELLANEOUS

5.1 Release of Liability

The State and the School District are hereby released from any and all claims, demands, debts, liabilities, and causes of action of whatever kind or nature, whether known or unknown or suspected or unsuspected which the Charter School or any of the Charter School’s employees or agents may have, claim to have, or which may hereafter accrue against the released parties or any of them, arising out of or relating to the Facilities or the Charter School’s Project, including those in any way connected with any materials or substances defined as hazardous under any applicable statute, ordinance, rule or regulation, presently in, on, or under, or now or hereafter emanating from or migrating onto or under the Facilities. In connection with this release, the Charter School hereby waives any and all rights conferred upon it by the provisions of Section 1542 of the California Civil Code, which reads as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

5.2 Non-waiver

No waiver of any provision of this MOU, the Funding Agreement, and/or the Facilities Use Agreement shall be implied by any failure to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver of any provision contained in this MOU, the Funding Agreement, and/or the Facilities Use Agreement, if applicable, must be in writing and executed by the applicable parties and will affect only the provision specified and only for the time and in the manner stated in the writing.

5.3 Indemnity

- A. Memorandum of Understanding. To the fullest extent permitted by law the Charter School shall at the Charter School’s sole cost and expense with counsel acceptable to the School District and/or the State as applicable, indemnify, defend, and hold the School District and the State harmless from and against any and all losses, costs, liabilities, claims, judgments, liens, damages (including consequential damages), actions, causes of action (whether in tort or contract

law or equity or otherwise), charges, assessments, fines, penalties, and expenses, including, without limitation, reasonable attorneys' fees and costs, and reasonable investigation costs (collectively "Claims"), incurred in connection with or arising from: (a) any breach or default by the Charter School in the observance or performance of any of the terms, covenants, or conditions of this MOU on the Charter School's part to be observed or performed; (b) the construction, operation, maintenance, alteration, use, or occupancy of the Facilities by the Charter School; (c) the condition of the Facilities, and any occurrence on the Facilities, from any cause whatsoever, and (d) any acts, omissions, or negligence of the Charter School or the Charter School's employees, agents or contractors in, on or about the Facilities.

- B. Facilities Use Agreement. The State is not a party to the Facilities Use Agreement and, as a result, to the fullest extent permitted by law the Charter School shall at the Charter School's sole cost and expense with counsel acceptable to the State as applicable, indemnify, defend, and hold the State harmless from and against any and all Claims incurred in connection with or arising from any breach or default by the Charter School in the observance or performance of any of the terms, covenants, or conditions of the Facilities Use Agreement on the Charter School's part to be observed or performed.
- C. Funding Agreement. The School District is not a party to the Funding Agreement and, as a result, to the fullest extent permitted by law the Charter School shall at the Charter School's sole cost and expense with counsel acceptable to the School District as applicable, indemnify, defend, and hold the School District harmless from and against any and all Claims incurred in connection with or arising from any breach or default by the Charter School in the observance or performance of any of the terms, covenants, or conditions of the Funding Agreement on the Charter School's part to be observed or performed.
- D. The Charter School and School District will at all times protect and defend, at its own cost and expense, the title to the Facilities from and against all claims, liens, and legal processes of creditors and keep all the Facilities and the title free and clear of all such claims, liens, and processes except for the liens created or expressly permitted under the Agreements and the CSFP.

5.4 Notice

Any notice required or permitted to be given under this MOU shall be deemed to have been given, served, and received if given in writing and personally delivered or either deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, or sent by overnight delivery service or facsimile transmission, addressed as follows:

If to the State:

**California School Finance Authority
300 S. Spring, Suite 8e500
Los Angeles, CA 90013
Attn: Katrina Johantgen**

If to the Charter School:

**Nord Country School
5554 California St.
Chico, CA 95973
Attention: Kathleen Dahlgren, Principal**

If to the School District:

**Chico Unified School District
1163 E. Seventh St.
Chico, CA 95928
Attention: Kelly Staley, Superintendent**

Any notice personally given or sent by facsimile transmission shall be effective upon receipt. Any notice sent by overnight delivery service shall be effective the next business day following delivery thereof to the overnight delivery service. Any notice given by mail shall be effective three (3) calendar days after deposit in the United States mail.

5.5 Applicable Law

This MOU shall be governed by and construed in accordance with the laws of the State of California.

5.6 Amendments

- A. The terms of this MOU may not be waived, altered, modified, supplemented, or amended in any manner except in writing, upon the agreement of all of the parties.
- B. The terms of this MOU may be amended, or new agreements executed, as necessary, upon the application of the Charter School and the approval by the State and the School District of an advance and/or final apportionment.

5.7 Force Majeure

The time for the State, the Charter School, or the School District to perform any obligation or assert any right under this MOU or the CSFP shall be extended on a day - to-day basis for any Force Majeure event, which shall include but not be limited to: (1) Acts of God or of the public enemy; and (2) Acts of the federal or State government in either its sovereign or contractual capacity.

5.8 Severability

Should any provision of this MOU be determined to be invalid, illegal, or unenforceable in any respect, such provision shall be severed and the remaining provisions shall continue as valid, legal, and enforceable.

THE STATE:

STATE ALLOCATION BOARD:

By: _____

Name: _____

Title: _____

CALIFORNIA SCHOOL FINANCE AUTHORITY:

By: _____

Name: _____

Title: _____

THE SCHOOL DISTRICT: CHICO UNIFIED SCHOOL DISTRICT:

By: _____

Name: _____

Title: _____

THE CHARTER SCHOOL: NORD COUNTRY SCHOOL:

By: _____

Name: _____

Title: _____

Exhibit A

Funding Agreement

(attached)

Exhibit B

Facilities Use Agreement

(attached)