

DRAFT
CHARTER SCHOOL FACILITIES USE AGREEMENT
FOR 2013-2014 through 2022-2023

THIS CHARTER SCHOOL FACILITIES AGREEMENT ("Agreement") effective July 1, 2013 through June 30, 2023, is entered into by and between the Chico Unified School District (hereinafter referred to as the "CUSD") and the Inspire School of Arts and Sciences Charter School (hereinafter referred to as "Inspire"), which is operated as a nonprofit public benefit corporation.

CUSD intends to provide facilities to Inspire, and Inspire intends to obtain its facilities from CUSD, in lieu of an allocation of facilities pursuant to California Proposition 39 (Education Code section 47614) and its implementing regulations ("Proposition 39"). The purpose of this Agreement is to provide facilities to the Inspire's students in lieu of the obligations set forth under Proposition 39.

The parties do not intend this Agreement to constitute a lease of real property pursuant to Education Code Sections 17455, *et seq.* except as otherwise set forth herein. CUSD has found that Inspire's use and occupation of the Facilities as set forth herein in lieu of Proposition 39 are authorized under Education Code Section 47614, as implemented by 5 C.C.R. Section 11969.1(b), as well as, alternatively, the Joint Use provisions of Education Code Section 17527 *et seq.* in that: 1) CUSD is making the facilities herein available for rent or lease to another educational agency/non-profit corporation; 2) Inspire is an educational agency operating a special education program; 3) Use of the facility as set forth herein shall not interfere with the educational program or activities of any school located upon the site, unduly disrupt the residents in the surrounding neighborhood or jeopardize the safety of the children of the school; 4) the Agreement herein is compatible with the educational purpose of the school under Education Code Section 17531; 5) this Agreement does not call for the rent or lease of classrooms exceeding 30 percent of the District's total classroom space; 6) this Agreement calls for the rent or lease of facilities for a sum not less than fair market value.

NOW, THEREFORE, for and in consideration of the facilities use payments and of the covenants and agreements hereinafter set forth to be kept and performed by Inspire, CUSD hereby grants use to Inspire of the portion of the Chico High School campus at 901 The Esplanade, Chico, CA 95926, described in Section 1 of this Agreement, ("Premises,") and Exhibit "A" attached hereto, subject to and upon all of the terms, covenants, and agreements hereinafter set forth. It is the intent of the parties that this written agreement supersede all previous agreements, written or unwritten, related to the use and occupation of the facilities by Inspire.

1. PREMISES

CHS Portable Classrooms numbered PC1-PC21; BC1, BC2 and BC3; Student Restrooms 991, 991A, 992 & 992A; Staff Restrooms, 993 & 993A; the Mat Room identified as #979 and one additional classroom to be agreed upon by the

Chico High Principal and Inspire Principal. **See Attachment “A” for map of designated spaces.**

Charter School shall also have shared use of the following facilities, under the following terms:

Use of the Williams Theater will be accommodated for planned incidences based on availability and prior reservation by mutual agreement between the CHS Principal and the Inspire Principal.

Use of the Gymnasium will be accommodated for six (6) planned incidences based on availability and prior reservation by mutual agreement between the CHS Principal and the Inspire Principal.

Use of Sports Fields for planned incidences based on availability and prior reservation by mutual agreement between the CHS Principal and the Inspire Principal.

The student restrooms located in Building K during school hours;

The Library during lunch period, before/after school and other instances will be accommodated based on availability and prior reservation by mutual agreement between the CHS Principal and the Inspire Principal.

Use of girls’ team room and locker room for changing facilities as needed for dance classes.

Charter School shall also have access to the following common areas and/or means of ingress and egress to its facilities at the site:

CHS food service facilities, including restrooms, during lunch periods.

CHS student parking lot.

All points of ingress and egress located on the campus.

The Charter School will comply with the District’s standard Use of Facilities procedures for requesting and utilizing any shared space during non-school hours.

2. TERM

The term of this Agreement shall be for ten (10) school years, commencing on July 1, 2013 and ending on June 30, 2023.

This agreement terminates automatically upon revocation, nonrenewal or termination of the charter, but not before Inspire has exhausted its administrative (non-judicial) appeals process

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from such nonrenewal/revocation. However, in no event shall Inspire have rights to continued possession of the facilities in the event that the charter is revoked pursuant to Education Code Section 47607(c)(3) or (4) (violation of law, or failure to meet generally accepted accounting principles, or fiscal mismanagement.) This agreement shall also terminate automatically in the event that the CUSD ceases to be the charter-authorizing agency for Inspire for any reason. This agreement shall not continue in operation while Inspire exercises any judicial challenges to any such nonrenewal/ revocation. Inspire shall quit the premises and remove its possessions therefrom as of the effective date of termination, or upon the expiration of this Agreement.

No later than July 1 of the final year of this Agreement, Inspire shall contact the District to request a meeting with the CUSD Superintendent to discuss whether the parties desire to enter into a successor agreement.

3. INSPIRE OBLIGATIONS

A. PAYMENTS – All fees for use of the Premises are delineated in the MOU between CUSD and INSPIRE.

B. OTHER OBLIGATIONS

1. Inspire agrees to waive its right to seek facilities from CUSD in addition to those set forth herein in this Agreement, under Proposition 39, or upon any other basis, during the duration of this Agreement. Inspire waives its right to subsequently argue that CUSD has failed to offer it facilities in accordance with applicable law for the Term of this Agreement. Nothing in this provision shall bar the application of Section 8 (“Indemnification”) of this Agreement.

2. Subsequent to the termination of this Agreement for any reason prior to June 30, 2022, Inspire agrees not to seek facilities from CUSD, under Proposition 39, or any other legal authority for any school year prior to the 2021-2022 school year, unless mutual written consent is granted by CUSD.

4. USE

4.1 Independence of Operation. CUSD acknowledges that Inspire is governed by the Inspire’s own board of directors, which has the sole responsibility for determining the policies and operations of Inspire in accordance with its charter, and subject to the oversight of CUSD’s Governing Board.

4.2 Use. The Premises shall be used and occupied by Inspire for the sole purpose of operating a California public charter school and all its related school activities and for no other purpose without the prior written consent of CUSD. In no event may Inspire have or use exclusively more than the number of portable classrooms as described in the Premises section above, except as expressly set forth in this Agreement. Inspire may expand non-classroom program activities subject to the restrictions of Article 6.2 of this Agreement. CUSD is not aware of any defect in or condition of the Premises that would prevent their use for Inspire’s purposes.

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CUSD has not received any notices nor is it aware of any violation of statute, ordinance, regulation, order or holding from any state or federal agency with jurisdiction over the Premises that call into question the appropriateness or sufficiency of the Premises for their intended purpose. CUSD, at its expense, shall remain responsible for compliance with all applicable laws regarding the Premises during the Term of this Agreement, with the exception of the following: Inspire, at its expense, shall comply with all applicable laws, regulations, rules and orders that are triggered by Inspire's modifications or alterations to the Premises, including, without limitation, those relating to health, safety, noise, environmental protection, waste disposal, and water and air quality and shall use the Premises in accordance with all applicable law. CUSD acknowledges that Inspire shall not be responsible for repairs, replacements, alterations, renovations or other modifications or improvements that may result from the Premises' failure to comply with applicable laws.

4.3 Uses Prohibited.

(a) Inspire shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing insurance rate or affect any fire or other insurance upon the Premises or any of its contents, or cause a cancellation of any insurance policy covering said Premises or any part thereof or any of its contents, nor shall Inspire sell or permit to be kept, used, or sold in or about said Premises any articles which may be prohibited by a standard form policy of fire insurance.

(b) Neither party shall do or permit anything to be done in or about the Premises that will in any way obstruct or interfere with the rights of the other party or injure or annoy the other party or use or allow the Premises to be used for any unlawful or objectionable purpose nor shall either party cause, maintain or permit any nuisance in or about the Premises. Neither party shall commit or suffer to be committed any waste in or upon the Premises.

(c) Inspire shall not use the Premises or permit anything to be done in or about the Premises that will in any way conflict with any applicable law, statute, ordinance or governmental rule, or regulation now in force or which may hereafter be enacted or promulgated, or with the Inspire's charter. Inspire shall comply with CUSD policies and/or procedures and practices regarding the operations and maintenance of the facilities, furnishings and equipment.

5. FURNISHINGS AND UTILITIES

5.1 CUSD's Obligations. CUSD agrees to continue providing furnishings and equipment at the Site. The Premises and any furnishing and equipment provided to Inspire shall remain the property of CUSD. CUSD's inventory of all District property that is located on the Premises shall be located at the CUSD district office. If any additional furnishings and/or equipment are provided to Inspire by CUSD during the Term of this Agreement, such furnishings and equipment shall be added to the District's inventory and shall remain the property of CUSD. Nothing herein shall be construed to obligate CUSD to provide additional furnishings and equipment above current (i.e., at the time of execution of this Agreement) levels

during the term of this Agreement, and Inspire hereby waives its right to seek such furnishings and equipment for the pendency of this Agreement.

CUSD shall make arrangements for Inspire to have access to the electricity, water, and sewer on the Premises.

5.2 Inspire's Obligation. Inspire shall pay (per cost allocation per MOU between CUSD and Inspire) for all utilities consumed by Inspire on the Premises, including but not limited to, gas, electric, water, sewer, and for any and all connection charges as delineated in a MOU between CUSD and Inspire. Inspire shall also be responsible for wiring/MIS infrastructure improvements. Inspire shall be responsible for installing, paying for, and maintaining any security system.

6. MAINTENANCE AND REPAIRS; ALTERATIONS AND ADDITIONS

6.1 Maintenance and Repairs.

Facilities and furnishings and equipment provided to Inspire shall remain the property of CUSD. However, CUSD shall have no ongoing obligation for the replacement of furnishings and equipment supplied by CUSD, or for the provision of additional furnishings and equipment. The ongoing operations and maintenance of the facilities and equipment is the responsibility of Inspire. CUSD may require that Inspire comply with CUSD policies regarding the operations and maintenance of the school facility and furnishings and equipment. Inspire may purchase operations and maintenance services from CUSD as provided in a separate written agreement, or the MOU between the parties, though CUSD shall not be obligated to provide such services.

Inspire shall be responsible for the routine maintenance of the facilities used by Inspire. Major maintenance and projects eligible to be included in CUSD's deferred maintenance plan established pursuant to Education Code Section 17582 shall be the responsibility of CUSD. For purposes of this section, "major maintenance" includes the major repair or replacement of plumbing, heating, ventilation, air conditioning, electrical, roofing, and floor systems, exterior and interior painting, and any other items considered deferred maintenance under Education Code Section 17582. All other kinds of maintenance shall be considered routine maintenance.

6.2 Alterations and Additions.

(a) Inspire shall make no alterations, additions, or improvements ("alterations, additions, or improvements" are defined as changes that would be deemed to be a "fixture" in accordance with California Civil Code section 660) to the Premises or any part thereof without obtaining the prior written consent of CUSD.

(b) CUSD has the sole discretion to impose as a condition to the aforesaid consent any requirements CUSD may deem necessary, including but not limited to, the manner in which the work is done, a right of approval of the contractor by whom the work is to be

performed, the times during which the work is to be accomplished, and the requirement that upon written request of CUSD prior to the expiration or earlier termination of the Agreement, Inspire will remove any and all alterations, additions or improvements to the Premises installed by Inspire pursuant to this provision. CUSD reserves the right to require approval of all terms, including but not limited to construction schedule, work hours, and modifications, as well as requiring licensing and bonding of contractors (including performance and payment bonds), as well as compliance with prevailing wage laws.

(c) All such alterations, additions or improvements that were permitted to be made consistent with Section 6.2(a) and (b) shall at the expiration or earlier termination of the Agreement become the property of CUSD and remain upon and be surrendered with the Premises, unless CUSD requests its removal as specified in Section 6.2(b) above.

(d) All articles of personal property owned by Inspire or installed by Inspire at its expense in the Premises shall be and will remain the property of Inspire and may be removed by Inspire at any time during the Agreement term.

(e) Inspire shall be allowed to post signs that identify its location and name on the Premises in a manner that is customary and equivalent to what other CUSD school sites have established.

7. ENTRY BY CUSD

CUSD reserves the right to enter the Premises to inspect the same, to supply any service to be provided by CUSD to Inspire hereunder, to submit said Premises to prospective purchasers or future tenants to post notices of non-responsibility and "for lease" signs, and to alter, improve or repair the Premises without abatement of use payments, and may erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, providing always that the entrance to the Premises shall not be blocked thereby, and further providing that the business of Inspire shall not be unreasonably interfered with. Inspire hereby waives any claim for damages for any injury or inconvenience to or interference with Inspire's business, any loss or occupancy or quiet enjoyment of the Premises. For each of the aforesaid purposes CUSD shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Inspire's vaults and safes, and CUSD shall have the right to use any and all means which CUSD may deem proper to open said doors in an emergency, in order to obtain entry to the Premises, and any entry to the Premises obtained by CUSD by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises, or an eviction of Inspire from the Premises or any portion thereof.

8. INDEMNITY

8.1 Inspire shall indemnify, hold harmless, and defend CUSD, its trustees, officers, employees and agents against and from any and all claims, demands, actions, suits, losses, liability, expenses and costs for any injury, death or damage to any person

or property occurring in, on or about the Site after CUSD delivers possession of the Site to Inspire, arising from the Inspire's use of the Site or from the conduct of its business or from any activity, work, or other things done, permitted or suffered by Inspire in or about the Site; provided, however, that Inspire shall not have any obligation to indemnify, hold harmless or defend CUSD, its trustees, officers, employees and agents against and from any and all claims, demands, actions, suits, losses, liability, expenses and costs for any injury, death or damage to any person or property occurring in, on or about the Site after CUSD delivers possession of the Site to Inspire, resulting from or arising out of the sole negligence or willful malfeasance of CUSD, its trustees, officers, employees and agents or any person or entity not subject to Inspire's control and supervision.

- 8.2 CUSD shall indemnify, hold harmless, and defend Inspire, its trustees, officers, employees and agents against and from any and all claims, demands, actions, suits, losses, liability, expenses and costs for any injury, death or damage to any person or property occurring in, on or about the Site after CUSD delivers possession of the Site to Inspire, arising from the CUSD's use of the Site or from the conduct of its business or from any activity, work, or other things done, permitted or suffered by CUSD in or about the Site; provided, however, that CUSD shall not have any obligation to indemnify, hold harmless or defend Inspire, its trustees, officers, employees and agents against and from any and all claims, demands, actions, suits, losses, liability, expenses and costs for any injury, death or damage to any person or property occurring in, on or about the Site after CUSD delivers possession of the Site to Inspire, resulting from or arising out of the sole negligence or willful malfeasance of Inspire, its trustees, officers, employees and agents or any person or entity not subject to the CUSD's control and supervision

9. INSURANCE

9.1 Coverage. Inspire will obtain its own insurance coverage and supply CUSD certificates of insurance, with proof of insurance of at least the types and amounts recommended by CUSD's insurer based upon the standard coverage for a school of similar size and location, as follows:

General & Excess Liability

The Charter School, at its expense, shall procure and maintain throughout the term of this Agreement General Liability insurance with a minimum per occurrence limit of \$15,000,000 and the deductible/self-insurance retention shall not exceed \$10,000. Such minimum limits of policies shall in no event limit the liability of the Charter School hereunder. Insurance shall include coverage for claims against the Charter School, its elected or appointed officials, employees, agents, volunteers and students (interns while acting on behalf of the Charter School) arising out of errors and omissions, abuse and molestation, and employment practices liability. The policy or policies shall name as additional insured/additional covered party the District, its elected or appointed officials, employees, agents and volunteers. The policy or policies shall provide that this insurance shall be primary with respect to any liability or claimed liability Inspire School of Arts and Sciences Facilities Use Agreement commencing 2012-2013 ending 2021-2022

arising out of the performance or activities by the Charter School under this Agreement or the Charter School's use of the Premises, and that any insurance procured by the District, its elected or appointed officials, employees, agents and volunteers shall be excess and shall not be called upon to contribute until the limits of the insurance provided hereunder shall be exhausted.

Automobile Liability

Charter School shall maintain automobile liability insurance, including non-owned and hired coverage with a minimum per accident limit of \$15,000,000 for any injuries to persons (including death therefrom) and property damage in connection with the Charter School's activities under this Agreement.

Property Insurance

District shall maintain, for the duration of this Agreement, all-risk real and personal property coverage adequate to cover the replacement cost of all District owned buildings and personal property on the Premises and those other facilities to which the Charter School may have access under this Agreement.

Charter School shall be solely responsible for obtaining adequate property insurance for Charter School's personal property, building improvements and any real property/buildings owned by the Charter School while located on the Premises or elsewhere. The District is not responsible for real or personal property losses suffered by the Charter School; its elected or appointed officials, employees, agents, volunteers or students.

Workers' Compensation

Charter School is to procure and maintain, for the duration of this Agreement, Workers' Compensation insurance against claims for injuries to the Charter School's employees in accordance with such insurance as required by the State of California Labor Code and Employers Liability coverage.

Bond/Crime Insurance

The Charter School shall purchase and hold fidelity bond coverage or employee dishonesty/theft insurance with a minimum limit of \$1 million to cover all school employees. The bond/policy deductible shall not exceed \$5,000.

Proof of Insurance

Charter School shall annually furnish the District with original certificates and amendatory endorsements affecting coverage required by this Agreement. All certificates and endorsements are to be received and approved by the District before commencement of any activities under this Agreement. However, failure to do so shall not operate as a waiver of these insurance requirements. The District reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by this Agreement at any time.

RISK MANAGEMENT

The Charter School shall establish and institute risk management policies and practices to address reasonably foreseeable occurrences.

10. ASSIGNMENT AND SUBLETTING

Inspire may not assign its rights or sublet any portion of the Premises without the written consent of CUSD.

Although Inspire shall have the exclusive use of the dedicated space provided for in this agreement, Inspire agrees to comply with the provisions of the Civic Center Act (Education Code section 38131 et seq.) in making use of the facilities accessible to members of the community. Inspire's Governance Council shall present any requested third-party use of the facilities covered by this Agreement to CUSD's Governing Board, and any such use is subject to approval of the CUSD's Governing Board.

11. DEFAULT; REMEDIES

11.1 Default. The occurrence of any of the following shall constitute a default and breach of this Agreement by Inspire:

(a) Any failure by Inspire to make payments required to be paid hereunder, where such failure continues for Fifteen (15) days after receiving written notice of the failure to make payment;

(b) Any failure by Inspire to use and occupy the Premises for the operation of a Charter School as required by this Agreement, where such failure continues for Fifteen (15) days after receiving written notice of said default;

(c) The abandonment of the entire Premises by Inspire;

(d) Any failure by Inspire to maintain insurance on the Premises as outlined herein or to provide evidence of insurance as required by this Agreement, and where the failure continues for Fifteen (15) days after receiving written notice of the failure to make payment or cancellation of insurance;

(e) Any failure by Inspire to observe and perform any other provision of this Agreement to be observed or performed by Inspire, where such failure continues for 30 days after receipt of written notice thereof by CUSD to Inspire, unless, however, the nature of the default is such that the same cannot reasonably be cured within said 30 day period. Inspire shall not be deemed to be in default if Inspire shall within the 30 day period commence such cure, and by determination of CUSD, diligently prosecute the cure to completion. In the event that CUSD has to issue written notice to Inspire for violation of the same obligation or provision of this Agreement on three or more occasions, CUSD may commence legal proceedings to terminate this Agreement, or take any other remedy provided in this Agreement, upon providing notice to the Inspire allowing it 30 days in which to implement measures designed to ensure that further events of default shall not occur, without the necessity of providing written notice to Inspire.

(f) If Inspire's charter is not renewed, or is revoked, or terminated for any reason, after exhaustion of all statutory appeals thereof, or Inspire ceases to use the Premises for a charter school purpose.

(g) The making by Inspire of any general assignment or general arrangement for the benefit of creditors; the filing by or against Inspire of a petition to have Inspire adjudged bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Inspire, the same is dismissed within 60 days); the appointment of a trustee or receiver to take possession of substantially all of Inspire's assets located at the Premises or of Inspire's interest in this Agreement, where possession is not restored to Inspire within 30 days; or the attachment execution or other judicial seizure of substantially all of Inspire's assets located at the Premises or of Inspire's interest in this Agreement, where such seizure is not discharged within 30 days

11.2 CUSD Default and Inspire Remedies: CUSD shall not be in material breach and default unless CUSD fails to perform obligations required of CUSD within a reasonable time, but in no event later than 30 days after receipt of written notice by Inspire to CUSD specifying wherein CUSD has failed to perform such obligations; provided, however, that if the nature of the CUSD's obligation is such that more than 30 days are required for performance, then the CUSD shall not be in default if CUSD commences performance within such 30 day period and thereafter diligently prosecutes the same to completion; otherwise, Inspire may exercise any right or remedy at law or in equity. .

12.1 Remedies. If Inspire commits any default or breach, including but not limited to the obligations set forth in Section 3 of this Agreement, then CUSD may, at any time thereafter without limiting CUSD in the exercise of any right or remedy at law or in equity which CUSD may have by reason of such default or breach:

(a) Maintain this Agreement in full force and effect and recover use payments and other monetary charges as they become due, without terminating Inspire's right to possession irrespective of whether Inspire shall have abandoned the Premises. If CUSD elects not to terminate the Agreement, then CUSD shall have the right to attempt to lease the Premises at such rent and upon such conditions and for such a term, and to do all acts necessary to maintain or preserve the Premises as CUSD deems reasonable and necessary without being deemed to have elected to terminate the Agreement, including removal of all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Inspire. If any such re-letting occurs, then this Agreement shall terminate automatically.

(b) Terminate Inspire's right to possession by any lawful means, in which case this Agreement shall terminate and Inspire shall immediately surrender possession of the Premises to CUSD. In such event CUSD shall be entitled to recover from Inspire all damages incurred by CUSD by reason of Inspire's default, including without limitations thereto, the following: (i) the worth at the time of award of any unpaid use payments which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid use payments which would have been earned after termination until the time of award

exceeds the amount of such loss that is proved could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid use payments for the balance of the term after the time of award exceeds the amount of such loss that is proved could be reasonably avoided. Upon any such re-entry CUSD shall have the right to make any reasonable repairs, alterations or modifications to the Premises, which CUSD at its sole discretion deems reasonable and necessary. As used in (i) above, the "worth at the time of award" is computed by allowing interest at the rate of 10% per year from the date of default. As used in (ii) and (iii) the "worth at the time of award" is computed by discounting such amount at the discount rate of the U.S. Federal Reserve Bank at the time of award plus 1%. The term "use payments", as used in this Section 12.1, shall be deemed to be and to mean the payments to be paid pursuant to Section 3 and all other monetary sums required to be paid by Inspire pursuant to the terms of this Agreement.

12.2 No remedy conferred or reserved to CUSD is intended to be exclusive and every remedy shall be cumulative and in addition to every other remedy given under this 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. CUSD is entitled to exercise any remedy reserved to it in this section without giving any notice other than such notice as is required under the Agreement. All remedies reserved to CUSD shall survive the termination of the Agreement.

13. MISCELLANEOUS

13.1 Transfer of CUSD's Interest. If CUSD sells or conveys its interest in the Premises (other than a transfer for security purposes only), then CUSD, after the date specified in any such notice of transfer, shall be relieved from all obligations and liabilities accruing thereafter, provided that any funds in the hands of CUSD at the time of transfer in which Inspire has an interest, shall be delivered to the successor of CUSD. This Agreement shall not be affected by any such sale, transfer or conveyance, and CUSD will require as a condition of the transfer, that transferee agree to assume all CUSD's obligations under this agreement, excepting that within 10 days of the effective date of sale, Inspire shall have the right to terminate the Agreement upon 30 days written notice. Inspire agrees to attorn to the purchaser or assignee provided all CUSD obligations hereunder are assumed in writing by the transferee.

13.2 Captions; Attachments; Defined Terms, Amendments.

(a) The captions of the paragraphs of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question of interpretation or construction of any section of this Agreement.

(b) Exhibits attached hereto, and addenda and schedules initialed by the parties, are deemed by attachment to constitute part of this Agreement and are incorporated herein.

(c) This Agreement may only be amended in a writing that specifically indicates its intent to modify and/or amend this Agreement. All amendments shall only be effective if executed by both parties.

13.3 Entire Agreement. This instrument, along with any exhibits and attachments hereto, constitutes the entire agreement between CUSD and Inspire relative to the Premises. CUSD and Inspire agree hereby that all prior or contemporaneous oral or written agreements between and among themselves and their agents or representatives relative to the leasing of the Premises are merged in, revoked by, and superseded by this Agreement.

13.4 Severability. If any term or provision of this Agreement shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, then the remainder of this Agreement shall not be affected thereby, and each term and provision of this Agreement shall be valued and be enforceable to the fullest extent permitted by law.

13.5 Binding Effect; Choice of Law, Venue. The parties hereto agree that all provisions hereof are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate paragraph hereof. Subject to any provisions hereof restricting assignment or subletting by Inspire, all of the provisions hereof shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. The laws of the State of California shall govern this Agreement.

13.7 Waiver The waiver by any party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, condition, or any subsequent breach of the same or any other term, covenant, or condition herein contained.

13.8 Smoking. The Premises shall be non-smoking and no smoking shall be allowed in or on the Premises, including but not limited to all balconies, courtyards, walkways, and parking areas. Inspire shall also ensure that the Premises shall remain drug and alcohol free.

13.9 Notices. All Notices or demands of any kind required or desired to be given by CUSD or Inspire hereunder shall be in writing and shall be deemed delivered three (3) days after upon depositing the notice or demand in the United States mail, certified or registered, postage prepaid, addressed to the CUSD or Inspire respectively at the following addresses :

Director, Alternative Education
Chico Unified School District
1163 E 7th Street
Chico, CA 95928

Inspire School of Arts and Sciences
Mailing address
Chico Unified School District
1163 E 7th Street
Chico, CA 95928

13.10 Corporate Authority. Each individual executing this Agreement on behalf of the Inspire represents and warrants that he is duly authorized to execute and deliver this Agreement on behalf of the Inspire in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the Bylaws of said corporation, and that this Agreement is binding upon said corporation in accordance with its terms. Inspire shall, within fifteen (15) days after execution of this Agreement, deliver to CUSD a certified copy of a resolution of the Board of Directors of Inspire authorizing or ratifying the execution of this Agreement.

14. HAZARDOUS MATERIALS DISCLOSURE

(a) Lead: Inspire shall assume that all ceramic tile and painted or varnished surfaces in the Premises could contain detectable levels of lead which may trigger compliance with California Code of Regulations, Title 8, Section 1532.1. In addition, waste products from these materials could contain lead at levels that are subject to the hazardous waste requirements in the California Code of Regulations, Title 22, Sections 66260.1-66263.12 and 66268.1-66268.124 and the Health and Safety Code Section 25163, subdivision (c). Should Inspire perform work that disturbs these materials, it is Inspire's responsibility to handle and dispose of these materials in accordance with the regulations. If Inspire fails to comply with these regulations in performing work and this results in a site or worker contamination, then Inspire will be held solely responsible for all costs involved in any required corrective action, and shall indemnify the CUSD against all claims arising therefrom in accordance with Section 8 of the Agreement.

(b) Asbestos: Inspire shall be responsible to review the site Asbestos Report. CUSD shall provide a copy of the site Asbestos Report, if any, to Inspire at the time of execution of this Agreement. Inspire is responsible for complying with all applicable laws pertaining to the safe handling of asbestos-containing material (ACM) if Inspire is performing any modifications to the Premises. Should Inspire perform work that disturbs these materials, it is Inspire's responsibility to handle and dispose of these materials in accordance with the regulations. If failure to comply with these regulations results in a site or worker contamination, then Inspire will be held solely responsible for all costs involved in any required corrective action, and shall indemnify CUSD against all claims arising therefrom in accordance with Section 8 of the Agreement.

(c) Inspire, at its expense, shall comply with all applicable laws, regulations, rules and orders with respect to its use and occupancy of the Site, including, without limitation, those relating to health, safety, noise, environmental protection, waste disposal, and water and air quality. Inspire shall be responsible for any and all environmental conditions that exist as a result of Inspire's occupancy of the Site. Inspire shall assume responsibility for compliance with ADA and FEHA access rights and other applicable building code standards to the extent of any modifications or improvement made by, or triggered by, the use of the Inspire.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Site due to the Inspire's use and occupancy thereof, Inspire, at its expense, shall be obligated to clean all the property affected, to the satisfaction of Inspire and any governmental agencies having jurisdiction over the Site.

15. DISPUTE RESOLUTION

Any dispute arising out of the enforcement or applicability of the terms of this Agreement shall be processed using the dispute resolution procedure in the Charter.

16. WAIVER

The parties agree to waive any and all claims against each other related to their respective rights and obligations under Proposition 39 for the duration of the agreement. During this Agreement Inspire shall not be required to file annual Proposition 39 requests.

IN WITNESS WHEREOF, CUSD and Inspire execute this Agreement effective the date and year first above written.

CHICO UNIFIED SCHOOL DISTRICT

John Bohannon, Director of Alternative Education
Chico Unified School District

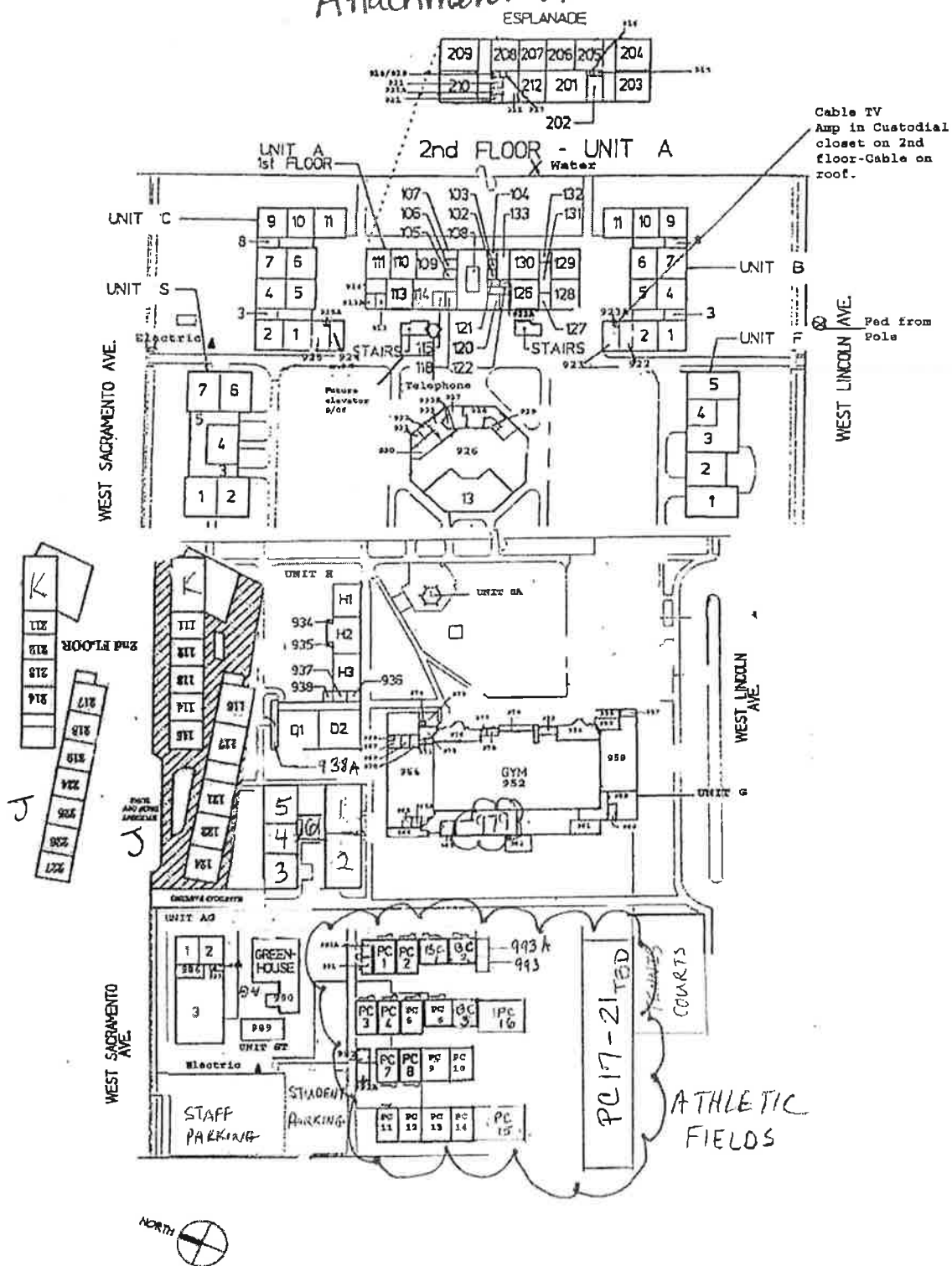
Date: _____

INSPIRE SCHOOL OF ARTS AND SCIENCES CHARTER SCHOOL

Eric Nilsson, Principal
Inspire School of Arts and Sciences

Date: _____

Attachment "A"



CHICO SR. HIGH SCHOOL

Note: Clouded areas designated as exclusive use for Inspire School of Arts and Sciences.