

**OPEN-ENROLLMENT PUBLIC CHARTER SCHOOL
FACILITIES UTILIZATION AGREEMENT AND LEASE AGREEMENT**

Lessor (Owner): Gillett Civic Group, Inc.

Lessee (Tenant): Gillett Heritage Academy

Any information regarding affiliation, family ties, or other relationships between the Lessor (Owner) and Lessee (Tenant) must be disclosed with the facilities lease agreement.

Describe the present use of the facility and use for prior three (3) years: Construction of new facility

Premises: East End of Main Street
Northeast Quarter of Section 6, Township 7 S., Range 3 W.
PO Box 356 Gillett, AR 72055
address

approximately 23,100 sq. ft.
square footage

Terms of Lease: (5) Five Years

Rental Amount: \$4,000 per month

Contingency: The terms of this agreement are contingent upon Gillett Civic Group, Inc. (sponsoring entity) receiving a charter to operate an open-enrollment public charter school from the State Board of Education by August of 2011.

Statutory Language Concerning No Indebtedness: No indebtedness of any kind incurred or created by the open-enrollment public charter school shall constitute an indebtedness of the state or its political subdivisions, and no indebtedness of the open-enrollment public charter school shall involve or be secured by the faith, credit, or taxing power of the state or its political subdivisions.

Lessor:

Gillett Civic Group, Inc.

By _____

Date _____

Lessee:

Gillett Heritage Academy

By _____

Date _____

LEASE AGREEMENT

This Agreement, made this 1st day of August, between Gillett Civic Group,, whose address is PO Box 116 Gillett, AR 72055 (the Lessor) and Gillett Heritage Academy, whose address is PO Box 356 Gillett, AR 72055, (the Lessee) Witnesseth:

1. Leased Premises. For and in consideration of the rents, covenants and agreements herein entered into and agreed upon by the Lessee as obligations to the Lessor, the Lessor lets, leases and demises until Lessee, subject to the terms and conditions contained herein, the following described property situated in Arkansas County, Arkansas:

(DESCRIPTION)

To have and to hold the premises unto the Lessee for and during the term herein stated, subject to the covenants, terms, conditions and liens herein contained.

2. Term. This lease shall commence on August 1, 2011, and shall extend for a term of (5) Five years., ending at midnight on August 1, 2016. [Note: If the lease is a periodic tenancy, rather than an estate for years, these provisions will have to be altered accordingly.]

3. Rent. Lessee agrees to pay to Lessor as rental for the full term of this lease the sum of \$ 240,000.00, payable in 60 equal [monthly] installments of \$ 4,000.00 each, to be paid in advance on the first day of August 2011, and on the first day of each and every [month] thereafter during the term of this lease.

4. Signs. Lessee shall not erect or install any exterior signs or advertising of any kind without the written consent of Lessor having first been obtained. Lessee agrees not to utilize any form of advertising that may or shall be deemed objectionable to Lessor or to the general public, including but not limited to loudspeakers, phonograph or related electronic equipment, radios, or similar devices which will be operated in such a manner as to project sound outside of the leased premises.

5. Lessor's Repairs. Lessor shall maintain the exterior walls, doors and roof of the structure[s] upon the leased premises in a reasonable state of repair [and shall make such repairs to the surface of the parking area] as may be required to keep and maintain the same in a good and tenantable condition. If Lessee is deprived of the use of [a substantial portion] [more than (20) Twentypersent] of the leased premises during the making of any such repairs by the Lessor, the rent shall be abated or proportionately reduced according to the extent to which Lessee is deprived of such use.

6. Lessee's Repairs. Lessee shall keep the interior of the building, including interior walls and doors, wiring, plumbing, and window and door glass, in good repair, and shall maintain the heating and air conditioning equipment, all at Lessee's expense. Lessee agrees to satisfy promptly any lien or valid claim asserted against the leased premises for work done or materials furnished. Lessee shall, at the termination, surrender or forfeiture of this lease, return the premises with the interior, including all of the above items, in as good and satisfactory condition as the same was at the beginning of the lease, normal wear and tear excepted.

7. Taxes. [Lessor] [Lessee] shall pay any and all ad valorem taxes and special improvement district taxes levied and assessed against the premises and the improvements located thereon during the term of this lease. Such taxes and assessments shall be pro-rated for any fractional calendar year.

8. Use. Lessee agrees to use the leased premises for the purpose of operating an Open-Enrollment Public Charter School and for no other purpose or purposes without the written consent of Lessor and the Arkansas State Board of Education having been obtained in advance.

9. Payment of Rent and Notices. The rent payable hereunder shall be paid to Lessor at PO Box 116 Gillett, AR 72055. Any notice provided for herein shall be given by certified mail with postage prepaid, addressed, if to Lessor, at the address to which the rent is then paid, and if to Lessee, at Po Box 356 Gillett, AR 72055. The person and the place to which notices are to be mailed may be changed by either party by notice to the other party.

10. Assignment. Lessee shall not assign this lease or sublet the leased premises without prior written consent of the Lessor and the Arkansas State Board of Education. Any such assignment or subletting shall in no way relieve Lessee from liability for the obligation imposed by this lease. Lessee may only be released from liability by a specific written release executed by Lessor.

11. Lessee's Default. If Lessee shall be in default as to the payment of rent for a period of [thirty (30) days], or as to any other covenant herein provided for more than [thirty (30) days] after receipt of notice from Lessor specifying such default, or if any petition be filed in bankruptcy, including petitions for arrangements and reorganizations, by or against Lessee and such petition be not dismissed within [thirty (30) days] after its filing, or if a receiver or trustee be appointed for Lessee by reason of Lessee's insolvency or inability to pay its creditors, Lessor shall have the right, without limitation upon any other rights which may be given Lessor by law or by any other provision of this lease agreement, to re-enter the leased premises and relet the same as agent for Lessee upon the best terms and conditions reasonably obtainable, and Lessee shall be liable to the Lessor for the difference, if any, between the rent so obtained and the minimum rent stipulated to be paid in this lease. Lessee agrees that in such event [he, it] will vacate the leased premises without further notice, and if it becomes necessary to bring any legal action to recover possession, Lessee agrees to pay a reasonable fee for the attorney of Lessor in such action.

12. Non-Waiver. It is agreed that the failure of Lessor to invoke any of the available remedies under this lease or under law in the event of one or more breaches or defaults by Lessee under the lease shall not be construed as a waiver of such provisions and conditions and shall not prevent Lessor from invoking such remedies in the event of any future breach or default.

13. Holdover. Lessee hereby agrees that upon the termination of this lease by expiration or by earlier termination for any reason whatsoever, Lessee will peaceably deliver possession of the leased premises to Lessor. In the event Lessee shall be permitted by Lessor to hold over after the expiration or termination of this lease, or any extension thereof, such holding over (in the absence of any written agreement to the contrary) shall be construed as a tenancy from calendar month to calendar month at a monthly rental equal to the rental for the last month paid under this lease. A month-to-month tenancy arising by Lessee's holding over under this paragraph may be terminated by written notice from either party to the other party on or before

the day on which any monthly rent is due with termination not becoming effective until the day on which the next following monthly rental would have otherwise become due. In the event it should become necessary for Lessor to institute any action at law to recover possession at the time of termination, whenever and however termination may occur, Lessee agrees that it will pay all costs and expenses of such action, including reasonable attorneys' fees.

14. Casualty. If at any time the leased premises, [or the building which forms the principal component of the leased premises,] should be damaged by fire, or other major casualty not the fault of Lessee, and the cost of repairing the damage does not exceed twenty percent (20%) of the value of the improvements of the premises herein leased, [or the building which forms the principal component part of the leased premises,] then Lessor shall as soon as reasonably practicable repair the damage caused by fire or other casualty. If, however, the damage should exceed twenty percent (20%) of the value of the improvements of the premises herein leased, [or the building which forms the principal component part of the leased premises,] then Lessor shall have the option of either repairing the premises as set out above or terminating this lease as of the date of fire or other casualty by notice to Lessee within thirty (30) days after such date. If the damage should render the leased premises untenable for the use of the Lessee's business as set forth herein, the rental from the date of fire, or other major casualty not the fault of Lessee, to the date of the completion of the restoration of the premises shall be abated, such abatement being figured on a pro rata basis of the rentals, herein provided.

15. Condemnation. In the event all of the leased premises or such part thereof as renders the leased premises unsuitable for use in the activity or business of the Lessee, shall be acquired or taken by eminent domain for any public or quasipublic purpose, then the term of this lease shall cease and terminate as of the date of taking.

In the event that a partial taking does not render the leased premises unsuitable for use in the activity or business of the Lessee, this lease shall continue in full force and effect with a reduction in the rent proportionate to the amount of usefulness or necessity of the leased premises actually taken.

All damages awarded as a result of any taking, except such damages as are herein defined as Lessee's damages, shall be awarded to Lessor. Lessee shall be entitled to receive all damages which are compensation for damages to the leasehold estate and for removal of Lessee's business, fixtures, furniture and equipment. Lessee's right to damages shall be a right against the taking authority alone, and Lessee shall not be entitled to recover any damages from Lessor.

16. Insurance on Improvements. [Lessee] shall maintain, at [Lessee's] expense, fire, hazard and extended coverage insurance, [including plate glass insurance,] in the amount of the replacement value of any improvements erected upon the leased premises. A certificate of such insurance shall be delivered to [Lessor] prior to the inception of this lease. [Lessee] shall reimburse [Lessor] for the premiums paid for such insurance upon receipt of notice of the amount due, if [Lessor] is required to pay such premiums.

17. Insurance on Lessee's Property. Lessee shall be solely responsible for maintaining insurance on [his, its] property, including but not limited to movables, trade fixtures installed by Lessee, furniture, furnishings and inventory.

18. Liability Insurance. Lessee shall, during the term of this lease, maintain public liability insurance on the leased premises and on the business operated by the Lessee or any subtenant occupying the leased premises. The limits of such public liability insurance shall not be less than 1,000,000 per person, 1,000,000 per accident, and 3,000,000 for property damage. The policy representing such insurance shall name Lessor, [its successor, or his heirs] and assigns, and Lessee as insured. Such policy shall contain a clause that the insurer will not cancel or change the insurance without giving Lessor, [its successors, or his heirs] or assigns, ten (10) days' written notice, and a certificate of such insurance shall be delivered to Lessor prior to the inception of this lease.

19. Common Areas. Any parking area or other common areas which Lessor may provide shall be for the joint use of Lessor, Lessee, other tenants of Lessor, and the customers, invitees and employees of Lessor, Lessee, and other tenants of Lessor; Lessor hereby grants to Lessee the right, during the term of this lease, to use any parking area and other common areas which may be provided in common with others entitled to the use thereof. The use thereof shall be subject to such reasonable regulations or limitations as Lessor shall make or require from time to time.

20. Compliance with Laws. Lessor and Lessee agree not to violate any law, ordinance, rule or regulation of any governmental authority having jurisdiction of the leased premises and, if required solely by reason of Lessee's type of business, to make nonstructural repairs, improvements and alterations to the interior of the building on the leased premises and the common areas required by such authority.

21. Trash. All trash and refuse deposited outside the building must be placed in sufficient receptacles furnished by Lessee [approved by the Public Works Department].

22. Title and Quiet Enjoyment. Lessor covenants and warrants that it is the owner in fee simple absolute of the leased premises and may lease the premises as herein provided. Upon payment by Lessee of the rents herein provided and upon the observance and performance of all the covenants, terms and conditions upon Lessee's part to be observed and performed, Lessee shall peaceably and quietly hold and enjoy the demised premises for the term hereby demised without hindrance or interruption by Lessor or any other person or persons lawfully or equitably claiming by, through or under Lessor, subject to the terms and conditions of this lease.

23. Succession. This lease agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns.

24. Waste. Lessee agrees not to commit waste, nor permit waste to result or to be done to or upon the property and premises; not to conduct any business thereon or therein, nor store or permit to be stored thereon or therein any explosives, combustible substances or materials of any nature, which would increase the fire hazard or cause a premium to be charged for insurance higher than that charged for the present use of such property; and not to operate, nor permit to be operated, nor to exist thereon or therein, any public or private nuisance.

25. Assets. Lessor and Lessee agree that pursuant to Ark. Code Ann. § 6-23-506: Upon dissolution of the open-enrollment charter school or upon non-renewal of the charter, all net assets of the open-enrollment charter school purchased with public funds shall be deemed the

property of the State, unless otherwise specified in the charter of the open-enrollment charter school.

26. State Immunity. Lessor and Lessee agree that no indebtedness of any kind incurred or created by the open-enrollment charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the open-enrollment charter school shall involve or be secured by the faith, credit or taxing power of the State or its political subdivisions.

Furthermore, Lessor and Lessee agree that the Lessee shall not use the moneys received from the State pursuant to Ark. Code Ann. §§ 6-23-101, 6-23-201, 6-23-301, 6-23-401 or 6-23-501 et seq., for any sectarian programs or activity or as collateral for any debt, including any debt incurred by Lessee to Lessor pursuant to the provisions of the Lease Agreement.

27. Use of State Funds. Lessor and Lessee agree that Lessee shall not pay for any improvements, upgrades, additions or repairs to the leased facility described herein except as a reasonable part of the agreed upon rent payment described in paragraph 3 and those agreed upon Lessee repairs agreed upon in paragraph 7 of this Agreement. Furthermore, to the extent that any portion of rent payment in paragraph 3 or Lessee repairs in paragraph 7 are to be paid from State funding, the Lessor and Lessee shall provide a detailed budget and expenditure report specifying exactly that portion of rent payment or repair cost concerning any improvements, upgrades, additions or repairs to the lease facility and the amount of State funds to be used to support those components of the rent or repair cost to the Lessee.

28. State Approval. Lessor and Lessee agree that to the extent this Lessee will use any State funds from the Arkansas Public School Fund to pay the obligations of this lease agreement, the Lessee is first required to submit a copy of a detailed lease agreement (along with attached budget and expenditure report) setting forth all terms required herein along with any other relevant information required by the Arkansas State Board of Education and obtain the express approval of the Arkansas State Board of Education; otherwise this Agreement shall be considered null and void. Furthermore, neither the Lessor nor the Lessee shall change the terms or conditions of this Agreement without first obtaining the express approval of the Arkansas State Board of Education. Any such change without the express approval of the Arkansas State Board of Education shall be considered null and void to the extent State funds are used as consideration to meet the obligations contained herein.

29. Health, Safety, Facility and Zoning Codes. The Lessor and Lessee agree that the above described lease facility and the location of the facility comply with and meet all health, safety, facility and proper zoning codes of the State of Arkansas or any political subdivisions of the State. Specifically, the Lessor agrees covenants and warrants that the above described lease facility meets all state and local laws, regulations and ordinances with regard to fire, safety and health code conditions and requirements and that the facility is properly located in an appropriate zoned area sufficiently removed from any adult novelty, liquor or gaming locations of business or transaction so as to comply with state or local laws, ordinances or regulations and thus be in compliance with Ark. Code Ann. § 6-23-401.

30. Severability. Each paragraph of this lease agreement is severable from all other paragraphs. In the event any court of competent jurisdiction determines that any paragraph or

subparagraph is invalid or unenforceable for any reason, all remaining paragraphs and subparagraphs will remain in full force and effect.

31. Interpretation. This lease agreement shall be interpreted according to and enforced under the laws of the State of Arkansas.

32. Entire Agreement. This lease agreement contains the entire agreement of both parties hereto, and no other oral or written agreement shall be binding on the parties hereto. This lease agreement supersedes all prior agreements, contracts and understandings of any kind between the parties relating to the subject matter thereof. This agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

33. Notice. All notices, requests, demands and other communications required by or permitted hereunder shall be in writing and shall be deemed to have been duly given when received by the party to whom directed; provided, however, that notice shall be conclusively deemed given at the time of its deposit in the United States mail when sent by certified mail, postage prepaid, to the other party at the following addresses (or at such other addresses as shall be given in writing by either party to the other):

Lessor:	Gillett Civic Group, Inc.	Lessee:	Gillett Heritage Academy
	PO Box 116		PO Box 356
	Gillett, AR 72055		Gillett, AR 72055

34. Release of Dower: The undersigned, wife of Lessor herein, does hereby release and relinquish unto Lessee, for the term hereof and any extension thereof, all rights of dower and homestead which she has in the leasehold estate conveyed hereby to Lessee.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals on this _____ day of _____.

Lessor

[Spouse of Lessor]

Lessee

[ACKNOWLEDGMENT]

THIS AGREEMENT made between Gillett Civic Group, Inc. (the Lessor) and Gillett Heritage Academy (the Lessee), WITNESSETH:

For and in consideration of the covenants and agreements hereinafter contained, Lessor does hereby let, lease and demise unto Lessee, and Lessee does hereby lease from Lessor, the following described premises in the City of Gillett, County of Arkansas, State of Arkansas: