

Appendix D  
Building Lease

May 25, 2005

CJ Stiegele  
Highland Tech. High  
5530 East Northern Lights Blvd.  
Anchorage, AK 99504

RE: CPI Adjustment, Highland Tech High space

Dear Ms. Stiegele,

In accordance with the percentage change in the Anchorage Municipality Consumer Price Index yearly average, January through December, the new monthly rental rate is **\$46344.28** beginning July 1, 2005

**The adjustments described in Section 1.6 of the Lease shall use the Base Monthly Lease Cost set forth in Section 1.6 of the Lease which is \$45, 236.**

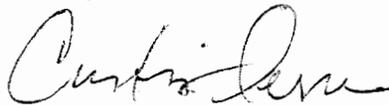
The model for calculating the annual rental rate adjustment will be as follows (calculate to 4 decimal places):

CPI-W Anchorage, January through December 2004	167.4
CPI-W Anchorage, January through December 2003	<u>163.4</u>
	4.0/163.4 = 0.0245

A.  $[(\$45236.00) \times 0.0245] + \$45236.00 = \$46344.28$

If you have any questions regarding this letter, please call me at 337-1632 or 360-2345.

Thank you,



Curtis Derrera  
JL Properties, Inc.  
Boniface Center, LLC

Boniface Center, LLC  
P.O. Box 202845  
Anchorage, Alaska 99520-2845

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April 21, 2005

Via Facsimile

562-7888

Trigg T. Davis  
Advisory Board Member  
Highland Tech High  
405 W. 36<sup>th</sup> Avenue, Suite #200  
Anchorage, AK 99503

Dear Mr. Davis:

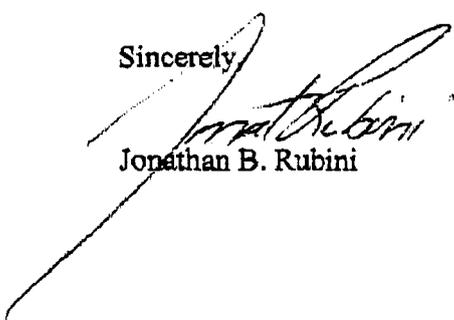
Several months ago you and Mike Berry asked that Boniface Center LLC defer certain payments on the Promissory Note which was executed in connection with the build-out of the Highland Tech Leasehold. As you know, at the time we met Highland had unilaterally reduced its monthly base rent (by roughly \$12,000 per month) and, in addition, was not paying the supplement payments required under the Promissory Note. My recollection of our meeting was that you and Mike acknowledged and agreed that the unilateral reduction of the base rent was inappropriate, and would be promptly rectified.

I authored a letter the following day in response to your request. My letter of February 23, (a copy of which is enclosed), extended the requested relief under the Promissory Note providing that Highland Tech remains in good standing under the Lease.

Regrettably, I am advised by my staff that Highland continues to not pay the full payment required under the Lease, and that the outstanding shortfall now approaches \$50,000. While we remain prepared to work with Highland on a temporary deferral of the supplemental payment, I think it imperative that Highland promptly cure the rent deficiency and that it pay the full rent payment in future months.

Your immediate attention to this would be appreciated. Please call if you have any questions.

Sincerely,



Jonathan B. Rubini

JBR/de

Cc: Mike Berry (via Facsimile)

**LEASE**

**THIS LEASE** (the "Lease"), entered into this 7th day of May, 2003, by and between:

**BONIFACE CENTER, LLC  
P.O. BOX 202845  
ANCHORAGE, ALASKA 99520**

hereinafter called the "Lessor", and

**HIGHLAND TECH HIGH  
P.O. BOX 543582  
ANCHORAGE, ALASKA 99 524**

hereinafter called the "Charter School" or the "Lessee".

**WHEREAS**, Lessor and Lessee have agreed to the lease of certain space in the Boniface Mall, contingent on Lessor closing on the purchase of the leasehold estate and mall building by June 1, 2003;

**WHEREAS**, Lessor has agreed to undertake certain tenant improvements prior to occupancy by Lessee, some at Lessor's cost and some at Lessee's cost, as hereinafter set forth; and

**WHEREAS**, the Charter School and the Lessor desire to set forth the terms and conditions of the tenancy in this Lease;

**NOW THEREFORE**, in consideration of the agreements and mutual covenants set forth in this lease, the Lessor and the Charter School covenant and agree as follows:

**ARTICLE I  
PREMISES; TERM; OCCUPANCY; RENT**

1.1 Leased Premises. The Lessor hereby leases to the Charter School, upon the terms, conditions and covenants set forth in this Lease, the "Leased Premises" which consists of approximately 30,000 square feet of space to be delivered with an Educational Occupancy Permit as required by the Municipality of Anchorage. The Leased Premises are located in the Boniface Mall building which is located at 5530 E. Northern Lights, Anchorage, Alaska, and the portion of the mall building constituting the Leased Premises is the former Safeway Space, which is also described in the attached **Exhibit A**. The Boniface Mall building is located on the following described real property

Tract "A" One (A-1), of BONIBROOK SUBDIVISION, ADDITION NO. 3, according to Plat No. 77-303, filed in the Anchorage Recording District, Third Judicial District, State of Alaska, EXCEPTING THEREFROM that portion taken by the State of Alaska, by Declaration of Taking recorded July 14, 1982 in Book 754 at Page 241, and subsequently deeded to the Municipality of Anchorage by deed recorded April 11, 1991 in Book 2140 at Page 787.

## 1.2 COMMON AREAS AND PARKING

(a) The use and occupation by Lessee of the Leased Premises shall include the use in common with other tenants entitled thereto of the common areas in the Boniface Mall and attendant real property, including but not limited to elevators, lobbies, stairwells and restrooms, parking areas, service roads, loading facilities, sidewalks, and other facilities as may be designated from time to time by Lessor, subject, however, to the terms and conditions of this Lease and to reasonable rules and regulations for the use thereof as prescribed from time to time by Lessor.

(b) All areas described in subparagraph (a) above shall at all times be subject to the exclusive control and management of Lessor and Lessor shall have the right, from time to time, to establish, modify and enforce reasonable rules and regulations with respect to all facilities and areas mentioned herein. Lessor shall have the right to construct, maintain, and operate lighting facilities on all said areas and improvements; to police same; and, subject to the requirements of subparagraph (c), below, from time to time to change or diminish the area, level, location and arrangement of parking and other facilities hereinabove referred to, to restrict parking by tenants, their officers, agents and employees to employee parking areas, to limit the number of cars which Lessee and its employees may park in such areas by the issuance of parking stickers, cards, or otherwise, and to do and perform any acts in and to said areas which Lessor shall deem reasonably advisable. This includes without limitation the ability of Lessor to direct and identify specific areas for Charter School use including in the rear of the mall building, if Lessor determines that such arrangement is necessary for the efficient, safe and effective use of the property. If such areas are diminished or deleted, Lessor shall not be subject to liability, nor shall Lessee be entitled to any compensation or diminution or abatement of rent, nor shall such diminution or deletion of such areas be deemed constructive or actual eviction, so long as there is no unreasonable interference with the Charter School's access to and use of the Leased Premises.

(c) Off-street parking shall be provided at no additional cost to the Charter School. This parking shall be located within reasonable walking distance of the main entrance of the Leased Premises, utilizing main pedestrian routes such as sidewalks. Routes using alleyways and/or private property are not acceptable nor are routes that could pose a danger to pedestrians. The parking area shall be equipped with adequate outdoor lighting comparable to lighting found at commercial/retail centers.

All parking shall be of sufficient size to allow proper and easy parking of the required number of cars, shall have a hard and well-drained surface. Lessor shall provide the following minimum number of parking spaces: 100; provided however, these spaces initially shall not be reserved but shall be used in common with other tenants and users of the mall, subject to paragraph (b). Lessor agrees that the Charter School may use the Leased Premises for training sessions, conferences, public meetings and similar activities, and, for such events, the Lessor will make reasonable efforts to accommodate the additional parking, designated or undesignated, for such use., including through the use of parking stickers, cards, or similar restrictions.

As the occupancy in the Boniface Mall increases, availability of parking may become an issue that requires more intensive management. Lessor reserves the right to require employees of Lessee to park in lighted, marked spaces to the rear of the mall. Lessor also reserves the right to manage Lessee's parking through the mandatory use of parking stickers or other means of identifying automobiles and limiting the parking areas available to those with stickers or other identification associated with Lessee's occupancy.

1.3 TERM. The term of this Lease is ten (10) years, beginning on July 1, 2003 and ending ten (10) years thereafter (the "Termination Date") (the "Lease Term"), unless terminated sooner as expressly provided in this Lease. For purposes of the foregoing, the "Substantial Completion Date" shall mean the date the following conditions are satisfied: (i) Lessor notifies Lessee in writing that Substantial Completion has occurred, consistent with the Scope of Work in Exhibit B; (ii) Lessor provides Lessee a certificate from the architect attesting to such Substantial Completion; and (iii) a temporary or conditional certificate of occupancy has been issued for the Leased Premises. Within then (10) days of Substantial Completion Lessor and Lessee shall jointly examine the Premises and shall compile a list of any remaining items of work which Lessor may be obligated to complete (the "Punch List Items"). The taking of full possession of the Leased Premises by Lessee shall be deemed an acceptance of the Leased Premises and agreement by Lessee that there has been Substantial Completion thereof, but Lessor shall thereafter proceed expeditiously to complete the Punch List Items.

If Lessor is unable to deliver possession of the Leased Premises by the date specified for the commencement of the term of this Lease as a result of causes beyond its reasonable control, Lessor shall not be liable for any damage caused by failing to deliver possession and this Lease shall not be void or voidable. Lessee shall not be liable for rent until Lessor delivers possession of the Leased Premises to Lessee, but the term of this Lease shall not be extended by the delay. Further, in the event Lessor is unable to close on the sale of the leasehold estate and mall building to Lessor, Lessor, at its sole election, may immediately terminate this Lease with no liability whatsoever on the part of Lessor to Lessee.

1.4 DATE OF OCCUPANCY. Lessor agrees to use its best efforts to deliver possession of the Leased Premises to the Charter School by August 10, 2003. As

provided in Section 1.3, the date the Premises is delivered shall be the Substantial Completion Date. Lessor and the Charter School agree to cooperate to provide the Charter School early access to the Leased Premises to coordinate installation of data/telephone cabling and systems furniture as feasible in connection with the improvement work.

1.5 OPTION TO RENEW. The Charter School shall have the option to renew this Lease for one additional five (5) year period. Lessee shall give the Lessor written notice of its election to renew during the last six (6) months of the Lease Term. All conditions and covenants of this Lease shall remain in full force and effect during any extension hereof. Rent for the Charter School's use and occupancy during any renewal term shall be determined according to the adjustment provisions set forth in Section 1.6 of this Lease.

1.6 RENT. The rent (the "Rent") payable by Lessee to Lessor shall be as follows:

Year One (beginning on 7/1/2003 and ending on 6/30/2004):	\$41, 157.50/month
Year Two (7/1/2004 through 6/30/2005)	\$55,653/month

If the promissory note shown as Exhibit B has been paid down to a balance of \$271,000 or less prior to 7/1/04, then \$5,208 of the \$55,653 monthly payment for year two will be applied towards the unpaid balance of the promissory note.

If the promissory note shown as Exhibit B is paid in full during year two, then the year two rent shall be adjusted to \$45,236 per month. If the promissory note is paid in full after year two, then the monthly rent shall be adjusted by taking the rent at the time of payoff and subtracting \$10,417 per month.

Years Three through Ten: Prior year amount as adjusted by CPI. Adjustments will be made in accordance with the annual percentage change in the U.S. Department of Labor Consumer Price Index (CPI-W), for the Urban Wage Earners and Clerical Workers, All Items, Anchorage, Area for the immediately preceding year. In no event shall the Rent decrease from that of the prior year as a result of the CPI adjustment.

Rent shall be payable on the first day of each and every month of the Lease Term, at the office of the Lessor.

Unless otherwise expressly provided in this Lease and assumed in writing by the Charter School, all requirements of this Lease, or any expenses incurred by Lessor with regard to the Leased Premises, including any liability of the Lessor for taxes, shall be furnished to the Charter School within the Rent amount, and at no additional cost to the Charter School. Notwithstanding the immediately preceding sentence, Lessee acknowledges that Lessor has agreed to undertake \$542,000 in additional tenant improvements, which shall also be reflected on **Exhibit B**. Lessee's is obligated to repay the \$542,000 plus interest on such amount, which obligation is reflected in a separate Promissory Note (the "Promissory Note"), the form of which is attached hereto as

**Exhibit C**, and the payments under the Promissory Note are in addition to and separate from the Rent obligations under this Lease.

1.7 LATE CHARGE. Lessee will act in good faith to insure timely deliverance of monthly rents. Public funds shall not be subject to late fee provisions, therefore Lessor waives any late fee charge provision with respect to the payment of rent.

1.8 IMPROVEMENT ALLOWANCE. Included in the Rent amount is a \$25/square foot tenant improvement amount to be used to construct tenant improvements to the Leased Premises. The tenant improvement work shall be in accordance with plans and specifications accepted and acknowledged by the Charter School, which plans are reflected in **Exhibit B**. Further, as provided in Section 1.6, Lessor is undertaking an additional \$542,000 in tenant improvements, which are also reflected in **Exhibit B**, and the repayment terms of which are reflected in the Promissory Note.

1.9 LEASE DOCUMENTS. The following documents are attached as exhibits to this Lease and are hereby incorporated by reference as a part of this Lease, to the extent they do not conflict with this Lease:

- Exhibit A: Floor Plan
- Exhibit B: Scope of Work
- Exhibit C: Form of Promissory Note
- Exhibit D: Broker Compensation Agreement

## **ARTICLE II POSSESSION AND USE**

2.1 GENERAL. The Lessor shall use its best efforts to deliver the Leased Premises to the Charter School ready for occupancy on or before August 1, 2003.

2.2 (Intentionally Omitted).

2.3 PEACEFUL OCCUPANCY. If the Charter School shall pay the Rent as provided by this Lease and shall keep, observe and perform all of the other covenants of the Lease by it to be kept, performed and observed, the Charter School shall and may peaceably and quietly have, hold, and enjoy the Leased Premises for the term of this Lease.

2.4 USE. The Leased Premises shall be used only for general office purposes and for purposes related to the administrative and educational activities of the Charter School, including conferences, public meetings, classrooms, and training sessions for teachers, staff and contractors of the Charter School. Any other use is prohibited without the Lessor's prior written consent. Lessee agrees to comply with the following rules and regulations and with such reasonable modifications thereof as Lessor may make from time to time. Lessor shall not be responsible for the non-observance by any other Lessee of any said rules and regulations. Lessor agrees to use reasonable efforts to obtain, at its

sole expense, Municipality of Anchorage change of building use occupancy permits from Business to Education if applicable. If such change cannot be obtained, Lessor, in its discretion, shall have the option to terminate this Lease or limit the uses to those permitted by applicable laws and regulations, and in either event Lessor shall have no liability whatsoever to Lessee for the termination or limitation, as the case may be. In the event that Lessor is unable to secure educational use permits, Lessee shall have the option to terminate the Lease without obligation or penalty.

(a) No additional locks or similar devices shall be attached to any door or window without Lessor's consent. No keys for any door other than those provided by Lessor shall be made. All keys must be returned to Lessor at the expiration or termination of this Lease.

(b) Lessee shall not overload any floor. Lessor may direct the time and manner of deliver, routing and removal, and the location, of safes and other heavy articles.

(c) Unless Lessor gives consent in writing, Lessee shall not install or operate any machinery, refrigerating or heating systems or air conditioning apparatus in or about the Leased Premises, or carry on any mechanical business therein, or use the Leased Premises for housing accommodations or sleeping purposes, or do any cooking therein, or use any illumination other than electric light, or use or permit to be brought into the Building any flammable fluids such as gasoline, kerosene, naphtha, and benzene, or any explosives, radioactive materials or other articles deemed extra hazardous to life, limb or property unless approved in writing by Lessor and done in a manner which would neither violate any federal, state or local law, ordinance or regulation, nor result in an increase in Lessor's insurance premiums or termination of any insurance coverage maintained by Lessor. Lessee shall not use the Leased Premises for any unlawful or unauthorized purpose. This Section 2.4(c) does not restrict the use of personal heating units and fans, the installation and use of kitchen/break room facilities (including, refrigerators, microwave ovens, etc.), or the use of science kits and other instructional materials related to training sessions conducted by the Charter School, so long as such uses are in compliance with all applicable codes and regulations.

(d) Upon reasonable request by the Lessor, the Lessee shall cooperate fully with Lessor, at no cost to the Lessee, to assure the effective operation of the building's air-conditioning system, including through the closing of doors, venetian blinds and drapes, and if windows are operable, to keep them closed when the air-conditioning system is in use.

(e) The sidewalks, halls, passages, exits, entrances, stairways or roof shall not be obstructed by Lessee for any purpose other than for ingress to and egress from the Leased Premises.

(f) Lessee shall not permit the Leased Premises to be occupied or used in a manner offensive or objectionable to the Lessor or other occupants of the building by

reason of noise, odors, and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Leased Premises.

(g) Lessee shall see that the doors of the Leased Premises are closed and locked before leaving the building and must observe care and caution that all water faucets or water apparatus are shut off before Lessee or Lessee's employees leave the building, and that all lighting shall likewise be carefully shut off so as to prevent waste or damage.

(h) Vehicles may not be stored upon the mall property except for those vehicles directly affiliated with educational use. Stored or abandoned vehicles will be towed at the vehicle owner's expense. Recreation vehicles are prohibited upon the mall property unless they are used solely to commute to and from the workplace or are directly affiliated with educational use..

In addition to all other liabilities for breach of any covenant of this Section 2.4, the Lessee shall pay to the Lessor an amount equal to any increase in insurance premiums payable by the Lessor, caused by such breach; provided that, the Lessee is given reasonable notice of the breach and an opportunity to cure the breach.

### **ARTICLE III GENERAL CONDITIONS AND REQUIREMENTS**

3.1 GENERAL. The paragraphs in this Article III describe the minimum acceptable requirements under which the Leased Premises shall be delivered to and maintained by Lessor, which requirements shall govern unless modified by more specific provisions of this Lease. Delivery and maintenance of the Leased Premises in compliance with the provisions set forth in this Article shall be the responsibility of Lessor and shall be at Lessor's expense (except for the \$542,000 in additional tenant improvements, payment for which are covered by the Promissory Note).

3.2 ACCESSIBILITY. Lessor certifies that the design and construction of the Leased Premises and any subsequent alterations to the Leased Premises performed by Lessor shall meet the specification of the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (ADAAG, Appendix A to 28 CFR part 36) as published in the Federal Register, Vol. 56, No. 144, Friday, July 26, 1991, Rules and Regulations, as amended (hereafter referred to as "ADA compliance") on the Substantial Completion Date and throughout the entire occupancy of the Leased Premises.

The Americans with Disabilities Act of 1990 (42 U.S.C. 12101) defines the Charter School as a "public entity" subject to Title II of the ADA. The Lessor shall provide space that meets ADA compliance as it applies to a public entity throughout the Lease Term. The Lessor shall provide space that meets the same level of ADA compliance that would be required as if the Leased Premises were in a newly constructed,

Charter School owned facility from which all program services are directly delivered to the public.

3.2.1 ADDITIONAL REQUIREMENTS. ADA compliance under Title II is more stringent than the compliance requirements for commercial space. By providing the Leased Premises to the Charter School under ADA compliance requirements, Lessor acknowledges the following additional requirements with which it shall comply:

- (A) Exception 1 to Section 4.1.3 [page 7] of ADAAG is not applicable to the Leased Premises.
- (B) Exception (i) to Section 4.1.6(1) (k), of Accessibility Guidelines, is not applicable to the Leased Premises.
- (C) Section 4.1.6(2), of the Accessibility Guidelines, is not applicable to the Leased Premises.

3.2.2 ADA FACILITY AUDIT REPORT. Prior to occupancy by the Charter School, the Lessor shall furnish an ADA Facility Audit Report from an architect registered to practice in the state of Alaska, at Lessor's expense. The Report must be prepared after completion of any new construction or any alteration to the existing space. The ADA Facility Audit Report must indicate that the Leased premises complies with all the requirements of ADAAG as it pertains to Municipal Code for Educational Occupancy.

The Charter School's inspection and acceptance of the Leased Premises and alterations does not relieve the Lessor of responsibility for ADA compliance. The Lessor further agrees to pay the cost of any corrections which may be needed during the period of the Charter School's occupancy for purposes of correcting deficiencies to meet the above prescribed ADA compliance, unless the corrections result from a change in Lessee's use of the Leased Premises.

In the event the Lessor fails to correct deficiencies it is required to correct within a period of thirty (30) days from receipt of written notification or starts to correct such deficiencies and is diligently pursuing them, the Charter School will have the right to terminate this Lease; or, the Charter School will have the option of correcting deficiencies by hiring competent workers with the Lessor bearing the cost of all labor and materials. The Charter School will have the right to deduct all of the costs incurred, including administrative costs, from the Rent payments. The Lessor further agrees that deficiency corrections performed by the Charter School and/or costs setoff against Rent payments for such corrections, will not constitute a breach of the terms of this Lease.

3.3 TYPE OF PREMISES. Lessor represents and agrees that the Leased Premises is of sound and substantial construction, and meets all applicable building

codes, life safety codes, regulations and standard building practices of the City and State in which it is located. The building shall be protected against fire and shall be provided with ventilation. The building shall be clean and free from odors, vermin, and rodents. Lessee acknowledges that there are existing tenants in the building.

3.4 (Intentionally Omitted).

3.5 INGRESS AND EGRESS. The Leased Premises shall be available and accessible by the Charter School, and its employees, agents and invitees on a 24 hour day, seven (7) day a week basis.

3.6 COMPLIANCE WITH LAWS. Lessor agrees that all improvements to existing structures or new construction and all appurtenances thereto in, on or about the Leased Premises shall conform to all applicable State, Federal and local laws, ordinances, codes and regulations pertaining thereto. In the absence of local regulations, State codes shall apply. Minimum requirements established herein shall not be construed as lowering the standard established by local regulations and when local regulations and codes contain more stringent provisions, they shall govern. The Lessor shall be responsible for obtaining all required permits.

Lessor represents and agrees that the Leased Premises comply with Federal and State law relative to occupational health and safety regulations. Lessor acknowledges and agrees that Lessor will be responsible for the accomplishment and cost of any alterations to the Leased Premises which may be required to correct violations of these regulations detected during the period of the Charter School's occupancy.

3.7 ELECTRICAL.

3.7.1. ELECTRICAL WIRING STANDARDS. All electrical systems in the Leased Premises shall comply with the current applicable editions of:

- (1) The National Electric Code of National Board of Fire Underwriters.
- (2) The rules, regulations, and codes of the State, City, or other local entity.
- (3) The standardized rules of the National Electrical Manufacturer's Associations.

The above minimum requirements shall not preclude the use of higher grade materials or workmanship.

3.7.2. MAIN SERVICE FACILITIES. The main service facilities and meter panel shall be adequate to provide the electrical load that will be required for the Leased Premises. The service facilities and panels for telephone and data cabling for the Leased Premises shall be enclosed in a suitable enclosure which is readily accessible for inspection.

3.7.3 LIGHTS. Lighting fixtures shall be provided in the Leased Premises which are capable of producing well diffused illumination at working levels in compliance with the current standards of the Illuminating Engineering Society of North America (IESNA).

3.7.4. WALL SWITCHES. Standard lighting fixtures will be provided with switches/controls for each bank or group of fixtures. Switches/controls will be conveniently located at entrances and in separately defined work areas within the Leased Premises. Fixtures in lobbies, corridors, rest rooms and service areas shall be controlled by appropriate wall switches/controls.

3.7.5 SECURITY SYSTEM. The Charter School may require an intrusion security system to control access to the Leased Premises through the personnel entry into the Leased Premises at a later date. If a system is required, the Charter School reserves the right to install a system, at its expense. The security system shall remain the property of the Charter School even though affixed to the Leased Premises and shall be considered a Lessee installed fixture pursuant to Section 5.5 herein. A basic perimeter security system will be installed and maintained by Lessor, which security system shall be considered a Lessor installed fixture.

### 3.8. PLUMBING.

3.8.1. DRINKING WATER. The Lessor shall provide readily accessible public drinking fountains or water coolers.

3.8.2. RESTROOMS. Restrooms shall be provided in compliance with all applicable codes, including ADA compliance, and the State's safety regulations. The restrooms shall have lavatories, hot and cold running water, mirrors, soap, tissue and paper towel dispensers, deodorizers, sanitary tissue seat cover dispensers, appropriate ventilation, and in women's restrooms, sanitary napkin dispensers.

3.9. HEATING AND COOLING. A heating and cooling system shall be provided capable of maintaining a uniform temperature range between 66 and 72 degrees F. during the heating season and 70 and 74 degrees F. during the cooling season. The temperature shall be maintained in the comfort zone, the area two (2) feet above the floor to a height of five (5) feet above the floor. Indoor air quality must meet the ANSI/ASHRAE/IES 90.1-1989 specifications.

If the target temperature range is not maintained for a period of more than one (1) working day during the applicable seasons, the Lessor shall, upon receipt of a written complaint from the Charter School, provide suitable temporary auxiliary heating or cooling equipment, as appropriate, to maintain the temperature in the specified ranges.

If such temporary auxiliary equipment is necessary to meet normal weather conditions for more than 5 consecutive working days, the Lessor will not later than the 5<sup>th</sup> working day, initiate a continuing and diligently applied effort to rectify the deficiency causing the failure to uniformly maintain the temperature range required.

If after thirty (30) consecutive working days the temporary auxiliary equipment is still necessary to meet normal weather conditions the Charter School shall be free to hold the Lessor in default under this Lease, and terminate this Lease with no further obligation to Lessor, it being considered that the Charter School has offered a reasonable amount of time for the Lessor to effect suitable modification or repair to the Leased Premises in order to maintain the specified temperature range without resort to temporary auxiliary devices.

“Working days” for the purposes of this Section 3.9 is be defined as days normally scheduled by the Charter School as open for the conduct of its normal operations.

3.10 DOOR HARDWARE: All doors shall be equipped complete with all necessary hardware. Cylinder locks and door checks shall be furnished and installed on all doors which open into public corridors or space otherwise accessible to other than those to be employed in the space desired. All locks shall be master keyed and 20 duplicate individual keys shall be supplied, at the sole cost of the Lessor on or before the Substantial Completion Date. This requirement shall include outside door keys, elevator keys, etc. Duplicate keys requested by Lessee after the Substantial Completion Date shall be at Lessee’s expense at a cost of \$10.00 per key.

#### **ARTICLE IV UTILITIES AND SERVICES**

4.1 UTILITIES AND SERVICES; GENERAL. Lessor shall furnish, at its expense, without limiting more specific requirements of this Lease, heat, electricity, sewerage, potable water, trash removal, five (5) day per week janitorial service, maintenance of stairway and common or public hallways used for access to the Leased Premises in a clean and safe condition, light bulb replacement & light fixture cleaning, maintenance and repairs, grounds maintenance, including snow and ice removal, and reserved parking areas.

Lessor shall not be liable to Lessee for any loss or damage caused by or resulting from any variation, interruption, or failure of such services due to any cause beyond the reasonable control of the Lessor; provided that, the failure or cause is not the result of the deliberate or negligent acts or omissions of the Lessor. In the case of any failure of services or utilities Lessor will take all reasonable steps to restore the interrupted services or utilities. No temporary interruption or failure of such services or utilities incident to the making of repairs, alterations, or improvements, or due to accident or strike, or to maintenance or condition or events beyond Lessor’s control shall be deemed an eviction of Lessee or relieve Lessee from any of Lessee’s obligations hereunder.

4.2 JANITORIAL SERVICES. The Lessor shall be responsible for janitorial services five (5) days per week as outlined below for the entire Leased Premises. Services shall be performed after office hours unless otherwise specified. Janitorial services to be performed Monday through Thursday after 9:00pm. The selection of the third-party janitorial contractor shall be at Lessor's sole and absolute discretion. The Leased Premises generally are occupied Monday through Friday, except Charter School holidays:

4.2.1 DAILY SERVICES:

- \* Empty wastebaskets. Collect all designated waste paper and trash and dispose of it away from the Leased Premises.
- \* Pick up and deposit all recyclable papers into a Charter School designated container; if such a container is provided.
- \* Vacuum carpets in all offices, all hallways, all common areas, entryways, elevator lobbies and corridors.
- \* Remove all foreign matter (gum, grease, etc.) from doors, walls, floors and furniture.
- \* Mop or scrub toilet room floors, wash all plumbing fixtures with warm water and soap. Disinfect urinals, toilets, and sinks, and damp wipe all dispensers.
- \* Provide and maintain adequate supplies of toilet paper, seat covers, deodorizers, sanitary napkins, towels and soap in toilet rooms. Supplies are to be of standard or better quality and are to be furnished by the Lessor. Lessor shall also provide closed disposal containers for waste sanitary napkins.
- \* Clean and disinfect any drinking fountains.
- \* Clean and maintain runners and mats.
- \* Replace burned out lamps furnished by Lessor.
- \* At the end of each workday, the Lessor's janitorial supervisor or other agent shall inspect the entire Leased Premises to ensure that all work is complete and all necessary doors are locked.
- \* Remove snow and ice from sidewalks, entrances, roof overhangs, outside storage areas and parking areas as applicable to an extent, which will render the area safe to pedestrian traffic and automobile

operation. Snow and ice shall be removed from the main building entrances prior to the start of the Charter School's business day.

- \* Mop/clean resilient floor surfaces. Remove any black scuff marks.

#### 4.2.2 WEEKLY SERVICES.

- \* Vacuum all carpeted areas and rugs within said Leased Premises.
- \* Dust all visible surfaces of furniture, fixtures, and equipment to a height of 6 feet.
- \* Collect and remove all trash and other discarded materials from all sidewalks and parking areas.
- \* Remove all finger marks and smudges on walls, stairwells, doors, woodwork and glass surfaces.

#### 4.2.3 EVERY SIX MONTH SERVICES:

- \* Dust or wash light fixtures as appropriate for greatest light efficiency.
- \* Wash windows inside and out leaving no streaks or unwashed places. Wipe water spots from sills and frames. Use drop cloths as required to protect adjacent surfaces, fixtures and furniture. Wash windows at equal intervals.
- \* Wash all wastebaskets.
- \* Dust or vacuum window coverings.
- \* Shampoo all carpeted floors.
- \* Scrub/finish resilient flooring surfaces

4.2.4 DEFICIENCIES. The Lessor agrees that after twenty (20) days written notice by the Charter School to the effect that the janitorial-maintenance obligations as specified herein for the Leased Premises have not been satisfactorily fulfilled, the Charter School may then obtain competent workers to correct the necessary items, all of which will be paid for by the Lessor either by direct payment or, at the Charter School's sole option, by the Charter School making the payment to the workers and reducing the Rent accordingly.

4.4 INTERRUPTION OF UTILITIES AND SERVICES: In the event that, in the reasonable judgment of the Charter School the lawful enjoyment of the demised

Leased Premises is threatened by the interruption or severance of utilities and services provided under this Lease by the Lessor, and when such interruption or severance is due to deliberate, or negligent acts or omissions of the Lessor, the Charter School shall have the right to bind such utilities and services as are threatened, in the name of the Charter School. The Charter School shall be free to deduct from the Rent payments the costs of such utilities and services, together with all necessary deposits and the Charter School's actual administrative costs necessary to procure the utilities and services.

## **ARTICLE V IMPROVEMENTS; ALTERATIONS; REPAIRS; MAINTENANCE**

5.1. GENERAL. The Lessor agrees to maintain the Leased Premises free of any mechanical, structural or electrical hazards and in a good state of general repair and maintenance. Lessor agrees that after twenty (20) days notice in writing by the Charter School that these obligations have not been satisfactorily fulfilled or begun and are being diligently pursued, the Charter School can then obtain competent workmen to correct the deficiencies, all of which will be paid for by the Lessor.

5.2. FIRE PREVENTION: The Lessor shall maintain the Leased Premises in keeping with good fire prevention practices and comply with all applicable requirements of the Fire Marshall.

5.3. ACCIDENT HAZARD: The Lessor shall maintain the Leased Premises free of structural or mechanical hazards. If any accident hazards relative to the structure or building operating equipment are detected through inspections of the space, they shall be promptly corrected by the Lessor.

5.4. MAINTENANCE AND REPAIR: The Lessor shall assume sole responsibility for the maintenance of the Leased Premises. This responsibility encompasses keeping the Leased Premises in good repair and tenantable condition. The term "repair" includes repairs of any type including but not limited to exterior and interior, structural and nonstructural, routine or periodic, except as in the case of damage arising from the acts or negligence of the Charter School's agents, invitees, students or employees. The Lessor agrees that after thirty (30) days notice in writing by the Charter School to the effect that the repair, maintenance, or service obligations as specified herein for the Leased Premises have not been satisfactorily fulfilled or has begun and is being diligently pursued, the Charter School can then obtain competent workers to correct the deficiencies. All related costs shall be paid for by the Lessor either by direct payment or by the Charter School making the payment to the workers and reducing the Rent accordingly.

5.5 LESSEE INSTALLED FIXTURES: All fixtures and/or equipment of whatsoever nature that have been installed in the Leased Premises by the Charter School, excepting any installed telephone/data cabling, whether permanently affixed thereto or otherwise, shall continue to be the property of the Charter School any may be removed by the Charter School at any time, provided however, the Charter School shall, at its own

expense, repair any injury to the Leased Premises resulting from such removal. The Charter School acknowledges and agrees that any tenant improvements are the property of Lessor.

5.6 RESTORATION LIABILITIES. The Charter School is not liable for restoration of improvements required to meet the specification requirements set for by the this Lease, and those made prior to final acceptance for occupancy by the Charter School.

5.7 RENOVATION. Lessor shall renovate the Leased Premises by refinishing, or replacing all damaged or worn wall, ceiling, floor covering, window covering or built-in building fixtures at least every five (5) years of occupancy or at a later date if such renovation is not necessary at the five (5) year point. All costs associated with the renovations, will be the responsibility of the Lessor; provided, however that the Lessee shall cooperate with the Lessor to minimize renovations in accordance with reasonable written requests of the Lessor and shall not do anything to void warranties of finished products and if Lessee fails to do so, Lessor's duties hereunder shall not apply.

5.8 ALTERATIONS: Lessee shall not make any alterations, additions, changes or improvements to the Leased Premises without the prior written consent of the Lessor, and where requested by Lessor, in accordance with plans and specifications approved by Lessor. Consent to proposed alterations or additions being made by qualified contractor's or workers skilled in the trades, shall be considered as acceptance of the improvements; provided that, the alterations or additions are made according to any approved plans and specifications and applicable codes and regulations. When consent by the Lessor is given, all workmanship involved and material used shall be of a quality consistent with the construction of the Leased Premises at the start of the Lease Term. All contractors involved in such alterations shall be approved by Lessor prior to commencing work. Except as otherwise provided in this Lease, said alterations and improvements, such as carpet, light fixtures, stud walls, doors and all other alterations will, at the expiration or earlier termination of this Lease, become the property of the Lessor except that, with respect to alterations and improvements made after the Substantial Completion Date, Lessor can elect at any time, to require Lessee to remove such alterations and improvements. If Lessor so elects, Lessee, at Lessee's expense, shall restore the Leased Premises to the condition designated by Lessor in its election, before the last day of the term, or within sixty (6) days after notice of election is given, whichever is later.

5.9 DELAYS. Time is of the essence under this Lease. Delays in completing the Leased Premises or an installation of the equipment and furnishings by the Lessor due to causes beyond the control and without fault or neglect of the Lessor or caused by Lessee will be excused. Causes may include but are not limited to: (1) act of God, (2) public enemy, (3) act of the Government in either its sovereign or contractual capacity, (4) acts of another contractor in the performance of a contract with the Government, (5) fires, (6) floods, (7) epidemics quarantine restrictions, (8) strikes, (9) freight embargoes,

(10) unusual severe weather conditions, and (11) Lessee's failure or delay in communicating decisions related to the construction of tenant improvement work.

Notification of such delays must be made to the Charter School in writing within ten (10) days of the commencement of the cause. The Charter School and the Lessor shall then meet and ascertain the facts and the extent of delay and the extent of the time for completing the project.

## **ARTICLE VI CHARTER SCHOOL'S DUTIES**

In addition to all other duties provided for herein on the part of the Charter School, the Charter School will: (1) Pay the Rent at the times and place to the Lessor in advance on the first day of each and every month of the Lease Term. (2) Use and occupy the Leased Premises in a careful and proper manner. (3) Not use or occupy the Leased Premises for any unlawful purposes. (4) Not use or occupy the Leased Premises or permit the same to be occupied for any purpose or business deemed extra-hazardous on account of fire or otherwise. (5) Except as otherwise set forth in this Lease, make no alterations or additions in or to the Leased Premises without the written consent of the Lessor which consent shall not be unreasonably withheld. (6) Permit the Lessor to enter upon the Leased Premises at all reasonable times to examine the conditions of same. (7) Provide immediate written notice to the Lessor upon receipt by Lessee of any Notice of Default (or other notice of non-compliance) under the Charter School Contract to be entered between Lessee and the Anchorage School District.

## **ARTICLE VII INDEMNITY; INSURANCE**

7.1 HOLD HARMLESS: The Lessor shall indemnify, save harmless, and defend the Charter School, its officers, agents and employees, from liability of any nature or kind, including costs and expenses for or on account of any and all suits or damages of any character whatsoever resulting from injuries or damages sustained by any person or persons or property by virtue of any act performed by the Lessor or the Lessor's agents and employees pursuant to this Lease.

The Lessee shall indemnify, save harmless, and defend the Lessor, its officers, agents and employees, from liability of any nature or kind, including costs and expenses for or on account of any and all suits or damages of any character whatsoever resulting from injuries or damages sustained by any person or persons or property by virtue of any act performed by the Lessee or the Lessee's agents, invitees, students and employees pursuant to this Lease.

7.2 LESSOR INSURANCE: Without limiting Lessor's indemnification, it is agreed that the Lessor will purchase at its own expense and maintain in force at all times during the Lease Term and during the performance of services under this Lease the following policies of insurance. Where specific limits are shown, it is understood that

they shall be the minimum acceptable limits. If the Lessor's policy contains higher limits, the Charter School will be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Charter School. All such policies of insurance must provide for a thirty (30) day prior written notice to the Charter School of cancellation, nonrenewal or material change. The Lessor shall obtain insurance required under this section and shall deliver copies of the insurance policies and/or Certificates of Insurance with the Charter School at least three (3) days before the Substantial Completion Date.

Proof of insurance is required for the following:

7.2.1. WORKERS COMPENSATION INSURANCE. The Lessor shall provide and maintain, for all employees of the Lessor engaged in work under this Lease, Workers Compensation Insurance as required by AS 23.30.045. The Lessor will be responsible for Workers Compensation Insurance for any Subcontractor who directly or indirectly provides services under this Lease. This coverage must include statutory coverage for states in which employees are engaging in work and employer's liability protection not less than \$100,000 per occurrence. Where applicable, coverage for all federal acts (i.e. U.S.L.&H. and Jones Acts) must also be included.

7.2.2. COMMERCIAL GENERAL LIABILITY INSURANCE. With coverage limits not less than \$300,000 combined single limit per occurrence.

7.2.3. COMPREHENSIVE AUTOMOBILE LIABILITY INSURANCE. Covering all owned, hired and non-owned vehicles with coverage limits not less than \$100,000 per person, \$300,000 combined single limit for bodily injury and property damage per accident.

7.2.4. FIRE INSURANCE. Covering the building in which the Leased Premises is located, of a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, in an amount equal to at least eighty percent (80%) of the full replacement value of the building or such other amount as may be necessary to avoid the application of any co-insurance provisions of such insurance policy. The insurance policy shall appear, and shall provide that any proceeds be payable solely to Lessor or Lessor's lender.

7.2.5. Failure to supply satisfactory proof of insurance within the time required will be a default under this Lease, upon which the Charter School may terminate this Lease with no further obligation to the Lessor.

7.2.6 Certificates of Insurance shall be provided to the Charter School in the name of the HIGHLAND TECH HIGH. Except for worker's compensation insurance and fire insurance policies, all policies will name Highland Tech High as additional insureds.

7.2.7. The Lessor shall pay for the insurance specified and agrees that all policies shall provide for thirty (30) days prior written notice of cancellation or nonrenewal of such insurance to the Charter School.

7.3. LESSEE INSURANCE. The Charter School has and will maintain insurance with limits in excess of \$1,000,000 for property damage and \$2,000,000 for general and auto liability, and Lessor will be named as an additional insured.

## **ARTICLE VIII TENABILITY; DESTRUCTION OR IMPAIRMENT OF LEASED PREMISES**

The Leased Premises shall be tenantable and comply with this Lease and all applicable laws pertaining to tenability. The Lessor agrees to pay the cost of any alterations which may be needed for purposes of correcting any casualty damage or any violation of a law cited by a regulatory agency unless the cause is the result of an act or omission or the negligence of Lessee.

If the Leased Premises or any part thereof are rendered untenable by casualty or public authority, a proportionate part of the Rent, according to the extent of such untenability, will be abated and suspended until the Leased Premises are again made tenantable and restored to their former condition. If the Leased Premises or a substantial part thereof are rendered untenable and so remain for a period of thirty (30) days, the Charter School may, at its option, terminate the Lease by written notice to the Lessor. This thirty (30) day period shall not be so restrictively construed that the Charter School is bound to remain in the Leased Premises if the Charter School's business cannot be safely executed. If, within the thirty (30) days period, untenable conditions are determined to exist by the Charter School, the Charter School shall have the right to move elsewhere and the rental shall be abated.

If the Leased Premises are made tenantable again within the thirty (30) day period the Charter School will return to the Leased Premises. In such event, the Lessor shall pay the Charter School any costs, over the abated Rent payments, occasioned by relocation due to such untenable conditions.

In the event the Lessor fails to correct damage or violation(s) within the thirty (30) day period or fails to begin and diligently pursue the restoration within the thirty (30) day period, the Charter School will have the right to terminate the Lease, or will have the option of hiring competent workers to correct the damage or violation(s). The Lessor will bear the cost of all such labor and materials. The Lessor agrees that damage or violations corrections performed by the Charter School, and/or cost setoffs against Rent, will not constitute a breach of the terms of this Lease.

Nothing in this Article VIII shall be construed as a release from liability for any loss or damage for which Lessor or the Charter School would otherwise be liable one to the other accruing prior to the effective Termination Date of this Lease.

## **ARTICLE IX DEFAULT**

If the Charter School shall at any time be in default in the payment of Rent, or in the performance of any of the covenants, terms and conditions of this Lease, and the Charter School shall fail to remedy such default within thirty (30) days (fifteen (15) days for Rent) after written notice thereof from the Lessor, it shall be lawful for the Lessor to enter upon the Leased Premises and repossess and enjoy the same as if the Lease and everything therein contained on the part of the Lessor to be done and performed shall cease and terminate without prejudice, however, to the right of the Lessor to recover from the Charter School all Rent due up to the time of such entry. In case of any default by the Charter School and any entry by the Lessor the Lessor may relet the Leased Premises for the remainder of the term for the highest rent obtainable and may recover from the Charter School any deficiency between the amount so obtained and Rent specified by this Lease.

Notwithstanding the foregoing, in the event of a Default due to Lessee's receipt of a Notice of Default or non-compliance under the Charter School Contract, Lessee may within 90 days of the Default. Provide notice that it has cured such a condition (which cure has been acknowledged by the School District) and reinstate the Lease in good standing (providing that Lessee is otherwise in good standing under the Lease.)

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law or equity (all such remedies being cumulative), nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any Rent or other sum due to Lessor hereunder. Except as expressly provided in this Lease, no act or thing done by Lessor or its agents during the term hereby granted shall be deemed a termination of this Lease or an acceptance of the surrender of the Leased Premises, and no agreement to terminate this Lease shall be valid unless in writing signed by Lessor. No judicial action shall be necessary to terminate this Lease. No waiver by Lessor of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. Lessor's acceptance of the payment of Rental, or other sums hereunder after the occurrence of an event of default shall not be construed as a waiver of such default, unless Lessor so notifies lessee in writing. Forbearance by Lessor to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default or of Lessor's right to enforce any such remedies with respect to such default or any subsequent default.

Failure of the Charter School to timely pay amounts due under the Promissory Note shall also be an event of default under this Lease.

## **ARTICLE X ASSIGNMENT AND SUBLETTING**

An assignment of this Lease or subletting by the Charter School may not be made without the written consent of the Lessor, which consent shall not be unreasonably withheld. Upon assignment, this Lease and all the covenants, provisions and conditions of the Lease will inure to the benefit of and be binding upon the successors and assigns of the Charter School and the Lessor.

## **ARTICLE XI TERMINATION**

In addition to the other reasons for termination of this Lease by the Charter School, set forth in this Lease, Lessor expressly agrees that the payments of Rent by the Charter School is subject to (i) appropriation of funds by the Anchorage School Board; and (ii) the continuation of the contract between the Charter School and the Anchorage School Board (except if the contract is breached due to a default under the contract by the Charter School), and, in the event the foregoing occurs, this Lease may be terminated upon 180 days prior notice. Such termination shall not constitute a default by the Charter School or subject the Charter School to liability for deficiency payments to the Lessor as outlined in Article IX, except that Rent shall continue to be due and payable during the 180 day period..

## **ARTICLE XII MISCELLANEOUS**

12.1 EXTENSION. Any holding over after the Termination Date of this Lease shall be construed to be a tenancy from month-to-month at the same monthly rental and on the terms and conditions specified by this Lease, so far as applicable.

12.2 TIME OF ESSENCE. Time is of the essence under this Lease.

12.3 SALE OF LEASED PREMISES. If the leased Premises is sold during the term of this Lease, or any extension thereof, this Lease shall be assigned to the new lessor.

12.4 SUCCESSORS. This Lease and all the covenants, provisions and conditions herein contained shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto.

12.5 LEASING COMMISSION. The parties are aware and acknowledge that JL Properties, Inc. represents the Lessor, and that Realty Executives Alaska, Inc. represent Lessee. Assuming this Lease is executed and Lessor acquires the property, Lessor agrees to pay Realty Executives Alaska, Inc. a brokerage fee per the Compensation Agreement attached as **Exhibit D**.

12.6 DISPUTES; GOVERNING LAW. This Lease is subject to all applicable laws of the State of Alaska or applicable local governments. Any dispute arising out of the Lease shall be resolved under the laws of Alaska. Any original action to enforce and provision of this Lease or to obtain any relief from or remedy in connection with this Lease may be brought only in the District or Superior Court for the Third Judicial District of Alaska, at Anchorage.

12.7 ENTIRE AGREEMENT. This Lease and the Exhibits attached hereto and forming a part hereof, set forth all covenants, promises, agreements, conditions and understandings, either oral or written, between the parties hereto. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon the Lessor or the Charter School unless reduced to writing and signed by each of them subsequent to the date hereof.

12.8 WAIVER. The waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition hereof. No covenant, term or condition of this Lease shall be deemed to have been waived by the other party, unless such waiver be in writing signed by the party.

12.9 NOTICE. Any notice, demand, request or other instrument which may be or are required to be given under this Lease shall be delivered in person, by facsimile or sent by United States certified mail with postage prepaid, and shall be addressed to the address stated above or at such other address as the Lessor or the Charter School may designate by written notice from time to time. Such notices shall be deemed effective as of the date of delivery, if personally delivered, upon confirmation of transmittal by the faxing machine if faxed, or three (3) days following the deposit of same in the U.S. mails. Facsimile numbers are as follows: Lessor: 1-907-279-8066; Lessee: \_\_\_\_\_.

12.10 NO PRESUMPTION. Lessor and the Charter School understand, agree and acknowledge that: (a) This lease has been freely negotiated by both parties; and (b) That, in any controversy, dispute, or contest over the meaning, interpretation, validity, or enforceability of this Lease or any of its terms or conditions, there shall be no inference, presumption, or conclusion drawn whatsoever against either party by virtue of that party having drafted this lease or any portion thereof.

12.11 ENCUMBRANCES. The Leased Premises are leased subject to easements, restrictions, reservations, conditions and covenants of record or appearing on the plat of the mall property; mortgages, deeds of trust and other security devices now or

hereafter existing; governmental regulations, ordinances and statutes in effect now or in the future, and all other encumbrances of record.

12.12 LIENS. Lessee shall keep the Leased Premises free from liens for labor or materials ordered or supplied upon the express or implied request of Lessee. Should any such lien be recorded by reason of a claim against Lessee, or acts or omissions of Lessee, Lessee shall forthwith and within ten (10) days of learning of such recording cause the same to be canceled and discharged of record. Alternatively, Lessee shall provide Lessor with written proof of the existence of an appropriate surety bond in accordance with A.S. 34.35 etc., and in any event written by a corporate surety qualified to do business in the State of Alaska, in an amount equal to not less than one hundred fifty percent (150%) of the amount of the claim of the lien. Such surety bond shall be in favor of Lessor or the lien claimant as elected by Lessor. Lessee shall take all steps necessary to have such lien released or judgment resulting therefrom promptly satisfied at Lessee's own expense.

12.13 EXCULPATION. Except as otherwise provided in this Lease, and except for damage caused by the deliberate or negligent acts or omissions of Lessor, Lessor shall not be liable to Lessee for any damage to Lessee or Lessee's property and Lessee waives all claims against Lessor for damage to person or property.

12.14 PERSONAL PROPERTY TAXES. Lessee shall pay prior to delinquency all personal property taxes payable with respect to all property of Lessee located in the Leased Premises and shall provide promptly upon request of Lessor written proof of such payment.

12.15 CONDEMNATION. If all of the Leased Premises or such portions of the building as may be required for the reasonable use of the Leased Premises, are taken by eminent domain, this Lease shall automatically terminate as of the date Lessee is required to vacate the Leased Premises and all Rent shall be paid to that date. In case of the taking of a part of the Leased Premises, or a portion of the building not required for the reasonable use of the Leased Premises, then this Lease shall continue in full force and effect and the Rent shall be equitably reduced based on the proportion by which the floor area of the Leased Premises is reduced, such Rent reduction to be effective as of the date possession of such portion is delivered to the condemning authority. Lessor reserves all rights to damages to the Leased Premises for any taking of eminent domain, and Lessee hereby assigns to Lessor any right Lessee may have to such damages or award with regard to the value of the leasehold, and Lessee shall make no claim against Lessor for damages for termination of the leasehold interest or interference with Lessee's business. Lessee shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Lessee may be put for Lessee's moving expenses and for the interruption of or damage to Lessee's business, provided that such damage may be claimed only if they are awarded separately in the eminent domain proceeding and not as part of the damages recoverable by Lessor.

12.16 CURE OF DEFAULT. Lessor may, at the expense of Lessee, cure any default by Lessee hereunder which Lessee has not cured within the prescribed period, but

shall not be required to do so. Lessor's reasonable expenses shall be deemed additional Rent payable within ten (10) days after demand by Lessor.

12.17 SURRENDER OF LEASED PREMISES. Lessee, on the last day of the term, or on the last day of a renewal or extension term or upon earlier termination of this Lease, shall peaceably and quietly leave and surrender the Leased Premises in as good condition as on commencement of the term, ordinary wear and tear excepted, and damage that Lessor has been fully compensated for by insurance proceeds excepted.

12.18 COSTS AND ATTORNEY'S FEES. If Lessee or Lessor shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Lessor for the recovery of rent or possession of the Leased Premises, the parties shall be liable for attorney's fees as provided by applicable law, including Alaska Rule of Civil Procedure 82.

12.19 WAIVER OF SUBROGATION. Lessor and Lessee hereby each release the other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to the Leased Premises, the improvements therein and contents thereof caused by fire or any other perils insured in policies of insurance covering such property, even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible; provided, however, that this release shall be applicable and in force and effect only with respect to loss or damage occurring during such times as the releasor's policies shall contain a clause or endorsements to the effect that any such release shall not adversely affect or impair said policies or prejudice the right of the releasor to recover thereunder and then only to the extent of the insurance proceeds payable under such policies. Each of Lessor and Lessee agrees that it will request its insurance carriers to include in its policies such a clause or endorsement.

12.20 SUBORDINATION. The rights of Lessee under this Lease shall be and are subordinate at all times to the lien of any mortgage/deeds of trust or mortgages/deeds of trust now or hereafter in force against this Lease and/or the mall property and building, and to all advances made or hereafter to be made upon the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. This paragraph is self-operative and no further instrument of subordination shall be required. Upon twenty (20) days written request by Lessor, Lessee agrees to promptly execute and deliver to Lessor a writing in recordable form confirming such subordination in form and content satisfactory to a prospective buyer, mortgagee, or beneficiary of a deed of trust. Lessee, at the option of any mortgagee, agrees to attorn to such mortgagee in the event of a foreclosure sale or deed in lieu thereof.

12.21 ESTOPPEL CERTIFICATE. Lessee agrees that from time to time upon not less than ten (10) days prior request by Lessor, Lessee will deliver to Lessor a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and identifying the modifications), (b) the dates to which the Rent and other

charges have been paid and Lessor is not in default under any provision of this Lease and, if Lessor is in default specifying each such default of which the person making the certificate may have knowledge, it being understood that any such statement so delivered may be relied upon by any landlord under any ground or underlying lease, or any prospective purchaser, mortgagee or any assignee of any mortgage/deed of trust on the property. Such estoppel certificate shall also include any other provisions reasonably requested by any landlord under any ground or underlying lease, or any prospective purchaser, mortgagee or any assignee of any mortgage on the Property

12.22 ACCESS. Lessor, its agents, employees and designees shall have the right to enter the Leased Premises at all reasonable times to inspect the same, to clean, repair, maintain, alter or improve the Leased Premises or the building, to post "Notices of Non-Responsibility", to preserve and protect the Leased Premises and the building, and to show the Leased Premises to prospective tenants within the period of one hundred eighty (180) days prior to expiration of the term, upon 24 hours advance notice to the Charter School. Such notice shall not be required in the case of emergencies or if the Charter School accepts less notice. When reasonably deemed necessary, Lessor may temporarily close entrances, doors, hallways, elevators or other facilities without liability and without such act being construed as an eviction of Lessee or in any way relieving Lessee of the obligations of Lessee under this Lease. The right of entry reserved herein does not impose, nor does Lessor assume by reason thereof, any responsibility for care, maintenance, or supervision of the Leased Premises beyond such obligations as are expressly set forth elsewhere herein.

Notwithstanding the foregoing, the Charter School and the Lessor agree that the Charter School may require that a part of the Leased Premises be secured and subject solely to the control of the Charter School to protect the confidentiality of information maintained by the Charter School ("Private Leased Premises"). The Charter School shall designate such part in writing and may, at its cost, provide and install any security controls it deems necessary. The Lessor and its employees, agents and designees shall not enter the Private Leased Premises without the express consent of the Charter School and without an escort provided by the Charter School, except in the case of emergency. The Charter School waives the right to assert any claims against the Lessor for the failure to supply janitorial or other services to the extent such a failure is caused by the refusal of the Charter School to grant reasonable access to provide such services in the Private Leased Premises at the times the Lessor provides such services to the Leased Premises.

12.23 RIGHTS RESERVED. Lessor reserves the following rights:

A. To designate all contractors, vendors, and suppliers and all sources furnishing sign painting and lettering, restroom supplies, vending machines and like services used on the Leased Premises or in the building, at the cost of the Lessor.

B. During the last ninety (90) days of the term of this Lease, or if during or prior to that time Lessee vacates the Leased Premises, to decorate, remodel, repair alter or otherwise prepare the Leased Premises for re-occupancy, without affecting

Lessee's obligation to pay Rent for the Leased Premises. Any such work shall be done in reasonable cooperation with the Lessee and without unreasonable interference with the Lessee's business and use of the Leased Premises.

C. To constantly have pass keys to the Leased Premises, subject to the limitation regarding the secured area described in Section 12.23.

D. In the event of an emergency and otherwise at reasonable times, to take any and all measures, including inspections, repairs, alterations, additions and improvements to the Leased Premises or to the building as may be necessary or desirable for the safety, protection or preservation of the Leased Premises or the building or Lessor's interest, or as may be necessary or desirable in the operation or improvement of the building in order to comply with all laws, orders and requirements of governmental or other authority, subject to the limitation regarding the secured area described in Section 12.24.

12.24 HAZARDOUS SUBSTANCES. The use, possession, storage, transfer, dumping, disposing, emitting, burning, burying, or any other activity on or about the Leased Premises, building, and/or land involving or connected with hazardous or toxic substances or materials by Lessee, its employees, owners, agents, invitees, and all those with whom it has contracts of whatever nature is strictly prohibited. This prohibition does not extend to inks, paints, and like materials and supplies normally used in an office environment, to normal cleaning products, or to science kits or other instructional materials used by the Charter School, nor does this prohibition apply to hazardous substances property stored by Lessee on the Leased Premises in compliance with State and Federal laws, which includes hazardous wastes property generated, stored and transferred from the Leased Premises in compliance with the Solid Waste Disposal Act (SWDA) 42 USC 6901 et. seq., and regulations promulgated by the US EPA pursuant to the SWDA. The terms "hazardous or toxic substances" have the meaning as defined and regulated by the United States Environmental Protection Agency, the United States Department of Transportation, the Alaska State Department of Environmental Conservation, or any successor agency or agencies, or any other state, or federal agency having the authority of law.

In the event of a breach by Lessee of the conditions of this Paragraph or spill or contamination not amounting to a breach caused by same, Lessee shall defend, hold harmless and indemnify Lessor, against any and all claims, judgment, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Leased Premises, building and/or land, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Leased Premises, building and/or land, and sums paid in settlement of claims, attorney's fees, consultant fees, and expert fees) which arise during or after the Lease Term as a result of such breach or contamination. This indemnification includes, without limitations, costs incurred in connection with any investigation of site conditions or cleanup, remedial, removal, or restoration work required by any federal, state or local governmental agency or political subdivision because of hazardous substances present in the soil, ground water, or on or under the

Leased Premises, Building and/or Land as a result of Lessee's use of the Leased Premises, Building and/or Land. Without limiting the foregoing, if the presence of any hazardous substance on the Leased Premises, building and/or land results in any contamination, the party at fault shall promptly take all actions at its sole expense as are necessary to return the Leased Premises, building and/or land to the condition existing prior to the introduction of any such hazardous substances. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

12.25 LIABILITY. All liabilities and obligations hereunder of Lessee or Charter School are joint and several obligations of the Anchorage School District and Highland Tech High.

12.26 OPTION TO PURCHASE. Lessor agrees to explore the feasibility of dividing the Boniface Mall into several units through either a fragment lot subdivision or a condominium. In the event that Lessor accomplishes said division, Lessor agrees to partition the Leased Premises into a discrete unit. If such a partition occurs, Highland Tech High shall have the right at its option for the first three (3) years of this Lease to purchase the Leased Premises at fair market value to be determined by a qualified MAI appraisal approved by both parties. This option is subject and subordinate to the purchase option in favor of the ground lessor, which purchase option is set forth in the ground lease. In the event Highland Tech High exercises its right to purchase and does close on the purchase, Lessor agrees to pay a brokerage fee of 2.5% to Realty Executives Alaska, Inc. In the event Highland Tech High chooses to exercise this Option, Lessee agrees to use its best efforts to accommodate Lessee. The provisions of this Section 12.26 are not assignable, and, further, are not exercisable if Lessee shall be in default hereunder. The decision to partition the Boniface Mall lies solely with the Lessor at Lessor's sole and absolute discretion. If Lessor chooses not to partition the Boniface Mall or has not completed the process of partitioning the Mall, Lessor shall have the absolute right to sell the Boniface Mall to any third party free of any option rights of the Lessee and Lessee shall have no ongoing option to purchase a portion of the Boniface Mall.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year written below.

Lessee:

**HIGHLAND TECH HIGH**

By: C. Stegale  
Title: Principal

Date: 5/8/03

Lessor:

BONIFACE CENTER, LLC

Date: 5-8-03

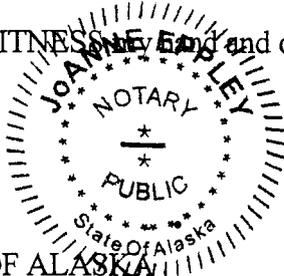
By: LEONARD HYDE  
Title: MANAGER

STATE OF ALASKA )  
3rd JUDICIAL DISTRICT )

ss..

THIS IS TO CERTIFY that on the 8th day of May, 2003, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared LEONARD HYDE to me known and known to me to be the Manager of BONIFACE CENTER, LLC, the limited liability company which executed the foregoing document and he/she acknowledged to me that he/she signed the same freely and voluntarily on behalf of said corporation, was authorized to do so, and that said instrument was signed freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year last above written.

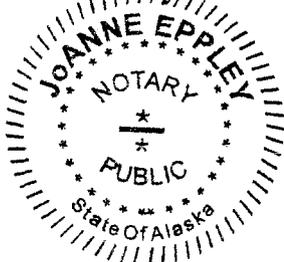


Joanne Eppley  
NOTARY PUBLIC, State of Alaska  
My commission expires: April 18, 2007

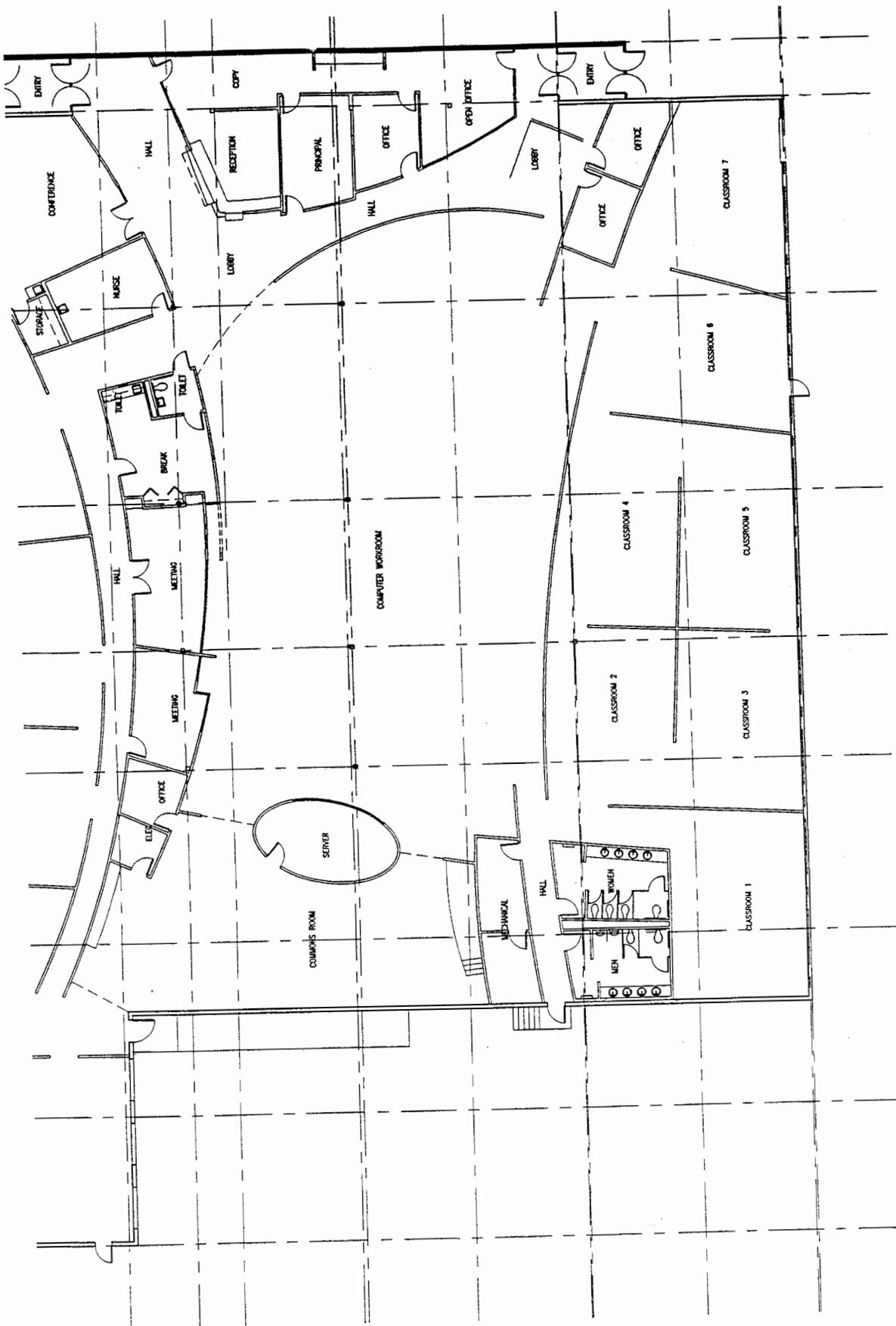
STATE OF ALASKA )  
3rd JUDICIAL DISTRICT ) ss.

THIS IS TO CERTIFY that on the 8th day of May, 2003, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared CS Steigler, to me known and known to me to be the Principal of HIGHLAND TECH HIGH, the charter school which executed the foregoing document and he/she acknowledged to me that he/she signed the same freely and voluntarily on behalf of said charter school, was authorized to do so, and that said instrument was signed freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year last above written.



Joanne Eppley  
NOTARY PUBLIC, State of Alaska  
My commission expires: April 18, 2007



1 REFLECTED CEILING PLAN  
SCALE: 1/8" = 1'-0"

Exhibit A

## Highland Tech High Construction Narrative

- 1) Sitework – None anticipated except as necessary for new electrical service
- 2) Hazardous Material Abatement – Existing 'popcorn' textured ceiling, piping insulation and pcb ballasts will be abated and removed. Existing Asbestos floor tile that is overlain by regular VCT will be left in place.
- 3) Concrete – Concrete cutting and patching as necessary for new Bathrooms
- 4) Masonry – None anticipated
- 5) Misc. Steel – Steel and miscellaneous connections as necessary for Structural Upgrades only.
- 6) Carpentry – Wood framing only as necessary to accommodate demolishing the existing structure to expose the roof structure above.
- 7) Insulation – Insulation as necessary for acoustical treatment of isolated walls within the space.
- 8) Roofing - New roof membrane over the existing roof membrane.
- 9) Doors & Windows
  - a. Prefinished Timely door frames will be used at all non-storefront door openings
  - b. Solid Core birch doors will used at Timely frames, paint grade mdf can also be used.
  - c. 4 each security grills are included at the center area
  - d. New storefront frame and glass has been included as an allowance of 300sf, which was intended for the server room area, but can be used anywhere in this quantity.
  - e. Existing Mechanical louvers will be replaced and the existing openings will accommodate new aluminum windows.
- 10) Finishes
  - a. 1,000sf of ceramic tile is allowed in the interior.
  - b. Interior framing and sheetrock
  - c. Acoustical Treatment allowance of \$10,000
  - d. New Painting as required, existing roof structure will not be painted.
  - e. Carpet allowance of \$2.25/sf, which provides a 10-year carpet similar to University Center.
- 11) Casework in quantities necessary for the reception counter, washrooms and break area. All casework to be standard p-lam construction without custom construction details. Allowance is \$28,000.
- 12) Mechanical system per Superior Plumbing & Heating design. This includes the washrooms and new units for heating/cooling and ventilation. The ductwork will only be as necessary to discharge the air through the roof structure. Ceiling fans will be utilized to avoid stratification of temperatures within the space.
- 13) Electrical system per Alcan Electric's design with HZA. This includes power requirements per code and tenant components as presented in the preliminary program as well as voice/data to accommodate the information on the preliminary program. A new electrical service will be installed. Lighting will be 'low bay' fixtures throughout the open areas and fluorescent fixtures in the sheetrock lid areas. Recessed cans will be used in the conference room to facilitate presentation functions.



**LEASE AMENDMENT**

**LEASE AMMENDMENT**, as of June 28, 2003 by and between

Lessor:  
Boniface Center, LLC  
P.O. Box 202845  
Anchorage, AK 99520

And

Lessee:  
Highland Tech High  
P.O. Box 243582  
Anchorage, AK 99524

1.6 **RENT.** The rent payable by Lessee to Lessor shall be amended as follows:

Year One (beginning 7-1-2003 and ending on 6-30-2004): \$37,041.75/month  
(for a total of \$444,501 in Year One)

Payments will commence on July 1, 2003. Occupancy will begin August 10, 2003. A delay in occupancy will result in an adjustment of annual lease amount, which will be reflected in the June 2004 payment.

**Lessee**  
**Highland Tech High**

\_\_\_\_\_

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

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

**Lessor**  
**Boniface Center LLC**

\_\_\_\_\_

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

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

## PROMISSORY NOTE

\$542,000.00 (U.S.)

May 7, 2003  
Anchorage, Alaska

**FOR VALUE RECEIVED**, the undersigned (collectively the "Borrower") promises to pay to the order of **BONIFACE CENTER, LLC**, an Alaska limited liability company, or its assigns, whose address is P.O Box 202845, Anchorage, Alaska 99520-2845 ("Payee"), or at such other place as Payee may from time to time designate in writing, the principal sum of **FIVE HUNDRED FORTY TWO THOUSAND DOLLARS (\$542,000.00)**, in lawful money of the United States, with interest thereon at the rate set forth below.

### SECTION 1. Interest Rate

The per annum interest rate hereunder, which shall accrue on the unpaid principal from July 15, 2003 until June 30, 2004, shall be Eight Percent (8.00 %) (the "Initial Note Rate"). From July 1, 2004 until the Note is paid in full, the interest rate shall be Fifteen Percent (15.00%) (the "Final Note Rate"). If at any time the rate of interest provided for in this Note shall be determined by any competent court of law, governmental agency or tribunal to exceed the maximum rate of interest permitted by any applicable law, then, for such time as the rate would be deemed to exceed the maximum permissible rate, its application shall be suspended, and there shall be charged instead the maximum rate of interest permissible. Interest shall be computed on the basis of 360-day year and applied to the actual number of days elapsed.

### SECTION 2. Payment

Payments under the Note shall be due as follows:

- (a) No payments shall be due under this Note through June 30, 2004, although interest on the unpaid principal shall accrue at the Initial Note Rate from July 15, 2003 through June 30, 2004.
- (b) On July 1, 2004, the sum of the (i) the unpaid principal balance bearing interest at the Final Note Rate amortized over a five-year period; and (ii) the accrued interest through July 1, 2004, shall be added together, with the total amount calculated into equal monthly installments which shall be due and payable beginning on July 1, 2004, and the same day of each calendar month thereafter over a five year period, with the last payment due on July 1, 2009 (the "Maturity Date"), provided, that, all principal and interest, and all other amounts owing hereunder or under that certain Lease Agreement between the parties of even date herewith, as amended (the "Lease Agreement"), shall become immediately due and payable at the sole option of Payee upon an Event of Default under the Lease Agreement or this Note. If Borrower cancels the Lease Agreement pursuant to any provision of the Lease Agreement, the amounts under this Promissory Note shall still be owing from Borrower to Payee,

and Payee may accelerate the amount due or elect to keep the Note under the then existing payment terms.

### **SECTION 3. Application of Payments**

Payments shall be made in immediately available funds and shall be applied (a) first, to the payment of accrued interest; (b) second, at the option of Payee, to the payment of any other amounts owing under this Note, other than accrued interest and principal, including, but not limited to advances Payee may have made for attorney fees due hereunder; and (c) third, to the reduction of principal of this Note.

### **SECTION 4. Prepayment**

Borrower may prepay its obligation under this Note in full or in part without premium or penalty. If such obligation is paid in part, then the payment received is to be applied pursuant to Section 3 hereof; provided however, the monthly payment due hereunder shall not be reduced to reflect any reduction in the outstanding principal of this Note.

### **SECTION 5. Default; Remedies**

If default is made in the payment of any amount payable hereunder when due or an Event of Default has occurred under the Lease Agreement, then, at the option of Payee, the entire indebtedness evidenced hereby shall become immediately due and payable. Upon default, and without notice or demand, all amounts owed under this Note, including all accrued but unpaid interest, shall thereafter bear interest at the rate of three percent (3%) per annum rate above the then applicable Note Rate (the "Default Rate") until such default is cured. Failure to exercise any option granted to Payee hereunder shall not waive the right to exercise the same in the event of any subsequent default. Interest at the Default Rate shall commence to accrue upon default under this Note, including the failure to pay this Note at maturity.

### **SECTION 6. Attorney Fees**

In the event of any default under this Note, or in the event that any dispute arises relating to the interpretation, enforcement, or performance of this Note, Payee shall be entitled to collect from Borrower on demand all fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, consultants, expert witnesses, arbitrators, mediators, and court reporters. Without limiting the generality of the foregoing, Borrower shall pay all such costs and expenses incurred in connection with (a) arbitration or other alternative dispute resolution proceedings, trial court actions, and appeals; (b) bankruptcy or other insolvency proceedings of Borrower, any guarantor or other party liable for any of the obligations of this Note; (c) postjudgment collection proceedings; (d) all claims, counterclaims, cross-claims, and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Note; (e) all preparation for any of the foregoing; and (f) all settlement negotiations with respect to any of the foregoing.

## **SECTION 7. Miscellaneous**

(a) Every person or entity at any time liable for the payment of the indebtedness evidenced hereby waives presentment for payment, demand, and notice of nonpayment of this Note. Every such person or entity further hereby consents to any extension of the time of payment hereof or other modification of the terms of payment of this Note or the release of any party liable for the payment of the indebtedness evidenced hereby at any time and from time to time at the request of anyone now or hereafter liable therefor. Any such extension or release may be made without notice to any of such persons or entities and without discharging their liability.

(b) The headings to the various sections have been inserted for convenience of reference only and do not define, limit, modify, or expand the express provisions of this Note.

(c) Time is of the essence under this Note and in the performance of every term, covenant, and obligation contained herein.

(d) This Note is made with reference to and is to be construed in accordance with the laws of the State of Alaska. Venue for any lawsuit or other action shall be in the Superior Court for the State of Alaska, at Anchorage, Alaska.

(e) Any amendment to this Note must be signed by both Borrower and Payee.

(f) This Note shall be binding upon the successors, assigns, and other legal representatives of Borrower. Borrower may not assign this Note or Borrower's obligations hereunder, and any assignment in violation hereof shall be null and void and of no force and effect. Payee may, without the prior permission of Borrower being required, assign this Note to any affiliated party or third party who may purchase the Boniface Mall, or to a lender as security or otherwise in connection with the financing of the Boniface Mall..

(g) In the event any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal, or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Note operate to invalidate this Note, then and in either of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provision of this Note and the remaining provisions of this Note shall remain operative and in full force and effect and shall in no way be affected, prejudiced, or disturbed thereby.

DATED as of the day and year first above written.

**HIGHLAND TECH HIGH**

By: CJ STIEGEL

Name: CJ Stiegel

Its: Principal



341 W. Tudor Road, Suite 103  
Anchorage, AK 99503  
Bus: (907) 561-2220  
FAX: (907) 561-4845  
(800) 478-8220

ALASKA

## Compensation Agreement

Proposed owner Landlord, (J & L Properties), for that property described as 5530 East Northern Lights Boulevard and legally described as Bonibrook #3 Tract A1 and commonly referred to as the Boniface Mall agrees to the pay to Realty Executives Alaska, Inc. the following brokerage fee under the following terms and conditions.

**Landlord:** J & L Properties.

**Tenant:** Highland Tech High.

**Brokerage Fee:** 3% of the total aggregate amount of the all the lease payments due under a lease agreement to be negotiated between the described parties.

**Due:** One half of the Brokerage fee will be due within 5 working days of the execution of the lease agreement with the remaining due within 5 days following the 3<sup>rd</sup> anniversary of the lease execution so long as Tenant is not in default at that time.

**Additional Fee:** Owner further agrees to pay Realty Executives Alaska, Inc. at closing a brokerage fee in the amount of 2.5% of the sales price should Highland Tech High exercise their right to purchase this facility. Realty Executives Alaska, Inc. agrees to credit owner that portion of the leasing commission paid but not yet earned against any sales commission paid.

**J & L Properties:**

[Signature]  
President

**Date:**

2-19-03

**Realty Executives Alaska, Inc.**

**by:**

[Signature]

**date:**

5-8-03

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