



Board Rationale

File #: 16-763

TITLE

Approve Lease with May Sands Montessori School

BACKGROUND INFORMATION

New lease for buildings 100, 200 and 300 of the May Sands facility has been negotiated with May Sands Montessori School.

Contact: Patrick Lefere, Executive Director, Operations and Planning

Board Meeting Date: June 27, 2017

RECOMMENDATION

Approve Lease with May Sands Montessori School



Monroe County School District

Superintendent of Schools
Mark T. Porter

Master

File Number: 16-763

File ID: 16-763	Type: Agenda Item	Status: Agenda Ready
Version: 1	Vendor:	Action By: School Board
Department: Operations and Planning		File Created: 06/15/2017
Subject:		Final Action:
Title: Approve Lease with May Sands Montessori School		

Internal Notes:

Agenda Date: 06/27/2017

Sponsors:

Effective Date:

Attachments: MSMS Lease, COI.pdf

Enactment Number:

Recommendation:

Expiration Date:

Entered by: Patrick.Lefere@KeysSchools.com

Expiration Date:

Approval History

Version	Seq #	Action Date	Approver	Action	Due Date
1	1	6/20/2017	Ryan Abrams	Approve	6/20/2017
1	2	6/21/2017	Suanne Lee	Approve	6/22/2017
1	3	6/21/2017	Wanda Menendez	Approve	6/23/2017
1	4	6/21/2017	James Drake	Approve	6/23/2017
1	5	6/21/2017	Patrick Lefere	Approve	6/23/2017

History of Legislative File

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:

LEASE
BETWEEN
MONROE COUNTY SCHOOL DISTRICT
“LESSOR”
AND
MAY SANDS MONTESSORI SCHOOL, INC.
“LESSEE”
DATED June 27, **2017**

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LEASE AGREEMENT

THIS LEASE made and entered into in Key West, Monroe County, Florida, on this 1st day of July, 2017, by and between the SCHOOL BOARD OF MONROE COUNTY, FLORIDA, (referred to as the “Lessor”) and May Sands Montessori School, Inc. (referred to as the “Lessee”).

RECITALS

WHEREAS, Lessor is the owner in fee simple of the property located at 1400 United Street, Key West, Florida commonly known as May Sands School in Monroe County, Florida, and depicted in the attached Exhibit “A” (hereinafter “Property”) as Buildings 100, 200 and 300; and,

WHEREAS, Lessee currently utilizes the property a public charter school and desires to develop the Property, make available capital funds and seek capital outlay funds under Florida Statute §1013.62 for improvements and otherwise wishes to enter into a long-term lease with Lessor; and,

WHEREAS, in order to allow Lessee to improve the property, realize the benefits of long-term financing for capital improvements, seek capital outlay funds under Florida Statute §1013.62, and provide stability and support for the School and its students, Lessor desires to lease the Property to Lessee for fifteen (15) years, subject to the restrictions as set forth herein; and,

WHEREAS, Lessee asserts that it is leasing the property for rent based on the current cost per Gross Square Footage of interior space used for maintenance and operations as specified in the “Annual Maintenance and Operations Cost Information” as prepared and published by the Florida DOE Office of Educational Facilities and that Lessor is not otherwise “providing” the facility at a nominal rent. Lessee also takes the position that Lessor is not directly or indirectly operating the School under Florida Statute §1013.62. This paragraph shall not be construed to show that the Lessor agrees with or disagrees with the foregoing assertions made by Lessee.

NOW THEREFORE, in consideration of the mutual covenants and obligations contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

THE FOREGOING RECITATIONS OF FACT ARE TRUE AND CORRECT AND INCORPORATED IN THIS LEASE BY THIS REFERENCE.

ARTICLE I

Definitions

“Demised Premises” shall mean the property leased to Lessee pursuant to this Lease for use as a public charter school. The Demised Premises are depicted on attached Exhibit “A”. Demised Premises includes buildings 100, 200 and 300, but does not include building 400 and the land on which it is situated.

“Effective Date” shall mean the date this Lease is fully executed and delivered by all parties and the date that the Lessee shall be entitled to begin to occupy the Demised Premises.

“Lease” shall mean this lease for the provision of public educational services on the Demised Premises. It is expressly contemplated and intended by Lessor, as fee title holder to the Demised Premises, that any limitations, restrictions and/or other covenants of any nature, whether established pursuant to this Lease, be given the full force and effect of enforceable covenants running with the land, equitable servitudes and all other cognizable legal and equitable real property conventions so as to ensure the overall public school purposes intended to be served, including appropriate application of cumulative enforcement theories.

"Lease Year" shall mean the twelve (12) month period beginning on the Commencement Date and each twelve (12) month period thereafter throughout the Term of this Lease.

“Lessor” means THE SCHOOL BOARD OF MONROE COUNTY, FLORIDA, formerly known as the BOARD OF PUBLIC INSTRUCTION OF MONROE COUNTY also known as Monroe County School District or its assigns. Lessor as used herein and where the context requires, shall mean an agency or party designated by the Lessor, by written notice to all parties, to administer or enforce some or any portion of the provisions of this Lease.

“Lessee” means the Initial Lessee, May Sands Montessori School, Inc., f/k/a Key West Montessori Charter School, and Montessori Elementary Charter School, Inc., and its successors and assigns. Lessee is not a “conversion” charter school.

ARTICLE II

Demised Premises

Section 2.01 Lessor’s Demise. Upon the terms and conditions contained hereinafter set forth, and in consideration of the payment of the rents and the prompt performance by the Lessee of the covenants and agreements, to be kept and performed by the Lessee, the Lessor does lease, let, and demise to the Lessee and the Lessee hereby

leases from the Lessor, the following described premises, situate, lying, and being in Monroe County, Florida:

Buildings 100, 200 and 300 as depicted on Attached Exhibit "A" (Excluding Building 400 and the property on which it is situated).

Section 2.02 Conditions. The demise is likewise made subject to the following:

(a) Conditions, restrictions, and limitations, if any, there be now appearing of record;

(b) Zoning ordinances of the City of Key West, State of Florida, and any other applicable governmental body now existing or which may hereafter exist by reason of any legal authority during the life of this Lease;

(c) The proper performance by the Lessee of all of the terms and conditions contained in this Lease.

(d) Lessee agrees not to enroll beyond 225 students. Any increase beyond that number must be approved by the School Board with an amendment to this lease.

ARTICLE III

Term

To have and to hold the Demised Premises for a term of fifteen (15) years commencing the last date of the date of execution by the parties, and ending fifteen (15) years thereafter, unless sooner terminated, or extended, as hereinafter provided. Lessee shall be given possession on the Effective Date and the terms and conditions set forth herein shall be binding on the parties as of the Effective Date.

Lessee shall have the right to occupy the Demised Premises as of the Effective Date in order to allow Lessee to commence financing, construction, improvements, as well as for use as a public school facility. Upon Lessee's paying the rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Premises for the entire term hereof, subject to the provisions of this Lease.

ARTICLE IV

Rent

Section 4.01 Rent Amount. The rent and other charges reserved under this Lease for the term hereof shall be and consist of:

- A. Starting July 1, 2017, the agreed upon annual rent shall be \$47,467.20. A credit of \$8,838.84 for prior overpayments applied to the first year rent brings the total rent due to \$38,628.36, payable in equal monthly installments of \$3,219.03. Future annual rent shall be based on then current cost per Gross Square Footage of interior space used for maintenance and operations as specified in the “Annual Maintenance and Operations Cost Information” as prepared and published by the Florida DOE Office of Educational Facilities (GSF rates). The Lessor shall review the GSF rates annually on February 1 or when the new rates are released and make any necessary adjustments to the rental rate commencing with the July 1 payment each year. Should current costs for any year not be available or the DOE Office of Educational Facilities discontinues the annual report, the annual rent will continue at the current rent for the last year in which GSF rates are available.
- B. Current rent, and the basis for future rent is based upon the following formula (last updated by FDE on 2015-2016):

GSF Used (not including field):	9,570
GSF Base Cost Ops (incl. 1.14 Energy)	3.84
GSF Maintenance Cost	1.32
Total GSF Rate	5.16
Total rate after applying \$0.20/sq. ft. educational discount	4.96
GSF Used X GSF Rate:	47,467.20

Section 4.02 Sales or Excise Taxes. Simultaneously with each such payment, Lessee agrees to pay to Lessor any sales, use or excise tax imposed or levied against rent or any other charge or payment required hereunder to be made by Lessee which tax has been imposed or levied by any governmental agency having jurisdiction thereof, this shall include any new taxes imposed during the term of this Lease which are in addition to or in substitution for any such tax which is presently imposed.

Section 4.03 Other Sums Owed. In addition to the foregoing rent, all other payments to be made by Lessee shall be deemed to be and shall become additional rent hereunder whether or not the same be designated as such and it shall be due and payable upon demand together with interest thereon at the highest rate permissible by law from their due date until the date it is paid. The Lessee shall have the same remedies for Lessee’s failure to pay said additional rental the same as for non-payment of rent. Lessor, at its election, shall have the right to pay or do any act which required the expenditures of any sums of money by reason of the failure or neglect of Lessee to perform any of the provisions of this Lease, and in the event Lessor shall, at its election, pay such sums or do such acts requiring the expenditure of monies, Lessee agrees to pay Lessor, upon demand, all such sums, and the sums so paid by Lessor and any expenses incurred by Lessor in the payment in such sums together with interest thereon at the highest rate permitted by law

from their due date through the date they are paid by Lessee, shall be deemed additional rent and shall be payable and collectable as such.

Section 4.04. Monthly rent installments are due on the first day of each month during the lease term. Rent and all other sums owed under this lease agreement shall be made payable to:

MONROE COUNTY SCHOOL DISTRICT
c/o Superintendent of Schools
241 TRUMBO ROAD
KEY WEST, FL 33040

Payment of Utilities

Section 5.01. Lessor's obligation. The Lessor agrees to pay for all utilities used and consumed by the Lessee. Should Lessee determine to pay utilities, the rent will be reduced by the amount indicated under the GSF rate for All Energy.

Section 5.02. Lessee's obligation. Should Lessee determine to pay its own utilities, Lessee shall be solely responsible for the cost associated therewith. Additionally, should Lessee require use of any service provided to Lessor, or connection to any utility of Lessor, Lessee will be responsible for its' proportionate share.

ARTICLE V

Non-Subordination

Notwithstanding anything to the contrary contained in this Lease, the fee simple interest in the Demised Premises shall not be subordinated to any leasehold mortgage, lien or encumbrance of any nature whatsoever. Furthermore, the Lessor's right to receive payment under this Lease shall not be subordinated to any to any debt or equity financing, leasehold mortgage, lien, encumbrance or obligation of any nature whatsoever.

ARTICLE VI

Alterations and Repairs

Section 6.01. Lessor's obligation. During the continuance of this Lease the Lessor shall have the responsibility to keep and maintain the Premises and appurtenances thereto and every part thereof in good order and repair, and replace parts as needed, at all times during this Lease. Lessor shall maintain in good order and repair and replace as needed, all structural components of the buildings (100, 200 and 300), including, but not limited to, the roof, walls windows, doors, plate glass and flooring of any structure. Additionally, Lessor shall further keep in good order and repair, and replace as needed,

all mechanical systems including heating and air conditioning (including compressors, fans and ducts), ventilation, water, sewer, electrical and sprinkler systems as well as all sidewalks, boardwalks, landscaping, parking areas and general facilities.

Said maintenance is included in the annual rent charged to Lessee. Should Lessee determine to maintain the structures, the annual lease payment will be reduced by the amount indicated for GSF Maintenance under Section 4 of this Lease at the then current Maintenance rate. Lessee will coordinate maintenance of the property with Lessor's maintenance department.

In the event the premises is destroyed or so damaged or injured by fire or other casualty during the term of this Lease, whereby all or a part thereof shall be rendered unusable, then Lessor shall use its best efforts to render said premises usable by repairs within ninety days therefrom. If said premises are not rendered usable by repairs within said time then either Party may cancel this lease, and in the event of such cancellation the rent shall be paid only to the date of such fire or casualty.

Section 6.02. Lessee's obligation. Lessee shall make no alteration, additions installation, substitutions or improvements in or to the premises without the written consent of Lessor, which consent shall be subject to and upon such terms and conditions as Lessor may require and stipulate in such consent, including without limitation, (a) physical and spatial limitations, (b) governmental approvals (c) payment, (d) indemnification, (e) liens, and (f) designation of approved contractors and subcontractors, and (g) aesthetic considerations. This clause shall not be construed to mean that the Lessor shall allow any mechanics' liens upon the premises based upon work ordered by the Lessee.

In the event that the Lessee desires to make any modifications, additions or alterations to the premises the following provisions shall apply, in addition to any other provision of this Lease.

Prior to Lessee commencing any work upon the demised premises, it must first obtain the Lessor written approval of any plans and specifications and otherwise comply with the following and/or produce the following documents for Lessor prior approval:

- A. A full set of "Permit Ready" plans;
- B. A copy of the building permit issued by the appropriate governmental body having jurisdiction thereof;
- C. A copy of the Lessee's Contractor's license evidencing the fact that it is licensed to do business and to act as a General Contractor in this geographical area;
- D. A Hold Harmless and Indemnification Agreement in favor of the Lessor executed by the Lessee and its General Contractor;

E. A certificate of insurance in a form and in amounts acceptable to Lessor reflecting liability insurance in favor of the Lessor issued by the insurer of the Contractor together with a workman's compensation policy;

F. A certificate of insurance in a form and in amounts acceptable to Lessor reflecting liability insurance in favor of the Lessor issued by the insurer of the Lessee;

G. A copy of the contract for construction between the Lessee and its General contractor. The Lessor during the various phases of construction by Lessee shall be entitled through Lessor's agent to examine the work as it progresses. Accordingly, the Lessee will cure any defective work brought to its attention by the Lessor

ARTICLE VII

Mechanic's Liens

Section 7.01 No Lien. The Lessee shall not have the power to subject the interest of the Lessor in the Demised Premises to any mechanic's or materialmen's liens or lien of any kind.

Section 7.02 Release of Lien. The Lessee will not permit or suffer to be filed or claimed against the interest of the Lessor in the Demised Premises during the continuance of this Lease, any lien or claim of any kind without the written authorization of Lessor, and if such lien be claimed or filed, it shall be the duty of the Lessee, within thirty (30) days after the Lessor shall have been given written notice of such a claim having been filed, or within thirty (30) days after the Lessor shall have been given written notice of such claim and shall have transmitted written notice of the receipt of such claim unto the Lessee (whichever thirty (30) day period expires earlier) to cause the Demised Premises be released from such claim, either by payment or by the posting of bond or by the payment to the court of the amount necessary to relieve and release the Demised Premises from such claim, or in any other manner which, as a matter of law, will result, within such period of thirty (30) days, in releasing the Lessor and the title of the Lessor from such claim; and the Lessee covenants and agrees, within such period of thirty (30) days, so as to cause the Demised Premises and the Lessor's interest therein to be released from the legal effect of such claim.

Section 7.03 Lessee's Default. If the Lessee shall fail, refuse, or neglect to perform its obligations as required in this Article, then the Lessor may pay any sums required to cause the Demised Premises and the Lessor's interest therein to be released from the legal effect of such claim and the amount or amounts of money so paid, including reasonable attorneys' fees and expenses which might have been reasonably incurred because of or in

connection with such payments, together with interest on all such amounts at the highest rate allowed by law shall be repaid by the Lessee to the Lessor, upon the demand of the Lessor, and the payment thereof may be collected or enforced by the Lessor in the same manner as though such amount were an installment of rent specifically required by the terms of this Lease to be paid by the Lessee to the Lessor, upon the day when the Lessor demands repayment thereof or reimbursement therefore and submits documentation reflecting proof of payment; but the election of the Lessor to pay such amount shall not waive the default thus committed by the Lessee.

ARTICLE VIII

Governing Law, Cumulative Remedies

Section 8.01 Governing Law. All of the rights and remedies of the respective parties shall be governed by the provisions of this instrument and by the laws of the State of Florida as such laws relate to the respective rights and duties of lessors and lessees.

Section 8.02 Cumulative Remedies. During the continuance of the Lease, the Lessor shall have all rights and remedies which this Lease and the laws of the State of Florida assures to Lessor. All rights and remedies accruing to the Lessor shall be cumulative, that is, the Lessor may pursue such rights as the law and this Lease affords to him in whatever order the Lessor desires and the law permits without being compelled to resort to any one remedy in advance of any other.

ARTICLE IX

Indemnification of Lessor

Section 9.01 Indemnification by Lessee. During the entire term of the Lease, the Lessee will indemnify, defend and save harmless the Lessor against any and all claims, debts, demands, or obligations which may be made against the Lessor or against the Lessor's title in the Demised Premises, arising out of, or in connection with, or in any way related to the Demised Premises, except to the extent such claims may be caused by negligence or misconduct of the Lessor (or its agents, contractors or employees); and if it becomes necessary for the Lessor to defend any action seeking to impose any such liability, the Lessee will pay the Lessor all costs of court and reasonable attorneys' fees incurred by the Lessor in effecting such defense in addition to any other reasonable sums which the Lessor may be called upon to pay by reason of the entry of a judgment against the Lessor in the litigation in which such claim is asserted.

Except for loss or damage arising out of Lessor's negligent or intentional acts, or that of its employees, agents or contractors, Lessor shall not be liable to Lessee or Lessee's employees, agents, contractors, or invites of any such person, firm or entity, for any injury or damage to person or property in or about the Demised Premises.

Section 9.02 Comprehensive Liability Insurance. From and after completion of the improvements, the Lessee shall cause to be written and in full force and effect a policy or policies of insurance insuring the Lessee against any and all claims and demands made by any person or persons whomsoever for injuries received in connection with the operation and maintenance of the Demised Premises, improvements, and buildings located on the Demised Premises. All such policies shall name the Lessee and the Lessor (and any lender holding a mortgage on the Demised Premises), as their respective interests may appear, as the persons insured by such policies. Any loss adjustment shall require the written consent of both the Lessor and Lessee.

Section 9.03 - The Lessee shall pay premiums for the comprehensive public liability insurance policies which the Lessee is obligated to carry under Article IX, Sections 9.02 of this Lease. In the event Lessee fails to obtain and pay for the necessary insurance, Lessor shall have the right, but not the obligation, without notice to Lessee, to procure such insurance and/or pay the premiums of such insurance, in which case Lessee shall repay Lessor immediately upon demand by Lessor as additional rent.

Section 9.04. Policy Limit Changes. The policy limits for the comprehensive liability insurance may be reviewed by Lessor every five (5) years and adjusted upward, if, in the reasonable discretion of Lessor such increase in coverage is prudent or if similar projects have begun to require greater insurance coverage.

ARTICLE X

Assignment/Transfer

Lessee shall not assign, sublet, transfer, mortgage, pledge or otherwise encumber or dispose of this Lease during the term hereof, or underlet the demised premises or any part thereof or permit the premises to be occupied by any other persons.

ARTICLE XI

Condemnation

Section 11.01 Eminent Domain; Cancellation. If, at any time during the continuance of this Lease, the Demised Premises or the improvement or building or buildings located thereon, or any portion thereof is taken or appropriated or condemned by reason of eminent domain, there shall be such division of the proceeds and awards in such condemnation proceedings and such abatement of the rent and other adjustments made as shall be just and equitable under the circumstances. If the Lessor and the Lessee are unable to agree upon what division, annual abatement of rent or other adjustments as are just and equitable, within thirty (30) days after such award has been made, then the matters in dispute shall, be determined in accordance with the rules of the American Arbitration Association. Such determination made by the arbitration shall be binding on the parties. If the legal title to the entire Demised Premises be wholly taken by condemnation, the Lease shall be cancelled.

Section 11.02 Apportionment. Although the title to the building and improvements placed by the Lessee upon the Demised Premises will pass to the Lessor, nevertheless, for purpose of condemnation, the fact that the Lessee placed such buildings on the Demised Premises shall be taken into account, and the deprivation of the Lessee's use (and any use of a sublessee) of such buildings and improvements shall, together with the term of the Lease remaining, be an item of damage in determining the portion of the condemnation award to which the Lessee is entitled. In general, it is the intent of this Section that, upon condemnation, the parties hereto shall share in their awards to the extent that their interests, respectively, are depreciated, damaged, or destroyed by the exercise of the right of eminent domain. In this connection, if the condemnation is total, the parties agree that the condemnation award shall be allocated so that the then value of the property, as though it were unimproved property, shall be allocated to the Lessor, and the then value of the building or buildings thereon shall be allocated between the Lessor and Lessee after giving due consideration to the number of years remaining in the term of this Lease and the condition of the buildings at the time of condemnation.

ARTICLE XII

Construction/Improvements

Section 12.01 Improvements/Alterations. Lessee may, at any time during the Lease, with the written consent of Lessor, make improvements or alterations to the Premises as Lessee may from time-to-time deem necessary or desirable provided however, Lessee shall not have the right to make any improvements or alterations that affect the structure, structural strength or outward appearance of the Premises. Lessee shall submit to Lessor complete and detailed plans and specifications for such work at the time approval is sought. Lessor may withhold approval in its sole and absolute discretion. Any improvements or alterations made to the Premises shall be in compliance with all insurance requirements and regulations and ordinances of governmental authorities and shall, upon the expiration or sooner termination of the Lease, become the property of the Lessor provided however, Lessor may at its option, require Lessee, at Lessee's sole cost and expense, to remove any such improvements or alterations at the expiration or sooner termination of the Lease and to repair any damages to the Premises caused by such removal.

ARTICLE XIII

Default

Section 13.01 Notice of Default. Lessee shall not be deemed to be in default under this Lease in the payment of rent or the payment of any other moneys as herein required unless Lessor shall first give to Lessee ten (10) days' written notice of such default and Lessee fails to cure such default within such ten (10) days of said notice.

Except as to the provisions or events referred to in the preceding paragraph of this section which refer to monetary obligations, Lessee shall not be deemed to be in default under this Lease unless Lessor shall first give to Lessee thirty (30) days' written notice of such default, and Lessee fails to cure such default within such thirty (30) day period or, if the default is of such a nature that it cannot be cured within thirty (30) days, Lessee fails to commence to cure such default within such period of thirty (30) days or fails thereafter to proceed to the curing of such default with all possible diligence.

Regardless of the notice and cure periods provided herein, in the event that more rapid action is required to preserve any right or interest of the Lessor in the Demised Premises or other detrimental occurrence (such as, but not limited to, payment of insurance premiums, actions to prevent construction or judgment lien foreclosures or tax sales), then the Lessor is empowered to take such action and to request reimbursement or restoration from the Lessee as appropriate.

Section 13.02 Default. In the event of any breach of this Lease by Lessee and after expiration of any applicable notice and cure periods, Lessor, and after the necessary notice provided to Lessee's leasehold mortgagee, if any, in addition to the other rights or remedies it may have, shall have the immediate right to terminate this Lease according to law. Furthermore, in the event of any breach of this Lease by Lessee, Lessor, in addition to the other rights or remedies it may have, shall have the immediate right of re-entry and may remove all persons and personal property from the affected portion of the Demised Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Lessee, or where statutory abandonment or unclaimed property law permits, disposed of in any reasonable manner by Lessor without liability or any accounting therefore.

Should Lessor elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Lessor may either terminate this Lease or it may from time to time, without terminating this Lease, re-let the Demised Premises or any part of the Demised Premises for such term or terms (which may be for a term extending beyond the Term of this Lease) and at such rent or rents and on such other terms and conditions as Lessor in its sole reasonable discretion may deem advisable with the right to make alterations and repairs to the Demised Premises. On each such re-letting:

(a) Lessee shall be immediately liable to pay to Lessor, in addition to any indebtedness other than Rent due under this Lease, the expenses of such re-letting and of such alterations and repairs, incurred by Lessor, and the amount, if any, by which the rent reserved in this Lease for the period of such re-letting (up to but not beyond the term of this Lease) exceeds the amount agreed to be paid as rent for the Demised Premises for such period on such re-letting.

Notwithstanding any such re-letting without termination, Lessor may at any time thereafter elect to terminate this Lease for such previous breach. Should Lessor at any time terminate this Lease for any breach, in addition to any other remedy it may have,

Lessor may recover from Lessee all damages incurred by reason of such breach, including the cost of recovering the Demised Premises, which amounts shall be immediately due and payable from Lessee to Lessor.

Section 13.03 Lessor's Right to Perform. In the event that Lessee by failing or neglecting to do or perform any act or thing herein provided by it to be done or performed, shall be in default under this Lease and such failure shall continue for a period of thirty (30) days after written notice from Lessor specifying the nature of the act or thing to be done or performed, then Lessor may, but shall not be required to, do or perform or cause to be done or performed such act or thing (entering on the Demised Premises for such purposes, with notice, if Lessor shall so elect), and Lessor shall not be or be held liable or in any way responsible for any loss, inconvenience, or annoyance resulting to Lessee on account thereof, and Lessee shall repay to Lessor on demand the entire expense thereof, including compensation to the agents and employees of Lessor. Any act or thing done by Lessor pursuant to the provisions of this section shall not be or be construed as a waiver of any such default by Lessee, or as a waiver of any covenant, term, or condition herein contained or the performance thereof, or of any other right or remedy of Lessor, hereunder or otherwise. All amounts payable by Lessee to Lessor under any of the provisions of this Lease, if not paid when the amounts become due as in this Lease provided, shall bear interest from the date they become due until paid at the highest rate allowed by law.

Section 13.04 Default Period. All default and grace periods shall be deemed to run concurrently and not consecutively.

ARTICLE XIV

Additional Covenants of Lessee, Lessor

Section 14.01 Legal Use. The Lessee covenants and agrees with the Lessor that the Demised Premises will be used primarily for the operation of a public charter school and for no other purposes whatsoever without Lessor's written consent.

Section 14.02 Termination. At the termination of this Lease the Lessee will peaceably and quietly deliver possession of the Demised Premises and all improvements, unless the Lease is extended as provided herein. Therefore, Lessee shall surrender the improvements together with the premises. Ownership of the improvements shall thereupon revert to Lessor.

Section 14.03 Recovery of Litigation Expense. In the event of any suit, action or proceedings at law or in equity, by either of the parties hereto against the other by reason of any matter or thing arising out of this Lease, including any eviction proceedings, the prevailing party shall recover not only its legal costs, but reasonable attorneys' fees including appellate, bankruptcy and post-judgment collection proceedings for the maintenance or defense of said action or suit, as the case may be. Any judgment rendered in connection with any litigation arising out of this Lease shall bear interest at the highest

rate allowed by law.

Section 14.04 Condition of the Demised Premises. Lessee agrees to accept the Demised Premises in its presently existing condition “as-is”. It is understood and agreed that the Lessee has determined that the Demised Premises are acceptable for its purposes and hereby certifies same to Lessor. The Lessor makes no express warranties and disclaims all implied warranties. Lessee accepts the property in the condition in which it currently is without representation or warranty, express or implied, in fact or by law, by the Lessor, and without recourse to the Lessor as to the nature, condition, or usability of the Demised Premises, or the uses to which the Demised Premises may be put. The Lessor shall not be responsible for any latent defect or change of condition in the improvements and personalty, or if title, and the Rent hereunder shall not be withheld or diminished on account of any defect in such title or property, any change in the condition thereof, any damage occurring thereto, or the existence with respect thereto of any violations of the laws or regulations of any governmental authority.

Section 14.05 Hazardous Materials. Lessee, its sublessees, and assignees shall not permit the presence, handling, storage or transportation of hazardous or toxic materials or medical waste (“hazardous waste”) in or about the Demised Premises, except in strict compliance with all law, ordinance, rules, regulations, order and guidelines of any government agency having jurisdiction and the applicable board of insurance underwriters. In no event shall hazardous waste be disposed of in or about the Demised Premises. For purposes herein, the term hazardous materials or substances shall mean any hazardous, toxic or radioactive substance material, matter or waste which is or becomes regulated by any federal, state or local law, ordinance, order, rule, regulation, code or any other governmental restriction or requirement and shall include petroleum products and asbestos as well as those materials defined as hazardous substance or hazardous waste in the Comprehensive Environmental Response Compensation and Liability Act and/or the Resource Conservation and Recovery Act.

Lessee shall notify Lessor immediately of any discharge or discovery of any hazardous waste at, upon, under, or within the Demised Premises. Lessee shall, at its sole cost and expense, comply with all remedial measures required by any governmental agency having jurisdiction.

Lessor hereby warrants and represents that to the best of its knowledge the Demised Premises are free of any hazardous waste.

ARTICLE XV

Representations, Warranties of Title and Quiet Enjoyment

Lessor represents and warrants that there are no material claims, causes of action or other proceedings pending or threatened in respect to the ownership, operation or environmental condition of the Demised Premises or any part thereof. Additionally, the Lessor covenants and agrees with Lessee that so long as the Lessee keeps and performs all of the covenants and conditions by the Lessee to be kept and performed, the Lessee shall have quiet and undisturbed and continued possession of the Demised Premises from claims by Lessor.

ARTICLE XVI

Option

16.1. Lessor hereby grants Lessee an Option to lease the land upon which Building 400 is situated (“Building 400 premises”), which may be exercised only after Building 400 is demolished and cleared. The option will be subject to the same terms and conditions of this Lease Agreement, including the expiration date of the lease term, except that Rent will be recalculated pursuant to paragraph 16.6.

16.2. Lessee shall remit to Lessor a one-time payment of \$5.00 as consideration for this Option, payment and receipt of which is acknowledged.

16.3. This Option shall remain in effect from the date of execution of this Lease Agreement until June 30, 2032.

16.4. The Lessee may exercise this option at any time before the expiration of the option period by giving written notice of the exercise of the option to the Lessor, at the address of Lessor as designated in this Lease Agreement. The notice of exercise of the option must specify the date upon which the lease of Building 400 premises is to commence, and such date must be within the term of the option.

16.5. On or after the date on which the option lease commences, the Lessor will have an immediate right of reentry onto Building 100. Lessor must provide 200 days written notice before exercising said right of reentry. Upon Lessor exercising said right of reentry, this Lease Agreement shall terminate with respect to building 100 and Lessee shall remove all personal property of the Lessee not including permanent fixtures and leave the building and surrounding premises in clean condition. Lessee shall repair damage done to any interior or exterior parts of Building 100 arising out of Lessee’s use thereof, even if such damage occurred before the effective date of this Lease Agreement.

16.6. Upon receipt of the notice of exercise of option, Lessor must prepare or cause to be prepared duplicate originals of this Lease Agreement, except that it will include the following additional/modified terms: inclusion of Building 400 premises and removal of Building 100 as leased premises, adjusted rent, and Lessor’s right of reentry onto building 100. Rent will be recalculated based on the Annual Maintenance and Operations Cost Information as prepared and published by the Florida DOE Office of Educational Facilities (GSF rates). The Lessor will deliver these duplicate originals for

execution to the Lessee within ten (10) days after receipt of the Lessee's notice of exercise of the option. Lessee must deliver the fully executed duplicate lease agreement to the Lessor within thirty (30) days after receipt by Lessor.

ARTICLE XVII

Miscellaneous

Section 17.01 Covenants Running with Land. All covenants, promises, conditions, and obligations herein contained or implied by law are covenants running with the land and shall attach and bind and inure to the benefit of the Lessor and Lessee and their respective heirs, legal representatives, successors, and assigns, except as otherwise provided herein, but this provision shall in no way alter the restrictions on assignment and subletting applicable to Lessee hereunder.

Section 17.02 No Waiver. Time is of the essence in the performance of the obligations of the parties hereto. No waiver of a breach of any of the covenants in this Lease shall be construed to be a waiver of any succeeding breach of the same covenant.

Section 17.03 Written Modifications. No modification, release, discharge, or waiver of any provisions hereof shall be of any force, effect, or value unless in writing signed by the Lessor and Lessee, or their duly authorized agents or attorneys.

Section 17.04 Entire Agreement. This Lease, including the Preamble and any written addenda and all exhibits hereto (all of which are expressly incorporated herein by this reference) shall constitute the entire agreement between parties as of this date. No prior written or prior or contemporaneous oral promises or representations shall be binding. The execution hereof has not been induced by either party by representations, promises, or understandings not expressed herein and there are no collateral agreements, stipulations, promises, or undertakings whatsoever upon the respective parties in any way touching the subject matter of this instrument which are not expressly contained in this instrument.

Section 17.05 Notices. If either party desires to give notice to the other in connection with and according to the terms of this Lease, such notice shall be given by registered or certified mail and it shall be deemed given when deposited in the United States mails with postage prepaid. Nothing herein contained shall be construed as prohibiting the parties respectively from changing the place at which notice is to be given, or the addition of one additional person or location for notices to be given, but no such change shall be effective unless and until it shall have been accomplished by written notice given in the manner set forth in this Section.

All Notices for Lessee Shall be delivered to:

May Sands Montessori School
1400 United Street, #110
Key West, Florida 33040

All Notices for Lessor Shall be delivered to:

School Board of Monroe County, Florida
Attn: Superintendent
241 Trumbo Road
Key West, Florida 33040

Section 17.06 Joint Liability. If the parties upon either side (Lessor and Lessee) consist of more than one person, such persons shall be jointly and severally liable on the covenants of this Lease.

Section 17.07 Liability Continued, Lessor Liability. All references to the Lessor and Lessee mean the persons who, from time to time, occupy the positions, respectively, of Lessor and Lessee. In the event of an assignment of this Lease by the Lessor, except for liabilities that may have been incurred prior to the date of the assignment, the Lessor's liability under this Lease shall terminate upon such assignment. In addition, the Lessor's liability under this Lease shall be at all times limited to the Lessor's interest in the Demised Premises.

Section 17.8 Captions. The captions used in this Lease are for convenience of reference only and in no way define, limit, describe the scope or intent of or in any way affect this Lease.

Section 17.9 Table of Contents. The index preceding this Lease under the same cover is for the purpose of the convenience of reference only and is not to be deemed or construed in any way as part of this Lease, nor as supplemental thereto or amendatory thereof.

Section 17.10 Governing Law, Venue. This Agreement shall be construed under the laws of the State of Florida, and the venue for any legal proceeding to enforce or determine the terms and conditions of this Lease shall be Monroe County, Florida.

Section 17.11 Holding Over. Any holding over after the expiration of the term of this Lease, with consent of Lessor, shall be construed to be a tenancy from month to month and shall be on the terms and conditions herein specified, so far as applicable.

Section 17.12 Brokers. Lessor and Lessee covenant, warrant and represent that no broker was instrumental in consummating this Lease, and that no conversations or negotiations were had with any broker concerning the renting of the Demised Premises. Lessee and Lessor agree to hold one another harmless from and against, and agrees to defend at its own expense, any and all claims for a brokerage commission by either of

them with any brokers.

Section 17.13 Partial Invalidity. If any provision of this Lease or the application thereof to any person or circumstance shall at any time or to any extent be held invalid or unenforceable, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby.

Section 17.14 Force Majeure. If either party shall be delayed, hindered or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor trouble, inability to procure material, failure of power, riots, insurrection, war or other reasons of like nature not the fault of the party delayed, in performing work or doing acts required under this Lease, the period for the performance of any such act shall be extended for a reasonable period.

Section 17.15 Lessor/Lessee Relationship, Third Party Beneficiaries. This Lease creates a Lessor/Lessee relationship, and no other relationship, between the parties. This Lease is for the sole benefit of the parties hereto and, except for assignments or subleases permitted hereunder, no other person or entity shall be a third party beneficiary hereunder.

Section 17.16 Drafting of Lease and any Related Agreement. The parties acknowledge that they jointly participated in the drafting of this Lease with the benefit of counsel, or had the opportunity to receive such benefit of counsel, and that no term or provision of this Lease shall be construed in favor of or against either party based solely on the drafting of this Lease.

Section 17.17 Successors and Assigns. The covenants, terms, conditions, and obligations set forth and contained in this Lease shall be binding upon, and inure to the benefit of, Lessor and Lessee and their respective successors and assigns.

Section 17.18 Severability. The Parties agree that if it should ever be held by a court of competent jurisdiction that any one or more sections, clauses, or provisions of this Lease are invalid or ineffective for any reason, any such section, clause, or provision shall be deemed separate from the remainder of this Lease. Such a determination of invalidity or unenforceability shall not affect the validity and enforceability of such remainder.

Section 17.19 Signs. It is hereby understood and agreed that any signs or advertising to be used, including awnings, in connection with the premises leased hereunder shall be first submitted to the lessor for approval before installation of same. However, lessee is authorized to place signage at the facility identifying the facility as **MAY SANDS MONTESSORI SCHOOL.**

Section 17.20 School Board of Monroe County rules/policies: Lessee acknowledges that it will be occupying real property owned by the School Board of Monroe County Florida, and expressly agrees to be subject to the rules and policies of such body, and hereby covenants and agrees that it and its employees, servants, and agents will at all

times observe, perform and abide by said rules and policies as they exist..

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IN WITNESS WHEREOF, the Lessor and the Lessee have hereunto set their hands and seals, the day and year above written.

Signed, Sealed and Delivered
in the presence of two witnesses:

LESSOR: MONROE COUNTY SCHOOL
DISTRICT


Printed Name Mark Porter

By: 
John Dick, Chairperson


Printed Name Karen Hladik
(as to Lessor)

LESSEE: MAY SANDS MONTESSORI
SCHOOL, INC.


Printed Name Lynn Berras

By: _____

Principal
Printed Name May Sands Montessori
(as to Lessee)

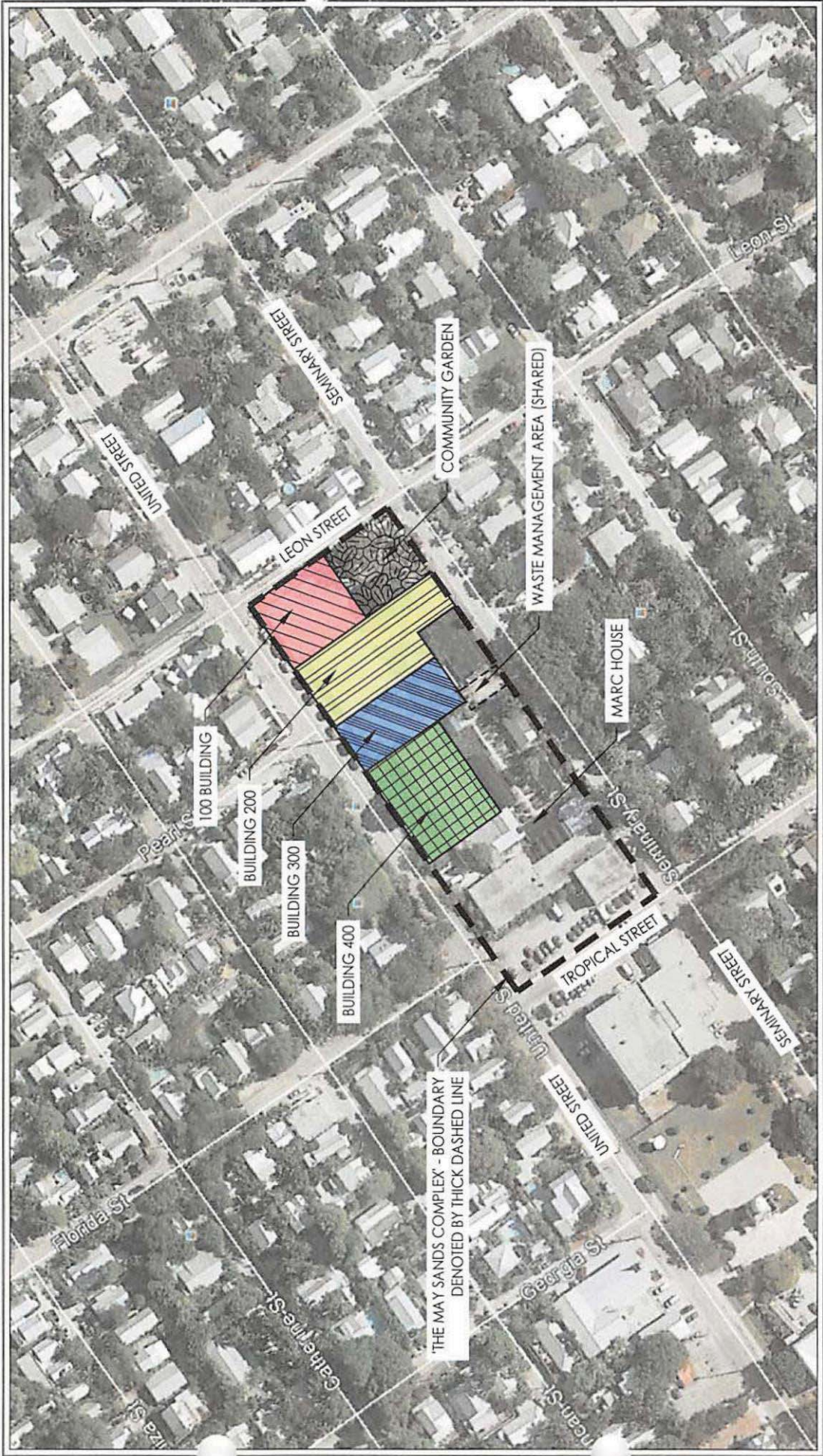


Exhibit A

THE MAY SANDS COMPLEX

