

LEASE AGREEMENT

BETWEEN: Three Rivers School District (“District” or “LESSOR”)
AND: Woodland Educational Initiative (“WCS” or “LESSEE”)
an Oregon Nonprofit Corporation
dba Woodland Charter School

This Lease Agreement shall be effective as of the date executed by both parties.

RECITALS

- A. District, LESSOR, is the owner of improved real property located on the property of Hidden Valley High School in Murphy, OR in Josephine County, more particularly described below (Premises).
- B. Woodland Educational Initiative (DBA Woodland Charter School or WCS), LESSEE, is a public benefit corporation with members formed for the purposes of operating a non-sectarian alternative school for grades pre-kindergarten through 12 and nurturing a lifelong love of learning for the entire community.
- C. District and WCS wish to enter into this lease agreement (this lease), under which WCS will be given the right to develop the site to create a charter school.

The lessee will assume complete financial responsibility for the operation, maintenance, security and liability of the Premises as a school under the terms and conditions set forth herein in exchange for the leasehold described herein.

AGREEMENT

1. Lease of Property. LESSOR, in consideration of the rent to be paid by LESSEE and in consideration of the covenants, terms and conditions to be performed by the parties, does hereby lease to LESSEE the Premises described below.

1.1 Premises. The Premises consists of that portion of the real property and improvements located Murphy Creek Road, Grants Pass, OR 97527 (Township 37, Range 5, Section 30, Tax Lot 100) consisting of approximately 13 acres within the County of Josephine as shown on the attached Exhibit A. The Premises includes the use of the water well located on the premises.

1.2 Use of Pond. In addition to the Premises described above, LESSEE shall have the right to use the water in the pond on the Premises provided however, that LESSEE’s right to utilize

said water shall be in all cases subordinate to the needs of LESSOR to irrigate its athletic fields, agricultural projects, and lawn areas.

1.3 Non-exclusive Use of Roadway. The LESSEE shall have a non-exclusive easement over the roadway located on the eastern boundary of the leased Premises. The LESSEE and LESSOR shall share equally in the cost of maintenance and repair of that portion of the roadway that is jointly used.

1.4 Non-exclusive Use of Walking Trails and Athletic Fields. The LESSEE shall have a non-exclusive easement over the walking trails and athletic fields located on the LESSOR's property that is adjacent to the leased Premises on an as-available basis. LESSEE's right to use the trails and athletic fields shall in all cases be subordinate to the rights of Hidden Valley High School. LESSEE shall be liable to LESSOR for any damage caused by LESSEE or its agent or invitees, other than normal wear and tear.

1.5 Right of Enjoyment; Use of Premises. LESSEE shall have the right of possession, occupancy and quiet enjoyment of the Premises, provided that LESSEE's use of the premises shall be restricted to the exclusive purpose of providing non-sectarian pre-kindergarten through 12th grade public education and/or other educational, recreational and community services that are consistent with the use of the Premises as a rural school and community center. LESSEE's right of possession and occupancy of the Premises shall be exclusive and, except as conditioned herein, free of limitation, restriction or control by LESSOR.

1.6 Effect of Charter. This lease shall not be affected by the expiration or revocation of the WCS charter ("Charter"), so long as LESSEE continues to occupy and use the Premises for educational purposes. Any such continued use shall be subject to approval by LESSOR's school board.

2. Rental

2.1 Basic Rent. For the period of March 14, 2012 to June 30, 2013, and for each year thereafter, beginning July 1, 2013, LESSEE shall pay to LESSOR the annual sum of \$ 10.00 per year as basic rent. Rent shall be paid on or before July 1st of each year.

2.2 Additional Rent. As additional rent, LESSEE shall pay the following:

2.2.1 For the period of March 14, 2012 to June 30, 2013, LESSEE shall pay to LESSOR the amount of the decrease in revenue to LESSOR as a result of students transferring from the District's existing schools to the charter school during its first year of operation, in an amount not to exceed \$18,000.00. The amount of revenue lost shall be calculated as follows: The number of students enrolled in the District's existing schools for the 2011-2012 school year that have transferred to the Woodland Charter School, multiplied by the most current State School Fund General Purpose Grant amount. The one-time payment of Additional Rent shall be paid on or before June 30, 2013.

3. Term.

3.1 Initial Term. The initial term of this lease shall commence as of March 14, 2012 and shall expire on June 30, 2023.

3.2 Renewal Term. LESSEE shall have the right to renew this lease for an additional term of ten (10) years at a monthly rental amount to be negotiated at that time, subject to approval of the TRSD school board and the following conditions:

3.2.1 Notice. LESSEE shall notify LESSOR of its desire to renew this lease at least one hundred twenty (120) days but not more than two years prior to the date of expiration of the initial term;

3.2.2 Condition of Premises/Property LESSEE shall demonstrate to LESSOR's reasonable satisfaction that the Premises have been maintained, repaired and improved as necessary to comply with all applicable building code requirements and to preserve the Premises against deterioration other than normal wear.

3.2.3 No Default. As of the date of notice and as of the date of the lease renewal, LESSEE shall not be in default under the terms and conditions of this lease or under any other contract between LESSEE and the LESSOR;

3.2.4 Organizational Status of LESSEE. As of the date of notice and as of the date of the lease renewal, LESSEE shall be an educational organization whose income is exempt from federal taxation under 501(c)[3] of the Internal Revenue Code of 1986, as amended, or the relevant successor thereto.

3.2.5 Amendment. The parties shall execute an amendment to this lease and a recordable memorandum thereof, to establish the renewal term. Neither party shall unreasonably delay execution of the lease amendment if all other terms and conditions to renewal have been met.

4. Taxes. LESSEE shall pay any real property taxes levied upon the Premises. LESSEE may apply to Josephine County for a tax exemption for the Premises. LESSOR agrees to render reasonable assistance to LESSEE to obtain and maintain the tax-exempt status of the Premises, including the execution of any document or instrument required by the tax assessor.

5. Maintenance.

5.1 LESSOR's Obligations Limited. Except as provided in subsection 5.3, LESSOR shall have no responsibility for maintenance of the Premises. Notwithstanding the foregoing, LESSOR shall render such reasonable assistance to LESSEE, such as, but not limited to, execution

of documents required to be executed by the Premises owner, as may be required to allow LESSEE to maintain and improve the Premises, at LESSEE'S expense.

5.2 LESSEE's Obligations. LESSEE shall maintain the Premises, including but not limited to landscaping, buildings, systems, fixtures and equipment, in good and clean condition subject only to reasonable wear. LESSEE's responsibility under this section shall include normal and routine maintenance and repair as well as capital improvements necessary to preserve the life of the building, replace and renew building systems, and repair deterioration and damage caused by vandalism or excessive use. Janitorial supplies are to be environmentally friendly and LESSEE shall be responsible for keeping an inventory of hazardous materials and MSDS sheets.

5.3 LESSOR's Obligation To Develop and Maintain Water System. Hidden Valley High School draws potable water from a well. LESSEE shall have access to that water by way of a connection to the supply line that currently runs from the well to the existing high school. LESSEE shall connect and construct at its own cost, piping and related connections reasonably sufficient to deliver well water to the location on the Premises where LESSEE has indicated its building(s) will be located adequate to serve LESSEE's intended purposes. That part of the water system from and including the well to the "point of use" (defined as the point of connection) is referred to in this paragraph as the "Water Supply System." LESSOR shall be responsible for the maintenance and repair of the Water Supply System in a condition that delivers clean drinking water, determined with reference to all applicable governmental health standards, to the point of use. At any time during which the Water Supply System does not deliver clean drinking water on the Premises, the Lessor will pay for the cost of providing the Premises with all of its requirements for clean drinking water from the "point of use."

6. Utilities and Security.

6.1 LESSEE shall have all utilities placed in LESSEE's name and shall provide and pay for all utilities in connection with the Premises, including, without limitation, telephone, electricity, natural gas, and waste disposal.

6.2 LESSEE shall be responsible for the security of the Premises.

6.3 For all buildings that will be used by children, LESSEE will maintain a fire alarm system that complies with all applicable fire and safety codes. LESSEE will pay applicable phone line charges for fire alarm systems.

7. Alterations and Improvements. LESSEE shall make no alterations or construct improvements to the Premises, including without limitation, the installation of non-removable fixtures, without the prior written consent of LESSOR, which consent shall not be unreasonably withheld. LESSOR shall be deemed to have given consent to any improvement thirty (30) days after LESSEE delivers to LESSOR adequate plans and specifications for the improvements. LESSEE shall be solely responsible for the cost of obtaining all required zoning and building

permits, but LESSOR shall execute any documents required to be executed by the property owner in connection with any required governmental approval or permit. All improvements will be made in accordance with all applicable zoning, licensing and building laws and requirements. All improvements will be constructed by, or under the supervision of, professional licensed contractors under written contracts supported by adequate payment and performance bonds. LESSEE will keep records of all contracts for improvements and of all volunteer labor and donations used in the construction and installation of improvements.

LESSOR hereby consents to the improvements shown on the attached Exhibit C, which indicates those improvements LESSEE is planning on constructing within the first three (3) years of this lease. All subsequent improvements or substantial alterations to the property shall be approved in writing by the Lessor in advance, such approval not to be unreasonably withheld

8. Ownership of Improvements and Fixtures. Any improvements upon the Premises shall become a part of the Premises and ownership thereof shall vest with the owner of the Premises. Fixtures purchased by LESSEE, which can be removed without causing damage to the Premises, shall remain the property of LESSEE, unless abandoned by LESSEE. Upon termination, fixtures that cannot be removed without causing damage to the Premises shall become a part of the Premises unless, prior to the installation thereof, the LESSOR agrees in writing that the particular fixture(s) may be removed by LESSEE, and further provided that LESSEE shall be responsible for repairing any damage caused by the removal of the fixture(s) immediately upon removal. Subject to the rights of any purchase money security interest or to the rights of a grantor who subsidizes the acquisition of a fixture, any fixture not removed by LESSEE within the time period provided for removal of property upon termination or expiration of this lease shall be conclusively deemed abandoned by LESSEE and shall be the property of LESSOR.

9. Inspection and Entry. Upon reasonable notice to LESSEE and at reasonable times, LESSOR shall have the right to inspect the Premises for purposes of determining LESSEE's compliance with LESSEE's obligations under this agreement.

10. Indemnification. LESSEE shall indemnify and hold LESSOR, its officers, agents and employees, harmless from and against any and all claims, actions, liabilities and costs, including attorney fees and other costs of defence, arising out of or in any way related to LESSEE's use of the Premises, except for claims, actions and liabilities arising from wrongful acts of LESSOR's employees or other agents. In the event any such action or claim is brought against LESSOR under an action for which LESSEE is responsible under this Section 10, LESSEE shall, if LESSOR so elects and upon tender by LESSOR, defend the same (with counsel approved by LESSOR) at LESSEE's sole cost and expense, promptly satisfy any judgment or settlement adverse to LESSOR, or to LESSOR and LESSEE jointly, and reimburse LESSOR for any loss, cost, damage, or expense (including legal fees) suffered or incurred by LESSOR. This indemnification shall survive the termination or expiration of this lease.

11. Damage and Restoration.

11.1 In the event of damage or destruction of the Premises due to an event that is covered by the LESSEE'S property insurance, the Premises shall be restored in accordance with plans and specifications mutually agreeable to LESSOR and LESSEE. Repair shall be accomplished with all reasonable dispatch, subject to interruptions and delays from labor disputes and other causes beyond LESSOR's reasonable control.

11.2 If the Premises are damaged such that the cost of restoration is reasonably estimated by the parties to exceed the proceeds of insurance available for such purpose, then the parties agree to proceed as follows:

11.2.1 LESSOR may elect to terminate this lease by written notice to LESSEE, given at least 30 days following the date of damage.

11.2.2 Absent such an election, LESSOR and LESSEE may proceed to restore the improvements using value engineering to assure that the cost of restoration will not exceed available insurance proceeds together with any other funds available for such purposes from grants, donations or LESSEE. Repair shall be accomplished with all reasonable dispatch, subject to interruptions and delays from labor disputes and other causes beyond the parties' reasonable control. Any coverage of any of the cost of restoration by the lessor is at the lessor's discretion, and lessor has the right to decide not to contribute any amount to the cost of the restoration, even if this results in a determination that restoration cannot be conducted or completed.

12. Insurance. LESSEE shall obtain within 30 days of the execution of this lease and maintain continuously in effect at all times during the term of this lease, at LESSEE's sole expense, the following insurance:

12.1 Comprehensive General Liability Insurance.

LESSEE shall obtain, at LESSEE'S expense, and keep in effect during the term of this contract, Comprehensive General Liability Insurance covering Bodily Injury and Property Damage on an "occurrence" form. This coverage shall include Contractual Liability insurance for the indemnity provided under this contract. The following minimum limits of insurance will be carried:

Coverage	Limit
General Per occurrence	\$1,000,000 w/ 5 million excess
Products – Completed Operations Aggregate	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Damage (Any one fire)	\$ 50,000
Medical Expense (any one person)	\$ 5,000
Employers Liability	\$ 100,000
Professional Liability	\$1,000,000
Molestation Liability	\$1,000,000

LESSEE shall also obtain, at LESSEE'S expense, and keep in effect during the term of this contract, Commercial Automobile Liability coverage including coverage for all owned, hired, and non-owned vehicles. The Combined Single Limit per occurrence of this coverage, together with any umbrella coverage, shall not be less than \$1,000,000.

The Three Rivers School District, its officers, directors, and employees shall be added as additional insured with respect to this lease. All Liability insurance policies will be endorsed to show this additional coverage.

12.2 Waiver of Subrogation. To the extent that it is lawful to do so,

- (1) LESSOR hereby expressly waives and releases any cause of action or right of recovery which LESSOR may have hereafter against the LESSEE for any loss or damage to the leased premises, or to the contents thereof belonging to either party, caused by fire, explosion or any other risk covered by insurance and,
- (2) LESSOR shall obtain a waiver from any insurance carrier with which LESSOR carries fire, explosion or any other risk coverage insuring the building and other improvements releasing its subrogation rights against LESSEE.

12.3 Property Insurance. LESSEE shall maintain a broad-form standard fire insurance policy with extended coverage endorsement covering the Premises. Notwithstanding the preceding sentence, if LESSEE maintains the property insurance required by this subsection 12.3, LESSEE shall not be liable to LESSOR for the value of any property owned by LESSOR resulting from any covered loss, provided that the insurance proceeds shall be paid to LESSOR to cover any loss of LESSOR. LESSEE may purchase a tenant's fire insurance policy to cover the cost of recovery of LESSEE's contents stored on the Premises.

12.4 Policy Requirements. The insurance policies specified in this Section 12 shall be approved as to form and surety by LESSOR and shall bear endorsement entitling LESSOR to at least 30 days' prior written notice of any material change, non-renewal or cancellation. A copy of all such policies, or certificates thereof, reasonably satisfactory to LESSOR, shall be delivered to LESSOR within 30 days of signing this agreement. All policies required by these provisions shall be written as primary policies, not contributing with or in excess of any coverage LESSOR may have, and shall have loss payable clauses in favor of and reasonably satisfactory to LESSOR.

13. Service and Reporting Requirements. LESSEE agrees to the following service and reporting requirements:

13.1 Maintain a safe and secure facility by correct operation of the building's mechanical, electrical, and plumbing systems; staff trained in first aid/CPR, risk management and emergency procedures; and maintain adequately stocked first aid kits.

13.2 Provide the LESSOR, by August 15 of each year and beginning August 15th 2013, a written annual report for the previous fiscal year (July 1 - June 30) that describes all non-routine

maintenance, repairs and improvements made during the previous year and the cost thereof, including the value of in-kind labor and materials.

14. Compliance with Law. LESSEE, at LESSEE's expense, shall comply with all laws, rules, orders, ordinances, directions, regulations, and requirements of federal, state, county, and municipal authorities pertaining to LESSEE's use of the Premises. These include, without limitation, all applicable federal, state, and local laws, regulations, and ordinances pertaining to air and water quality, hazardous materials, waste disposal, air emissions, and other environmental matters, access for persons with disabilities, all zoning and other land use matters, and with any direction made pursuant to law.

15. Hazardous Materials.

15.1 Definition of Hazardous Materials. This term includes, but is not limited to, petroleum, including crude oil, including any fraction thereof that is a liquid at standard conditions of temperature and pressure (600 Fahrenheit and 14.71 pounds per square inch absolute), or any hazardous or toxic substance regulated under the Resource Conservation and Recovery Act, the Comprehensive Environment Response Compensation and Liability Act, or any other state, federal or local laws relating to the protection of human health or the environment.

15.2 Use of Hazardous Materials. LESSEE shall not cause or permit any hazardous materials to be brought upon, kept, or used in or about the Premises by LESSEE, its agents, employees, contractors, or invitees without prior written consent of LESSOR. LESSOR's consent shall not be unreasonably withheld as long as LESSEE demonstrates to LESSOR's satisfaction that such hazardous materials are necessary or useful to LESSEE and will be used, kept, and stored in a manner that complies with all laws and regulations governing any such hazardous materials. LESSOR does hereby consent to LESSEE's bringing onto the Premises copiers, copier supplies, other office supplies, and routine janitorial supplies. Notwithstanding any provision to the contrary in this lease, under no circumstances will hazardous materials be disposed of on the Premises.

15.3 Indemnification for Hazardous Materials. LESSEE shall indemnify, defend and hold LESSOR harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in value of the Premises and sums paid in settlement of claims, attorney fees, consultant fees, and expert fees, which arise during or after the lease term because of the contamination by hazardous materials as a result of the use or activities of LESSEE, or LESSEE's agents, contractors or invitees. This indemnification includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of the presence of hazardous materials in the soil or ground water on or coming from the Premises. Without limiting the foregoing, if the presence of any hazardous material on the Premises caused or permitted by LESSEE, or LESSEE's agents, contractors, or invitees, results in contamination of the Premises, LESSEE shall promptly take all actions, at its sole expense, as are necessary to return the Premises to the condition existing prior to the release of any such hazardous material. Nevertheless, LESSOR shall have the right to

order LESSEE to cease any cleanup or mitigation activity if such actions would potentially have any material adverse long-term or short-term effect on the Premises. The foregoing indemnity shall survive the expiration or termination of this lease.

15.4 Prior Conditions and Third Party Acts. The parties agree that LESSEE shall have no liability for the presence or escape of any hazardous material on or from the Premises resulting from any environmental event or condition that predated March 14, 2012, the date on which LESSEE first occupied the Premises and LESSOR shall indemnify LESSEE from any such liability, nor shall LESSEE be responsible for any hazardous material that travels onto, across or into the Premises from adjacent lands as a result of acts or conditions caused by third parties. Notwithstanding the foregoing, and without limiting LESSEE's right to indemnity from LESSOR or any third party, LESSEE shall undertake any and all preventive, investigatory or remedial action (including emergency response, removal, containment and other remedial action) which is either required by any applicable environmental laws or orders of any governmental authority having jurisdiction under such laws, or necessary to prevent or minimize property damage, personal injury or damage to the environment or threat of any such damage or injury, by releases of or exposure to hazardous materials.

16. Assignment and Subleasing. LESSEE shall not assign this lease or sublet to any other entity without the written consent of LESSOR.

17. Holding Over - Tenancy at Sufferance. If, after expiration or earlier termination of this lease, LESSEE shall remain in possession of the Premises and improvements, with or without the express written consent of LESSOR, then LESSEE shall be a month-to-month tenant at sufferance only, at a rental rate not to exceed the fair market rental value of the Premises at the date of termination or expiration.

18. Condition at End of Term. Upon expiration of the term of this lease or upon earlier termination in accordance with the provisions of this lease, LESSEE shall deliver all keys to LESSOR and surrender the Premises and improvements thereto in broom clean condition, and without damage other than from normal wear.

19. Option to Purchase. LESSOR hereby grants to LESSEE an exclusive option to purchase the Premises *beginning after the initial renewal of the term of the Charter in 2015* on the terms and conditions set forth below and to receive a statutory warranty deed from LESSOR.

19.1 Term. This right shall expire 2 years from the date this Option becomes available in 2015. The property will be purchased within 12 months of the completion of an independent MAI appraisal.

19.2 Purchase Price. The purchase price shall be the fair market value determined by an independent MAI appraisal which accounts for the impact of all permitted encumbrances described in subsection 19.4, except for those permitted exceptions suffered or caused by LESSEE, and which shall be further reduced by the appraised value of all capital improvements made to the Premises by LESSEE and further reduced by the value of the approximate 6 acres that the LESSOR will "lease back" once the LESSEE has purchased the property. The LESSEE shall pay for the appraisal. The

LESSOR may choose to have a second appraisal done if deemed necessary and will cover the costs of this second optional appraisal.

19.3 Conditions to Purchase. LESSEE's obligation to purchase the Premises following LESSEE's notice to LESSOR shall be conditional upon LESSEE's and LESSOR's agreement as to the permitted exceptions described in subsection 19.4 and upon LESSEE's ability to obtain purchase financing that is acceptable to LESSEE in its sole discretion. The LESSOR will have the right to lease back approximately 6 acres of the property from the LESSEE, and if a survey is necessary to determine the "lease back" portion, the LESSEE will pay for the costs of a survey. The LESSEE will "lease back" the acreage to the LESSOR for \$1/year for 99 years. When the purchase is made, LESSEE's right to utilize pond water shall be in all cases subordinate to the needs of LESSOR to irrigate its sport fields, agricultural projects, and lawn areas.

19.4 Preliminary Title Report. At any one or more times during the term of this lease, LESSEE shall be entitled to receive from LESSOR a preliminary title report identifying all liens and encumbrances on the Property. LESSEE's right to receive a preliminary title report may be exercised for the purpose of deciding whether, and under what conditions, it is willing to purchase the Premises or for the purpose of deciding whether it is willing to make improvements to the Premises, other than improvements required to preserve the Premises in good condition. In the event that LESSEE exercises its right to purchase the Premises, LESSEE shall have the right to identify and notify LESSOR of any liens and encumbrances shown in the record that must be removed by LESSOR before time of closing, except for liens and encumbrances created or permitted by LESSEE. Liens and encumbrances of record for existing utilities and public rights-of-way, for government assessments or taxes not yet due and payable, or that are not identified by LESSEE for removal shall be permitted exceptions to the deed delivered by LESSOR. If LESSOR fails to remove any liens and encumbrances properly requested by LESSEE by the date of closing, then LESSEE shall have the option of revoking the option.

19.5 Form of Deed and Title Insurance. At closing LESSOR shall provide LESSEE with a standard warranty deed and a standard owner's policy of title insurance covering the Premises, naming LESSEE as the insured, with no exception other than the usual printed exceptions in such policies, the permitted exceptions, and liens and encumbrances created or suffered by LESSEE.

19.6 Closing. Closing of the purchase of the Premises shall take place at the offices of a title company mutually agreeable to the parties and on a date mutually agreeable to the parties. Each party shall pay one-half of all closing fees, but LESSOR shall pay the title insurance premium and LESSEE shall pay recording fees. LESSOR shall not be charged with any portion of taxes, charges or assessments due with respect to the Premises. The title company shall record a Memorandum of Lease with Right of First Refusal in the form attached hereto as Exhibit B.

20. Notices. Until a party provides written instructions to the contrary, any notice required or permitted under this lease shall be in writing and shall be effective upon either personal delivery (subject to verification of service or acknowledgment of receipt) or three (3) days after mailing when sent by certified mail, postage prepaid, to the party at the address shown below:

Woodland Charter School
Attn: Administrator
P.O. Box _____

Three Rivers School District
Attn: District Superintendent
PO Box 160
Murphy, OR 97533

With a copy to:

Gerald M. Shean
Attorney at law
P.O. Box 789
Medford, OR 97501

21. Events of Default. The following shall constitute “Events of Default:”

21.1 Default in Material Covenants. Failure of either party to comply with the terms or conditions or fulfill any material obligation of this lease within 30 days after written notice by the other party specifying the nature of the default with reasonable particularity; or

21.2 Insolvency. Assignment by LESSEE for the benefit of creditors, the filing by LESSEE of a voluntary petition in bankruptcy or the appointment of a receiver of the property of LESSEE, the filing of an involuntary petition of bankruptcy and failure of LESSEE to secure dismissal of the petition within 60 days after filing, attachment or levying of execution on the leasehold interest, and failure of LESSEE to secure discharge of the attachment or release of the levy of execution within 30 days.

22. Waiver of Default. Any waiver by LESSOR of strict compliance with the terms of this lease shall not be a waiver of any subsequent violation or default.

23. Termination Following Event of Default. Upon the occurrence of an Event of Default, this lease may be terminated at the option of the non-defaulting party with five (5) days’ prior written notice to the other party.

24. Termination Without Default.

24.1 Termination by LESSEE. This lease may be terminated by LESSEE for any reason with not less than one hundred twenty (120) days’ prior written notice to LESSOR.

25. Action Upon Termination or Expiration. If this lease expires or is terminated for any reason, each party's liability for damages shall survive such expiration or termination, and the rights and obligations of the parties shall be as follows:

25.1 At any time more than 24 hours after the expiration or the termination of this lease for any reason, LESSOR may re-enter and assume complete control of the Premises, including the right of ingress and egress, and, subject to the provisions in subsection 25.2, remove any persons or property by legal action or self-help with the use of reasonable force and without liability for damages.

25.2 LESSEE shall vacate the property within 30 days of the expiration or termination date, remove any property of LESSEE, including fixtures which LESSEE is permitted to move at the end of the lease term, perform any cleanup, alterations or other work required to leave the property in the condition required at the end of the term, and deliver all keys to LESSOR. During this period, LESSOR agrees to permit LESSEE access to the Premises to remove LESSEE's property and perform the required cleanup, alterations, etc., upon notification to LESSOR at least 24 hours in advance of the time access to the Premises is necessary.

26. Eminent Domain. If the Premises or any part thereof are condemned or sold or transferred under threat of condemnation, LESSEE shall have a claim against the proceeds of any condemnation award for the fair market value of its leasehold estate in addition to any relocation assistance to which LESSEE is entitled.

27. Attorney Fees. In the event any legal proceeding is commenced for the purpose of interpreting or enforcing any provision of this lease, rescinding this lease, or collecting any indebtedness hereunder, the prevailing party in such proceeding shall be entitled to recover reasonable attorney fees in the proceeding, or any appeal or review thereof, to be set by the court without the necessity of hearing testimony or receiving evidence, in addition to the costs and disbursements allowed by law. In addition, in the event of default by either party in performance of this lease, the defaulting party agrees to pay all reasonable attorney fees and legal expenses incurred by the non-defaulting party in collecting any sums due hereunder, even though no litigation is filed.

28. Severability. Invalidation of any term or provision herein by judgment, court order or otherwise, shall not affect any other provision, which will remain in full force and effect.

29. Binding Effect; No Third-Party Beneficiaries. LESSOR and LESSEE intend that that the provisions of this lease shall be binding on and inure only to the benefit of the signatories and their successors. There are no third-party beneficiaries to this lease.

30. Paragraph Headings. The paragraph headings appearing in this lease are not to be construed as interpretations of the text, but are inserted for convenience and reference of the reader only.

31. Representations. LESSEE represents that it has accepted and executed this Agreement on the basis of its own examination and personal knowledge of the Premises; that LESSOR and LESSOR’s agents have made no agreement or promise to alter, repair, or improve the Premises; and that LESSEE takes the Premises in the condition, known or unknown, existing at the time of this lease, “AS-IS”, with no warranty of merchantability or fitness for a particular purpose or any other warranty.

32. Amendment. This lease may be modified or amended only by written agreement between and executed by LESSEE and the LESSOR.

33. Entire Agreement. This lease embodies the entire agreement of the parties concerning the lease of the Premises. There are no promises, terms, conditions or obligations other than those contained herein. This lease shall supersede all prior lease agreements, communications, representations or agreements, either verbal or written, between the parties.

34. Memorandum. The parties will execute a memorandum of this lease suitable for filing in the Josephine County land records.

IN WITNESS WHEREOF, the parties have executed this lease on the dates set forth below.

Certification of Signatories. EACH INDIVIDUAL EXECUTING THIS LEASE ON BEHALF OF A PARTY PERSONALLY REPRESENTS AND WARRANTS THAT S/HE HAS ALL NECESSARY AND PROPER POWER AND AUTHORITY TO EXECUTE AND DELIVER THIS LEASE AS THE BINDING AND OFFICIAL ACT OF THE PARTY FOR WHOM S/HE SIGNS.

THREE RIVERS SCHOOL DISTRICT

WOODLAND EDUCATIONAL INITIATIVE

By: _____
Dan Huber-Kantola , Superintendent

By: _____
Stacey Denton, WEI Board President

Dated: _____

Dated: _____

Exhibit A
Description of Leased Premises

[See attached map]

Together with all improvements thereon, and thereof whether existing now or in the future.

Exhibit C
Lease Improvements Schedule and Estimated Costs

Planned leasehold improvements April 6, 2012 - June 30 2013:

Site preparation, utility installation and connection, grading of parking and maneuvering areas, signage, fencing and playground equipment: 147,650

Planned leasehold improvements July 1, 2013 - June 30, 2014:

Set up manufactured buildings, connect utilities and grading: \$19,450

Planned leasehold improvements July 1, 2014 - June 30 2015:

Set up manufactured buildings, connect utilities, grading, landscaping and fencing improvements. Install garden shed: \$46,450