



Item: SP: A-4

Strategic Planning Committee

Tuesday, October 17, 2006

**SUBJECT: CONSIDERATION OF TRADITION SCHOOL OWNERSHIP, FINANCING, AND
CONSTRUCTION AGREEMENTS**

PROPOSED BOARD ACTION

The University Administration requests the FAU Board of Trustees Strategic Planning Committee Recommend to the Full Board the approval of the four (4) attached agreements necessary to complete the ownership, financing, and construction arrangements for the FAU Charter University Laboratory School in Tradition. The attached agreements for which approval is sought are (i) the Funding Agreement, (ii) the Agreement to Construct School Facilities, (iii) the Ground Lease Agreement with the St. Lucie County School Board and (iv) the Sublease Agreement with Treasure Coast University Schools, Inc.

BACKGROUND INFORMATION

On October 16, 2002, the BOT approved negotiations between FAU, CORE Communities (developer of Tradition) and St. Lucie County School Board (SLCSB) to establish a university chartered laboratory school. The BOT approved the conceptual framework for the school on May 21, 2003 to conform to statutory requirements. The 2004 Florida Legislature appropriated \$15 million to FAU specifically for the construction of and \$500,000 for the planning and start-up of the proposed lab school. The BOT on May 10, 2006 approved a Contingency Funding Agreement with the SLCSB, providing a framework for the reimbursement of the costs incurred by SLCSB for the planning and related preconstruction costs of the school, but only if SLCSB is able to obtain all necessary agreements, funding and all other actions prior to the date of reversion of the state funds. On August 16, 2006, the BOT approved the charter with Treasure Coast University Schools, Inc. (TCUS), the not for profit corporation required by state statute to operate the school.

In the summer of 2006, SLCSB successfully completed a land transaction with CORE Communities and now holds title to the agreed upon property. The four (4) documents presented to this committee are designed to structure relationships between FAU, SLCSB and TCUS for the financing, construction, leasing arrangements and debt servicing of the proposed school facility. The Funding Agreement provides for the \$15 million legislative appropriation

to be drawn by FAU according to a construction schedule and in accordance with the standard Florida Department of Education, Office of Educational Facilities processes for deposit to SLCSB, acting as contracted fiscal and construction agent for the project. A matching amount of approximately \$15 million will be procured by the SLCSB using a standard district bonding process (Certificates of Participation). The Agreement to Construct School Facilities appoints the SLCSB as FAU's construction agent and provides for contractor procurement, periodic inspections, records review, and implementation of improvements as prescribed in state statute, administrative rule and applicable building codes. The Ground Lease Agreement provides for the leasing of the property and improvements owned by the SLCSB to FAU. The Sublease Agreement provides for the subleasing of the property and all improvements by FAU to TCUS. These signed agreements are a necessary part of the financial and operational transactions necessary for the conveyance of the \$15 million state appropriation, SLCSB bond procurement, construction contracts, TCUS's operational budgeting, and ongoing annual debt service for the school paid from the state PECO funds ("2 mil") appropriated specifically for university laboratory and university charter laboratory schools.

IMPLEMENTATION PLAN/DATE

To achieve FAU's and SLCSB's shared goal of opening the school by August 2008, approval of the attached agreements is being sought at this time, with the understanding that additional agreements and documents will be independently provided to the BOT as the process matures.

FISCAL IMPLICATIONS

No FAU funds will be expended on this project except those specifically designated by the Legislature for this purpose.

Supporting Documentation:

Funding Agreement
Agreement to Construct School Facilities
Ground Lease Agreement
Sublease Agreement
Power Point notes

Presented by: Glenn Thomas
Executive Director, PreK-12 Schools and Programs

Phone: 561-297-0061

FAU Charter Lab School at Tradition Community

An Innovative Partnership: St.
Lucie School County District, Core
Communities and Florida Atlantic
University

Glenn Thomas
October 2006

Vision and Mission

- Vision: A university charter lab school designed for ongoing innovation in teaching, research and service to increase student performance across Florida.
- University charter lab school mission defined in Sections 1002.32 and 1002.33 F.S.

Benefits

- Professional development site for FAU, IRCC, St. Lucie County School Board (SLCSB) and other regional partners.
- Additional space and program options for instruction, grades K-20.
- Educational research, development, demonstration and evaluation.

Background

- The BOT on October 16, 2002 initially authorized negotiations between FAU, Core Communities (CORE) and SLCSB.
- Administrative and statutory changes increased the project's complexity.

Background – Cont.

- Statutory amendments changed the projected capital funding model.
- The BOT again approved the project on May 21, 2003 conforming to changes.
- Progress was made and financial models were proposed in 2003-04, which did not fit a quality grades k-12 school under the amended statutes.

Background –Cont.

- In 2004-05, a grades K-8 Phase I with a possible high school (Phase II) was proposed.
- The Legislature appropriated \$15 million to FAU for the construction and \$500,000 for planning and start up costs.
- The BOT approved the Contingency Funding Agreement with SLCSB on May 10, 2006.

General Transaction Plan

- The BOT approved the charter with the not for profit (NFP) to operate the school per statute on August 16, 2006.
- The land transaction between CORE, the Tradition developer, and the SLCSB is complete and title is conferred to SLCSB.
- This BOT committee is now presented the four (4) financing agreements necessary for financing and construction.

Transaction Plan-cont.

- 1) Funding Agreement (between SLCSB and FAU)
 - Transfers \$15M appropriation from FAU to SLCSB by construction draws.
 - Uses standard FDOE processes.
 - SLCSB bonds about \$15 M additional (COPS) to complete the project.
 - SLCSB acts as Fiscal and Construction Agent for the project.

Transaction Plan – Cont.

- Agreement to Construct School Facilities
(between SLCSB and FAU)
 - Appoints SLCSB as FAU's construction agent.
 - SLCSB builds following state statutes, administrative rule and applicable code.
 - FAU has access to all records and inspects as needed.

Transaction Plan-cont.

- Ground Lease (between SLCSB and FAU)
 - Provides property and improvements made by SLCSB to be leased to FAU.
 - 40 year term, with termination provisions.
 - Binds Sublessee (NFP) to pay rent to FAU as Sublessor which is then paid to SLCSB as Lessor.

Transaction Plan-cont.

- Termination may occur if:
 - Rent not paid by sublessee (NFP).
 - Sublessee terminates agreements with SLCSB.
 - FAU terminates its charter with the NFP.
 - Facility not used as a lab school

Transaction Plan-cont.

- Sublease Agreement (between FAU and the NFP)
 - Provides for property and improvements leased by FAU to be subleased to the NFP.
 - This agreement mirrors the SLCSB-FAU Ground Lease language to transfer fiscal and administrative responsibilities from FAU to the NFP.

Transaction Plan –Cont.

- Current statute provides that FAU will annually receive a specific state facility appropriation (“2 mil”) on behalf of the NFP for the charter lab school.
- The NFP would authorize the committed portion of the funds to SLCSB as an annual lease payment for the school facility.
- These funds could be used by SLCSB to service the facility bond debt.

Transaction Plan – Cont.

- As the capital amount grows, an increasing annual portion of the capital funds would be retained for the NFP by FAU to provide for future facility maintenance, repairs, etc.
- Only state capital funds appropriated specifically for the school will be used for the lease. No FAU funds will be used for any operating or other costs.

Transaction Plan –Cont.

- Operational costs would be entirely paid by state appropriated FEFP funds allocated through FAU and administered through the FAU/Henderson School District (#72) as per the FAU-NFP charter.
- The NFP could contract with the SLCSB or others via a service and/or equipment agreements to meet the charter requirements.

BOT Future Action Required

Fall 2006

- Memorandum of Lease
- Other BOT action may be necessary as the process matures.

FUNDING AGREEMENT

This FUNDING AGREEMENT ("Agreement") is entered into as of the ___ day of ___, 2006, by and between THE FLORIDA ATLANTIC UNIVERSITY BOARD OF TRUSTEES, a public body corporate of the State of Florida, organized and validly existing under the laws of the State of Florida as an agency or instrumentality of the State of Florida (hereinafter referred to as the "University") and THE SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA (the "District"), the governing body of The School District of St. Lucie County, Florida, (hereinafter collectively referred to as "District"), in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, receipt of which is hereby acknowledged, and subject to the terms and conditions hereof, the parties hereto agree as follows:

Section 1. Recitals. The following factual recitals are hereby incorporated herein:

A. the University has granted a charter pursuant to section 1002.33(5)(a)(2), Florida Statutes, to Treasure Coast University Schools, Inc., a Florida not for profit corporation (the "Operator") to operate a K-12 lab school in accordance with section 1002.32, Florida Statutes, to be located in St. Lucie County, Florida (the "County").

B. the University is the sponsor of and fiscal agent for the Operator in accordance with section 1002.32(9)(b), Florida Statutes.

C. the University, as a state university, is entitled to participate in the Public Education Capital Outlay and Debt Service Trust Fund described in section 1013.65, Florida Statutes (the "PECO Trust Fund").

D. The Florida Legislature appropriated to the University \$15,000,000 in the Appropriation Act for the 2004-2005 fiscal year of the State of Florida, (the "PECO Appropriation") for a portion of the capital costs associated with the school facility located in the County (the "Lab School Facility") to be utilized by the Operator.

E. In order to finance those costs of the Lab School Facility which are in excess of the PECO Appropriation, the District has agreed to act on behalf of the Operator by issuing its \$_____Certificates of Participation, Series 2006 (the "Certificates") pursuant to a Master Trust Indenture dated as of _____ 1, 2006 as supplemented by the Series 2006 Supplemental Trust Indenture dated as of _____ 1, 2006 (collectively, the "Indenture") between District and _____, as trustee (the "Trustee"), and by contributing [\$5,000,000] for furniture, fixtures and equipment ("FF&E"). That portion of the Lab School Facility to be funded by the PECO Appropriation will be owned by the University and is herein referred to as the PECO Funded Facility, and that portion of the Lab School Facility to be funded with the proceeds of the Certificates and other funds provided by the District will be owned by the

District and is herein referred to as the Certificate Funded Facility. The PECO Funded Facility and the Certificate Funded Facility collectively comprise and constitute the Lab School Facility and are intended to be distinct projects which are intended to be used together as an integrated school facility by the Operator.

F. The District is the owner of certain lands (the "Land") on which the District has arranged for the construction of the Lab School Facility pursuant to plans and specifications approved by the University.

G. the University and District desire to enter into this Agreement in satisfaction of the requirements of section 1013.65, Florida Statutes, to provide for the disbursement of the PECO Appropriation to the District for the purpose of funding the cost of construction and equipping of the PECO Funded Facility as such is constructed.

Section 2. Construction of PECO Funded Facility. The District has entered into a construction agreement (the "Construction Agreement"), pursuant to which District will cause the Lab School Facility to be constructed, including the PECO Funded Facility. Each construction draw requisition submitted under the Construction Agreement for the PECO Funded Facility will be funded with proceeds of the PECO Appropriation. Title to the PECO Funded Facility will be transferred to the University as each component element of the PECO Funded Facility is constructed and the applicable payment requisition is paid.

Section 3. Disbursement Procedures. The Construction Agreement provides for a schedule of anticipated construction draws for the construction of the PECO Funded Facility. Pursuant to section 1013.65(3), F.S., the University will request at least 30 days prior to each anticipated draw date, an amount of the PECO Appropriation from the Department of Education (the "Department") that will be necessary to fund the University's proportionate amount of each such anticipated construction draw in the amounts and by the dates set forth in Exhibit A attached hereto. In accordance with the Construction Agreement, the contractor and the District will submit completed construction draw requisitions for approval for payment by the University. The University will then advance to District the appropriate amount of the PECO Appropriation to pay the amount of the draw (subject to the limitation that the amount distributed by the University on each draw can not exceed the amount of funds previously requested by the University in accordance with section 1013.65(3), F.S. and Exhibit A hereto).

Section 4. Contracts for more than one year. Section 1013.65(4), F.S., requires the following statutory provision to be included verbatim in contracts providing for the distribution of funds held in the PECO Trust Fund: "The department may authorize each board to enter into contracts for a period exceeding 1 year, within amounts appropriated and budgeted for fixed capital outlay needs; but any contract so made shall be executory only for the value of the services to be rendered, or agreed to be paid for, in succeeding fiscal years." The University represents to District that the Department has authorized the execution of this Agreement within the meaning of Section 1013.65(4), F.S. in accordance with said statutory requirement.

Section 5. Maximum funding liability of the University. Section 1013.65, F.S., provides that no board shall, during any fiscal year, expend any money, incur any liability, or enter into any contract which, by its terms, involves the expenditure of money in excess of the cash that will be available to the disbursement requirements. The total amount of funds subject to disbursement by the University under this Agreement shall in all events be limited to the amount of the PECO Appropriation. The University shall obtain certification from the Department that the moneys represented by the PECO Appropriation will be available to meet the disbursement requirements set forth in this Agreement.

Section 6. Notices. All notices, requests, demands, consents, approvals and other communications which may or are required to be served or given hereunder ("Notices") shall be in writing and shall be personally delivered with a receipt signed by the recipient or sent by a nationally recognized courier service providing evidence of delivery addressed as follows:

If to District:	The School Board of St. Lucie County, Florida 4204 Okeechobee Road Fort Pierce, Florida 34947 ATTENTION: Superintendent Telephone: (772) 429-3925 Facsimile: (772) 429-3916
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If to the University:	Florida Atlantic University Administration Building, Room 339 777 Glades Road Boca Raton, Florida 33431 ATTENTION: President Telephone: (561) 297-3450 Facsimile: (561) 297-2777
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Either party may, by Notice, change its address for all subsequent Notices, except that neither party may require Notices to it to be sent to more than four addresses. Notice given by counsel for a party shall be deemed Notice by such party.

Except where otherwise expressly provided to the contrary in this Agreement, Notices shall be deemed given when received or, when delivery is refused.

Section 7. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, all such counterparts together shall constitute one and the same instrument, and signature pages from one counterpart may be removed and added to another counterpart to create a single, integrated counterpart with all necessary signatures.

Section 8. Entire Agreement. This Agreement and the documents referred to herein contain the entire agreement between the parties pertaining to the subject matter hereof, and any executory agreement hereafter made shall be ineffective to change, modify or discharge it in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought. This Agreement cannot be changed or terminated orally.

Section 9. Successors and Assigns. The Provisions in this Agreement shall bind and inure to the benefit of the University and District, and, except as otherwise provided in this Agreement, their respective legal representatives, executors, successors and assigns.

Section 10. Governing Law. This Agreement shall be governed by, and interpreted under, the laws of the State of Florida applying to contracts made and to be performed fully therein.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this instrument as of the day and year first above written.

THE FLORIDA ATLANTIC
UNIVERSITY BOARD OF TRUSTEES

(SEAL)

Attest

BY: _____

NAME:

ITS:

_____, Secretary

THE SCHOOL BOARD OF ST. LUCIE
COUNTY, FLORIDA

(SEAL)

Attest:

BY: _____

Superintendent and Officio Secretary

_____, Chairman

Exhibit A

PECO Appropriation Amount

Date Required

Date Requested

AGREEMENT TO CONSTRUCT SCHOOL FACILITIES

THIS AGREEMENT TO CONSTRUCT SCHOOL FACILITIES ("Agreement") is entered into as of this __ day of _____, 2006, by and between THE FLORIDA ATLANTIC UNIVERSITY BOARD OF TRUSTEES, a public body corporate of the State of Florida (hereinafter referred to as the "University") and THE SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA (the "District"), the governing body of The School District of St. Lucie County, Florida (hereinafter collectively referred to as "District").

WITNESSETH

WHEREAS, the District is the owner of a certain parcel of real property identified on Exhibit A hereto (the "Premises") which is leased to the University, as ground lessee, pursuant to that certain Ground Lease Agreement dated as of _____, 2006, recorded at Official Records Book _____, Page _____, of the Public Records of St. Lucie County, Florida; and

WHEREAS, the University is the recipient of a \$15,000,000 appropriation of State of Florida Public Education Capital Outlay funds (the "PECO Appropriation"), and desires by this Agreement to commit such funds to pay the costs of construction of certain educational facilities set forth on Exhibit B hereto and incorporated herein by reference, to be used in the operation of a University chartered lab school (the "Improvements"); and

WHEREAS, the University and the District each desire by this Agreement to provide for the appointment of the District as the agent for the University for purposes of constructing the Improvements on the Premises for and on behalf of the University; and

WHEREAS, the District has developed certain construction drawings and engineering reports in connection with the design of new public school facilities (the "District Work Product") that the University and the District agree are appropriate and desirable for the Improvements; and

WHEREAS, the District has previously selected one or more general contracting firms to act as the general contractor on education facilities to be constructed by the District in accordance with section 287.055, Florida Statutes;

NOW THEREFORE, in consideration of the mutual covenants herein contained, and for Ten and no/100s Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and subject to the terms and conditions hereof, the parties agree as follows:

SECTION 1. APPOINTMENT OF AGENCY. (a) The University hereby appoints the District as its agent to carry out all phases of the construction, equipping and installation of the Improvements, and the District, as agent of the University, assumes all rights, duties, responsibilities and liabilities of the University regarding construction, equipping and installation of the Improvements, except as limited herein.

(b) The District, as agent of the University, may enter into any purchase order, agreement or contract required for construction, equipping and installation of the Improvements, or any portion thereof, including a turn-key construction contract with a developer or general contractor, so long as such agreements or contracts are not for an amount in excess of the PECO Appropriation unless other funds are provided by either the District or the University in an amount sufficient for the payment of costs in excess of the amount of the PECO Appropriation. Each such purchase order, agreement and contract shall be executed by the District, as agent for the University, in accordance with Section 6A-2, Florida Administrative Code. The benefits of all bids received by the District for the components of the Improvements shall be deemed to be assigned by the District to University. The District shall comply with all applicable laws in letting contracts or purchase orders in regard to the construction, equipping and installation of the Improvements.

(c) The District, as agent of the University, shall have the right to make any changes in the description of the Improvements, or of any component or portion thereof, whenever the District deems such changes to be necessary and appropriate; provided, however, that the District must comply with the provisions of Section 2(b) hereof.

(d) The District, as agent of the University, shall have sole responsibility for, and shall supervise, the construction, equipping and installation of the Improvements. The District shall monitor the performance by each vendor, developer or contractor engaged by the District to provide all or any portion of the Improvements to the extent the District deems appropriate. The District shall permit the University, or its assignee, to inspect the Improvements at any and all reasonable times.

(e) The University hereby assigns to the District all rights and powers to enforce and execute in its own name or the name of the University such purchase orders, agreements or contracts as are required for the construction, equipping and installation of the Improvements which enforcement may be at law or in equity; provided, however, that the assignment made by the University herein shall not prevent the University, or its assignee, from asserting said rights and powers in its own behalf following written notice to the District.

(f) The University shall not be responsible for payment of, nor shall it pay, any amount for the Improvements in excess of the amount available therefor from the proceeds of the PECO Appropriation unless the University elects to provide, and does provide directly to the District, the additional funds necessary. Notwithstanding this, the District shall be entitled, but not required, to pay said excess amount from any legally available source.

(g) The University, or its assignee, shall have the right to inspect periodically the books and records of the District relating to the Improvements, and the District shall permit the University, or its assignee, to make such inspections thereof at all reasonable times as the District shall deem appropriate.

(h) The District agrees that it will be the sole responsibility of the District that the Improvements will be acquired, constructed and installed in accordance with the plans and specifications for the Improvements as the same are approved by the University (the "Plans and Specifications"), as the same may be amended from time to time as permitted herein.

(i) The District shall use its best efforts to construct, equip and install the Improvements by the dates set forth in the construction schedule relating thereto as set forth in the Plans and Specifications (the "Improvements Schedule"). The District hereby agrees to use its best efforts to obtain, in each construction contract, provisions such that if the acquisition, construction or installation of any portion of the Improvements have not been completed by the contractor or developer through the fault of such contractor or developer by such dates, the District may assess liquidated damages against the contractor or developer for each day completion is delayed in an amount specified in each respective agreement or contract.

SECTION 2. ACQUISITION AND CONSTRUCTION OF THE IMPROVEMENTS.

(a) The University hereby provides for the construction, equipping and installation of the Improvements by the District, as agent of the University, pursuant to applicable State law and Section 1 hereof. Title to the Improvements shall be in the name of the University. The University shall be the designated fiscal agent for disbursement of the PECO Appropriation funds and any other funds provided by the University to the District. The University shall disburse to the District or the Person designated by the District to pay the costs of the acquisition, construction, equipping and installation of the Improvements (the "Costs of the Improvements"). Such disbursements shall be made pursuant to requests for payment submitted by the District to the University in accordance with the procedures established by the University and the Florida Department of Education for disbursement of the PECO Appropriation funds and in accordance with that certain Funding Agreement dated of even date herewith between the University and the District. Such requisitions shall be in the form and shall be accompanied by such further documentation as may be required by University procedures. The University hereby agrees that the District may be reimbursed for expenditures of moneys made by the District for Costs of the Improvements, including those incurred by the District in anticipation of this Agreement prior to the date hereof; provided, however, that in no event will the University be responsible for the payment of any expenditure in excess of the amount available therefor from the proceeds of the PECO Appropriation. The District hereby agrees that, upon its receipt of such reimbursement, the title to any portion of the Improvements previously acquired will be transferred to the University.

(b) The District agrees that it will assure that the Improvements will be constructed, equipped and installed in accordance with the Plans and Specifications. The District further agrees that the Improvements will be constructed, equipped and installed in accordance with the budget for the Costs of the Improvements as agreed to by the University and the District (the "Improvements Budget"). The District may, at any time prior to the completion date for the Improvements, make modifications to the Improvements and substitute items or components constituting a portion of the Improvements, subject to the provisions of this Section 2(b), if (i) the District files with the University a certificate of an authorized officer of the District notifying the University of such modification, addition or substitution, identifying the portion of the Improvements which is to be modified, added or substituted, and certifying that after such modification, addition or substitution, amounts remaining under the PECO Appropriation and any additional legally available funds of the District, will be sufficient to pay all remaining Costs of the Improvements, including costs incurred in connection with such modification, addition or substitution and any Costs of the Improvements which shall have accrued but remain unpaid as of such date, (ii) the University consents to such modification, additions or substitutions, which consent shall be deemed to be granted if the University does not object, in writing, within 10 days of the receipt of the certificate required in clause (i) above, (iii) the Plans and Specifications, the Improvements Budget and the Improvements Schedule for such amended or modified Improvements are each amended, as necessary, to take into account the portion of the Improvements which is modified, added or substituted, and (iv) title to the substituted, added or modified portion of the Improvements shall be in the name of the University. If the total Costs of the Improvements exceed the amount estimated therefor, the District shall take the actions set forth in Section 3 hereof.

(c) For purposes of this Agreement, all materials and services in respect of which amounts are paid by the University for the construction, equipping and installation of the Improvements shall be deemed accepted by the University hereunder. The provisions of this Section 2(c) shall not in any way limit or affect the University's or the District's rights to pursue warranty or other claims arising therefrom against any contractor, vendor or supplier of labor or materials of the Improvements, or any portion thereof. Each Requisition executed by the District and submitted to the University shall certify that the District has inspected and accepted the portion of the Improvements which is the subject of such Requisition.

(d) The District further agrees to assure that, where applicable, the contractors and developers of the Improvements involving construction of a building carry appropriate performance bonds, agree to liquidated damages on a daily basis for construction and delivery delays, agree that the University is an intended 3rd party beneficiary, and comply with workers' compensation laws and affirmative action standards of the District and the University; provided, however, that this provision shall not apply to any contract the total payments on which do not exceed \$100,000. Proceeds of liquidated damages received by the University or the District shall be deposited with the University.

(e) The University and the District shall at all times keep title to the Improvements and its interests hereunder free and clear of all liens and encumbrances of every kind whatsoever, except Permitted Encumbrances.

SECTION 3. LIMITATIONS ON ACQUISITION AND CONSTRUCTION. The amount of moneys available and administered through the University to pay for Costs of the Improvements is limited to an aggregate dollar amount of not more than the Maximum Cost provided in the Improvements Budget. If the District agrees to an increase in the cost with respect to any portion of the Improvements or there is a cost overrun as a result of a substitution or modification in the Improvements as described in Section 2(b) hereof, and in either case, the amount of funds held by the University is not sufficient to pay such Costs of the Improvements and complete the construction, equipping and installation of the Improvements, then either (a) the District shall deposit with the University or into a separate account acceptable to the University, the additional funds necessary to reduce such deficiency to zero (as certified to the University in writing by an authorized officer of the District), or (b) shall provide to the University an amended Improvements Budget showing changes to the Improvements the result of which is no cost deficiency and certified to the University as accurate in writing by an authorized officer of the District.

SECTION 4. WARRANTIES; DISCLAIMERS. The District, upon execution of a Requisition for any portion of the Improvements, thereby shall represent, without further act, that it has (a) thoroughly inspected such portion of the Improvements described therein, and (b) satisfied itself that such portion of the Improvements is suitable for its purposes. THE DISTRICT, NOT BEING THE VENDOR, THE DEVELOPER OR THE CONTRACTOR OF ANY IMPROVEMENTS OR THE VENDOR'S AGENT, DEVELOPER'S AGENT OR CONTRACTOR'S AGENT, MAKES NO WARRANTY OR REPRESENTATIONS, EITHER EXPRESS OR IMPLIED, AS TO THE TITLE TO, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY, CAPACITY OF THE MATERIAL OR WORKMANSHIP IN ANY PROJECT OR ANY WARRANTY THAT ANY IMPROVEMENTS WILL SATISFY THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATIONS OR CONTRACT WHICH PROVIDES FOR SPECIFIC MACHINERY, OPERATORS OR SPECIAL METHODS. It is agreed that all such risks, as among the University and the District, are to be borne by the District at its sole risk and expense, and the District hereby agrees to look solely to the vendors, contractors or developers of the Improvements for all such matters. The District shall be obligated to pursue and enforce any warranty from any vendor, contractor or supplier; provided, however, the University reserves the right to pursue any warranty remedies in its own name after written notice to the District.

SECTION 5. TRANSFER AND ASSIGNMENT OF WORK PRODUCT. The University hereby transfers and assigns to the District, all of its right, title, and interest in and to the University Work Product. On or before the date hereof, the University shall provide to the District one set of any and all documents that comprise the University Work Product and all other plans and specifications applicable to the Improvements.

SECTION 6. WAIVERS. Any failure by any party to this Agreement to comply with any of its obligations, agreements, or covenants may be waived in writing by either party.

SECTION 7. SEVERABILITY. The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement.

SECTION 8. NO WAIVER OF SOVEREIGN IMMUNITY. Nothing in this Agreement shall constitute or be construed as a waiver of the limitations on liability contained in Section 768.28, Florida Statutes, or other law.

SECTION 9. ATTORNEY'S FEES AND COSTS. In the event either party defaults in the performance of any of the terms, covenants, and conditions of this Agreement, the defaulting party agrees to pay all damages and costs incurred by the other party, including reasonable attorney's fees.

SECTION 10. ENTIRE AGREEMENT; AMENDMENT. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written agreements between the parties. This Agreement may only be amended by written document, properly authorized, executed, and delivered by both parties.

SECTION 11. INTERPRETATION; VENUE. This Agreement shall be interpreted as a whole unit, and section headings are for convenience only. All interpretations shall be governed by the laws of the State of Florida. In the event it is necessary for either party to initiate legal action regarding this Agreement, venue shall be in the Nineteenth Judicial Circuit, in and for St. Lucie County, Florida, for claims under state law, and in the Southern District of Florida for claims justiciable in federal court.

SECTION 12. NOTICE. All notices of request, demand and other communications hereunder shall be addressed to the parties as follows:

As to University:	Florida Atlantic University Administration Building, Room 339 777 Glades Road Boca Raton, Florida 33431 ATTENTION: President Telephone: (561) 297-3450 Facsimile: (561) 297-2777
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As to District:

The School Board of St. Lucie County, Florida
4204 Okeechobee Road
Fort Pierce, Florida 34947
ATTENTION: Superintendent
Telephone: (772) 429-3925
Facsimile: (772) 429-3916

unless the address or telephone number is changed by the party by like notice given to the other parties. Notice shall be in writing and shall be deemed delivered: (a) when mailed certified mail, return receipt requested, postage prepaid, or upon hand delivery to the address indicated or (b) one (1) day after acceptance for delivery by Federal Express or other nationally recognized over night delivery service for delivery at the address indicated or (c) when received by telephonic facsimile transmission at the number indicated. Notice sent by counsel for either of the parties shall be deemed to be notice sent by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above-written.

THE FLORIDA ATLANTIC
UNIVERSITY BOARD OF TRUSTEES

(SEAL)

Attest

BY: _____
NAME:
ITS:

_____, Secretary

THE SCHOOL BOARD OF ST. LUCIE
COUNTY, FLORIDA

(SEAL)

Attest:

BY: _____

_____,
Superintendent and Officio Secretary

_____, Chairman

Exhibit A

Description of the Premises

Exhibit B

Description of the Improvements

This instrument prepared by or under the supervision of
(and after recording should be returned to):

Name: Robert C. Reid, Esq.
Address: Bryant, Miller and Olive, P.A.
101 N. Monroe Street, Suite 900
Tallahassee, Florida 32301

(Space reserved for Clerk of
Court)

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (hereinafter referred to as this "Lease Agreement") is made and entered into as of _____, 2006, by and between THE SCHOOL BOARD OF ST. LUCIE COUNTY, FLORIDA (the "Board"), the governing body of The School District of St. Lucie County, Florida, (hereinafter collectively referred to as "GROUND LESSOR") and THE FLORIDA ATLANTIC UNIVERSITY BOARD OF TRUSTEES, a public body corporate of the State of Florida (hereinafter referred to as "GROUND LESSEE").

A. Pursuant to that certain Special Warranty Deed dated _____, 2006 by and between TRADITION DEVELOPMENT COMPANY, LLC, Grantor, and THE SCHOOL DISTRICT OF ST. LUCIE COUNTY, FLORIDA, Grantee, recorded at Official Records Book _____, Page _____, of the Public Records of St. Lucie County, Florida, the GROUND LESSOR holds title to certain lands and property (the "Property"), a portion of which is to be leased to the Ground Lessee pursuant to this Lease Agreement more particularly described in Exhibit "A" attached hereto and made a part hereof (the "Premises").

B. GROUND LESSEE intends to enter into that certain Agreement To Construct School Facilities dated of even date herewith with GROUND LESSOR (the "School Construction Agreement"), pursuant to which GROUND LESSOR will construct certain improvements on the Premises consisting of a portion of the educational facilities for a developmental research charter school and related attendant facilities and parking, all as more specifically described on Exhibit B attached hereto and made a part hereof (the "Improvements").

C. Subject to the terms and conditions hereinafter set forth, GROUND LESSOR desires to ground lease the Premises to GROUND LESSEE in order to facilitate the creation of facilities to be subleased by GROUND LESSEE to TREASURE COAST UNIVERSITY SCHOOLS, INC. (hereinafter "SUB-LESSEE") pursuant to a Sub-Lease Agreement (the "Sub-Lease Agreement").

IN CONSIDERATION of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, GROUND LESSOR and GROUND LESSEE hereby agrees as follows:

Section 1. PREMISES.

(a) Pursuant to the terms hereof, GROUND LESSOR hereby leases, grants, demises and transfers over to GROUND LESSEE the Premises.

(b) GROUND LESSOR hereby warrants that:

(i) subject only to the Permitted Encumbrances (as hereinafter defined), GROUND LESSOR is the lawful holder of title to the Premises and has good marketable and insurable title to the Premises, and owns unencumbered all such right, title and interest. GROUND LESSOR shall not convey, encumber or hypothecate the Premises or it's interest in this Lease Agreement during the term of this Lease Agreement;

(ii) GROUND LESSOR has the right to lease the Premises to GROUND LESSEE pursuant to the terms hereof,

(iii) GROUND LESSOR is a District School Board organized and existing under the laws of the State of Florida. This Ground Lease and all agreements, instruments and documents herein provided to be executed by GROUND LESSOR are duly authorized, executed and delivered by and binding upon GROUND LESSOR in accordance with their terms and no consent, authorization, approval or any third party is required in connection therewith. The execution and delivery of this Ground Lease on behalf of GROUND LESSOR and the consummation of the transaction contemplated hereby has been duly authorized by the Governing Body of the District and all things necessary or appropriate have been done;

(iv) no litigation or proceedings are pending or threatened, and there are no outstanding judgments or arbitration awards, against the Premises or any part thereof or against GROUND LESSOR by or before any court, municipal department, commissioner, board, bureau or agency, nor is there pending or presently contemplated public improvements in, about or outside the Premises which will in any manner affect access to the Premises;

(v) the Premises and the present use, occupancy and operation thereof, are in compliance with all applicable zoning, building, fire and environmental laws, codes, statutes, ordinances, rules and regulations and with all covenants, conditions and restrictions pertaining to or affecting the Premises;

(vi) the execution, delivery and performance of this Lease Agreement does not and will not violate any law, ordinance, code, statute, rule, regulation, court order or covenant, condition or restriction that may affect the Premises or any part thereof, any interest therein, and any use thereof;

(vii) there has not been commenced nor is there contemplated by any governmental authority, condemnation of all or any portion of the Premises or condemnation or relocation of any roadways abutting the Premises;

(viii) the Premises are, or will be, served by water, sewer, gas, telephone and electricity and such utilities are, or will be, installed and all utility bills for services to the Premises have been paid;

(ix) there are no liens or claims for lien filed against the Premises or any labor, services or materials provided on behalf of GROUND LESSOR or its agents or employees, or any unpaid amounts in connection therewith which could give rise to mechanics' liens against the Premises;

(x) GROUND LESSOR has paid all taxes and assessments which may be due and owing on the Premises or any part thereof;

(xi) the Premises or any portion thereof has not been subject to any flooding and is not located within the flood plain except as shown on survey;

(xii) all information contained herein concerning the Premises or as set forth in the Exhibits attached hereto and all documents and information submitted hereunder for GROUND LESSEE's review and approval are true, correct and complete; and

(xiii) GROUND LESSOR acknowledges that GROUND LESSEE intends on paying the costs of the Improvements with the proceeds of a \$15,000,000 appropriation of State of Florida Public Education Capital Outlay funds (the "PECO Appropriation") duly appropriated by the Florida Legislature and shall execute such reasonable documents as may be required to permit GROUND LESSEE to utilize said PECO Appropriation to construct the Improvements (at no cost or liability to GROUND LESSOR).

(c) GROUND LESSEE hereby warrants that:

(i) GROUND LESSEE has the right to lease the Premises from GROUND LESSOR pursuant to the terms hereof,

(ii) GROUND LESSEE is a constituent member of the State University System of the State of Florida, organized and validly existing under the laws of the State of Florida as an instrumentality of the State of Florida. This Ground Lease and all agreements, instruments and documents herein provided to be executed by GROUND LESSEE are duly authorized, executed and delivered by and binding upon GROUND LESSEE in accordance with their terms and no consent, authorization, approval or any third party is required in connection therewith. The execution and delivery of this Ground Lease on behalf of GROUND LESSEE and the consummation of the transaction contemplated hereby has been duly authorized by the GROUND LESSEE as the governing body of Florida Atlantic University and all things necessary or appropriate have been done;

(iii) no litigation or proceedings are pending or threatened, and there are no outstanding judgments or arbitration awards, or against GROUND LESSEE by or before any court, municipal department, commissioner, board, bureau or agency which will in any manner affect access to the Premises;

(iv) to the best of GROUND LESSEE's knowledge, the execution, delivery and performance of this Lease Agreement does not and will not violate any law, ordinance, code, statute, rule, regulation, court order or covenant, condition or restriction that may affect the Premises or any part thereof, any interest therein, and any use thereof;

For the purposes hereof, the term "Permitted Encumbrances" shall mean the following: (i) liens for taxes and assessments not then delinquent; (ii) existing utility, access and other easements and rights of way, restrictions and such exceptions which do not underlie the Improvements or adversely affect the present or contemplated use or occupancy of the Premises and (iii) the matters set forth on Exhibit ____.

Section 2. TERM. The term of this Lease Agreement (the "Term") shall be for approximately 40 years commencing on _____, 2006 ("Commencement Date"), and ending on June 30, 2046, or such earlier date of termination as shall be agreed to in writing by the GROUND LESSOR and the GROUND LESSEE. As used herein, the expression "term hereof" or any similar expression refers to the Term.

Section 3. GROUND LESSOR'S PERFORMANCE UNDER THE LEASE. GROUND LESSOR covenants and agrees that from and after the date hereof it shall comply in all respects with the requirements of this Lease Agreement and shall not take any action or enter into any agreement which shall be in conflict with its obligations under this Lease Agreement. From and after the date hereof and during the term of this Lease Agreement, GROUND LESSOR shall not modify, extend or in any way alter this Lease Agreement.

Section 4. USE OF PREMISES.

(a) Compliance with Rules and Regulations. Neither GROUND LESSOR nor GROUND LESSEE shall use or permit the Premises to be used in violation of any valid present or future laws, ordinances, rules or regulations of any public or governmental authority at any time applicable thereto relating to sanitation or the public health, safety or welfare.

(b) Severed Title. It is the express intention of GROUND LESSOR and GROUND LESSEE that title to the Improvements is and shall remain severed from title to the Premises and shall be owned by GROUND LESSEE so long as this Ground Lease is in effect.

Section 5. RENTAL. GROUND LESSEE shall pay to GROUND LESSOR the sum of \$1.00 per annum during the term hereof as rent ("Rent"), which sum shall be due annually in advance on each July 1 and each calendar year anniversary thereof during the term hereof with the initial rent payment due _____, 2006, and shall be payable or prepayable at any time not later than the due date thereof, recognizing, the GROUND LESSEE does hereby prepay its rental obligation hereunder in full at the time of execution hereof by the payment of \$40 to the GROUND LESSOR. GROUND LESSEE shall also include provisions in the Sub-Lease Agreement that require SUB-LESSEE to pay all of the following:

- (a) general real estate taxes levied upon or assessed against the Premises, if any ; and
- (b) all other taxes, assessments, charges and impositions of any municipal or governmental authority which may be imposed or assessed against the Premises or the Improvements or any part thereof or any interest therein.

GROUND LESSOR hereby acknowledges receipt of \$40 as payment in full of the Rent by GROUND LESSEE.

Section 6. OWNERSHIP OF IMPROVEMENTS AND SURRENDER OF PREMISES.

(a) Ownership. GROUND LESSEE shall at all times during the term of this Ground Lease have a valid groundleasehold interest in and to the Premises, subject to the terms and conditions contained in this Lease Agreement. Upon the expiration of the Term hereof in accordance with Section 2 hereof, or upon a valid termination for cause pursuant to the provisions of Section 13 hereof, all right, title and interest of GROUND LESSEE in and to all the Premises shall thereupon revert to GROUND LESSOR or its successor in interest in the Premises, subject to SUB-LESSEE's interest under the Sub-Lease Agreement, if applicable. GROUND LESSEE shall, nonetheless, thereafter execute and deliver to GROUND LESSOR such evidence of title as GROUND LESSOR may reasonably request.

(b) Surrender of Premises. The Premises and Improvements shall, upon the last day

of the term hereof, automatically revert to GROUND LESSOR without necessity of any act by GROUND LESSEE. Upon such termination of this Ground Lease, GROUND LESSEE shall peaceably and quietly surrender to GROUND LESSOR the Premises and Improvements, and all furniture, furnishings, fixtures and equipment (except for any furniture, fixtures or other equipment owned by GROUND LESSEE or SUB-LESSEE or other third parties located in or upon the Premises.

(c) GROUND LESSEE's Obligation. Contemporaneously with the expiration of the term hereof or earlier rightful termination of this Ground Lease (for causes set forth herein), GROUND LESSEE shall immediately execute and deliver to the GROUND LESSOR the following (but nothing contained herein shall in any way limit or impair the rights of GROUND LESSOR in the event of a default by the GROUND LESSEE not cured within the applicable time period):

(1) Such documents of title and other instruments as GROUND LESSOR may reasonably request to enable GROUND LESSOR's ownership rights in and to the Premises to be reflected of record; and

(2) All books, records, construction plans, surveys, permits and other documents relating to, and necessary or convenient for the operation of the Improvements in the possession of GROUND LESSEE.

(d) Abandonment. Any personal property owned by GROUND LESSEE which shall remain on the Premises after expiration of the term of this Lease Agreement and for thirty (30) days after request by GROUND LESSOR for removal, shall, at the option of GROUND LESSOR, be deemed to have been abandoned and may be retained by GROUND LESSOR and the same may be disposed of without accountability, in such manner as GROUND LESSOR may see fit.

(e) Holding Over. If GROUND LESSEE holds over or refuses to surrender possession of the Premises after termination of this Lease Agreement, GROUND LESSEE shall be a tenant at sufferance and shall pay a rental rate equal to the fair market value rental of the Premises, in advance.

(f) Exception for Certain Property. The provisions of Sections 6(a), (b) and (c) hereof shall not apply to vending machines or other commercial equipment or personal property located in, or about the Premises to the extent that such equipment or personal property is readily removable from the Improvements without causing material harm or damage thereto and that such equipment or personal property is not owned by the GROUND LESSEE.

Section 7. GROUND LESSOR'S INTEREST NOT SUBJECT TO CERTAIN LIENS.

(a) Discharging Liens. In the event a lien, claim of lien or order for the payment of

money shall be imposed against GROUND LESSEE'S ground leasehold interest in and to the Premises or the Improvements resulting from or arising out of any act or omission of GROUND LESSEE or any person claiming under, by or through GROUND LESSEE, GROUND LESSEE shall, within thirty (30) days after receipt of notice of the imposition of such lien, claim or order cause the same to be discharged, satisfied, canceled or released, and the Premises and the Improvements to be released there-from, by the payment of the obligation secured thereby or by the furnishing of a bond or by any other method which may be prescribed or permitted by law. GROUND LESSEE shall thereupon furnish GROUND LESSOR with evidence of having done so in form satisfactory and requisite for recording in the Office of the Clerk of the Circuit Court, St. Lucie County, Florida.

(b) Bonding and Litigation. Notwithstanding the foregoing, should GROUND LESSEE desire to contest the validity of any lien or claim of lien, nothing herein shall preclude GROUND LESSEE from doing so, provided that GROUND LESSEE shall have first posted an appropriate and sufficient bond in favor of claimant and thereby obtained the release of the Premises and the Improvements from such lien. If judgment is obtained by the claimant of any lien, GROUND LESSEE agrees to pay the same immediately after such judgment or final order on appeal shall have become final and the time for appeal therefrom has expired. GROUND LESSOR may, at its own expense, engage its own counsel and assert its own defenses, in which event GROUND LESSEE agrees to cooperate with GROUND LESSOR and make available to GROUND LESSOR all information and data deemed by GROUND LESSOR to be necessary or desirable for such defense.

Section 8. INSURANCE.

(a) Types of Insurance. GROUND LESSEE covenants and agrees with GROUND LESSOR that GROUND LESSEE shall include provisions in the Sub-Lease Agreement that require SUB-LESSEE to obtain, and maintain in full force and effect to the extent not otherwise obtained and maintained by the GROUND LESSOR or any lessee, at all times throughout the term of this Lease Agreement (except as otherwise provided herein), the following:

(1) A policy or policies of comprehensive general liability insurance with combined single limits of not less than One Million Dollars (\$1,000,000.00) for any and all loss or liability resulting from personal injury, death or property damage arising out of, upon or in connection with the Premises, the Improvements, or any improvements or equipment thereon, or arising by reason of SUB-LESSEE's occupancy of the Premises, or the operations of SUB-LESSEE, its agents, employees, and contractors and subcontractors.

(2) Workers' compensation insurance and any other insurance coverage required by law.

(3) Property and Casualty Insurance insuring the Premises against loss by fire or other casualty in an amount equal to the replacement cost thereof.

(b) Insurer. Each and every policy of insurance required under this Section shall be written by an insurance company or companies licensed to do business in Florida, which company shall be reasonably acceptable to GROUND LESSOR and shall name GROUND LESSOR, as an additional insured, as its interest may lie. A certificate evidencing these coverages shall be filed with GROUND LESSOR and the Board, which certificate shall provide that written notice of cancellation or of any material change in such policy shall be delivered to GROUND LESSOR at least thirty (30) days in advance of the effective date thereof. At least ten (10) days prior to the expiration of any such policy, a certificate showing that such insurance coverage has been renewed or extended shall be furnished to GROUND LESSOR. In the event such insurance is canceled or reduced, GROUND LESSEE shall require, within thirty (30) days after receipt of written notice of the intention to cancel or reduce such coverage, SUB-LESSEE to file with GROUND LESSOR a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies.

(c) Waiver of Subrogation. GROUND LESSEE shall include provisions in the Sub-Lease Agreement that require SUB-LESSEE to procure from each of the insurers under any and all policies of insurance set forth above, a waiver, in writing, at the time each such insurance policy is procured or renewed, of all rights of subrogation which each such insurer might otherwise have, if at all, against GROUND LESSOR, the Board and the State of Florida.

(d) State of Florida. To the extent that any agency or instrumentality of the State of Florida (including the GROUND LESSEE) using or occupying the Improvements provides either insurance or self insurance for such risks or liabilities, same shall fulfill the obligation of GROUND LESSEE to provide insurance.

Section 9. CONDITION OF PREMISES, UTILITIES, CONCEALED CONDITIONS.

(a) Present Condition. Subject to paragraph (b) of Section 1 and paragraph (f) of this Section 9, GROUND LESSEE agrees to accept the Premises in their presently existing condition, "as is".

(b) Support. It is understood and agreed that GROUND LESSEE has determined that the Premises will safely or adequately support the type of improvements desired to be erected upon the Premises, including but not limited to the Improvements, and hereby certifies same to GROUND LESSOR.

(c) Utilities. GROUND LESSEE, at its sole expense, shall bring or cause to be brought to the Premises and Improvements adequate connections for gas, water, electrical power, storm sewerage and sewerage, and shall arrange with the appropriate utility companies

for furnishing such services and shall provide to the Improvements water service and capacity sufficient for operation, heating, ventilation and air conditioning equipment in the Improvements.

(d) Sewerage. GROUND LESSEE shall at all times use reasonable efforts to prevent entrance of objectionable quantities of deleterious wastes into the sewerage system, storm water drainage system and conduit system serving the Premises as required by the applicable governmental authorities.

(e) Drains. Drains or other facilities provided by GROUND LESSEE for the purpose of disposing of storm or other waters shall conform to the requirements of applicable governmental authorities.

(f) Concealed Conditions. GROUND LESSOR represents that it has no actual knowledge of any (i) concealed conditions below the surface of the ground encountered in the performance of the construction activity, and (ii) unknown physical conditions above or below the surface of the ground.

Section 10. LIMITATION ON LEASEHOLD MORTGAGES, ASSIGNMENT AND SUBLETTING.

10.1 No Encumbrance of Fee. Subject to the terms and conditions herein provided, GROUND LESSEE may not enter into a mortgage or mortgages of its interest in the ground leasehold estate created hereby or in the Improvements as security under any financing or refinancing pertaining to the Improvements and the interest in the Premises shall not be encumbered.

10.2 Assignment and Subletting. GROUND LESSEE shall not assign this Lease Agreement, or any portion hereof, or sublease all or any portion of the Premises without the prior written consent of GROUND LESSOR, except to sublet the Premises pursuant to the Sub-Lease Agreement with the SUB-LESSEE. Except as expressly permitted herein, any purported assignment, partial assignment or sublease without GROUND LESSOR'S prior written consent in violation of this Section 10.2 shall be null and void.

10.3 Notice. If GROUND LESSEE proposes to assign, sublet or transfer any portion of its interest in this Ground Lease, GROUND LESSEE shall provide written notice in advance to the GROUND LESSOR containing (i) the names and addresses of the proposed assignee(s), GROUND LESSEE(s) or transferee(s); (ii) the terms and conditions of the proposed assignment, sublease or transfer; (iii) the nature and character of the business of the proposed assignee(s), GROUND LESSEE(s) or transferee(s); and (iv) general financial information relating to the proposed assignee(s), GROUND LESSEE(s) or transferee(s).

Section 11. TAXES AND FEES.

(a) Premises Immune or Exempt. GROUND LESSEE represents and warrants that so long as and to the extent the GROUND LESSEE or the SUB-LESSEE is operating a developmental research charter school under a charter from Florida Atlantic University, the leasehold interest created herein is either immune or exempt from ad valorem and intangible taxation. Should the Premises or any interest therein or improvement thereon ever become subject to any such taxes, GROUND LESSEE agrees to include provisions in the Sub-Lease Agreement that require SUB-LESSEE to pay any and all such lawful taxes, assessments or charges which at any time may be levied by any federal, state, county, city, or any tax or assessment levying body upon the Premises, or any interest in this Lease Agreement, or any possessory right which GROUND LESSEE may have in or to the Premises or the Improvements by reason of its use or occupancy thereof or otherwise.

(b) Right to Contest. Notwithstanding the foregoing provision, GROUND LESSEE shall, after notifying GROUND LESSOR of its intention to do so, have the right in its own name or behalf, or in the name and behalf of GROUND LESSOR hereto, to contest in good faith by all appropriate proceedings the amount, applicability or validity of any such tax or assessment, and in connection with such contest GROUND LESSEE may refrain from paying such tax or assessment. GROUND LESSOR shall, upon request by GROUND LESSEE, assist and cooperate with the other party hereto in any such proceedings at no cost to GROUND LESSOR. If GROUND LESSEE desires to contest such tax or assessment it must first post bond satisfactory to GROUND LESSOR in an amount sufficient to prevent forfeiture or loss of any portion of the Premises.

(c) Reimbursement. In the event that GROUND LESSOR shall fail to pay any of the items required by it of this Section 11, the GROUND LESSEE may, at its sole option, pay the same and any amounts so advanced therefor by it shall become an additional obligation of the GROUND LESSOR, which amounts the GROUND LESSOR agrees to pay to the GROUND LESSEE promptly upon demand plus ten percent (10%) thereof (not to exceed \$500.00) for administrative overhead.

Section 12. DEFAULT BY GROUND LESSEE.

(a) Events of Default. Each of the following events shall be deemed a default by GROUND LESSEE hereunder and a breach of this Lease Agreement:

(1) If GROUND LESSEE shall fail to pay, when due, any rent or portion thereof within thirty (30) days after receipt of written notice to GROUND LESSEE by GROUND LESSOR or if GROUND LESSEE shall fail to pay any other sum which GROUND LESSEE is obligated to pay under the terms of this Lease Agreement, and such other sums remain unpaid for a period of thirty (30) days after receipt of written

notice to GROUND LESSEE from GROUND LESSOR;

(2) If GROUND LESSEE shall attempt to assign this Lease Agreement, or any portion thereof, or to sublease any portion of the Premises in violation of Section 10.2 hereof;

(3) From and after the occurrence of an event of default under the Sub-Lease Agreement, GROUND LESSEE shall use the Premises for any purposes not permitted by this Lease Agreement, and such use shall continue for a period of thirty (30) days after receipt of written notice to GROUND LESSEE by GROUND LESSOR to desist from such use; and

(4) From and after the occurrence of an event of default under the Sub-Lease Agreement, GROUND LESSEE shall otherwise fail to comply with any material covenant or condition of this Lease Agreement, and such failure to comply shall continue for a period of thirty (30) days after receipt of written notice thereof by GROUND LESSEE from GROUND LESSOR; provided, however, in the event such failure cannot, by its nature, be cured within such 30 day period, GROUND LESSEE shall not be deemed in default hereunder so long as GROUND LESSEE shall have commenced to cure such failure within said 30 day period and thereafter shall prosecute such cure to completion with reasonable diligence.

(b) Additional Time. In the event that any of the items of default set forth in subparagraphs (a)(2)(3) and (a)(4) above is of such a nature that it cannot be remedied within the time limits therein set forth, then GROUND LESSEE shall have such additional time as is reasonably necessary to cure such default, provided GROUND LESSEE diligently commences the curing of such default within said time limits and proceeds to completely cure the same in a timely and diligent manner.

Section 13. REMEDIES OF GROUND LESSOR. Upon the occurrence of any event of default as set forth in Section 12 hereof which has not been cured and is not in the process of being cured under Section 12(b) hereof, or in the event (i) the sub-lease agreement between the School Board of St. Lucie County and the SUB-LESSEE terminates prior to the date the financing obligations of SUB-LESSEE for the additional education facilities to be constructed on behalf of the SUB-LESSEE on land adjacent to the Premises and to be used by the SUB-LESSEE in conjunction with the Improvements are paid in full, as a result of a default thereunder by SUB-LESSEE, (ii) the Charter for a lab school previously granted by Florida Atlantic University is terminated, or (iii) the Improvements cease to be used as a developmental research school, GROUND LESSOR may then elect to either assume the obligations of SUB-LESSEE under the Sub-Lease Agreement, or terminate this Lease Agreement by paying all sums necessary to retire or defease the Bonds, subject to the provisions set forth herein by written notice to GROUND LESSEE and each Permitted Transferee and enter upon and take possession of the Premises and

any improvements constructed thereon. In the event GROUND LESSOR elects to avail itself of the rights and remedies contained in this Section 13(a) then such election by GROUND LESSOR shall entitle GROUND LESSOR to assume all of GROUND LESSEE's rights, title and interest in and to the Improvements, as well as all structures, fixtures and improvements on the Premises.

Section 14. NO WAIVERS. No waiver by either party hereto at any time of any of the terms, conditions, covenants or agreements of this Lease Agreement, or noncompliance therewith, shall be deemed or taken as a waiver at any time thereafter of the same, nor of any other term, condition, covenant or agreement herein contained, nor of the strict and prompt performance thereof by the other party hereto. No delay, failure or omission of GROUND LESSOR to reenter the Premises, nor by either party hereto to exercise any right, power, privilege or option arising from any default shall impair any right, power, privilege or option, or be construed to be a waiver of any such default, relinquishment thereof or acquiescence therein, and no notice by either party hereto shall be required to restore or revive time as being of the essence hereof after waiver by either party of default in one or more instances. No option, right, power, remedy or privilege of either party shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all of the rights, powers, options or remedies given to each party by this Lease Agreement are cumulative, and no one of them shall be exclusive of the other or exclusive of any remedies provided by law.

Section 15. QUIET ENJOYMENT. GROUND LESSOR agrees that GROUND LESSEE, upon the payment of the rent and all other payments and charges to be paid by GROUND LESSEE under the terms of this Lease Agreement, and observing and keeping the agreements and covenants of this Lease Agreement on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Lease Agreement subject only to the possessory rights of the GROUND LESSOR under the Lease Purchase Agreement, without hindrance or molestation from GROUND LESSOR or anyone claiming by, through or under GROUND LESSOR.

Section 16. TERMS BINDING UPON SUCCESSORS. All the terms, conditions and covenants of this Lease Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

Section 17. CONDEMNATION.

(a) Substantial. In the event that any person or corporation, public or private, shall by virtue of eminent domain or condemnation proceedings, or by purchase in lieu thereof, at any time during the term of this Lease Agreement acquire title to the Premises (which for the purpose of this Section only shall include not only the land hereby demised but also the Improvements and other improvements erected thereon by GROUND LESSEE) or acquire title to such substantial portion thereof that GROUND LESSEE cannot make use of the residue for the purposes intended by this Lease Agreement, such acquisition of title shall terminate this

Lease Agreement, effective as of the date on which the condemning party takes possession thereof. GROUND LESSOR and GROUND LESSEE shall be entitled to separate awards, GROUND LESSEE shall be entitled to the fair market value of its leasehold interest including Improvements, and GROUND LESSOR shall be entitled to the value of the remainder interest in its fee simple interest in the lands condemned. To the extent that such award is insufficient to cover both GROUND LESSOR and GROUND LESSEE, GROUND LESSOR shall have priority over GROUND LESSEE to the extent necessary to enable the GROUND LESSOR to pay in full, the Bonds.

(b) Partial. Prior to completion of construction, if the condemning party acquires title to a portion of the Premises only, and GROUND LESSEE can make beneficial use of the residue thereof for the purposes intended by this Lease Agreement, then this Lease Agreement shall continue in full force and effect and the total proceeds of condemnation shall be applied first toward the repair or restoration of the improvements by GROUND LESSEE in accordance with plans and specifications approved by GROUND LESSOR which approval shall not be unreasonably withheld or delayed, second to compensate the GROUND LESSOR for the value of the fee simple title, if any, taken by the condemning authority, with the remainder of such proceeds being applied, and thirdly, toward payment of reasonable attorneys' fees and other necessary expenses incurred by the GROUND LESSOR and the GROUND LESSEE in connection therewith.

(c) Taking of Improvements. Any taking of any portion of the Improvements shall be deemed substantial hereunder.

(d) Appeals. It is understood that the foregoing provisions of this Section 17 shall not in any way restrict the right of GROUND LESSOR or GROUND LESSEE to appeal the award made by any court or other public agency in any condemnation proceeding.

Section 18. [RESERVED]

Section 19. NON-MERGER OF LEASEHOLD. There shall be no merger of this Lease Agreement or of the leasehold estate hereby created with the fee estate in the property described in Exhibit A attached hereto or any part thereof by reason of the fact that the same person may acquire or hold, directly or indirectly, this Lease Agreement or leasehold estate hereby created or any interest in this Lease Agreement or in such leasehold estate and the fee estate in the property described in Exhibit A attached hereto or any interest in such fee estate.

Section 20. MEMORANDUM OF LEASE. Unless mutually agreed to the contrary, simultaneously with the execution of this Lease Agreement, the GROUND LESSOR and GROUND LESSEE shall each execute, acknowledge and deliver a Memorandum of Lease with respect to this Lease Agreement. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of this Lease

Agreement.

Section 21. [RESERVED]

Section 22. ESTOPPEL CERTIFICATES. GROUND LESSOR, at any time and from time to time, upon not less than thirty (30) days' prior written notice from GROUND LESSEE, will execute, acknowledge and deliver to GROUND LESSEE, or to whomsoever they or any of them may direct, a certificate of GROUND LESSOR certifying that this Lease Agreement is unmodified (or, if there have been any modifications, identifying the same); that this Lease Agreement is in full force and effect, if it is; that there is no default hereunder (or, if so, specifying the default); and such other statements regarding this Lease Agreement as GROUND LESSEE may reasonably request. It is intended that any such certificate may be relied upon by the GROUND LESSEE or any purchaser from, or assignee, or transferee of the GROUND LESSEE.

Section 23. MISCELLANEOUS.

(a) Laws of Florida Govern. This Lease Agreement shall be governed by, and be construed in accordance with, the laws of the State of Florida.

(b) Force Majeure. Except as otherwise expressly provided herein, neither party shall be responsible for any delay in their respective performances called for under this Lease Agreement which is caused by acts of God, war, national emergency, labor strike, shortages of material, or governmental regulations or control not in effect at the time of execution hereof.

(c) Notice and Delivery. Any notice required or desired to be given hereunder, or any items required or desired to be delivered hereunder, may be served or delivered personally or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to GROUND LESSOR: The School Board of St. Lucie County, Florida
4204 Okeechobee Road
Fort Pierce, Florida 34947
ATTENTION: Superintendent
Telephone: (772) 429-3925
Facsimile: (772) 429-3916

If to GROUND LESSEE: Florida Atlantic University
Administration Building, Room 339
777 Glades Road
Boca Raton, Florida 33431
ATTENTION: President
Telephone: (561) 297-3450
Facsimile: (561) 297-2777

or such other address or party as the party to be served may direct by written notice to the other party. If such notice is sent or delivery is made by registered or certified mail, such notice or delivery shall be deemed served, made and effective 3 business days after posting.

(d) Entire Agreement. It is mutually acknowledged and agreed by the parties hereto that this Lease Agreement contains the entire agreement between GROUND LESSOR and GROUND LESSEE with respect to the subject matter of this Lease Agreement; that there are no verbal agreements, representations, warranties or other understandings affecting the same; and that any change, modification, release, discharge or waiver of any provision contained herein shall be of no force, effect, or value, unless set forth in writing and signed by the party to be bound.

(e) Relationship of the Parties. Nothing herein contained shall be deemed to create a partnership or joint venture, nor shall the relationship between the parties be construed as principal and agent, or other than GROUND LESSOR and GROUND LESSEE.

(f) Captions. The captions of this Lease Agreement are inserted solely for convenience of reference, and under no circumstances shall they be treated or construed as part of, or as affecting, this Lease Agreement.

(g) Holidays Excluded. For purposes of computing any period of a number of days hereunder for notices or performance (but not for accrual of interest) Saturdays, Sundays and holidays shall be excluded.

(h) Severability. Any provision of this instrument in violation of the laws of the State of Florida shall be ineffective to the extent of such violation, without invalidating the remaining provisions of this instrument. In no event shall the GROUND LESSEE or its assigns have any cause of action against the officers or employees of GROUND LESSOR, or against any elected official of GROUND LESSOR based upon or materially related to any finding by any court that any or all provisions of this instrument violate Florida law.

Section 24. [RESERVED]

Section 25. CASUALTY. If prior to termination of this Lease Agreement (i) the Premises or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty or (ii) title to or any interest in, or the temporary use of, the Premises or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the GROUND LESSEE shall be obligated to continue to pay the amounts specified in this Lease Agreement and to apply the net proceeds of any insurance proceeds or condemnation award resulting from such events to rebuild or restore the Premises to substantially its condition prior to such events as provided in subsection (a) below unless the GROUND LESSEE provides the GROUND LESSOR with written notice of its determination that rebuilding or restoring the Premises to such condition with such proceeds within a reasonable period of time is impracticable, in which event, such proceeds shall be applied as provided in subsection (b) below.

(a) To the prompt repair, restoration, modification or improvement of the Improvement. Such disbursements shall be made by or at the direction of the GROUND LESSEE. Any balance of the net proceeds remaining after such work has been completed shall be paid to the GROUND LESSOR or the GROUND LESSEE, as their respective interest may lie in accordance with this Ground Lease.

(b) In the event the GROUND LESSEE determines that the prompt repair, restoration, modification or improvement of the Improvement is not possible, the net proceeds shall be paid to the GROUND LESSOR or the GROUND LESSEE, as their respective interest may lie in accordance with this Ground Lease, with the express understanding that the GROUND LESSOR OR GROUND LESSEE shall have the right to direct that such net proceeds may be used to repay the debt obligations of the SUB-LESSEE to the GROUND LESSOR under the sub-lease agreement for the adjacent improvements described in section 13(a)(i) hereof.

Section 26. [RESERVED]

Section 27. SURVIVAL. The representations, warranties, terms and covenants of this Lease Agreement shall survive the termination of this Lease Agreement.

Section 28. [Reserved]

Section 29. [Reserved]

Section 30. DAMAGE TO THE PREMISES; HAZARDOUS SUBSTANCES.

GROUND LESSEE shall not generate, store, produce, place, treat, release or discharge any contaminants, pollutants or pollution, including, but not limited to, hazardous or toxic substances, chemicals or other agents on, into, or from the Premises or any adjacent lands or waters in any manner not permitted by law. For the purposes of this Lease Agreement,

"hazardous substances" shall mean and include those elements or compounds defined in 42 USC Section 9601 or which are contained in the list of hazardous substances adopted by the United States Environmental Protection Agency (EPA) and the list of toxic pollutants designated by the United States Congress or the EPA or defined by any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance, material, pollutant or contaminant. "Pollutants" and "pollution" shall mean those products or substances defined in Chapters 376 and 403, Florida Statutes, and the rules promulgated thereunder, all as amended or updated from time to time. In the event of GROUND LESSEE'S failure to comply with this paragraph, GROUND LESSEE shall, at its sole cost and expense, promptly commence and diligently pursue any legally required closure, investigation, assessment, cleanup, decontamination, remediation, restoration and monitoring of (1) the Premises, and (2) all off-site ground and surface waters and lands affected by GROUND LESSEE'S such failure to comply, as may be necessary to bring the Premises and affected off-site waters and lands into full compliance with all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations, orders and decrees, and to restore the damaged property to the condition existing immediately prior to the occurrence which caused the damage. GROUND LESSEE'S obligations set forth in this paragraph shall survive the termination or expiration of this Lease Agreement; provided, however, that GROUND LESSEE's obligations under this paragraph shall be expressly limited to claims arising out of (a) any releases or discharges of hazardous substances on, under or from the Premises, or any portion thereof, which are caused or contributed to by GROUND LESSEE, (b) any activity in connection with the handling, treatment, removal, storage, decontamination, cleanup or disposal of hazardous substances by GROUND LESSEE, or (c) the lack of compliance with or violation of any environmental laws, as now in effect or hereinafter amended, by GROUND LESSEE. Nothing herein shall relieve GROUND LESSEE of any responsibility or liability prescribed by law for fines, penalties and damages levied by governmental agencies, and the cost of cleaning up any contamination caused directly by GROUND LESSEE'S activities. Upon discovery of a release of a hazardous substance or pollutant, or any other violation of local, state or federal law, ordinance, code, rule, regulation, order or decree relating to the generation, storage, production, placement, treatment, release or discharge of any contaminant, GROUND LESSEE shall report such violation to all applicable governmental agencies having jurisdiction, and to GROUND LESSOR, all within the reporting periods of the applicable governmental agencies.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, GROUND LESSOR and GROUND LESSEE have caused this Lease Agreement to be executed in duplicate, either of which may be considered an original, the day and year first above written.

GROUND LESSOR

THE SCHOOL BOARD OF ST. LUCIE
COUNTY, FLORIDA

(SEAL)

Attest:

BY: _____

Superintendent and Officio Secretary

_____, Chairman

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of ____, 2006, by _____, as Chairman of the School Board of St. Lucie County, Florida, on behalf of said School Board. He/she is personally known to me or produced _____ as identification.

Notary Public, State of Florida (SEAL)

Print/Type Notary Name

Commission Number:

Commission Expires:

GROUND LESSEE

THE FLORIDA ATLANTIC
UNIVERSITY BOARD OF TRUSTEES

(SEAL)

Attest

BY: _____

NAME:

ITS:

_____, Secretary

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2006,
by _____, as _____ of The Florida Atlantic University Board of Trustees. He is
personally known to me or produced _____ as identification.

Notary Public, State of Florida (SEAL)

Print/Type Notary Name

Commission Number:

Commission Expires:

EXHIBIT A

Legal Description of Real Property Leased Under Ground Lease

EXHIBIT B

Description of Improvements

[K-12 Developmental Research charter school and facility consisting of __ buildings, including administrative offices and athletic field facilities.]

This instrument prepared by or under the supervision of
(and after recording should be returned to):

Name: Robert C. Reid, Esq.
Address: Bryant, Miller and Olive, P.A.
101 N. Monroe Street, Suite 900
Tallahassee, Florida 32301

(Space reserved for Clerk of
Court)

Note to Recorder: No Florida documentary stamps or
intangibles taxes are payable with respect to this
Instrument pursuant to the exception provided by
Section 159.31, Florida Statutes

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (hereinafter referred to as this "Sublease Agreement" or this "Sublease") is made and entered into as of _____, 2006 by and between THE FLORIDA ATLANTIC UNIVERSITY BOARD OF TRUSTEES (hereinafter referred to as "SUBLESSOR") and TREASURE COAST UNIVERSITY SCHOOLS, INC., a Florida not-for-profit corporation operating a developmental research charter school under a charter granted by the Florida Atlantic University Board of Trustees (hereinafter referred to as "SUBLESSEE").

A. Pursuant to that certain Ground Lease Agreement, dated _____, 2006 by and between the School District of St. Lucie County, Florida (the "School District" or the "Owner") and SUBLESSOR, recorded at Official Records Book ____, Page ____, of the Public Records of St. Lucie County, Florida. (the "Ground Lease"), the School District leased to SUBLESSOR certain real property situated in St. Lucie County, Florida and legally described in Exhibit A attached hereto and made a part hereof (the "Premises") for a period of forty (40) years commencing _____, 2006, subject to the terms, conditions and provisions contained therein.

B. SUBLESSOR intends to construct, or cause to be constructed, certain improvements on the Premises consisting of a educational facilities useful in the operation of a K-12 developmental research charter school facility and related facilities (collectively, the "Improvements"), all as more specifically described on Exhibit B attached hereto and made a part hereof.

Subject to the terms and conditions hereinafter set forth, SUBLESSOR desires to sublease

to SUBLESSEE the Premises (inclusive of the Improvements).

IN CONSIDERATION of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, SUBLESSOR and SUBLESSEE hereby agree as follows:

Section 1. PREMISES.

(a) Pursuant to the terms hereof, SUBLESSOR hereby subleases, grants, demises and transfers over to SUBLESSEE the Premises (inclusive of the Improvements).

(b) SUBLESSOR hereby warrants that:

(i) subject only to the Permitted Encumbrances (as hereinafter defined), SUBLESSOR owns the leasehold estate in the Premises and has good marketable and insurable title to the leasehold estate in the Premises, pursuant to the Ground Lease, and owns unencumbered all such right, title and interest;

(ii) all the terms and conditions of the Ground Lease are in full force and effect;

(iii) all consents to or approvals of this Sublease Agreement necessary under the Ground Lease, if any, have been provided in recordable form and will be reflected in the Memorandum of Lease referred to in Section 20 hereof;

(iv) SUBLESSOR has the right to sublease the Premises to SUBLESSEE pursuant to the terms hereof,

(v) all rents and other amounts required under the Ground Lease have been paid;

(vi) SUBLESSOR is not in default under the Ground Lease and there is no existing default by the School District under the Ground Lease; no event has occurred, including executing this Sublease, which, with the giving of notice or the passage of time, or both, may constitute a default by SUBLESSOR or the School District under the Ground Lease;

(vii) SUBLESSOR is a constituent member of the State University System of the State of Florida, organized and validly existing under the laws of the State of Florida as an instrumentality of the State of Florida. This Sublease and all agreements, instruments and documents herein provided to be executed by SUBLESSOR are duly authorized, executed and delivered by and binding upon SUBLESSOR in accordance with their terms and no consent, authorization, approval or any third party is required in

connection therewith. The individual executing this Sublease on behalf of SUBLESSOR and the consummation of the transaction contemplated hereby has been duly authorized by all necessary or appropriate action;

(viii) no litigation or proceedings are pending or threatened, and there are no outstanding judgments or arbitration awards, against SUBLESSOR by or before any court, municipal department, commissioner, board, bureau or agency which will in any manner affect access to the Premises;

(ix) SUBLESSOR presently delivers notices to the School District under the Ground Lease as follows:

The School Board of St. Lucie County, Florida
4204 Okeechobee Road
Fort Pierce, Florida 34947
ATTENTION: Superintendent
Telephone: (772) 429-3925
Facsimile: (772) 429-3916

(x) SUBLESSOR has received no notice that an event has occurred which authorizes the School District to terminate the Ground Lease;

(xi) all information contained herein concerning the Premises or as set forth in the Exhibits attached hereto and all documents and information submitted hereunder for SUBLESSEE's review and approval are true, correct and complete.

For the purposes hereof, the term "Permitted Encumbrances" shall mean the following: (i) liens for taxes and assessments not then delinquent; (ii) the Ground Lease; (iii) existing utility, access and other easements and rights of way, restrictions and such exceptions which do not underlie the Improvements or adversely affect the present or contemplated use or occupancy of the Premises; and (iv) the "Development Order" dated _____, 2003 as approved by Resolution _____ adopted by the City/County Commission of the [Port St. Lucie/St. Lucie County, Florida], as amended prior to the date hereof, and applicable to the Premises (the "Development Plan")

Section 2. TERM. The term of this Sublease (the "Term") shall be for approximately fifteen (15) years commencing on _____, 2006 ("Commencement Date"), and ending on June 30, 2021, or such earlier date of termination as shall be agreed to in writing by the SUBLESSOR and the SUBLESSEE; provided however, that this Sublease shall be automatically renewed for additional one year periods during which the SUBLESSEE operates a developmental research charter school under a charter granted by SUBLESSOR, or for any period the School Board of St. Lucie County, Florida is in possession of the Premises pursuant to

the exercise of certain rights set forth in section 13(a) of the Ground Lease. As used herein, the expression "term hereof" or any similar expression refers to the Term, but in no event shall extend beyond the term of the Ground Lease.

Section 3. GROUND LEASE.

(a) SUBORDINATION OF SUBLEASE. This Sublease is subject and subordinate in all respects to the Ground Lease, which Ground Lease is incorporated herein by reference as if fully set forth herein. From and after the Commencement Date, SUBLESSEE agrees, to the extent applicable to the Premises, to assume and be bound by all of the covenants and agreements made by SUBLESSOR as lessee under the Ground Lease and to perform all of the duties, obligations and responsibilities of SUBLESSOR as lessee under the Ground Lease. In the event of any conflict or inconsistency between the terms, conditions or provisions of the Ground Lease and this Sublease, the terms, conditions and provisions of the Ground Lease shall prevail.

(b) SUBLESSOR'S PERFORMANCE UNDER THE GROUND LEASE. SUBLESSOR covenants and agrees that from and after the date hereof it shall comply in all respects with the requirements of the Ground Lease and shall not take any action or enter into any agreement which shall be in conflict with its obligations under this Sublease. From and after the date hereof and during the term of the Ground Lease, SUBLESSOR shall not modify, extend or in any way alter the Ground Lease, nor shall SUBLESSOR cancel or surrender the Ground Lease, or waive, excuse, condone or in any way release or discharge the School District from the obligations, covenants, conditions and agreements to be performed by the School District under the Ground Lease without SUBLESSEE's consent, which consent shall not be unreasonably withheld.

Section 4. USE OF PREMISES.

(a) Permitted Use: SUBLESSEE shall use the Premises solely for the operation of a K-8 or K-12 developmental research charter school facility and related facilities.

(b) Compliance with Rules and Regulations. Neither SUBLESSOR nor SUBLESSEE shall use or permit the Premises to be used in violation of (i) the Ground Lease, (ii) any valid present or future laws, ordinances, rules or regulations of any public or governmental authority at any time applicable thereto relating to sanitation or the public health, safety or welfare, or (iii) the Development Plan.

Section 5. RENTAL. SUBLESSEE shall pay to SUBLESSOR all of the following and for rent ("Rent"):

(a) the sum of \$ 1.00 per annum during the term hereof, which sum shall be due annually in advance on each July 1 and each calendar year anniversary thereof during the term

hereof with the initial rent payment due _____, 2006, and shall be payable or prepayable at any time not later than the due date thereof, provided, however, the SUBLESSEE shall have the right to prepay its rental obligation hereunder in full at the time of execution hereof by the payment of \$15.00 to the SUBLESSOR;

(b) general real estate taxes levied upon or assessed against the Premises;

(c) all other taxes, assessments, charges and impositions of any municipal or governmental authority which may be imposed or assessed against the Premises or the Improvements or any part thereof or any interest therein; and

(d) any sums becoming due under the Ground Lease applicable to the Premises from and after the Commencement Date.

Section 6. OWNERSHIP OF IMPROVEMENTS AND SURRENDER OF PREMISES.

(a) Ownership. SUBLESSEE shall at all times during the term of this Sublease have a valid subleasehold interest in and to the Premises, subject to the terms and conditions contained in this Sublease. Upon the expiration of the Term hereof in accordance with Section 2 hereof, or upon a valid termination for cause pursuant to the provisions of Section 13 hereof, all right, title and interest of SUBLESSEE in and to all the Premises shall thereupon revert to SUBLESSOR or its successor in interest in the Premises. SUBLESSEE shall, nonetheless, thereafter execute and deliver to SUBLESSOR such evidence of title as SUBLESSOR may reasonably request.

(b) Surrender of Premises. The Premises and Improvements shall, upon the last day of the term hereof, automatically revert to SUBLESSOR free and clear of liens and encumbrances without necessity of any act by SUBLESSEE. Upon such termination of this Sublease, SUBLESSEE shall peaceably and quietly surrender to SUBLESSOR the Premises and Improvements, and all furniture, furnishings, fixtures and equipment (except for any furniture, fixtures or other equipment not owned by SUBLESSEE or SUBLESSEE's successor in interest) located in or upon the Premises.

(c) SUBLESSEE's OBLIGATION. Contemporaneously with the expiration of the term hereof, SUBLESSEE shall immediately execute and deliver to the SUBLESSOR the following (but nothing contained herein shall in any way limit or impair the rights of SUBLESSOR in the event of a default by the SUBLESSEE):

(1) Such documents of title and other instruments as SUBLESSOR may reasonably request to enable SUBLESSOR's leasehold and possessory rights in and to the Premises to be reflected of record; and

(2) All books, records, construction plans, surveys, permits and other

documents relating to, and necessary or convenient for the operation of the Improvements in the possession of SUBLESSEE.

(d) Abandonment. Any personal property owned by SUBLESSEE which shall remain on the Premises after expiration of the term of this Sublease and for thirty (30) days after request by SUBLESSOR for removal, shall, at the option of SUBLESSOR, be deemed to have been abandoned and may be retained by SUBLESSOR and the same may be disposed of without accountability, in such manner as SUBLESSOR may see fit.

(e) Holding Over. If SUBLESSEE holds over or refuses to surrender possession of the Premises after termination of this Sublease, SUBLESSEE shall be a tenant at sufferance and shall pay a rental rate equal to the fair market value rental of the Premises as reasonably determined by SUBLESSOR, in advance.

(f) Exception for Certain Property. The provisions of Sections 6(a), (b) and (c) hereof shall not apply to vending machines or other commercial equipment or personal property located in, or about the Premises to the extent that such equipment or personal property is readily removable from the Improvements without causing material harm or damage thereto and that such equipment or personal property is not owned by the SUBLESSEE.

Section 7. SUBLESSOR'S INTEREST NOT SUBJECT TO CERTAIN LIENS.

(a) Discharging Liens. In the event a lien, claim of lien or order for the payment of money shall be imposed against SUBLESSEE'S subleasehold interest in and to the Premises or the Improvements resulting from or arising out of any act or omission of SUBLESSEE or any person claiming under, by or through SUBLESSEE, SUBLESSEE shall, within thirty (30) days after receipt of notice of the imposition of such lien, claim or order cause the same to be discharged, satisfied, canceled or released, and the Premises and the Improvements to be released therefrom, by the payment of the obligation secured thereby or by the furnishing of a bond or by any other method which may be prescribed or permitted by law. SUBLESSEE shall thereupon furnish SUBLESSOR with evidence of having done so in form satisfactory and requisite for recording in the Office of the Clerk of the Circuit Court, St. Lucie County, Florida.

(b) Bonding and Litigation. Notwithstanding the foregoing, should SUBLESSEE desire to contest the validity of any lien or claim of lien, nothing herein shall preclude SUBLESSEE from doing so, provided that SUBLESSEE shall have first either (i) posted an appropriate and sufficient bond in favor of claimant and thereby obtained the release of the Premises and the Improvements from such lien. In such event the SUBLESSEE shall indemnify and hold the SUBLESSOR, the School District and the State of Florida harmless from and against any and all claims, actions, lawsuits, costs and expenses of any kind or nature arising out of such lien or claim of lien. If judgment is obtained by the claimant of any lien, SUBLESSEE agrees to pay the same immediately after such judgment shall have become final and the time

for appeal therefrom has expired. SUBLESSEE shall, at its own expense, defend the interests of SUBLESSEE and SUBLESSOR in any and all such suits. SUBLESSOR may, at its own expense, engage its own counsel and assert its own defenses, in which event SUBLESSEE agrees to cooperate with SUBLESSOR and make available to SUBLESSOR all information and data deemed by SUBLESSOR to be necessary or desirable for such defense.

Section 8. INSURANCE.

(a) Types of Insurance. SUBLESSEE covenants and agrees with SUBLESSOR that SUBLESSEE will obtain, and maintain in full force and effect to the extent not otherwise obtained and maintained by the SUBLESSOR, the following:

(1) A policy or policies of comprehensive general liability insurance with combined single limits of not less than One Million Dollars (\$1,000,000.00) for any and all loss or liability resulting from personal injury, death or property damage arising out of, upon or in connection with the Premises, the Improvements, or any improvements or equipment thereon, or arising by reason of SUBLESSEE's occupancy of the Premises, or the operations of SUBLESSEE, its agents, employees, and contractors and subcontractors.

(2) Workers' compensation insurance and any other insurance coverage required by law.

(3) Property and Casualty Insurance insuring the Premises against loss by fire or other casualty in an amount equal to the replacement cost thereof.

(b) Insurer. Each and every policy of insurance required under this Section shall be written by an insurance company or companies licensed to do business in Florida, which company shall be reasonably acceptable to SUBLESSOR and shall name SUBLESSOR, the School District, and the State of Florida as additional insureds, as their interest may lie. A certificate evidencing these coverages shall be filed with SUBLESSOR and the School District, which certificate shall provide that written notice of cancellation or of any material change in such policy shall be delivered to SUBLESSOR at least forty-five (45) days in advance of the effective date thereof. At least ten (10) days prior to the expiration of any such policy, a certificate showing that such insurance coverage has been renewed or extended shall be furnished to SUBLESSOR. In the event such insurance is canceled or reduced, SUBLESSEE shall, within thirty (30) days after receipt of written notice of the intention to cancel or reduce such coverage, file with SUBLESSOR a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies.

(c) Lack of Insurance. In the event that SUBLESSEE shall at any time fail, refuse or neglect to obtain and pay for any insurance required under this Section, SUBLESSOR may, at its sole option, obtain and/or pay for such insurance, and SUBLESSEE shall reimburse

SUBLESSOR upon demand for the cost thereof, plus ten percent (10%) thereof (not to exceed \$500) for administrative overhead.

(d) Waiver of Subrogation. SUBLESSEE shall procure from each of the insurers under any and all policies of insurance set forth above, a waiver, in writing, at the time each such insurance policy is procured or renewed, of all rights of subrogation which each such insurer might otherwise have, if at all, against SUBLESSOR, the School District and the State of Florida.

(e) State of Florida. To the extent that any agency or instrumentality of the State of Florida using or occupying the Improvements provides either insurance or self insurance for such risks or liabilities, same shall fulfill the obligation of SUBLESSEE to provide insurance.

Section 9. CONDITION OF PREMISES, UTILITIES, CONCEALED CONDITIONS.

(a) Present Condition. Subject to paragraph (b) of Section 1 hereof, SUBLESSEE agrees to accept the Premises in their presently existing condition, "as is".

(b) Utilities. SUBLESSEE, at its sole expense, shall be responsible for payment of all charges associated with the furnishing of gas, water, electrical power, storm sewerage and sewerage, and shall arrange with the appropriate utility companies for furnishing such services and shall provide to the Improvements water service and capacity sufficient for operation, heating, ventilation and air conditioning equipment in the Improvements. SUBLESSEE shall have the right, at its own expense, to request and receive telephone and communication services from the utility companies furnishing such services subject to the customary rules and regulations of said utility companies whether the companies deliver such services directly through their own conduits or pipes, or through conduits and pipes owned by SUBLESSOR. Any construction or extension of utility facilities shall be subject to prior written approval of the School District, and shall be made without cost to SUBLESSOR.

(c) Concealed Conditions. SUBLESSOR does not accept responsibility for nor assume the risk of (i) concealed conditions below the surface of the ground encountered in the performance of the construction activity, (ii) unknown physical conditions above or below the surface of the ground, and (iii) latent defects in the Improvements.

Section 10. LIMITATION ON ASSIGNMENT AND SUBLETTING.

10.1 No Encumbrance of Fee. Subject to the terms and conditions herein provided, SUBLESSEE may not enter into a mortgage or mortgages of its interest in the leasehold estate created hereby or in the Improvements as security under any financing or refinancing pertaining to the Improvements and the School District's fee interest in the Premises shall not be encumbered.

10.2 Assignment and Subletting. Except as expressly provided in this Section 10.2 or as otherwise authorized by the Ground Lease, SUBLESSEE shall not assign this Sublease Agreement, or any portion hereof, or sublease all or any portion of the Premises without the prior written consent of SUBLESSOR. Except as expressly permitted herein, any purported assignment, partial assignment or sublease without SUBLESSOR'S prior written consent in violation of this Section 10.2 shall be null and void.

10.3 Notice. If SUBLESSEE proposes to assign, sublet or transfer any portion of its interest in this Sublease (other than as is specifically authorized in the Ground Lease), SUBLESSEE shall provide written notice in advance to the SUBLESSOR containing (i) the names and addresses of the proposed assignee(s), SUBLESSEE(s) or transferee(s); (ii) the terms and conditions of the proposed assignment, sublease or transfer; (iii) the nature and character of the business of the proposed assignee(s), SUBLESSEE(s) or transferee(s); and (iv) general financial information relating to the proposed assignee(s), SUBLESSEE(s) or transferee(s).

Section 11. TAXES AND FEES.

(a) SUBLESSEE Exempt. SUBLESSEE represents and warrants that so long as SUBLESSEE is operating a developmental research charter school under a charter from Florida Atlantic University, this Sublease and the leasehold interest created herein are exempt from ad valorem and intangible taxation. Should the Premises or any interest therein or improvement thereon ever become subject to any such taxes, SUBLESSEE agrees to pay any and all such lawful taxes, assessments or charges which at any time may be levied by any federal, state, county, city, or any tax or assessment levying body upon the Premises, or any interest in this Sublease, or any possessory right which SUBLESSEE may have in or to the Premises or the Improvements by reason of its use or occupancy thereof or otherwise.

(b) Right to Contest. Notwithstanding the foregoing provision, SUBLESSEE shall, after notifying SUBLESSOR of its intention to do so, have the right in its own name or behalf, or in the name and behalf of SUBLESSOR hereto, to contest in good faith by all appropriate proceedings the amount, applicability or validity of any such tax or assessment, and in connection with such contest SUBLESSEE may refrain from paying such tax or assessment. SUBLESSOR shall, upon request by SUBLESSEE, assist and cooperate with the other party hereto in any such proceedings at no cost to SUBLESSOR. If SUBLESSEE desires to contest such tax or assessment it must first post bond in an amount sufficient to prevent forfeiture or loss of any portion of the Premises.

(c) Reimbursement. In the event that SUBLESSEE shall fail to pay any of the items required by it of this Section 11, the SUBLESSOR may, at its sole option, pay the same and any amounts so advanced therefor by it shall become an additional obligation of the SUBLESSEE, which amounts the SUBLESSEE agrees to pay to the SUBLESSOR promptly upon demand plus

ten percent (10%) thereof (not to exceed \$500.00) for administrative overhead.

Section 12. DEFAULT BY SUBLESSEE.

(a) Events of Default. Each of the following events shall be deemed a default by SUBLESSEE hereunder and a breach of this Sublease:

(1) If SUBLESSEE shall fail to pay, when due, any rent or portion thereof within thirty (30) days after receipt of written notice to SUBLESSEE by SUBLESSOR or if SUBLESSEE shall fail to pay any taxes or assessments or portion thereof, or any other sum which SUBLESSEE is obligated to pay under the terms of this Sublease, and such taxes, assessments or other sums remain unpaid for a period of thirty (30) days after receipt of written notice to SUBLESSEE from SUBLESSOR;

(2) If SUBLESSEE shall attempt to assign this Sublease, or any portion thereof, or to sublease any portion of the Premises in violation of Section 10.2 hereof;

(3) If SUBLESSEE shall use the Premises for any purposes not permitted by this Sublease, and such use shall continue for a period of thirty (30) days after receipt of written notice to SUBLESSEE by SUBLESSOR to desist from such use; and

(4) If SUBLESSEE shall otherwise fail to comply with any material covenant or condition of this Sublease, and such failure to comply shall continue for a period of thirty (30) days after receipt of written notice thereof by SUBLESSEE from SUBLESSOR; provided, however, in the event such failure cannot, by its nature, be cured within such 30 day period, SUBLESSEE shall not be deemed in default hereunder so long as SUBLESSEE shall have commenced to cure such failure within said 30 day period and thereafter shall prosecute such cure to completion with reasonable diligence.

(b) Additional Time. In the event that any of the items of default set forth in subparagraphs (a)(3) and (a)(4) above is of such a nature that it cannot be remedied within the time limits therein set forth, then SUBLESSEE shall have such additional time as is reasonably necessary to cure such default, provided SUBLESSEE diligently commences the curing of such default within said time limits and proceeds to completely cure the same in a timely and diligent manner.

Section 13. REMEDIES OF SUBLESSOR. Upon the occurrence of any event of default as set forth in Section 12 hereof which has not been cured and is not in the process of being cured under Section 12(b) or (c) hereof, SUBLESSOR may then terminate this Sublease subject to the provisions set forth herein by written notice to SUBLESSEE and enter upon and take possession of the Premises and any improvements constructed thereon. In the event SUBLESSOR elects to avail itself of the rights and remedies contained in this Section 13, then such election by

SUBLESSOR shall entitle SUBLESSEE to assume all of SUBLESSEE's rights, title and interest in and to the Improvements, as well as all structures, fixtures and improvements on the Premises.

Section 14. NO WAIVERS. No waiver by either party hereto at any time of any of the terms, conditions, covenants or agreements of this Sublease, or noncompliance therewith, shall be deemed or taken as a waiver at any time thereafter of the same, nor of any other term, condition, covenant or agreement herein contained, nor of the strict and prompt performance thereof by the other party hereto. No delay, failure or omission of SUBLESSOR to reenter the Premises, nor by either party hereto to exercise any right, power, privilege or option arising from any default shall impair any right, power, privilege or option, or be construed to be a waiver of any such default, relinquishment thereof or acquiescence therein, and no notice by either party hereto shall be required to restore or revive time as being of the essence hereof after waiver by either party of default in one or more instances. No option, right, power, remedy or privilege of either party shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all of the rights, powers, options or remedies given to each party by this Sublease are cumulative, and no one of them shall be exclusive of the other or exclusive of any remedies provided by law.

Section 15. QUIET ENJOYMENT. SUBLESSOR agrees that SUBLESSEE, upon the payment of the rent and all other payments and charges to be paid by SUBLESSEE under the terms of this Sublease, and observing and keeping the agreements and covenants of this Sublease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Sublease subject only to the prior possessory rights of the lessees under any Existing Lease, without hindrance or molestation from SUBLESSOR or anyone claiming by, through or under SUBLESSOR.

Section 16. TERMS BINDING UPON SUCCESSORS. All the terms, conditions and covenants of this Sublease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

Section 17. CONDEMNATION.

(a) Substantial. In the event that any person or corporation, public or private, shall by virtue of eminent domain or condemnation proceedings, or by purchase in lieu thereof, at any time during the term of this Sublease acquire title to the Premises (which for the purpose of this Section only shall include not only the land hereby demised but also the Improvements and other improvements erected thereon by SUBLESSEE) or acquire title to such substantial portion thereof that SUBLESSEE cannot make use of the residue for the purposes intended by this Sublease, such acquisition of title shall terminate this Sublease, effective as of the date on which the condemning party takes possession thereof. SUBLESSOR and SUBLESSEE shall be entitled to separate awards, with SUBLESSOR entitled to the value of its leasehold interest under the Ground Lease, SUBLESSEE shall be entitled to the fair market value of its leasehold interest

including Improvements, and the School District shall be entitled to the value of the remainder interest in its fee simple interest in the lands condemned. To the extent that such award is insufficient to cover both SUBLESSOR and SUBLESSEE, SUBLESSEE shall have priority over SUBLESSOR to the extent necessary to enable SUBLESSEE to pay in full any secured debt, provided, however, that such priority shall not affect the rights of the School District or the State of Florida.

(b) Partial. Prior to completion of construction, if the condemning party acquires title to a portion of the Premises only, and SUBLESSEE can make beneficial use of the residue thereof for the purposes intended by this Sublease, then this Sublease shall continue in full force and effect and the total proceeds of condemnation shall be applied first to compensate the School District for the value of the fee simple title, if any, taken by the condemning authority, with the remainder of such proceeds being applied, secondly, toward payment of reasonable attorneys' fees and other necessary expenses incurred by the School District, the SUBLESSOR and the SUBLESSEE in connection therewith, and thirdly toward the repair or restoration of the improvements by SUBLESSEE in accordance with plans and specifications approved by SUBLESSOR which approval shall not be unreasonably withheld or delayed.

(c) Taking of Improvements. Any taking of any portion of the Improvements shall be deemed substantial hereunder.

(d) Appeals. It is understood that the foregoing provisions of this Section 17 shall not in any way restrict the right of SUBLESSOR or SUBLESSEE to appeal the award made by any court or other public agency in any condemnation proceeding.

Section 18. WASTE. SUBLESSEE shall not do, cause, allow or suffer to exist any waste or disfigurement to the Premises or the Improvements thereon or any part thereof or to any Improvements hereafter erected on the Premises.

Section 19. NON-MERGER OF LEASEHOLD. There shall be no merger of this Sublease or of the leasehold estate hereby created with the fee estate in the property described in Exhibit A attached hereto or any part thereof by reason of the fact that the same person may acquire or hold, directly or indirectly, this Sublease or leasehold estate hereby created or any interest in this Sublease or in such leasehold estate and the fee estate in the property described in Exhibit A attached hereto or any interest in such fee estate.

Section 20. MEMORANDUM OF LEASE. Unless mutually agreed to the contrary, simultaneously with the execution of this Sublease the SUBLESSOR and SUBLESSEE shall each execute, acknowledge and deliver a Memorandum of Lease with respect to this Sublease. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of this Sublease.

Section 21. [RESERVED]

Section 22. ESTOPPEL CERTIFICATES. SUBLESSOR, at any time and from time to time, upon not less than thirty (30) days' prior written notice from SUBLESSEE, will execute, acknowledge and deliver to SUBLESSEE, or to whomsoever they or any of them may direct, a certificate of SUBLESSOR certifying that this Sublease is unmodified (or, if there have been any modifications, identifying the same); that this Sublease is in full force and effect, if it is; that there

is no default hereunder (or, if so, specifying the default); and such other statements regarding this Sublease as SUBLESSEE may reasonably request. It is intended that any such certificate may be relied upon by the SUBLESSEE or any purchaser from, or assignee, or transferee of the SUBLESSEE.

Section 23. MISCELLANEOUS.

(a) Laws of Florida Govern. This Sublease shall be governed by, and be construed in accordance with, the laws of the State of Florida.

(b) Force Majeure. Except as otherwise expressly provided herein, neither party shall be responsible for any delay in their respective performances called for under this Sublease which is caused by acts of God, war, national emergency, labor strike, shortages of material, or governmental regulations or control not in effect at the time of execution hereof.

(c) Notice and Delivery. Any notice required or desired to be given hereunder, or any items required or desired to be delivered hereunder, may be served or delivered personally or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to SUBLESSOR: Florida Atlantic University
Administration Building, Room 339
777 Glades Road
Boca Raton, Florida 33431
ATTENTION: President
Telephone: (561) 297-3450
Facsimile: (561) 297-2777

If to SUBLESSEE: Treasure Coast University School
c/o Florida Atlantic University
500 NW California Boulevard
Port St. Lucie, Florida 34986
ATTENTION: Glenn Thomas, Director
Telephone: (561) _____
Facsimile: (561) _____

or such other address or party as the party to be served may direct by written notice to the other party. If such notice is sent or delivery is made by registered or certified mail, such notice or delivery shall be deemed served, made and effective 3 business days after posting.

(d) Entire Agreement. It is mutually acknowledged and agreed by the parties hereto that this Sublease contains the entire agreement between SUBLESSOR and SUBLESSEE with

respect to the subject matter of this Sublease Agreement; that there are no verbal agreements, representations, warranties or other understandings affecting the same; that SUBLESSEE, as a material part of the consideration hereof, hereby waives all claims against SUBLESSOR for rescission, damages or any other form of relief by reason of any alleged covenants, warranty, representation, agreement or understanding not contained in this Sublease; and that any change, modification, release, discharge or waiver of any provision contained herein shall be of no force, effect, or value, unless set forth in writing and signed by the party to be bound.

(e) Relationship of the Parties. Nothing herein contained shall be deemed to create a partnership or joint venture, nor shall the relationship between the parties be construed as principal and agent, or other than SUBLESSOR and SUBLESSEE.

(f) Captions. The captions of this Sublease are inserted solely for convenience of reference, and under no circumstances shall they be treated or construed as part of, or as affecting, this Sublease.

(g) Holidays Excluded. For purposes of computing any period of a number of days hereunder for notices or performance (but not for accrual of interest) Saturdays, Sundays and holidays shall be excluded.

(h) Severability. Any provision of this instrument in violation of the laws of the State of Florida shall be ineffective to the extent of such violation, without invalidating the remaining provisions of this instrument. In no event shall the SUBLESSEE or its assigns have any cause of action against the officers or employees of SUBLESSOR, or against any elected official of SUBLESSOR based upon or materially related to any finding by any court that any or all provisions of this instrument violate Florida law.

Section 24. SURVIVAL. The representations, warranties, terms and covenants of this Sublease shall survive the termination of this Sublease.

Section 25. GROUND LEASE NOTICES. From and after the date hereof, SUBLESSOR shall immediately deliver to SUBLESSEE true, correct and complete copies of any notices, demands, communications or other instruments or documents received from or given by or to the School District by SUBLESSOR pertaining to any default under the Ground Lease or in any way relating to or affecting the Ground Lease or the Premises. Nothing herein shall impose any responsibility or obligation upon the School District to communicate or otherwise deal with the SUBLESSEE, and the School District, at its sole option and discretion, may continue to communicate and deal with SUBLESSOR, in its capacity as lessee under the Ground Lease, in all matters pertaining to the Ground Lease, the Premises or the Property.

Section 26. INDEMNIFICATION. SUBLESSEE covenants and agrees that it shall defend, indemnify and hold SUBLESSOR, the School District and the State of Florida, their respective

invitees, employees, tenants, successors and assigns harmless from all loss, damage, charge, expense (including attorneys' fees and appellate attorneys' fees), claims and actions that SUBLESSOR, the School District or the State of Florida, their respective invitees, employees, tenants, successor and assigns of the SUBLESSOR, the School District or the State of Florida may suffer or sustain or be held liable for, arising out of or connected with any breach of or default under this Sublease by SUBLESSEE occurring after the later of the Commencement Date.

Section 27. DAMAGE TO THE PREMISES;HAZARDOUS SUBSTANCES. (a) SUBLESSEE shall not do, or suffer to be done, in, on or upon the Premises or as affecting said Premises or adjacent properties, any act which may result in damage or depreciation of value to the Premises or adjacent properties, or any part thereof. (b) SUBLESSEE shall not generate, store, produce, place, treat, release or discharge any contaminants, pollutants or pollution, including, but not limited to, hazardous or toxic substances, chemicals or other agents on, into, or from the Premises or any adjacent lands or waters in any manner not permitted by law. For the purposes of this Sublease, "hazardous substances" shall mean and include those elements or compounds defined in 42 USC Section 9601 or which are contained in the list of hazardous substances adopted by the United States Environmental Protection Agency (EPA) and the list of toxic pollutants designated by the United States Congress or the EPA or defined by any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance, material, pollutant or contaminant. "Pollutants" and "pollution" shall mean those products or substances defined in Chapters 376 and 403, Florida Statutes, and the rules promulgated thereunder, all as amended or updated from time to time. In the event of SUBLESSEE'S failure to comply with this paragraph, SUBLESSEE shall, at its sole cost and expense, promptly commence and diligently pursue any legally required closure, investigation, assessment, cleanup, decontamination, remediation, restoration and monitoring of (1) the Premises, and (2) all off-site ground and surface waters and lands affected by SUBLESSEE'S such failure to comply, as may be necessary to bring the Premises and affected off-site waters and lands into full compliance with all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations, orders and decrees, and to restore the damaged property to the condition existing immediately prior to the occurrence which caused the damage. SUBLESSEE'S obligations set forth in this paragraph shall survive the termination or expiration of this Sublease. Nothing herein shall relieve SUBLESSEE of any responsibility or liability prescribed by law for fines, penalties and damages levied by governmental agencies, and the cost of cleaning up any contamination caused directly or indirectly by SUBLESSEE'S activities or facilities. Upon discovery of a release of a hazardous substance or pollutant, or any other violation of local, state or federal law, ordinance, code, rule, regulation, order or decree relating to the generation, storage, production, placement, treatment, release or discharge of any contaminant, SUBLESSEE shall report such violation to all applicable governmental agencies having jurisdiction, and to SUBLESSOR, all within the reporting periods of the applicable governmental agencies.

IN WITNESS WHEREOF, SUBLESSOR and SUBLESSEE have caused this Sublease to be executed in duplicate, either of which may be considered an original, the day and year first above written.

SUBLESSOR

THE FLORIDA ATLANTIC
UNIVERSITY BOARD OF TRUSTEES

(SEAL)

Attest

BY: _____
NAME:
ITS:

_____, Secretary

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2006, by _____, as _____ of The Florida Atlantic University Board of Trustees. He is personally known to me or produced _____ as identification.

Notary Public, State of Florida (SEAL)

Print/Type Notary Name

Commission Number:

Commission Expires:

SUBLESSEE

TREASURE COAST UNIVERSITY SCHOOLS, INC.

Witness

Print/Type Witness Name

Witness

Print/Type Witness Name

BY: _____(SEAL)

Print/Type Name

Title: _____

STATE OF FLORIDA
COUNTY OF ST. LUCIE

The foregoing instrument was acknowledged before me this ____ day of _____, 2006, by _____, as _____, of Treasure Coast University Schools, Inc., on behalf of said corporation. He/she is personally known to me or produced _____ as identification.

Notary Public, State of Florida (SEAL)

Print/Type Notary Name

Commission Number:

Commission Expires:

EXHIBIT A

Legal Description of Real Property Leased Under Ground Lease

EXHIBIT B

[K-12 Developmental Research charter school and facility consisting of ___ buildings, including administrative offices and athletic field facilities.]