

Appendix P
Letter of Intent with Landlord



October 9, 2012

Mr. Barry Greenberg
Senior VP
Colliers International
Ten Penn Center
1801 Market Street, Suite 550
Philadelphia, PA 19103

Dear Barry:

This letter constitutes a **NON-BINDING LETTER OF INTENT** ("Letter of Intent") with respect to the matters set forth below. It is the intention of the parties that the terms of this Letter of Intent not under any circumstances be binding upon the parties with respect to the matters set forth herein, and that only a definitive lease containing commercially reasonable terms and conditions consistent with the matters set forth in this Letter of Intent is to be binding upon the parties.

The following are the terms and conditions under which ENG Charter School or related entity ("Tenant") would be willing to enter a lease agreement for the building and grounds ("Property") at 100 Commerce Drive, Montgomeryville, PA 18936:

Landlord:	722 Commerce Partners LP
Tenant:	Education for New Generations Charter School
Use:	A charter school operation, and other educational purposes, provided that no residential occupancy will be permitted.
Term:	Ten Years, with two Five Year options to renew

Security: Satisfactory security for Tenant's obligations to be provided to Landlord.

Rent Commencement: Upon completion Tenant's improvements, but no later than June 1, 2013.

Rent: \$12.75 per S.F. average (see attached spreadsheet), triple net, Tenant being responsible for real estate taxes, insurance, and all maintenance costs, Tenant's operating expenses, Tenant's utilities and janitorial, for the ten year term. Rates for the renewal periods to be determined. Total rent for the ten year term is \$2,091,000.00.

Access/Parking: Access roads and parking areas will be identified in the lease agreement. Portions of the existing surface parking lots shall be available for Tenant's use, based upon the needs of Tenant and requirements of local governmental authorities.

Operating Expenses: All operating expenses, including Tenant's heating, cooling, electric (utilities) and Tenant' janitorial will be Tenant's responsibility.

Improvements: Tenant will manage and perform all improvements. Tenant will be responsible for any municipal approvals necessitated by Tenant's occupancy. Landlord shall cooperate with Tenant and will provide assistance, but Landlord will not be required to expend any of its own funds.

Purchase Option: Tenant shall have the option to purchase the Property at any time prior to or during the term of the lease agreement. Tenant shall provide four (4) months' notice to Landlord of its intention to exercise the option to purchase the Property. The option purchase price for the first two (2) years of the lease term shall be \$1,900,000. The option purchase price shall increase by 1% per year after the first two years of the

lease term, based upon the aforementioned option purchase price.

Commissions: Pursuant to a separate brokerage agreement approved by Landlord.

Conditions: This letter proposal will be subject to entering a mutually acceptable lease agreement, Tenant's receipt of all necessary municipal approvals for Tenant's use and (3) a valid and binding charter.

Other Lease Terms: Typical commercial lease terms governing such matters as default and remedies, compliance with laws, insurance and indemnity, damage and destruction, environmental matters and other matters usually contained in commercial real estate leases.

Please indicate your concurrence in the understandings set forth in this Letter of Intent by signing the acceptance set forth below on both copies of this Letter of Intent that are enclosed, and please return one fully executed copy to the undersigned by no later than Wednesday, October 3, 2012.

Nothing contained however in this Letter of Intent shall be construed to bind either party to execute a lease agreement. The terms and conditions set forth in this Letter of Intent are not binding and shall not be construed to have any legal effect. Neither party will be legally bound to the other party until a definitive written lease agreement is executed and delivered by the parties.

Either party reserves the right to terminate negotiations at any time for any reason, and neither party shall have any legally binding obligations to the other unless and until the Lease is executed and delivered by both parties.

Thank you for your consideration and if you have any questions, please feel free to contact me any time.

Sincerely,

Tom

Thomas D. Tegler, Jr.

on behalf of

EDUCATION FOR NEW GENERATIONS CHARTER SCHOOL

By: Naomi Rodriguez MS, NBCT
Name: Naomi Rodriguez, MS, NBCT
Title: Co-Founder

By: Kimberly A. Sian MS
Name: Kim Sian
Title: Co-Founder

Acceptance of Letter of Intent:

722 COMMERCE PARTNERS LP

By: [Signature]
Name: MARTIN BAKER
Title: PRESIDENT, C.O.O.

ENG Charter School- Building Fit Out and Expansion

The Percheron Group

Schematic Estimate

Rev 1. 10/16/12

ESTIMATE by Phase

			Phase I	Phase II	Total
DEMOLITION/DISPOSAL		\$	27,500	12,000	39,500
CONCRETE		\$	6,800	8,500	15,300
MASONRY		\$	21,500	24,700	46,200
STRUCTURAL STEEL		\$	10,000	13,500	23,500
MISC. METALS		\$	4,500	9,500	14,000
ROUGH CARPENTRY		\$	72,000	39,800	111,800
FINISH CARPENTRY		\$	52,400	38,700	91,100
MILLWORK		\$	28,000	18,900	46,900
DAMPROOFING		\$	9,500	11,500	21,000
EIFS		\$	34,000	12,400	46,400
FIREPROOFING		\$	8,700	7,200	15,900
ROOFING		\$	43,500	9,500	53,000
SEALANTS / CAULKING		\$	7,500	2,500	10,000
DOORS, FRAMES, & HARDWARE		\$	24,650	19,500	44,150
OVERHEAD DOORS		\$	-	9,500	9,500
ALUMINUM WINDOWS		\$	28,500	9,860	38,360
GLASS & GLAZING		\$	33,450	42,500	75,950
DRYWALL ASSEMBLIES		\$	59,670	43,000	102,670
ACOUSTICAL CEILING TILE		\$	16,500	19,250	35,750
FLOORING		\$	98,000	67,000	165,000
PAINTING		\$	46,000	68,000	114,000
SPECIALTIES		\$	29,450	29,500	58,950
SPRINKLER		\$	44,000	39,600	83,600
PLUMBING		\$	67,500	84,500	152,000
HVAC		\$	68,500	37,000	105,500
ELECTRIC		\$	58,200	49,850	108,050
COMMUNICATION/ALARM/SECURITY		\$	18,450	14,350	32,800
			SUB-TOTAL	\$918,770	\$742,110
					\$1,660,880
PERMIT ALLOWANCE	1%	\$	9,188	\$7,421.10	\$0
GENERAL CONDITIONS	6%	\$	55,126	\$44,526.60	\$16,609
INSURANCE	0.50%	\$	4,594	\$3,711	\$8,304
P & P BOND	1.50%	\$	13,782	\$11,132	\$24,913
CM FEE	2.50%	\$	25,498	\$18,553	\$44,050
CONTINGENCY	5.00%	\$	45,939	\$37,106	\$83,044
			CONSTRUCTION TOTAL	\$1,091,346	\$878,908
					\$1,970,254
			SF		21,200
			\$/SF	\$	5,000
			Students		175.78
					75.20
					280
					390

		Year 1	Year 2	Year 3	Year 4	Year 5
Lease	Base Lease	\$ 209,100.00	\$ 209,100.00	\$ 209,100.00	\$ 209,100.00	\$ 213,200.00
	Amortized Improvement Cost	\$ 139,691.04	\$ 172,637.04	\$ 172,637.04	\$ 172,637.04	\$ 172,637.04
	Total Cost	\$ 348,791.04	\$ 381,737.04	\$ 381,737.04	\$ 381,737.04	\$ 385,837.04
	Census	220	260	300	340	380
	Annual Cost/Student	\$ 1,585.41	\$ 1,468.22	\$ 1,272.46	\$ 1,122.76	\$ 1,015.36

		Purchase Option				
Purchase	Cost Basis (Existing Building)	(from LOI)				\$ 1,900,000.00
	Cost Basis (Improvements)	(from Budget)				\$ 1,970,240.00
	Developer's Premium	(Improvements Only)				8% \$ 157,619.20
	Total Cost					\$ 4,027,859.20

Capital Cost/Student	\$ 10,599.63
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		Bond Refinance Facility Cost (per Student)	
Bond Finance	Rate	6.50%	
	20 Years	\$961.98	
	25 Years	\$868.97	
	30 Years	\$811.69	

Owner Information

722 COMMERCE PARTNERS LP

Mailing address
112 GORDON LN
NORTH WALES PA 19454-4278

Phone #

Property Information

Parcel # 460003E77034 Property address
Block/Unit 01B001 100 COMMERCE DR
Book/Page 5605-00034 MONTGOMERYVILLE PA 19366
Owner occupy
Lot size 109771 Acreage 2.5199
Lot # Latitude 49.231224
Lot shape Rectangular Longitude 75.224424
Front feet 225 Census tract 200605
Landuse 3925 IND:ONE STORY WHEE/AG 1
Zonocode LI

Property Taxes

Municipality
MONTGOMERY
Non-exempt
Assessment \$392,520

School \$6,763

County \$1,057

Local \$584

Total \$10,404

Utilities

All Public None

Most recent sale

Grantor YOST RICHARD Tax stamp 11850

Latest sale \$1,185,000 Date 04/28/2006
Latest sale validity Valid sale

Prev sale \$1 Date 08/27/1993