

Lease Issues at Maybrook Campus

July 31, 2017

Lowell Joint School District

Lease History

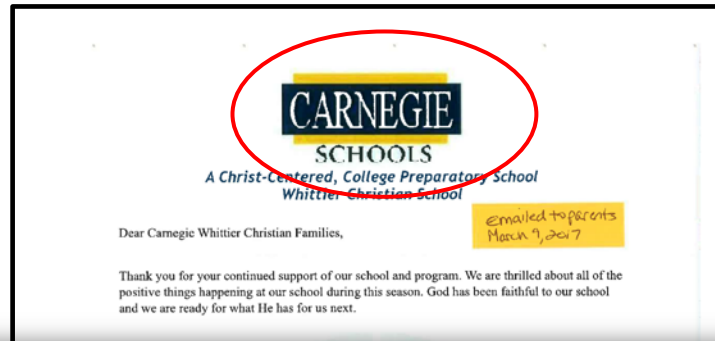
- ✓ Initial Lease with Calvary Baptist entered in 1994 for the Maybrook Elementary School site
- ✓ Former school site
- ✓ Subject to Field Act
- ✓ Higher seismic and safety standards
- ✓ Operation as Whittier Christian Elementary School

Lease Restrictions

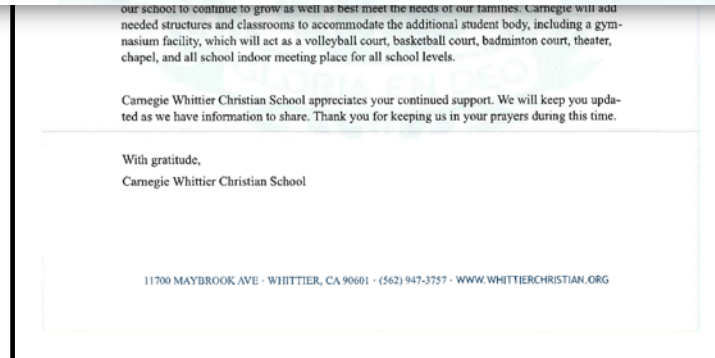
Section 1.1: Use of site is solely for the operation of Whittier Christian Schools (Preschool through Grade 6 only), including ancillary uses associated with the operation of the school, except that Lessee may allow use by the Church and for the Child Care Center.

Section 7: Lessee shall not assign, sell, encumber, hypothecate, alienate or otherwise transfer, whether directly or indirectly, voluntarily, by operation of law or otherwise, its interest in this Agreement or in the Property, or sublease all or any part of the Property, or allow any other person or entity, for more than thirty (30) consecutive days, to occupy or use all or any part of the Property, without first obtaining the District's written consent, which consent may be given or withheld in the sole and absolute discretion of the District.

Carnegie Announcement of Junior High at Maybrook



facility repairs needed at the Newlin Campus. We are therefore pleased to announce that we will be moving the Early Education and Junior/High School from the Newlin campus to the Maybrook campus for the 2017-2018 school year. Due to the amount of work needed and the exten-



Carnegie Announcement of Junior High at Maybrook



A Tradition of Excellence Since 1906

March 13, 2017

Calvary Baptist Church of Whittier

It has been brought to the attention of the District by the parents at your school that you have announced that grades 7-12 will be housed on the Maybrook campus beginning with the 2017/18 school year. The terms in the current lease with the District limit the grades on the Maybrook campus to **Preschool through Grade 6 only** (see Section 1.1 of the lease). A copy of the current lease is attached for your reference.

Respectfully,

A handwritten signature in black ink, appearing to read "Andrea Reynolds".

Andrea Reynolds
Assistant Superintendent of Administrative Services

Enclosure

cc: Ron Schultz, Secretary, Elder Board
Dr. John Ploog
Dennis Mholer

Superintendent of Schools: Jim Coombs

Board of Trustees: Darin W. Barber, William A. Hiza, Fred W. Schumbeck, Anastasia M. Shackelford, Martin F. Tourville

11019 Valley Home Avenue, Whittier, CA 90603-3098 Phone: 562-943-0211 Fax: 562-947-7874 Web: www.ljwd.org

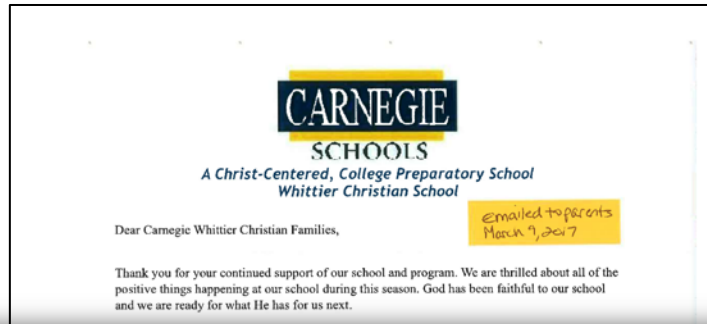
No Assurances

- ✓ This Summer the Newlin Campus is shut down for renovations
- ✓ There is a Summer Junior High Program offered
- ✓ It appears that unless the Newlin Summer Junior High program was discontinued or moved somewhere else that the Junior High program is operating at the Maybrook Campus

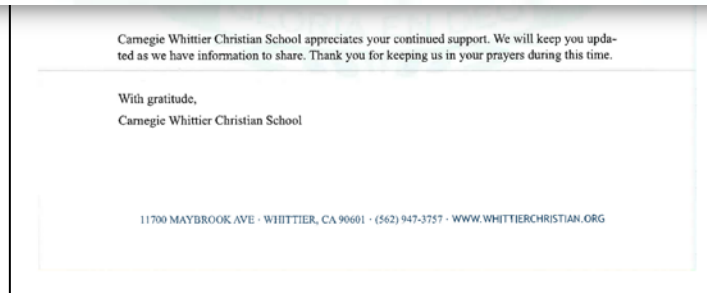
Lease Restriction Requiring Consultation

Section 4: Prior to Lessee constructing any new improvements (“New Lessee Improvements”), the Parties shall meet to discuss the cost and scope of the proposed improvements.

Announcement of Construction Without Consultation



our school to continue to grow as well as best meet the needs of our families. Carnegie will add needed structures and classrooms to accommodate the additional student body, including a gymnasium facility, which will act as a volleyball court, basketball court, badminton court, theater, chapel, and all school indoor meeting place for all school levels.



Returned Lease Payment



The enclosed check(s) has been returned to our institution unpaid. Please refer to the attached receipt (s) showing the transactions(s) has/have been reversed on your Savings/Checking/Loan account. The account has been charged a \$10.00 service charge per item.



Returned Lease Payment

1102

REASON-C
RETURN
STOP PAYMENT

CARNEGIE SCHOOLS WHITTIER
1770 MAYBROOK AVE
WHITTIER, CALIF. 90611
(562) 941-3757

OF Lowell Joint

Nineteen Thousand Eight Hundred Twenty-Two and 00/100

Signature

Breach of the Lease Due to Unpaid Rent



May 11, 2017

VIA CERTIFIED MAIL & EMAIL
RETURN RECEIPT REQUESTED

Calvary Baptist Church of Whittier
Whittier Christian Schools
6548 S. Newlin Ave.
Whittier, CA 90601
ATTN: HEAD OF SCHOOL

005632.00053
1588066.1

Re: **NOTICE OF BREACH**

Dear Head of School:

Calvary Baptist Church of Whittier (the "Church") owns certain property located at 6548 S. Newlin Ave., Whittier, CA 90601 ("Property"). Pursuant to a Lease Agreement dated September 1, 2012 ("Lease"), the Church has leased the Property to the Lowell Joint School District ("District"), pursuant to which the District received the amount of Nineteen Thousand Eight Hundred Twenty-Two Dollars (\$19,822.00) on or before April 1, 2017. The District has not received the rental payment from Calvary that, pursuant to Section 1.2 of the Lease, was due on or before April 1, 2017. Additionally, per Section 1.3(f) of the Lease, Calvary is required to provide a monthly enrollment report to the District on or before the 15th of each month. Calvary has failed to provide a monthly enrollment report since February 2017. As such, Calvary is in breach of the Lease. Lastly, the District reiterates its prior admonition that, per Section 1.1 of the Lease, Calvary is permitted to use the property solely for grades preschool through 6th grade. Offering any other grade level or housing students at any other grade level at the property will be a breach of the Lease. **This correspondence serves as the District's Notice of Breach to Calvary.**

Section 8 of the Lease, or (30) days further delay or any other delay to the District from Calvary. Please see the date of

District ("District"), pursuant to a Lease Agreement dated September 1, 2012 ("Lease"). On May 10, 2017, the District received correspondence from the Credit Union of Southern California stating that Carnegie School Whittier had stopped payment on Check #1102, dated April 13, 2017, in the amount of Nineteen Thousand Eight Hundred Twenty-Two Dollars (\$19,822.00). Thus, the District has not received the rental payment from Calvary that, pursuant to Section 1.2 of the Lease, was due on or before April 1, 2017. Additionally, per Section 1.3(f), Calvary is required to provide a

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Unpaid Rent

- ✓ Stop Payment in April
- ✓ The District issues correspondence on the stop payment
- ✓ May rent unpaid
- ✓ June rent unpaid

Notice to Pay Rent or Quit

THREE-DAY NOTICE TO PAY RENT OR QUIT

TO: CALVARY BAPTIST CHURCH OF WHITTIER, a California non-profit corporation

All subtenants, and all others in possession of the premises at:

11700 Maybrook Avenue, Whittier, CA 90604

The above named tenant(s) are hereby notified that they are required within THREE DAYS after this notice is served upon them to either:

(A) Pay the rent due for the premises, consisting of commercial property hereinafter described above, of which the above named now holds possession, amounting to the sum of:

\$39,644.00 itemized as follows:

\$19,822.00 owing for Rent for the period of May 1, 2017 to May 31, 2017

\$19,822.00 owing for Rent for the period of June 1, 2017 to June 30, 2017

-OR-

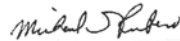
(B) To surrender and deliver up possession of said premises to the undersigned, as authorized agent for the landlord. Further, the amount demanded herein shall be deemed "estimated" pursuant to Code of Civil Procedure Section 1161.1(a). Additionally, the Landlord hereby expressly reserves any and all rights to accept partial payments and seek possession of the premises.

If the above named fail to do so, legal proceedings will be instituted against them to recover possession of said premises with TREBLE rents and such other damages as may be allowed by law.

Landlord hereby elects to declare the forfeiture of the agreement under which the above named hold possession of the premises. The grounds upon which this eviction is based is non-payment of rent.

DATED: June 14, 2017

BY:



Michael J. Rubino, Atkinson Andelson, Loya, Ruud & Romo
Authorized Agent for Lowell Joint School District, Owner/Landlord

Payment must be made payable to: Lowell Joint School District

And delivered to the authorized agent located at: 12800 Center Court Drive, Suite 300, Cerritos, CA 90703

Telephone number for the above address: (562) 653-3200

Payment may be made in person during regular business hours, Monday – Friday, 9:00 a.m. – 5:00 p.m.
Tenant shall show proof of mailing.

CALIFORNIA PENAL CODE SEC. 594 reads as follows: "Every person who maliciously injures or destroys any real or personal property not his/her own, in cases otherwise than such as are specified in this Code, is guilty of a misdemeanor."

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General Confusion

Terry T. Tao

Subject: FW: Whittier Christian Schools and Carnegie lease matters

On Wed, Mar 22, 2017 at 10:56 AM John Ploog <revploog@gmail.com> wrote:

Andrea,

My name is Pastor John Ploog. I am the lead pastor at Calvary Baptist Church of Whittier. I know you have been very helpful in all your conversations with Pastor Dennis Mohler. He is home today and asked me to connect with you requesting that our legal counsel be in touch with your counsel on the matter of the

been very helpful in all your conversations with Pastor Dennis Mohler. He is home today and asked me to connect with you requesting that our legal counsel be in touch with your counsel on the matter of the Addendum to our School Management Agreement with Carnegie. Our attorney, Mr. Rick Stempel, is handling some of our concerns from his office in Minnesota.

May I please have the necessary contact information to for Mr. Stempel to reach your legal counsel?

Andrea Reynolds

Assistant Superintendent Administrative Services

Lowell Joint School District

[562-902-4280](tel:562-902-4280)

Has the Lease been Assigned by Calvary Baptist in Violation of Article 7 of the Agreement?

Carnegie
Business Manager

On Wed, Mar 1, 2017 at 11:17 AM, Melody Batesole <melody.batesole@whittierchristian.org> wrote:

Good morning Andrea,

We do have a signed agreement that the church has signed off on the transfer for the lease - but didn't want to provide to you prior to the non-disclosure agreement...

As it stands, if we do not produce the signed agreement, after the signed non-disclosure agreement - of course, your district can refuse to move forward.

Carnegie Asserts that the Lease was Assigned to them and that they Need to Operate a Junior High at Maybrook

From Melody -
Carnegie
Business Manager

I'm writing you to follow up on our meeting and lease discussion of February 8, 2017.

Terry T. Tao

Subject:
Attachments:

----- Forwarded message
From: Melody Batesole <m
Date: Thu, Mar 16, 2017 at
Subject: Fwd: Letter to Low
To: Andrea Reynolds <arey
Cc: Kris Dreyer <kdreyer@

Dear Ms. Reynolds,

I'm writing you to follow up

When me met I explained th
concerning Whittier Christi
with Lowell Joint Schools. I
Newlin into the Maybrook s
confidentiality agreement (I supplied one to you as well) to be signed between us, out of respect to Calvary
Church. You told us that you would have your legal team look it over and would get back to us.

5 weeks have now gone
from Calvary Church st
Lowell Joint from Calv

I fear that Carnegie ma
am giving you a copy o
sign September 30, 201

You will see in the Add
discretion, assuming O
for purposes.....and or
Baptists does consent a
Management Agreeem

When me met I explained that Carnegie had a school management agreement with Calvary Baptist Church, concerning Whittier Christian School. I further explained that Carnegie had the right to negotiate the new lease with Lowell Joint Schools. We further discussed the fact that Carnegie needed to move the upper grades from Newlin into the Maybrook site. You had asked for a copy of our agreement, which I then requested a simple confidentiality agreement (I supplied one to you as well) to be signed between us, out of respect to Calvary Church. You told us that you would have your legal team look it over and would get back to us.

You will see in the Addendum, highlighted on page two, that "....and it may include Carnegie Schools, at its discretion, assuming OBLIGATIONS of Calvary Baptist, which Carnegie Schools shall determine are necessary for purposes.....and or the viability of either Calvary Baptist or Whittier Christian School and which Calvary Baptists does consent and agree to accomplish same for the purposes.....and the purposes of the School Management Agreement.

Confidentiality Agreement for a Public Entity?

NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT- CARNEGIE

This Non-Disclosure and Confidentiality Agreement ("Agreement") is made and entered into as of _____, 2017 ("Effective Date"), by and between the Lowell Joint School District, a public school district duly organized under the laws of the State of California, ("District") and Carnegie Schools LLC, a California limited liability company ("Carnegie"), individually a "Party" and collectively the "Parties." The Parties agree as follows:

On Wed, Mar 1, 2017 at 9:43 AM, Melody Batesole <melody.batesole@whittierchristian.org> wrote:

Good Morning Andrea,
Just wanted to check the status of the confidentiality agreement? We are looking to move forward with further conversations...

Thank you,

5. The District agrees to keep confidential all Confidential Information, and to protect the confidentiality thereof in the same manner it protects the confidentiality of similar information and data of its own, at all times exercising at least a reasonable degree of care in the protection of Confidential Information. The District further agrees not to disclose the Confidential Information to any employees other than those with a need to have access to it, and to instruct those employees on the need to maintain the confidentiality of the Confidential Information.
6. Notwithstanding the foregoing, the District may disclose Confidential Information pursuant to any applicable legal requirement or legal process issued by any court or any governmental authority or rules or regulations of any relevant regulatory body, including, but not limited to, the California Public Records Act (Government Code section 6250 *et seq.*). If a request under the California Public Records Act is made to view Confidential Information, or the District is required to disclose such Confidential Information pursuant to an order of a court

Non-Disclosure Agreement

NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT- CARNEGIE

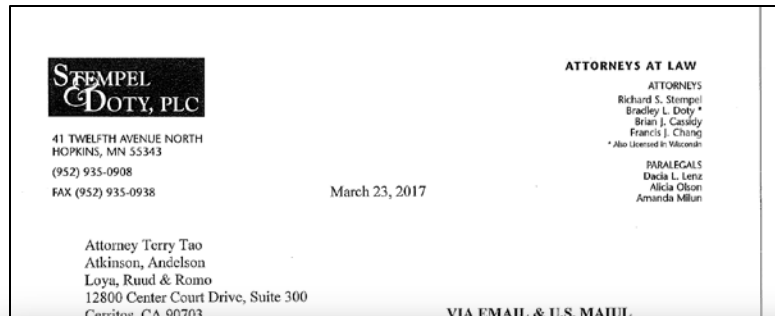
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NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT- CARNEGIE

(Confidential Information). The Confidential Information will be used by the District only for purposes of evaluating Calvary's request to assign the Lease to Carnegie ("Assignment Evaluation").

4. For purposes of this Agreement, "Confidential Information" shall mean any information disclosed by Carnegie to the District in connection with the Assignment Evaluation, which information is specifically labelled and/or marked as "Confidential." Confidential information shall not include any information, however designated, which (a) is or has become generally available in the public without breach of this Agreement by the District, (b) became known to the District prior to disclosure to the District by Carnegie, (c) was received from a third party without breach of any nondisclosure obligations to Carnegie, or (d) was developed by the District independently of any Confidential Information received from Carnegie.
5. The District agrees to keep confidential all Confidential Information, and to protect the confidentiality thereof in the same manner it protects the confidentiality of similar information and data of its own, at all times exercising at least a reasonable degree of care in the protection of Confidential Information. The District further agrees not to disclose the Confidential Information to any employees other than those with a need to have access to it, and to instruct those employees on the need to maintain the confidentiality of the Confidential Information.
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Calvary Baptist, the District's Tenant, Asserts that Carnegie does not have the Right to Represent Calvary Baptist



This is in follow up to my voicemail message which I left for you on March 22, 2017. As I indicated to you in that voicemail message, the Calvary Baptist Church Elder Board did not and does not authorize Mr. Kris Dreyer to conduct any negotiations with the Lowell Joint Schools, particularly concerning any lease for the Maybrook Campus.



Moving Forward: Lease Negotiations by September 1, 2017



May 30, 2017

VIA EMAIL AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Calvary Baptist Church of Whittier
Whittier Christian Schools
6548 S. Newlin Ave.
Whittier, CA 90601
Attn: Head of School

Re: 2017 FAIR MARKET VALUE

Dear Head of School:

Calvary Baptist Church of Whittier owns certain property located at 11111 District ("District"), pursuant to a Lease Agreement dated September 1, 2012 ("Lease"). As you are aware, the Initial Term of the Lease expires on August 31, 2017. Per Section 1.3(a) of the Lease, if the Rent paid by Calvary is in accordance with Exhibit B of the Lease and Calvary agrees to rebenchmark the Rent paid by Calvary is in accordance with the 2017 Fair Market Value ("FMV"), as defined in the Lease, the Lease will automatically extend for two (2) additional five (5) year terms.

Section 1.3(c)(ii) states that the District and Calvary shall begin efforts to reach agreement on the FMV between 180 and 90 days prior to the Benchmark Date of September 1st. Thus, this letter initiates such discussions. Any such discussions do not impact Calvary's ongoing breach of the Lease, and this correspondence should not be construed as a waiver of any of the District's rights or remedies, which are expressly reserved. Please contact me to discuss.

Respectfully,

Andrea Reynolds
Assistant Superintendent of Schools

cc: David E. Libman, Counsel
Ron Schultz, Secretary
Dr. John Ploog
Dennis Mohler
Terry T. Tao, Counsel for the District

Board of Trustees: Darin W. B...

11019 Valley Home Avenue, Whittier, CA 90601

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Next Steps

- ❑ Concerns over Lease and operation of the Maybrook Campus
- ❑ Issues with Carnegie's operation and lack of information in conformance with Lease requirements
- ❑ Concerns over the past behavior of Carnegie
- ❑ Options for the District