

## MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (the "Memorandum") entered into on the 8th day of November, 2018, by and between the Ideal Academy Public Charter School, Inc., a District of Columbia non-profit corporation and charter school operator (hereinafter referred to as IDEAL PCS) and Friendship Public Charter School, Inc., a District of Columbia non-profit corporation and charter school operator (hereinafter referred to as FPCS) shall set forth the expressed intentions of the parties related to entering into an Asset Acquisition Agreement whereby FPCS acquires the assets of IDEAL PCS and assumes operation of IDEAL PCS school.

**WHEREAS**, IDEAL PCS is a District of Columbia public charter school serving approximately 250 students in pre-Kindergarten through grade 8 (the School);

**WHEREAS**, IDEAL PCS is in the 20th year of operation and is subject to a 20-year review by the District of Columbia Public Charter School Board (PCSB);

**WHEREAS**, IDEAL PCS seeks to ensure the continuation of its legacy of providing a charter school that promotes the well-being and academic achievement of a diverse body of students by pursuing an alternative course to the 20-year review proceedings;

**WHEREAS**, to provide a path forward for its students and their families, IDEAL PCS has determined to undertake efforts to arrange for FPCS to become the successor operator for the School at the end of the SY 2018-19;

**WHEREAS**, FPCS is a multi-campus District of Columbia public charter school in good standing with 3,982 students in Pre-K through grade 12 on 13 campuses, with capacity for an additional 1,133 under its existing charter cap of 5,115 students;

**WHEREAS**, FPCS has a history of serving the same grade spans as IDEAL PCS, on multiple campuses, with four of the Friendship campuses serving these grade spans ranked as Tier 1 schools by PCSB;

**WHEREAS**, IDEAL PCS is the holder of certain real estate assets (the "Premises") used for the operation of the School and has certain loan agreements and bond requirements related to these assets and based on these agreements and requirements, IDEAL PCS has an obligation to pursue the transfer of its assets and obligations to a successor charter school operator with the successor entity assuming all of IDEAL PCS's obligations under these agreements;

**WHEREAS**, IDEAL PCS and FPCS propose, pursuant to an Asset Acquisition Agreement, that IDEAL PCS will transfer to FPCS and FPCS will agree to: (i) acquire IDEAL PCS's assets, including the school buildings, land, improvements and leases, (ii) assume certain liabilities related to the real estate assets, and (iii) operate the IDEAL PCS campus as a public charter school starting in SY2019-20, and accept those students currently enrolled with



IDEAL PCS into the school, subject to any approvals or clearances that are required from each parties' respective board of trustees, the PCSB, or other regulatory entities.

## 1. PURPOSE

1.0 The purpose of this Memorandum is to broadly outline the terms for the anticipated written final Asset Acquisition Agreement between IDEAL PCS and FPCS. It is not intended to set forth all of the essential or material terms of such an agreement.

## 2. TRANSACTION

2.01 In consideration of the foregoing and to effect a final Asset Acquisition Agreement, the parties agree to pursue the following:

2.01.01 FPCS agrees to acquire the assets of IDEAL PCS, including, primarily, approximately \$9 million in real estate assets with the final acquisition cost to be based on outstanding loans and mortgages, the receipt of appraisal documents, a third-party inspection, and subject to action by both parties and any required PCSB approval.

2.01.02 Consistent with the asset acquisition, all currently enrolled students in IDEAL PCS would be eligible to enroll in FPCS without going through a lottery. FPCS's current enrollment ceiling of 5,115 students can accommodate its existing enrollment as well as all students currently enrolled in the IDEAL PCS campus identified below.

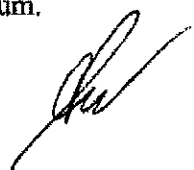
2.01.03 FPCS will operate the former IDEAL PCS school in the facility of the current IDEAL PCS campus located at 6130 North Capitol Street, N.W., Washington, D.C. 20011.

2.01.04 FPCS will assume or refinance the current mortgage, tax-exempt bonds, loan agreements and promissory notes relating to the acquisition and renovation of IDEAL PCS's real estate assets, subject to any required approval of the Bondholders United Bank and OSSE. IDEAL PCS agrees that it will make all efforts to effectuate any required approval of the Bondholders United Bank and OSSE.

2.01.05 FPCS will not assume any other liabilities of IDEAL PCS unless expressly agreed upon in the final written Asset Acquisition Agreement.

2.01.06 FPCS expressly states it will not assume any financial liability or liability of any kind arising out of or associated in any way with any past or pending claim or litigation including, but not limited to, a pending transportation lawsuit and a special education lawsuit.

2.01.07 IDEAL PCS agrees to provide to FPCS a list of all assets to be used in the valuation for the Asset Acquisition Agreement, a list of all outstanding debts, obligations or liabilities and a current financial statement and to also coordinate the FPCS inspection of the real estate assets within five (5) business days of the execution of this Memorandum.



2.01.08 IDEAL PCS agrees to take all reasonable precautions to maintain and protect its assets during the period of the signing of this Memorandum until the actual acquisition of its assets by FPCS which shall be set forth in the written final Asset Acquisition Agreement, or such time as either party provides notice in writing of their intent not to proceed in accordance with all agreements.

2.01.09 Upon PCSB approval of the parties entering into an Asset Acquisition Agreement, IDEAL PCS agrees to cease operations of its school by June 30, 2019, or the date set by the PCSB and to make every effort to effectuate a smooth transition of the operations of the School, its students and assets to FPCS.

2.01.10 Further, upon any required PCSB approval of the parties entering into an Asset Acquisition Agreement, FPCS will designate up to four representatives to be onsite at IDEAL PCS premises to support the transition. These representatives will work cooperatively and in conjunction with IDEAL PCS to ensure a smooth transition of all operations for the students and families that IDEAL PCS currently serves.

2.01.11 IDEAL PCS agrees to assist FPCS in its efforts to communicate with the students and families regarding the transition.

### **3.0 LIMITATIONS**

3.01 Except for Sections 4.0 and 6.0, this Memorandum is NOT intended to be legally binding and is NOT intended to impose legal or equitable rights or obligations on FPCS or IDEAL PCS, and will have no legal or equitable effect.

### **4.0 CONFIDENTIALITY**

4.01 Both FPCS and IDEAL PCS agree to maintain the confidentiality of contents of this Memorandum and all documents provided by IDEAL PCS except with regard to discussions with and request for any required approval by the PCSB and entities necessary to effectuate the Asset Acquisition Agreement, including, but not limited to, the Bondholders United Bank and OSSE, and all parties whose consent is required contractually or otherwise to consummate an asset purchase.

### **5.0 DURATION**

5.01 The parties agree to endeavor to obtain any required PCSB approval of the parties entering into an Asset Acquisition Agreement on or before December 21, 2018. If such approval is not obtained by December 21, 2018, this Memorandum expires (unless an extension is agreed to in writing by both IDEAL PCS and FPCS). If the PCSB does so agree, this Memorandum continues in good faith until the execution of the Asset Acquisition Agreement or until either party provides notice in writing of their intent not to proceed.

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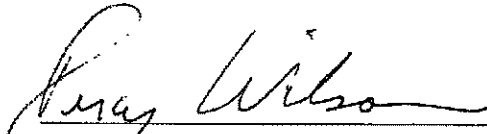
## 6.0 ADDITIONAL PROVISIONS

6.01 Any amendments to this Memorandum are strictly prohibited, unless such amendments are agreed to by both FPCS and IDEAL PCS, such agreement being in writing and signed by both parties. There shall be no oral agreements.

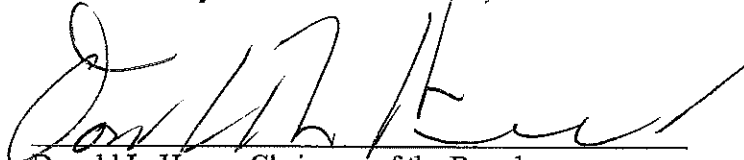
## 7.0 WAIVER

7.01 No waiver of any breach of any provision of this Memorandum shall constitute a waiver of any other prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver shall be effective unless made in writing and signed by both parties.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding as of 8th day of November 2018.



Percy Wilson, Chairman of the Board  
Ideal Academy Public Charter School, Inc.



Donald L. Hense, Chairman of the Board  
Friendship Public Charter School, Inc.