

DEHESA SCHOOL DISTRICT

To: Members of the Board

From: Bradley Johnson

**Subject: Site Acquisition and Cost-Sharing Agreement
Between Dehesa School
District and Method
Schools**

Meeting Date: October 8, 2025

- ☒ Action
- ☐ First Reading
- ☐ Information
- ☐ Presentation
- ☐ Discussion
- ☐ Public Hearing
- ☒ Roll Call Vote Required

Background:

Dehesa School District ("District") serves as the charter authorizer for Method Schools and Method Summit Academy, both operated by Method Schools Corporation ("Method"), a California nonprofit public benefit corporation. The District and Method jointly operate athletics-based educational programs ("Athletics Programs") currently located on the Dehesa School District campus at 4612 Dehesa Road, El Cajon. Due to limited campus space, the Parties desire to jointly acquire undeveloped land within District boundaries to develop athletic training and educational facilities for the benefit of District and Charter School students.

This Agreement establishes the terms under which the District and Method will cooperatively pursue the acquisition of a new site ("Site") and share associated costs.

Key provisions include:

- The District will serve as the **lead contracting agency** for acquisition and pre-construction (Phase 1) activities.
- Method will **advance 100% of acquisition and Phase 1 costs**, with reimbursement of 50% by the District upon receipt of state School Facility Program or other eligible funding.
- Both Parties will equally share ownership and cost responsibilities (50/50) for the Site and subsequent project phases.
- Phase 1 activities include appraisal, CEQA compliance, environmental and soils studies, schematic design, title and escrow, and grant eligibility submissions.
- The District will establish a **Designated Fund within the San Diego County Treasury** for management and disbursement of all funds, requiring **dual approval by both Parties** for any expenditure.
- Future agreements (Phases 2 and 3) will outline development, construction, and a long-term **99-year Lease and Joint Use Agreement** defining shared access to athletic and educational facilities.

Fiscal Impact:

Estimated total Phase 1 costs: \$1.5 – \$2.05 million, shared equally (50% each).

Method to advance funds for initial acquisition and due-diligence activities. District reimbursement contingent upon state or alternative funding awards.

Student Impact:

The project will expand opportunities for Dehesa and Method students by providing safe, modern facilities for academics and athletics, enhancing access to enrichment, physical fitness, and college-readiness programs.

Recommended Board Action:

It is recommended that the Governing Board approve the Site Acquisition and Cost-Sharing Agreement Between Dehesa School District and Method Schools

Agenda Item #: X.D

SITE ACQUISITION AND COST-SHARING AGREEMENT

(Dehesa School District / Method Schools Corporation)

This **SITE ACQUISITION AND COST-SHARING AGREEMENT** (“Agreement”) is entered into as of the Effective Date below by and between the Dehesa School District, a California public school district (“District”), and Method Schools Corporation, a California nonprofit public benefit corporation (“Method”) currently operating Method Schools and Method Summit Academy, both public charter schools (“Charter Schools”). The District and Method may be referred to in this Agreement individually as a “Party” or collectively as the “Parties.”

RECITALS

WHEREAS, the District is a public school district existing under the laws of the State of California;

WHEREAS, the District serves as the charter authorizer of the Charter Schools;

WHEREAS, Method is a California nonprofit public benefit corporation that governs and operates the Charter Schools;

WHEREAS, as the operator of the Charter Schools, Method shall be responsible for, and have all rights and benefits attributable to, the Charter Schools as further outlined herein, and whenever this Agreement obligates the Charter Schools to a particular course of action or prohibits or limits the Charter Schools from a particular course of action, Method shall also be required to fulfill such obligation and be subject to such prohibition or limitation;

WHEREAS, the Charter Schools offer a nonclassroom-based independent study program and a classroom-based educational program, respectively, along with an elite athletics training component, for students in grades transitional kindergarten (“TK”) through 12;

WHEREAS, the District also provides an independent study program with an elite athletics training component for District students in grades TK through 8;

WHEREAS, although the Charter Schools’ and the District’s respective educational programs, inclusive of the athletic training component, are separate and distinct from one another, for ease of reference, they shall be jointly and collectively referred to herein as the “Athletics Programs”;

WHEREAS, the Athletic Programs currently operate on the District’s campus, located at 4612 Dehesa Road, El Cajon, California 92019;

WHEREAS, due to the limited and insufficient facilities and open field space on the District’s campus to accommodate all students enrolled in the Athletics Programs, the Parties also contract with third-party entities to utilize outside facilities for the athletics training component only;

WHEREAS, considering the growing popularity of the Athletics Programs among families who desire to enroll their grade level-eligible students, the Parties desire to acquire additional undeveloped land within the District's boundaries to develop and construct athletic training and related educational facilities thereon for the benefit and use of students enrolled in the Athletics Programs (hereinafter referred to as the "Project") and to share the costs associated with such endeavor;

WHEREAS, the District is exploring potential real property for purchase and future development to house the Project, which currently unacquired real property shall hereinafter be referred to as the "Site"; and

WHEREAS, given the costs associated with this joint effort roof acquisition and development of a Site to house the Project, as well as the mutual educational, athletic, and other opportunities and benefits the Project would provide to the students enrolled in the District and Charter Schools alike, the Parties desire to memorialize the terms and conditions for the purchase, funding/financing, and procurement of pre-construction services and related activities to prepare the Site, if acquired, for use as an educational and training campus.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth in this Agreement and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the District and Method agree as follows:

AGREEMENT

1. **Term.** The term of this Agreement ("Term") shall begin on the Effective Date, as defined below, and shall end on upon whichever of the following occurs, except for those provisions surviving termination of this Agreement:
 - a. Except in connection with any environmental issues related to the Site, neither Party may terminate or otherwise discontinue the Site acquisition process without first meeting with the other Party to discuss the concerns and reasons for such discontinuation, and in any event, only by providing written notice no later than the day prior to the expiration of the Due Diligence Period, as defined in the Purchase and Sale Agreement between the District and the prospective seller of the Site ("PSA"). Both Parties agree to act in good faith to address any such concerns and to continue the transaction. Upon the District's issuance of such notice, or the District's receipt of Method's issuance of such notice, the District shall assemble a full accounting of all expenses the District has incurred related to the Phase 1 Activities (as defined below) to date and calculate Method's fifty percent (50%) share of such costs. The District will then refund Method the amount of all monies then deposited by Method in fulfillment of the Agreement less Method's share of the then-incurred Phase 1 costs, which the District will retain. The District will remit such repayment and include a full accounting and any applicable back up documentation for the amounts retained within thirty (30) days of the District's issuance of the notice provided for in this Section 1.a., or within 30 days of the District's issuance of the notice, or the District's receipt of such notice from Method, as applicable. Termination of this Agreement shall occur three (3) business days after Method's receipt of such repayment.

- b. Written notice by the District to Method providing that the Site acquisition process will not proceed due to a breach or failure of a closing condition within the PSA that occurs after the expiration of the Due Diligence Period and forfeiture of the Deposit (as defined in the PSA) and that was not caused by the District's negligence or misconduct. Upon the District's issuance of such notice, the District shall assemble a full accounting of all expenses the District has incurred related to the Phase 1 Activities to date and calculate Method's fifty percent (50%) share of such costs, as well as Method's fifty percent (50%) share of the Deposit. The District will then refund Method the amount of all monies then deposited by Method in fulfillment of the Agreement less Method's share of the then-incurred Phase 1 costs, and Method's fifty percent (50%) share of the Deposit, which the District will retain. The District will remit such repayment and include a full accounting and any applicable backup documentation for the amounts retained within thirty (30) days of the District's issuance of the notice provided for in this Section 1.b. Termination of this Agreement shall occur three (3) business days after Method's receipt of such repayment.
 - c. Completion of Phase 3 of the Project, as evidenced by the mutual execution of the Lease and Joint Use Agreement (as defined in Section 2 below).
 - d. Upon mutual written agreement by the Parties that both Parties wish to terminate the terms of this Agreement and that all amounts owed under this Agreement have been accounted for and reconciled in accordance with the terms and conditions specified herein.
2. **Anticipated Phasing of Site Acquisition and Project Development.** The Parties recognize that the Project will occur over multiple phases and will require the development, negotiation, and approval of additional written agreements to memorialize the terms and conditions upon which the Parties will jointly develop and improve the Site, if acquired, and enter into a ninety-nine (99) year lease and joint use arrangement, pursuant to the applicable Education Code authority ("Lease and Joint Use Agreement"), which will allow the Parties to maximize shared use of the Site for the Athletic Programs. For purposes of clarity, the general phases or milestones contemplated by the Parties are as follows:
- a. **Phase 1.** Site acquisition and related activities including, but not limited to, the following:
 - i. Design professional services (e.g., architectural services up to and including schematic design; California Department of Education ("CDE"), California Environmental Quality Act ("CEQA"), and County of San Diego approval processes).
 - ii. Soils engineering (e.g., borings, structural assessment, contaminants, etc.).

- iii. CEQA review (e.g., determination of any application exemptions or exceptions, development of environmental documents such as initial study, negative declaration, mitigated negative declaration, environmental impact report, etc.).
- iv. Application and determination of eligibility for state funding/grants under Proposition 2/School Facility Program, and/or other funding sources.
- v. Securing appraisal of Site (including fair market value assessment).
- vi. Legal services (e.g., general legal advice on Site acquisition and pre-construction processes, development and negotiation of terms and conditions of the PSA, etc.).
- vii. Consulting services (e.g., Site acquisition, grant/funding submissions, facilities development, and management support services).
- viii. Title review and coordination with title company to remove any exceptions to title insurance coverage for the Site and secure a final title insurance policy.
- ix. Preparation of escrow instructions and satisfaction of District obligations, as purchaser, that are required as part of the escrow process associated with Site acquisition.

The above non-exhaustive list of activities shall be collectively referred to herein as “Phase 1” or “Phase 1 Activities.”

- b. **Phase 2.** Joint development and improvement of the Site, including but not limited to, architectural services (post-Phase 1 schematic design), engineering services, inspector of record (“IOR”) services, Division of the State Architect (“DSA”) submissions and coordination, public bidding process for construction of facilities, legal and consulting services, and coordination of other related functions and activities through Project construction completion and closeout and approvals by all state or local enforcement agencies having jurisdiction over the Project. This design and non-exhaustive list of activities shall be developed more fully in a future written agreement which shall be agreed upon by the Parties and approved by the respective governing boards of the Parties and, for purposes of this Agreement, shall collectively be referred to herein as “Phase 2” or “Phase 2 Activities.”
- c. **Phase 3.** Development and execution/approval of the Lease and Joint Use Agreement, in which the District hereby agrees to enter into a long-term lease agreement with Method for Method’s equitable co-location, co-occupancy and co-use of the Site (inclusive of educational facilities, athletic training facilities, field space, and related appurtenances) to facilitate and implement its Charter Schools’ educational and athletics programs pursuant to the terms and conditions mutually agreed upon by the Parties. Either in the same or in a separate written legal instrument, as determined by the Parties at a future date, the District and Method

shall determine the manner in which they will jointly use the Site for the administration of the Athletic Programs. This joint use arrangement shall describe the equitable allocation of facilities on the Site, use schedules and coordination of calendars for events and activities, insurance and indemnity provisions, and other pertinent details concerning the administration of the Athletic Programs that meets the needs of both the District and Method. This Site lease and joint use agreement shall be developed and negotiated by the Parties and approved by their respective governing boards during Phase 2 or upon Project completion. For purposes of this Agreement, this lease and joint use arrangement shall be collectively referred to herein as “Phase 3” or “Phase 3 Activities.”

3. **Scope of Agreement.** This Agreement is intended to detail the respective rights and obligations of the Parties for the Site acquisition and all Phase 1 Activities. Although other phases, and the Project generally, are referenced in this Agreement for context, the Parties acknowledge, understand, and agree that future written agreements shall be developed, negotiated, executed, and approved by their respective governing boards to fund, construct and otherwise implement the Project beyond Phase I. If a Party fails to negotiate and finalize any of the agreements contemplated in this Agreement or if the governing board of a Party fails to approve a negotiated agreement, the Parties agree to meet and confer in good faith to determine a fair and equitable resolution for any costs expended on the Project to date; if such resolution cannot be made, the Parties may pursue the dispute resolution process set forth in Section 9.
4. **Site Acquisition.**
 - a. **District Obligations.** For purposes of the Site acquisition and all associated processes and procedures related to the Phase 1 Activities, the District agrees to the following:
 - i. **Appraisal.** Procure an appraisal of the Site by an MAI-designated, California-licensed appraiser in good standing, who has the sufficient background and expertise to opine on the fair market valuation of the Site at a reasonable fee.
 - ii. **Principal Contracting Agency and Lead for Site Acquisition.** Serve as the principal contracting agency and lead for the Site acquisition, including all actions to be taken as part of the escrow process and as memorialized in the PSA between the District, as purchaser, and the seller of the Site.
 - iii. **Principal Contracting Agency and Lead for Pre-Construction Activities.** Serve as the principal contracting agency and lead for the selection of contractors performing professional and specialized services including, but not limited to, architectural services (up to and including schematic design), geotechnical services, and environmental services associated with the Site acquisition and planning for pre-construction and construction activities on the Site. The District will collaborate with Method on all such pre-construction activities, including design and engineering services, for the Project, and shall incorporate Method’s design requests into the Site design.

- iv. Lead Agency Under CEQA. Serve as the lead agency under, and perform all actions necessary to ensure compliance with, CEQA.
- v. Legal Services and Advice. Utilize the legal services and advice of licensed attorney(s) possessing the background and expertise needed to facilitate a land acquisition, including, but not limited to, opening and closing of escrow; guidance on feasibility, due diligence, and tests/inspections; title review; and communications/coordination with professional consultants contracted by the District for design services, state funding eligibility analysis, and all other Phase 1 Activities.
- vi. Contracting with Consultants/Third Parties. Serve as the contracting party with all consultants or third-party contractors necessary to ensure legal compliance and to facilitate the Site acquisition process (through and including close of escrow and transfer of fee title ownership of the Site to the District) and all other Phase 1 Activities.
- vii. Zoning Requirements. Verify that the Site is properly zoned for a school site/education use. Recommend that the District's Board take action, as appropriate, to exempt the Site from applicable zoning ordinances.
- viii. Compliance with Applicable Laws/Regulations. Take all required actions to ensure compliance with federal, state, and local laws and regulations applicable to the acquisition of the Site and all other Phase 1 Activities for which the District is responsible.
- ix. Acceptance of Fee Title Ownership to Site. Accept, upon close of escrow, fee title ownership of the Site and take all required and necessary actions to effectuate the same including, but not limited to, approval, and recording of a grant deed with the San Diego County Recorder's Office.
- x. District Share of Costs. Assume responsibility for the payment of fifty percent (50%) of the total purchase price for the Site and fifty percent (50%) of the total costs associated with all other Phase 1 Activities, which payment shall be deferred until the District's receipt of an award of state funding, as set forth in Section 5.c. below, additional funds are secured, or as otherwise mutually agreed upon by the Parties.
- xi. Receipt of Advancement of Funds from Method for Phase 1 Activities. Receive and timely deposit any funds received by the District from Method into the designated District account at the San Diego County Treasury for the payment of deposit(s), the Purchase Price of the Site (less any deposits), title and escrow fees/closing costs, contractor billing invoices for work performed, and all other fees or costs associated with the Phase 1 Activities.
- xii. Fully-Executed Agreement and Wiring Instructions. Upon full execution and approval of this Agreement by the Parties, send a copy by email and U.S. mail, along with wiring instructions, to Method for deposit of the funds

specified in Section 4.a.xi into the designated account at the San Diego County Treasury.

- xiii. Fiscal Reporting. Comply with all fiscal reporting requirements under any state grant program(s) or as required by any agency or financial institution to the extent the District secures funding through alternative means for the Project.
- xiv. Phase 2 Agreement. Negotiate, in good faith, the terms of an agreement with the District that details the logistics, funding, and cost sharing for the Phase 2 Activities (“Phase 2 Agreement”). This agreement may also contain terms that address the Phase 3 Activities if so mutually agreed upon by the Parties. The Parties shall have the obligation to negotiate the Phase 2 Agreement upon completion of the Site acquisition, as evidenced by recording of the final grant deed and escrow officer’s confirmation of completion of the wiring of all funds associated with the transaction. Further, the Parties agree that this Agreement will terminate only upon the occurrence of the conditions provided in Section 1 of this Agreement and that execution of the Phase 2 Agreement will not terminate this Agreement, unless explicitly stated therein in fulfillment of Section 1.d. of this Agreement.

b. **Method Obligations.** For purposes of the Site acquisition and all associated processes and procedures related thereto as part of Phase 1, Method agrees to the following:

- i. Method Share of Costs. Assume responsibility for the payment of fifty percent (50%) of the total purchase price for the Site (including all title, escrow, and closing fees/costs) and (50%) of the total costs associated with all other Phase 1 Activities, as set forth in Section 5.a. below.
- ii. Advancement of Funds to Pay for District Share of Costs. Agree to advance funds to the District to pay for the District’s share of costs associated with the Site acquisition and other Phase 1 Activities, with repayment to occur in the manner specified in Section 5.c. below.
 - (1) Method agrees and acknowledges that the District will submit a Fund Transfer Request (as defined in Section 6.a. below) to Method for the full amount of the Purchase Price, as defined in the PSA, and other Phase 1 Activity costs associated directly with the Site acquisition, promptly upon mutual execution of the PSA and opening of escrow.
- iii. Fund Transfers. Promptly issue payment via check or wire transfer to the District in the amount set forth in the Fund Transfer Request, as defined in Section 6.b. below, within ten (10) business days of receipt of said Fund Transfer Request for the specified Phase 1 Activities.

- iv. Compliance with Applicable Laws/Regulations. Take all required actions to ensure compliance with federal, state, and local laws and regulations applicable to the acquisition of the Site and all other Phase 1 Activities for which Method is responsible.
- v. Fiscal Reporting. Comply with all fiscal reporting requirements under any state grant program(s) or as required by any agency or financial institution to the extent Method secures funding through alternative means for the Project.
- vi. Phase 2 Agreement. Negotiate, in good faith, the terms of an agreement with the District that details the logistics, funding and costs sharing for the Phase 2 Activities (“Phase 2 Agreement”). This agreement may also contain terms that address the Phase 3 Activities if so agreed upon mutually by the Parties. The Parties shall have the obligation to negotiate the Phase 2 Agreement upon completion of the Site acquisition, as evidenced by recording of the final grant deed and escrow officer’s confirmation of completion of the wiring of all funds associated with the transaction. Further, the Parties agree that this Agreement will terminate only upon the occurrence of the conditions provided in Section 1 of this Agreement and that execution of the Phase 2 Agreement will not terminate this Agreement, unless explicitly stated therein in fulfillment of Section 1.d. of this Agreement.

5. **Cost-Sharing Structure.**

- a. **Total Estimated Costs for Phase 1.** The budgeted total cost of Phase 1 Activities, including the purchase price for the Site, is estimated to be between approximately \$1,500,000.00 and \$2,048,600.00. The Parties acknowledge and agree that this figure is only an estimate and that the total costs for Phase 1 could be higher or lower depending on a variety of circumstances that, as of the Effective Date, are unknown to the Parties. A copy of the spreadsheet delineating the estimated costs for the Site acquisition and related Phase 1 Activities is included as **Exhibit A**, attached hereto and incorporated herein by reference. The Parties agree to work together cooperatively to adjust the budget, and equally share the burden of payment for any such budget increases, for Phase 1 Activities to the extent the estimated costs exceed the amounts specified in Exhibit A.
- b. **Itemization of Costs.** As the principal contracting agency and lead dedicated to facilitating the Site acquisition and the Project, the District agrees to provide Method with an itemization of costs reflecting the total costs associated with the Phase 1 Activities, and any corresponding payments, on at least a quarterly basis (i.e., every 3 months), except where an alternative time schedule is mutually agreed upon by the Parties in writing and to make reasonable efforts to keep costs within the anticipated budget without jeopardizing the planned scope of the Project. The District may pay certain costs upfront to ensure timely payment to any contractor(s) for services to the extent that the District has sufficient funds for such purpose. To

ensure that the District maintains appropriate cash flow for its general operations, Method agrees to transfer funds to the District within five (5) business days of receipt of a Fund Transfer Request, as that term is defined below. Should Method disagree with any of the costs listed in any Fund Transfer Request or the backup documentation included with the Fund Transfer Request, the Parties agree to meet and confer as soon as reasonably practicable to review the invoiced costs and any backup documentation provided by either Party. The Parties agree to work together in good faith and use their respective best efforts to resolve any disputes over costs incurred or the payment of such costs to avoid any delays in the Site acquisition and Phase 1 Activities, including the timely payment of contractors.

c. Deferral of District Payment of Share of Costs.

- i. The Parties acknowledge that the District does not currently have sufficient funding available to pay for its full share of the costs associated with the Site acquisition and Phase 1 Activities at the time such payments may become due. As described in Section 4.a. above, the District will fund or pay certain costs associated with the Site acquisition and Phase 1 Activities to the extent the District has the financial ability to cover such costs prior to seeking partial reimbursement from Method. However, Method acknowledges and represents that it has the upfront capital to pay, in full, the costs associated with the Site acquisition and Phase 1 Activities if needed.
- ii. As of the Effective Date of this Agreement, the District is actively in the process of determining the scope of its eligibility for Proposition 2 funding for both the Site acquisition and new construction grants under the state's School Facility Program administered by the Office of Public School Construction ("OPSC"). The District intends to submit applications for eligibility and funding to OPSC to secure state matching funds to cover fifty percent (50%) of the costs associated with the Project, with the other fifty percent (50%) representing the local matching shares. However, the District cannot yet confirm the timing of the approval of its applications or the award and release of state apportionment funds. To avoid any delays in the Site acquisition and Phase 1 Activities, Method agrees to pay for any and all costs associated with the Project (including Site acquisition and Phase 1 Activities) with the understanding that the District's reimbursement of its share of the costs to Method is contingent upon its determination of eligibility for one or more state grants under the School Facility Program and corresponding receipt of state apportionment funding, or its access to alternative funding sources. Should the District be unable to secure the funding from the School Facility Program, the District remains committed to obtaining its share of the necessary funding by other means (e.g., through issuance of certificates of participation, proposing a local bond measure, use of available general funds, etc.). The Parties further understand and agree that any amounts awarded as "state match" funds secured by the District

under Proposition 2 shall be credited toward the District's fifty percent (50%) contribution of the Project costs. Method remains fully responsible for its fifty percent (50%) share of the Project costs.

- d. **Cost Underruns.** The Parties agree that should circumstances arise which result in a decrease in the costs for the Site Acquisition and/or other Phase 1 Activities, resulting in a surplus of Earmarked Funds (as defined in Section 6.a.) for the Project ("Cost Underruns"), such Cost Underruns shall remain in the Designated Fund (also as defined in Section 6.a.) to be used toward the Phase 2 Activities. Any Earmarked Funds remaining after Project completion and closeout shall be distributed in proportion to the Parties' respective contributions to the Project following a full accounting to be performed by the District and/or its auditor. The Parties may mutually agree in writing to another distribution methodology for any such remaining Earmarked Funds at their discretion.
- e. **Cost Overruns.** The Parties agree that should circumstances arise which result in an excess of costs beyond the maximum range of costs detailed in Exhibit A ("Cost Overruns"), the Parties agree to meet in good faith to determine how such Cost Overruns will be handled, including whether there should be a change or reduction in scope for the Phase 1 Activities. The District will keep Method apprised of any potential Cost Overruns as part of its monthly reports and periodic meetings.

6. **Procedures for Transfer and Deposit of Funds into San Diego County Treasury Account.**

- a. **Establishment of Designated Fund with San Diego County Treasury.**
 - i. The Parties acknowledge that for purposes of depositing, managing, and disbursing funds designated for the Site acquisition and Phase 1 Activities (hereinafter referred to as the "Earmarked Funds"), the District shall establish a designated account within the San Diego County Treasury ("Designated Fund"). The Designated Fund shall be used exclusively for the deposit, management, and disbursement of Earmarked Funds received from Method in accordance with this Agreement.
 - ii. The District and Method shall jointly coordinate to complete all required documentation, signatures, and approvals necessary to establish the Designated Fund with the San Diego County Treasurer's Office. Each Party shall cooperate in good faith and provide all documentation and any certifications requested by the San Diego County Treasurer's Office in a timely manner to ensure that the Designated Fund is activated and available for use in advance of the first anticipated invoice or disbursement.
 - iii. Once established, the Designated Fund shall be used solely to support payment obligations and eligible costs associated with the Site acquisition and all approved Phase 1 Activities.
- b. **Written Request for Funds.** The District will send to Method a written request for a transfer of Earmarked Funds for one or more Phase 1 Activities including the

Purchase Price for the Site, which shall be in the format provided in **Exhibit B**, attached hereto and incorporated herein by reference, and shall include all required content specified therein to substantiate the amount of, and purpose for, the requested fund transfer (“Fund Transfer Request”). The District shall issue a Fund Transfer Request for prior expenditures made by the District for Phase 1 Activities agreed upon by the Parties, as well as prospective expenditures for Phase 1 Activities, including the Purchase Price for the Site.

- c. **Deposit Process.** Within ten (10) calendar days of Method’s receipt of the District’s Fund Transfer Request, Method shall provide the District with the Earmarked Funds representing the total sum included in the Fund Transfer Request in the form of a check or wire transfer. The District will process and issue to Method a cash receipt for the amount of the Earmarked Funds to be deposited. The Earmarked Funds will be included in the District’s next scheduled wire transfer for deposit with the San Diego County Treasurer. Such funds shall be held in the name of the District, and the District will notify Method in writing once the funds have been deposited and registered to the Designated Fund. Any and all interest accrued on the Earmarked Funds shall be credited to the earmarked uses for these monies in the Fund, for use toward the Phase 1 Activities, except as provided in Section 5.d. above concerning cost underruns. The Parties agree that the District shall have no obligation whatsoever to maximize the interest earned on the Earmarked Funds deposited by Method. The District agrees to only withdraw from the Earmarked Funds, in the amount listed, and for the purpose set out in, the Fund Transfer Request, unless otherwise mutually agreed upon by the Parties in writing. Approvals for all withdrawals and payments of any portion of the Earmarked Funds will be assigned to both the District and Method via an established process in the District’s financial management system, as set forth in Section 6.d below, and approval by both the District and Method will be required prior to the expenditure of any such funds, except for those expenditures that have already been made by the District in furtherance of the Site acquisition and Phase 1 Activities that were previously agreed upon by the Parties.
- d. **Invoice and Expense Processing Procedures.**
 - i. All invoices or payment requests related to the Site acquisition and Phase 1 Activities shall be reviewed and approved by both the District and Method prior to payment. This dual-approval process shall be conducted through PeopleSoft or any successor platform approved by the Parties.
 - ii. Upon receipt of an invoice, the District shall initiate the routing process within PeopleSoft and submit the invoice to Method for review and electronic approval. Method shall approve or reject the invoice within five (5) business days of receipt. If Method does not respond within the five-day period, the District shall provide a follow-up written notice. Failure to respond within an additional five (5) business days shall be deemed an approval unless otherwise agreed by the Parties in writing.

- iii. The District shall be responsible for processing all approved invoices, issuing payment checks from the Designated Fund, and mailing or delivering checks to the appropriate payees. The District shall maintain detailed payment records, including the invoice number, payee, purpose, and payment date, and make these records available to Method upon request.
 - iv. In the event of any dispute regarding an invoice, the District and Method shall meet and confer in good faith to resolve the matter. No disputed invoice shall be paid until such resolution has been achieved in writing by both Parties.
 - e. **Written Accounting of Activity.** Upon written request, the District will provide Method with a written accounting of all activity related to the Earmarked Funds, including all deposits, withdrawals, and totals, within five (5) business days of Method's written request.
 - f. **Earmarked Funds Remaining Following Completion of Phase 1 Activities.** Any Earmarked Funds remaining in the Fund following completion of Phase 1 shall be available for withdrawal and use during Phase 2; provided, however, that the District shall provide Method with advance written notice and obtain Method's written approval to withdraw and use all or a portion of the remaining Earmarked Funds for Phase 2 Activities. The District shall ensure that any unused Earmarked Funds deposited during Phase 1 and expended for Phase 2 shall be used in accordance with applicable law and regulations and appropriately documented for auditing and other purposes.
7. **Compliance with Law.** The Parties shall comply with all federal, state, and local laws, rules and regulations governing the Site acquisition and construction of the Project (including all associated phases), including, but not limited to, compliance with state agency requirements, labor laws, and environmental regulations.
8. **Access to Records.** During the Term of this Agreement, Method shall have access, upon reasonable notice, during normal business hours, to any books, documents, accounting records, papers, Project correspondence, Project files, scheduling information, and other relevant records of the District in connection with the Project. Such access shall include the right to examine and audit such records, and to make excerpts, transcriptions, electronic file transfers, and photocopies at Method's cost.
9. **Resolution of Disputes.**
- a. **Meet and Confer.** In the event of a claim, dispute, or other matter in controversy between the District and Method concerning or related to this Agreement ("Dispute"), designated representatives of the Parties shall meet as soon as possible (but not later than ten (10) business days after receipt of written notice of the Dispute) in a good faith effort to negotiate a resolution of the Dispute. Each Party shall be represented in such negotiations by an authorized representative with full

knowledge of the details of the Dispute or defenses being asserted and with authority to resolve such Dispute, subject to approval of the Party's governing board.

- b. **Mediation.** If the Dispute remains unresolved after the meet and confer, it shall be submitted for resolution to a neutral third party mediator. The costs of the mediator shall be split equally between the Parties, and any mediation must be completed with ninety (90) calendar days after either Party initiates mediation. If the mediation does not resolve the Dispute, the Parties may pursue any other remedy available at law or in equity. In addition, either party may initiate litigation to request injunctive or temporary relief pending mediation.

10. **Indemnification.**

- a. **District's Indemnification of Method.** The District shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless Method, including its Board of Directors, officers, administrators, employees, attorneys, agents, representatives, successors, and assigns (collectively, the "Indemnified Parties") from and against any and all actions, suits, claims, demands, losses, costs, penalties, obligations, errors, omissions, or liabilities, including legal costs, attorneys' fees, and expert witness fees, whether or not suit is actually filed, and/or any judgment rendered against the Indemnified Parties that may be asserted or claimed by any person, firm, or entity arising out of, or in connection with, the District's performance of, or failure to perform, its obligations under this Agreement, or any acts, errors, negligence, omissions, or intentional acts by the District, its Board members, administrators, employees, agents, representatives, successors, or assigns. This indemnity and hold harmless provision shall exclude claims, demands, actions, suits, losses, liability expenses, attorneys' fees, and costs caused by any intentional acts of Method, including its Board of Directors officers, administrators, employees, attorneys, agents, representatives, successors, or assigns. This indemnification clause shall survive termination of this Agreement.
- b. **Method's Indemnification of District.** Method shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless the District, including its Board members, officers, directors, employees, attorneys, agents, representatives, successors and assigns (collectively, the "Indemnified Parties") from and against any and all actions, suits, claims, demands, losses, costs, penalties, obligations, errors, omissions, or liabilities, including legal costs, attorneys' fees, and expert witness fees, whether or not suit is actually filed, and/or any judgment rendered against the Indemnified Parties that may be asserted or claimed by any person, firm, or entity arising out of, or in connection with, Method's performance of, or failure to perform, its obligations under this Agreement, or any acts, errors, negligence, omissions, or intentional acts by Method, its Board of Directors, administrators, employees, agents, representatives, successors, or assigns. This indemnity and hold harmless provision shall exclude claims, demands, actions, suits, losses, liability expenses, attorneys' fees, and costs caused by any intentional acts of the District, including its Board members, officers, administrators, employees, attorneys,

agents, representatives, successors, or assigns. This indemnification clause shall survive termination of this Agreement.

11. **Amendment.** This Agreement may be amended only by the mutual agreement of the Parties hereto or as necessary to meet the requirements of state or federal law. Any such amendment shall be effective only if in writing, executed by the Parties, and approved by their respective governing boards.

12. **General Provisions**

- a. **Non-Assignment.** Neither Party shall assign its rights, duties, or privileges under this Agreement, nor shall either party attempt to confer any of its rights, duties or privileges under this Agreement on any third party, without the written consent of the other Party.
- b. **Waiver.** The waiver by either Party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, condition, or any subsequent breach of the same or any other term, covenant, or condition herein contained.
- c. **Entire Agreement.** This Agreement contains the entire agreement of the Parties with respect to the matters covered herein and supersedes any oral or written understanding or agreements between the Parties with respect to the subject matter of this Agreement. No person or Party is authorized to make any representations or warranties except as set forth herein, and no agreement, statement, representation, or promise by any Party which is not contained herein shall be valid or binding. The undersigned acknowledges that she/he has not relied upon any warranties, representations, statements, or promises by any of the Parties herein or any of their agents or consultants except as may be expressly set forth in this Agreement. The Parties further recognize that this Agreement shall only be modified in writing and by the mutual agreement of the Parties.
- d. **Severability.** If any provision or part of this Agreement is for any reason held to be invalid and/or unenforceable or contrary to public policy, law or statute and/or ordinance, the remainder of this Agreement shall not be affected thereby and shall remain valid and fully enforceable.
- e. **Recitals.** The Parties agree that the recitals set forth above are true and are incorporated as essential terms of this Agreement.
- f. **Headings.** The headings contained in this Agreement are for convenience only and shall not in any way affect the meaning or interpretation hereof nor serve as evidence of the interpretation hereof, or of the intention of the Parties hereto.
- g. **Time.** Time is of the essence in this Agreement for each and every term, provision, and condition for which time is a factor.

- h. Governing Law. This Agreement shall be interpreted under the laws of the State of California. Any litigation filed by the Parties regarding this Agreement shall be filed and heard in a court of competent jurisdiction for the County of San Diego, State of California.
- i. No Third Party Benefit. This Agreement is by and between the Parties named herein, and unless expressly provided in the foregoing provisions no third party shall be benefited hereby. This Agreement may not be enforced by anyone other than a Party hereto or a successor to such Party who has acquired his/her/its interest in a way permitted by the above provisions.
- j. Counterparts. This Agreement may be signed in counterparts such that the signatures may appear on separate signature pages. Facsimile or photocopy signatures shall have the same force and effect as original signatures.
- k. Notification. All notices, requests, and other communications under this Agreement shall be in writing and sent electronically and by U.S. mail to the proper address as follows:
- To the District at: Bradley Johnson, Superintendent
Dehesa School District
4612 Dehesa Road
El Cajon, CA 92019
Email: bradley.johnson@dehesasd.net
- To the Method at: Jessica Spallino, CEO
Method Schools
24620 Jefferson Ave.
Murrieta, CA 92562
Email: jessica@methodschoools.org
- l. Effective Date. The Effective Date of this Agreement shall be the last date on which it is fully executed by the Parties and approved by the respective governing boards of the Parties.
- m. Signatures. The Parties acknowledge that each of the undersigned has the power and authority to enter into a binding contract on behalf of the Party so noted below.

[signatures on the following page]

IN WITNESS WHEREOF, this Agreement has been approved and executed by the Parties hereto as follows:

DEHESA SCHOOL DISTRICT,

a public school district organized and existing under the laws of the State of California

By: 
Name: Bradley Johnson
Title: Superintendent
Date: 10/8/26

Date of Governing Board Approval: October 8, 2026

METHOD SCHOOLS CORPORATION,

a California nonprofit public benefit corporation operating Method Schools and Method K-12 Sports Academy, both California public charter schools

By: _____
Name: _____
Title: _____
Date: _____

Date of Board of Directors Approval: _____

EXHIBIT A

Budget of Estimated Costs for Phase 1

Dehesa School District				
DMSA School Site Acquisition				
	Consultant Activity*	Deliverable	Budget Low	Budget High
1	Design Professional	Architectural Services through Schematic Design and CEQA/CDE/County of SD Approval Processes	\$100,000	\$350,000
2	Soils Engineering	Borings, Structural Assessment, Contaminants, etc	\$50,000	\$200,000
3	CEQA	Exemptions, Negative Declaration, Full EIR	\$200,000	\$250,000
4	State Funding	Eligibility	\$10,000	\$15,000
5	Appraisal	Fair Market Value Assessment**	\$6,000	\$10,000
6	Legal	Purchase Sale Agreement, Terms and Conditions	\$30,000	\$60,000
7	Consultant	Site Acquisition/Facilities Support Services	\$24,000	\$33,600
8	Title/Escrow Fees	Title Insurance and Escrow Fee	\$20,000	\$30,000
9	Agency Fees	CDE, DTSC, County of San Diego - if applicable***	\$10,000	\$50,000
		Sub Total:	\$450,000	\$998,600
	<i>*Appraisal Price of Land = \$1,050,000</i>		\$1,050,000	\$1,050,000
		Total:	\$1,500,000	\$2,048,600
	<i>* RFQ/P Processes may be required</i>			
	<i>** \$2-5K Updates - Completed within 6 Months of Close of Escrow</i>			
	<i>*** Varies by Project Size and Complexity</i>			

EXHIBIT B

Fund Transfer Request Form

The Dehesa School District hereby requests the transfer of funds, either by check or wire transfer, from Method Schools in the total amount specified below to pay for the below-designated costs associated with Phase 1 of the Project. Please remit payment to the District within five (5) business days of receipt of this Fund Transfer Request Form.

Phase 1 Activity	Requested Dollar Amount of Funds for Transfer	Purpose of Phase 1 Activity	Backup Documentation Included (e.g., contractor invoice)? Yes / No
TOTAL DOLLAR AMOUNT OF FUNDS FOR TRANSFER:			

Date of Fund Transfer Request: _____

Signed:

Name

Title