

March 15, 2013

via e-mail to:

Kathleen Padian,
Chairman, Board of Trustees
Educational Properties, Inc.

Re: Proposal to assist Educational Properties, Inc. to acquire and improve the real property located at 1030 Van Slyke Avenue and 1031 Como Avenue, Saint Paul, Minnesota for a charter school facility, built-to-suit, for Lease to the Twin Cities German Immersion School.

Dear Educational Properties, Inc. Board of Directors,

This will constitute the proposal of TenSquare, LLC ("TenSquare") to Educational Properties, Inc. ("Educational Properties") to acquire and improve the Property for a build-to-suit Lease to the Twin Cities German Immersion School. We believe TenSquare is well suited, perhaps uniquely so, to provide such services to Educational Properties and we would very much like to work with you and your organization.

This proposal outlines the terms under which TenSquare will assist Educational Properties to acquire and improve the real property located at 1030 Van Slyke Avenue and 1031 Como Avenue, Saint Paul, Minnesota ("Property") for Lease to the Twin Cities German Immersion School ("Project").

As charter school specialists, we will be able to help you to professionally and expeditiously develop your project. We can help manage the interactions between the programmatic needs of Twin Cities German Immersion School, the need to obtain financing for the facility, the limitations imposed by the available budget and space constraints, and other development issues as they may arise.

Thank you for this opportunity to present this Proposal and we would be happy to answer any questions or discuss this Proposal at any time.

Sincerely,

A handwritten signature in blue ink, appearing to read "Karl Jentoft". The signature is stylized and somewhat cursive.

Karl Jentoft
Principal

PROJECT STRUCTURE SUMMARY

For the Project, TenSquare will assist Educational Properties to acquire and improve the real property located at 1030 Van Slyke Avenue and 1031 Como Avenue, Saint Paul, Minnesota ("Property") for Lease to the Twin Cities German Immersion School ("Project"). TenSquare will work for Educational Properties as its owner's representative and developer to oversee and manage the entire project under an executed Development Services Agreement.

The Property consists of both 1031 Como Avenue with a 17,496 square foot building and 1030 Van Slyke Avenue with a 28,990 square foot building. The Property acquisition and improvement costs are estimated at Seven Million, Three Hundred Eleven Thousand One Hundred and Two Dollars (\$7,311,102).

The proposed acquisition will be financed with Section 501 (c) (3) tax exempt bonds using the Saint Paul Housing Finance Authority as the conduit issuer and Piper Jaffray and Company as the underwriter.

In this transaction, Educational Properties will serve as the Borrower and Landlord through a wholly owned, single purpose limited liability company (the "LLC"). The LLC will be established with the flexibility to be acquired, with all of its assets and liabilities, by an approved affiliated building corporation to be established by the Twin Cities German Immersion School. The Borrower will provide an opinion of counsel that the Borrower it is not an affiliated building corporation of the Lessee under Minnesota statutes and qualifies as a 501(c) (3) tax exempt entity for federal tax purposes.

The Borrower will have secured a long-term lease (the "Lease") with the charter school being financed that matches the term of the proposed financing (30 years). The Lease will be a triple net lease that is structured to maximize Lease Aid (\$1,333/WPU) and cover, at minimum, required deposits under the indenture for debt service, related expenses, reserves and any management fees. Any Management Services Agreement fees will be subordinate to debt service.

SCOPE OF WORK

TenSquare proposes a Scope of Work for Educational Properties working with its proposed Lessee, the Twin Cities German Immersion School:

1. Negotiate Leases and/or Purchase and Sale Agreements -- review, negotiate and complete the execution of any Leases, Subleases, or Agreements of Purchase and Sale as needed.
2. Establish and execute a plan to gather due diligence information for the property (Phase 1 Environmental Study, title, survey, review of Seller documents, tests and studies, etc.)
3. Assess the due diligence materials and determine the impact, in any, on the project.
4. Assist in establishing a wholly owned, single purpose LLC that will own the property.
5. Research & study various available financing options for financing including:

818 Connecticut Avenue, NW -Suite 1009
Washington, DC 20006

Office Phones: 202.496.3450 (Joshua Kern) 202.496.3479 (Jerry Levine)
202.328.0760 (Karl Jentoft) 202.258.2362 (Katie Herman)

- a. Tax Exempt Bond Financing
 - b. Bank Qualified Bond Financing
 - c. Conventional and/or Agency Debt
 - d. New Market Tax Credits
6. Produce an initial financial analysis of selected alternatives including a draft development budget and pro forma
 7. Produce a draft development/asset management plan with options based on market study, Educational Properties' goals and priorities, Twin Cities German Immersion School's goals and priorities, and initial financial analysis; establish viable financing options based on desired/achievable Financing Terms. Prepare an Underwriting Timeline, Estimate of Capital Improvement Expenditures, Development Timeline, Occupancy Schedule and outline appropriate steps needed to undertake financing.
 8. Secure additional resources for asset management/redevelopment and negotiate best possible deals with capital sources.
 9. Negotiate best possible arrangements with capital sources.
 10. Identify, assess, and select the development team for the development of the property.
 11. Conduct outreach and interface with the relevant government agencies.
 12. Manage the entitlement process for the project, coordinating with the architect and relevant subcontractors to ensure the proper permits are obtained in a timely fashion.
 13. Develop construction schedule and construction budget; track project performance goals and review expenditures.
 14. Act as "Owner's Representative" during the entire acquisition, financing and development phases of the Project/Real Estate, during negotiations with capital sources and on behalf of the Owner as requested by Owner with all governmental agencies and departments.
 15. Assist the Owner in the management of the development process for the Project/Real Estate, including coordination with any architects, engineers, third party professionals, general contractors, or subcontractors/material suppliers.
 16. Act as "Owner's Representative" with any general contractor to help develop construction schedule and construction budget, and to manage Project performance through to completion.
 17. Manage the building occupancy process including the punch list, delivery of the building, system training, and identifying and tracking warranty items.
 18. Provide professional legal services, if needed, in relation to all of the forgoing development services.

PROPOSED PROJECT TEAM

Project Lead - Karl Jentoft will be the project lead on this project. He will be the primary point of contact on the project for Twin Cities German Immersion School and will ensure that all aspects of the Scope of Work are completed in a timely fashion. Karl will ensure the Twin Cities German Immersion School is satisfied with the quality of service delivered by TenSquare.

Project Support - Jerry Levine will provide assistance on the due diligence and property assessment, structuring of the financing and with all lease negotiations. Josh Kern will provide

818 Connecticut Avenue, NW -Suite 1009
Washington, DC 20006
Office Phones: 202.496.3450 (Joshua Kern) 202.496.3479 (Jerry Levine)
202.328.0760 (Karl Jentoft) 202.258.2362 (Katie Herman)

general backup for Karl Jentoft and will assist on the feasibility analysis and school design. Kate will provide assistance on issues relating to the interaction of the educational program and the facilities.

Legal Services - Contracted legal services may be provided by Jerry Levine, the General Counsel of TenSquare.

STATEMENT OF QUALIFICATIONS AND DESCRIPTION OF RELEVANT EXPERIENCE

TenSquare is a District of Columbia limited liability company specializing in providing charter school services and advice by its principals, Joshua Kern, Jerry Levine, Karl Jentoft and Katie Herman. It combines the specific and extensive experience and skills of its principals in several important and growing areas -- educational consulting, with an expertise in charter school strategic planning, organizational assessment and restructuring, executive recruitment, and governance¹, and facilities acquisition, financing, development and management. The company also provides legal services to and for its clients in relation to all of the foregoing, including real estate law, development/construction, financing, nonprofit organizational governance, and corporate restructuring.

TenSquare has been successfully providing the highest quality of consulting and advisory educational services to charter schools as an organization for the last two and one-half years. In addition, the principals of TenSquare, Joshua Kern, Jerry Levine, Karl Jentoft and Katie Herman, have been working with charter schools individually for many years in the District of Columbia, as well as in other jurisdictions in the nation, in connection with various aspects of school programs, operations, facilities planning, acquisition, construction management, and general nonprofit organizational achievement. Our Representative Experience information (with References) (attached) describes in greater detail the depth of our experience with charter school facilities, development, financing and management.

TenSquare is a District of Columbia Certified Business Enterprise (CBE) as a Small Business, Local Business and Resident-Owned Business. TenSquare is also a licensed General Contractor for Construction Management in the District of Columbia. Our firm currently represents several public charter schools with respect to their facilities acquisition efforts, as well in connection with educational, recruitment, strategic planning and other needs.

The TenSquare Team

Karl Jentoft is an experienced real estate developer with prior experience in banking and education. He has developed school buildings, affordable housing, and mixed use developments. Prior to joining TenSquare, Karl worked for two years as the Vice President for Corporate Development at Charter Schools Development Corporation. At Charter Schools Development Corporation, Karl developed charter school properties across the country and established a new real estate consulting business. Karl has developed 14 charter school facility projects, working with schools in 4 states and the District of Columbia. Karl's projects have comprised over \$60 Million and 350,000 square feet of development work.

In his 12 years of educational work, Karl helped create Capital City Public Charter School in Washington, DC and served for seven years as the Board Treasurer, he was appointed to the

818 Connecticut Avenue, NW -Suite 1009
 Washington, DC 20006
 Office Phones: 202.496.3450 (Joshua Kern) 202.496.3479 (Jerry Levine)
 202.328.0760 (Karl Jentoft) 202.258.2362 (Katie Herman)

DC State Education Office Credit Enhancement Committee which oversaw the disbursement of public funds for direct loans and credit enhancements for charter school facility projects, and he was appointed to the DC Public Charter School Board which authorizes all DC public charter schools and provides oversight to 60 schools on 92 campuses. Mr. Jentoft currently serves on the Board of Trustees for the Friends of Choice in Urban Schools.

Before becoming a real estate developer, Karl held senior management positions in finance and banking firms throughout his career. Karl spent two years as Director at Octopus Investments in London, England and ten years in banking as an executive at Capital One. As President of Capital One, Services (Canada) and Director of New Business Development at Capital One Services, Inc. Karl ran Capital One's Canadian business and managed teams in the creation of new businesses in the United States. Formerly with McKinsey & Co and an Intelligence Officer in the U.S. Air Force, Mr. Jentoft has experience in all aspects of building and running a business including strategy development, marketing, contract negotiation, risk analysis, establishing operations, and recruiting and developing business teams.

Karl holds a BS in Economics and International Affairs from the United States Air Force Academy and a Masters of Public Management from the University of Maryland.

Joshua M. Kern has been the Managing Member of TenSquare, LLC since its inception. Based in Washington, DC, TenSquare is a national educational advisory services firm specializing in helping schools improve performance, acquire and finance sites and facilities, and achieve overall educational and growth objectives. Prior to founding TenSquare, Mr. Kern was the Co-Founder, President & Chief Executive Officer of Thurgood Marshall Academy Public Charter High School (TMA) in the Anacostia neighborhood of D.C. Mr. Kern initiated the effort that led to the creation of Thurgood Marshall Academy while attending law school at Georgetown University Law Center and serving, through the university's DC Street Law clinical program, as a teacher at Frank W. Ballou High School. Mr. Kern oversaw Thurgood Marshall Academy's growth and development from a start-up serving 80 9th graders at its inception in 2001 to a full service accredited institution serving 390 students in grades 9 - 12. Under Mr. Kern's leadership, Thurgood Marshall Academy garnered national recognition for the excellence and sustainability of its programs. Thurgood Marshall Academy students have the highest combined state standardized test scores among all open enrollment high schools in Washington, DC. 100% of students in all six graduating classes were accepted to college and 87% of the most recent alumni enrolled in college last year. In late 2009, the school was selected by the U.S. Department of Education to be featured as part of the Department's Doing What Works initiative. Thurgood Marshall Academy was the only charter school and one of just six schools in the country chosen as a national model of excellence for its use of data to improve student outcomes.

As founder and Executive Director of the Thurgood Marshall Academy Public Charter School for over ten years, Josh Kern initiated, developed and managed all charter school systems for successful operations, including site acquisition and development, budgeting, strategic planning, setting standards for academic performance, hiring and retention of staff and teachers, and evaluating organizational achievement. He is thoroughly familiar with all aspects of public charter school programming and operations, and has direct hands-on experience in all relevant areas that may be needed to provide educational consulting advice to charter schools.

818 Connecticut Avenue, NW -Suite 1009
 Washington, DC 20006
 Office Phones: 202.496.3450 (Joshua Kern) 202.496.3479 (Jerry Levine)
 202.328.0760 (Karl Jentoft) 202.258.2362 (Katie Herman)

Mr. Kern also has extensive experience with real estate development and finance for charter schools in the District of Columbia and elsewhere. He has managed all aspects of the design, construction, and capitalization of numerous charter schools' redevelopment projects.

Mr. Kern is a founding member of the DC Public Charter School Association, Vice Chair of the Board of Friends of Choice in Urban Schools (FOCUS), a member of the Board of Barrack Academy, an Advisory Board member of the National Public Charter School Resource Center, and a member of the Board of Achievement Prep Public Charter School. He is also a frequent speaker at national conferences and seminars and before Congress concerning charter schools and related educational matters. Mr. Kern was recently appointed by the District of Columbia Council to serve on the University of the District of Columbia Community College (CCDC) Transition to Independence Advisory Board.

Mr. Kern is a member of the Pennsylvania Bar and in 2011 received the prestigious Robert F. Drinan Public Service Award from Georgetown Law. Mr. Kern was also named "Young Lawyer of the Year" by the Bar Association of DC. Mr. Kern graduated with honors from Georgetown University Law Center in 2001 and holds a BA and MBA from Tulane University. Mr. Kern lives in Washington, DC with his wife, Allison Rapp, and their new daughter, Caroline Bliss Kern.

Jerry Levine has been a member and the General Counsel of TenSquare since its inception. Jerry has practiced real estate, housing and non-profit organization law for over forty years, specializing in low income housing, affordable housing production, tax exempt financing, HUD/FHA housing programs and real estate legal services for nonprofit entities including educational facilities. From 2001 until 2010, Jerry served for nearly ten years as the Co-Director of the Samberg Family Foundation, a New York family foundation making grants in the areas of Children, Youth and Families, Education including Youth Development and College Access, Health and Jewish Giving. Jerry began his legal career as a real estate associate at the law firm of Ribicoff and Kotkin in Hartford, CT, then worked as an attorney at the Hartford Office of the U.S. Department of Housing and Urban Development (HUD) for three years, and then served in various positions for another three years at the national office of HUD in Washington, including as a Special Assistant to Secretary Carla Hills. Jerry practiced law at the District firms of Dunnells, Duvall, Bennett and Porter and Holland & Knight, LLP, where he was also Pro Bono Partner, spending one-third of his practice representing nonprofit community organizations in real estate, financing and governance matters. In 2010, Jerry also practiced housing law as Of Counsel to the Washington, DC mortgage banking law firm of Krooth & Altman, LLP.

In past years, Jerry was President of Rebuilding Together with Christmas in April of Washington, DC, a member of the board of directors of Enterprise Mortgage Investments, Inc., and a member of the Advisory Council for Manna, Inc. Jerry has also been a member of the boards of directors of The Jewish Funds for Justice and Avodah-Jewish Service Corps (Washington, DC) and has represented both organizations as well as the DC Jewish Community Center, as Pro Bono Counsel. Jerry was an elected Advisory Neighborhood Commissioner for the Chevy Chase neighborhood of DC (ANC 3/4G) from 2002 until 2008 and chaired that Commission for two years. Jerry graduated Cum Laude from Franklin & Marshall College, holds a law degree from the University of Pennsylvania Law School and is a member of the bars of the District of Columbia and Connecticut. He and his wife Sarah Pokempner have three grown daughters, Abigail, Zoe and Emma, and a new grandson. Jerry also serves as the Administrative Member of TenSquare for the coordination of all administrative business matters between our clients and our firm.

818 Connecticut Avenue, NW -Suite 1009
 Washington, DC 20006
 Office Phones: 202.496.3450 (Joshua Kern) 202.496.3479 (Jerry Levine)
 202.328.0760 (Karl Jentoft) 202.258.2362 (Katie Herman)

Katie R. Herman is an experienced nonprofit leader with a keen eye for talent and proven success in building high performing teams and operations, leading towards strategic priorities, and creating sustainable infrastructures for educational nonprofits. For four years, Katie led the development efforts of College Summit, a national college access organization. As Vice President of Development, she built a national development team, oversaw a \$9M annual goal, and developed the infrastructure to support 11 regional operations. From 2001 through 2008, Katie served as Managing Director and Development Director for Thurgood Marshall Academy Public Charter High School (TMA), one of the highest performing public high schools in Washington, DC. Katie helped grow the school from 80 to 400 students and quadrupled philanthropic revenue. Among her accomplishments at the school, Katie oversaw an unconditional five-year charter renewal from the Public Charter School Board (the first unconditional renewal the PCSB ever granted to a high school); restructured the administration and hired the current leaders of the school; spearheaded the development of a nationally-recognized data-driven benchmark assessment system and standards-based curriculum; led annual fundraising and capital campaigns; designed and ran model volunteer-based, after-school programs; and closely supported the \$12M renovation and restoration of a century-old school building in Anacostia. She now serves as Secretary of the Board of Trustees. Katie has experience in education research and evaluation from her work at Policy Studies Associates, and is a committed educator with over twenty years of working with youth in the inner cities of Chicago, Providence and Washington, D.C. She is a graduate of Brown University.

BILLING RATES AND COMPENSATION

For this engagement, TenSquare proposes, and the Twin Cities German Immersion School acknowledges, a compensation arrangement, as follows

1. A Development Fee of Two and One Half percent (2.5%) of total project costs,* estimated at \$192,000, payable 50% at the closing of the financing and 50% as a percentage of construction completion.
2. Legal services, if provided, would be billed at \$275 per hour payable at closing of the financing.
3. Reimbursement of out of pocket expenses

*(Total Project Cost includes all Property acquisition and due diligence costs; design, preconstruction, review and permitting costs , site improvement and all construction costs; all financing costs and capitalized interest; all property taxes due and payable during construction of the Project; operating expenses prior to the completion of the Project. Total Project Cost does not include the Debt Service Reserve Fund or the Development Fee.)

We would be happy to furnish any additional information about our qualifications and of course, to answer any questions you or the members of your board of trustees or staff might have. We are available to meet with you and to discuss these matters at your convenience. We look forward to working with Educational Properties and its tenant the Twin Cities German Immersion School.

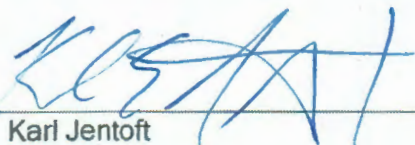
Respectfully Submitted,

TenSquare, LLC

818 Connecticut Avenue, NW -Suite 1009
 Washington, DC 20006
 Office Phones: 202.496.3450 (Joshua Kern) 202.496.3479 (Jerry Levine)
 202.328.0760 (Karl Jentoft) 202.258.2362 (Katie Herman)

Respectfully Submitted,

TenSquare, LLC

By: 
Karl Jentoft

Attachments:
Experience and References

AGREED AND ACKNOWLEDGED THIS 15th DAY OF MARCH, 2013:

EDUCATIONAL PROPERTIES, INC.

By: 
Name: Kathleen Padian
Title: President, Board of Trustees

ACKNOWLEDGED THIS _____ DAY OF MARCH, 2013:

TWIN CITIES GERMAN IMMERSION SCHOOL

By: _____
Name:
Title: