

**LEASE AGREEMENT**

**THIS LEASE AGREEMENT** is made this 25<sup>th</sup> day of April, 2016 between PENN HILLS SCHOOL DISTRICT (herein referred to as "Landlord") and PENN HILLS CHARTER SCHOOL OF ENTREPRENEURSHIP (herein referred to as "Tenant").

WHEREAS, Landlord is the owner of real property located at 2501 Main Street, Pittsburgh, PA 15235 (the "Property"); and

WHEREAS, Tenant desires to lease from Landlord and Landlord desires to lease to Tenant the Property.

In consideration of the mutual promises contained herein and intending to be legally bound, the parties agree as follows:

**Section 1. Premises.** In consideration of Tenant's agreement to pay rent and to comply with the terms, covenants and conditions hereof, Tenant hereby leases from Landlord and Landlord hereby leases to Tenant:

That certain real property which is located at 2501 Main Street, Pittsburg, PA 15235, recorded in the County of Allegheny as Parcel ID 0635-C-00225-0000-00, and described more completely within the legal description of the Deed, within Exhibit "A" attached hereto (the "Property");

All improvements situated on the Real Property which include a school building a (collectively, the "Building"); and

All personal property which is located in, or is appurtenant to, the Building (the "Personal Property"). The Property, the Building, all other improvements constructed on the Property and said Personal Property are hereinafter collectively referred to herein as the ("Premises").

Except that the Premises excludes 5 classrooms totaling approximately 4000 square feet which will be reserved for unrestricted use by Landlord. The selection of the 5 classrooms reserved for Landlord use shall be mutually agreed to by the Landlord and Tenant upon execution of this Agreement in the event that the parties are unable to agree, then the matter shall be submitted to mediation.

Landlord, will continue to maintain and have use of the softball/baseball field on the Property, however, Tenant shall have use and shared maintenance of said field during regular school hours and shall secure its own insurance to cover such use.

**Section 2. As - Is.** Except as expressly set out in this Lease to the contrary, Landlord makes no warranties or representations regarding the Premises. Tenant declares that it has performed such inquiries and investigations of the Premises and the circumstances related to the Premises as it deemed necessary or advisable under the circumstances. Except as expressly set out in this Lease to the contrary, the warranties and representations which are disclaimed hereby include without limitation, warranties and representations with regard to: (i) the physical and environmental condition of the Premises; (ii) the compliance with any governmental rules or

regulations; (iii) the fitness of the Premises for any particular purpose; and (iv) the propriety of using the Premises for any particular purpose.

**Section 3. Use.** The Premises may only be used and occupied by Tenant for the conduct of a Public Charter School and customary and ancillary uses thereto. The parties agree and stipulate that student enrollment/capacity cannot exceed the guidelines specified in the school's charter or any amendments thereto approved by Landlord.

**Section 4. Term.** The term of the lease of the Premises shall be for five (5) years commencing on the 1<sup>st</sup> day of July 2016 and ending on the 30<sup>th</sup> day of June, 2021 ("Term"). Landlord shall have an option, at its reasonable discretion, not to renew the lease for an additional five (5) year term. Landlord shall provide written notice to Tenant of its intent not to renew the Lease for an additional term on or before June 30, 2019. In the event Landlord provides written notice of its intent not to renew, pursuant to the terms hereof, Tenant shall have the right to terminate this Lease, prior to the expiration of the initial Lease Term, effective on or after July 1, 2019, upon providing at least ninety (90) days prior written notice to Landlord, with neither party having any further obligation to one another, except as expressly set forth herein. In the event Landlord does not provide written notice of its intent not to renew the Lease by June 30, 2019, Tenant shall have the option to renew the Lease for an additional five (5) year term, by providing written notice of its intent to renew to Landlord on or before one hundred twenty (120) days prior to the expiration of the initial Lease Term. Should Tenant elect not to renew the Lease, this Lease shall terminate on June 30, 2021 with neither party having any further obligation to one another, except as expressly set forth herein.

**Section 5. Rent.** Throughout the Term, Tenant shall pay to Landlord annual rent of Five Hundred Thousand Dollars \$500,000.00 payable in monthly installments in the amount of forty-one thousand, six hundred sixty-six dollars and sixty-seven cents (\$41,666.67) on the first day of each calendar month. Rent payments shall be made payable to the Penn Hill School District and shall be mailed or delivered to the Landlord at the address as set forth herein. In the event that the lease is renewed for an additional term, the rent shall be negotiated and agreed to by the parties. The rent during any renewal term shall equal the lesser of fair market rent, as reasonably agreed to by the parties, or the Rent during the prior Term increased by an amount equal to the seasonally adjusted annual rate listed in the consumer pricing index prepared by the U.S. Department of Labor's Bureau of Labor Statistics.

**Section 6. Maintenance, Repairs and Alterations.** Except as otherwise provided for herein, Tenant shall be responsible, at its sole expense, for the maintenance, operation and repair of the Premises, including, but not limited to, window air conditioning units, lawns, shrubbery and paved areas, and shall at all times keep the sidewalks, driveways and parking areas on the Premises clean and free of snow or ice accumulation.

Landlord shall be responsible, at its sole cost and expense, for any major structural repairs and replacements on the Premises including any major repair or replacement of the roof, roof top heating and ventilation units, load bearing walls and major electrical - systems.

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Should Landlord hereafter be required by law or other duly constituted government authority to make any alterations, improvements or other changes to the Premises, Tenant shall perform such changes at its sole expense, unless the cost of any such alteration, improvement or other change or combination of alterations, improvements or changes to the Premises exceeds 10% of annual rent, in which case Tenant shall assume the cost of any such alteration, improvement or other change up to ten percent of annual rent and Landlord shall assume the remainder of the such cost.

Upon receipt of Landlord's written consent, which shall not be unreasonably withheld, Tenant, at its sole discretion and at its expense, may make alterations, improvements or modifications to the Premises, which Tenant may deem appropriate.

Tenant shall pay all bills incurred by it in connection with the maintenance, alteration or a repair of the Premises by the date such bills are due and payable. Tenant shall also pay all utility bills.

Upon the termination or expiration of this Agreement, and any extensions thereto, Tenant shall promptly surrender the Premises in good condition, reasonable wear and tear excepted.

Any alterations, improvements or modifications to the Premises made by or at the request of Tenant shall remain upon the Premises at the expiration or earlier termination of this Lease and shall become the property of Landlord

No alteration shall be undertaken by Tenant until it shall have first secured and paid for all permits and authorizations of all municipal departments and governmental subdivisions having jurisdiction. Any alterations by Tenant shall be made promptly (unavoidable delays excepted) and in a good workmanlike manner and in compliance with all applicable permits, authorizations and building and zoning laws and with all other requirements of all governmental authorities having jurisdiction and of any national or local board of fire underwriters or any other body hereafter exercising functions similar to those of any of the foregoing.

The Premises shall at all times be free of liens for labor and materials supplied or claimed to have been applied to the Premises in conjunction with alterations performed by or for Tenant. If any mechanics' liens or other liens, charges or orders for the payment of money shall be filed against Landlord, the Premises or any portion thereof on account of any alterations, maintenance or repair performed by or for Tenant, Tenant shall indemnify and save harmless Landlord against and from all costs, liabilities, suits, penalties, claims and demands, including reasonable counsel fees resulting therefrom, and at Tenant's own cost and expense cause the same to be discharged of record or bonded within ninety (90) days after written notice from Landlord to Tenant of the filing thereof. Tenant shall not permit any mechanics' or similar liens to remain upon the Premises on account of any such alterations, modifications or repairs. Tenant may, however, contest the validity of any such lien or claim, provided Tenant shall upon demand give Landlord reasonable security to insure payment and to prevent any sale, foreclosure or forfeiture of the Premises by reason of nonpayment. Upon the final determination of the validity of any such lien or claim, Tenant shall immediately pay any judgment or decree rendered against Tenant, Landlord or the Premises, with all proper costs and charges and shall cause the lien to be released of record without costs to Landlord.



**Section 7. Compliance with Law.** Tenant shall at all times comply with the reasonable requirements of all constituted public authorities and with the terms of any state or federal statute or local ordinance or regulation applicable to the Premises and the Equipment or Tennant's use thereof.

**Section 8. Insurance.**

During the Term, Tenant shall maintain comprehensive general liability insurance policy insuring against claims for personal injury, death, and property damage occurring on, in or about the Premises, with such insurance naming both Tenant and Landlord as insureds, and having limits of least one million dollars (\$1,000,000.00) combined single limit for each occurrence.

Upon execution of this Agreement, Tenant shall provide Landlord with certificates of insurance in a form reasonably acceptable to Landlord to the extent of the aforementioned limits and amounts, which certificates shall be subject to cancellation only upon thirty (30) days' notice to Landlord.

**Section 9. Casualty.** Damage to or destruction of the Equipment or the improvements on the Premises or any portion thereof by fire or other casualty shall not terminate this Agreement, entitle Tenant to surrender the Premises, or to any abatement of or reduction in rent, or otherwise affect the respective obligations of Landlord and Tenant, provided Tenant shall continue to have reasonably convenient access to the Premises and the Premises are not rendered unfit for use and occupancy. If Tenant shall not have reasonably convenient access to the Premises or any portion of the Premises shall be otherwise rendered unfit for use and occupancy by the Tenant for the purposes set forth in Section 3 herein by reason of such Casualty, for a period of time greater than 60 days, then Rent shall be equitably suspended or abated relative to the portion of the Premises that cannot be used by Tenant for any of its business operations, effective as of the date of the Casualty until Landlord has (a) substantially completed the repair of the Premises and the means of access thereto, and (b) has delivered notice thereof to Tenant.

**Section 10. Inspection.** Landlord or its agents or employees shall have the right to inspect the Premises and to enter the Premises at all reasonable times for the purpose of inspecting the Premises and the Equipment and making any repairs that may be necessary to cause the Premises and the Equipment to comply with the laws, rules or regulations of any governmental authority having jurisdiction or that may become necessary by reason of the failure of Tenant after receipt by Tenant of notice from Landlord or applicable government agency to maintain the Premises and the Equipment as required under the terms of Section 6 of this Agreement.

**Section 11. Default.** The occurrence of any one or more of the following events shall be considered an "Event of Default" hereunder:

The failure of Tenant to pay an installment of rent or any other sum payable by Tenant hereunder within ten (10) days after receipt from Landlord of written notice of nonpayment thereof; provided, however, that if Landlord shall have given Tenant two (2) notices of nonpayment in any calendar year it shall thereafter, for the remainder of such calendar year, be

an Event of Default if Tenant shall fail to pay any installment of rent or any other sum payable hereunder when due.

The failure to perform, violation or breach by Tenant of any of the terms covenants or conditions hereof, which failure, violation or breach shall continue unremedied by Tenant for a period often (10) days after written notice thereof shall have been given to Tenant by Landlord, or for such additional period as may be necessary to remedy such failure, violation or breach with due diligence.

The insolvency of Tenant as evidenced by an assignment by Tenant for the benefit of creditors, a Petition in Bankruptcy being filed by Tenant, the adjudication of Tenant as a bankrupt, the filing against Tenant of a petition for appointment of a receiver of all or any part of Tenant's assets or property, either in bankruptcy or other insolvency proceeding, unless such proceedings shall be stayed or dismissed within sixty (60) days after the filing thereof, or the levy against any portion of the assets or property of Tenant by the Sheriff or other designated authority of any governmental subdivision having jurisdiction thereover.

**Section 12. Landlord's Remedies.**

**12. 1. Lease Termination.** In the event of any default by Tenant, for failure to pay rent or additional rent, after receipt of notice of default from Landlord and expiration of a reasonable cure period of least ten (10) days, Landlord shall have the option to terminate this Lease by giving written notice to Tenant. In the event that Landlord exercises such right of termination, Landlord shall recover from Tenant (subject to applicable Pennsylvania law and Landlord's obligation to mitigate its damages relevant to the current Lease Term) (the term "rent," as used herein, shall be deemed to mean Base Rent and all other sums required to be paid by Tenant hereunder as Additional Rent or otherwise) the following:

The total amount of rent which is past due and owing as of the date of such termination, plus interest at the rate of percent (18%) per annum, accruing from the date when such rent was due and owing; and

The amount of the unpaid rent for the unexpired portion of the Lease Term, discounted to its present value based upon a discount rate which is equal to the discount rate being offered by the Federal Reserve Bank of Cleveland at the time of the award, plus one percent (1%); further subject to however, Landlord's mitigation of its damages reasonably anticipated to result from its good faith efforts to relet the Premises. Landlord shall not be entitled to accelerate rent beyond the third year of the initial lease term, in the event of a default by Tenant during the first three years of the initial Lease term. In the event of a default by Tenant, during the fourth or fifth year of the initial Lease term or the renewal Term, acceleration of rent shall be limited to the remainder of the Term.

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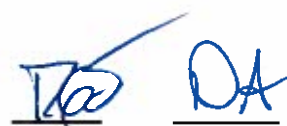
**Section 12.2. Right to Relet the Premises.** In the event of a material Event of Default by Tenant, without terminating this Lease, Landlord shall have the right to either recover all rent as it becomes due or relet the Premises, or any part thereof, for such term or terms, and at such rental or rentals, and upon such other terms and conditions as are commercially reasonable in a good faith effort to mitigate its damages. In the event that Landlord shall elect to relet, rentals received by Landlord shall be applied (1) to the payment of any reasonable cost of such reletting, including reasonable attorneys' fees, (2) to the payment of reasonable and necessary cost of any alterations and repairs to the Premises which are not recouped or contracted to be recouped from any new Tenant, (3) to the payment of rent due and unpaid hereunder; and (4) the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder.

**Section 12.3. Right of Entry.** In the event of a material Event of Default by Tenant, Landlord shall also have the right to re-enter the Premises and to remove all persons and property from same. Such property may be removed and stored in a public warehouse or elsewhere (pursuant to commercially reasonable term) at the cost of, and for the account of, Tenant. No re-entry or taking possession of the Premises by the Landlord, pursuant to this Section shall be construed as an election to terminate this Lease. Nor shall it cause a forfeiture of rents or other charges to be paid during the balance of the then current term unless a written notice of such intention is given to Tenant, or unless termination is decreed by a legal proceeding. Notwithstanding any reletting without termination by Landlord because of any default by Tenant, Landlord may at any time after such reletting elect to terminate this Lease for any such default.

**Section 13. Notices.** All notices, objections and approvals referred to in this Lease must be given in writing and will be effective: (i) on the day the notice is actually received by the addressee thereof after being sent by overnight delivery (such as Federal Express) or having been personally hand delivered by the sender; or (ii) two (2) days after being deposited in the United States Mail, postage prepaid, registered or certified mail, return receipt requested, and properly addressed to the party to receive such notice; or (iii) when the recipient, by an email sent to the email address for the sender stated below, acknowledges having received that email, with an automatic "read receipt" not constituting acknowledgment of an email for purposes of this Section 13. The notice addresses of the parties shall be those specified below unless modified in writing by the appropriate party:

Tenant: PENN HILLS CHARTER SCHOOL OF ENTREPRENEURSHIP  
200 Penn School Drive  
Verona, PA 15147  
Attention: Tamara Allen, CEO/Principal  
Email: tamara.allen@phcharter.org

With a copy to:  
Joshua Pollak, Esq.  
Latsha Davis & McKenna, P.C.  
350 Eagleview Boulevard, Suite 100

Handwritten initials in blue ink. The first set of initials is 'JAP' and the second set is 'DA'. Each set is underlined.

Exton, PA 19341  
Email: [jpollak@ldylaw.com](mailto:jpollak@ldylaw.com)

Landlord: THE PENN HILLS SCHOOL DISTRICT  
260 Aster Street  
Penn Hills, PA 15235  
Attn: Dr. Nancy Hines, Superintendent  
Email: [nhines@phsd.k12.pa.us](mailto:nhines@phsd.k12.pa.us)

With A Copy To:

Bruce E. Dice & Associates, P.C.  
787 Pine Valley Drive # E  
Pittsburgh, PA 15239  
Attention: Craig H. Alexander  
Email: [CAlexanfer@dicelaw.com](mailto:CAlexanfer@dicelaw.com)

**Section 14. Entire Agreement.** This Lease and the exhibits attached hereto, if any, set forth all the covenants, agreements and conditions between Landlord and Tenant concerning the Premises, and there are no covenants, agreements or conditions, either oral or written, between them other than are herein set forth. Except as otherwise provided by the terms of this Lease, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by the party to be charged with performance thereof.

**Section 15. Severability.** If it shall be determined by a court of competent jurisdiction that any term, covenant or condition of this Lease is unenforceable as to any person or circumstance, such determination shall not render such term, covenant or condition unenforceable as to any other person or circumstance, and the remaining terms, covenants and conditions of this Lease shall be unaffected and shall remain in full force and effect.

**Section 16. Time is of the Essence.** Time is of the essence of each provision of this Lease.

**Section 17. Relationship between Parties.** Landlord shall not, by virtue of this Lease, or the relationship created hereby, be deemed to be a partner, joint venturer, agent or principal of Tenant, it being expressly understood that the singular relationship of the parties hereunder shall be that of Landlord and Tenant.

**Section 18. Assignment/Sublease.** Neither party shall assign its rights or obligations under this Lease to any third party without the written consent of the other party, such consent not to be unreasonably withheld, conditioned or delayed.

**Section 19. Headings.** The headings used in this Lease are for ease of reference only and do not constitute parts of this Lease.

**Section 20. Governing Law.** This Lease shall be governed by and interpreted under the laws of the Commonwealth of Pennsylvania.

**Section 21. Integration.** This Lease, and the Exhibits attached hereto, constitute the entire agreement between the Landlord and Tenant. This Lease supersedes all prior oral or written agreements and understandings by the parties on the same subject matter.

**Section 22. Amendment.** No amendment or modification of the terms of this Lease shall be binding unless the amendment or modification is made subsequent to the effective date hereof, is in writing, and is properly executed by the parties.

**Section 23. Force Majeure.** Neither party shall be deemed in breach of its obligations hereunder because of any delay or failure in the performance of such obligations (other than failure to pay money when due) to the extent such delay or failure is due to circumstances beyond the reasonable control of the party experiencing such delay or failure, including, but not limited to, acts of God.

**Section 24. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which, together, shall constitute one and the same document.

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SIGNATURES TO FOLLOW ON NEXT PAGE**

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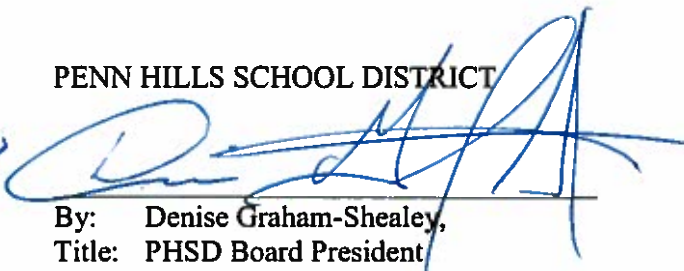
**THIS IS A LEGALLY BINDING CONTRACT; IF NOT FULLY UNDERSTOOD,  
CONSULT YOUR ATTORNEY PRIOR TO SIGNING.**

**INTENDING TO BE LEGALY BOUND, WITNESS** the due execution hereof this  
25<sup>th</sup> day of April, 2016.

ATTEST:

PENN HILLS SCHOOL DISTRICT

  
\_\_\_\_\_  
Dominique Ansani  
Board Secretary

  
\_\_\_\_\_  
By: Denise Graham-Shealey,  
Title: PHSD Board President

ATTEST:

PENN HILLS CHARTER SCHOOL  
OF ENTREPRENEURSHIP

  
\_\_\_\_\_  
Jose Rodriguez  
Board Secretary

  
\_\_\_\_\_  
By: Bernice D. Lee  
Title: Board President