

LEASE AGREEMENT

THIS LEASE is made and entered into on **April 1, 2012, and effective May 1, 2012**, by and between LIVONIA PUBLIC SCHOOLS, the Lessor (hereinafter designated as the "Lessor"), and Hinoki, a Michigan public school academy (hereinafter designated as the "Lessee").

RECITALS

WHEREAS, Lessor and Lessee entered into a certain lease agreement dated July 1, 2011 for a portion of McKinley Elementary; and

WHEREAS, that lease agreement does not expire until July 30, 2012; and

WHEREAS, Lessor and Lessee have agreed to relocate Lessee from McKinley Elementary to Taylor School in accordance with the terms and conditions of this Lease; and

WHEREAS, that certain lease agreement shall automatically terminate on May 1, 2012 when this Lease becomes effective.

WITNESSETH:

1. **LEASE.** The Lessor, in consideration of the rents to be paid and the covenants and agreements to be performed by the Lessee, does hereby lease unto the Lessee the following described premises situated in the City of Livonia, Wayne County, Michigan, to wit:

A. **For a term of four (4) months beginning on May 1, 2012 and terminating on August 31, 2012:**

A portion of the McKinley Elementary consisting of three (3) classrooms and one (1) office, for a total of 2,924 square feet, located at 9101 Hillcrest, Livonia, Michigan (the "Initial Premises").

B. **For a term of fourteen (14) months beginning on May 1, 2012 and terminating on June 30, 2013:**

A portion of the Taylor School consisting of six (6) classrooms, one (1) storage area, and common areas, for a total of 5,200 square feet. Common areas consisting of lobbies, hallways, parking lot and restrooms shall be used jointly with Lessor and any other tenant's that occupy this building located at

36611 Curtis, Livonia, Michigan (the "Second Premises").

The Initial Premises and Second Premises collectively shall be referred to herein as the "premises."

2. **RENT.** The Lessee hereby hires the said premises for the said term as above mentioned and covenants well and truly to pay, or cause to be paid unto the Lessor **for the Initial Premises from May 1, 2012 – August 31, 2012 as rent an amount of \$13,128.76 (being monthly payments of \$3,282.19), and for the Second Premises from September 1, 2012 – June 30, 2013 as rent for the Taylor premises an amount of \$58,416.67 (being monthly payments of \$5,841.67.** Said obligation shall be without right of setoff or abatement to Lessee and shall continue through the term of this Lease and any renewal hereof.
3. **SERVICES.** The Lessor shall provide custodial services, electrical utilities, water and heat to the premises. Lessee shall arrange for the installation or payment of any service for telephones, internet, or similar information services at its own cost and shall be responsible for any telephone or internet charges.
4. **INSURANCE.** In addition to the rentals hereinbefore specified, the Lessee agrees to pay as additional rental any increase on premiums for insurance against loss by fire that may be charged during the term of this Lease on the amount of insurance now carried by the Lessor on the premises and on the improvements situated on said premises, resulting from the business carried on in the leased premises by the Lessee or the character of its occupancy, whether or not the Lessor has consented to the same.
5. **ADDITIONAL RENT.** If the Lessee shall default in any payment or expenditure other than Rent required to be paid or expended by the Lessee under the terms hereof, the Lessor may at his option make such a payment or expenditure, in which event the amount thereof shall be payable as rental to the Lessor by the Lessee on the next ensuing rent day together with interest at ten (10%) percent per annum from the date of such payment or expenditure by the Lessor and on default in such payment the Lessor shall have the same remedies as on default in payment of rent.

The Lessee agrees that in the event the services provided by the Lessor are required at such time that the Lessor's employees are not required to work by contract agreement with the Lessor, Lessee shall absorb such additional costs or at a minimum their pro-rata share of such costs, including but not limited to custodial services, overtime or holiday wages, etc.

Lessee also agrees to pay an additional rental amount ("Additional Rent") of \$5,000.00 for each pupil who enrolls in Lessee's program and resides at an address which is located within the attendance boundaries of Livonia Public Schools and for

any pupil currently enrolled in Livonia Public Schools who in Lessee's program. In the event that a pupil who resides within Livonia Public Schools, and the pupil is recruited by Lessee's program and said pupil is not otherwise reasonably perceived or understood to have determined to attend Livonia Public Schools' academic program, then the parties may meet and negotiate in good faith the Additional Rent, if any, which shall be paid as a result thereof.

6. **PLACE OF PAYMENT.** All payments of rent or other sums to be made to the Lessor shall be made payable to Livonia Public Schools at 15125 Farmington Road, Livonia, Michigan 48154 or at such place as the Lessor shall designate from time to time.
7. **ASSIGNMENT.** The Lessee covenants not to assign or transfer this Lease or hypothecate or mortgage the same or sublet said premises or any part thereof without the written consent of the Lessor. Any assignment, transfer, hypothecation, mortgage of subletting without said written consent shall give the Lessor the right to terminate this Lease and to re-enter and repossess the leased premises.
8. **BANKRUPTCY AND INSOLVENCY.** The Lessee agrees that if the estate created hereby shall be taken in execution, or by other process of law, or if the Lessee shall be declared bankrupt or insolvent, according to law, or any receiver be appointed for the business and property of the Lessee, or if any assignment shall be made of the Lessee's property for the benefit of creditors, then and in such event this Lease may be terminated at the option of the Lessor.
9. **RIGHT TO MORTGAGE.** The Lessor reserves the right to subject and subordinate this Lease at all times to the lien of any mortgage or mortgages now or hereafter placed upon the Lessor's interest in the said premises and on the land and buildings of which the said premises are a part or upon any buildings hereafter placed upon the land of which the lease premises form a part. And the Lessee covenants and agrees to execute and deliver upon demand such further instrument or instruments subordinating this Lease to the lien of any such mortgage or mortgages as shall be desired by the Lessor and any mortgagees or proposed mortgagees and hereby irrevocably appoints the Lessor the attorney-in-fact of the Lessee to execute and deliver any such instrument or instruments for and in the name of the Lessee.
10. **USE.** It is understood and agreed between the parties hereto that the premises during the continuance of this Lease shall be occupied exclusively as a school facility and for no other purpose or purposes or for any other commercial activity of any nature, without written consent of the Lessor. The Lessee agrees and shall not use the premises for any purpose in violation of any law, municipal ordinance or regulation, and that on any breach of this agreement the Lessor may at his option terminate this Lease forthwith and re-enter and repossess the leased premises.

The Lessee shall use the premises during regular school hours and during regular

custodial hours per employee contracts. In the event over holidays or week-ends the Lessee is the sole occupant of the building, Lessee will accept full responsibility for entering, locking and securing the facility in accordance with Lessor's security regulations.

- 11. FIRE.** It is understood and agreed that if the premises hereby leased be damaged or destroyed in whole or in part by fire or other casualty during the term hereof, the Lessor will repair and restore the same to good tenantable condition with reasonable dispatch, and that the rent herein provided for shall abate entirely in case the entire premises are untenable and pro rata for the portion rendered untenable, in case a part only is untenable, until the same shall be restored to a tenantable condition, provided, however, that if the Lessee shall fail to adjust his own insurance or to remove this damaged goods, wares, equipment or property within a reasonable time, and as a result thereof the repairing and restoration is delayed, there shall be no abatement of rental if such fire or other cause damaging or destroying the leased premises shall result from the negligence or willful act of the Lessee, his agents or employees, and provided further that if the Lessee shall use any part of the leased premises for storage during the period of repair a reasonable charge shall be made therefore against the Lessee, and provided further that in case the leased premises, or the building of which they are a part, shall be destroyed to the extent of more than one-half of the value thereof, the Lessor may at his option terminate this lease forthwith by a written notice to the Lessee.
- 12. REPAIRS.** The Lessor after receiving written notice from the Lessee and having reasonable opportunity thereafter to obtain the necessary workmen, therefore, agrees to keep in good order and repair the roof and the four outer walls of the premises.
- 13. INDEMNIFICATION.** The Lessee agrees, to the extent permitted by law, to indemnify and hold Lessor harmless against all liabilities, damage to any person or property in, on or about said leased premises, or other expenses, including reasonable attorney's fees, which may be imposed upon, incurred by, or asserted against the Lessor from any act of neglect or default by Lessee occurring during the term of this Lease, including any liability, damage or injury to the Lessee, its agents, employees, invitees or other persons entering the premises, or to goods and chattels therein, resulting from any defect in the structure or its equipment, or in the structure or equipment of structure of which the demised premises are a part. This obligation shall survive any termination of this Lease.
- 14. INSURANCE.** The Lessee will procure and keep in effect during the term hereof public liability and property damage insurance for the benefit of the Lessor in the sum of five hundred thousand (\$500,000) dollars for damages resulting to one person and one million (\$1,000,000) dollars for damages resulting from one casualty, and one hundred thousand (\$100,000) dollars property damage insurance resulting from any one occurrence. Lessee shall deliver said policies to the Lessor and upon Lessee's

failure so to do the Lessor may at his option obtain such insurance the cost thereof shall be paid as additional rent due and payable upon the next ensuing rent day or terminate lease.

- 15. REPAIRS AND ALTERATIONS.** Except as provided in Paragraph 12 hereof, the Lessee further covenants and agrees that he will, at his own expense, during the continuation of this lease, keep the said premises and every part thereof in as good repair, and at the expiration of the term yield and deliver up the same in like condition as when taken, reasonable use and wear thereof and damage by the elements expected. The Lessee shall not make any alterations, additions, or improvements to said premises without the Lessor's prior written consent, and all alterations, additions or improvements made by either of the parties hereto upon the premises, except movable office furniture and trade fixtures put in at the expense of the Lessee, shall be the property of the Lessor, and shall remain upon and be surrendered with the premises at the termination of this lease, without molestation or injury.
- 16. SIGN.** Upon prior written approval of Lessor, Lessee may erect reasonable signage identifying the Academy.
- 17. LESSOR ACCESS.** The Lessee covenants and agrees that the Lessor may enter the demised premises at reasonable times and install or repair pipes, wires and other appliances or make any repairs deemed by the Lessor essential to the use and occupancy of other parts of the Lessor's building.
- 18. EMINENT DOMAIN.** That in the event the premises, or any part thereof, are taken through exercise of the power of eminent domain, the entire award for damages to the premises, both leasehold and reversion, shall be the sole property of the Lessor, and the Lessee hereby assigns to the Lessor all the Lessee's right, title and interest in any joint award made pursuant to any such proceedings, and authorizes and empowers the Lessor in the name of the Lessee to receipt and give acquittance therefore, and to make, execute and deliver in the Lessee's name any release or other instrument that may be required to recover any such award or judgment.

In the event the entire premises are taken, rental shall be considered paid to date the Lessee is ousted pursuant to such proceedings, and all the other covenants and conditions of this lease having been performed, this lease shall be void.

If less than the whole be taken, the Lessor may at the Lessor's option restore the remainder of the premises.

In event the Lessor shall elect not to restore the building, this lease shall be void in the same manner as is above provided, in event the entire premises are taken.

- 19. RESERVATION.** The Lessor reserves the right of free access at all times to the roof of said leased premises and reserves the right to rent said roof for advertising purposes. The Lessee shall not erect any structures for storage or any aerial, or use the roof for any purpose without the consent in writing of the Lessor.
- 20. COMPLIANCE WITH LAWS.** The Lessee shall at his own expense under penalty of forfeiture and damages promptly comply with all lawful laws, orders, regulations or ordinances of all municipal, County and State authorities affecting the premises hereby and the cleanliness, safety, occupation and use of same.
- 21. CONDITION OF PREMISES AT TIME OF LEASE.** The Lessee further acknowledges that he has examined the said leased premises prior to the making of this lease, and knows the condition thereof, and that no representations as to the condition or state of repairs thereof have been made by the Lessor, or his agent, which are not herein expressed, and the Lessee hereby accepts the leased premises in their present condition at the date of the execution of this lease.
- 22. DISCLAIMER.** The Lessor shall not be responsible or liable to the Lessee for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to or connected with the premises hereby leased or any part of the building of which the leased premises are a part or for any loss or damage resulting to the Lessee or his property from bursting, stoppage or leaking of water, gas, sewer or steam pipes.
- 23. HOLDING OVER.** It is hereby agreed that in the event of the Lessee herein holding over after the termination of this lease, thereafter the tenancy shall be from month to month in the absence of a written agreement to the contrary. Rent shall be in the amount 1 1/2 times monthly hereunder.
- 24. RIGHT OF FIRST REFUSAL.** During the term of this Lease, Lessee shall have the right of first refusal on any additional square footage of space (the "Expansion Space") located in the Taylor School. If at any time during the term of this Lease, Lessor receives an offer to rent all or a portion of the Expansion Space, Lessor shall provide Lessee with the first offer to rent said Expansion Space, but otherwise on the same terms and conditions as set forth in this Lease. Lessee shall have seven (7) days after receipt of written notification of said third party offer, including a copy of the offer, to exercise its right hereunder. If Lessee does not exercise its right hereunder within said seven (7) day period, Lessor may rent the additional space to such third party. If such third party decides not to rent the additional space, Lessee's right of first refusal hereunder shall continue with respect to future third party offers.
- 25. ACCESS TO PREMISES.** The Lessor shall have the right to enter upon the leased premises at all reasonable hours for the purpose of inspecting the same. If the Lessor deems any repairs necessary, he may demand that the Lessee make the same if the Lessee refuses or neglects forthwith to commence such repairs and complete the same with reasonable dispatch, the Lessor may make or cause to be made such repairs and shall not be responsible to the Lessee for any loss or damage that may accrue to his stock or

business by reason thereof, and if the Lessor makes or causes to be made such repairs, the Lessee agrees that he will forthwith on demand pay to the Lessor the cost thereof with interest at 10% annum, and if he shall make default in such payment the Lessor shall have the remedies provided in Paragraph 5. hereof.

- 26. RE-ENTRY.** In case any rent shall be due and unpaid or if default be made in any of the covenants herein contained, or if said leased premises shall be deserted or vacated, then it shall be lawful for the Lessor, his certain attorney, heirs, representatives and assigns, to reenter into, repossess the said premises and the Lessee and each and every occupant to remove and put out.
- 27. QUIET ENJOYMENT.** The Lessor covenants that the said Lessee, on payment of all the aforesaid installments and performing all the covenants aforesaid, shall and may peacefully and quietly have, hold and enjoy the said demised premises for the term aforesaid.
- 28. EXPENSES-DAMAGES RE-ENTRY.** In the event that the Lessor shall, during the period covered by this lease, obtain possession of said premises by re-entry, summary proceedings, or otherwise, the Lessee hereby agrees to pay out the Lessor the expense incurred in obtaining possession of said premises including attorney's fees and court costs, and also all expenses and commissions which may be paid in and about the letting of the same, and all other damages.
- 29. REMEDIES NOT EXCLUSIVE.** It is agreed that each and every of the rights, remedies and benefits provided by this lease shall be cumulative, and shall not be exclusive of any other of said rights, remedies and benefits, or of any other rights, remedies and benefits allowed by law.
- 30. WAIVER.** One or more waivers of any covenant or condition by the Lessor shall not be construed as a waiver of a further breach of the same covenant or condition.
- 31. NOTICE.** Whenever under this Lease a provision is made for notice of any kind it shall be deemed sufficient notice and service thereof if such notice to the Lessee is in writing addressed to the Lessee at his last known Post Office address or at the leased premises and deposited in the mail with postage prepaid.
- 32. OPTION TO EXTEND OR RENEW.** Any renewal or extension of this agreement shall be subject to a review and renegotiation of all terms and conditions as approved by Livonia Public Schools School District. The rental rate for such extensions or renewal periods shall increase at a rate consistent with the percentage increase in the cost of living index for the previous twelve month period. As used herein, the cost of living index shall be the all items Consumer Price Index for urban wage earners for the Detroit, Michigan metropolitan area.
- 33. OPTION TO TERMINATE.** It shall be understood and agreed between the parties

that upon a written ninety (90) days notice to the Lessee, the Lessor reserves the right to terminate said Lease Agreement, effective at the termination of the then-current academic year, if it becomes necessary to use the facility for its own purposes.

34. TAXES AND ASSESSMENT. Lessor shall use its best efforts to maintain the current tax exempt status for the premises. However, should a possessory interest tax or any other personal property or real property tax or assessment whatever be assessed against the Lessor or the premises as a result of this Lease of the premises, the Lessee agrees to and shall pay it pro rata share of all such foregoing taxes and assessments and charges prior to the date of delinquency thereof and given written notice of each such payment to the Lessor within five (5) days after such payment is made. Lessee may contest the validity or amount of such taxes or assessments, but shall hold Lessor harmless with respect to any such contest. Lessee's pro rata share of any such taxes shall be the ratio of the square feet in the demised premises to the total number of square feet of leasable space in the entire premises which is assessed for such taxes.

35. MISCELLANEOUS. It is agreed that in this Lease the word "he" shall be used as synonymous with the words "she," "it" and "they," and the word "his" synonymous with the words "her," "its" and "their."

36. WAIVER OF SUBROGATION AND RIGHTS OF RECOVERY. In the event of fire and other damage to the premises or personal property leased, the parties mutually waive their rights of subrogation and recovery against each other, their agents or employees to the extent that they are insured or are required to carry insurance for said loss.

The covenants, conditions and agreement made and entered into by the parties hereto are declared binding on their respective successors, representatives and assigns.

IN WITNESS WHEREOF, the parties have accepted this Agreement at a duly authorized meeting and their authorized designated representatives have hereunto set their hands and seals and day and year first above written.

LESSOR
LIVONIA PUBLIC SCHOOLS

LESSEE
Hinoki, a Michigan Public School Academy

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT, is made and entered into on **April __, 2012, and effective May 1, 2012**, is attached to and made part of the Lease Agreement dated April 1, 2012 (the "Lease") by and between LIVONIA PUBLIC SCHOOLS, the Lessor (hereinafter designated as the "Lessor"), and Hinoki, a Michigan public school academy (hereinafter designated as the "Lessee").

RECITALS

WHEREAS, Lessor and Lessee desire to amend the Lease to extend the Lease Term and incorporate additional space to be leased by Lessee beginning for the 2013-14 school year.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

A. THE FOLLOWING PARAGRAPHS WITHIN THE LEASE ARE HEREBY AMENDED AND RESTATED IN THEIR ENTIRETY AS FOLLOWS, AS IF THE SAME HAD BEEN ORIGINALLY INCORPORATED THEREIN:

- 1. LEASE.** The Lessor, in consideration of the rents to be paid and the covenants and agreements to be performed by the Lessee, does hereby lease unto the Lessee the following described premises situated in the City of Livonia, Wayne County, Michigan, to wit:

A. For a term of four (4) months beginning on May 1, 2012 and terminating on August 31, 2012:

A portion of the McKinley Elementary consisting of three (3) classrooms and one (1) office, for a total of 2,924 square feet, located at 9101 Hillcrest, Livonia, Michigan (the "Initial Premises").

B. For a term of fourteen (14) months beginning on May 1, 2012 and terminating on June 30, 2013:

A portion of the Taylor School consisting of six (6) classrooms, one (1) storage area, and common areas, for a total of 5,200 square feet. Common areas consisting of lobbies, hallways, parking lot and restrooms shall be used jointly with Lessor and any other tenant's that occupy this building located at 36611 Curtis, Livonia, Michigan (the "Second Premises").

C. For a term of twelve (12) months beginning on July 1, 2013 and terminating on June 30, 2014:

A portion of the Taylor School consisting of eight (8) classrooms, one (1) storage area, and common areas, for a total of 7,000 square feet. Common areas consisting of lobbies, hallways, parking lot and restrooms shall be used jointly with Lessor and any other tenant's that occupy this building located at 36611 Curtis, Livonia, Michigan (the "Third Premises").

The Initial Premises and Second Premises and Third Premises collectively shall be referred to herein as the "premises."

2. **RENT.** The Lessee hereby hires the said premises for the said term as above mentioned and covenants well and truly to pay, or cause to be paid unto the Lessor **for the Initial Premises from May 1, 2012 – August 31, 2012 as rent an amount of \$13,128.76 (being monthly payments of \$3,282.19), and for the Second Premises from September 1, 2012 – June 30, 2013 as rent an amount of \$58,416.67 (being monthly payments of \$5,841.67), and for the Third Premises from July 1, 2013 – June 30, 2014 as rent an amount of \$93,500.40 (being monthly payments of \$7,791.70).** Said obligation shall be without right of setoff or abatement to Lessee and shall continue through the term of this Lease and any renewal hereof.

B. THE LEASE IS HEREBY RATIFIED AND REAFFIRMED, AND SHALL CONTINUE IN FULL FORCE AND EFFECT IN ACCORDANCE WITH THE PROVISIONS THEREOF EXCEPT AS MODIFIED BY THIS FIRST AMENDMENT. IN THE EVENT OF A CONFLICT BETWEEN THIS FIRST AMENDMENT AND THE LEASE, THIS FIRST AMENDMENT SHALL CONTROL.

- C. This First Amendment may be executed in counterparts and facsimile signatures shall have the same force and effect as original signatures.

IN WITNESS WHEREOF, the parties have accepted this First Amendment at a duly authorized meeting and their authorized designated representatives have hereunto set their hands and seals and day and year first above written.

LESSOR
LIVONIA PUBLIC SCHOOLS

By: _____

Its: _____

Date: _____

LESSEE
Hinoki, a Michigan Public School Academy

By: _____

Its: _____

Date: _____