

***REAL ESTATE LEASE***

This Lease Agreement (this "Lease") is dated May 31, 2016, by and between *Wonderland Preschool & Daycare, Inc.* ("**Landlord**"), and *Wonderland Charter School* ("**Tenant**"). The parties agree as follows:

**PREMISES.** Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant (the "Premises") located at 2112 Sandy Drive; State College, PA 16803. "Premises" is defined as the main structural building, all out buildings, playgrounds, parking lot, and approximately 1.85 acres of land, further identified as property code 24-433-013 located in Ferguson Township.

**TERM.** The lease term will begin on June 1<sup>st</sup> 2016 and terminate on May 31<sup>st</sup> 2026. (A 10 year term.) It is understood that either party must, at the end of the 10 year term, provide written notification to the other ninety (90) days in advance of intent to vacate the Premises at the end of the 10 year term. Termination must occur at the end of the calendar month. Upon vacating the Premises, Tenant agrees to return same in as good repair and "Broom Cleaned" condition as of the commencement date of Lease, acceptable to Landlord's designated representative.

**TRIPLE NET LEASE.** This Lease is what is commonly referred to as a "Triple Net Lease", it being the intention of the parties that Landlord shall not have any responsibility of any kind or nature whatsoever to maintain, repair, improve, alter, or in any way incur any expense in connection with the Property, and that the rent and any other payments to be made by Tenant to or on behalf of Landlord under the terms hereof are to be free and clear of any impositions, expenses or setoffs of any kind or nature whatsoever, including without limitation, any taxes, charges or expenses in connection with the ownership, maintenance, repair and operation of the Property, all such expenses, charges and taxes to be paid by Tenant as provided herein.

Tenant shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the premises, together with any taxes thereon and a 100% share of real property taxes, all-risk and earthquake insurance, and common area maintenance expenses. If any such services are not separately metered to Tenant, Tenant shall pay a reasonable, proportionate share as determined by Landlord of all charges jointly metered with other Premises.

**LEASE PAYMENTS.** Tenant shall pay to Landlord monthly installments indicated on the table displayed on page 2 of this lease, titled *Lease Payment Schedule*, a monthly payment in column (e) payable in advance on the first day of the month, for a total annual lease payment shown in column (d). Lease payments shall be made to the Landlord at 2112 Sandy Drive; State College, PA 16803, which address may be changed from time to time by the Landlord.

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<b><i>Lease Payment Schedule</i></b>					
Year (a)	Prior Yearly Lease Payment (b)	Cumulative 1% Increase (c)	Total Yearly Lease Payment (d)	Monthly Payment (e)	Remarks (f)
<b>1</b> SY 2016/2017	\$96,000.00	NA	\$96,000.00	\$8,000.00	Same rent as last 4 years.
<b>2</b> SY 2017/2018	\$96,000.00	\$960.00	\$96,960.00	\$8,080.00	1 <sup>st</sup> rent increase in 5 years.
<b>3</b> SY 2018/2019	\$96,960.00	\$969.60	\$97,929.60	\$8,160.80	
<b>4</b> SY 2019/2020	\$97,929.60	\$979.30	\$98,908.90	\$8,242.41	
<b>5</b> SY 2020/2021	\$98,908.90	\$989.09	\$99,897.99	\$8,324.83	
<b>6</b> SY 2021/2022	\$99,897.99	\$998.98	\$100,896.96	\$8,408.08	
<b>7</b> SY 2022/2023	\$100,896.96	\$1,008.97	\$101,905.93	\$8,492.16	
<b>8</b> SY 2023/2024	\$101,905.93	\$1,019.06	\$102,924.99	\$8,577.08	
<b>9</b> SY 2024/2025	\$102,924.99	\$1,029.25	\$103,954.24	\$8,662.85	
<b>10</b> SY 2025/2026	\$103,954.24	\$1,039.54	\$104,993.79	\$8,749.48	

**SECURITY DEPOSIT.** At the time of the signing of this Lease, Tenant will not be required to pay to Landlord a security deposit.



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**POSSESSION.** Tenant shall be entitled to possession on the first day of this Lease, and shall yield possession to Landlord on the last day of this Lease, unless otherwise agreed by both parties in writing. At the expiration of the Term, Tenant shall remove its goods and effects and peaceably yield up the Premises to Landlord in as good a condition as when delivered to Tenant, ordinary wear and tear excepted.

**ALTERATIONS.** Tenant covenants and agrees that all alterations constructed on the Property or work performed or caused to be performed by Tenant shall be in full compliance with all laws, rules, orders, ordinances, directions, codes, regulations, and requirements of all governmental agencies, offices, departments, bureaus, and boards having jurisdiction over the Property. Tenant shall provide Landlord with at least 30 days notice prior to having any construction materials delivered to the Property or commencing construction of any improvements, and shall reasonably cooperate with Landlord in the posting of a notice of non-responsibility. Further, Tenant agrees that all alterations to the Property occurring after the start of this lease will remain on the Property at the termination of this lease and ownership reverts to the Landlord.

**COST OF ALTERATIONS.** Tenant shall pay all costs of constructing any such Alterations approved by Landlord, including but not limited to fees and costs charged by architects, engineers, the general contractor, subcontractors, and laborers and material men; and, Tenant shall not permit any Mechanic's Liens or Materialmen's Liens to be filed against the Property in connection therewith.

**FURNISHINGS.** The lease of the premises does not include any furnishings.

**DAMAGES.** Any damages to the property located in, on, or outside the premises will result in a charge to the Tenant based on reasonably repairable costs.

**PARKING.** Tenant shall be entitled to use all of the parking spaces located on the property for the parking of the Tenant's customers'/guests' motor vehicle(s).

**STORAGE.** Tenant shall be entitled to store items of personal property in during the term of this Lease. Landlord shall not be liable for loss of, or damage to, such stored items.

**PROPERTY INSURANCE.** Tenant shall maintain casualty property insurance on the Premises and all improvements or alterations against loss or damage by fire and lightning and against loss or damage by other risks. The amount of property insurance coverage will be not less than Full Replacement Value. The coverage amount will increase over time as the Property value increases so as to continue to provide full replacement coverage. Owner of building & premises shall be named as an additional insured in such policies. Tenant shall deliver appropriate evidence to Landlord as proof that adequate

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### **PROPERTY INSURANCE.** *(Continued)*

insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies. All insurance proceeds payable by the occurrence of any covered loss shall be payable to Owner of building & premises, and Tenant shall have no right or claim to any such insurance proceeds payable with respect to the improvements or alterations; excluding, however, any such proceeds that may be payable with respect to Tenant's personal property or trade fixtures.

Tenant shall also maintain any other insurance which Landlord may reasonably require for the protection of Landlord's or Property Owner's interest in the Premises. Tenant is responsible for maintaining casualty insurance on its own property.

**LIABILITY INSURANCE.** Tenant shall maintain liability insurance on the Premises for a total occurrence sum of at least \$5,000,000.

Tenant shall deliver appropriate evidence to Owner as proof that adequate insurance is in force issued by companies reasonably satisfactory to Owner. Owner shall receive advance written notice from the insurer prior to any termination of such insurance policies.

**RENEWAL TERMS.** This lease shall automatically renew for an additional period of ten (10) years per renewal term, unless either party gives written notice of termination no later than ninety (90) days prior to the end of the term or renewal term. The lease terms during any such renewal term shall be negotiable at the time of renewal.

**MAINTENANCE.** Tenant shall have the responsibility to maintain the Premises in good repair at all times during the terms of this Lease.

**UTILITIES AND SERVICES.** Tenant shall be responsible for all utilities and services incurred in connection with the Premises. Tenant acknowledges that Landlord has fully explained to Tenant the utility rates, charges and services for which Tenant will be required to pay to Landlord (if any), other than those to be paid directly to the third-party provider.

**TAXES.** Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

**REAL ESTATE TAXES.** Tenant shall pay all real estate taxes and assessments which are assessed against the Premises during the time of this Lease. "Real Property Taxes" shall include any form of assessment, license, fee, rent, tax, levy, penalty or tax imposed by any authority



## ***REAL ESTATE LEASE***

### **REAL ESTATE TAXES.** *(Continued)*

having the direct or indirect power to tax, including any improvement district, as against any legal or equitable interest of Landlord in the Premises or as against Landlord's business of renting the Premises. Tenant's share of Real Property Taxes shall be equitably prorated to cover only the period of time within the fiscal year during which this Lease is in effect. With respect to any assessments which may be levied against or upon the Premises, and which may be paid in annual installments, only the amount of such annual installments (with appropriate proration for any partial year) and interest due thereon shall be included within the computation of the annual Real Property Taxes. Landlord represents that, to the best of his knowledge, there are no assessment or improvement districts being planned which would affect the Premises other than as in effect as of the date of this lease.

**PERSONAL TAXES.** Tenant shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises, along with all sales and/or use taxes (if any) that may be due in connection with lease payments.

Accordingly, Tenant shall pay before delinquency all taxes levied or assessed on Tenant's fixtures, improvements, furnishings, merchandise, equipment, and personal property in and on the Premises, whether or not affixed to the real property. If Tenant in good faith contests the validity of any such personal property taxes, then tenant shall at its sole expense defend itself and Landlord against the same and shall pay and satisfy any adverse determination or judgment that may be rendered thereon and shall furnish Landlord with a surety bond satisfactory to Landlord in an amount equal to 150% of such contested taxes. Tenant shall indemnify Landlord against liability for such taxes and/or any liens placed on the Premises in connection with such taxes. If at any time after any tax or assessment has become due or payable Tenant or its legal representative neglects to pay such tax or assessment, Landlord shall be entitled, but not obligated, to pay the same at any time thereafter and such amount so paid by Landlord shall be repaid by Tenant to Landlord with Tenant's next rent installment together with interest at the highest rate allowable by law.

**TERMINATION UPON SALE OF PREMISES.** Notwithstanding any other provision of this Lease, Landlord may terminate this lease upon ninety (90) days' written notice to Tenant that the Premises have been sold.

**DESTRUCTION OR CONDEMNATION OF PREMISES.** If the premises are partially destroyed by fire or other casualty to an extent that prevents the conducting of Tenant's use of the Premises in a normal manner, and if the damage is reasonably repairable within sixty days after the occurrence of the destruction, and if the cost of repair is less than \$100,000.00, Landlord shall repair the Premises and a just proportion of the lease payments shall abate during the period of the repair according to the extent to which the Premises have been rendered untenable. However, if the damage is not repairable within sixty days, or if the cost of repair is \$100,000.00 or more, or if Landlord is prevented from repairing the damage by forces beyond Landlord's control, or if the property is condemned, this Lease shall terminate upon twenty days' written notice of such event or condition by either party and any unearned rent paid in advance by Tenant shall be apportioned and refunded to Tenant. Tenant shall give Landlord immediate notice of any damages to the Premises.

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**DEFAULTS.** Tenant shall be in default of this Lease if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 5 days (or any other obligation within 10 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by Landlord by reason of Tenant's defaults. All sums of money or charges required to be paid by Tenant under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent". The rights provided by this paragraph are cumulative in nature and are in addition to any other rights afforded by law.

**REMEDIES.** On the occurrence of any Event of Default, Landlord may do any or all of the following:

- (1) At its sole discretion, cure the Event of Default and add the costs of such cure to the Principal sum then due on the Lease. Landlord may charge interest on such payment, from the date of such payment, at a rate equal to the greater of 15% per annum or the rate provided in this Instrument.
- (2) On providing any timely notice of default and of Tenant's right to cure the default as may then be provided by law, and failing appropriate and timely cure by Tenant, accelerate and declare immediately due and payable all amounts due under the Lease and under any or all of the Obligations.
- (3) Refer this Lease to an attorney for collection and/or to foreclose on the Premises or to take such other action at law or in equity for the enforcement of this Lease as the law may allow, for the entire unpaid balance thereof, together with Landlord's costs in curing any Event of Default, with interest thereon at the greater of 15% per annum or the rate charged in this Instrument, and all costs of suit and Landlord's reasonable attorneys' fees.
- (4) Enter into possession of the Premises, with or without legal action, and collect all rents, issues, profits and insurance proceeds which Tenant hereby assigns to Landlord as additional security for the Lease.
- (5) At its sole discretion, lease and, at any time and from time to time, on 10 days prior written notice to Tenant, which notice Tenant acknowledges is commercially reasonable, sell or otherwise dispose of the Property, in whole or in part.
- (6) After deducting all costs of collection, apply the rents, issues, and profits to the payment of taxes, water and sewer rents, insurance premiums and all other charges, and then apply the balance to the Obligations, in such order and amounts as Landlord, in Landlord's sole discretion, may elect.

**LATE PAYMENTS.** For any payment that is not paid within thirty (30) days after its due date, Tenant shall pay a late fee of \$400.00. In the alternative, Landlord may elect to forego any Late Payments. The decision by the Landlord to forego a specific Late Payment does not affect the legal validity of any other Late Payments (past or future).



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**HOLDOVER.** If Tenant maintains possession of the Premises for any period after the termination of this Lease ("Holdover Period"), Tenant shall pay to Landlord lease payment(s) during the Holdover Period at a rate equal to the normal payment rate set forth in the Renewal Terms paragraph,

**CUMULATIVE RIGHTS.** The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

**NON-SUFFICIENT FUNDS.** Tenant shall be charged \$25.00 for each check that is returned to Landlord for lack of sufficient funds.

**REMODELING OR STRUCTURAL IMPROVEMENTS.** Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld. Tenant shall not install awnings or advertisements on any part of the Premises without Landlord's prior written consent. At the end of the lease term, all remodeling or structural improvements shall remain in place and on the Property as constructed.

**ACCESS BY LANDLORD TO PREMISES.** Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter premises to make inspections, provide necessary services, or show the Premises to prospective buyers, mortgagees, tenants, or workers. However, Landlord does not assume any liability for the care or supervision of the Premises. As provided by law, in the case of and emergency, Landlord may enter the Premises without Tenant's consent. During the last three months of this Lease, or any extension of this Lease, Landlord shall be allowed to display the usual realty signs and show the Premises to prospective tenants.

**INDEMNITY REGARDING USE OF PREMISES.** To the extent permitted by law, Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may suffer or incur in connection with Tenant's possession, use or misuse of the Premises, except Landlord's act of negligence.

**DANGEROUS MATERIALS.** Tenant shall not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord. However, Tenant shall be entitled to use and store only those Hazardous Materials that are necessary for Tenant's business, provided that such usage and storage is in full compliance with all applicable local, state and federal statutes, orders, ordinances, rules, and regulations (as interpreted by

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### **DANGEROUS MATERIALS.** *(Continued)*

judicial and administrative decisions). Tenant shall not keep or store on the Premises chemicals in quantities, amounts, concentrations or type which are in excess of those permitted by local, state or federal laws, regulations or ordinances.

Tenant shall give to Landlord immediate verbal and follow-up written notice of any spills, releases or discharges of Hazardous Materials on the Premises, or in any common areas or parking lots (if not considered part of the Premises), caused by the acts or omissions of Tenant, or its agents, employees, representatives, invitees, licensees, subtenants, customers or contractors. Tenant covenants to investigate, clean up and otherwise remediate any spill, release or discharge of Hazardous Materials caused by the acts or omissions of Tenant, or its agents, employees, representatives, invitees, licensees, subtenants, customers or contractors at Tenant's cost and expense; such investigation, clean up and remediation to be performed after Tenant has obtained Landlord's written consent, which shall not be unreasonably withheld; provided, however, that Tenant shall be entitled to respond immediately to an emergency without first obtaining Landlord's written consent. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, liabilities, losses, suits, administrative proceedings and costs (including, but not limited to, attorneys' and consultant fees) arising from or related to the use, presence, transportation, storage, disposal, spill, release or discharge of Hazardous Materials on or about the Premises caused by acts or omissions of Tenant, its agents, employees, representatives, invitees, licensees, subtenants, customers or contractors. Tenant shall not be entitled to install any tanks under, on or about the Premises for the storage of Hazardous Materials without the express written consent of Landlord, which may be given or withheld at Landlord's sole discretion.

**COMPLIANCE WITH REGULATIONS.** Tenant shall promptly comply with all laws, ordinances, requirements and regulations of the federal, state, county, municipal, and other authorities, and the fire insurance underwriters. However, Tenant shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

**MECHANICS LIENS.** Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens or any other kind of lien on the Premises and the filing of this Lease constitutes notice that such liens are invalid. Tenant agrees to:

- (1) Give actual advance notice to any contractors, subcontractors, or suppliers of goods, labor, or services that such liens will not be valid; and,
- (2) Take whatever additional steps are necessary in order to keep the premises free of all liens resulting from construction done by or for the Tenant.

**DISPUTE RESOLUTION.** The parties will attempt to resolve any dispute arising out of or relating to this Agreement through friendly negotiations amongst the parties. If the matter is not resolved by negotiation, the parties will resolve the dispute using the below Alternative Dispute Resolution (ADR) procedure.



## ***REAL ESTATE LEASE***

### **DISPUTE RESOLUTION.** *(Continued)*

Any controversies or disputes arising out of or relating to this Agreement will be submitted to mediation in accordance with any statutory rules of mediation. If mediation does not successfully resolve the dispute, then the parties may proceed to seek an alternative form of resolution in accordance with any other rights and remedies afforded to them by law.

**SUBORDINATION OF LEASE.** This Lease is subordinate to any mortgage that now exists, or may be given later by Landlord, with respect to the Premises.

**ASSIGNABILITY/SUBLETTING.** Tenant may not assign or sublease any interest in the Premises, nor effect a change in the majority ownership of the Tenant (from the ownership existing at the inception of this Lease), nor assign, mortgage or pledge this Lease, without the prior written consent of Landlord, which may be withheld at the sole discretion of the Landlord.

**GOVERNING LAW.** This Lease shall be construed in accordance with the laws of the State of Pennsylvania.

**ENTIRE AGREEMENT/AMENDMENT.** This Lease Agreement contains the entire agreement of the parties and there are no other promises, conditions, understandings, or other agreements, whether oral or written, relating to the subject matter of this lease. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

**SEVERABILITY.** If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

**WAIVER.** The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

**BINDING EFFECT.** The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors, and assigns.

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**SIGNATURES AND NOTICE.** This Lease shall be signed by the following parties. No notice under this Lease shall be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, and addressed to the parties below:

***LANDLORD:***

Wonderland Preschool & Daycare, Inc.  
2112 Sandy Drive  
State College, PA 16803

***TENANT:***

Wonderland Charter School  
2112 Sandy Drive  
State College, PA 16803

Such addresses may be changed from time to time by either party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

***LANDLORD:***

Wonderland Preschool & Daycare



Marilyn L. Ohnmeis, President  
Wonderland Preschool & Daycare, Inc.

***TENANT:***

Wonderland Charter School



Andrew J. Arnold, President  
Wonderland Charter School



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**COMMONWEALTH OF PENNSYLVANIA**  
**COUNTY OF CENTRE ss:**

On this 31<sup>st</sup> day of May, 2016, before me, the undersigned officer, a Notary Public for the Commonwealth of Pennsylvania, personally appeared Marilyn L. Ohnmeis and Andrew J. Arnold known to me (or satisfactorily proven) to be the persons whose name is subscribed to the within instrument, and acknowledged that such persons executed the same for the purposes therein contained.

In witness hereof, I hereunto set my hand and official seal.



Notary Public

Notary Address:

19 Colonnade way, Ste 117  
State College, PA 16801

