

LEASE/PURCHASE AGREEMENT

THIS LEASE/PURCHASE AGREEMENT, made this ____ day of _____, 2013, between Washtenaw County, a Michigan municipal corporation located at 220 N. Main Street, Ann Arbor Michigan, 48107-8645(“Landlord”), and the Washtenaw Intermediate School District, located at 1819 South Wagner Road, Ann Arbor, Michigan, 48106 (“Tenant”).

WITNESSETH

1. LEASED PREMISES. Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed by Tenant, does hereby lease unto Tenant property commonly known as 1661 Leforge Ave, Ypsilanti, Michigan, 48197 (“Leased Premises”).
2. TERM. The term of this Lease shall be for a period of (10) years commencing September 1, 2013 and ending August 31, 2022 subject to Tenant’s Purchase rights as set forth in Paragraph 25 of this Lease.
3. RENT.
 - a) To assist Tenant in the transition of providing Head Start services on the Premises, the parties agree that Landlord shall charge Tenant no rent for the first year of this Lease/Purchase Agreement. Beginning in the second year of the Lease/Purchase Agreement, Tenant agrees to pay the Landlord’s annual debt service on the Washtenaw County Bond approved September 18, 2002 which proceeds were used to build the Leased Premises. Tenant agrees to make such annual payments in a lump sum on or before October 1st of the current lease year beginning on October 1, 2014. A schedule of the annual bond debt lease payments is attached at Exhibit A. As set forth more fully in Paragraph 25 below, upon making all of the annual rental payments, Landlord shall deed the Leased Premises to Tenant. Should Tenant desire to purchase the Leased Premises prior to making all of the annual payments, it shall have the Option to Purchase the Leased Premises by following the process outlined in Paragraph 25.
 - b) All rental payments hereunder shall be paid to Landlord at the address given in Paragraph 19 (Notices) or to such other persons or at such other places as Landlord may from time to time designate by notice. Payments are considered made when received by Landlord.

c) Should the rent or any other charges or payments required to be made by Tenant hereunder remain unpaid for one (1) month beyond the due date, in whole or in part, Landlord shall, at its option, in addition to the rents reserved herein, charge a late fee of five percent (5%) of the whole amount due. If such payment is more than six (6) months late then, upon notice by Landlord, this tenancy may be terminated upon written notice to Tenant.

4. SECURITY DEPOSIT. Tenant shall deposit with Landlord upon execution hereof: Two Thousand Dollars (\$2,000) as security deposit for Tenant's faithful performance of Tenant's obligation hereunder. If Tenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of said deposit, Tenant shall within ten (10) days after written demand therefore deposit cash with Landlord in an amount sufficient to restore said deposit to the full amount hereinabove stated and Tenant's failure to do so shall be a material breach of this Lease.

Landlord shall not be required to keep said deposit separate from its general accounts. If Tenant performs all of Tenant's obligations hereunder, said deposit, or so much thereof as has not theretofore been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant (or, at Landlord's option, to the assignee, of any, of Tenant's interest hereunder) at the expiration of the term hereof, and after Tenant has vacated the premises, but no later than thirty (30) days thereafter. Landlord shall supply Tenant a statement detailing any deductions from the security deposit. No trust relationship is created herein between Landlord and Tenant with respect to said security deposit.

5. USE AND OCCUPANCY.

a) The premises are hereby leased to Tenant upon the express conditions that Tenant shall use the premises to operate a Head Start pre-school program and for no other purposes without prior written consent from Landlord first obtained.

b) Tenant agrees that Tenant's business shall be established and conducted throughout the term of the Lease in a reputable manner; that Tenant shall not use or occupy the Leased Premises contrary to any statute, rule or regulation applicable thereto, or in any manner which would violate any certificate of occupancy affecting the premises, or which would cause structural injury to the Leased Premises of the building, of which would constitute a public or private nuisance or waste, and Tenant agrees that it will promptly upon discovery of any such use, take all necessary steps to compel the discontinuance of such use. Tenant shall not at any time leave the Leased Premises vacant, but shall in good faith continuously throughout the term of this lease conduct and carry on, in the entire Leased Premises, the type of business stated above, except during

reasonable periods for repairing, cleaning and decorating. All property kept, stored or maintained within the premises by Tenant shall be at Tenant's sole risk.

- c) Tenant further agrees that if any act on the part of Tenant or use of the premises by Tenant shall cause, directly or indirectly, any increase in Landlord's insurance expense, such additional expense shall be paid by Tenant to Landlord. The judgment of any court of competent jurisdiction of the admission of Tenant in any action or proceedings against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any such law, ordinance, requirement or other in the use of the premises, shall be conclusive of that fact as between Landlord and Tenant.
6. **CONDITION OF PREMISES.** It is agreed that no representations, except as are contained herein or endorsed herein, have been made to Tenant respecting the condition of said premises. The taking of the possession of the premises by Tenant shall be conclusive evidence against Tenant that premises were in good and satisfactory condition when possession of the same was taken. Landlord shall not be responsible or liable to Tenant for any loss or damage resulting to Tenant or its property from bursting, stoppage or leaking of water, gas, or sewer pipes
7. **IMPROVEMENTS.**
- a) Tenant shall have the right at its own expense to make reasonable alterations or additions to the Leased Premises after first obtaining Landlord's written approval, which won't be unreasonably withheld. If any alterations are done to the electrical systems, plumbing systems or the HVAC system, a reputable licensed contractor must be used and a building permit must be obtained. All improvements done by Tenant within the Leased Premises shall be performed in a good and workmanlike manner, in compliance with all governmental requirements with transaction of business or with other construction in progress of the other Tenants or Landlord. Tenant agrees to accept premises in their present condition.
 - b) Tenant shall not install or connect any air conditioning equipment, electric driven motor or any electrical, gas or water appliance or equipment, not including however coolers and trade fixtures, without first submitting the same to Landlord and securing written consent. If such consent is obtained, Tenant shall each month promptly pay all charges related to the operation of such appliances in addition to any other rent or charges assessed as per Paragraph 9. With respect to improvements, including air conditioning or other electrical, gas or water appliance or equipment installed by or under Tenant, Landlord shall have the right to require the premises be restored to the condition prior to the installation of said appliance, including the removal of any ducts, wiring, piping etc., and the right to retain all ducts, wiring, piping, etc., and the right to require the delivery of Leased Premises in the condition as changed as the result of the installation of such ducts, wiring, piping, etc.
8. Tenant shall, under no conditions, have the power or authority to subject, and is expressly prohibited from subjecting the Leased Premises to any lien, charge or encumbrance

whatsoever, and shall indemnify, defend and save harmless Landlord against all liens, charges, or encumbrances that may be asserted against the Leased Premises. Except as provided below, any floor covering and office-improvements placed or installed upon or within the Leased Premises by Tenant shall remain, without credit or compensation to Tenant, and be the property of Landlord if affixed to the premises or at Landlord's option Tenant may be required to remove any or all of such fixtures and improvements upon termination of the lease agreement, and in the event, Tenant shall satisfactorily repair any damage resulting from the removal. Subject to the provisions of the preceding sentence, upon termination of this lease, Tenant shall restore the Leased Premises to Landlord in the same condition as when Tenant received the same, excepting repairs which are the responsibility of Landlord, ordinary wear and tear, damage by fire or other casualty or the elements or acts of God excepted.

9. REPAIRS AND MAINTENANCE.

- a) Landlord shall at its expense maintain in good repair the roof, exterior walls, windows, doors, door closure devices, window and door frames, molding or other items of a structural nature and those required repairs due to fire, casualty, or acts of God, except that Landlord shall not be required to make any repairs occasioned by the negligence, gross negligence or intentional action or inaction of Tenant or invitees, which repairs shall be the sole responsibility of the Tenant.
- b) Tenant at its sole cost and expense shall keep the Leased Premises in good, clean condition and decor, and make all needed repairs and replacements to the Leased Premises as outlined in subpart (a) above. If any repairs required to be made by Tenant hereunder are not initiated within ten (10) days after written notice to Tenant, Landlord may at its option make such repairs and Tenant shall pay to Landlord upon demand as additional rental hereunder, the cost of such repairs plus interest at the rate of twelve (6%) percent per annum from the date of payment or repair by Landlord until repaid by Tenant.
- c) Tenant's space is individually metered for water, heat (gas), air conditioning and electricity; all meters for the Leased Premises shall be placed in the name of Tenant and Tenant shall be responsible for all charges against said meters. Landlord shall not be liable or responsible for any interruptions in connection with the making of repairs or improvements to the Leased Premises or the building in which the Leased Premises are located, nor shall such interruption be deemed and actual or constructive eviction or result in an abatement of rental.
- d) Tenant covenants and agrees that Landlord may enter the Leased Premises at reasonable times, after reasonable notice, and install or repair pipes, wires, and other appliances or make repairs deemed by Landlord essential to the use and occupancy of other parts of Landlord's building.
- e) Tenant shall not erect any structures for storage or any aerial, or use or access the roof for any purpose without the consent in writing of Landlord. Landlord reserves the right of free access at all times to the roof of said Leased Premises.

10. UTILITIES. Tenant will provide and pay all utility expenses of the Leased Premises, including but not limited to water, heat, electricity, air conditioning, telephone, telegraph, cable television, rubbish pick up and the like, including service charges for the installation and/or alteration of any service.
11. INSURANCE. During the term of this Lease, and any extensions thereof:
 - a) Landlord at its own expense shall keep all buildings, improvements and equipment in, or appurtenant to, the Leased Premises present at the commencement of the term of this Lease, or thereafter erected, including all alterations, rebuildings, replacements, changes, additions or improvements, insured against loss or damages by perils of fire and such other risks as may be included in the broadest form of all risk or extended coverage insurance from time to time available in an amount equivalent to the insurable value of said property on a replacement cost basis as Landlord may decide.
 - b) Tenant shall provide and keep in force comprehensive general public liability insurance against claims for personal injury, death or property damage occurring on, in, or about the Leased Premises, which insurance shall afford minimum protection during the term of this Lease of not less than one million dollar (\$1,000,000) single limit coverage and shall name Landlord as additional insured on such policy; and
 - c) Tenant shall maintain workers compensation insurance coverage in respect of all the employees to the full amount, the statutory minimum; and
 - d) If a sprinkler system shall be located in the building on the Leased Premises, Tenant shall provide and keep in force sprinkler leakage insurance in amounts and forms satisfactory to Landlord; and
 - e) Tenant shall provide copies of all such insurance policies to Landlord upon demand which policies shall include Landlord as a named insured and shall provide that such policy shall not be cancelled without at least thirty (30) days' notice to Landlord.

Tenant shall be responsible for delivering copies of all appropriate policies to Landlord upon demand. Upon Tenant's failure to do so, Landlord may place such insurance and charge same to Tenant as additional rent provided the failure on the part of Landlord to place such insurance does not release Tenant of this liability.

12. CASUALTY. Tenant shall give immediate written notice to Landlord of any damage caused to the Leased Premises by fire or other casualty. It is understood and agreed that if the leased premises be damaged or destroyed in whole or in part by fire or other casualty during the term hereof, Landlord will repair and restore the same to good Tenantable condition with reasonable dispatch, and that the rental herein provided for shall abate entirely in case the entire premises are un-tenantable and pro rata for the portion rendered un-tenantable, in case a part only is tenantable, until the same shall be restored to a tenantable condition, provided, however, that if Tenant shall fail to adjust its own

insurance or to remove its 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 during the period of such resulting delay, and provided further that 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 Tenant, its agents or employees and such negligence or willful act is not otherwise covered by insurance, and provided further that if Tenant shall use any part of the Leased Premises for storage during the period of repair a reasonable charge shall be made therefore against Tenant, 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, Landlord may at its option terminate this Lease forthwith by a written notice to Tenant. Subject to the preceding sentence, in the event the Leased Premises is damaged by fire or other casualty so as to be rendered un-Tenantable for the conduct of Tenant's use, and shall not be repaired by Landlord and put into Tenantable condition within one hundred eighty (180) days from the time Tenant gives Landlord full and complete possession of the Leased Premises for the purpose of making such repairs, then Tenant shall have the option to terminate this Lease by a written notice at the end of said one hundred eighty (180) days, in which case the Base Rent and other charges due hereunder up to the date of the casualty shall be paid by Tenant to Landlord. In case Landlord completes such repairs within one hundred eighty (180) days, no right to terminate this Lease for such cause shall exist, but the Base Rent and other charges due hereunder shall abate for the period during which the Leased Premises were un-Tenantable and to the extent they were unused by Tenant.

13. **SIGNS.** All signs, lettering, placard, decorations, and advertising media shall conform in all respects to the sign criteria established by the Landlord for the building, and shall be subject to the written approval of the Landlord as to construction, method of attachments, size, shape, height, lighting, color and general appearance and township code.
14. **WAIVER OF SUBROGATION.** Landlord and Tenant hereby waive and release any right of subrogation which either of them might have against the opposite party for any loss or damage sustained to their respective property interest, to the extent that such loss or damages are covered by an applicable insurance policy or policies. Such policy or policies shall contain appropriate clauses or endorsements under the terms of which the insurer waives all right of subrogation against Landlord or Tenant, as the case may be.
15. **EMINENT DOMAIN.** If the whole or any part of the premises hereby leased shall be taken by any public authority under the power of eminent domain, then the term of this Lease/Purchase Agreement shall cease on the part so taken from the day possession of that part shall be required for any public purpose and the rent shall be paid up to that day and from that day Tenant shall have the right either to cancel this Lease/Purchase Agreement and declare the same null and void or to continue in the possession of the remainder of the same under the terms herein provided, except that the rent shall be reduced in proportion to the amount of the premises taken. All damages awarded for such taking shall belong to and be the property of Landlord whether such damages shall be awarded as compensation for diminution in value to the leasehold or the fee of the

premises herein leased; provided, however, that Landlord shall not be entitled to any portion of the award made to Tenant for loss of business.

16. ASSIGNMENT AND SUBLETTING. Tenant covenants not to assign or transfer this Lease/Purchase Agreement or hypothecate, or mortgage the same or sublet the premises or any part thereof or use or permit them to be used for any purpose other than above mentioned, without the prior written consent of Landlord which shall not be unreasonably withheld.
17. QUIET ENJOYMENT. Landlord covenants that the said Tenant, on payment of all aforesaid installments and performing all the covenants aforesaid, shall and may peacefully and quietly have, hold and enjoy the said Leased Premises for the term aforesaid.
18. ENTRY AND INSPECTION. Tenant agrees that Landlord and its agents may enter upon the Leased Premises at all reasonable times, upon notice, to inspect the same, to supply any services to be provided by Landlord to Tenant hereunder, or to make any changes or alterations or repairs which Landlord shall consider necessary for the protection, improvement or preservation of the building in which the Leased Premises are situated.
19. NOTICES. Any notice required by the terms of this Lease or by law to be served upon Tenant may be served personally upon Tenant (or if more than one person, on any one thereof, or if a corporation, upon any officer), or by delivery at said premises, or by deposit in a sealed envelope with postage thereon prepaid, registered or certified and return receipt requested in the United States Post Office, addressed to Tenant at the address provided in the first paragraph of this lease, with a copy to:

at-said premises, and all notices so to be served upon Landlord may be served personally or by depositing in a sealed envelope with postage fully prepaid, registered or certified and return receipt requested, in the United States Post Office addressed to Landlord as follows:

20. CUMULATIVE REMEDIES, NONWAIVER. The receipt by Landlord of any rent or payment with or without knowledge of breach of any covenant hereof shall not be deemed a waiver of any such breach and no waiver by Landlord of any sum due hereunder or any provision hereof shall be deemed to have been made unless expressed in writing and signed by Landlord. No delay or omission in the exercise of any right or remedy accruing to Landlord upon any breach by Tenant under this Lease shall impair such right or remedy or be construed as a waiver of any such breach theretofore or condition herein contained and shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained. All rights,

powers, options or remedies afforded to Landlord either hereunder or by law shall be cumulative and not alternative and the exercise of one right, power, option or remedy shall not bar other rights, powers, options or remedies allowed herein or by law.

21. **TIME IS OF THE ESSENCE.** Time is of the essence of this Lease/Purchase Agreement, and each provision herein contained. If Tenant consists of more than one person, all covenants and obligations of Tenant are joint and several, with all terms, conditions and covenants herein agreed to be performed at its sole cost and expense.
22. **SUCCESSORS, LANDLORD/TENANT RELATIONSHIP.** The covenants, conditions and agreements made and entered into by the parties hereto are declared binding on their respective heirs, successors, representatives and assigns. Nothing herein contained shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto. Any acts of the parties hereto, shall be deemed to not create any relationship between the parties other than the relationship of Landlord and Tenant.
23. **APPLICABLE LAW.** This lease shall be governed by, and construed in accordance with, the laws of the State of Michigan. If any provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of the Lease shall not be affected thereby and each provision of the Lease shall be valid and enforceable the fullest extent permitted bylaw.
24. **MISCELLANEOUS.** The paragraph headings of this lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this agreement or any provision hereof, or in any way affect this agreement. When the sense so requires, words of any gender used in this Lease shall be deemed to include any other gender and words of singular number shall be held to include the plural and vice versa. This Lease/Purchase Agreement contains the entire agreement between the parties and no agreement shall be effective to change, modify or terminate this Lease/Purchase Agreement in whole or in part unless such agreement is in writing and duly signed by the party against whom enforcement of such change, modification or termination is sought. This Lease/Purchase Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Facsimile signatures hereon or pdf signatures sent via electronic mail shall be treated for all purposes as original signatures. It shall not be necessary that all parties hereof execute any single counterpart hereto so long as each party executes at least one counterpart.
25. **PURCHASE of PREMISES.** The parties agree that upon making all of the annual payments listed in Exhibit A, Landlord shall deed the Leased Premises to Tenant. Should Tenant wish to purchase the Leased Premises before all of the annual payments listed in Exhibit A have been made, it shall have the option to purchase the Leased Premises at any time during the term of this Lease/Purchase Agreement. In order to exercise this option, Tenant shall notify Landlord in writing of its intent to acquire the Leased Premises as set forth in this Paragraph. In such event, Tenant shall be prepared to close

on that transaction within sixty (60) days after giving such notice. The option to purchase shall include the following features:

- a) The purchase price for the Leased Premises described herein shall be the remaining amount of the annual bond debt service payments listed in Exhibit A which remains outstanding at the time Tenant exercises the Option to Purchase.
- b) Seller shall supply purchaser with an owner's title insurance policy at the time of closing at seller's expense and shall be responsible for all transfer taxes.

26. PARKING. Tenant shall have full use of the parking lot which is located upon the Leased Premises.

IN WITNESS HEREOF, the parties have hereunto set their hands as of the day and year above set forth.

THE UNDERSIGNED PARTIES ACKNOWLEDGE THAT THEY ARE DULY AUTHORIZED TO ACT ON BEHALF OF THE RESPECTIVE ENTITIES FOR WHICH THEY SIGN.

LANDLORD

TENANT

WASHTENAW COUNTY

WASHTENAW INTERMEDIATE SCHOOL DISTRICT

By: _____
Yousef Rabhi, Chair

EXHIBIT A

RENT SCHEDULE

As rental payments for the Leased Premises, Tenant agrees to pay the following annual payments to Landlord as follows:

By October 1, 2014--\$166,862.00
By October 1, 2015--\$162,334.00
By October 1, 2016--\$176,671.00
By October 1, 2017--\$171,223.00
By October 1, 2018--\$165,611.00
By October 1, 2019--\$159,833.00
By October 1, 2020--\$172,757.00
By October 1, 2021--\$165,964.00
By October 1, 2022--\$177,849.00